

EIR

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Soviet aspect of 'Project Democracy' probed
Did the IMF hold its last meeting?
Astronomers must move observatories into space

Lyndon LaRouche in Peru

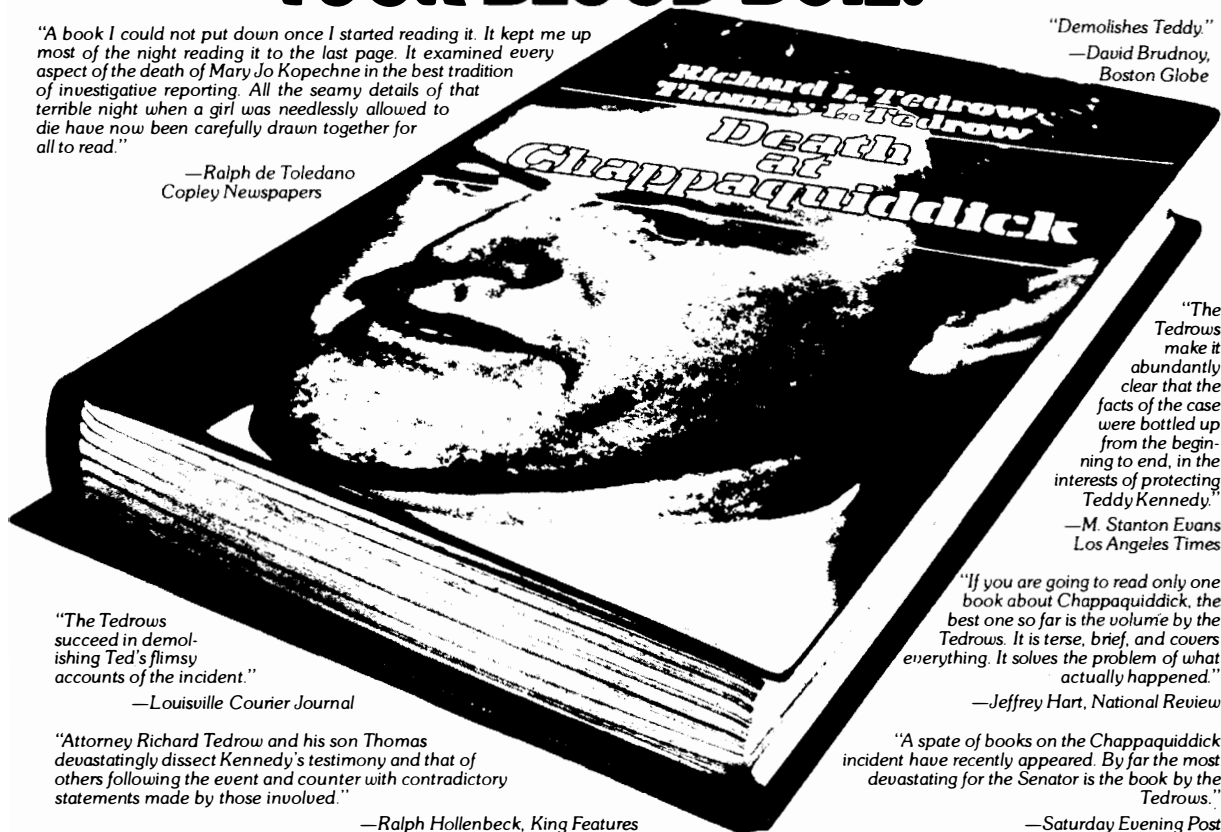


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From the Editor

There are three major areas of developments that occurred over the first ten days of April, which we are emphasizing in this issue.

● Reagan drops the “Zero Option” for arms-control talks in Europe. Four weeks ago, *EIR* founder Lyndon LaRouche predicted, in these pages, that there might be no Gorbachov-Reagan summit in 1987. See pages 34-35 for the story on why George Shultz is traveling to Moscow with less than nothing in his bags. In the centerfold immediately following that article, we have a unique map (page 37) of the evidence of Soviet break-out from the ABM treaty.

● Lyndon LaRouche’s “Operation Juárez” policy is at the center of economic debate. Mr. and Mrs. LaRouche’s trip to Lima, Peru (page 24) coincided with major assaults on the two current political leaders of the South American debtor nations fighting the IMF, Peru’s President Alan García, and Brazilian Finance Minister Dilson Funaro. We expect further storms, as the unraveling of the monetary system (pages 4-5) picks up speed. The outlines of the new monetary system are discussed in this week’s “Operation Juárez” installment (page 18).

● The siege against the “invisible government” tightened. As the first pre-publication proof copies of *EIR*’s *Special Report*, “Project Democracy: the ‘Parallel Government’ Behind the Iran-Contra Affair,” were being released in Washington on April 9 (page 60), reports began to be broadcast that Carl “Spitz” Channell, one of Colonel North’s top fundraisers and an enemy of the LaRouche political movement, allegedly used money collected from conservative contributors for the Contras to instead keep a false payroll to fund a stable of homosexuals.

No wonder that many patriots have responded to the issuance of “Project Democracy” by funding the delivery of the new, 341-page report, at \$250 a copy, to Capitol Hill and key offices of the Executive branch. This kind of action, especially if accompanied by providing the same offices with the *EIR* weekly and the *EIR Quarterly Report*, is the most powerful tool we have for filling the political vacuum in Washington with policies that can actually save the nation.

Nora Hamerman

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Lyndon LaRouche (at the microphone) addresses a conference honoring the 20th anniversary of the papal encyclical *Populorum Progressio*, in Lima, Peru. The banner in front of the dais reads, "Development is the new name of peace—Pope Paul VI."

24 LaRouche in Lima supports President García

In a press conference at the end of his six-day visit to Peru, Lyndon LaRouche vowed to "make a lot of noise against those who want a coup in Peru." Robyn Quijano reports on an extraordinary conference, occurring at an extraordinary time.

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Policy failure at IMF meeting crashes markets

by David Goldman

The U.S. dollar fell to its lowest level of the postwar period, and Treasury long-term bonds fell to a point nearly 10% below their level of April 1, as Western nations agreed to nothing at the International Monetary Fund meeting concluded April 10.

The U.S. dollar stood at 143.1 midday in Tokyo, 2 yen below the early level of April 9, and long-term Treasury bonds lost 2% April 9 and an additional 1% on April 10.

The Reuter wire service reported April 10, under the headline, "Volcker's nightmare," "... the financial markets [have] suddenly come to share Fed Chairman Paul Volcker's often-repeated warnings about the risks of a dollar collapse. 'Volcker's been saying for a long time that a dollar freefall would be extremely dangerous—now he's got it,' said David Jones, economist at Aubrey Langston and Co."

The combined freefall of the dollar and U.S. securities markets suggest that the turning point has been reached, at which Japanese and other foreign investors will cease to fund America's \$150 billion per annum payments deficit. London sources warn that a pullout of foreign funds would drive U.S. interest rates up to 20-25%.

The next point of reckoning will be April 17, the day on which the United States is scheduled to impose the first retaliatory trade sanctions against Japan of the entire postwar period. At last report, talks between Japanese trade representatives and the Reagan Administration had produced no agreement to call off the sanctions, imposed allegedly because of Japanese violation of the September agreement on semiconductors.

Brazil has the last word

Although the details of the discord between the United States and its trading partners are relevant, the last word went

to Brazil's finance minister, Dilson Funaro, who told a post-meeting press conference that Brazil's new democracy could not tolerate IMF conditionalities. Funaro, the architect of Brazil's debt moratorium declared Feb. 20, detailed his country's ambitious growth plans, before a stunned press corps, which only the day before had (inaccurately) predicted his near-term dismissal.

EIR has emphasized that Brazil's debt moratorium, announced the same day that the big five industrial nations last met to try to patch up the foreign exchange markets, broke up the fragile political agreements among the Western nations. French Prime Minister Chirac has virtually endorsed the Brazilian position, under pressure from the Vatican; the Japanese are writing off their entire Ibero-American debt portfolio; the Swiss banks are recommending a 30-year, 2% reorganization of the Third World debt; and U.S. Treasury Secretary James Baker III is left alone, like Admiral Doenitz in April 1945, to fight on for Wall Street's thousand-year empire.

Comments attributed to Italian Finance Minister Giovanni Gorla in wire reports on April 9 triggered the dollar and related market collapse; reportedly, he said that foreign exchange markets had asked the Group of Seven (the U.S., Germany, France, Britain, Japan, Italy, and Canada) what they would do to protect the dollar, and "found the answer weak. In terms of imbalances in exchange rates, things haven't improved" since the Feb. 22 meeting of the same nations at the Louvre.

The United States, as usual, demanded that the West Germans and Japanese reflate their economies, supposedly to absorb more American imports, but, more to the point, to dump more liquidity into the crisis-wracked international markets. As usual, the Japanese offered a domestic spending

program, and the West Germans offered nothing. At previous such meetings, the credibility of the bland press releases on international cooperation lasted at least a week or two; this time, the dollar had collapsed before they were photocopied.

Banking crash

There was really only one item on the IMF's agenda, and it was not addressed: This is the debt-moratorium movement inaugurated two years ago by Peruvian President Alan García, joined by Brazil in February, guided by the moral influence of the Vatican, and informed by the economic program of economist and presidential candidate Lyndon H. LaRouche, Jr. The International Monetary Fund, in its capacity as enforcer for the banks, had nothing to say to the Brazilians, and the U.S. Treasury, still guided by Citibank's hard line against the debtors, had even less to say.

The suspension of payments on a large part of the \$1 trillion Third World debt bubble, and threat of a general suspension, has already shut down trading of hundreds of billions of dollars of banks' long-term paper on the offshore market, and produced persistent rumors that some of the large U.S. banks are having difficulty persuading depositors to roll over their money. However, the Third World debt is merely one of several potential detonators for a world debt bubble in the range of \$25 trillion, of which half may collapse in a general crisis of the financial markets.

The most secret meetings of finance ministers and central bankers appear to have ended in disarray, and it is likely that the only discussion of the pressing issues occurred when *EIR*'s Washington correspondent, Nicholas Benton, asked West Germany's central bank governor about the prospects for a global crash, during a Johns Hopkins University seminar April 7.

With both Federal Reserve Chairman Paul Volcker and Secretary of State George Shultz present, Bundesbank President Karl-Otto Poehl was asked to comment on French Prime Minister Jacques Chirac's proposal for the "Marshall Plan" for the Third World, and on the March 18 statement of Swiss Bankers Association official Hans-Georg Rudloff, "We are on the verge of the worst financial crash in history."

Poehl answered, "I know Rudloff; he is a very smart and successful banker, and this is his position. It is possible he is taking protective measures himself, as an individual banker, and there are increasing numbers who are now thinking like this. However, I cannot act on such assumptions, even though there are serious international debt problems and the potential for economic growth to stagnate in the advanced countries. It is not reasonable for me to speculate on the probability of a great crash. After all, we central bankers are paid to avoid it."

To the extent of *EIR*'s records, that is the first admission by a central banker of one of the leading industrial nations that a crash is indeed possible.

Regarding the Chirac plan, the West German central

banker added, "This would work only as a temporary measure. In the long term, we must not only transfer agricultural surpluses to hungry nations, but make them able to produce themselves."

Among the adherents of Rudloff's views is West Germany's largest financial institution, the Deutsche Bank, which has built up a crash reserve of \$5.5 billion. According to an internal "risk study," the leading German bank has been putting money away to cover sudden holes in case of default. The reserves are \$0.5 billion for Mexico and Brazil each, \$360 million for Argentina, and \$920 million for other "critical debtors in Latin-America." The internal study, reported in the new issue of the West German weekly, *Der Spiegel*, describes the Third World debt situation as gloomy, or, as Deutsche Bank's president Wilhelm Christians put it, "the red light is turned on."

Baker blasted

The collapse of Treasury Secretary Baker's credibility among his colleagues is not surprising, given the developing nations' brusque rejection of the so-called "Baker plan" for Third World debt. After the collapse of a lenders' consortium that promised to provide Mexico with \$7 billion in new credits, but couldn't, Baker's proposal that new loans will come forth in response to economic concessions (i.e., austerity and the auction of national assets) is last year's news.

The developing nations' caucus at the IMF, the Group of 24, issued a working paper April 6 denouncing the Baker plan: "The initial approach to the international debt crisis, instead of providing debtor countries with adequate resources to allow them to strengthen and restructure their productive capacities, has required the economies of debtor countries to generate outward transfers of resources. . . . The supply of new finance has sufficed only to keep debtor countries current on new interest payments, allowing little or no margin for investment. . . . [The Baker plan] overestimated the extent and speed of the benefits that could result from the structural policy reforms advocated . . . [and] failed to assure an adequate supply of resources private or public."

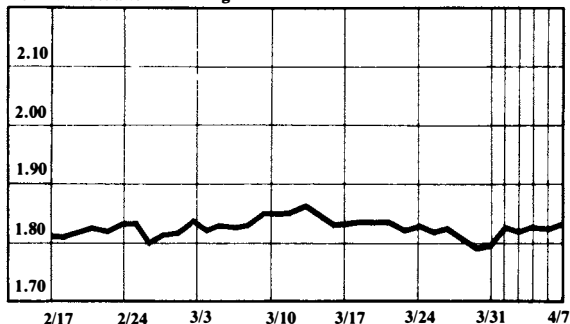
In a communiqué, the G-24 warned, "The debt crisis is entering a new and dangerous phase in which an increasing number of developing countries are not in a position to meet their debt obligations or to reconcile debt servicing with sustainable growth. . . . We affirm that existing strategy offers no prospect for a lasting solution to the debt problem and insist that a new attitude and approach in respect of the existing stock of debt, current flows and future credits be examined by governments, [and] multilateral and banking institutions."

In short, the entire Third World is looking to Brazil and Peru for leadership, and the IMF has nothing more to say to the debtors. That recognition has destroyed the credibility of the industrial nations' economic policy, and above all, the credibility of the American securities bubble.

Currency Rates

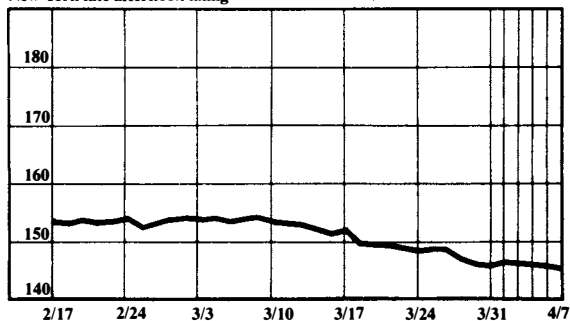
The dollar in deutschemarks

New York late afternoon fixing



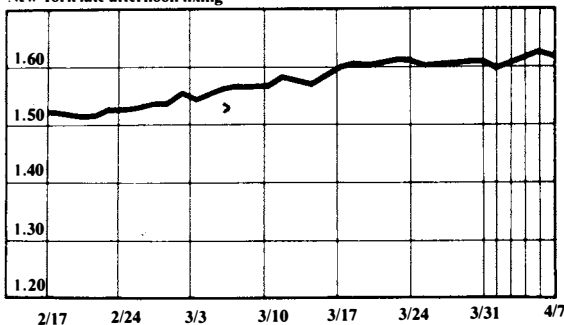
The dollar in yen

New York late afternoon fixing



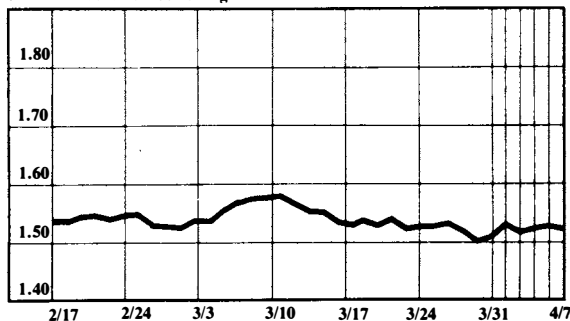
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Who says there's an

by William Engdahl

Front-page stories in U.S. and European newspapers are reporting on the supposed world food "glut," and how measures must be taken at the June economic summit of Western leaders to reduce food output. For example, the April 6 *Wall Street Journal* ran an article headlined, "Amber Wave—World's Grain Output Surges as Nations Seek Food Self-Sufficiency."

Relative to minimal nutritional and caloric needs, this view is dead wrong. The world farm and food crisis exists because of the lack of expanding farm infrastructure, and the collapse of trade and productivity under the International Monetary Fund's austerity regime.

EIR's Wiesbaden bureau has recently completed a study of the food output, reserves, and foreign trade of the European Community (EC) which clearly shows that the much-publicized "mountains" of meat, butter, and grain stocks are a fiction. The myth is propagated by those special financial and food cartel circles which want to justify their own actions to dominate food processing and trade, to the point of near-total strategic control over supplies. We present here a summary of the conclusions of the study.

Where's the surplus?

At present there are three major areas of "surplus" stocks, termed Intervention Stocks, held by the 12-nation European Community. They are for meat, cereal grains, and butter. Huge export deals, involving low-price acquisition of Intervention Stock foodstuffs for sale at discount prices to the East bloc, have been used to benefit select banking and cartel interests. To the general public, these sweetheart deals are justified by the Brussels EC agriculture bureaucracy, as "necessary to draw down the food surpluses."

These claims ignore, first, the fact that reserve grain is a strategic necessity. The U.N. Food and Agriculture Organization (FAO) and most prudent governments adopt a conservative guideline of stocking 25% of any annual crop for an emergency reserve. If this standard is applied to the EC production and consumption of grain, we find that, with the exception of 1984, when the amount reached 28% of that record harvest, the figure has never risen above 26%, with most years from 1979 to 1986 at the dangerously low level of 10-13%.

EC food surplus?

Today's EC "grain mountain," a demagogic term invented to make credible attacks on the politically powerful farm sector, would disappear with one or two bad harvests. By contrast, informed West European grain industry sources report that the U.S.S.R. has stored several *years'* worth of supplies for war emergency stocks.

Grain imports and cereal substitutes

Further, consumers are told that there are huge grain surpluses, but never hear about the EC import of grain and *tariff-free* grain substitutes. With the exception of the record 1984 harvest, the EC has had a trade deficit in grains and substitutes. In 1986, the EC imported 7 million tons of grain. The Intervention Stock this year was 18 million tons, most carried over from 1984.

Now look at the actions of the powerful multinational commodity cartel companies, led by Cargill, Continental, Bunge, and others. They have devised a neat trick which they managed to get the U.S. government to negotiate as a GATT "Binding": All imports of oilseeds into the EC are admitted tax-free. When this writer attempted to get details on the size of this trade, he ran into remarkable bureaucratic smokescreens.

According to official data obtained from the EC import association, FEDIOL, using the EC definition of "cereal substitute," the Community imported a total of 50 million tons of grain substitutes of vegetable origin in 1986. Grain exports the same year were 25 million tons. By far the largest of these tax-free imports, almost 50%, are soybean cakes and meal, with manioc and corn gluten also being important. This means that the EC was a net importer of 25 million tons of grain last year. Because the imported substitutes are tariff-free, European farmers are unable to compete.

Who controls these imports? Cargill, Bunge, Archer-Daniels-Midland (the world's largest soybean company), and the Anglo-Dutch Unilever, the world's largest food-processing multinational. These companies, whose ties are to the major New York and London banks, have distorted American farm output to orient to this lucrative "free-trade" export. Since 1982, the cartel companies have found it cheaper to turn to their subsidiaries, especially in Brazil and Argentina, to supply processed soybean cake to the EC market. This

shift was used to further depress prices paid to U.S. farmers. Desperation exports were the basis for Brazil and other debtor nations to repay their foreign creditors, typically Chase Manhattan and Citibank. By 1985, fully 41% of EC oilseeds were imported from Brazil and Argentina. The EC, because of the GATT Binding, is the world's largest market for oilseeds and fats. This does no benefit to Brazil's food supply, and is detrimental to farmers in Western Europe and North America alike. However, it greatly benefits the cartels. Cargill, the world's largest grain trader, announced a 66% net profit increase for 1986 over 1985!

It was the Trilateral Commission of David Rockefeller and Archer-Daniels-Midland's Dwayne Andreas, that sponsored a 1985 strategy to break the EC and U.S. subsidy to farming in favor of "market-oriented agriculture" which would respond to a "world market price." A top Cargill man at the U.S. Department of Agriculture, Undersecretary Daniel Amstutz, and the Brussels agriculture mafia around EC Agriculture Commissioner Frans Andriessen, simultaneously launched a transatlantic campaign for food trade war between the United States and Europe in 1985.

Meat and butter

The situation for the EC "surplus" of meat and butter is similar. Since 1980, the Community has been a net meat *importer*. In 1985, it imported 1.6 million tons of meat and veal, and exported 1.2 million tons. The situation seemed to improve in 1986. This was largely because of an extraordinary purchase by Brazil of almost 300,000 tons of EC beef. But, according to European farming sources, much of this export has been processed in Brazil by the multinationals such as Cargill, and re-imported to Europe at a profit. This is because the cartels are able to get the meat from the EC at an average of ECU 690 per ton, ship it to Brazil for processing and re-export it as "world market price" beef for ECU 1,085 per ton. The difference is made up at taxpayer expense. More than 70,000 tons of beef were imported from Brazil in 1986, according to EC statistics.

A surge in Intervention Stocks of meat occurred in 1984-85, when stocks rose from 178,000 tons in 1983 to a high of 685,000 tons by 1985. EC officials reluctantly admitted that this "surplus" is a direct result of accelerated slaughtering of dairy herds. In March 1984, the EC imposed a quota on milk output, ostensibly to limit the "butter mountain." However, according to dairy industry sources, in 1981 the EC bureaucracy sounded the alarm that Intervention Stocks for butter had dropped alarmingly *low*. To stimulate production, the Intervention Price paid to farmers for surplus butter was raised a hefty 10% from its May 1982 level. This encouraged a 5% increase in butter output; it also provided a nice benefit for the cartels, which found farmers buying more imported grain substitutes for milk cow feed, to increase the butter yield. The only problem was that it came in 1982-83, when the export markets for European butter collapsed because of

the Third World debt crisis and an abrupt halt of East bloc imports. EC butter exports fell more than 30% by 1984, from the levels of the early 1980s.

But, because EC agriculture policy is shaped by the same multinational banks and cartel companies as those of the USDA, the quota of the EC in March 1984 was not for butter, but for milk. This meant that desperate farmers were encouraged to further increase imports of soybean cake and feed concentrates in order to increase butter yields. There are reports of entire dairies which, since 1984, have produced butter merely to go into Intervention Stocks. Despite the quota on milk, the butter stock rose. But the entire stock, 1.5 million tons at the end of 1986, approximately equivalent to yearly EC production, is a direct consequence of financial and fiscal policy, not of "overproduction." The only "undesirability" this increased butter output poses, is to the margarine cartel processors, which, in any case, buy their vegetable fat cheap. Figures of EC margarine production are confidential, but *EIR* has obtained information which shows that the Community produced 1.7 million tons in 1985, when its total butter output was 2.1 million tons. Sixty percent of EC margarine is made from imported oils or oilseeds. Unilever is by far the largest producer; its margarine sells for one-third to one-half the price of EC butter. It is obvious who has benefited from the dairy reduction plan.

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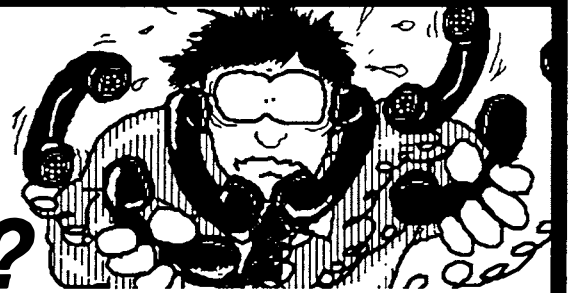
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Lid is off on casual AIDS transmission

by Warren J. Hamerman

The March 15 issue of French *Journal International de Médecine* contained an interview with French AIDS researcher Luc Montagnier of the Pasteur Institute, in which he cautiously but persistently opened up the discussion on potential casual transmission of AIDS, on terms heretofore clearly stated only by *EIR*. He said that while "for the moment" AIDS is spread through blood and sex, one cannot rule out the potential of the virus to mutate and be spread like the visna virus among sheep or through insects like equine infectious anemia.

Montagnier also discussed the synergistic relationship among AIDS, TB, and other diseases in Africa: "Immuno-suppressing infections such as malaria help the infection by the AIDS virus. In Africa, besides parasites, tuberculosis also helps develop the infection by the virus which in turn, besides, helps TB develop. . . ." When asked if TB fosters the contamination by the virus or its multiplication, Montagnier responded: "TB would foster the infection because of cellular immunosuppression, but also the dissemination of the virus."

Montagnier's statements are part of an overall climate in which both the French and the leading American AIDS researchers associated with Dr. Robert Gallo are carefully lifting the lid off the AIDS cover-up. Dr. Gallo recently stated publicly that he could not rule out the possibility of casual transmission of AIDS through "mutations" in the virus. Gallo warned that medicine had to be prepared for "surprises" and cited the case of the recent surprising experimental proof that the leukemia virus HTLV-1 was spread by insects. The consensus between Gallo and Montagnier seems to be that while they slowly open up the truth on AIDS transmission, they will do so by explaining that they are not changing their statements on the potential of casual AIDS transmission; instead, it is the virus which is changing.

The recent statements by Montagnier and Gallo come in the context of the much-publicized late-March formal settlement of their patent dispute over priority in the discovery of the AIDS virus and production of AIDS test kits. The agreement between them was facilitated by the personal intervention of Jonas Salk of the Salk Institute in La Jolla, California, who discovered the polio vaccine.

In his *Journal International de Médecine* interview, Montagnier stated that while "for the moment" AIDS cannot be transmitted as visna is transmitted through close contact among sheep in non-sexual ways, "We can imagine that more resistant viral particles would appear. There is also the transmission through insects. *For the moment*, the epidemiological arguments are against attributing a role to insects, even in Africa. But there too, we have examples of equine virus which can easily be transmitted through a short distance, by a fly, from one animal to another, while for longer distances, the virus would have time to get digested. Our experiences show that the AIDS virus disappears very rapidly in the mosquitoes for example. . . . Transmission by insects is *for the moment* not very likely because the quantity of virus in the blood is small. It is not like Hepatitis B, where a minute quantity of blood can transmit the virus. But we can conceive that with people who are producing the virus in large quantity, the insects could, one day, play a role in the transmission of the disease." (Emphasis in original.)

Actually, the specific statement that the AIDS virus cannot persist in the insect is not scientifically true, according to informed researchers. The AIDS virus persists in mosquitoes and other insects for considerable periods of time.

Climate in France

In Western Europe and the United States the popular climate is shifting dramatically on the threat of AIDS and the need for mass testing. In France, the popular magazine *Santé (Health)*, says that while condoms are useful to prevent the dissemination of AIDS, they are not foolproof, since the virus also exists in saliva and other body secretions. They warn people especially against contact between small cuts or wounds on the skin and the saliva, tears, or sweat of the AIDS carrier.

Other prominent stories appeared at the end of March in both *Paris Match* and *Le Nouvel Observateur* featuring the potential of saliva transmission through the "French kiss" as a means of AIDS contamination. In England a public challenge has been issued by venereal disease specialist Dr. John Seale of the Royal Society of Medicine to all scientific authorities, to dispute his claim that AIDS meets *none* of the criteria of a "venereal disease" and that, in fact, the virus passes much more readily from person to person through saliva than semen. Seale has challenged health and scientific figures to cite even one published paper in the scientific literature which gives detailed laboratory evidence that there is any cell-free AIDS infectious virus in human semen, or to cite even one published paper specifying the number of cells in semen containing either viral RNA, proviral DNA, or both.

The fraud that the AIDS virus is a "difficult to get" venereal disease and cannot be transmitted by casual contact is thus destined to fall completely by the wayside, perhaps as early as the international AIDS conference at the National Institutes of Health in Bethesda, Maryland in June.

Pope: Foreign debt threatens the peace

by Benjamín Castro

In a speech delivered April 6 to the foreign diplomatic corps in Argentina, just hours after arriving in that country, Pope John Paul II called for an "ethical judgment of the international debt," which defines the responsibility of all the parties involved, and not just that of the debtor nations.

The pontiff went on to say that in the view of the Catholic Church, beyond the "national and regional selfishness" which must be overcome, the most radical threat to peace stems from "the foreign debt of many developing countries." The Pope stated that this viewpoint had been specifically outlined in a recent document issued by the pontifical commission *Justitia et Pax*, written to call the attention of the entire international community to this "urgent" problem.

Building the peace

During his address to the diplomatic corps, Pope John Paul II recalled the peace accord achieved between Argentina and Chile thanks to the 1982 mediation of the Catholic Church in those nations' conflict over the Beagle Islands. However, he added: "The climate of true peace does not consist merely of the simple absence of war," but "of a conscious and effective will to seek the good of all peoples." The pontiff appealed to all nations to define their foreign policy from that perspective, to always think in terms of making a "specific contribution to the international common good."

Shortly thereafter, in his speech to the political representatives of the Argentine nation at the presidential palace in Buenos Aires, the Pope asserted his authority to pronounce on matters of economics and policy-making. Although "the Church recognizes, respects, and encourages the legitimate autonomy of the temporal powers, and specifically in politics," he stated, "the Christian message is the bearer of good tidings for all, even for the political, economic, and legal world."

Hence, the Pope proposed to the "political, economic, and legal world" the creation of "new forms of cooperation," on the basis of which "political power should have as its purpose the realization of the common good." The task of the Church is that of "safeguarding the transcendent nature of the human individual," since the Church is the "expert in humanity," as defined by Pope Paul VI.

Later, during visits to the cities of Bahía Blanca, Córdoba, and Mendoza, Pope John Paul II made the same vibrant appeal to Catholics: "Conflicts have injustice as their origin. . . . The Pope calls on you to take a clear position, without ambiguities, in the face of situations that wound the dignity of man: injustice, lies, demagoguery, which deform the face of real peace." He added, "You also must reject all that which degrades and dehumanizes: drugs, abortion, torture, terrorism, divorce, inhuman living conditions, and degrading work."

He added: "Can lasting peace exist in a world regulated by social, economic, and political relations which favor one group or country to the detriment of others. . . ? Families are divided and incapable of overcoming conflicts in this basic cell of all social harmony. . . . Can true peace exist when men, women, and children can not live without their full human dignity?"

In Bahía Blanca, the Pope lashed out against the "inferior" status to which the "rural world" has been confined, a state of "social exile" due to the international economic crisis. The Pope's message to the "rural world" in Bahía Blanca, was the complement to his homily a few days earlier before the largely unemployed copper workers of Concepción, Chile, where he defined unemployment as "a moral disorder" of society.

Of all the topics taken up by Pope John Paul II in this pastoral visit, the divorce question takes on particular relevance in Argentina. The government of Raúl Alfonsín has promoted the legalization of divorce, thereby attempting to polarize Argentine society around a debate which the Pope characterized as "demagoguery, sterile allegations, mutual re-terminations that do not always lead to positive solutions."

The Alfonsín government has sown a whole series of such conflicts, attempting to distract the citizenry from the destruction of the national economy perpetrated by the government in the service of the foreign banks and payment of foreign debt. Hence, the papal judgment that "The spread of divorce in society is accompanied by a reduction in public morality in all sectors," in the framework of his messages and speeches on the pursuit of the "common good," had the immediate effect of lifting Argentines above the controlled environment of internecine squabbles created by the Alfonsín regime.

The success of John Paul's efforts, including his defusing of the civil-war scenario for Chile on the first leg of the trip, can be gauged by Moscow's unusually frantic reaction. Both Soviet radio and the weekly English-language *Moscow News* have denounced a purported "alliance between the Pope, the CIA, and President Reagan," and have accused John Paul II of "supporting reactionary leaders of the Argentine Catholic Church, nostalgic about the previous military dictatorship." Said one longtime observer of Soviet media behavior, "Never have they covered a trip abroad by the Pope in such a totally negative and hostile manner."

Schmidt labors to reduce population, destroy nation-states in Third World

by Mark Burdman

On April 19-21, the Inter-Action Council, a group of former world leaders and leading advisers chaired by former West German Chancellor Helmut Schmidt, will be holding its annual conference in Kuala Lumpur, Malaysia. The main theme of the event is "the interrelation between population, environment, and development."

For Schmidt and his friends, this is a hallmark event, in a rapidly expanding campaign on several fronts, against the creation of a new world economic order, against the "Marshall Plan for Africa" proposal of French Prime Minister Jacques Chirac, and against the perspective of Pope John Paul II for realization of the *Populorum Progressio* encyclical of Pope Paul VI.

It is by no means coincidental, that they are targeting Malaysia for the gathering. Malaysian Prime Minister Mahatir Bin Mohamed has a strong commitment to the development of his nation, epitomized by his repeated calls for Malaysia's population to be increased, and by his extremely tough measures against drug-traffickers. The Schmidt-led group is hoping to use international pressure, to break one of the important anti-malthusian governments in the developing sector.

Schmidt versus the Vatican

Schmidt has emerged as the chief public spokesman, for a group of primarily Northern and Central European elites, on both sides of the "Iron Curtain" divide, who believe that the current global financial-economic crisis, presents a wonderful opportunity for imposing what would best be labeled "malthusian crisis-management regimes," capable of imposing austerity on the model of Nazi Finance Minister Schacht, and of reducing the populations in the non-white-race sectors of the globe. An aide to Schmidt, authorized to speak for him on such matters, bluntly refers to this policy-commitment, as "stopping procreation in the developing sector."

This is producing a direct confrontation between Schmidt and allies, on the one side, and Pope John Paul II, on the other.

From March 11-12, a series of meetings occurred in Rome, between the Inter-Action Council and leading religious

spokesmen from the faiths of Roman Catholicism, American Protestantism, Judaism, Buddhism, Hinduism, and Islam. The aim, according to published accounts and private information obtained by *EIR*, was to achieve "common ethical standards" on the questions of population and "family planning."

The cited spokesman for Schmidt said that the idea behind such a gathering, was to "get spiritual leaders into a dialogue, because they have leverage on opinion in the cultural-religious realm bearing on procreation behavior. Religious beliefs have a deep bearing on family behavior."

That stated, this individual stressed that the main thrust of Schmidt and allied efforts, is against the policies of John Paul II. "The present posture of the present Pope and his episcopate have a catastrophic bearing on population growth in Latin America, the main Catholic continent. Mr. Schmidt is trying to use all his channels into the Vatican, to change this. . . . The present Pope is not inclined to social progress, which is based on stopping procreation in the developing sector."

The spokesman praised two leading Catholic Church officials, Cardinal Koenig of Austria and Cardinal Casaroli, Vatican State Secretary, for having a different, more "pragmatic" approach. In fact, both Koenig and Casaroli participated in the Inter-Action Council deliberations in Rome, both making speeches, that were reported in the Vatican daily, *Osservatore Romano*.

This was like exploding a bombshell in certain quarters of the Holy See. *EIR* has received information from Rome sources who wish to remain anonymous, that a formal protest has been delivered to Pope John Paul II, from within the Vatican, about the Inter-Action Council meeting, insisting that the papacy formally distance the Vatican from such goings-on, especially in view of the participation of Cardinals Koenig and Casaroli.

In his own fashion, the Pope has issued an eloquent rebuff to Schmidt. According to an account in the April 4 *Osservatore Romano* of a speech made April 3 by John Paul II in Santiago, Chile before the Latin American Center of Demography of the United Nations' Economic Commission for Lat-

in America and the Caribbean, the Pope declared: "I know you are concerned about population growth. The demographic challenge, as every human challenge, has to push us to develop a human solidarity and creativity to utilize demographic growth as a formidable means for economic growth, and cultural, spiritual, and social growth."

He then quoted from a 1970 speech by Paul VI, before the Food and Agriculture Organization (FAO) in Rome: "It's clear that because of the economic difficulty we are facing, there is a strong temptation to utilize authority, in order to diminish the number of eaters. Instead, we have to multiply the bread and not diminish the eaters."

The present Pope added: "Human life is the holy center of the offer of God. We should be in favor of population."

The confrontation of policies could hardly be more explicit. Contrast the words in the above three paragraphs, to those of Schmidt's spokesman:

"What's the point of all this talk about a new economic global order? As long as population growth is higher than economic growth, this talk is in vain. Mr. Schmidt has come to this idea from his experience, he's a political animal. It's all very simple in mathematical terms, looking at it from his lifelong perspective. When he was young, world population was 2 billion. Today, it's 5 billion, and the mothers of tomorrow, are the children who are being born today."

East-West malthusianism

The Inter-Action Council, formed in the early 1980s, was the brainchild of United Nations Development Program insider (and former U.S. Congressman) Bradford Morse, former Japanese Prime Minister Takeo Fukuda, and former U.N. General Secretary Kurt Waldheim. It has become an important vehicle for advocacy of population-reduction.

In contrast to the arch-malthusian Club of Rome, one Schmidt intimate stated April 6, "We want to be concrete, realistic, and feasible, not to produce great reports that no one reads. Although, of course, we share common aims with the Club of Rome."

The year 1987 has already seen a considerable degree of activity from the Inter-Action Council. Aside from the cited Rome and Kuala Lumpur meetings, a meeting of seven of the Council's members took place at the University of Pittsburgh's Center for International Studies in Pennsylvania, on March 19-20. An article in the March 22 *Pittsburgh Press* noted that at the earlier Inter-Action Council meeting in Rome, the main focus was on population control, since "present trends make the pursuit of effective family planning inevitable."

The official headquarters of the Council is at an office of the United Nations Development Program in New York, overseen by Hans Dorville and Bradford Morse.

Approximately 70 former world leaders from 15 countries comprise the membership of the Council, including Malcolm Fraser, former prime minister of Australia, Pierre Elliott Trudeau, former premier of Canada, and Kurt Furgler,

former head of the State-Council of Switzerland.

Within this structure, a strategy has been evolved, to influence policy toward population in Ibero-America, utilizing a network of "left Catholics," including Portugal's former Prime Minister Maria Pinto Balsemao, Colombia's former President Misael Pastrana Borrero, and Italy's Giulio Andreotti.

Another dubious figure of a similar coloration, who has been brought on to a new "Policy Board" created by the Council, is Peru's former Prime Minister Manuel Ulloa, a bitter enemy of both Peruvian President Alan García and *EIR* founder Lyndon LaRouche; Ulloa promoted economic policies that fostered the growth of the drug trade, and is tied to elements of East bloc and Israeli intelligence services.

This Policy Board is a meeting place of East and West. Also on it, are former U.S. Defense Secretary Melvin Laird; former U.S. Democratic National Committee chairman Robert Strauss of Texas; former Soviet ambassador to West Germany Vladimir Semyonov; former Soviet ambassador-at-large Vladimir Suslov; China's ex-Premier Huang Hua; and former Spanish Minister of Education Federico Mayor Zaragoza. The latter is planning to form a cultural-political institution in the West, modeled on the one created in the Soviet Union by Central Asian (Kirghizian) writer Ginghiz Aitmatov, a malthusian mystic and agent of Raisa Gorbachova.

Destabilization of Malaysia

The East-West composition of the Inter-Action Council is also clear, in the speakers' list for Kuala Lumpur. Aside from Schmidt, Fukuda, Fraser, Furgler, and maybe Trudeau, it also includes former top-level officials from Romania, Czechoslovakia, Hungary, and possibly the Soviet Union.

Prime Minister Matahir, who has been ruthless in attacking drug-traffickers and other enemies of his nation, would not be wrong to see in this meeting, an East-West convergence against his government. No wonder, in the days leading up to the meeting, there have been reports in the international press of growing opposition to Matahir from within his own party. The spokesman for Schmidt, when asked how such a malthusian crew could have its annual meeting in a country with an anti-malthusian government, responded:

"I'm sure the Malaysian leader will have careful wording for his reception speech. The strong point made by the Inter-Action Council, which is agreed to unanimously by the leaders, is that family planning is a major step to the solution of most world problems. This will not be compromised with their hosts. In any case, the current prime minister of Malaysia is heading for domestic problems in the next weeks. He's interested in some international help, he needs to get back the support of his party, which is turning against him. He's looking to tough times. In fact, we had to be very flexible about the date for the meeting, putting it up in time, to Easter Sunday, even though this made it more difficult for some Catholics. He's having quite a lot of problems, so we had to do the meeting soon."

Playing for dollars

Venezuela pledges multibillion-dollar bailouts to keep its creditors happy; where will the money come from?

The Central Bank of Venezuela (BCV) announced that as of April 6 it would begin to provide preferential dollars to private debtors, to enable them to meet their foreign debt obligations, a plan which the creditor banks imposed on the government as a condition for refinancing the public foreign debt.

If this is true, a new, perhaps fatal, devaluation of the bolivar is at hand. The total amount of dollars to be made available over the period of the next eight years—at the rate of 7.5 bolivars to the dollar—is \$7 billion.

The central bank's offer includes adding on an additional 4.5 bolivars per dollar, an exchange risk rate, to the preferential dollars that each private debtor will receive.

Taking into account that the dollar is currently valued at 23 bolivars, the BCV will be giving 77 billion bolivars (\$3.4 billion) as a "gift" to the private sector. And this without even taking into account what has already been given out through Recadi, the now-defunct government agency created for the allocation of preferential dollars.

So where will these dollars come from? If they are taken from BCV's international reserves, Venezuelans must expect a massive devaluation of the bolivar in the weeks ahead. If a devaluation is not forthcoming, the question where the money will come from becomes even more serious, since it is a known fact that many countries are using money from the drug trade to keep themselves afloat.

It is significant in this context that, according to a UPI wire report of April 4, the U.S. Drug Enforcement Administration (DEA) has described Venezuela as "a country with a high index of drug-money 'laundering,' higher than that of Switzerland, Hong Kong, and the Grand Cayman Islands."

At least one Venezuelan congressman has demanded an investigation by both the Congress and the judicial police force into, particularly, the Venezuelan "free port" island of Margarita, which reportedly gives out far more U.S. dollars than it brings in as "tourist revenue."

The allocation of "privileged" foreign exchange for payment of the private debt could be the final straw for an economy that has held itself together with spit, glue, and perhaps some monkey business, too. Over the past two years, the bolivar has already been devalued by 600%, doubling the public foreign debt from 140.7 billion bolivars in 1985 to 389.2 billion in 1986, doubling also interest payments.

Further, at least 30% of the national budget is going to meet interest payments on the debt, which also doubled in that same period, while less than 4% is going to health and a comparable percentage for education.

Inflation in the first quarter of 1987 was 4.2%, according to a Central Bank report which notes that home expenses were particularly hard hit. As a result of all this, living standards have dramatically fallen, with recent-

ly decreed price increases aggravating an already explosive situation.

On March 21, Venezuelan Workers Federation (CTV) President Juan José Delpino said in Maracaibo that "the worst of the crisis has not yet been unleashed. . . . Increases in various mass-consumption items are going to occur by more than 100%, which will far exceed wage increases."

Delpino announced plans to demand a new round of wage increases, to try to reverse the rapid deterioration of workers' buying power.

At the same time, the newly dictated increase in domestic interest rates, from 12% to 25-30%, on the recommendation of economic consultant Pedro Pablo Kuczynski, will assault the already suffering business sector and generate worse unemployment. The recommendation is particularly outrageous since Kuczynski, a vice-president of First Boston International, is also a fugitive from Peruvian justice, wanted for fraud and corruption!

How does the government expect the Venezuelan population to respond to such developments? Last month's rioting in Mérida was just a warning of things to come; the population took advantage of the disturbances to loot stores for food, clothing, and other basic necessities.

Manuel Peñalver, general secretary of the ruling Democratic Action party, said on March 19 that the riots "were part of an extremist plan by Bandera Roja [Red Flag], in combination with guerrilla groups from other countries." He went on, however, to acknowledge that the subversives "take advantage of these acts to destabilize . . . because of the economic and social problems that exist in the country, which everyone is aware of and no one denies."

Too bad that acknowledging a problem doesn't solve it!

The fraud in banking profits

A Chicago Federal Reserve study shows the hidden potential for massive bank losses.

Last week's *EIR* cover story documented how the major banks covered up massive losses, by writing guarantees amounting to almost triple their assets, piling up long-term liabilities in return for one-shot fee income. The seven top U.S. banks, with assets of \$550 billion, racked up so-called "off-balance-sheet liabilities" of \$1.4 trillion, generating somewhere between \$14 and \$28 billion in fees. Without this fee income, these banks would have shown little profit during the past four years.

Another, potentially much larger, dimension of the same problem emerges from the fine print of a Chicago Federal Reserve study of 1986 banking profits. The study, released March 27, notes that "the profitability of the U.S. banking industry fell during 1986, with the decline particularly pronounced at institutions serving distressed sectors of the economy. . . . Bank earnings performance varied significantly by sector, with the agricultural and energy-related institutions significantly underperforming the rest of the industry."

The study adds, "Declining interest rates sharply increased the market value of investment securities in banks' portfolios, supplying a boost to reported earnings for those banks with operating profits squeezed by nonperforming loans and high charge-offs."

Namely, the prostrate banks of the

energy and farm belts bet the store in the securities markets, and, thanks to falling interest rates, won big. Rising rates will blow them out of the water; and that is precisely what has happened, with a nearly 5% decline in the value of long-term Treasury bonds since the beginning of April, due to actual or anticipated Japanese liquidation of U.S. investments.

The Chicago Fed shows that the banks in the Dallas Federal Reserve district, as a group, showed a loss equal to 0.37% of their total assets last year. However, securities-trading profits amounted to 0.51% of total assets. That is, without securities-trading profits, losses would have amounted to 0.88% of total assets. If their securities fell back to end-1985 prices, losses would amount to 1.39% of assets. However, since their nonperforming loans shot up to 5.4% of assets from 3.7% of assets, and write-offs associated with such loans will be felt heavily during 1987, the potential decline is much, much larger.

In short, the Dallas Federal Reserve district banks are set up for losses equal to 2 to 3% of assets during 1987, which means general bankruptcy.

The Dallas Federal Reserve District is in the worst position of any sector, but the specter of collapsing securities prices haunts the system as a whole. The following table gives the

banks' dependency on securities profits last year:

1986 Return on Assets (ROA)		
Fed District	Total	Securities
Boston	.90	.11
New York	.70	.13
Philadelphia	1.06	.06
Cleveland	.94	.16
Richmond	.99	.15
Atlanta	.83	.11
Chicago	.76	.11
St. Louis	.90	.10
Minneapolis	.81	.48
Kansas City	.22	.18
Dallas	-.37	.51
San Francisco	.36	.32

Although the Dallas Fed District banks were the only sector to run a net loss, securities-trading profits made up half or more of all profits in three other districts. Notable is San Francisco, whose miserable results reflect problem-wracked Bank of America. In the Kansas City district, which reflects both oil and agricultural problems, securities-related profits amounted to virtually all bank profits; and in the Minneapolis district, reflecting agricultural lending, securities-related profits were roughly two-thirds of all profits.

The data prove that "securitization," i.e., reversion to speculative practices infinitely worse than those of 1928, was not limited to the big international banks, but also a strategy of desperation among the weakest American institutions. The failing commercial banks of the most depressed American regions did precisely what the great majority of U.S. thrift institutions did: borrow heavily short-term in order to buy long-term securities. Once the price of securities crashes, as it appears to be doing at the moment, the trading profits will disappear, and these institutions' haste in ridding themselves of long-term paper will produce a crash of bond prices worse than the worst days of 1930-31.

March unemployment among the worst

A 115,000 fall in goods-producing employment makes a mockery of the "lowest unemployment in six years."

Ln only a few months of the fastest periods of economic contraction in U.S. history, did goods-producing employment fall as much as in March 1987.

The Labor Department's announcement in early April that 25,000 more manufacturing jobs disappeared during March, translates into a much larger decline, considering that March is the peak hiring season for most manufacturing industry.

It also does not take into account mass layoffs at General Motors, which will shut down one-fifth of all its plants, idling 18,000 workers.

Since more factory workers are normally hired in March, the 25,000 drop amounts to 70,000 after seasonal adjustment, the Labor Department added.

Including a 45,000 drop in construction employment after seasonal adjustment, total goods-producing employment fell by 115,000 during March—one of the worst months on record.

In the midst of a wave of mass layoffs, affecting both blue-collar and white-collar employment, the Labor Department's claim that unemployment otherwise fell to the lowest level in six years becomes outrageous. To arrive at that absurd claim, the government:

- leaves out of account nearly 10 million workers who cannot find jobs, and therefore are dropped from the workforce;

- counts \$3.25 an hour part-time employment as equal to \$15-20 an hour

factory jobs;

- ignores 12 million welfare victims relegated to the economic scrap heap.

In fact, *Executive Intelligence Review* demonstrated in its Winter 1986 *Quarterly Economic Report*, more than 50 million Americans—one-third of the nation's adult population—is living at or below the poverty line, either because they are unemployed, or because they are earning \$4 an hour or less in so-called service industry jobs.

During March, employment in manufacturing jobs fell 25,000 to a total of 19.2 million. Most of the drop came from motor vehicle and electronics firms, each of which have cut payrolls by 30,000 over the last year. Construction jobs fell a seasonally adjusted 45,000.

April will be even worse, judging from the wave of bad news from manufacturing firms:

- 1) General Motors will lay off 18,000 workers in mid-April, as 6 of GM's 28 plants go down. GM had more than a dozen temporary plant closings in this year's first quarter, but they weren't enough to keep inventory down. The closings will eliminate 20,000 cars from GM's production schedule. GM has a 95-day supply of cars, whereas the industry regards a 60- to 65-day supply as desirable. Seven GM plants are supposed to start up again April 13, but more closings are expected over the next few months. Car sales are predicted to fall at least 10% from last year's level, itself 20%

below the 1979 peak.

- 2) Eastman Kodak Co. said on March 31 that it would fire 100 workers at its Electronic Products factory in Rochester, New York, effective April 3, because of a "reduced need for circuit boards, motors, wire harnesses and other items" made by the unit.

- 3) Dravo Corp. of Pittsburgh expects to post a 30¢ per share loss for the first quarter due to inactivity of its engineering and construction segment.

- 4) Chrysler's \$2 billion merger with American Motors Corp. will lead to cuts in \$100 million in "overhead costs" at AMC central office and throughout its manufacturing areas, resulting in thousands of white-collar layoffs.

- 5) Safeway, the nation's largest grocery chain, will shut down 141 stores in Dallas, laying off 8,500, as part of a nationwide restructuring plan; company officials would not speculate how many would reopen under new ownership.

- 6) After two years of earnings declines, its first since the 1930s depression, International Business Machines, the computer-industry giant, is pushing 10,000 of its 237,000 employees into early retirement, and forcing 15,000 others into other jobs, mostly sales. Wall Street analysts, who have been pushing for outright layoffs to restore IBM's profits, view this as a coy means of accomplishing the same thing.

The supposed growth sectors of employment, namely service-industry and "sunrise industry" electronics jobs, are now disappearing as fast as jobs in smokestack industries.

Employment fell 1.6% in electronics last year, according to the American Electronics Association, the second annual decline.

Business Briefs

Foreign Debt

Egypt faces moment of decision on IMF

Egypt's new parliament was elected on April 6, will meet by mid-month, and its first priority will be Egypt's foreign civilian and military debts, and the demands of the International Monetary Fund for more austerity. The Mubarak government had used the elections to make no decision on the IMF. It only indicated repeatedly to Washington bureaucrats that it was committed to signing a letter of intent.

With a sizeable majority for his ruling National Democratic Party, Mubarak will now have to decide: capitulation or confrontation.

Egypt has not paid any of its debt service for more than six months. Unlike Brazil or Peru, Cairo's refusal to pay was overlooked, because its coffers have simply been empty.

The government avoided any serious economic debate during the elections, but now, government-linked newspapers such as *Al Ahrām* or *al Akhbar* have begun to give in-depth coverage to Brazil's policy. *Al Ahrām* hailed Brazil, and called for an international Third World debt conference.

Infrastructure

Majority of bridges set to collapse

Fifty percent of the bridges in the United States are in the same condition as the bridge that collapsed, killing four people, on the New York State Thruway April 4. According to a National Public Radio Broadcast two days later, a national expert on bridges reported that the majority of the nation's major bridges are in bad need of repair, and in danger of a similar collapse.

Two years ago, *Executive Intelligence Review* did an independent study of the country's unpaid amortization of basic infrastructure, including bridges, and determined that expenditures totaling \$3 trillion would be required to restore things to a con-

dition comparable to the early 1970s.

According to the expert quoted on radio, most of the nation's major bridges were built by the Works Progress Administration during the depression years of the 1930s. Such bridges have an average life-span of 50 years. Ergo: They are ready to go.

"You can expect a lot more such incidents in the next decade," he said.

International Credit

AFL-CIO said to support Brazil

U. S. labor backs Brazil's debt moratorium, according to Jay Mazur, AFL-CIO vice president. He declared that U. S. workers support Brazil's decision to suspend interest payments. Had the country instead gone to the International Monetary Fund, he added, the result would have been economic stagnation.

Mazur said the latest executive council meeting of the U. S. labor federation determined its complete support for a political solution to the debt, and that the debt is unpayable and therefore should be at least partially forgiven.

"We do not think it correct that the World Bank or the IMF impose conditions on debt renegotiation, affecting salaries, social programs, and the evolution of trade. That seems unjust to us," he stated.

The Debt Bomb

Will Africa follow Brazil?

African nations may follow Brazil in declaring debt moratoria, according to the French newsletter *Lettre d'Afrique*, which reports that international financial circles are worriedly asking themselves, "If the majority of African countries will not follow the recent example of Brazil?"

At a meeting in Addis Ababa in mid-March, African commerce ministers called

for a five-year moratorium on debt service payments. They pointed out that Africa's export revenues fell to \$43.3 billion in 1986, compared to \$60.6 billion in 1985, which was a year of terrible drought.

The United Nations has set up a committee of "wise men" to study the African debt crisis. It will be composed of a dozen individuals from the large creditor nations, commercial banks, and Africa. The World Bank will also participate. The U.N. spokesmen say they hope for "concrete short-term solutions."

Speaking at a meeting on the General Agreement on Tariffs and Trade (GATT) in New Zealand on March 27, the Nigerian trade minister said that for African economies to grow by 3-4% by the end of this decade, more than \$35 billion in annual investment was necessary. During this same period, African debt service would be \$24.5 billion per year, almost half of Africa's export earnings. In this context, he called for the reduction of interest rates.

AIDS

More states consider testing legislation

New Hampshire Gov. John Sununu and state legislative leaders have proposed mandatory AIDS testing before the issuance of marriage licenses.

Speaking April 7 in Concord, Sununu said, "I think it is a good, strong initial step."

In North Carolina, a state task force has called for legislation to control the spread of AIDS. Included in its recommendations are jail terms for those who knowingly carry the AIDS virus and fail to curb their sexual activities.

The U.S. Army has already instituted such penalties. An Army private has been charged with aggravated assault for having sex with two other soldiers—one female and the other male—even though he knew he was an AIDS carrier. Adrian G. Morris, Jr. was charged in April by his company commander at Fort Huachuca in southeastern Arizona.

Briefly

Agriculture

Beef shortages hit United States

Beef shortages in the United States are causing meatpackers to scramble for supplies. As a result, cattle futures prices hit a three-year high April 7 on the Chicago Mercantile Exchange.

The national inventory of livestock has sunk so low that any passing problem in weather, transportation, etc., will produce an immediate shortage. There is no margin to offset such problems. The recent wave of bad weather has cut into whatever minimal herd build-up may have been taking place.

There was a 9% decline in placements in feedlots last year. There has been a significant liquidation of beef cattle herds for the past two years. The slaughter of close to a million milk cows over the past year hid the beef shortage from the public, but the U.S. Department of Agriculture's "planned shrinkage" of the meat supply will now begin to be felt.

About 300,000 more milk cows are due to be slaughtered this year, in the final phases of the Dairy Herd Termination program. But the beef just "isn't there."

Free Enterprise

DEA chief in Bogota to discuss drug banks

The head of the U.S. Drug Enforcement Administration has met with the President of Colombia to discuss the problem of U.S. banks that are laundering profits from the drug trade—just about all of them.

Colombian officials have recently been outspoken on the difficulties of conducting a war on drug trafficking in their country, when major financial institutions, especially those of the major "consumer," the United States, are wittingly aiding the traffickers by laundering their funds.

DEA director Jack Lawn met with President Barco in Bogota April 7. It was his

first visit to Colombia.

In a briefing to the press afterward, Lawn said: "There is great concern in the United States on the effects on private commercial banking of links to money from the drug trade. . . . We support any effort that enables us to fight not only against trafficking of drugs, but against the laundering of dollars."

Lawn said his visit is to prepare for a conference on drugs to be held in Vienna in June, at which a document prepared by former Colombian Justice Minister Enrique Parejo Gonzalez—the successor to the murdered Rodrigo Lara Bonilla—will be debated. That document, among other things, demands universal transparency of financial institutions.

Common Market

Brazil, Argentina, study integration

Brazil and Argentina are engaged in broad economic negotiations which would integrate the two economies more closely, and give one another priority treatment in economic emergencies.

A review of the progress of such integration appearing in Brazil's *Correio* newspaper says that negotiations are under way on construction of trucking and shipping facilities, the use of Brazilian satellites for Argentine communications, and cooperation in nuclear energy research.

Meanwhile, military contacts continue, and plans for the development of a "bina-tional airplane" may be announced during July.

Brazil's foreign ministry, said the report, blames the finance ministry for delays in reaching an agreement on an emergency food supply program. Under that accord, the two countries would give priority to the other in case of shortage of vegetables, chicken, etc.

Progress in such negotiations are especially important to Brazil, which faces international pressure and threats from creditors after declaring a debt moratorium in February.

● **'RED BILLIONAIRE'** Jean-Baptiste Doumeng died April 5 of cancer of the pancreas. Doumeng, head of France's Interagra grain and meat empire, was a personal friend of Soviet leader Gorbachov for years and a financier of the French Communist Party. He was also a key figure in arranging cheap European Community "surplus" food sales to the Soviet Union. At the recent Peace Forum in Moscow, Doumeng signed an unprecedented \$1 billion contract.

● **SAFEWAY**, the nation's largest grocery chain, will shut down 141 stores in Dallas, laying off 8,500 as part of a nationwide restructuring plan; 8 stores have been sold to Kroger Inc., and all are on the market. Company officials would not speculate how many would reopen under new ownership.

● **RICHARD DARMAN**, a key figure at James Baker's Treasury Department, is leaving government to join Shearson-Lehman investment firm, a well-known half way house to points further up the Hudson Valley.

● **IBM**, after two years of declining earnings, the first since the last depression, is pushing 10,000 of its 237,000 employees into early retirement, and forcing 15,000 others into different jobs, mostly sales.

● **COMMERCE SECRETARY** Malcolm Baldrige will visit the Far East in April for talks on trade. He will meeting with officials in China, South Korea, Hong Kong, and the Philippines, the Commerce Department announced April 7. The talks will focus on "developing additional U.S. markets."

● **JAPANESE** trade minister Yuzuru Hatakeyama told London's *Financial Times* April 8: "We are not accustomed to this type of game," in reference to U.S. trade war measures. "The reaction of the Japanese people will be very anti-American," he warned in remarks in Tokyo.

Monetary policy of the Common Market

Part 30 Ibero-American integration

This installment begins Chapter 11, the final chapter of *EIR's* exclusive translation of the Schiller Institute book, *Ibero-American Integration: 100 Million New Jobs by the Year 2000!* published in Spanish in September 1986. It was commissioned from an international team of experts by the Schiller Institute's Ibero-American Trade Union Commission, to elaborate the 1982 proposal by Lyndon LaRouche for an "Operation Juárez" that will transform the huge foreign debt problem into the springboard for a regional economic boom.



The "García solution," to politically break with the IMF and not pay more than 10% of export revenues for debt service, is a step toward forming a "debtors' club" and an Ibero-American Common Market. Since the book was written, Brazil's government has followed Peru's President Alan García, with its courageous declaration of a debt moratorium on Feb. 20, 1987.

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

What the reader is naturally asking himself or herself at this point in our presentation is: How are we going to finance all these projects? Where is the money going to come from?

Those readers who have suffered formal training in economics will be particularly disturbed by the fact that we have said nothing up until this point on the monetary side of the economic plan we propose for Ibero-America.

This is true, and for good reason. Monetary policy, correctly understood, is the simplest aspect of a national or regional economic development plan. It is only necessary to follow the guidelines provided nearly 200 years ago by the economist of the American Revolution, Alexander Hamilton: Monetary and credit policy should be molded to the development needs of the real physical economy. Whether a monetary policy is good or bad is determined solely by its effect on the real economy.

One good approximation of the measures required is the solution adopted in Peru by President Alan García. To definitively halt the looting of his country and help it to grow again, President García announced upon assuming the presidency in July 1985 that Peru would pay only 10% of its export earnings to service the foreign debt. In addition, he cut back imports of luxury items and took preliminary steps to retain internal savings within the country. The combination of these three measures meant that the foreign exchange reserves of Peru increased by several billion dollars in the last year.

This increase in net national savings allowed for the generation of new, non-inflationary internal credit, whose investment in the productive economy produced notable results in a mere 12 months. If we compare the first six months of

1986 with the first six months of the previous year, we see that the Peruvian gross national product (GNP) grew by 8.3%; some four times more than the rest of the region. The construction sector experienced a 12.3% expansion; manufacturing and electricity grew by 7.1% and 7.3% respectively; and the fishing sector, always key to the Peruvian economy, dramatically recovered with 61.2% growth.

As important as these technical measures, has been President García's determination to politically break with the International Monetary Fund. This has created an environment of political mobilization in the country, in which the Peruvian population has developed a renewed sense of optimism regarding its potential for development.

Measures like these can be adopted by any country in Ibero-America, on its own and with results comparable to those of Peru. But if the entire region takes them in a coordinated way, the results will be qualitatively superior.

For example, if all of Ibero-America were to adopt the "García solution" of only paying 10% of its exports to service the debt, the region would save more than \$27 billion each year. And if all were also to eliminate luxury imports, there would be a minimum additional savings of \$2.7 billion. As can be seen in **Table 11-1**, luxury imports at the beginning of the 1980s added up to more than \$11 billion. With the generalized collapse of all imports between 1980 and 1985, many of the luxury items were also eliminated, but these still constitute a considerable portion of the total. It is worth emphasizing that we have used a rather lax criterion for our definition of "luxury imports," considering only those final goods which have no connection to the productive apparatus or with those basic areas of consumption and investment expenditure. Therefore, our figures represent a real minimum of what this category might contain, and it is a quantity that can be abandoned without affecting in the slightest the functioning of the continent's productive apparatus.

If to these two categories of savings we add what would happen if flight capital from Ibero-America's countries (\$4.8 billion in 1985) were halted, we could calculate that the total savings would be \$34.7 billion per year (see **Table 11-2**). Mexico alone would have in hand nearly an additional \$10 billion, money that today is sent abroad as pure tribute to the international financial system.

There is a second way, aside from Alan García's, of calculating what the annual interest payments of the countries of the region should be. Basing ourselves on the method elaborated by Lyndon LaRouche in his study *Operation Juárez*, 1977 interest rates—that is 6.8%—could be paid on the total *legitimate* debt of the continent, as we calculated it in Chapter 2, giving us a figure of \$20.5 billion. This would mean paying some \$1.4 billion a year, six times less than the generous figure of \$9.2 billion implied by the "García solution." With these calculations, we can see that from one year to the next, Ibero-America could generate an "investment

fund" of \$42.5 billion, simply by adopting the described sovereign measures.

This new "investment fund"—whether it comes from the "García solution" or *Operation Juárez*—would serve as the necessary reserve base to back up a new non-inflationary issuance of credit in Ibero-America, directed toward the expansion of the continental economy.

Until now we have analyzed the negative side of the monetary question: how to stop the current looting of the continent and achieve some form of development. But the real problem that we face is how to design a *positive* monetary policy appropriate to the large-scale development tasks that the Ibero-American Common Market outlined in previous chapters will demand. This question we will deal with briefly, after first clearing up whatever doubts the reader may still have regarding the two other proposals on the debt that have been the center of so much publicity.

Neither Kissinger nor Castro

Henry Kissinger periodically issues pompous pronouncements on the question of the foreign debt, which are picked up and distributed to the four winds by the international media. Each time that he does so, he is praised for "realistically" proposing an "in depth" solution to the debt problem.

But the secret of Kissinger's proposals resides not in its content (pathetic enough), but rather in the *dates* of their repeated publication. For example, Kissinger wrote an article on the issue in *Newsweek* in January 1983, just as the terror began to spread among his political patrons in the international banking community that the debtor nations were ready to form a debtors club and declare debt moratoria. Kissinger's

TABLE 11-1
**Ibero-America's luxury imports
1980 and 1983**
(billions of dollars)

	Imports 1980			Imports 1983		
	Total	Luxury	% of total	Total	Luxury	% of total
Argentina	9.4	1.0	10.5	4.1	0.3	6.2
Brazil	23.0	1.3	5.6	15.4	0.4	2.3
Colombia	4.3	0.3	7.9	4.8	0.2	4.1
Mexico	18.9	1.6	8.6	7.7	0.4	5.3
Peru	3.1	0.3	9.3	2.7	0.2	6.4
Venezuela	10.9	0.9	8.4	6.4	0.4	6.1
Other countries	23.5	1.9	8.1	18.3	1.0	5.2
Ibero-America	93.0	7.3	7.9	59.5	2.7	4.6

TABLE 11-2

Projection of investment fund generated by García and Operation Juárez proposals

(billions of dollars)

GARCIA SOLUTION

	Actual interest payments* (1)	Interest payments García style† (2)	Interest savings (3=1-2)	Capital flight (4)	Luxury imports* (5)	Investment fund (3+4+5)
Argentina	4.9	0.8	4.1	1.0	0.3	5.4
Brazil	10.2	2.5	7.7	0.4	0.4	8.5
Mexico	9.7	2.2	7.5	1.9	0.4	9.8
Ibero-America	36.4	9.2	27.2	4.8	2.7	34.7

*Figures corresponding to 1985.

†10% of exports.

OPERATION JUÁREZ

	Actual interest payments* (1)	Interest payments Operation Juárez‡ (2)	Interest savings (3=1-2)	Capital flight (4)	Luxury imports* (5)	Investment fund (3+4+5)
Argentina	4.9	0.4	4.5	1.0	0.3	5.8
Brazil	10.2	-4.0	14.2	0.4	0.4	15.0
Mexico	9.7	2.7	7.0	1.9	0.4	9.3
Ibero-America	36.4	1.4	35.0	4.8	2.7	42.5

*Figures corresponding to 1985.

‡6.8% annually, paid on legitimate debt of \$20.5 billion.

message was, "Don't do it; calm down. We can negotiate this."

A second Kissinger article appeared in June 1984, during the same days that Lyndon LaRouche was in Buenos Aires speaking with Argentine President Raúl Alfonsín, again on the question of a debtors' club. The U.S. State Department and the Soviets did their utmost to prevent that meeting, because they feared that if the Peronist trade unions could sufficiently pressure Alfonsín, he could decide not to go down on his knees to the IMF. The Kissingerian message: "Don't do anything drastic, gentlemen; I am on the verge of convincing my banker friends to make some concessions."

And then a third article appeared in July 1985, precisely as the Trade Union Commission of the Schiller Institute was holding its first continental meeting in Mexico City. In view of the threat to the banks that the Ibero-American masses should organize in favor of integration, Henry was again trotted out.

The content of the three articles is the same, more or less as follows:

1. Under current conditions, Ibero-Americans are frankly unable to pay their foreign debt.

2. The austerity crisis, the result of trying to force them to pay what they cannot, could provoke explosions of "populism," "mercantilism," and "dirigism," and uncontrollable social explosions.

3. It were better to "politicize" the debt question: We will discuss the idea that the IMF must relax its conditions a bit, and that the banks should reduce their interest rates a bit.

4. Above all, the *illusion* must be communicated that there will be improvement. It matters not if economic conditions truly improve or not; what is important is to create the illusion that things are going to get better, so that people will demobilize.

5. Regarding specific economic measures, one must continue to follow IMF dictates.

The Kissinger Plan as such, at times wrongly dubbed the "Marshall Plan" for Ibero-America, is reviewed in Table 11-3. The reader can see that Kissinger at no time proposes providing the continent with new credit for development; rather, he seeks to impose a strategy of exchanging debt for equity in the Ibero-American economies, or the idea that Ibero-America should pay its debt with the national patrimony. The sharp reader will further observe that the Kissin-

ger Plan is fundamentally no different from the global plan of the International Monetary Fund, nor from the famous “Baker Plan.”

Another well-known proposal to “resolve the debt crisis” is that of Fidel Castro. One might well ask why the Cubans and their Soviet friends are suddenly showing such interest in the foreign debt problem, when all the world knows that for 10 years Moscow has not moved a finger against the International Monetary Fund in Ibero-America. Also one tends to doubt Castro’s sincerity when he presents himself as representative of all the indebted peoples of the world, when Cuba has almost no debt with the West! In 1974, Cuba owed \$3.4 billion to Western banks; in 1984, it owed exactly the same, per capita indebtedness inferior to that of any other Ibero-American country, which the Cuban regime—despite its anti-imperialist rhetoric—was careful to pay punctually. It is true that Cuba is indebted up to its eyeballs—to *Moscow*. Best estimates put that figure at some \$40 billion.

But we will put aside Fidel Castro’s questionable motives, and look at what he proposes. Although some aspects of the *description* that he offers of the debt problem are correct, the *solutions* that he poses are essentially identical to that of Kissinger (see **Table 11-4**). First, he says that the way to resolve the foreign debt problem is simply to eliminate payments on that debt, and then to save the creditor banks from the consequences of that measure by taking money from the U.S. military budget, and particularly from the Strategic Defense Initiative. In this, he is echoing Kissinger, who also suggests that “the arms race” is the cause of the economic crisis. According to Castro, the creditor banks would then renew their loans to Ibero-America at the same interest rates currently charged.

Not only that. In a June 2, 1985 interview with the Brazilian daily *Folha de São Paulo*, Castro says that “the IMF itself should be rescued as a forum for discussion among governments.” No difference from Kissinger here, either.

There is a particularly noxious additional element in the plan of Castro and his Soviet friends. They propose that not only the United States, but all the countries of Ibero-America as well, should sharply reduce their military budgets and eliminate all programs of advanced technology, arguing that these programs are linked to “the arms race.” For example, in Soviet publications such as *América Latina*, one can read their proposals for suspending the Argentine nuclear program, and for Brazil to dismantle its military industrial sector. Were this policy to be applied, it would be the equivalent of a strategic bombing run against the most important and sensitive aspects of the Ibero-American economy, and would cause a dizzying economic collapse.

How similar the Kissinger and Castro plans are in their consequences can be seen in **Figure 11-1**. We have projected what would happen with the total debt and the payment of interest on the Ibero-American debt between now and 1990, under these two options. The assumptions upon which these

TABLE 11-3

The Kissinger Plan

1. To create an “Institution for Development of the Western Hemisphere” for 5-7 years.
2. To finance it with U.S. budget cutbacks, including reducing the U.S. defense program based on beam weapons to pure “research.”
3. The “institution” would issue no new credit, but would use its resources to refinance Ibero-America’s current foreign debt, at an interest rate of approximately 3 percentage points below the current one.
4. To capitalize this reduction in interest, adding it year by year to the total foreign debt.
5. To pay up to 20% of the Ibero-American debt with the currencies of each country.
6. To permit the creditor banks to use these national currencies to purchase assets in Ibero-America, preferably in the state sectors.
7. To continue imposing IMF adjustment programs, but with greater political subtlety.

TABLE 11-4

The Castro Plan

1. To deny Ibero-America’s “illegitimate” debt (estimated at 40% of the total official debt).
2. To reduce the interest rate on the remaining debt to 6%.
3. To rescue the creditor banks from the consequences of reducing debt payments, by using money taken from the U.S. defense budget, in particular the beam weapons program, which would be eliminated in its entirety.
4. The banks thus rescued should renew their loans to Ibero-America at a rate approximate to that of 1980-82 (\$45 billion a year).
5. Save the IMF as an institution.
6. Cut the military budgets of Ibero-America, and thereby terminate the region’s defense capabilities.
7. Eliminate all nuclear and laser programs, and advanced technologies, from Ibero-America, because of their supposed links to “the arms race.”

projections are based faithfully reflect what the two authors propose in their respective writings. The Kissinger Plan presumes that:

- 1) Ibero-America recognizes the current “official” foreign debt of \$370 billion;
- 2) the banks will reduce by approximately three percentage points the interest rates they collect on that existing debt, but this reduction would be capitalized and added to the total amount of the debt;
- 3) the banks would make no new loans to Ibero-America.

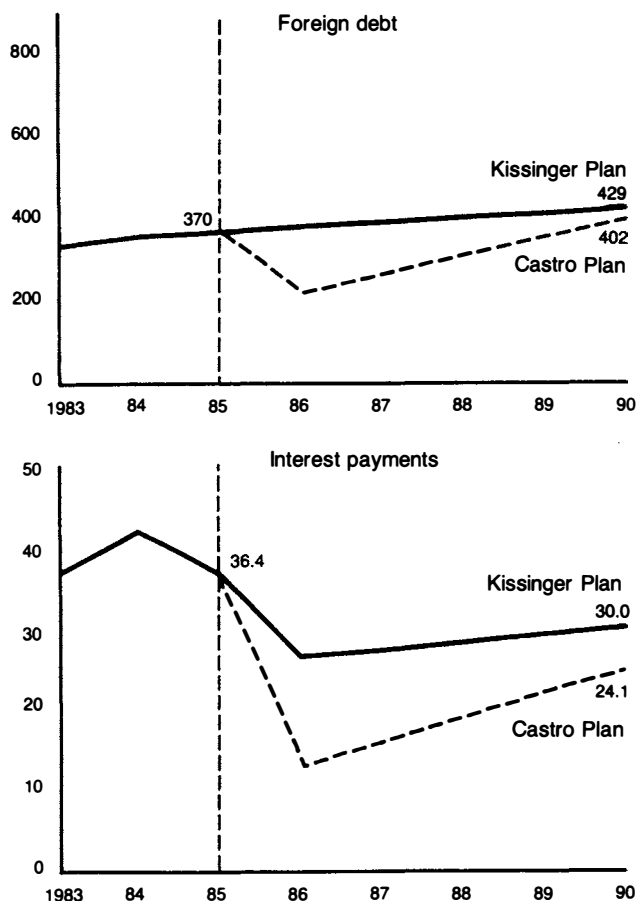
The Castro Plan proposes:

- 1) to only consider as "legitimate" 60% of the official foreign debt, and to disavow the rest;
- 2) to receive new loans from the international banks at the rate of approximately \$45 billion a year; and
- 3) to pay 6% interest on the entire debt, old and new.

As can be seen in Figure 11-1, after a relative reduction both in the total debt and in interest payments as a result of the Castro Plan, the two plans by 1990 would have nearly identical results. With Kissinger, Ibero-America would have a total foreign debt of \$429 billion; with Castro, of \$402 billion. Annual interest payments in 1990 would be, with Kissinger, some \$30 billion; with Castro, \$24.1 billion. As one can see, the differences are minimal; and both agree fundamentally with the International Monetary Fund's plan for Ibero-America.

FIGURE 11-1
Projections of the Ibero-American foreign debt and interest payments: Kissinger Plan and Castro Plan 1985-1990

(billions of dollars)



Operation Juárez

Whatever Ibero-American monetary system is adopted will have to eliminate the three principal looting mechanisms which characterize the present situation:

- excessive interest charges;
- deterioration of terms of trade; and
- capital flight.

Our new system not only has to put an end to these looting mechanisms, but must facilitate lending for development; encourage just trade relations; and motivate investment of resources within the region. We will take a look at these three aspects, one by one.

1. Excessive interest charges

This is a looting mechanism which has been imposed on Ibero-America through blackmail by the banks and the IMF; either their rules of the game (and interest rates) are accepted, or no loans. But with an Ibero-American Common Market, as we have documented in Chapter 5, 80% of financing needs between 1985 and 2000 could be supplied by the continent itself. Only 19% would have to come from abroad. Our problem is divided, then, into two parts:

Internal credit. This part of the financing, which is the vast majority of what Ibero-America will need, could be resolved with relative ease, once sovereign control passes to the Ibero-American nations. All that is missing is to establish some kind of "Ibero-American Development Bank" (similar to the Latin American Reserve Fund proposed by Alan García), which would centralize and facilitate financing of the indicated development projects. It could operate without any need of dollars, using a common currency of account for transactions, and would give long-term, low-interest loans to member countries.

Foreign credit. As we have indicated, this corresponds to less than one-fifth of total financing needs. However, one must distinguish between the form in which these new loans are to be managed, and their position with respect to the old debt.

Regarding the old debt, the first step is to form a "Debtors Club" to be able to negotiate under equality of conditions with the already existing "Creditors Club." The debtors will offer a new series of bonds on the part of the Ibero-American countries, which will be used to "buy" the old debt and will be payable on a long-term (30 years) and low-interest (2%) basis. Thus the payment of interest will be substantially reduced, to \$7.4 billion a year.

Of course, if the creditors are so foolish as to refuse to accept the Ibero-American offer, the debtors could then issue a sovereign declaration by which only interest payments on the *legitimate* debt of \$20.5 billion would be made, and this at the 1977 interest rate of 6.8%, which would result in an annual payment of \$1.4 billion. As this calculation of the legitimate debt already discounts the massive flight capital there has been, it is just that should some of this return, the interest payments would increase proportionally. Further, the

debtors club would give the creditors the option of collecting all their foreign debt from flight capital, given that this capital, in every case, is in protected accounts in the same creditor banks.

A third option on how to manage the old debt is proposed by Alan García; fix a maximum percentage of export income allocated to payment of the foreign debt. If this 10% Peruvian formula were extended to the entire continent, the level of annual payments would be \$9.2 billion; that is relatively the most generous of the various options under consideration.

Regarding new loans, the same debtors club established to handle collective negotiation of the old debt, would be the perfect instrument to guarantee just conditions for the new loans. For example, new loans for more than \$100 billion a year should be negotiated at approximately 30 years, with interest rates of 2%, and with a grace period of some 15 years applied to both capital and interest.

2. Deterioration of terms of trade

Here there is a division similar to the previous case, given that with the Ibero-American Common Market, nearly 80% of the foreign trade of the Ibero-American countries will be intra-regional—that is, within the continent itself—and only 20% will be with countries outside of the common market.

Internal trade. This great majority of the total trade can be perfectly protected from the damaging effects of the deterioration of terms of trade by simply establishing a customs union. This union would give preference to intra-Ibero-American commerce, and would establish just prices—not prices dictated by the international market—for all exported and imported products. The concept to follow in this sense is that of “guaranteed prices,” which means adding all the real economic costs of producing a product, and adding to this a just margin of profit to facilitate reinvestment and technological advance in that sector. Obviously, the details for each product and each nation would have to be negotiated, taking into account the need to give preference to the lesser developed nations of the region.

This customs union would require some type of “Ibero-American Bank of Compensation” to facilitate intra-regional trade and to cover the balance of trade deficit from nation to nation, preferably with a common Ibero-American currency. It is also imperative to establish a continental insurance and reinsurance company, given that without these services—which today are the absolute monopoly of the developed sector—modern international trade is impossible.

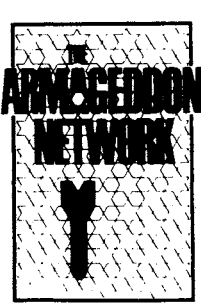
Foreign trade. Only one-fifth of the total trade will be with countries outside the region, and the negotiating power of the Common Market could be used to guarantee equitable conditions of trade in this area. An Ibero-America in full economic expansion could potentially constitute a highly desirable market for the different countries of the world, and preferential access to this market could be granted to only those countries or groups which offer acceptable trade conditions.

3. Capital flight

If the two previous problems can be 80% solved relying exclusively on internal Ibero-American measures, leaving only 20% to international negotiation, the case of capital flight can be resolved 100% within the confines of the continent itself, without help from abroad. What is required is simply that each sovereign nation apply strict exchange and capital controls, absolutely prohibiting the use of dollars in operations abroad for purposes not defined by the government as priority for the accelerated development of the continent. There will not and cannot be free currency exchange in any member-country of the Ibero-American Common Market. Any banker, exporter, or drug trafficker who tries to violate these regulations will be severely punished, losing the money involved in the illegal negotiation, and serving a long prison term.

With these three kinds of measures, the financial looting which has destroyed Ibero-America and can be eliminated virtually entirely, and the seeds of new monetary institutions to facilitate the development of the Ibero-American Common Market will be sown.

What kind of institutions should there be, and how to structure them? Already in August of 1982, in his work *Operation Juárez*, U.S. economist Lyndon LaRouche had described in detail the monetary and fiscal measures to adopt. In the next installment, we will reproduce the appropriate paragraphs from that historic text.



“Saba’s book describes how highly placed American government officials have confused their loyalties; the story is a frightening one. Even more frightening is the failure of the American government to determine what damage has been done to the United States through this misguided action. The book is an instructive lesson in how the American government can be manipulated; it should be studied carefully. It might even provoke American government officials to take actions to correct these abuses.”

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Former U.S. Ambassador to Saudi Arabia

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LaRouche in Lima supports President García

by Robyn Quijano

“President Alan García and I are in agreement on the essentials,” Lyndon LaRouche told a packed press conference at the Hotel Crillon in Lima on April 7. We have to have a new economic system that facilitates economic growth. We have to reorganize the present debt structure, completely writing off a part of the debt, and rescheduling the rest over 30 years at one or two percent interest, he said.

LaRouche, “the first presidential candidate in the U.S. for the 1988 race,” backs Peru and Brazil “as examples of good management of their foreign debts,” the official daily, *El Peruano*, reported that day. LaRouche promised that, as President, his policy would guarantee the growth of the developing nations, and would bring economic accords between North and South, *El Peruano* stressed.

During the first days of LaRouche’s visit to Lima, sandbags and armored cars were hurriedly placed around the Presidential Palace, as the Peruvian Air Force rebelled against President Alan García’s rule. By April 7, García had successfully faced down the most serious attempt against his government since he came to power and threw the International Monetary Fund out of Peru in July 1985.

That evening, LaRouche’s support for President García’s economic policy, and his insistence that the greatest financial collapse in history is in progress, were reported on national TV and radio. “The inti [Peru’s currency] is more stable than the dollar now,” smiled the candidate. He blasted the IMF policy of forcing devaluations of Ibero-American currency, making usury-bloated debt payments even more onerous in the devalued currency. As President or as policymaker, I will be negotiating the new monetary system based on moral principles, which must be created to replace the current bankrupted system, LaRouche promised.

The following morning, the daily *El Comercio* reported on LaRouche’s economic program under the headline, “Renowned U.S. Economist Is in Lima.” Other media featured LaRouche’s declarations that evil forces in the United States wish to get rid of García. “Dracula bankers” are out to overthrow García, LaRouche said, slamming the drug-linked Socialist International (naming W.R. Grace Co., the League for Industrial Democracy, Jeane Kirkpatrick) as the appa-



The Schiller Institute and the St. Augustine School in Lima commemorate the 20th anniversary of the papal encyclical *Populorum Progressio*, and debate its relevance for launching an economic recovery. Shown here are (left to right): Sara Vásquez, president of the Schiller Institute in Peru; Helga Zepp-LaRouche; Lyndon LaRouche; Peruvian senator Jasmell Muñoz; Peruvian parliamentarian Wilbert Bendezu; German retired general Friedrich Gruenewald; Bolivian retired general Lucio Añez.

ratus carrying out the bankers' bidding. "I am very glad to have been in Lima, because in the United States, I will make a lot of noise against those who want a coup in Peru," LaRouche said.

Addresses military studies center

The press conference culminated the six-day visit of LaRouche and his wife, Helga Zepp-LaRouche, the founder of the Schiller Institute, in which the couple met informally with congressmen, senators, leaders of various political parties, and other national institutions. LaRouche also addressed 80 military officials and civilians at the Center for Superior Military Studies (CAEM), and over 400 attending the international conference celebrating the 20th anniversary of Pope Paul VI's encyclical *Populorum Progressio*.

The conference, sponsored by the Schiller Institute and the St. Augustine School, was addressed by a special envoy of Peruvian Cardinal Landazuri, two APRA congressmen, the ex-prior of the Augustinian order, and representatives of Zaire, India, Bolivia, and West Germany, with Helga Zepp-LaRouche and Lyndon LaRouche as the featured speakers. Officials from the justice and foreign ministries attended, along with businessmen, students, APRA party members, and supporters of the Schiller Institute and the Peruvian Labor Party.

Helga Zepp-LaRouche told over 450 Peruvians who attended the inaugural session of the conference that Peru is a courageous example for the rest of the developing sector. (See page 30.) Her speech provoked a long, exciting debate on the question of morality and economics, and man's responsibility to fight against the satanic evil of malthusian genocidalists. When one guest commented that we must love our enemies, and not attack them, or wish them destruction,

Father Barrera, ex-prior of the Augustinian order for Ibero-America, reminded him of the harsh words that Jesus used against evil. Mrs. LaRouche cited Pope John Paul II's declarations on the existence of Satan, and his just-released encyclical on the Virgin, in which he stresses Mary's role as the symbol of the victory of good over evil, as she is depicted crushing the serpent's head.

Dangers and opportunities

The following afternoon, LaRouche underlined the dangers and opportunities of the present moment in history to the hundreds gathered at the conference. "It was 41 years ago, in India, that I first committed myself to economic justice for what we today call the 'developing nations.' Since I first became an international political figure, more than a dozen years ago, I have shared the hopes and defeats of my collaborators among the Non-Aligned nations and others, in our common struggle for this just cause. The most recent developments allow me to hope, that if I live, I shall see the victory at last, during the next year or two ahead," said LaRouche.

"There is no guarantee that we shall succeed, but the correlation of forces and circumstances favoring success today is vastly better than has existed at any time during the past 40 years.

"One of the key differences now, is that the world is sliding rapidly to the brink of the greatest international banking collapse in history.

"The political importance of these facts, is that the combination of a new international banking collapse, with the deepening depression inside my country and Western Europe, means that the economic and banking policies of the past 20 years are now becoming very unpopular inside these industrialized nations. Although many governments, as well

as banking circles, are screaming that the IMF system must be saved at all costs, there is no way in which the IMF system could be saved for many more months. It is doomed to collapse sometime rather soon. When that collapse occurs, the majority of the population within most industrialized nations will be demanding a new system, with more or less as much passion as patriots of Central and South America are demanding today.

"The change to a just economic order will not come without a battle.

"During the past dozen years, my friends and I have watched governments which fought for this change overthrown, and some heads of governments assassinated for no other reason than they shared the same views as I do.

"There are bankers and their social-democratic errand-boys who are doing all that is politically possible to attempt to destroy me by one means or another, even in my own country. These bankers and their social-democratic errand-runners are the so-called 'secret government' exposed by a recent major scandal in my country; on the record, they are killers.

"These same enemies of mine are the enemies of every government and leading personality who works for a just economic order. These same enemies of mine, are presently massively deployed against Pope John Paul II, partly because they view *Populorum Progressio* and the recent document of *Justitia et Pax* as consistent with the policies of the government of Peru and the recent actions by the government of Brazil. These powerful enemies of mine would destroy entire nations in the effort to maintain the old system. We must not underestimate the wickedness or power of those who oppose the needed changes.

"Every developing nation which dares to raise the cause of just economic relations among states knows, that in fighting for justice for its own nation, it risks foreign-directed assassinations of its political leaders, and perpetual efforts to organize coups d'état against the government which has offended the combination of bankers and social-democrats typified by the name of 'Project Democracy' in the U.S. official investigations of high-level corruption today," said LaRouche.

AIDS

To both the press and the conference audience, LaRouche stressed the danger of the AIDS epidemic. The Peruvian press has played up the recent rise in known cases of AIDS, and the vulnerability of the Lima blood bank, which has received blood from a prison which is now suffering an AIDS epidemic. "For probably 15 years or longer, there has been the silent spread of the most deadly epidemic which mankind has ever faced. . . . This is not just a single type of virus; it is a rapidly evolving disease, which is appearing in new forms, and threatens to be transmitted in new ways," LaRouche warned.

He described the holocaust in Africa, and stressed that "the entire developing sector is threatened in a similar way,

unless necessary measures are taken soon." LaRouche thus concluded that, "We must win the fight for such a just economic order, and we must win it now.

"Under the present monetary order, many governments so far have opposed spending the resources needed for public health measures against the spread of this disease. Other powerful forces, such as the malthusian population-control fanatics of the Club of Rome and World Bank, are opposing action against the disease, because they hope this disease will reduce the world's population to one-fifth or less of the present level. Without the new resources, and changes in policy which only a just economic order among nations could bring about, the very existence of the human species is now a precarious one."

García will live to see Mars colony

LaRouche then captured the audience with the challenge of colonizing Mars, a crucial project of the new economic order. "Let us assume, for a moment, that we are going to win the fight for a just international economic order sometime during the months ahead. What will we do with that victory? What kind of a world will we build to be enjoyed by the grandchildren of the younger people in this audience today?

. . .

"If we get through the present international financial crisis, the Mars-colonization project will be implemented by the United States, with the participation of other nations. If I am the President of the United States, I pledge to your President, that Peru, as well as Argentina, Brazil, Mexico, and other nations of this hemisphere, will be invited to participate. If that project is funded, it will determine the kinds of changes which will occur on every part of Earth for the next 50 and more years to come. It will determine the technological possibilities for Peru over the coming 40 to 50 years.

"I am too old to live to see the colonization of Mars, but I am confident that President Alan García will," LaRouche said. With that, the audience broke into loud applause, thinking what had been unthinkable, dreaming a new future.

Coming from a U.S. presidential candidate, the optimistic also became the possible. "Never accept the idea that some countries are rich, and other countries are poor. . . . Never think of yourself as a person from a poor country. I have asked you to turn your eyes up to the stars, to see, with pride and confidence, what your mind is capable of enabling you to accomplish. Your dreaming that dream of the stars, is your nation's potential; your nation's potential is its future reality.

"With the right policy, under a just international economic order, within 40 years you can be part of helping Peru to do anything that any other nation could do, including achieving about the same standard of living as the people of any other nation. Never accept the sight of human misery; human misery is unnecessary. Never accept the idea that the world is in danger of being overpopulated by anything except a surplus of diseases and malthusians," LaRouche said.

García defeats Peru coup attempt

When, late in the day on April 4, rebellious Air Force commanders in Peru ended a two-day insurrection, Peruvian President Alan García had once again not only survived, but had come out strengthened against those domestic and foreign interests committed to overturning his nationalist economic policies. The commanders leading the insurrection were forced to back down, when they found no other military or political force prepared to join at this time, in a coup against García.

The failed rebellion exposed more than a dirty network within the Air Force. The events brought to the surface a broader array of forces—linked to the drug trade, the Socialist International, and “Project Democracy” in the United States—who have been preparing the ground for the overthrow of García.

The immediate crisis was triggered on April 2, when the government issued a decree firing Air Force Commander Gen. Luis Abram Cavallerino. During the previous month, Abram had visited foreign diplomats, military commanders, and leading political figures—from right to left—to organize against García’s government. Ostensibly, Abram’s efforts were directed at blocking the government’s proposal to create a single Ministry of Defense, subsuming the now-separate ministries of the Army, Navy, and Air Force, and thus centralizing intelligence and defense matters for more effective action. Abram’s campaign joined that of retired Army Gen. Luis Cisneros (interior minister during the initial build-up of the cocaine industry in Peru from 1976-80). Cisneros organized 157 retired military officers to issue a public statement opposing the defense ministry plan.

Abram’s opposition to the government went beyond the defense ministry question, however. In March, he attempted to sabotage García’s trip to Mexico, a trip which international bankers had tried to prevent for over a year. As García set to leave, Abram ordered Air Force Minister Gen. José Guerra Lorenzetti not to accompany the President. General Guerra remained loyal to the President.

When García fired Abram shortly after his return, Abram rebelled. Holed up with other commanders at the Las Palmas base, Abram put the Air Force on “Alert One,” and demanded that Guerra resign instead. At midnight, April 2, Air Force jets flew low over Lima, as a black-out cut electricity to the city center—including the presidential palace—an event tersely described the next day as a

“technical failure.” Armored cars, anti-aircraft weapons, and sandbags were placed to defend the palace.

“Those who dress in a uniform do not have the right to political opinion . . . much less the possibility of openly confronting the proposals and decisions of the President,” García told the nation, in a 45-minute television address the night of April 3.

Those who hoped to force García to reverse Peru’s policies on debt and domestic development, were again disappointed. In his speech, García announced that Peru will henceforth only repay 10% of its loans to the World Bank, citing the Bank’s imposition of conditionalities on its loans to Peru, and the fact that Peru has paid back more money than the Bank has lent. By restricting debt payments to national needs, Peru has accumulated \$2 billion in reserves, García said, thus assuring that Peru has enough capital to import needed machinery.

The President announced increases of 27-40% in the minimum wage, and in salaries for public servants and workers not covered by collective bargaining agreements. To boost production, he called for creation of a government credit fund for industry.

García’s appeal to the nation emphasized his military advantage. With 80% of the population supporting his presidency, any coup would be suicidal. Soon afterward, the Army and Navy commanders assured García that they would stand by him.

Reactions to the coup’s defeat revealed the broader plot. *Diario Marka*, a mouthpiece for Peru’s terrorists, bitterly attacked the leader of the United Left party, Alfonso Barrantes Lingán, charging that he had helped defeat the coup, and thus sold out the interests of the Left! The pro-terrorist *Kausachum*, a paper run by Project Democracy agent Augusto Zimmerman, called the firing of Abram an “offense” to the entire Peruvian military. (Zimmerman, an advocate of legalizing the drug trade, maintains ties with Project Democracy through the Democratic Party’s Ted Sorenson). The rabidly anti-García “right-wing” weekly *Oiga* joined the Left in calling the firing of Abram, “illegal.”

The coverage in *Caretas*, a weekly connected to the Israeli Mossad and former Prime Minister Manuel Ulloa, was more sophisticated. “Not This Way,” read the magazine’s cover after the aborted coup. Calling the Air Force actions a “trial balloon,” *Caretas* noted that García’s APRA party—heavily penetrated by the Socialist International—had remained strangely silent during the crisis.

On April 10, words of protest passed into action. A seven-man terrorist squad entered a popular restaurant one block from the Army’s Armored Division base in Lima, and machine-gunned the premises. Seven people died, and 25 were wounded.

Populorum Progressio and the debt crisis

In honor of the 20th anniversary of the papal encyclical Populorum Progressio, the Schiller Institute and the St. Augustine School sponsored an international conference in Lima Peru on April 3-4. Presentations were made by the following people:

Ernesto Alaiza Mujica, Peru, representing Cardinal Landázuri Ricketts—Spoke on the significance today of Pope Paul VI's encyclical *Populorum Progressio*.

General (ret.) Lucio Añez, Bolivia, former chief of staff of the armed forces, former vice-president of the Inter-American Defense Board—Discussed his country's war on drugs, the need for continental cooperation, and how the International Monetary Fund's austerity conditionals foster the drug traffic.

Reverend Father Juan Barreda Bravo, Peru, former prior of the Augustinian Order, founding director of the Saint Augustine School—Stressed the urgency of Ibero-American integration, in view of the problems of hunger and injustice, and emphasized Pope John Paul II's call for a genuine "Continental Solidarity."

Wilbert Bendezu, Peru, parliamentary deputy from the APRA party—Described his party's 60-year effort to achieve the integration of the Americas, emphasizing that such integration was the key to achieving social justice on the continent.

"Development is the new name for peace."

—Pope Paul VI



Shown here are, from left to right, conference speakers Sara Vásquez, Jossell Muñoz Cordova, Reverend Father Juan Barreda Bravo, and Wilbert Bendezu.

Dr. S.C. Birla, India, counsel to the Supreme Court of India and a founding member of the All-India Bar Association; general secretary and convenor of the All-India Lawyers Conference for 1987—Spoke on the history of India, and how South-South cooperation can be improved to foster transfer of technology. Called for the convening of a conference in India this year to further that process.

Father Cesareo Fernández de las Cuevas, Peru, prior of the Augustinian Order in Peru, director of the Saint Augustine School in Lima—His presentation, entitled "Economics and Morality," addressed the importance of the recent document "An Ethical Consideration of the Debt," issued by the Vatican Commission *Justitia et Pax*.

Brig.-Gen. (ret.) Friedrich Gruenewald, Federal Republic of Germany, deputy chairman of the Patriots for Germany—Discussed the ties between Peru and Germany, back to the 19th century when Alexander von Humboldt visited Peru, bringing with him "the ideals of humanism and the Weimar classics." Promised to work for cooperation with Peru today, including bringing back to Europe a shopping list of what Peru needs—such as machine-building equipment, factories, aeronautical equipment, special ships for fish processing—so that Peru and Germany can together solve their crisis.

Mpinga Kalonji, Zaire, chargé of the Zairean embassy in Bonn (speaking in his personal capacity)—Discussed the theme "Zaire: At the Crossroads," explaining the measures his country has been forced—like Peru—to adopt for its own survival. Among these are actions to limit debt payments to 20% of the government's budget, and 10% of its export earnings, while the country's currency was returned to a fixed parity.

Lyndon LaRouche, U.S.A., economist, candidate for the Democratic Party's 1988 presidential nomination; founder of *EIR*—Discussed the battle for a New World Economic Order, the future of Peru, and a grand design for the colonization of space.

Josmell Muñoz Cordova, Peru, senator from the APRA party—Offered personal greetings to the conference, noting the leadership role that Peru has undertaken in the fight against the International Monetary Fund; predicted that Lyndon LaRouche would be elected President of the United States.

Father Pablo Larrán García, Peru, of the Saint Augustine School—Opened the conference with a prayer dedicated to *Populorum Progressio*, the purpose of labor, and the New World Economic Order.

Carlos Rivas Dávila, Peru, head of the Bicameral Budget Committee of the Congress—Thanked the LaRouches for their leadership in the fight for a New World Economic Order, and discussed the need to integrate Ibero-America, so that it can fully utilize the benefits of science and technology, especially in the generation of dignified jobs.

Sara Vásquez, Peru, president, Peruvian chapter of the Schiller Institute—Inaugurated the conference and presided over its proceedings.

Helga Zepp-LaRouche, Federal Republic of Germany, president of the Schiller Institute; chairman of Patriots for Germany—Spoke on the theme “Christian Morality and the Debt Question.”

Greetings to the Lima conference

The following are among the telegrams of greeting sent to the conference from around the world:

Brazil

Senator Jamir Haddad, president of the Brazilian Socialist Party:

... I am closely acquainted with the studies of the Schiller Institute, and for that reason, I associate myself with them.

In a recent speech before a plenary of the federal Senate of my country, I said, “Mr. President and Mr. Senators, I have defended several times, from this rostrum, the auditing of our foreign debt. At this time, so that it be known in the annals of this Chamber, I want to submit the opinion of the magazine *Ibero-American Integration* of the Schiller Institute, which has an introduction by a pre-candidate of the Democratic Party to the presidency of the United States of America, Mr. Lyndon H. LaRouche. There, it is proven that the gradual increase in spreads, and the progressive devaluation of the value of Brazilian exports, means that, in reality, we owe nothing, and even that we should receive close to \$58 billion. It is not myself who is speaking, but a member of the U.S. Democratic Party, and pre-candidate to govern that great country.” Up to here, the speech which I gave in the Senate last month.

Now, we hope that unified measures by the debtor countries be taken, so that the problem of the foreign debt can be resolved. . . .

Orlando Moscoso, president of the Federation of Industry of the State of Bahia; vice-president of the National Industrial Federation of Brazil (CNI):

... Your meeting in Lima is a meeting which could be held here in Brazil, because we have the same ideas. We are Christians; we are patriots; we want progress as a means to distribute wealth. Poverty cannot distribute wealth; poverty needs to receive wealth from those who understand wealth as necessary to promote the common good. . . .

The debt was contracted, and should be paid. But what can be questioned, is whether the debt was badly contracted, or whether it was contracted under circumstances which cannot be imposed upon the current life of the nations of Latin America. Therefore, all of us must come together to adjust our accounts, pay our debts, but under conditions tolerable for our countries. Nothing is gained by trying to pay much more than can be paid, and thus leave our people in conditions of poverty. . . .

Euclides Scalco, federal deputy, first secretary of the Brazilian Democratic Movement Party (PMDB):



Shown here are, from left to right: Mpinga Kalonji, Gen. (ret.) Lucio Añez, Carlos Rivas Dávila, Dr. S.C. Birla, and Gen. (ret.) Friedrich Gruenewald

The countries of the Third World cannot be subjected to a demographic policy which obeys the principles of the international financial institutions: that it is necessary to lower the population to increase profit. . . .

At no time in history has the betterment of the conditions of life of the population begun from a reduction in the birth rate. It is natural that the birth rate drop, to the degree that the standard of living of the population improve, and this is only possible when there is a Just Order.

The neo-malthusian theories defended by the World Bank and the International Monetary Fund are no solution for the developing countries. . . .

The proposal to invest portions of the interest owed on the debt in Third World countries, is clearly not a solution for these countries, because this represents a path toward the denationalization of their economies; the denationalization of the productive sectors of the debtor countries. . . .

Philippines

Vicente Puyat, chairman of the Grand Alliance for Democracy, the new opposition party:

As a candidate for the Senate and chairman of the Grand Alliance for Democracy, I extend my greetings and best wishes for the success of your conference in celebration of the 20th anniversary of Pope Paul VI's *Populorum Progressio*.

As in the case of most nations of Latin America, our economy is being strangled and the future of the Filipino people is being endangered by the foreign debt and the conditions for its collection imposed by the creditor banks and the International Monetary Fund. In our fight for the sovereignty of our nation and the progress of our people, we have been greatly encouraged by the Vatican document, "An Ethical Approach to the International Debt Crisis," and by the example of President Alan García of Peru.

May 1987 finally be the year in which the *Populorum Progressio* is carried out.

U.S.A.

Richard A. Black, candidate for mayor, Boston, Massachusetts; and Elliot Israel Greenspan, director, National Democratic Policy Committee, New Jersey:

. . . The historic actions of the Peruvian people in the fight against the policies of usury and genocide of the banking institutions in the North have been for us a joyous source of inspiration. For our own actions in Boston, against narcotics, we had been unjustly imprisoned. Yet, in recent weeks it has become clear that it is we, the anti-drug fighters of both North and South, who will be victorious. News of the recent indictment in Peru of Pedro-Pablo Kuczynski, co-president of First Boston Corp. has now especially put many on notice at the hated Bank of Boston. The bell tolls today for our enemies. . . .

Christian morality the international

by Helga Zepp-LaRouche

Mrs. Zepp-LaRouche, the chairman of the Schiller Institute, delivered the speech which we excerpt here on April 3 at the international conference in Lima on the 20th anniversary of the papal encyclical Populorum Progressio.

Permit me to begin my remarks with some words of warmest greetings, which I want to convey to President García and the entire Peruvian people, in the name of all the international forces of the Schiller Institute! Your historic struggle for the development of your country deserves not only the most profound admiration and support for the sake of what you are doing for your own country itself. Today every individual citizen of Peru can be proud, that your courageous example represents the hope for all developing countries, an example to literally billions of people, who cannot summon up the force on their own, and do not have the power to resist a most brutal repression by the forces of international finance. But your example also gives hope to all those people in the so-called industrial countries, pressed down by corrupt institutions, institutions for which the term "moral senility" is actually a mild characterization.

And is there a more noble venture in this world, in which there is so much suffering and so much injustice, than to give hope to betridden humanity, and to demonstrate, that the courage of resolute desperation can also be victorious over the most fearsome schemes of tyranny in unequal battle?

The great poet, after whom we have named the Institute, Friedrich Schiller, wrote in the introduction to his essay on *The History of the Secession of the United Netherlands from the Spanish Government*, "Grand and calming is the thought, that against the spiteful arrogance of princely power there is yet one help, that the most calculated of plans shall founder upon human freedom, that passionate resistance can bend even the extended hand of a despot, courageous persistence can ultimately exhaust the horrible sources of his succor."

As Schiller wrote, he wanted to erect a beautiful monument to the strength of citizens for the world to see, in order to awaken in the breast of his reader a joyous feeling of himself, and in order to give a new, incontrovertible example of "what man may dare for the good cause, and what he may

and debt question

accomplish by uniting his forces.”

And in fact, it is just this mental attitude which is necessary for the battles unfolding now, for humanity stands at probably the most important *punctum saliens* in its history. We are already in the middle of an economic depression, out of which either a new, just world economic order, based on the principles of the papal encyclical *Populorum Progressio*, will be realized in the very immediate future, and in which there will be an integration of Ibero-America as proposed in [Lyndon LaRouche's 1982 document] *Operation Juárez*, or we will be catapulted into uncontrolled financial collapse and chaos.

The entire world monetary system is completely bankrupt; the foreign debts of all developing countries, and so of the majority of mankind, only amount to \$1 trillion, whereas the public and by far greater debts of the OECD nations are \$12 trillion. As the financial collapse escalates, it becomes more and more clear how utterly immoral this financial system is. In addition to an estimated \$600 billion annually in drug traffic—all money which is washed clean, and flows into the hands of “respectable” people and speculation operations—there are also now the exposés of the gigantic illegal weapons trade. More and more of the large industrial businesses are involved in financial scandals, and what is coming out into the light of day, is that their leading managers have worried far less about producing industrial goods, than about their involvement in illegal currency speculation and “insider deals.” And a considerable number of these “honorable” managers are now going to disappear behind prison bars for a number of years!

The representatives of this thoroughly bankrupt and immoral banking system were the ones who came to the developing countries to demand that they pay debts back, in full knowledge that this could only happen at the cost of the death, starvation, and limitless poverty of millions of people! These bankers and representatives of the IMF have not even the slightest right to collect their usurer's interest—no right because of their own business practices, and because by far the largest portion of the debts of developing countries are illegitimate debts! . . .

Christianity's war on usury

It is very useful to remind oneself, that Christianity had declared war on usury from the very beginning. While the Old Testament forbid levying interest against Jews, although interest demands were allowed against non-Jews, there are numerous passages in the New Testament which denounce usury. As is well known, Christ threw the money changers out of the temple, and the Apostle Paul writes in the first letter to Timothy: “For the root of all evil is greed for money; those who succumb to this greed deviate from the faith, and are caught in countless tormenting worries.” The Apostles handed down Christ's repeated warnings, that a person may not serve two masters, he can only serve God, or Mammon. Christ was extolled as the Messiah of the poor, and over the entire course of human history, this battle against the perversion of money-greed and usury has been raging.

On this background, the demands for a new, just world economic order, raised in the encyclical *Populorum Progressio*, are only a magnificent reformulation of what constitutes the essence of Christianity and thus all of Western civilization.

On the Progress of Peoples defines the just world economic order, just for the reason, that this encyclical is based upon natural law. The “juridical” foundation for the demanded, legally binding reorganization, is the order of creation itself, in which the human being, as the living image of God, is at the center, and has the responsibility to “collaborate in the perfection of creation.”

Natural law defines the responsibility of all people, regardless of race, origin, or nationality, to fully develop the potentials with which they are endowed, and through personal and responsible effort to attain to a balanced humanity, and thus a higher dignity. But natural law just as well defines the responsibility of the state, and indeed all states, to create those conditions under which this best possible development of all individuals in the state is possible.

It is obvious, that only the sovereignty of the nation makes possible such a reciprocal relationship between the citizen and the state, in which the citizen contributes the maximum to the development of the state, and thus to the progress of the community, and, the other way around, in which the state provides its citizens the optimal opportunities. This reciprocal relationship in law can only be guaranteed by a representative republican system, because only in such a system are the freedom and the rights of individuals protected, because the representatives of the people are thus doubly called upon to account for their activities.

It is also obvious, that all supranational institutions place themselves above the rights of the individual, and thus tread under foot the rights of the individual founded upon natural law. Who has ever heard, for example, that the IMF is concerned about the rights of individuals defined in this way, in developing countries, even if the victims in this case are

actually many millions of individuals? As is well known, the IMF and the banking system also place themselves above the decisions of elected governments. So, from the standpoint of natural law, the national sovereignty of all nations is the most primary of all basic conditions for the “development of peoples.”

“The task is to build a world where every person, without regard to race, religion, origin, can lead a fully human life, free of the enslavement either by other men, or by an insufficiently mastered nature; a world where freedom is not an empty word,” as *Populorum Progressio* says. And further, “It is a weighty responsibility of the highly developed countries to help those peoples striving to develop themselves.”

Pope Paul VI formulated the necessity for an international division of labor in the same sense as Friedrich Schiller, as well as Nicolaus of Cusa, had done before, namely, that no people can make claim to its wealth for itself alone. “Every people must produce more and better, first of all in order to guarantee its own people a life in true human dignity, and also to contribute to the further development of humanity.”

That means nothing else than that it is the responsibility of the Federal Republic of Germany, where I come from, to produce more and better in order to help the developing countries, and the same goes for all of Western Europe, the U.S.A., and Japan. It means not only, that the so-called free market economy, which in fact does not exist, is deeply inhuman, on which Pope Paul VI clearly said: “The rule, according to which contracts are concluded in the free agreement of the partners, is subordinated to the requirements of natural law.” That means, that the new, just world economic order must be founded upon natural law, and thus that an order be created which is in accord with the negentropic laws of development of the physical universe. The world economic order must be in agreement with the ontological lawfulness of the order of creation, and only if we turn this into reality will mankind survive!

And who, I ask you, would have any right before this supreme authority to set himself against this divine plan for the development of everyone? No one! Not Reagan, not Paul Volcker, and not Helmut Kohl! Fine—there may be very many rich and powerful people, whose greed has made of them the most bitter enemies of mankind, and they may be very sophisticated and clever in defense of their greed, even if millions of people have to give their lives for it, but from the standpoint of morality they have not the slightest basis or justification for their actions.

The reason why Christianity, but especially Christianity, has always fought bitterly against usury, is intimately connected to this image of mankind founded in natural law. The usurer does not respect human dignity, they would rather exploit the need of others to make them ever more dependent. Even slavery has never been anything different than the exercise of the power of the rich, for whom those they exploit are of no higher value than animals.

‘Providence’ and the Protestant ethic

Although atheism and materialism play a large role in the world, Cardinal Ratzinger is still correct, when he points out the profound connection between extremist liberal capitalism and Calvinism. In his speech in November 1985 on “Christian Ethics and Economic Policy,” he mentions Max Weber’s thesis about the internal connection between the shaping of the economic order and the determining religious idea.

Although Weber is on the other side, such a connection exists in fact. Upon closer examination, one finds that the real reason why most of the industrial countries are so stubbornly against solutions to the need which cries of heaven in the southern hemisphere, is located in the fact that the powerful political forces in these countries are Protestant or Calvinist. For example, the somewhat tattered “Reaganomics” is nothing but typical Calvinism in its brutal form.

In Calvinism, Protestant Providence is driven to its extreme. Those people who achieve wealth and power upon Earth, regardless of the means they use to that end, are predetermined by God to be wealthy and powerful—*basta!* Whether the person is good, makes a serious effort to do good deeds, or whether he is the contrary, all of that means nothing. One recognizes in the personal possessions on earth, who God’s elect is.

That this theory is the perfect legitimization for the most brutal exploitation of everyone and each individual, is self-evident. And God is not good, but ultimately a totally despotic tyrant, who decides to save the one according to his arbitrary whims, and sends the other to damnation. But if God is so irrational, then the person can be all the more so—the chief point is that he accumulates wealth.

That this “religion” is little more than the rationalization for sheer plundering and imperialist exploitation, is obvious. Both Adam Smith, so often cited on behalf of the market economy, as well as the evil Parson Malthus, were themselves nothing more than paid agents for the British East India Company, for which they supplied the so-called theory to provide a cover for naked colonialism.

But it is not only Calvinism, it is Protestantism itself, which, under conditions of crisis, threatens to become pure immorality. While in the Augustinian-Cusan tradition of Catholicism, free will ultimately lays upon a person the full responsibility to do the good even under the most severe of circumstances, in Protestantism this is not the case. The Augustinian Catholic is obligated to the good and universal truth so much, that he must be willing, if necessary, if the object of this good and truth is great enough, to stake his life on it. He is fully the living image of God, the Creator, and has the task to become ever more similar to God through ever greater perfection of himself, and this without limits, without ever being able to achieve that perfection. In this there is a tremendous responsibility, but also an immense freedom.

It is just this freedom which the Protestants lack. As Luther clearly said: “Thus is the human will in the middle

between God and Satan—pinned like a horse. If God has so ordained, then the person wills it, and goes where God wants him to go. If Satan has ordained it, the person wills it, and goes where Satan wants him to go. And it is not left to his free will to run to one of the two riders, or to prefer the one over the other; rather the riders themselves fight among each other for control over him, and possession of him.

“Such a person has no free decision with respect to God, or in matters upon which depend salvation or damnation; rather he is a prisoner, someone subjugated, someone bound either to the will of God or the will of Satan.” So, the Catholic horse is the more creative, since it can at least buck and throw Satan off its back!

In view of the importance of fundamental religious convictions for economic practice, it is understandable why Cardinal Ratzinger attacked Teddy Roosevelt and Rockefeller by name, and accused them of wanting to replace the Catholics in Ibero-America with “other Christians.” This is understandable from the standpoint of the forces of international finance, that they do not like the free, pure human dignity based upon natural law being defended by people, and the “subservience” of a Luther pleases them better, someone who takes his fate as it comes. No, we may with good conscience assume, that for the majority of the Protestant financial circles in the northern countries, religion is only the rationalization for their unbridled exertion of criminal economic policies.

When Pope Paul VI speaks in *Populorum Progressio* about dictatorship and imperialism of international finance capital, this is not an exaggeration by any means. One can even go a step further, since the various organizations which these financial circles utilize, are openly racist, who see the “brown, black, and yellow people” as a threat to the “white Anglo-Saxon race.” The Trilateral Commission, the World Wildlife Fund, the Club of Rome, and all the rest, are unabashed about their racism when they speak of so-called overpopulation, and when they say that neo-mercantilist development, which means industrialization, has to be prevented in the southern hemisphere.

Helmut Schmidt, for example, is one of a group of Atlanticists who very well see the danger of a global financial collapse, but who see the solution in Schachtian austerity and a policy of reducing population. Schmidt is hectically traveling around the world to exert influence over the great world religions, and to dissuade them from defending human life as a sacred and inviolable good. Beware of the Socialist International, and especially its chairman Willy Brandt, who has happily been dishonorably thrown right out of his job as chairman of the Social Democratic Party of Germany. . . .

A new image of man

If these forces become dominant in the coming weeks and months, mankind will not survive, and mankind’s lack of the fitness to survive will be the reason for it.

It will be all the more important to mobilize all human

forces simultaneously in this world, to put the power of tyranny to an end, as it has happened many times in history. Only this time, all of humanity, the entire world is at stake!

Whether we can win or not ultimately depends upon whether we overcome moral senility, and can launch an ethical renaissance, which Pope John Paul II has repeatedly called for. That means, that we have to begin with our image of man, because our actions in practice will be determined by that, also in economic policy.

We must erect a beautiful image of man by our own example, an image which lifts a mankind so bowed down up again. Every person has an inviolable human dignity, because he carries the potential of the divine spark in him, which enables him to develop his own creative potentialities according to the laws of Reason, and by means of scientific and technological progress to understand ever better, how the eternal laws of creation are ordered, and so become ever more capable of continuing creation on Earth, and ultimately in space. To the degree that people accept the responsibility to perfect themselves according to the best of their abilities, and to develop ever greater moral beauty, to that degree will peace on earth be possible.

Friedrich Schiller placed beauty of character as the highest ideal for man. For if a person does passionately what is necessary, if in him his inclinations and his duty, joy, and necessity, coincide, then such a person is a beautiful soul. If he fulfills his duty, moreover, with grace, then shall he win the love of others for whom he lives. It is this beautiful image of man, the way Schiller saw it, which we must implant deeply in people today, to give them power.

If, strengthened by the moral authority of *Populorum Progressio*, the leaders of Ibero-America can fight through to realize the program of *Operation Juárez*, then the continent will have a beautiful, exciting future ahead of it. The youth of today will be freed from the chains of poverty, and accomplish great things. Ibero-America will become the continent of hope and a fountain of youth for the entire world. If we now realize *Populorum Progressio*, then in two generations at most we will have created the material conditions in which all people will live in human dignity.

If we now make Christian morality the foundation of economic policy, then we will act like every farmer, who cultivates the field in joy, because he wants to produce food for mankind, because everyone must eat, and who will take joy when the new plants grow from the earth in the spring. If we act this way, then also the first continent, Africa, will become a flourishing garden in one or two generations, a continent where healthy children play, who will take joy in the flowers.

Why should mankind not be capable of embarking on the Age of Reason? We as human beings are endowed with Reason, and man is greater than his presumed fate, and we will make sure that the Good is victorious over Evil—once and for all!

Moscow's 'arms control' game nearly over

by Konstantin George

A dramatic transformation took place in the overall U. S. posture toward the subject of arms control, one which was called, rather epigrammatically, by the April 10 issue of the *Washington Post*, "a defeat for the State Department and a victory for the Defense Department." Key elements making up this transformation, are: first, British Prime Minister Margaret Thatcher's visit to Moscow, which bluntly presented to the Russians Great Britain, France, and West Germany's rejection of the entire package of the so-called Reykjavik proposals, especially the INF "zero option"; second, the rout suffered by the entire State Department arms-control mafia, as a result of the growing espionage and bugging scandals at the U.S. embassy in Moscow; and third, Moscow's continuing strategic intelligence failure in understanding the underlying political process guiding what is called "Irangate" in Washington politics.

As reported in the April 10 *New York Times* and *Washington Post*, at a White House meeting held on the evening of April 9, President Reagan rejected Secretary of State Shultz's proposals for his April 13-16 Moscow talks with Soviet Foreign Minister Eduard Shevardnadze, and agreed with Defense Secretary Weinberger's objections. Reagan ordered Shultz to communicate the following points to Moscow.

1) The United States will only wait 5 years before deploying the SDI, and not the 7-10 years as proposed at Reykjavik.

2) The United States will no longer agree to a 50% cut in strategic nuclear weapons by 1991, as agreed to at Reykjavik. "More time is needed," said Reagan.

3) The United States will adhere to a broad interpretation of the ABM Treaty.

4) The United States will continue to reject Soviet proposals to limit nuclear tests.

5) Reagan rejected a Shultz proposal to "open a second channel for INF talks," presumably referring to medium-range weapons of shorter range.

The latest round of polemics between Moscow and Washington over embassy bugging scandals, is merely an expression of the fact that the intended 1987 signing of a U.S.-Soviet INF agreement, removing all U.S. Pershing and cruise missiles from the European continent, is all but dead. U.S. intelligence services which have uncovered the Marine guards' sex-for-secrets security breaches and the bugging of the new U.S. embassy building in Moscow, have pointed out that as a result of the massive compromising of security, the Russians now know enough of the U.S.'s "national technical means of verification," to be able to systematically deceive them in all matters of strategic weapons deployments. The argument is now made: All agree that without adequate verification, there should be no agreements with Moscow; the penetration of U.S. security by spies makes verification by "national technical means" now impossible. Therefore, no agreements with Moscow.

President Reagan, in an April 7 televised statement, denounced Soviet bugging and elimination of security at both the existing U.S. embassy and the new one under construction in Moscow. Reagan told the Russians that the now-completed, new Soviet embassy building in Washington could not be occupied until U.S. diplomatic premises in Moscow were again secure from KGB eavesdropping. Moscow's hasty and angry response betrayed the Kremlin's real concern, that the INF deal, due to massive Pentagon-led opposition within the U.S. government, and Franco-British-led European opposition, is now, officially, on the rocks.

Before the U.S. embassy security scandal became headlines, rumors were circulating of a crisis in the Kremlin leadership over Gorbachov's failure to win over British Prime

Minister Margaret Thatcher to the zero option perspective, and, that this failure, together with heightened Anglo-French opposition to the INF zero option were key factors behind the sudden postponement of Gorbachov's trip to Prague. To Moscow's troubles around the postponed Prague visit, can now be added the Kremlin's woes over the coming talks with U.S. Secretary of State George Shultz.

Collapse of the Shultz card

On April 8, Soviet Deputy Foreign Minister Vladimir Petrovsky, at a Foreign Ministry press conference, stated that Reagan's remarks had caused "indignation and regret inside the Soviet Union," and were "attempts to poison the atmosphere on the eve of a major event," i.e., the April 13 arrival of Secretary of State Shultz in Moscow for three days of INF and related arms-control talks with Soviet Foreign Minister Eduard Shevardnadze, and, probably also with Mikhail Gorbachov himself. Petrovsky, in a tone of resigned disappointment, added, he hoped that Shultz "would not arrive in Moscow empty-handed . . . and that solutions could be found."

When analyzed, the Petrovsky statements emerge as unprecedented in Soviet Foreign Ministry history. Moscow is publicly accusing the U.S. President of undermining a deal that Moscow thought it had worked out with U.S. Secretary of State Shultz. Petrovsky's April 8 spectacle directly caused a George Shultz spectacle, later during the same day, in response to Petrovsky.

Shultz, at a Washington press conference, gave a denunciation of Soviet espionage activities, which verbally rivaled the strength of Reagan's statements. Shultz characterized Soviet actions as "tantamount to actual invasion of sovereign U.S. territory," said he was "deeply upset," and then, in yet another stunning example of the ongoing power shift in Washington to the detriment of the State Department's appeasement faction, declared that he "takes full, personal responsibility for the entire affair which has compromised the security of the embassy."

Shultz will be going to Moscow, but how long he remains as secretary of state is an open question, with rumors of an early resignation now sweeping Washington.

France and Britain lead resistance

The Western media failed to notice that the Kremlin's April 8 blasts against Reagan, were buttressed by very harsh attacks against French Prime Minister Jacques Chirac. The ostensible reason was the French expulsion of three Soviet diplomats caught red-handed helping to run the "Ariane" spy network into the French space and missile program. The spy case was not the reason for the very harsh attacks; after all, France acted very moderately by expelling only three diplomats, and leaving six others alone, who had also been caught in the affair. The real reason is that France is leading West European resistance to the proposed INF zero option that would sell out America's European allies.

The April 8 Radio Moscow commentary attacking France

proved that the real anger is directed against Chirac for his defense policies. The commentary threatened that Chirac's May visit to Moscow could be canceled: "These unfriendly actions by the French authorities don't contribute in any positive way to the visit of French Prime Minister Chirac to the U.S.S.R."

France will not be intimidated by such blatant threats. The next day, April 9, the French parliament approved a 10% increase in the funding of France's nuclear defense program, including that for Tactical Defense Initiative R&D, with a further 6% increase to follow. The same day, French Defense Minister André Giraud announced that France and Britain will step up defense cooperation through a joint study of problems facing their respective national nuclear forces. France has also proposed to Britain that both countries jointly develop a long-range nuclear cruise missile. Last but not least, Giraud announced that France now "has the capability" to construct and deploy neutron weapons. Giraud asserted that France will keep its enemies guessing whether or not France will be building and deploying them, but hinted rather strongly in the deployment direction, by stating that neutron weapons are as cheap as standard nuclear weapons, that would otherwise be built.

Under such an array of rebuffs, Mikhail Gorbachov finally arrived on April 9 in Prague. According to an announcement in Stockholm given by Soviet Central Committee member Vadim Zagladin, Gorbachov will be making a "major foreign policy" announcement during his Prague visit. Whatever new propaganda "arms control" trick Gorbachov now develops, the problem of disappearing "cards"—"Reagan card," "Shultz card," etc.—in the West to play, will not go away. Nor will problems on his own side of the fence, the East bloc.

Symbolic of this were the potshots taken by leading East German and Czech figures at Gorbachov and his heavily publicized *glasnost* and "reforms." During a recent visit to Yugoslavia, Czech Central Committee Secretary, Jan Fojtik, was asked whether Czechoslovakia would follow Gorbachov's *glasnost*. He replied: "Just because it's raining in Moscow, doesn't mean we have to open our umbrellas in Prague."

Equally striking were the remarks made by East German Politburo member Kurt Hager, in *Stern* magazine: "Just because a neighbor is using a certain kind of wallpaper, doesn't mean we have to do the same." Hager was emphatic on two points: 1) East Germany is and will remain a loyal ally of the U.S.S.R.; 2) East Germany will not adopt Gorbachov's reforms. "We believe it would be wrong to force the Soviet system on Germany, because it does not correspond to the conditions of development in Germany."

Regardless of what Gorbachov does or does not do in Prague, apropos of the Soviet bloc, the interesting behind-closed-doors meeting will be on May 28 in East Berlin. Moscow has decided to hold the next Warsaw Pact Summit of party chiefs in the East German capital on that date.

Radar, space systems break ABM treaty

by Leo F. Scanlon

The 1987 issue of the Pentagon's yearly publication, *Soviet Military Power (SMP)*, devotes considerable attention to the technology of ABM and air defense systems employed by the Soviets. The ABM treaty permits the development of an early warning radar and satellite system which allows each country to spot missile launches by its opponent. These radars must be placed on the periphery of the nation, and hence *not* be so placed as to provide tracking information which would allow terminal defense against warheads in the final minutes of flight. Both the United States and the Soviets have built such systems—however, the Soviets have also constructed a radar at Krasnoyarsk which protects the western U.S.S.R. missile fields, a clear violation of the “rules.”

What the treaty allows

The treaty also allows the installation of one ABM system to protect the target of choice in each country. The United States dismantled its systems, while the Soviets have built a very effective defense of Moscow. Finally, the treaty also allows the installation of one ground-based ABM system using “new physical principles”—the Soviets have built a laser of this type at Shary Shagan, and the United States will build one at White Sands. So far, so good: It would seem that the Soviets have stretched the treaty by building one radar in the wrong place.

In fact, the Soviets have finished the construction of the long lead-time items which are the base of their nationwide ABM system. As with other military systems they develop, the Soviets approached this task in a very methodical way. They knew that the ABM treaty would hold U.S. technology and R&D in check, while they built a system with great depth, and thus were assured that when they broke the limits of the treaty, they would be moving past the United States with the momentum of a freight train. Meanwhile, the United States is scrambling to reassemble the research capabilities which were mothballed when the treaty was signed.

The radar systems

There has been much publicity about the construction of the Krasnoyarsk large phased array radar (PAR), and while this installation does prove that the Soviets have dropped any pretense of adherence to the treaty, it is a tocsin, indicating the completion of the frame of the Soviet ABM system, and warning that the rest of the apparatus could be in place overnight.

Soviet Military Power reports: “The current Soviet ICBM launch detection satellite network can provide as much as 30 minutes tactical warning and can determine the general origin of the missile. Additionally, two over the horizon radars that are directed at U.S. ICBM fields could give about 30 minutes warning.

“The next layer of ballistic missile detection consists of 11 large HEN HOUSE ballistic missile early warning radars at 6 locations on the periphery of the U.S.S.R. These radars can confirm the warning from the satellite and over the horizon radar systems, characterize the size of an attack, and provide target tracking data in support of anti-ballistic missile forces. . . .

“The addition of three radars in the western U.S.S.R. will form almost a complete circle of LPAR coverage around the U.S.S.R. These radars provide significantly improved target tracking and handling capabilities and add a redundancy in coverage over the existing HEN HOUSE network.”

These latest radars are huge structures, some of the largest man-made items ever built, and take many years to construct. *Soviet Military Power* reports, “Their existence could allow the Soviet Union to move quickly to deploy a nationwide ABM defense. The degree of redundancy being built into their LPAR network is not necessary for early warning. It is highly desirable, however, for ballistic missile defense.”

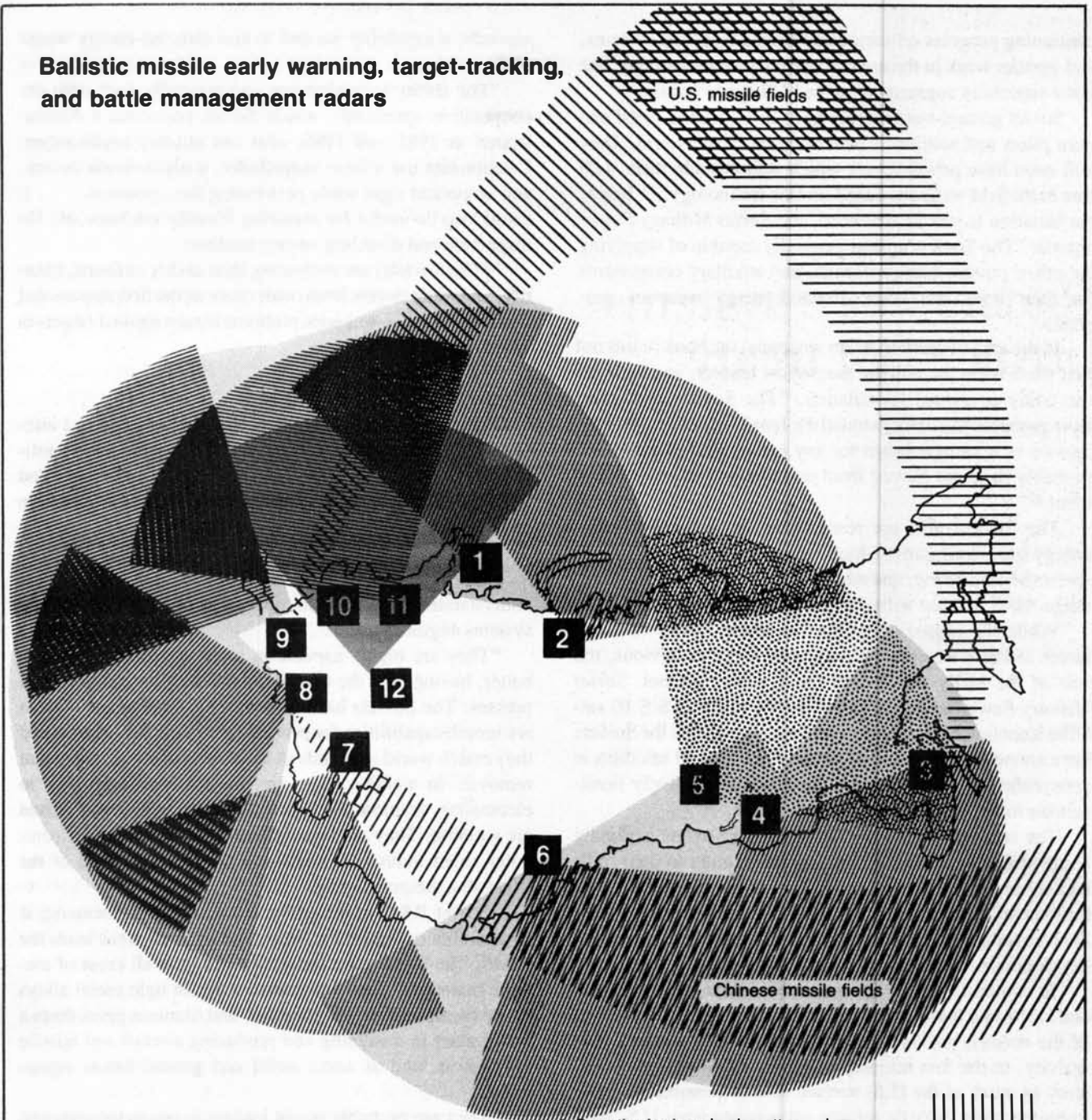
Moreover, these systems are “inter-netted” with other radar systems now deployed. “During the 1970s, the Soviets developed components that could be integrated into an ABM system that would allow them to construct individual ABM sites in months rather than the years required for more traditional ABM systems.” The map accompanying this article shows the comprehensive radar coverage achieved by these efforts.

The Soviets have continued to develop the GALOSH and GAZELLE interceptor rockets which are the base of the Moscow defense network, and in addition, have deployed the SA-10 and SA-X-12B/GIANT mobile systems, which have the capability to intercept strategic ballistic missiles. Currently, the Soviets have over 9,000 strategic SAM launchers (plus reloads) and over 5,000 tactical launchers, excluding hand helds. As Soviet radar battle management systems are assisted increasingly by space-based surveillance, the rapid deployment of these mobile ABM systems will provide a very effective terminal defense system.

Space systems

Soviet developments in space-based systems include

Ballistic missile early warning, target-tracking, and battle management radars



- HEN HOUSE radars _____
 - DOG HOUSE/CAT HOUSE radars _____
 - * Over-the-horizon backscatter radars _____
 - New large phased-array radars _____
 - Krasnoyarsk radar _____
- | | | | |
|---------------------------|----------------|----------------|-------------------|
| 1. Murmansk | 4. Mischelevka | 7. Lyaki | * 10. Baranovichi |
| 2. Pechora | 5. Krasnoyarsk | * 8. Nikolayen | 11. Skruna |
| * 3. Komsomol'sk-na-Amure | 6. Sary Shagan | 9. Mukachevo | 12. Moscow |

The discovery by spy satellite of the new large phased array radars, confirmed by recent intelligence as being located at Baranovichi (10), Mukachevo (9), and Skruna (11), strongly suggests the construction of a "triple-tiered" radar system to cover western approaches to Russia such as would be required only for a nationwide missile-defense system.

continuing progress on various advanced weapons systems, and frontier work in the area of surveillance technology, the latter especially augmented by the MIR space station.

Soviet ground-based lasers have been used to blind and burn pilots and soldiers in several areas of the world. They will soon have power levels which will provide them with true battlefield weapons based on this technology. In space, the situation is just as advanced, the *Soviet Military Power* reports: "The Soviets appear generally capable of supplying the prime power, energy storage, and auxiliary components for their laser and other directed-energy weapons programs. . . ."

In the area of particle-beam weapons, the book points out that the Soviets are still the theoretical leaders, and includes the oddly equivocal formulation, "The Soviets, however, have probably not demonstrated the feasibility of actual propagation of a particle beam for any meaningful distance and probably have not moved from research to system development."

The Soviets also are researching space-based kinetic-energy guns (rail guns) which would be used for ASAT or space station defense, and which will be able to conduct long-range ABM defense within a few years.

While the military significance of the Soviet developments in these weapons technologies is rather obvious, the role of the MIR, and related space activity is not. *Soviet Military Power* now indicates that 90% of the U.S.S.R. satellite launches are military in nature, and says that the Soviets have announced their intention to place over 100 satellites in geosynchronous orbit, where they will be relatively invulnerable to ASAT attack.

The satellite system now used by the Soviets is rapidly being upgraded to give global communication to their military commanders. The recent establishment of relations with Kiribati will lead to a satellite Earth station which will close their coverage of the vast expanse of the Pacific—a major development for their expanding naval forces.

In addition, the Soviets possess nuclear-powered radar and electronic intelligence satellites which overlap coverage of the oceans, providing surveillance of U.S. surface fleet activity. In the first minutes of battle, the Soviets must destroy as much of the U.S. surface fleet as possible, in order to protect their ballistic missile submarines from U.S. anti-submarine warfare (ASW) systems. The United States has no satellites devoted to a similar mission.

The GLONASS system (similar to the U.S. NAVSTAR system) will significantly increase the accuracy of existing Soviet missiles and bombers.

Finally, the MIR station itself, is fundamentally a military facility. According to *Soviet Military Power*, "Even subjects such as astronomical observations, also performed by cosmonauts, have military uses. Such investigations, for example, can provide data useful for maintaining the orientation of certain equipment to an accuracy of a few arc-

seconds, a capability needed to aim directed-energy weapons.

"The ability to rendezvous and manually dock with uncooperative spacecraft, which Soviet cosmonauts demonstrated in 1985 and 1986, also has military applications. Cosmonauts use a laser rangefinder, a night vision device, and an optical sight while performing this operation. . . . It could also be useful for repairing friendly satellites and for inspecting and disabling enemy satellites. . . ."

"[The Soviets] are evaluating their ability to locate, identify, and track targets from outer space as the first step toward designing a space weapons platform for use against targets in space and on Earth."

Technological capabilities

For those who console themselves with the alleged inferiority of Soviet equipment, or who believe that Soviet military forces are hopelessly crippled by their lack of home video games, *Soviet Military Power* has some chilling information and evaluations.

"The Soviets have demonstrated capabilities in electronics that are comparable to those of the West in their theoretical understanding as well as in most areas of circuit design and systems engineering. . . ."

"They are highly capable in areas where bigger means better, having built the world's largest forging and extrusion presses. The Soviets have excellent electroslag and plasma arc remelt capabilities for producing high-quality alloys, and they match world standards in sheet metal forming and metal removal. In welding, they are international innovators in electroslag, friction, electrogas, electron beam, and pulsed arc welding. They are knowledgeable in all aspects of computer aided industrial production and are the equal of the West on a theoretical basis. . . ."

"Soviet R&D in materials and associated processing is comparable to that of the West, and in some areas leads the world. The Soviets are especially strong in all areas of metallic materials. Their innovative work in light metal alloys based on aluminum, magnesium, and titanium gives them a major asset in designing and producing aircraft and missile systems as well as some naval and ground forces equipment. . . ."

"They are probably world leaders in magnetohydrodynamic power generation and have attained power levels of several tens of megawatts from their portable devices. . . ."

"Although many Soviet engines produce less power than state-of-the-art Western engines of equivalent weight and displacement, it is a result of Soviet preference for durability, reliability, and simplicity rather than a lack of capability."

The pace of similar developments in Western science and technology is inadequate by comparison, and will be manifest only if we commit ourselves to crash programs on a number of fronts, SDI included. *Soviet Military Power* should help to spur that realization.

Soviets seek trouble in southern Africa

by Rachel Douglas

While their erstwhile strategic asset, Col. Muammar Qaddafi, was seeing his forces kicked across the Sahara by victorious Chad, Soviet spokesmen suddenly started hollering, that an explosion of military conflict could occur at almost any moment, somewhere farther south on the African continent.

On March 26, Soviet Foreign Ministry representative Boris Pyadyshev called a press briefing in Moscow, to denounce a joint military exercise by Zaire and the United States, scheduled for mid-April, and the U.S.-assisted modernization of the Kamina airbase in Shaba province, Zaire. Pyadyshev called the base "a springboard for U.S. interference in practically any sub-Saharan country," especially Angola. "The setting up of such a springboard effectively means U.S. transition from covert subversive actions against African nations to direct interference, including military intervention, in their affairs," he charged.

The next day, at a press conference in Harare, Zimbabwe, one of the U.S.S.R.'s vice-presidents talked about the potential for Soviet military actions in Africa. On the radio news in Zimbabwe, monitored by the U.S. Foreign Broadcast Information Service, Deputy Chairman of the Supreme Soviet P.G. Gilashvili was reported as saying that "if the Pretoria [South Africa] regime continues its policy of destabilization against the front-line states, Moscow will intervene militarily." Soviet newspapers did not report Gilashvili's remarks.

Gilashvili, a vice-president since 1976 and a frequent choice to show the Soviet flag in developing countries (he is a Soviet Georgian, one of the non-Slavic ethnic groups from which Moscow often selects its emissaries to Africa and Asia), was on the last leg of a two-week tour of the so-called front-line states, the countries closest to the Republic of South Africa. Starting on March 15, Gilashvili and his Supreme Soviet delegation visited Angola, Zambia, Botswana, Tanzania, Zimbabwe, and Mozambique. The ostensible purpose of the trip was to extend moral support in the struggle against South Africa and to discuss economic cooperation, but the overriding Soviet interest, in gaining strategic advantage from stirring up the tumult of war in the region, was always visible.

An *Izvestia* account of the first two stops omitted any

statements from Gilashvili or other delegation members, except that they had a very busy schedule. Angolan President José Eduardo dos Santos, said the Soviet paper, had spoken of anticipated "expanding aggression . . . by U.S. reactionary circles."

In Lusaka, Zambia, the Soviet delegation intersected a special conference of the Socialist International, a group most intent on stepping up confrontation in southern Africa, whatever bloody consequences may ensue. Delegates from the six front-line states were joined by Socialist International personnel from eight different European countries—and, according to wire reports, Gilashvili's Soviet group! They joined in denunciations of South Africa, especially for the destabilization of Mozambique.

Upon arrival in Tanzania on March 30, Gilashvili was hosted by the deputy prime minister, and minister of defense, S.A. Salim.

Military interest primary

In all the countries visited, the Gilashvili delegation touted Soviet concern for the economic health of the southern African countries, which in truth are ravaged by the strictures of the International Monetary Fund and the constant military showdown, which has prevented a genuine development policy for the region, including South Africa. In Botswana March 26, Gilashvili announced an agreement on a water-management project and boasted that the U.S.S.R. had funded 50 projects in southern Africa and was going to back 63 more.

A higher-ranking Soviet delegation, which arrived in Mozambique March 28, exhibited the same economic emphasis: Its leader was Nikolai Talyzin, a Politburo alternate member, deputy prime minister and chief of the U.S.S.R.'s State Planning Commission (Gosplan). In an interview broadcast on Radio Mozambique that same day, Soviet Premier Nikolai Ryzhkov called for expanding the number of "concrete cooperation projects" and exploiting "unused opportunities for improving relations" between the Soviet Union and Mozambique.

The chief Soviet interest in the destitute countries of southern Africa, however, lies with military strategic considerations, not economic development. That is evident from the least peek behind the propaganda wrappings.

The economy of Angola, one of the two front-line states that has received the most Soviet attention, has been recently described as "grinding to a halt," its coffee, diamond, iron production, and shipping having suffered precipitous collapse. But the influx of Soviet military hardware to Angola has been immense.

Greeting Talyzin in Mozambique, Peoples Assembly president Marcelino dos Santos mainly had to thank the Soviets not for economic aid, but for "initiatives . . . in the cause of strengthening defense capability of the front-line states." The Talyzin delegation included Y. Y. Kondakov, an officer of the General Staff of the Soviet Armed Forces.

Moscow formally joins Club of Rome

The creation of a Club of Rome office in Moscow goes hand-in-hand with population reduction against non-Slavic citizens.

On March 26 the Soviet Union formally created a chapter of the Club of Rome, it was announced in Vienna. The Club of Rome is committed to drastic reduction of the world's population. The announcement directly preceded the March 27 arrival of former West German Chancellor Helmut Schmidt and other West German political figures in Moscow to attend the "Bergedorfer Gesprächskreis" with leading Soviet officials.

In March, Schmidt, speaking at the Inter-Action Council meeting in Rome, flaunted his zeal for the "goal" of population reduction among the brown, black, and yellow races. Moscow's courting of Schmidt, signaled in the "Bergedorfer" talks and in an *Izvestia* interview with Schmidt April 4, is linked not only to its joining the Club of Rome, but also to a shift to open espousal of population reduction against non-Slavic Central Asian citizens of the U.S.S.R.

On March 26, after participating with the Soviets in talks founding the U.S.S.R. chapter, the Club of Rome Austrian banker Karl Vak, general manager of the Austrian Socialist Party-linked Zentral Sparkasse und Zentralbank (Central Savings Bank and Central Bank) announced that he would head a new "East-West cultural foundation" to coordinate work with the Club of Rome. This "cultural foundation," Club of Rome president Alexander King says, will be modeled "on the ideas of the Soviet Kirghizian writer Chinghiz Aitmatov."

Aitmatov, a gnostic environmentalist of Central Asian origin, is one of

the leaders of Raisa Gorbachova's Soviet Culture Foundation. Under Gorbachov's auspices, he formed an East-West group, the "Issyk-Kul" group of futurists, writers, and artists in his home region of Soviet Kirghizia last October. Participating at the founding of the group along with Peter Ustinov, Alvin Toffler, James Baldwin, among others, was Club of Rome head Alexander King.

It's no secret that Alexander King's longtime collaborators and Soviet members of the Club of Rome, Dzhermen Gvishiani (the late Prime Minister Kosygin's son-in-law) and Central Committee member Ivan Frolov, have been paving the way for the U.S.S.R.'s official entry into the Club. Frolov, recently assigned to head the CC's theoretical journal *Kommunist*, is the Moscow "guru" to the West's radical ecologist, "national Bolshevik" parties like the Greens.

The Soviet policy of pushing "family planning" and population control measures in India, Indonesia, Egypt, and other countries in Asia, Africa, and South America, is complemented by Moscow's Great Russian chauvinist policy toward the non-Slavic nationalities.

At home, the biggest concern is the growing Muslim population. In March the Soviet collective farm newspaper, *Selskaya Zhizn* (*Rural Life*) ran an article titled "One Million Idle Hands in Uzbekistan," stating that the Central Asian Muslim republic has about 1 million unemployed, mostly in the rural areas. The article blamed Uzbekistan's "high birthrate" for the

problem, and signaled an all-out drive for "population control" among the Soviet Muslims.

Another published signal of a Great Russian "crackdown" against the "high birthrates" in the Muslim republics occurred in a January TASS wire, attacking the "very high birthrate" in Muslim Tadjikistan.

The March edition of the Moscow publication, *Socialist Industry*, reported that the Trans-Caucasian Muslim Republic of Azerbaijan had 250,000 unemployed, and that "tens of thousands" of them were being sent to the "labor deficit" region of Siberia, to work in "the oilfields" and in "railway construction projects."

The "resettlement" campaign, based on manpower needs for war economy and population control reasons, was initiated under Gorbachov by Julian Bromley, the director of the Institute of Ethnography, the Soviet state's watch-dog for "nationalities policy," which, in coordination with Moscow's numerous other ethno-demographic institutes, has played an instrumental role in developing the Great Russian Empire's genocide schemes against the Baltic peoples, Ukrainians, Kazakhs, Tatars, Soviet Jews, and Poles.

How best to put Muslims in the service of the "state of the Russian nation," was expounded by Bromley in the May 1986 issue of the party's theoretical journal, *Kommunist*. "One of the most serious problems" facing the U.S.S.R., declared Bromley, "is the demographic situation," where the Central Asian birthrate is "three times higher than the average Soviet family." He proposed "how to optimally utilize [surplus Muslim] labor resources." Bromley's proposal is to have excess Muslim labor "participate in the development of Siberia and the [Soviet] Far East."

Russian made head of the Spanish ballet

by Katherine Kanter

People who scoff at the importance of culture in military terms, would do well to ask themselves why the Russians are expending, at this very moment, so much time, money, and effort, to take over every leading ballet company in the West.

In February in Milan, Oleg Vinogradov, the director of the Leningrad-Kirov Ballet, announced with fanfare that he had acquired the rights to the ballets of Georges Balanchine during his 1986 tour of the U.S.A., and that Maurice Béjart, an intelligence operative, Sufi convert, and self-confessed satanist, who runs the Belgian Ballets du XXIème Siècle, would be working with him in Leningrad. He also announced a lengthy tour of the European countries, including the first tour in the company's history to Italy, and a two-month tour of France, for 1987-88.

That same week, Patricia Neary, director of Balanchine's New York City Ballet School, was appointed director and ballet master to the La Scala Opera House at Milan.

Why all this flurry of balletic activity between East and West? Why are all the balletic dissidents like Mikhail Barshnikov, returning to the fold?

The case of Balanchine

The answer is given, albeit posthumously, by the case of Georges Balanchine. Balanchine, born Yuri Melitonovich Blanchinadze, who was to become one of the most influential and powerful men in U.S. cultural life, trained in a Russian Orthodox seminary before the Revolution, and actually planned to become a priest. His parents decided that he might serve the faith more effectively in what was then the Petersburg Maryinsky Theater, now the Leningrad-Kirov. Balanchine remained a fanatical Orthodox throughout his life, along with his close crony, Igor Stravinsky.

Balanchine, under the sponsorship of the Warburg banking family, was imported into the United States in the early 1930s, precisely the period when his compatriot, the pederast Serge Lifar, was sent to France to stamp out the ancient

traditions of the Paris Opera, and for the same reason: to create a "typically American" style of "classical" dance, in fact, a mirror image of the Russian soul: orgiastic athleticism, the nightmare vision of eternal youth.

The influence of Balanchine, then, and now, the influence of the Kirov and Bolshoi Ballets, in the United States and Western Europe, is based on a public relations hoax: the hoax that ballet is a Russian art. Ballet, as we know it today, is about 500 years old, and was developed by the Italians and the French. Virtually every leading dancer in Russia, until Anna Pavlova at the turn of the century, was imported from one of those two nations. Anna Pavlova herself, was the pupil of the Milanese teacher Antonio Cecchetti.

However, it is fair to say that today there does exist a Russian school of so-called classical dance, a school which has developed, if one can call it that, since the death of that ambiguous figure, Agrippina Vaganova, in 1953. This school, of which Maya Plisetskaya is, or rather was, the supreme incarnation, takes a classical form, hollows it out, and presents the scaly shell as "beauty," standing in the same fraudulent relation to art, as the 19th-century British posturers called the Pre-Raphaelites, stand in relation to Giotto, the giant of Italian painting before Raphael.

Essence of classical ballet: circular action

To be very concrete: The technical and artistic basis for classical ballet, in order that it be compatible with classical music, is based on an inescapable principle: Only action which is circular, or rather spiral, is permitted, and only forms which are essentially spherical, no Egyptian sideways-moving flat figures, no broken angles, no undulating like a cobra around an axis. The spiral may rotate outwards—that is the position known as *effacé*, or inwards—that is known as *croisé*, in a relation which is parallel to the *chiaroscuro* (dark and light) play in painting, or in music, to the major-minor relation of the keys.

The greatest technical challenge to the dancer, leaving aside for a moment the dramatic aspects, is, in the case of women, to present, not gross flesh, but the ethereal, the immaterial, and in the case of men, to defy gravity, to soar, to fly. Both these ideas, are the idea of immortality. If this were easy to do, we could all clump about thickly and call it dancing. The most difficult thing in dancing is to soar, to be immaterial. Therefore, that is precisely what has to be done. Otherwise, there would be no need for art, if only that which is easily accessible, were what attracts the mind toward universal ideas.

But here we are with a paradox: through a movement of the flesh, to present what is not the flesh.

This concept is too sophisticated for the Russians. It does not fit with their theology. Therefore, they have decided to eliminate it, from their music, and from their dancing.

They have done this, by substituting for the principle of flight, the principle of vertical thrust. If one studies still

photographs of the present generation of Russian dancers, led by Plisetskaya, one notices how they all, whether men or women, lunge forward, or upward, or whatever, seemingly tearing themselves with enormous, sinuous energy off the ground. In the case of the women, they have replaced grace with a snakelike elegance, which is not quite the same thing. Lamentably, the spectators in the West like this sort of thing, because they have gotten used to it, and they accept it as "art," because our society worships the quivering thigh and the twitching muscle.

It is no accident, that the Russians have only one piece by Auguste Bournonville in their repertory, "La Sylphide," and that the Bournonville method is not taught in their schools. It is not taught, because it is too difficult. The works by the 19th-century Danish ballet master, put great stress on the dancers, as actors, and as technicians. The head, the eyes, the expression on the face, are the focal point of his pieces, whereas, the body and the legs, are the focal point of Russian choreography. Furthermore, the system of Bournonville is very taxing, because it is "thorough danced," i. e., the dancers must use all the music and dance all the time they are on stage, instead of the Russian method of flashing a spectacular pose at the end of a dead patch where there are only walking steps to the music, but no dancing.

The two systems are incompatible: Since man is ruled by his head, not by his legs, it does tend to tell one something

about how the Russians think, if one can call it that.

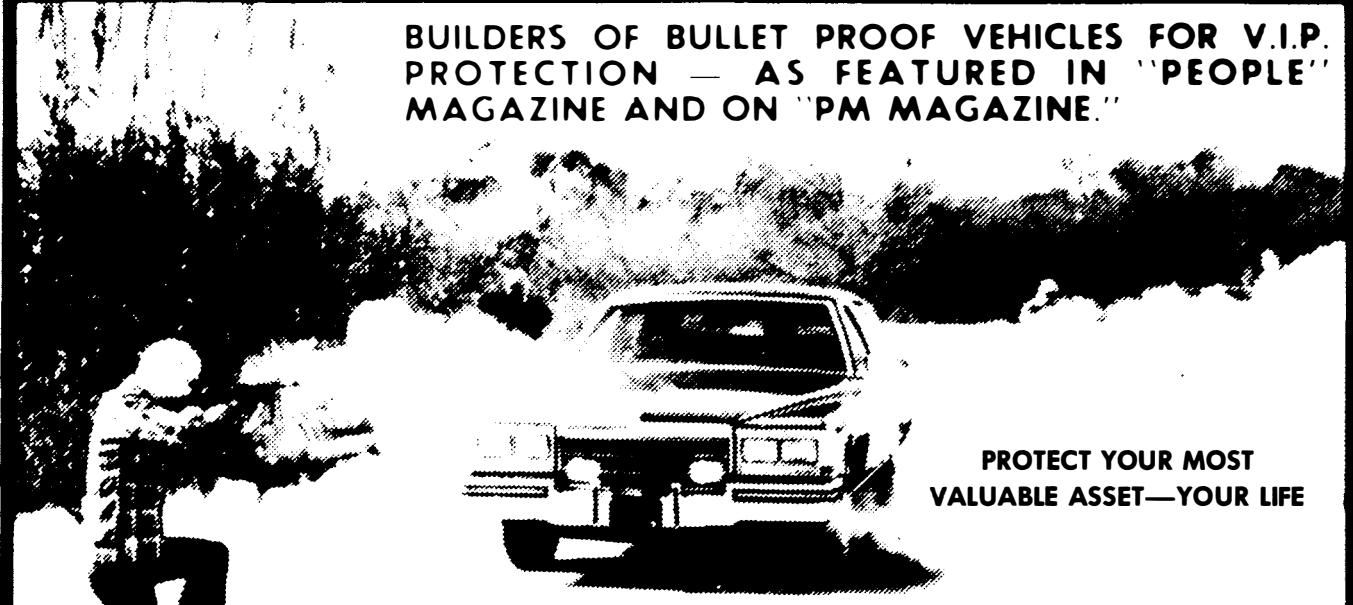
Why Spain?

Now the Spanish have gone and fallen for the hoax. It was recently announced, that José Manuel Garrido, of the culture ministry, signed in Moscow a contract, which will cost the Spanish state about \$100,000, to purchase the dubious services of the Bolshoi bigshot, Maya Plisetskaya, as director of the Spanish Classical Ballet.


Maya is now 58 years old and should have stopped dancing 18 years ago. Her every public appearance nowadays is a painful embarrassment for anyone with even an inkling of knowledge about dancing. As for her ability to teach, or to run a company, she is a narcissist who is mainly, extraordinarily fond of money. Her musical abilities are limited to the fact that she is married to a state-subsidized cacophonist, a composer named Rodion Shchedrin. How can the Russians palm people like this off onto the Ballet Nacional Clásico de España?

The answer is simple: The Spanish government has a policy of compromising with the U.S.S.R. on every important issue, and Maya sits on the board of the all-powerful Soviet Culture Fund, created a few months ago by Raisa Gorbachova, on which also sits the composer A.M. Balanchinadze, brother of the late unlamented anti-Semite Georges Balanchine.

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Toward a corporatist grand coalition?

The SPD's defeat in Hesse strengthened the advocates of a coalition with the CDU. But what will its program be?

The ongoing faction fight inside the Social Democrats (SPD) here, which has already led to the resignation of longtime chairman Willy Brandt, has reached a new high point after the party's defeat in the state elections of Hesse on April 5. The loss of six percentage points, which helped the Christian Democrats to form a government in that state for the first time in 40 years, has nationwide implications.

The three-year-old Hesse experiment—a government coalition between the Social Democrats and the radical-ecologist Greens—suffered a severe set-back. The defeat has been welcomed by the labor current in the SPD, which is trying to shift the party back to a pro-industry paradigm. This current thinks that the grave economic, employment, and social crisis of the country can only be overcome by a “grand coalition” with the Christian Democrats.

As the recession deepens, undermining support for Christian Democratic Chancellor Helmut Kohl on the federal level, the idea of a grand coalition has gained new currency among the Christian Democrats (CDU) as well. Dawning awareness among German financial circles of the imminence of a banking crash, plus the latest figures on unemployment and the decline of orders to industry, document that the government is reaching the end of its rope.

Purchases of industrial machinery have dropped by 8% domestically, and by 14% in the export markets abroad. Unemployment is still at 2.4 million,

plus an estimated 1.3 million jobless not registered. While the jobless rate has not changed over the past few months, the number of industrial workers on short-time has soared from 275,000 in March 1986 to 462,000 in March 1987. Under the stubborn fiscal austerity policy of the Kohl government, no recovery program is in sight.

Thus, only two months after the national elections of Jan. 25, Chancellor Kohl faces a situation comparable in many ways to that facing Chancellor Ludwig Erhard, a few months after his election victory in September 1965. Between March and November of 1966, West Germany slid into a recession, which largely hit the heavy-industry belt in the Rhine-Ruhr region. In October-November 1966 alone, unemployment rose from 121,000 to beyond 300,000. The fate of Chancellor Erhard was sealed: By Dec. 1, 1966, West Germany had a new chancellor and a new government—the “grand coalition” between Social and Christian Democrats.

The program of this coalition was Keynesian-style crisis management, consisting of a wage/price freeze, the lowering of the discount banking rate from 5% to 3%, a reduction of the workforce in industry, state-funded creation of jobs in the service sector, and the introduction of the value-added tax. Facing the heritage of Erhard's austerity regime, the new austerity regime of Finance Minister Franz-Josef Strauss (Christian Social Union) and Economics Minister Karl Schiller (SPD) had to deal with another dra-

matic rise of the jobless rate from 371,000 in December 1966 to 673,000 in February 1967. Within one year since February 1966, the jobless rate had more than tripled, to 2.1%.

The social form of the grand coalition was corporatism: The Social Democrats and the CDU's labor base convinced the country's labor movement to accept considerably lower wage increases, and CDU businessmen and industrialists were supplied with cheapened credits, to make them accept the transformation from a predominantly industrial society to a service economy.

The corporatist agreement was meant as a social contract limited to a four-year government term. It provided no solution to fundamental economic problems, but offered an option to calm the waves of recession for a few years. The grand coalition helped the country's elites to gain time for the preparation of a new government. But it was soon topped by the 1968-69 strike wave. By September 1969, national elections installed a new government alliance between the Social Democrats and the liberal Free Democrats, under the chancellorship of Willy Brandt.

In today's debate on a new grand coalition, some of the same *dramatis personae* have come to the fore, and their program has not changed. Franz-Josef Strauss and Karl Schiller have most recently surfaced in their respective parties, as leading spokesmen for a grand coalition. Again, the slogan is to sacrifice jobs in the “old” industry sectors, for the sake of “telecommunication-age industries.”

But what failed in the '60s is certainly not going to work under the much more intense crisis conditions that now prevail. Either the old corporatist program is scrapped, or the grand coalition is doomed to failure.

'Moles remain in key positions'

Despite Norwegian Social Democrat Treholt's 1984 arrest as a KGB spy, others remain undetected.

It may be expected that henceforth there are moles in the Norwegian decision-making system who undermine important, national interests in relation to the Soviet Union and other interested parties." This warning was issued by Prof. Carl August Fleischer, an international law consultant of the Norwegian foreign ministry, addressing the Oslo Military Society on March 30.

Speaking of the treason committed by Social Democratic foreign ministry official Arne Treholt, caught in 1984 as a KGB spy, Fleischer noted: "Important Norwegian interests in the north, for a number of years, have been poorly represented. This concerns both Spitzbergen, sea rights issues, and the lines of demarcation in the Barents Sea." He added: "One cannot exclude the possibility that special interests today are trying to harvest what Treholt has sowed."

Treholt's crimes, as the right-hand man of Sea Rights Minister Jens Evensen during the 1977 negotiations in Moscow, included inducing Norway to sign an unfavorable treaty with the Russians regarding the lines of demarcation in the Barents Sea. Reviewing these talks after Treholt's arrest, observers noted that "the KGB was sitting on both sides of the negotiating table."

Without naming names, Fleischer revealed that recently he saw a flagrant example of misinformation from people in key positions, who should have known better. The issue was Norway's rights to the continental shelf between northern Norway and Spitz-

bergen, rights which some claim were nullified by the 1982 Sea Rights Treaty of the United Nations.

"This is inaccurate and essentially misinformation regarding one of our most important foreign-policy and economic issues," Fleischer explained. He noted that "somebody" has won a degree of acceptance of such false claims, whether by deliberate falsehood or by ignorance—the effect is the same. Detailing an agent-of-influence's methods, Fleischer warned that Norway is particularly vulnerable, due to exaggerated trust and naiveté.

"Of course, such an 'agent' cannot make adult people believe anything—but he can operate in a 'grey zone,' where several opinions appear factual and well-founded. Here he can contribute to pushing the result toward the conclusion which best suits his employer," Fleischer said.

"And it is wrong to believe that the influence can be exerted only by the agent's positively selling the conclusion of his employer. The result can also be attained by sheer omissions . . . or by asserting Norwegian positions, but doing it more cautiously, less aggressively than would otherwise be the case. This works as indirect support of the counterpart. In reality, such exertion of influence can occur unobserved, only after an agent has reached a key position."

Fleischer's warnings, given front-page coverage in the conservative *Aftenposten*, provoked an outrage from the foreign ministry—which wasn't even named in the speech. While *Af-*

tenposten editorially backed Fleischer, the foreign ministry's acting press spokesman (of the same office held by Treholt when arrested) said the speech was now being scrutinized to see whether the ministry would take legal action, as the term "mole" was considered especially offensive.

Speaking two days after Fleischer, Norwegian Defense Minister Johan Jørgen Holst, one of Treholt's closest friends, called for "confidence-building measures" to support a policy of "low tension" in the Norwegian Sea. Addressing the Atlantic Committee's Oslo symposium on naval strategy, where American, British, and Norwegian admirals joined forces to call for greater Western naval presence north of the 65th parallel, Holst called for restraining NATO presence "in harmony with our needs and rules."

The commander of the northern Norwegian naval forces, Rear Adm. Torolf Rein, showed that Soviet naval activity in the Norwegian Sea and Barents Sea is five times greater than NATO presence; the deputy chief of NATO's Supreme Allied Command for the Atlantic (SACLANT), British Vice Adm. Sir Geoffrey Dalton, stressed that if NATO loses the Norwegian Sea, Norway cannot be defended; and the chief of SACLANT, U.S. Adm. Lee Baggett, who is also the chief of the U.S. Atlantic fleet, explained that NATO cannot fight a war with its hands tied behind its back. Nonetheless, Social Democrat Holst insisted that international rules of conduct be adopted to maintain what he called "the stability and low tension in the north."

The only "stability" in the north is the rate at which the Red Navy build-up proceeds, exploiting the "low tension" afforded Moscow politically and militarily by well-placed moles in the West.

Kapitsa's briefcase full of illusions

Moscow tries to reassure India as it dramatically tilts its Asian policy toward Pakistan and China.

Reports in pro-Soviet press outlets here point to imminent new breakthroughs in the Sino-Soviet rapprochement, and, as has been acknowledged all around, Soviet overtures to Pakistan have been generally well received, with contacts continuing and broadening. It is no secret either that these developments have caused a fair amount of disquiet in New Delhi.

First Pakistan and China have invaded India, occupying territory which is still under dispute, and in other ways maintained a hostile posture toward India. What, then, is to be concluded when the Soviet Union distances itself from India's claim on these vital matters and forges new relations with her adversaries?

One measure of Indian concern is the hyperactivity of the Soviet Union in and around New Delhi since Gorbachov's famous Vladivostok speech of July 1986, including a run-up to the fantastic Gorbachov state visit in December. In Vladivostok, Mr. Gorbachov had re-floated the old "Asian security" theme of Brezhnev that has been rejected by India. An "Asian Helsinki" is the context for the Kremlin's new initiatives toward China and Pakistan.

Two weeks ago (see *EIR*, April 3, 1987), I reported on the spectacular visit of Russian Science Academy chief Guri Marchuk, a top Russian scientist—the most powerful the Soviet Union has ever sent anywhere. He had barely left town, when a 12-man delegation of distinguished experts in

international affairs arrived, headed by Mr. Mikhail Kapitsa, director of the Institute of Oriental Studies (IOS), the father of Moscow's China policy and one of Gorbachov's chief foreign policy aides. The occasion was a seminar co-sponsored by the IOS and India's Institute of Defense Studies.

Hard on Kapitsa's heels, came Deputy Prime Minister V. Kamentsev for a five-day official visit to prepare the next meeting of the Indo-Soviet Joint Commission, scheduled for June in Moscow. Kamentsev discussed joint ventures in the hotel industry—prospective spas in Samarkand, Bukhara, and Tashkent—telecommunications, and postal agreements, and met with the foreign and commerce ministers as well as Rajiv Gandhi.

In the meantime, Soviet Ambassador V.N. Rykov held a high-profile press conference in Madras to announce that the Soviet Union could offer India supercomputers "without any strings attached," and the Indo-Soviet Working Group on Power held a confab in Delhi which produced a protocol for long-term collaboration in the energy field.

The *modus operandi* seems to be to smother any doubts India might have about Soviet intentions or the implications of Soviet shifts for India's own policy. As Kapitsa put it in an interview, "Let me tell you one thing. . . . We will talk with Pakistan. We want to be friends with Pakistan. But India is number-one." On China, Afghanistan, Kampuchea, Japan, the Koreans, the explanations and reassurances

poured forth.

In a public lecture, Kapitsa outlined the Soviet 15- to 20-year strategy to first normalize bilateral relations with the Asian countries (on any available pretext, he emphasized), then resolve conflicts like Afghanistan and Kampuchea, and finally move to multilateral agreements, of which the "nuclear free zones" are exemplary. Kapitsa, a tall hulk of a man with huge hands that gesticulate dramatically as if pacing his halting, restless speech, makes a point of conveying the *inevitability* of it all.

The "full court press" is not a new Soviet approach as such. For some time now, the Indian government has been devoting a significant amount of time and energy to dealing with this or that Soviet delegation, and it is hard to think of an area of Indian affairs in which Moscow does not have a presence. But in the recent period, this approach has been raised to a new level. The considerable range of Indian assets developed by the Kremlin over the years can be seen running about to push the overall effort.

Yet, for all the fuss, the effect is questionable. Most Indians believe that the superpowers are first and foremost concerned with their own rivalry. It is a conviction which was sufficient to unceremoniously burst the balloon Mikhail Kapitsa tried to float.

After his public lecture, a former MP asked why Russia advocated nuclear-free zones when their existence would neither prevent nuclear war, nor save the zones' inhabitants from the ensuing holocaust. Kapitsa hesitated before launching into a passionate soliloquy on the need to help the poor people get some peace that grew more and more feeble, until it finally sputtered to a dismal, whining close with the plea, "Is it bad, even if he has some illusions?"

On debt and dignity

The Mexican Church chastises the civil government for acquiescing in the immorality of usury.

Immediately following the March 23-26 visit of Peruvian President Alan García to Mexico, the Mexican Catholic Church seized the lead in the fight against usury. In an indictment of the de la Madrid government's economic policies, which have bowed to the dictates of the international creditor banks, Mexico's bishops warned that responsibility for solving the foreign debt crisis is a moral priority for the nation's leadership.

On March 27, Father Ricardo Cuellar Romo, executive secretary of the Mexican Episcopal Conference, put out a document on the foreign debt, offered as Mexico's own contribution to the Vatican paper issued last February, and entitled "An Ethical Consideration on the International Debt." In the Mexican document, the bishops warn, "The exclusive payment of interest destroys the *raison d'être* of the debt and tends to subject the debtor to servitude."

The bishops further reason that the natural purpose of a debt stemming from a loan is the satisfaction of the human needs of the borrower, and the equitable compensation of the lender. When that purpose is violated, so too is natural law.

The document stresses that "to pay the debt, no country is obliged to destroy or seriously compromise its own basic economic subsistence." Thus, "if the honorable efforts of a country to fulfill its commitments clash with the impossibility of doing so, a radical international remedy is imposed . . . which can exclude neither total or par-

tial forgiveness, nor acceptance of moratoria which help the debtor country recover its solvency."

Father Abraham Talavera stressed the point that "the cause of the crisis is to be found in the fact that the essential link between economics and politics, and morality, is not respected." He added, "In the case of Mexico, neither our government nor its creditors deny or hide the possibility that paying the debt depends, basically, on favorable oil prices," such that now "it is unjust to make the full burden fall . . . solely on the debtor." Cuellar stressed that Mexico has already paid in the last five years, in debt service alone, a sum equivalent to half the total capital owed, and yet the principal has not shrunk, but increased, and with it the debt service.

In anticipation of Easter, the Mexican Episcopal Conference distributed to all the dioceses of the country a document entitled "Guide for Reflection," in which the faithful are called upon to study the problem of the foreign debt in detail, analyzing its legitimacy or illegitimacy. The document notes the difference it would make were the capital spent on payment of the debt channeled instead into housing, jobs, transport, education, and other services that assure the elemental rights of man. It also observes that each Mexican in effect "owes" \$1,262 in foreign debt, equivalent to 412.4 days at the Mexican minimum wage.

The first Sunday of Lent, the president of the Episcopal Commission on Social Communications and auxiliary

bishop of Mexico City, Genaro Alamilla, declared, "If Mexicans suffer because of the debt, the government should tell its creditors they must wait, repeating the refrain, 'That I owe, I do not deny; to pay, I have nothing.'"

In early March, Cardinal José Salazar López warned in Guadalajara that Mexicans are going through one of the hardest times in their history, and that "what truly concerns us is that the fundamental necessities of our people, such as food, housing, education, and work, are not attended to."

The first show of support for Brazil's decision to suspend foreign debt payments came from the Archbishop of Mexico, Cardinal Ernesto Corripio Ahumada, who referred to the Vatican document on the debt, saying, "Mexicans must analyze the particular situation of the country, and see if the conditions exist in Mexico to which the Pontiff referred in stating that the debt is unpayable if the development needs of the people are not met." Cardinal Corripio also added that the people's suffering as a consequence of the foreign debt burden could be a factor—from the religious standpoint—in considering suspension of debt payment.

A final appeal was delivered on April 6 by Father Cuellar in response to a just-announced 30% hike in the price of gasoline right after a minimum wage increase five days earlier of only 20%. Cuellar warned that a social explosion would be disastrous for all, and that the government must seek new ways to handle national finances so that the burden did not fall on the citizens.

The Church, said Cuellar, does not understand the technical aspects of the economy, but it is perpetual witness to the people's sufferings. There are alternatives not yet tested, concluded Cuellar.

A new mercantilist era?

Finance Minister Funaro is accused of founding a "new economic theory," which is, in fact, the American System.

All evidence would suggest that the systematic attacks by the Brazilian media against Finance Minister Dilson Funaro have nothing to do with his presumed responsibility for the decision to declare a moratorium on the foreign debt. Viewed as much more serious is the very real possibility that Funaro is the head of an economic dirigist faction that seeks to guarantee constant rates of economic growth in the midst of economic warfare with the international financial system.

It is for this reason that some of the mouthpieces of Itamaraty (Brazil's foreign ministry), like William Waack of *Jornal do Brasil*, are furiously attacking Funaro for believing in the "illusory" and "ambitious" idea of "rapidly altering the basic rules of the international financial system." Waack suggests instead that Brazil take the path of "conciliation," meaning accepting the basic demands of the creditor banks.

Although Waack does not apparently question the moratorium decision, he does say that "Itamaraty, for example, arrived at paths as radical or more radical than that of the PMDB [ruling party—ed.] . . . [but] the difference is that the diplomats and specialists think of themselves as a delicate movement, made up of many parts, not easily led by someone impetuous and with a sense of mission."

Less diplomatic than William Waack is former Central Bank president under the Figueiredo government, ultra-monetarist Affonso Celso

Pastore, who on March 29 published an article in *O Estado de São Paulo* in which he does not hide his dismay at the possibility that "a new era of mercantilism," based on state direction of the economy, is emerging, which could fully destroy the doctrine of "economic equilibrium" from which monetarists of all stripes derive their sustenance.

With his usual cynicism, Pastore warns that the debt moratorium is the first sign of the birth of this "new economic theory"—which he sarcastically dubs "Funaronomics"—whose "scientific method will probably derive from negation of the philosophy of science of Karl Popper, due to the compromising links that science established with the neo-classic economic theory stained with the original sin of being complacent about recession . . . [which is] accepted as a natural fact of economic life."

The "new economic theory," warns Funaro, concentrates "its attention on the real problems of the economy. Thus its criticisms of neo-classic economics, particularly its two offspring, the monetarism of Friedman . . . [and that other] which establishes the primacy of speculation over production."

But what most worries Pastore is that Funaro's new economic ideas would abandon the concept of wealth elaborated by Adam Smith in his "reaction to mercantilism." It was precisely the mercantilism of 17th-century Europe which was responsible for

the prosperity of Colbert's France, and later served as the backbone of the "American System" economics of Alexander Hamilton, Henry Carey, and company, the antithesis of the liberal British school of economics.

It was from the polemics of the German mercantilist economist Friedrich List against Adam Smith, and from the economic reforms of Abraham Lincoln, that a mercantilist faction among Brazilian industrialists was formed at the beginning of this century, later strengthened under the economic encouragement of the Getulio Vargas governments.

Although they are considered moderate, the measures announced April 2 by Minister Funaro before the PMDB congressmen nonetheless reveal precisely those qualities which are the source of such concern to the likes of Celso Pastore. There Funaro promised to invigorate the real economy over the existing financial speculation. "The point of departure," he explained, "is the necessity of guaranteeing a 7% growth rate yearly through 1991." We must commit ourselves not only to reduce the transfer of resources abroad, but also to "reduce the difference between real interest rates and those compatible with productive activity." Funaro described as "collective suicide" the current domestic interest rates in Brazil.

Funaro also announced that he would begin the construction of 250,000 homes for workers, and an investment plan in the public sector for nearly \$10 billion a year, giving priority to the electricity, steel, transport, grain storage, agriculture, and agro-industry sectors. With this program, Funaro won the unanimous support of the PMDB party, and of a nationalist faction within the Brazilian industrialists, support against which all of the major Brazilian dailies have been editorially railing.

International Intelligence

Swedish labor leader dies

Hans Ericson, former chairman of the National Transport Workers Union of Sweden, died suddenly April 6, at the age of 59, after a short illness.

Ericson became one of the most beloved trade union leaders of Sweden because of his outspoken defense of individual rights in a nation whose social democratic governments have grown increasingly pro-Soviet and authoritarian.

Because of his opposition to the late Premier Olof Palme's policies, Ericson was subjected to a 10-year-long smear campaign by media and legal authorities. Despite this, he never stopped fighting for what he felt was a right and just cause.

Ericson expressed this fighting spirit when he joined Helga Zepp-LaRouche, the German political figure and wife of U.S. presidential candidate Lyndon LaRouche, as a founding member of the international Schiller Institute. He also worked closely with LaRouches' co-thinkers, the European Labor Party in Sweden. Ericson stood up for these commitments in the midst of the enormous harassment campaign against the LaRouches' friends, ordered by Moscow after the assassination of Olof Palme in February 1986.

Soviets lose tempers over Pope John Paul

The Soviet Union has launched a barrage of the most vicious attacks to date on Pope John Paul II. It began with a March 18, Radio Moscow broadcast in Russian, seeking to vilify the Pontiff in connection with financial scandal-mongering in Italy around Archbishop Marcinkus, the Vatican's chief financial official.

The broadcast carried the polemical title, "The Holy Father's Criminals," and depicted Marcinkus and others as financial frauds operating under the direct thumb of

the Pope himself. It even alleged that the Pope was a party to the activities of the Propaganda-2 Freemasonic lodge. That lodge was outlawed in 1981, after its links to drug-trafficking, terrorism, and flight-capital, and perhaps the first assassination attempt on the Pope in 1981, were exposed, sending many a political celebrity in Italy to jail or a fugitive's flight abroad.

The Pope's visit to South America sparked the second wave of invective from Moscow. Soviet Radio and the weekly English-language "Moscow News" denounced the "alliance between the Pope, the CIA, and President Reagan." The Pope is accused of "supporting reactionary leaders of the Argentine Catholic Church, nostalgic about the previous military dictatorship." It added that in Uruguay, the Pope was "attempting to revive Catholicism in the least religious country in Latin America."

Before the Pope's South American tour, Soviet TV declared that in Chile, the Pope would meet "surprises." Then, during his stay in Chile, Soviet TV gave lengthy and spectacular coverage to riots and violence.

One monitor of Soviet TV over many years told *EIR*: "Never have they covered a trip abroad by the Pope in such a totally negative and hostile manner."

Probe German arms shipments to Iran

Answering a parliamentary question from the Social Democrats, Germany's deputy foreign minister, Helmut Schaefer, confirmed that in 1985, 500 TOW anti-tank missiles were flown into Ramstein U.S. Airbase, from there to Israel, and then to Iran. The transport was carried out by Southern Air Transport, a part of Lt. Col. Oliver North's network, at least from the United States to Ramstein base.

Although Schaefer denied that the Bonn government had been informed about this operation, the Social Democrats believe that Bonn was informed.

In another affair just reported in the Ger-

man press, the West German freighter *Frauke* transported 100 tons of dynamite from Sweden to Iran, according to Swedish sources.

The left-wing anti-Khomeini Iranian exile group, Mujaheddin, held a press conference in Bonn April 2, accusing the German government of complicity in allowing Iran to purchase West German arms. The charges of the Mujaheddin were also circulated in Paris the same day.

U.S. devices in China monitor Soviets

The United States is using monitoring devices in China to improve its estimates of the size of Soviet nuclear tests, the *New York Times* reported April 3.

According to Defense Department documents and interviews with Reagan administration officials, the seismic devices, manned by Chinese operators, were installed as part of an American-Chinese program to study earthquakes. The *Times* said one such device was in the Xinjiang Uygur Autonomous Region, near the Soviet nuclear test site.

The Pentagon said it will use the data from this and other instruments to improve U.S. monitoring abilities. The document cited by the *Times* was obtained under the U.S. Freedom of Information Act by a member of the Institute for Policy Studies.

Moscow full of praise for Venetians

The Cini Foundation, the flagship "culture" think tank of Europe's oligarchical families, held a conference in Venice at the end of March, and immediately received warm praise from Soviet quarters.

The April 4 *Izvestia* carried a feature on the conference, which had three Soviet representatives. *Izvestia* said that besides East-West relations, two major topics discussed were terrorism and AIDS, which it called

Briefly

● **SOME 120,000** messages coming from Soviet spies based in France are intercepted by the French intelligence services each year, according to the April 5 *France Soir*. The article's author told *EIR* that France's recent expulsion of six Soviet diplomats, is linked to at least three different espionage cases involving KGB penetration of the French services, which are now "cleaning out" in secret.

● **NEGOTIATING TEAMS** for the United States and Spain announced April 4 that they had made no progress concerning the future of an American military base in Spain.

● **THE GREEN PARTY** of West Germany is funding the New People's Army guerrillas in the Philippines, meaning that such funds are coming from East Germany, which finances the Greens, charged Uwe Henke v. Parpart, an *EIR* contributing editor. His charges made front-page headlines in Manila. Parpart led a seminar at the Manila Polo Club, sponsored by the Pacific Futures Development Center, on "The SDI and Future Security in East Asia and the Pacific."

● **VIOLENCE** continues to disrupt the election campaign period in the Philippines. Three men on motorbikes killed Muslim leader Sahak Habbil on April 2; a day later, gunmen killed businessman Arthur Vitug, the son of another government candidate. Anti-communist vigilantes attacked and killed a left-wing rebel.

● **TOP SPIES** of East bloc nations are still in leading positions in the West German government and the political party hierarchies, said Gerhard Böden, Germany's anti-espionage chief, in an April 8 interview with *Bildzeitung*. "Bonn is still one of the world's prime targets of espionage today," he said.

"predominantly Western problems."

One Soviet participant, author Stanislav Kondrashev, called Venice the "mother of common European culture," said *Izvestia*. The conference was held "on the European culture," said *Izvestia*. The conference was held "on the island of San Giorgio, given to the Benedictine Order in the 10th century." Kondrashev gushed over "Venice, the age-old wonder," the "Doge State," a city where "monuments of the past are not dead, they are alive." "The Attila of modernity, the auto, is not allowed in Venice," he added.

After asserting that "it is in the Venetian blood" to preserve culture and aesthetics, Kondrashev cites Venice's "powerful tradition of beauty," concluding: "According to Dostoevsky, beauty will save the world. Despite the encroachment of the sea and its progressive decay, Venice, so far, has been spared from self-destruction."

New scandal mocks Britain's royal family

The shocking story that two cousins of Britain's Queen Elizabeth are locked away in a mental institution, became the subject of leading news stories in all the British press in early April. Apparently, two female members of the Queen Mother's Bowes-Lyon clan, were incarcerated for over 40 years, but reported to be dead. The one who is still alive, according to Germany's *Bild-Zeitung*, has "a certain similarity to the Queen!"

For five years, the Queen Mother had been aware of their incarceration, although the story has been hushed up because matters of "blood" and "inbreeding" are, of course, very sensitive in Great Britain. The prestigious Burke's Peerage had reported the two nieces' deaths in 1963, and the nieces' mother, Fenella Bowes-Lyon, had reported their "death" in 1962.

The London *Times* uses the occasion to review the history of hereditary madness in other eccentrics in the Bowes-Lyon clan. "Madness, illegitimacy and divorce are three

skeletons that rattle loudest in the royal cupboard," writes the *Times*. "Fears of madness stem largely from the condition of George III, the present Prince of Wales' favorite monarch, who had a bout of madness, or so his ministers thought.

"The House of Windsor has suffered little from cases of mental instability, unlike some continental dynasties. . . ."

"But a residual fear must always exist. The blood succession is all, and the system is weakened if the direct line has to be diverted from its path to avoid passing the crown to someone unsuitable. . . ."

Libyan army facing supply problems

Libyan arms seized by the Chadian forces loyal to Hissein Habré, after their victory over Qaddafi's army at Wuadi Doum, are worth about \$500 million, according to Chad government spokesmen. The impressive Qaddafi arsenal was composed of the most sophisticated Soviet armaments—SAM-6 and SAM-13 anti-air missiles, MiG-24 fighter-bombers, T-55 and T-72 tanks, and many standard armored trucks, cars, and helicopters.

On April 3, Habré's spokesman revealed that the United States has been supplying Chad with satellite photo reconnaissance intelligence, contributing to their stunning victory at the end of March.

At present, Libya is suffering from severe supply difficulties since 11 T-55 tanks and over 100 other vehicles were captured in the assault on Faya-Largeau alone. But Chadian tactics rely upon high concentrations of artillery platform fire—including missiles—and they have stretched their logistics lines thin with recent advances.

Chad officials said Libya could 1) fight a pitched battle on the plains, which would decimate Libya's remaining 15,000 troops; 2) withdraw totally from the triangle of northern Chad that borders Nigeria and Sudan; or, 3) most likely, withdraw into the mountains in northwest Chad and regroup.

Astronomers must move observatories into space

Jim Everett reviews the technological frontiers facing astronomy and astrophysics, from 1,000-meter radiowaves to the finest gamma rays.

Lyndon LaRouche's proposal to establish a large scientific colony on Mars during the 2020s and 2030s conjures up the prospect of large-scale astrophysical undertakings—such as his suggestion of a “lens with an aperture on the scale of the Mars orbit.” (*Fusion*, November-December 1986.) While space scientists and astrophysicists have tended to trim their imaginations to fit their threadbare budgets, the frontiers they are facing even today point the way to more majestic undertakings. Earth's atmosphere is the principal frontier that is now being conquered.

The Earth's atmosphere, precisely because it is protective of life, is a hindrance to understanding the universe that lies beyond. The ozone layer shields ultraviolet radiation from both the delicate chemistry of living organisms and the astronomer's probing telescope.

Our increasing ability to move both man and machine above the atmosphere is the first sure step toward ushering in the golden age of astronomy. Probably the greatest part of astronomy—in terms of man-hours—will continue to be practiced from the surface of Earth for some time to come. The advent of computerized detection devices and innovative arrays of mirrors has lengthened and sharpened the view of ground-based telescopes enormously. But, from the ground, we are near our theoretical limits in visible light; in both the high and low-energy portions of the spectrum, the sky is a nearly opaque screen (see **Figure 1**).

In the solar system, the advantages of observing from space are obvious. The Vikings and the Voyagers have increased our planetary knowledge far more than it had advanced in the previous two millennia. Simply being able to see the planets and their moons clearly and at close range has revolutionized planetary astronomy. This ability to place telescopes in orbit is revolutionizing all branches of astron-

omy. Of all the sciences, astronomy is least able to perform experiments on its subject, relying instead on technological improvements in observation to furnish fresh constraints and problems for theory.

Consider infrared astronomy: This part of the electromagnetic spectrum is responsible for our sensation of heat. All objects about us, including the air and even the telescopes themselves, emit radiation in these wavelengths. How do you look at the infrared emission of a star from the Earth? In visible light, this would be like looking at the stars in the daytime with a telescope that has been painted with phosphorescent paint! Using a few natural “windows” and some very advanced technology, infrared astronomers have to a significant degree overcome their blindness. Imagine, though, seeing in the infrared far above the warm Earth. The Infrared Satellite did this for 10 months in 1983, producing the first complete map of the sky in infrared radiation. Astronomers are still poring over these maps, making new discoveries.

The x-ray barrier was broken in 1978 with the launch of the Einstein X-Ray Observatory. For two-and-a-half years, it mapped the high-energy universe. Perhaps its most exciting discovery was the existence of a uniform x-ray background radiation, which apparently is generated beyond our galaxy. It is as if intergalactic space were illuminated by a 400-million-degree plasma. Einstein shut down when it ran out of the gas needed to keep it oriented in space. Two orbiting gamma-ray telescopes were also launched in the 1970s, the American SAS-2 and the European Space Agency's COS-B. These discovered some of the sources of gamma rays, the most energetic of photons.

All of these pioneer space telescopes are now shut down, some on schedule, some by malfunction. The last active solar system mission is Voyager 2. The Uranus encounter of last

year and the hoped-for Neptune rendezvous in 1989 are scientific bonuses; the Voyagercraft were designed only to work as far as Saturn. After 1989, the entire fleet of space explorers designed in the 1970s will be dead.

The design for the next generation of space-based telescopes is now complete. The Hubble Space Telescope, designed for optical light, is ready for launch now, awaiting the first available Space Shuttle sometime next year. The Gamma-Ray Observatory is also nearly ready for launch. Other missions still in the design stage include the Advanced X-Ray Astrophysics Facility, the Extreme Ultraviolet Explorer, the Space Infrared Telescope Facility, Quasat (for Quasar Satellite, a radio telescope), and several smaller instruments that will operate on Spacelab missions.

Except for the Space Telescope and the Gamma-Ray Observatory, none of these other missions have anything like a firm launch date, causing a wave of pessimism to ripple through the astrophysics community. As budgetary commitments become harder to obtain, a difficulty arises in attracting the best scientists to these projects. Even in the relatively productive 1960s and 1970s, the time from conception to launch of a major space probe was from 10 to 15 years. That time is now even longer. Many of the scientists involved in the earlier missions will no longer be active during the 1990s when many of the planned missions are very tentatively scheduled for launch. How can young scientists be attracted, in the peak of their creative years, to the full-time job of planning and organizing a venture that will not make any scientific returns for 15 or 20 years?

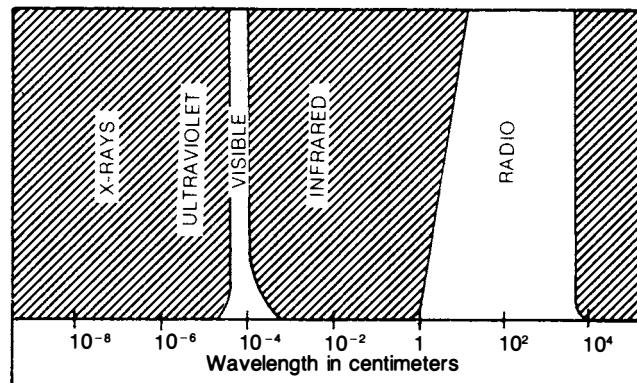
NASA has wisely balanced the parallel needs of pure science with our task of learning how to live and work in space. To astrophysicists, manned missions often seem an expensive way to accomplish what an unmanned mission could do better. They are increasingly expressing resentment at the proportion of the NASA budget going to the Shuttle, for instance. Given the relatively low cost of unmanned missions, especially with state-of-the-art technology, astrophysicists might be better advised to increase educational efforts directed at Congress and the public in general. Few in the general public realize why money should be spent to place telescopes in orbit. Overall funding must be increased, rather than have programs vital to national progress in competition over a shrinking pie. The two programs are, after all, complementary. The manned program will sustain automated space telescopes by enabling them to be repaired.

To deepen and intensify the debate over space-based telescopes, the problems of observing from Earth's surface in each part of the electromagnetic spectrum are summarized below. All electromagnetic radiation obeys the same laws of optics, although the extreme differences in wavelength, from 1,000 meters down to .00001 nanometers, require radically different modes of detection.

The two limiting factors in any particular detector are intensity detectability and time and spatial resolution. Intensity is optimized by increasing the surface area of the tele-

FIGURE 1

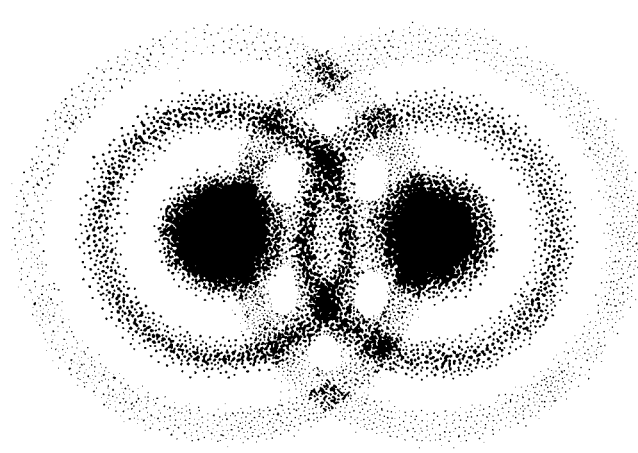
Visual capability of exo-atmospheric telescopes



The atmosphere is transparent only for radio and visible wavelengths. Even for these wavelengths, there are great advantages in moving the telescopes into space.

FIGURE 2

How two point sources appear through any aperture



Most of the light from each point source is contained in the small central area called the Airy disc, after George Airy who first solved the wave equations in 1835. This disc will be surrounded by concentric circles of interference patterns at a distance of $(1.22 \times \lambda)/d$, $(2.23 \times \lambda)/d$, $(3.238 \times \lambda)/d$, . . . where λ is the wavelength of light being imaged, and d is the diameter of the aperture. Successive circles are less and less bright. Hence, if d is made increasingly large, the concentric circles become smaller, converging on the central point. An infinitely large aperture allows a point source to be imaged as a perfect point. Resolution is thus limited by the aperture of the telescope.

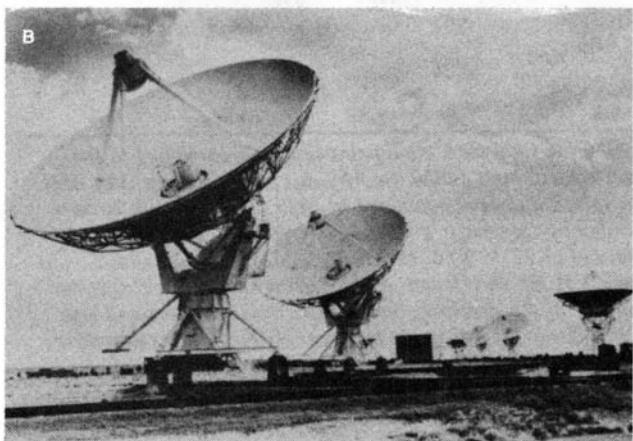
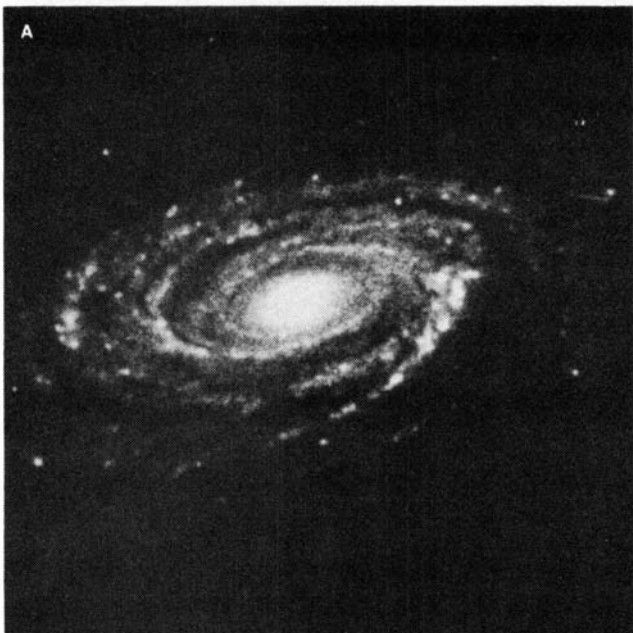
scope, which in principle has no fixed limit. Resolution is determined by the interaction of light with the aperture of a telescope. Light is diffracted when it passes through a lens or is reflected by a mirror, spreading spherically outward. The resolution of the resulting image will be limited by the interference patterns created by the multiple waves created in different parts of the aperture. The result is that resolution is limited by the size of a telescope's aperture, whether lens, mirror, or dish (see **Figure 2**). Although no limit exists in principle for the aperture size, with shorter wavelengths the technological barriers are severe, involving configuring a large surface to within about 1/100th of a wavelength. What are the current technological limitations to increasing intensity and resolution in each of the major segments of the electromagnetic spectrum?

Radio—1,000 meters to 1 millimeter

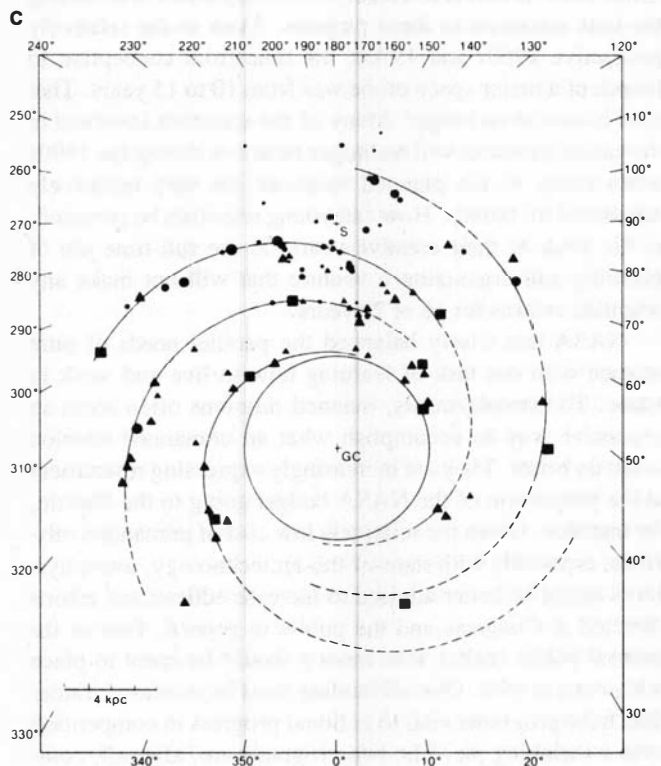
The radio portion of the spectrum is usually defined as extending from 1 millimeter to the far end of the spectrum, although the longest wavelengths are currently inaccessible because they are reflected back into space by the Earth's ionosphere. Except for possibly the shortest wavelengths, radio waves are usually of non-thermal origin, being generated either as synchrotron radiation in magnetic fields of stars or the galaxy as a whole, or the result of certain atomic and molecular transitions. These latter include the important radio emission of hydrogen gas at 21 centimeters wavelength that makes possible the identification of the spiral arms of our own galaxy (see **Figures 3 and 4**).

The progress of radio astronomy has been more closely linked to the development of the computer than other types

FIGURE 3
Mapping our spiral galaxy



(a) U.S. Naval Observatory; (b) Yvonne Georgelin; (c) NRAO



We live in a spiral galaxy somewhat like NGC 5985 shown in (a). Until radio telescopes mapped the hydrogen gas concentrations in our own galaxy (b), we had no way of detecting its spiral arms. GC = galactic center; S = Sun. Triangles and squares are hydrogen concentrations visible at radio wavelengths. Circles are those visible at optical wavelengths. Overall diameter is 100,000 light-years. Shown in (c) is the Very Large Array in the Plain of St. Augustine near Socorro, N.M., a radio telescope operated by the National Radio Astronomy Observatory. It arranges 27 identical dishes in a Y-shaped configuration. Each arm is about 12 miles long.

of astronomy. This is because of the difficulties in imaging very long wavelengths with high resolution. A comparison of the 200-inch Mt. Palomar optical telescope with the 300-foot radio dish at Green Bank, West Virginia, illustrates the point. In blue-green light, the optical telescope has a theoretical resolution of .025 arc seconds, while the radio telescope's resolution is only 5 arc minutes when observing at 10 cm. The human eye, with a resolution of 1-2 arc minutes, is much better than the 300-foot radio telescope. The early, postwar radio telescopes could only paint the radio sky with a very broad brush.

Since Michelson's interferometer experiments at the turn of the century, astronomers have known of the possibility of using two or more separate apertures to increase the effective aperture and therefore the resolution of a telescope. In the 1950s, the first radio telescope arrays were built. A number of technological problems limited the success of these efforts. First, the telescopes had to be directly linked so that the electric pulses generated by the radio waves could be brought together to form interference patterns. Second, the resulting interference patterns could get extremely difficult to interpret.

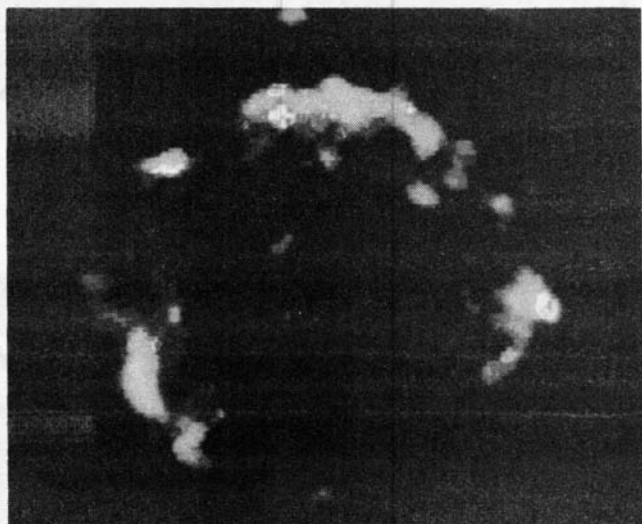
As computers became available, these problems began to diminish. By the 1960s a technique called very-long-baseline interferometry (VLBI) was used to link telescopes over 100 km apart, allowing for a resolution of .05 arc seconds. In 1967, the technique was perfected by digitizing the data at each telescope and storing it along with the "ticks" from atomic clocks, then combining it later with the help of a special computer called a correlator. The Canadians who first developed this approach achieved a resolution of .02 arc seconds observing 3C 273B, a distant quasar.

VLBI is limited because a few widely separated telescopes cannot "fill in" the entire synthetic aperture. Three radio dishes in a straight line will not produce a correct two-dimensional image. The Very Large Array (VLA), in New Mexico, successfully addresses this problem, producing radio maps with very little geometrical distortion and with a resolution of 0.13 arc seconds at 2 centimeters, which is 10 times better than any Earth-based optical telescope, operating with conventional imaging techniques. It does this by directly connecting a Y-shaped array of 27 radio telescopes, each with an aperture of 25 meters. The entire array has the performance of a single collector 27 km in diameter. The optics of the VLA are far in advance of its computing power. It is in urgent need of supercomputing capability, especially in the area of spectral analysis.

The next big step in radio astronomy will be the Very Long Baseline Array (VLBA), due to be completed in the mid-1990s, which will have ten 25-meter telescopes distributed from Hawaii to the Atlantic Coast. This system, especially when operated with a Canadian VLBA and with the VLA, will combine high resolution with a good "brightness" because of the density of the network. According to Mark Gordon of the National Radio Astronomy Observatory, it

FIGURE 4

Composite image of a supernova remnant



Smithsonian Astrophysical Observatory

This image of a supernova remnant, a shell of expanding gas known as Cassiopeia A, is a composite of x-ray, visible light, and radio images. The shell is discernible thanks to the x-ray and radio contributions.

"will be able to make radio maps showing features only 200 millionths of an arc second across—the thickness of a nickel seen at a distance of 2,000 miles!"

NASA and ESA are in the early stages of planning a space-based radio observatory called Quasat, a single 10-15 m radio telescope in Earth orbit (see Figure 5). Quasat will be linked with the VLBA and VLA on Earth for interferometry—that is, two-dimensional imaging. Because Quasat will be placed in a precessing elliptical orbit, the satellite's path will constantly be shifting within the same plane, thus filling in the aperture and thereby increasing the field of view. The typical mode of operation will be to observe some source for a period of one orbit, then repeat the observation at a later time in the precession cycle, all the while integrating the results in a computer. Resolution is expected to be around 0.0001 arc seconds. Quasat will be able to work in the southern hemisphere also, where there is currently little radio observing capability.

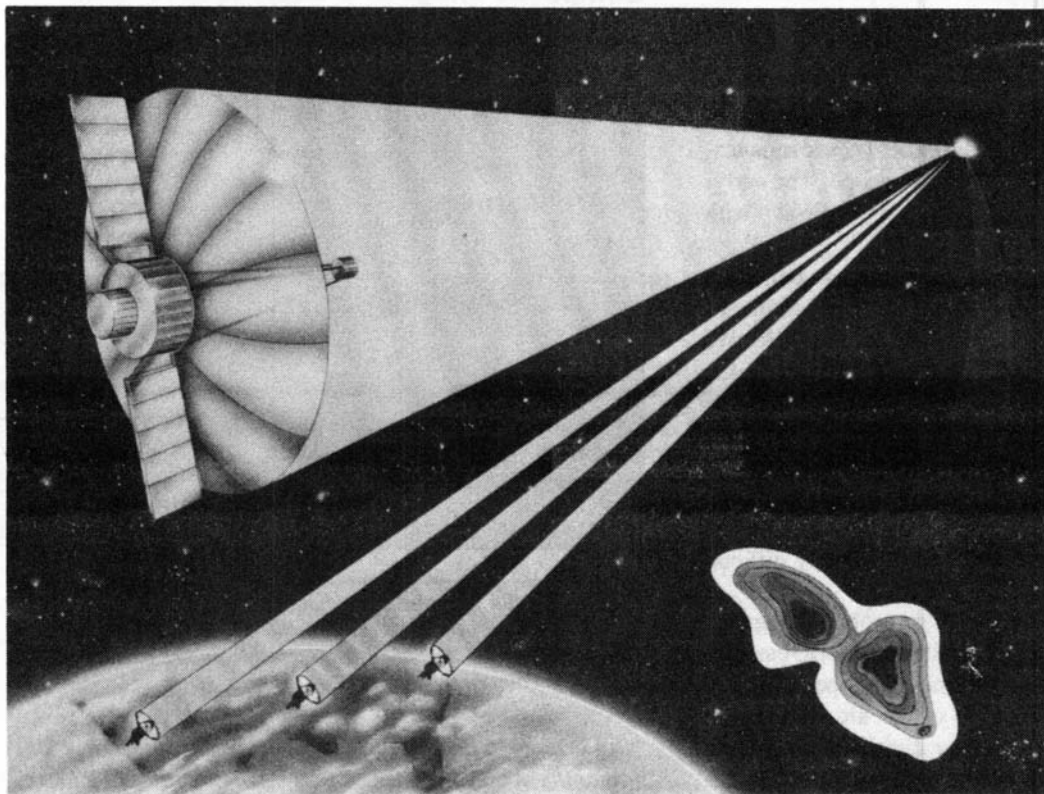
The Soviet Union has approved funding for Radio Astron, which will be similar in design to Quasat. The Soviets are actively seeking Western technological cooperation. Many Western scientists are eager to accept, since the projected launch will be years ahead of Quasat, which has not yet been approved for funding.

Infrared—1 millimeter to 700 nanometers

Infrared wavelengths are commonly measured in microns, 1/1,000th of a millimeter. Thus the infrared spectrum stretches from 1,000 microns (1 mm) down to 0.7 microns.

FIGURE 5

High-resolution radio interferometry from space



Artist's conception of Quasar, a radio telescope proposed by NASA and the European Space Agency to be based in Earth orbit and linked to ground-based radio telescopes. The image of a distant object (lower right) is made up of contours of equal intensity of radio emission.

The infrared spectrum is itself subdivided into five sections, based primarily on the different conditions for detection (see **Figure 6**).

Submillimeter—1,000 to 300 microns

The submillimeter band combines techniques from both infrared and radio astronomy. Submillimeter radiation is emitted by a number of molecules, such as carbon monoxide, hydrogen cyanide, and sulfur dioxide. One of the major tasks of submillimeter astronomy is to map the distribution of these molecules, since they are a valuable tracer to large neutral hydrogen clouds, which are themselves difficult to observe directly.

The same molecules that emitted submillimeter radiation deep in space are also present in the atmosphere, so the atmosphere is a strong absorber. A few windows do exist, however, that permit a certain percentage of the radiation to reach the surface. Placing telescopes high on mountain tops, above most atmospheric water vapor, greatly improves their performance. A number of 10- to 15-meter telescopes are under construction at the present time. The current leaders are the Franco-German IRAM team, who are building three 15-meter telescopes in an array near Grenoble, France.

The surfaces of submillimeter telescopes must be more precisely configured than in radio astronomy. To achieve a

sharp focus the surface should be around 1/20th of a wavelength (0.01 mm). Like all infrared telescopes, the next great leap in performance will be with space-based instruments, primarily to get above the absorption layers of the atmosphere.

Far infrared—300 to 40 microns

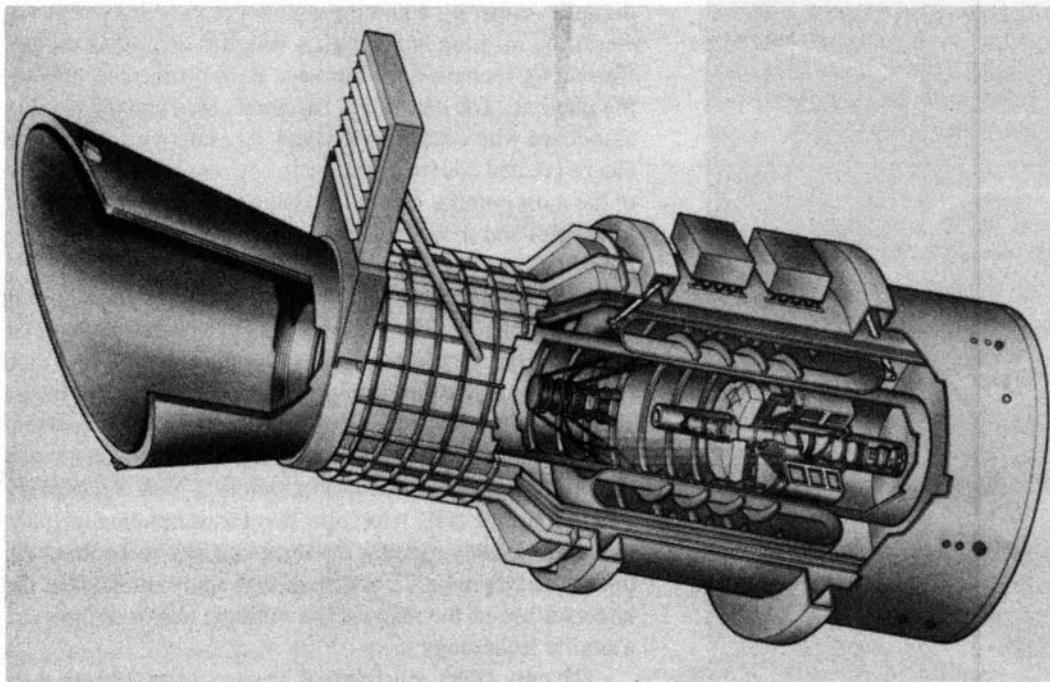
Far infrared radiation is very strongly absorbed by the atmosphere; there are no windows at all in this region. In past years the only observations were with balloon-borne instruments and with the Kuiper Airborne Observatory, a NASA operated 0.9 m telescope flown in a C141 transport. This wavelength opened up dramatically in 1983 with the launch of the IRAS satellite. Until the launching of IRAS, the catalogue of far infrared objects contained just 2,000 items. It now has a third of a million. The 0.6 m telescope was shielded from solar heating by 70 kg of liquid helium, which kept the instrument at 16 K and the solid state detector at 2 K. The low temperatures were required to keep the instrument itself from emitting the radiation it was supposed to be gathering.

Middle infrared—40 to 4 microns

There are several atmospheric windows in the middle infrared, but since matter at 273 K (0° C) emits thermal radiation in this wavelength range, the sky and even the

FIGURE 6

Infrared telescope assembly for SIRTf



Engineer's depiction of the infrared telescope assembly, the major part of the Shuttle Infrared Telescope Facility (SIRTf). The telescope and detection instruments will be cooled to near absolute-zero by superfluid helium.

are strong sources of middle infrared.

Computer technology provides a method of subtracting out this background noise. Called "nodding," the telescope quickly shifts back and forth between the point source of light being observed and an empty patch of sky. The computer then subtracts the radiation detected in the "empty" frame from the star frame. New advances now permit extended images to be photographed directly, using CCD imaging with a bismuth-doped silicon chip with 1,024 pixels.

Near infrared—4 to 1.1 microns

Near infrared is not scattered by the atmosphere and there are a number of observing windows. Since it is not scattered, even daytime observation is possible and some of the largest optical telescopes are routinely used in the daytime "off hours" for near infrared work. The biggest technological challenge is detection of the radiation. Currently the best detectors are made of indium antimonide, which varies in electrical conductivity when struck by near infrared, much as a light meter

does with visible light. This detector must be chilled to 50° K. The brightest objects in the near infrared are the late-type giants, such as Betelgeuse and Antares.

Photographic infrared—1.1 to 0.7 microns

This is the shortest infrared wavelength and it behaves in every way like visible light. The human eye does not respond to this wavelength, but photographic emulsions are receptive. Charge-coupled device detectors are extremely efficient in the photographic infrared.

Visible light—700 to 300 nm

The atmosphere is transparent to visible light, but visible light telescopes on Earth still cannot reach the theoretical limits of resolution and light capture. The 200-inch Palomar telescope has a theoretical resolution of 0.02 arc seconds, but in practice the very best attainable resolution is only 0.2 arc seconds and for long exposures not better than 1.0 arc seconds. By comparison, the theoretical resolution of a 6-inch amateur telescope is 1.0 arc seconds. The degradation in resolution is caused by atmospheric turbulence. This turbulence is worse in the lower atmosphere, so the newest telescopes are being constructed on remote mountain tops, such as Mauna Kea in Hawaii.

Light capture has increased almost two orders of magnitude in the last decade, due to advances in detector technology. At the time the 200-inch was built, photographic emulsion had an efficiency of 1/300, capturing 1 photon of every

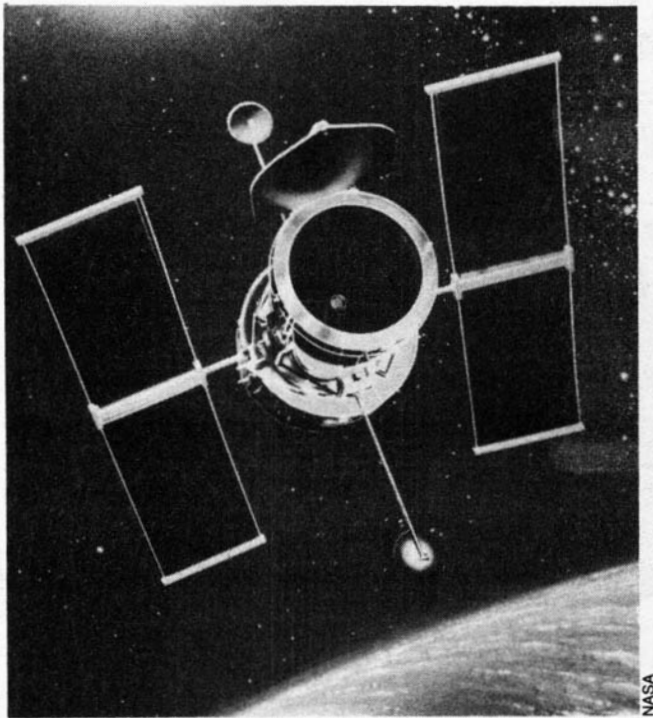
GLOSSARY

Arc second. Angular measure of the heavens. Sixty seconds of arc make one arc minute. Sixty arc minutes make one degree of angular measure.

Nanometer. One-billionth of a meter.

CCD. Charge-coupled device. An electronic device used instead of photographic film. The number of photons striking each square ("pixel") of a very fine grid is recorded. Used for very faint light sources.

FIGURE 7



Peering 'far out into space and far back in time' Scheduled for launch on the Shuttle in 1988, the Hubble Space Telescope will be able to see stars and galaxies 50 times dimmer than those visible from Earth, with only a 2.4-meter mirror.

300. That has now been improved to 1/30. By contrast, CCD detectors have an efficiency of 3/4. A 13-inch amateur reflector, if coupled to a CCD, would have greater effective light-gathering power than the 200-inch when it was used with the old photographic emulsions!

Now that nearly all the light-gathering power of modern telescopes is being utilized, the push is on for larger aperture instruments, using multiple mirrors or adaptive optics (see below) or both. The University of Texas is planning a 7.6 m (300-inch) reflector and the University of California is working on a 10-meter reflector made up of 36 smaller hexagonal segments. Another approach is to make a number of separate telescopes share the same focus. The Multiple Mirror Telescope at Mt. Hopkins, Arizona uses this principle. Its six 1.8 m mirrors give an effective aperture of 4.5 m, which makes it the world's third-largest telescope. The designers of the Multiple Mirror are working on a larger version, the National New Technology Telescope, one with eight mirrors of 5 m, creating in effect a 14 m telescope.

While there is no theoretical limit to light-gathering power, the problem of increased resolution is more difficult. For Earth-based telescopes the answer is to use a combination of

computer processing of images created by CCDs or some other electronic detector, and adaptive optics. Computer processing is now being used extensively. Images are stored digitally, either by digitizing a photograph with a densitometer or by imaging with a CCD, which is inherently digital. Current CCDs have 64,000 pixels. Each pixel counts incoming photons. The detector is frequently read and the number associated with each pixel is saved. At a later time, the image can be created and manipulated in any number of ways. One of the most popular ways is to assign false colors to different intensities and then display the color image on a color video monitor.

The adaptive optics approach to increased resolution is still in its infancy. The basic idea is to continuously monitor the variations in direction of incoming radiation and then either physically adjust the optical surfaces to keep the image close to the theoretical limit and/or use computer processing to correct for distortions. The physical approach will be used on the European Southern Observatory's New Technology Telescope. The NTT telescope, due for completion in 1988, will continuously monitor the image quality and correct the mirror surface with 75 actuators that apply pressure to the undersurface of the mirror. The multiple mirror designs use a similar technology.

The only direct way to allow a telescope to perform at its theoretical limits of resolution is to move it into space. The 2.4 m Hubble Space Telescope (HST) will have a resolution of 0.06 arc seconds, more than an order of magnitude better than any ground-based telescope. While only the 15th largest telescope, it will nonetheless be able to see dimmer objects than any other, because its images will not be fogged by airglow. The HST will be able to see stars and galaxies 50 times dimmer than those visible from Earth (see **Figure 7**).

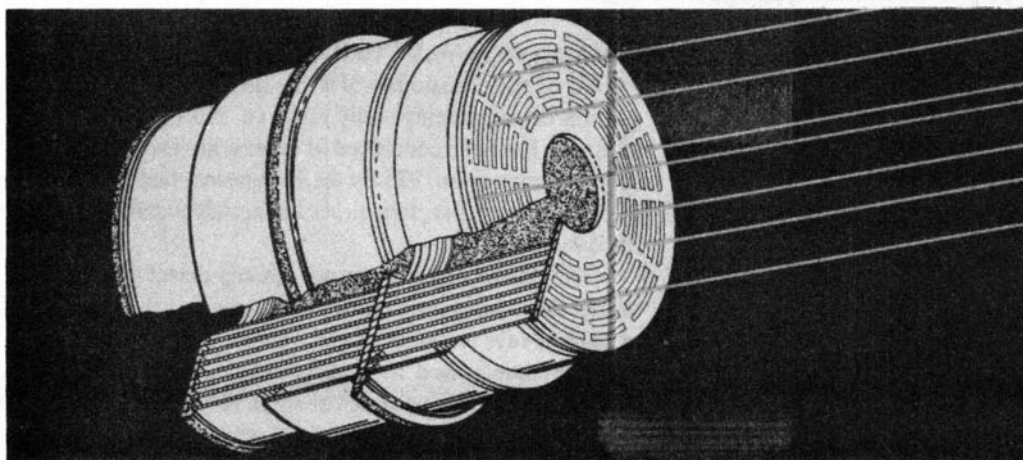
Future space-based telescopes will be actually built in space. Twenty- to thirty-meter mirrors are already being talked about, to be built in segments and assembled in space or to be built entirely in space. One proposal is to blow a large bubble of viscous liquid, attach it to some support and let it set with solar heat or ultraviolet radiation. The bubble would be aluminized and cut in half to make two mirrors. The bubble might also be left whole and filled with a low pressure gas to form a lens. It might have an aperture of 100 meters and a focal length of 100 million meters.

Ultraviolet—320 to 10 nm

Although 400 nm is the cutoff point where the eye no longer perceives the blue end of the spectrum, the real starting point for satellite ultraviolet astronomy is 320 nm, where the ozone layer begins to absorb strongly. For this reason UV astronomy is mainly space-based. The 0.8-meter Copernicus UV telescope was launched in 1972 and operated for nine years. It was joined by the International Ultraviolet Explorer (IUE) in 1978. Although smaller in aperture than the Copernicus, the IUE incorporated more efficient detectors, allowing it to see fainter objects.

FIGURE 8

The heart of the Advanced X-Ray Astrophysics Facility



Incoming x-rays are received and reflected at a grazing incidence by six nested pairs of cylindrical mirrors, and brought to focus at a distance of 10 meters.

State-of-the-art UV detectors use microchannel plates. Thousands of 1 mm glass tubes are arranged in a parallel array. An incoming UV photon enters one of the tubes, knocking loose an electron. This electron travels only a short distance before hitting the channel wall, releasing a few more electrons. A voltage difference guides the growing electron shower down toward a phosphorescent screen, where they cause the screen to glow at a small point. The screen is then photographed from behind. A newer version digitizes the output directly by attaching a resistive anode below the channels. The overall gain in output is on the order of 100,000 electrons for each UV photon.

The majority of UV sources are thermal, such as the photospheres of extremely hot stars (10,000-100,000° K). The corona and chromosphere of the Sun, and presumably of most other stars, are strong UV emitters, being at a temperature over 1,000,000° K. UV telescopes are most often used not for imaging, but for spectral studies, since carbon and nitrogen in particular are best observed in UV. Some of the most interesting work is in detecting heavy elements in novae and supernovas.

The Space Telescope, because it has a precision mirror that can work at wavelengths down to 115 nm, will provide the next technological advance in UV detection. For the extreme ultraviolet (EUV), the United States has designed the EUV Explorer, and Britain also has an extreme ultraviolet telescope that will be launched with a German x-ray telescope.

X-ray—10 to .01 nm

The well-known penetrating property of x-rays rules out all the telescope shapes used in longer wavelength astronomy. The typical x-ray wavelength is of the same order of magnitude as the atoms that make up a focusing surface, so

most x-rays will just pass through or interact with the mirror surface. On the other hand, even though they are penetrating, x-rays do not penetrate very far into the atmosphere, so x-ray astronomy must be space-based.

The earliest x-ray telescopes did not attempt to focus x-rays. They were simply proportional counters, similar to Geiger counters. Incoming x-rays pass into a gas-filled chamber, ionizing some of the gas atoms. Two grids with a high-voltage differential would then guide the liberated electrons toward one of the grids. Because of the high energies involved, 30 initial electrons might generate 300,000 free electrons by the time they reached the second grid. The induced current at the detector grid would then be measured for both strength and impact position. A collimating grid placed over the front of the proportional counter limits the field of view to about one degree; beyond this crude masking, there is no way to resolve an x-ray source with this type of detector.

A new type of reflecting telescope was designed by an American team led by Riccardo Giacconi. Using a geometry first developed by a German, Hans Wolter, this telescope works by focusing x-rays using a grazing incidence angle. The overall shape is basically cylindrical, with the upper and lower portions of the walls shaped slightly differently. An incoming x-ray hits a reflector of parabolic shape at a very shallow angle and is then reflected down to a hyperbolic surface that further reflects the x-ray down to a focal point. By nesting several of these cylinders, enough x-rays can be gathered at the focus to create an image. Even so, the efficiency is only a few percent (see Figure 8).

The Einstein Observatory, which used this design, had several interchangeable detectors at the focus. Two were spectrometers and two were imagers. The Imaging Proportional Counter had a wide one degree field of view with a resolution of 1 arc minute. Objects of interest that required

greater resolution were examined with the High Resolution Imager (HRI), which had only a 25-arc-minute field of view and a resolution of 2 arc seconds, comparable to visible light telescopes. The HRI combined two microchannel plates, which generated 10 million electrons per x-ray, with two fine grids.

The next x-ray satellite is being built by the Germans and will have a threefold increase in sensitivity over the Einstein. NASA plans to launch the Advanced X-Ray Astrophysics Facility (AXAF) by the mid-1990s, which will be five times more powerful than the German instrument.

The principal x-ray objects of investigation are the coronas around stars, interacting binary stars (most notably the suspected "black hole" candidates), and intergalactic clouds of gas.

Gamma rays—.01 to 0.00000001nm

All of the constraints of x-ray astronomy also hold for gamma-ray astronomy, only more so. No type of focusing telescope has been conceived of at present. The COS-B telescope, launched in 1975 by the Europeans, had a resolution of only two degrees, four times the apparent diameter of the full Moon.

Gamma-ray detectors do not directly detect gamma rays; rather, they depend on our understanding of the interaction of gamma rays with matter and, in that respect, are closer to the instruments used in particle physics experiments. The COS-B detector was a series of spark chambers, interleaved with layers of tungsten. Gamma rays with a wavelength shorter than .001 nm have an energy greater than the mass of an electron-positron pair. If a gamma ray in this energy range passes close to the nucleus of a heavy element, such as tungsten, it will generate pair formation. The spark chambers record their passing through the instrument and a scintillation detector at the bottom stops them and records their total energies. The path of the original gamma ray can be inferred by averaging the paths of the positron and the electron through



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the spark chambers, and thus the position of the gamma-ray source can be roughly calculated.

Not only is resolution poor, but the intensity is also a problem. A bright source such as the Crab Nebula will be detected at a rate of 2 or 3 photons an hour, while a weak source might generate only one photon-capture a day.

Thus far, the only known way to radically increase the "aperture" of a gamma-ray telescope is to use the entire atmosphere of the Earth as a detector. Incoming gamma rays produce flashes of light at particular wavelengths and optical telescopes can be used to collect and count these events. Since the telescope is only being used as a light bucket, the surfaces

do not have to be very precise. In India, in fact, a group at the Tata Institute is using army surplus search light reflectors in a large array for this type of high-energy gamma-ray detection. The highest energy gamma-ray ever detected using this technique had a wavelength of only 0.000000001 nm!

The dedication of national resources to pushing back the frontiers of knowledge makes our nation worth defending. In that sense, conquest of the astrophysical frontiers is more fundamental than national defense itself. The people of the United States continue to cherish that frontier impulse, even while their representatives in Congress seem to have suppressed it within themselves.

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'Parallel government' exposed by EIR report

by Nicholas F. Benton

Less than six weeks after the Tower Commission issued its cover-up report on the "Irangate" affair that erupted last autumn, *EIR* released to the press the real story of the invisible government in its 341-page blockbuster special report, "Project Democracy: the 'Parallel Government' Behind the Iran-Contra affair."

Four of the authors of the report, Editor-in-Chief Criton Zoakos, Contributing Editor Webster Tarpley, and Counter-intelligence Editors Paul Goldstein and Jeffrey Steinberg, made statements and answered extensive questions during the two-hour briefing in Washington, to a packed room that included representatives of seven news agencies and five embassies, among others.

Zoakos opened the press conference by announcing that the report, available from this publisher at \$250 per copy, is "only the first chapter of a much longer book on the Trust."

He began by referring to the hand-written flow chart by Lt. Col. Oliver North that was reproduced in the Tower Commission report, to show that the Tower Commission was wrong in its parenthetical assertion that there is no apparent connection between the "Project Democracy" referred to by North in his memoranda and the bipartisan, congressionally funded National Endowment for Democracy (NED) which goes by the same name. The *EIR* report demonstrates that every single organization listed as a fundraising resource by North on his flow chart is linked to the NED.

The NED's president, Carl Gershman, is the former director of the Social Democrats, U.S.A., and its chairman, John Richardson, comes from the Sullivan and Cromwell law firm. The NED, said Zoakos, was set up as a "private CIA" and is the visible element of a much larger, illegal

parallel government. He cited the case of Ted Shackley, who worked for the CIA until 1979 and initiated the contacts in Hamburg, West Germany in August 1984 that led to the exposed round of U.S. arms shipments to Iran.

Objective: the fascist state

Tarpley documented the objective of the architects of "Project Democracy": to create a corporatist, totalitarian state in the United States. He cited the case of Michael Ledeen, author of a book called *Universal Fascism*, which model Ledeen enthusiastically supports.

Ledeen, Tarpley noted, argues that the American Revolution was betrayed by the U.S. Constitution, and advocates "a mystical, fascist, permanent revolution without nationalism," on the model of Gabriele D'Annunzio, the predecessor to Mussolini in Italy who temporarily occupied Fiume in 1919 and epitomized the link between fascism and communism, enjoying support from the Bukharinites in the Soviet Union. Ledeen, Tarpley noted, operated a private intelligence capability in Italy through his connection to the Propaganda-2 (P-2) freemasonic lodge there, which interfaced with the NSC. P-2 is the subject of an ongoing trial over the terrorist bombing of the Bologna train station in 1980, leaving 85 dead.

The Jay Lovestone communist trade unionists in the United States had a "passing quarrel" with Stalin, which was mended under Khrushchov, and second-generation Lovestonites like Lane Kirkland and Gershman, who now run the NED, "believe in trade union dictatorial power." This accounts for the NED's pressing of the two parties toward a one-party system, based on controlled presidential debates and the consolida-

tion of primaries (i.e. the Southern "Super Tuesday" next March) aimed at leading to a single national primary by 1992.

He noted that the Trilateral Commission and Lloyd Cutler's Citizens for a Constitutional System are pushing for a formal subversion of the U.S. Constitution and advocating either a British or Israeli model. He cited Israel as an example of a corporatist state, lacking a constitution, where the trade union federation, the Histadrut, is also the largest employer, controlling one-third of the nation's economy through the Hevrat Ovdim Corporation.

The presidential candidacy of Lyndon LaRouche is the one institutional challenge to this scenario, Tarpley said, and with the release of the report on Project Democracy, "all the trees in the forest will fall."

Exposing the Mossad

Goldstein focused on the "special relationship" between the United States and Israel in his presentation. He cited the assertion in the Tower Commission report that Israel "had its own national security interest in mind" in supporting the sale of U.S. arms to Iran, but said that this did not explain how "the Israeli tail was able to wag the U.S. dog."

He noted that *EIR* has led in exposing the dangers of Israeli Mossad infiltration of the U.S. national security apparatus for years, holding up the March 1986 *EIR Special Report*, "Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia," with specific references to the threat that secrets stolen by spy Jonathan Pollard would find their way into Soviet hands. He then showed an article in the April 9 *New York Post*, over a year later, reporting U.S. government sources expressing the same concern.

Goldstein said the CIA has been ineffective since 1973, when James Schlesinger, director of the CIA for only six months, purged 1,000 top people. In 1979, eight hundred more top clandestine agents were purged based on a list drafted by Ted Shackley. In its place, he noted, were established the private operations of the secret government, using the Mossad, and figures such as Al Schwimmer and David Kimche, financed by Max Fisher, Edgar Bronfman, and the Anti-Defamation League (ADL).

He said that Wall Street "insider trading" scandals are turning up a network that began under Meyer Lansky as a means of accumulating slush funds for covert operations, making use of hot money from drug trafficking. David Levine and Willard Zucker played leading roles. Zucker, of *Compagnie de Services Fiduciaires*, is a law partner of Kenneth Bialkin, former head of the ADL and attorney for Robert Vesco, now under investigation by the SEC.

Goldstein said that the "entire Irangate exposé is being run by *EIR* as the catalytic force," initiated by people who decided to "pull the plug" on Project Democracy based on investigative work done by *EIR*. "This is the secret of Irangate," he said, "and why 353 federal, state, and local agents raided the offices of associates of Lyndon LaRouche in Lees-

burg last Oct. 6. It was an attempt to shut us down before the plug was pulled." He said, "We will survive and win. It is a fight between constitutional government, or a one-party state."

Project Democracy's roots

Steinberg noted that "there has been an unbroken history of a parallel government making policies outside the pale of the official government," which began under President Johnson and the eight-year tenure of Henry Kissinger at the National Security Council. It was in this period, he said, that the NSC became a vehicle of covert operations beyond congressional oversight.

The Project Democracy idea was formally advanced, he said, in 1975 at the Kyoto, Japan meeting of the Trilateral Commission, which concluded that democratic institutions would not function under the crisis conditions they foresaw. The idea of a national endowment for a corporatist state was pushed. The phrase, "fascism with a democratic face" was coined then.

During the question period, Zoakos announced that 8,000 copies of the report would be sold, and Tarpley said that its contents had already been presented to the House Appropriations Subcommittee, which has oversight of the State Department and the NED.

The role of the "secret government" in launching the Iran-Iraq War, the role of the British Foreign Office, and clarification of the circles responsible for blowing the Pollard spy operation were among the questions raised.

Zoakos attributed the Iran-Iraq War to the operation begun under NATO Supreme Commander Alexander Haig to overthrow the Shah, combined with an effort to funnel disinformation to Iraq's Saddam Hussein to draw him into a war he could not win.

Goldstein cited the policy of the "Cohorts," a group of State Department leftist careerists organized under Averell Harriman, such as Tom Braden and Cord Meyer, whose policy of "controlled disengagement" led to the Shah's and Marcos's overthrow, and the implementation of the "Bernard Lewis Plan" to fragment the Middle East, which was drawn up at the British Foreign Office.

Goldstein noted that *everyone* in Israel's leadership supported the idea of a hostile penetration of U.S. intelligence (i.e., Pollard), even though the founder of the Mossad, Isser Harel, was against such an idea on principle. The Pollard operation netted the Israelis 3,000 top-secret documents.

Steinberg noted that LaRouche wrote a series of memoranda to Reagan in December 1980 and January 1981, urging him to take a careful look at Israeli intelligence and to investigate the Carter "Islamic fundamentalist" card. He noted that Reagan was "slow to act on the advice," and therefore wound up adopting a policy initiated by Carter, which has now blown up into Irangate. Another problem with arms sales to Iran, Zoakos noted, was that former CIA director William "Casey liked the idea."

Pollard-Soviet ties revealed by media

by Jeffrey Steinberg

On March 1, 1986, *Executive Intelligence Review* released a 126-page *Special Report* detailing the Soviet KGB's control over the nominally Israeli Jonathan Jay Pollard spy ring. Now, 13 months later, as the result of a secret 46-page affidavit submitted by Defense Secretary Caspar Weinberger to Federal District Judge Aubrey E. Robinson, the sentencing judge in the Pollard espionage case, the *Los Angeles Times* and the *New York Post* have publicly reported that hostile foreign intelligence services, including the Soviet KGB, were the ultimate recipients of U.S. secrets pilfered by the 32-year-old Office of Naval Research consultant.

Writing in the Sunday, April 5, 1987 edition of the *Los Angeles Times*, Ronald J. Ostrow and Robert C. Toth reported from Washington:

"Not only did the former civilian intelligence analyst for the Navy deliver thousands of pages of classified documents to the Israelis, sources said. But some of the material may have been 'brokered away'—traded or sold to other countries—or stolen by foreign spies, including Soviet KGB agents who, one source said, may have penetrated Israel's vaunted intelligence organizations. . . .

"Weinberger told Israeli Ambassador Meir Rosanne, according to reports in the Jerusalem press, that Pollard should have been hanged or shot and that the United States might have to spend \$1 billion to rectify the damage."

Four days later, *New York Post* correspondents Niles Latham and Uri Dan were even more blunt. Referencing a Pentagon "damage assessment" of the Pollard spy case, the *Post* reported on April 9 that "a massive investigation is under way to determine whether the Pollard material was obtained by a 'mole' in Israel's legendary intelligence network. The CIA and the Defense Intelligence Agency have reportedly advised Israeli intelligence officials of the 'strong possibility' that their organizations were 'penetrated' by Soviet-bloc agents."

While the contents of the Weinberger affidavit remain secret, sources close to the Pollard case have told *EIR* that the Pentagon and CIA are in possession of hard evidence that the Soviets obtained much of the material that Pollard passed

on to his Israeli intelligence handlers. This material, they charge, included the names and identification codes for numerous U.S. agents and human intelligence sources inside the East bloc, the Middle East, and South Africa.

Even as the *EIR*'s identification of Pollard as a "false flag" Soviet agent was breaking belatedly into the national news, other developments in the Israeli spy affair were pointing toward possible new indictments and the anticipated unraveling of a far broader Soviet-Israeli espionage network.

The Harold Katz case

U.S. prosecutors revealed on April 6 that a Boston attorney living in Tel Aviv since 1972 named Harold Katz was under investigation as the suspected paymaster for the Pollard spy ring. A Washington, D.C. condominium purchased by Katz in 1983 with \$83,000 in cash had been used as the "drop point" and safehouse for Jonathan Pollard and the Israeli embassy officials who regularly received the classified material from the counterterrorism consultant. Last September, the Justice Department seized four Bank of Boston accounts maintained by Katz in the belief that those accounts had been used to launder the tens of thousands of dollars paid to Pollard during his 18 months of spying.

When U.S. Department of Justice officials attempted to get Katz back to the United States for questioning, the Israeli government stepped in to block his departure. Katz, it seems, had been a high-level legal "consultant" to the Israeli Defense Ministry through at least 1983. Israel balked at the idea of Katz revealing state secrets to which he had been privy through his Defense Ministry tenure. Or so they said.

EIR's own files show that Katz was a top figure in the Lekem unit that ran Pollard. The Katz involvement points additionally to a retired Israeli general who once ran the scientific research division of the Israeli Defense Forces, Gen. Yitzhak Ya'akov. Now based in New York City at the 360 E. 57th Street offices of Robotics and Software International (RSI), Ya'akov was the founder of the Israel-U.S. Binational Industrial Research and Development Foundation (BIRD Foundation), a government-to-government technology transfer agency that now appears to be the "official" cover for Lekem's activities in the United States. An April 10, 1987 call to the RSI office in New York confirmed close ties to the BIRD Foundation: "RSI works in the private sector in close parallel to the work that BIRD does on the governmental level," a company spokesman told *EIR*.

A review of the BIRD Foundation's annual reports for 1984 and 1985 shows that the general counsel for the foundation is Harold Katz.

The Katz-Ya'akov tie-in to the Pollard affair, according to U.S. and Israeli sources, will add a significant new dimension to the still-ongoing spy scandal. According to one prominent Israeli journalist, "This [Katz's association with Ya'akov] explains everything. Israel will never let Katz leave the country—ever."

Is AEI safehousing Project Democracy?

by Kathleen Klenetsky

A prominent Washington-based think tank with close ties to the Kissinger foreign policy apparatus and the free-enterprise crowd in the Reagan administration, has launched a new foreign policy program that smells like Project Democracy, the social-democratic “parallel government” which *EIR*'s new *Special Report* identifies as the core of the Iran-Contra scandal.

The American Enterprise Institute announced the project March 13—at the same time that some U.S. media, led by *EIR*, began to expose the multiple links between Ollie North's gun-smuggling operation, known as Project Democracy, and the government-funded National Endowment for Democracy, also known as Project Democracy.

The coincidence in timing strongly suggests that AEI—which served as home base to the some of the principal architects of Project Democracy—is trying to provide a haven for parts of the operation, in hopes that the political storms surrounding it will blow over.

AEI doesn't call its new effort “Project Democracy,” but the resemblance is striking. In a March 13 press release, AEI described the program in terms that echo the NED charter: “The program will focus on opportunities and obstacles to freedom in the contemporary world,” said the release. “It will examine how American foreign policy might more effectively contribute to the preservation and expansion of democratic values and institutions.” The program will also study “how U.S. policy can encourage the transition to democracy in non-democratic governments; the politicization of international organizations and legal institutions; and the emergence of unconventional instruments in foreign policy, such as organized terrorism, arms control, trade, and debt.”

That AEI's concept of “democracy” is exactly the same as Project Democracy's, is underscored by the fact that one of the program's main objectives will be to figure out “whether recent developments in nations such as . . . the Philippines can be replicated.” That refers to the criminally stupid, U.S.-backed overthrow of President Marcos, which was financially underwritten by the NED.

The press release's note that the program will focus on the debt issue is also telling. AEI has recently been taken over by political networks associated with Chase Manhattan Bank, which maintains huge holdings of Third World debt. The major concern of Chase Manhattan and other money-center banks is preventing Third World nations from rallying

behind Peru and Brazil in demanding an equitable settlement of the debt question.

AEI spokesman Pat Ford has admitted that there is a significant overlap between its program, and Project Democracy. The institute's new program “shares many of the same goals as the NED's Project Democracy,” he told a journalist. The main difference, is that “they are a policy advocacy group, where what we are doing is to provide the intellectual capital.” Ford emphasized that the timing of the project is such that “we will be issuing our major recommendations at the height of the 1988 presidential campaign. We certainly hope that we will have some influence on policy.”

A ‘Who's Who’ of NED

The key people involved in the AEI program all played instrumental roles in the NED-Ollie North Project Democracy—as did AEI as an institution. These include **Jeanne Kirkpatrick**, the former U.N. ambassador who cooked up the idea for the AEI's program and who will oversee its implementation. Kirkpatrick is an influential member of the network established decades ago by Communist Party member Jay Lovestone. This network, known as the “right-wing Social Democrats,” is linked to Bukharinite factions in the Soviet Union, as well as to Soviet-tainted elements in Israel, and created Project Democracy as a means of further extending its political influence and control over U.S. foreign policy.

Other key participants in the AEI study include:

Richard Perle, the outgoing Defense Department official who used his “hawkish” image to subvert the SDI, and to promote the insane “zero-option” proposal which would terminate America's commitment to NATO.

Josh Muravchik, a leading member of the Lovestonite Social Democrats, U.S.A., and former executive director of the Coalition for a Democratic Majority. Muravchik was one of the major defenders of the NED-Project Democracy, when it came under congressional attack in 1984 for being a private foreign policy-making apparatus.

Constantine Menges, a former staffer at the Reagan National Security Council and an ardent backer of the Nicaraguan Contras.

Allan Gerson, former counsel to Kirkpatrick while she was at the United Nations, and more recently, counselor for national security affairs to Attorney General Ed Meese. Gerson, who attended Jerusalem's Hebrew University, reportedly has extensive ties to the Mossad.

Funding for the program is being provided by the Milwaukee, Wisconsin-based Bradley Foundation, which boasts George Stigler, the University of Chicago economist, as a board member. The Nobel Prize-winner Stigler is known as an even more extreme version of Milton Friedman, the pro-dope “free enterprise” nut, and the Bradley Foundation devotes much of its largesse to supporting programs consistent with Stigler's anti-American outlook.

Dole, and Moscow's favorite businessman

Although Sen. Robert Dole's presidential ambitions got a boost from the fact that Irangate has tainted his chief rival, George Bush, the Kansas Republican may soon face some tough questioning himself about his close association with agro-businessman Dwayne Andreas, whose role in Washington's "soybean war" against U.S. allies was documented in *EIR*'s last issue.

Chief executive officer of the multibillion-dollar Archer Daniels Midland Corp. (ADM), Andreas was recently hailed by the *Wall Street Journal* as the man most likely to inherit Armand Hammer's mantle as "Moscow's favorite American businessman."

There's a lot for Moscow to love about Andreas. For starters, he has been one of the most avid promoters of selling American goods—cheap—to the Soviet Union, since he first visited the old sod back in 1952. Since then, he's established close ties with a wide array of Soviet bigwigs, including Mikhail Gorbachov, who frequently takes pains to express his admiration for the "Soybean King."

When Andreas became co-chairman of the U.S.-U.S.S.R. Trade and Economic Council in 1982, he used the post to lobby the Reagan administration to moderate its opposition to extending East-West trade, and has advocated letting the Soviets join the IMF-World Bank.

Second, Andreas wields tremendous political clout, by virtue of his intimate political connections with top leaders in both major parties. Andreas played a key role in engineering Hubert Humphrey's political career—

which puts him in the same social-democratic network which gave rise to Project Democracy, the "parallel government" which lies at the heart of the Iran-Contra affair.

Andreas helped get Jimmy Carter elected, was best buddies with former House Speaker Tip O'Neill, and now pals around with Bob Strauss, the former Democratic National Committee chair, who recently joined the ADM board.

Andreas's links to the Democrats have not prevented him from being on equally friendly terms with the big-cheeses of the Republican Party, dating back to Tom Dewey and Nelson Rockefeller. He's also tight with certain Reagan administration insiders—notably USIA director Charles Wick, who shares his views on U.S.-Soviet relations. These connections got him elected head of the President's Council on Private-Sector Initiative.

Does Andreas own Robert Dole?

While Andreas spends lavishly on political candidates, Bob Dole probably ranks as the Republican who has benefited most, at least in recent years, from Andreas's political patronage.

As of Jan. 31, 1987, the Andreas family and the Archer-Daniel-Midlands PAC, had donated over \$15,000 to Dole's senatorial and presidential campaign committees, more than to any other member of Congress.

The two men are on such close personal terms, that they spend New Year's Eve together.

In 1983, Dole took three free trips on ADM airplanes to Midwest speaking engagements. Also, for the last three years, ADM and Mobil Oil have co-sponsored "Face-Off," a daily three-minute radio sham-debate between Dole and Sen. Ted Kennedy, which is distributed to more than 160

stations and has given both men tremendous public exposure.

Dole has returned the favor. ADM has been trying to develop its gasohol products into a major industry, but has been somewhat stymied because of Brazilian gasohol imports which are underselling ADM's domestically produced product. Dole just happens to be the chief sponsor of a bill that would impose a tariff on the Brazilian imports.

In 1985, Dole sponsored legislation that gave considerable tax benefits to gasohol producers.

Does Andreas own Dole? It's a good question. And it should be answered before more gullible conservatives get taken in by Dole's sudden conversion from being the Republican senator most responsible for persuading President Reagan to cut the defense budget, to Capitol Hill's ostensibly biggest foe of arms-control and champion of the SDI.

Is Kemp really for the SDI?

Speaking of gullible conservatives, Rep. Jack Kemp has managed to attract a number of retired military officers behind his presidential bid. Presumably, the attraction is to Kemp's supposedly strong stand on defense.

Kemp has actually lined up with the Heritage Foundation-High Frontier network, which is loudly demanding that the SDI funding be shifted away from allegedly exotic technologies, like lasers and particle beams, which hold the most promise for a comprehensive defense, into "mature" kinetic-kill technologies.

According to defense aide Michelle Van Cleave, Kemp rationalizes this position by claiming that the administration will have to come up with some kind of workable system fast to keep support.

Scandals decimate 1988 political options

Revelations in the April 11 *Atlanta Constitution* from the wife of black activist Julian Bond's reports of her husband's severe cocaine dependency are only the latest in a cascade of scandals that is permanently altering the American political landscape, and will have deep implications for the 1988 presidential election.

The Bond scandal, which, according to the *Constitution*, is only the tip of the iceberg of a much bigger problem among big names in his Atlanta-based political machine, is a body blow to the gameplan Paul Kirk and his Democratic Party political mafia was counting on to control the 1988 election by, among other things, choosing Atlanta as the site of the Democratic convention.

The Bond scandal will hurt the DNC scenario for a brokered convention that will choose Georgia Sen. Sam Nunn as the party presidential nominee, as it will cripple the role Jesse Jackson, in particular, has been scripted to play in the premeditated scheme.

The Bond scandal broke shortly after the indictment of two nephews of former Rep. Parren Mitchell (D-Md.) cut deeply into the clout of the same black machine.

In New York, the unraveling of the criminal activities of key players in the Democratic political apparatus

there have already kept Gov. Mario Cuomo from even daring to run.

But of course, it is not only the Democrats who are taking a beating. National Public Radio reported with editorial outrage on April 10 that one of the shell organizations used by Spitz Channell to raise money from unsuspecting conservatives to finance Col. Oliver North's illegal, clandestine operations had on its payroll a list of "ghost employees" who never showed up for work, but instead turned out to be Channell's personal homosexual partner and a clique of his homosexual friends.

It was bad enough for conservatives to learn that Terry Dolan, the head of the leading right-wing fundraising organization in the nation for almost a decade, the National Conservative Political Action Caucus (NCPAC), was an active homosexual and died of complications from AIDS earlier this year. Now, they learn that their money has been used to pay for homosexual trysts.

This tops even the heavily publicized Jim and Tammy Bakker scandal that has shattered the political influence of the so-called "religious right," which had evolved into a major factor in American politics by the early part of the decade.

With all the "dirt" that has already come out, as the Special Prosecutor, the media and the congressional committees start digging into the material contained in the *EIR's* new *Special Report* on Project Democracy for their continued investigations into the "Iran/contras scandal," the best, as they say, is still yet to come.

As for the American population, feeling more and more as if it is being forced to sit through a pornographic movie, it is reacting with appropriate revulsion. That's good, because it is not the filth that is new—just the revelations.

U.S. dissidents make anti-Pope plans

An odd foursome of a Jesuit, a Dominican, a feminist, and a "liberation theology" Hispanic woman held a press conference here April 9 to announce plans to disrupt the tour of Pope John Paul II to the U.S. in September.

All are activists who have protested the Pope's intervention during the past year against priests and theologians who had become soft on issues of abortion and homosexuality in the U.S. Church.

Their operation, called "Catholics Speak Out," is collecting names on a petition to the Pope "inviting" him to "reduce the length of your talks by half and spend at least half of your time in each city listening to the voices of the Catholic people."

One spokesman conceded to this reporter that the chances of the Pope accepting the "invitation" to "shut up and listen" are extremely slim.

But, he added, "the benefit of this effort is that it will get more of the faithful to speak out." Others said this could supplement some of the mass demonstrations planned against the Pope, including one being organized by "gay" activists in San Francisco. But while admitting all this, they were very eager to avoid being branded as schismatics.

"The polarization in the Church is already there. The dialogue we seek heals rather than splits the Church," one said.

In fact, the polarization he is talking about involves only a small, vocal grouping of mostly feminists and "gay" activists. When they insisted that the "people of God" have as much authority in the Church as the Pope, they were baffled when I asked them if they felt a witch doctor had as much authority on medical matters as a physician.



The Mark Calney bail case: profile of a political witchhunt

by K.D. Sharma

We publish here excerpts of a report by Dr. K.D. Sharma, a member of the Commission to Investigate Human Rights Violations in the United States, formed in October 1986 to chronicle the extraordinary persecution of Lyndon LaRouche and his political associates. Dr. Sharma is executive director of the Center for Economic Research in New Delhi, India, and is presently visiting in the United States.

Keshav Dev Sharma, Ph.D., studied sociology, English literature, history, law, and Sanskrit at the Universities of Lucknow and Chicago. He has taught at the Universities of Chicago, Wisconsin, and Michigan. He has undertaken special lecture tours at scores of universities and academic institutions in India, the United States, and Europe.

As a member of the Commission, Dr. Sharma witnessed the identification hearing, on March 27, 1987, in the case of Mark Calney, a political associate of declared presidential candidate LaRouche, in Los Angeles Municipal Court. (See *EIR*, March 27, 1987, for background.)

We present his report here, as part of the ongoing series to commemorate the bicentennial of the United States Constitution. The report makes clear beyond reasonable doubt, the degree of judicial corruption which stands behind the political witchhunt against LaRouche and associates.

Place: Outside Room 5-307 of the Municipal Court Division 30 on the 7th floor of court building in Los Angeles, California. **Date:** 27th March 1987. **Time:** 8:15 a.m.

About 20 depressed and dejected persons, some nervous and shaky, are waiting. We join the waiters. A sign outside the courtroom reads, "No food or drinks allowed inside."

The courtroom is supposed to open at 8:30 a.m. sharp. But nothing moves. The door is finally unlocked by a Sheriff's deputy at about 9:45. The waiting people want to get inside but the deputy hits anybody trying to do so. He makes a short announcement concerning those who are supposed to appear before the court today.

Inside the courtroom Mark Calney's attorney, Robert Levy, inspects the court file on Mark's case. He informs us,

"You can't believe what I just saw." He reports that on the court file there is a yellow sticker that reads "This is a Lyndon LaRouche supporter." As soon as he has seen the note, Levy tells the court clerk that a certified copy of the note must be officially given to him. Instead, a deputy of the Sheriff comes forward hastily and wants to remove the note to destroy it. Bob Levy holds him and tells him that removing the note would amount to a felony and that he will initiate a case against the deputy for destruction of evidence if he attempted to take the note out. The deputy then retreats. He nervously hurries back to the ante chamber and reports to the judge that Bob Levy has seen the yellow note and wants a certified copy of the same officially. A great commotion fills the entire courtroom. Court officials, including prosecutor Irvine Cohen, strut back and forth. You can actually hear the groans turning into mumbles and numerous "oh, no's" coming out of that chamber. They finally refuse to give a copy of the note to Bob Levy. Reason: The court's copying machine is not working. . . .

The judge, Glenette Blackwell, finally walks out of her chamber into her seat in the court room at 10:05. She is a medium-built woman, with a very heavy voice, and heavier eyes, and appears to have overslept. Some people in the back benches remark, "There are reports that by afternoon she is drunk so heavily that she does not know what she is doing." The cases begin. In about ten cases involving drugs, people are released on their own recognizance and the bail previously granted stays. At 10:40 the judge takes her first break.

At 10:50 the judge comes back. . . . More cases are taken up. The judge takes another break just 5 minutes after resuming.

Bob Levy asks the court that Mark Calney's case be taken up. He is informed that since this is an ID hearing, the witnesses concerned have not yet arrived and that the court would wait for them before taking up the case. Levy asks for the case to be adjourned until 1:30 p.m. as he has to attend another case in San Bernardino. The judge refuses. Normally, when the witnesses do not show up at the fixed time, it is

sufficient grounds to strike down the prosecution's case. Not here. Levy makes another request for postponement until 1:30. "O.K. Come back at 1.30," pronounces the judge.

We are back at 1:30, but the door of the courtroom is closed. At 2:05 a deputy comes to unlock the door. The judge moves into her chair at 2:10. Handles one case. Takes a break at 2:15. Court reporter also leaves. Two policemen bring a black man in handcuffs. Court work stops. The judge leaves her chair and moves around with a glass in hand . . . goes out again. Absolutely every court official is moving about, joking, eating, chewing gum. . . . The judge returns to her chair with her glass and while she handles the cases, she keeps on sipping from the glass.

Mark Calney's case is finally taken up at 4:10 p.m. The judge starts first with dismissing Levy's application, that she should excuse herself from this case because of heavy prejudice. She denies the application for the technicality of not filing it 10 days ahead of time. Levy had filed it 3 days in advance. Levy says the case itself is not 10 days old, so the 10-day rule does not apply. She says, "You have not stated so in your application." Levy runs out and makes out another application stating the same. Judge reads the application and promptly announces, "Dismissed."

Levy had also applied for a certified copy of the "yellow sticker document." Judge rules, "Denied."

ID hearings begin. Mark is brought behind the glass wall guarded by an armed policeman. Mark beams a sad smile. He has not been allowed to shave since his arrest. The first witness to appear is Dennis R. Meir, Deputy Sheriff of Los Angeles. Upon questioning by prosecutor Cohen, he says he is one of the investigating officers in the case. He has prepared a folder containing 6 photographs. One of them is a mug shot of Mark. He contacted state trooper John Murphy in Alaska who in his affidavit dated March 24, 1987 says he could not positively identify any photograph in that folder.

While the witness is sitting in the box, the judge interrupts and takes up another case in which the bail of the accused is sustained.

Back on Mark's case, Meir answers a few more questions from prosecutor Cohen to say that none of the two persons he contacted could identify Mark Calney as the person required under the New York indictment. So he contacted the Attorney General's office in New York and asked for documents on which Mark's signatures appear. Prosecutor Cohen says he cannot bring any witnesses from New York to identify Mark Calney. He produces a teletype from New York saying that the person arrested in Los Angeles is the same Mark Calney they want in New York. Upon cross examination by Levy, Meir says that the teletype was not instigated by him and was not requisitioned. It came, he says, on its own as a part of the legal process. The booking slug is read from the wrist of Mark Calney and is noted by the judge.

The next witness to come into the box is David Christ from the office of the Deputy Sheriff of Los Angeles. His job is to compare handwriting specimens. He testifies that the

signatures he matched "are probably from the same writer." Upon cross examination by Levy, David says, "It is my qualified opinion, rather than definite one. It is possible someone else may have signed the other signature."

At several points Levy raised objections. But the judge would not even listen to the nature of the objection and ruled "Overruled," "Overruled," "Overruled." . . .

Robert Levy then begins his arguments in the case. He says that no warrant was received for the arrest of his client. No time was specified. All testimony so far is pure hearsay and under the Constitution hearsay cannot be admitted as evidence. The judge keeps on repeating "Go on." Levy says that only a teletype has been received for purposes of identifying his client. It is only a guess that the person arrested in Los Angeles is the same one who is wanted in New York, but this guesswork is being used as an opportunity to send his client to jail and to keep him there as long as possible.

The judge rules. "Based on testimony, court file and complaints, Mark Calney in custody is the one being sought by the state of New York in the aforesaid indictment. April 27, 1987, 8:30 a.m. is fixed for extradition proceedings."

She continues that she has examined the report on whether Mark Calney can be released on his own recognizance. She says that there are "15 reasons to rule that Mark Calney is not a favorable candidate for OR. . . ." Levy points out that . . . the reasons given are not valid reasons for refusing OR. He says that the court has asked for an unprecedented amount of bail at \$500,000. He mentions that the bail amounts for people arrested in Virginia and New Jersey and New York under the same indictment ranged between \$2,500 and \$25,000. He reads out bail amounts in individual cases. He says, "For a person getting \$165 a week, only a reasonable bail is required. Mark has absolutely no criminal record. He surrendered himself when required. The Alaska hearing is a civil matter and not a criminal one. Mark is not accused of violence. Bail has to be reasonable."

Prosecutor Cohen stands up and says, "The New York lawsuit involves \$850,000 out of a nationwide fraud scheme of \$30 million. So the bail should be lower than what it is now."

Levy says, "The total amount for which my client is accused is only \$45,000. In no case should the bail amount be more than \$45,000. This is a clearly political witchhunt. I saw the file in the morning. One note is stuck on file saying, 'This is a LaRouche supporter.' How is that relevant as far as law is concerned? And how does the court know that Calney is a LaRouche supporter?"

The judge replies, "I knew of this from reading newspapers."

She then rules, "Bail is reduced to \$150,000. Next date April 27, 1987, 8:30 a.m."

As we leave the courtroom, Mark Calney is taken away. The sad smile is still on his face. The undignified judge's voice echoes in our ears, "Overruled, overruled, overruled. . . . Dismissed, dismissed . . . denied. . . ."

House begins savage cuts in defense budget

Several House committees have voted cuts in defense funding which foreshadow savage cuts in the Strategic Defense Initiative and other programs. Modest resistance has arisen from the House Armed Services Committee.

The House Appropriations Committee acted on a FY87 supplemental appropriations bill by wiping out the entire \$518 million funding request for the SDI, including a heavy lift rocket. The Senate is waiting for a full House vote before taking action. The Senate usually votes somewhat higher funding levels, but it is now under Democratic control.

The House Budget Committee, which sets an overall spending ceiling, voted on April 1 for a \$288 billion defense budget, smaller than funding for defense last year; it was adopted by the full House on April 9.

The usually more pro-defense Armed Services Committee voted for \$305.7 billion out of \$312 billion requested by the administration in defense authorization, rejecting the advice of its chairman, Rep. Les Aspin (D-Wis.), in an unusual open committee markup. The majority of the committee decided to act on the premise of defense needs rather than budget considerations, but the House is expected to drastically cut this figure to conform with the budget ceiling.

The full committee on April 7 voted 30 to 20 to keep \$250 million of \$591 million requested for a rail mobile MX missile, thereby rejecting Aspin's move in the R&D subcommittee to completely eliminate funding in favor of the Midgetman.

In a small victory for SDI, the full committee voted to fund the SDI at

\$3.84 billion rather than the \$3.3 billion passed by the Aspin subcommittee. The full committee voted also to include \$213 million in funding for the Navy's newest attack submarine, the Seawolf, and \$250 million for the anti-satellite (ASAT) system, both knocked out by the Aspin-led R&D panel, and for \$660 million to start two Nimitz class aircraft carriers.

By a narrow 25 to 24 vote, however, the committee voted to force the administration to adhere to the "narrow" interpretation of the ABM treaty. It also rejected an amendment by Rep. Courter (R-N.J.) to seek early 1990s SDI deployment.

Congress converges on welfare reform

In a major cost-cutting effort, Congress is converging on agreement with the states and the Reagan administration to reform welfare.

All agree that welfare mothers should get education, job training, child care, and work, which should be expected under economic recovery conditions where such programs as new major public works projects would be creating new and necessary jobs. However, the effort to purge the welfare rolls under current depression conditions means make-work jobs or minimum wages which are below the poverty line at best. At worst, it means channeling millions of people through "New Age," "mediating structures" types of social engineering.

Senators Moynihan (D-N.Y.) and Kennedy (D-Mass.), and Representatives Levin (D-Mich.) and Ford (D-Tenn.), all have a major hand in sponsoring reform legislation.

Levin's bill, H.R. 1696, changes the Social Security Act so that every-

one receiving Aid for Families with Dependent Children or welfare payments would have to register for counseling and job referral. It would be left up to the states whether mothers with children between 3 and 6 years of age would be forced to work more than a 20-hour week in such a program. Ford's bill, H.R. 1720, would require states to provide AFDC benefits for two-parent households if all other conditions were met, which would allow families to stay together.

Ironically, many liberals have joined in defending the premise that Reaganomics is working. Levin's office said that the Joint Economic Committee study showing the majority of new jobs created pay roughly \$7,000 per year, "is being challenged." Whether make-work or socially useless, they believe the jobs are there.

The Ways and Means Committee is currently marking up legislation which may come to the House floor as early as May.

Weicker attacks AIDS research cuts

Sen. Lowell Weicker (R-Conn.) blasted President Reagan for cuts in funding for basic AIDS research programs on April 3.

Weicker is part of the "civil rights" faction which rejects standard public health measures against AIDS such as screening and quarantine, and claims that "education is all we can do immediately." However, he has fought for increased medical, scientific, and research funding for a vaccine or a cure.

Weicker said AIDS "may be the greatest threat to life that has ever been posed." While the President gave encouragement in his Philadelphia

speech, "unfortunately, encouragement does not win wars," he said. Referring to World War II, Weicker said that it was "money and manpower not just morale that won the war and the fight against AIDS will be no exception. . . . This threat of disease is as great as any threat that was posed to this nation by the Axis."

Weicker chided the President's claim that the AIDS budget was increased by \$100 million. "But the President is proposing a \$600 million cut in other basic biomedical research by the National Institutes of Health . . . and you have cut the resources committed to AIDS by half a billion dollars," he said.

"We have an epidemic whose cause has been identified, isolated, cloned, and its structure mapped, all in a few short years, thanks to the monies expended on basic research," Weicker said. "The dollars had come through Democratic and Republican administrations alike decades ago for basic biomedical research."

Bailout of Farm Credit System on agenda

The farm credit subcommittees of the House and Senate Agriculture committees are working on a fast track to develop legislation to deal with the crisis in the Farm Credit System. Both hope to have legislation ready for floor action by the end of April at the latest.

An infusion of federal funds, a bailout, is likely to be part of the FCS rescue package which emerges.

Senator Boren (D-Okla.), who chairs the Senate subcommittee, is still "in the process of collection of ideas," according to staff, but will likely include a provision to buy down interest rates, create a secondary market for

FCS loans, and seek to protect borrower stock. On April 8 the Senate passed S.R. 185 expressing the sense of the Senate that borrower flight should be prevented and borrower stock should not be impaired.

But the General Accounting Office, in a report to Congress and in testimony to the House subcommittee chaired by Rep. Ed Jones (D-Tenn.), said that a federal takeover of the system, including creation of a federal oversight board similar to the Chrysler federal loan guarantee program, is necessary to prevent a collapse. GAO warns that even a straight infusion of federal tax dollars, and reorganization of the system won't hold it together. "We do not believe there is enough time to construct a carefully thought-out long-term solution," the GAO report said.

Testifying to the Agriculture subcommittee of Senate Appropriations on April 7, the National Democratic Policy Committee warned against federal bailouts and outlined a series of short-term steps based on Lyndon LaRouche's statement, "Keep the Local Banks Functioning," to protect farm producers. The NDPC urged a moratorium on farm foreclosures and a return to 90% of parity to quickly boost farm income.

Senate rejects cutoff of Mexico, Panama

The Senate rejected a proposed cutoff of foreign assistance to Mexico, Panama, and the Bahamas based on allegations that they were not fully cooperating with the United States in the war on drugs as the President has certified.

The resolutions were symbolic, since the deadline for a funding cutoff had passed, but the Senate first ap-

proved the cutoff of aid to Panama on April 3 by a vote of 58 to 31, before rejecting the resolution on April 8 by a 49-48 vote. The Bahamas cutoff was rejected 54-34 and Mexico 49-38 on April 3.

Senator Helms (R-N.C.), who is attempting to replace Panamanian General Manuel Noriega and make a Nazi collaborator, Arnulfo Arias, President of the country, teamed up with Boston Brahmin Senator Kerry (D-Mass.) who just gained the chairmanship of the drug subcommittee of Foreign Relations, in sponsoring the resolutions.

Senator McCain (R-Ariz.) strongly condemned the resolution on Mexico. "The question that must be asked is whether it will help or hinder efforts to cooperate between ourselves and Mexico in eradicating this terrible disease," McCain said. "I can state that the answer is 'no.'" Senator Bentsen (D-Tex.) condemned the resolution as "bad drug control policy and bad foreign policy," which would undercut ongoing law enforcement cooperation with Mexico. Senator Lugar (R-Ind.) pointed out that Mexico has "already lost 400 drug enforcement officials" in trying to fight the war.

Both Senators Pell (D-R.I.) and Dodd (D-Conn.) spoke against the Panama resolution. Dodd noted that many were voting on the issue of Noriega, a strong nationalist. Pell pointed out that Panama has "adopted new narcotics laws," "virtually eliminated marijuana cultivation," "increased narcotics enforcement personnel by 35%," carries out joint naval patrols with the United States, and that U.S. "requests for search and seizure of Panamanian vessels suspected of carrying narcotics on the high seas are granted routinely, and with no foot-dragging."

Justice Dept. denies charges against Weld

In an official letter dated March 27 to Warren Hamerman, chairman of the National Democratic Policy Committee and a close associate of Lyndon LaRouche, Michael E. Shaheen, Jr. of the Office of Professional Responsibility at the Department of Justice wrote:

"This is in response to your letter of September 3, 1986, in which you set out various allegations of misconduct against then Assistant Attorney General designate William F. Weld. We note that you also raised these allegations with the Senate Judiciary Committee, which subsequently confirmed Mr. Weld as head of the Department's Criminal Division. We have completed a review of the allegations, some of which we have previously addressed in response to an earlier complaint. On the basis of that review, we have determined that the allegations are without merit."

The Hamerman letter had charged Weld with deliberate cover-up of bank money-laundering and other illegalities, selective and vindictive prosecution of political opponents, resorting to "trial by press," and various conflicts of interest—all of which Weld has more recently come under investigation for by the office of Special Prosecutor Lawrence Walsh in the Iran-Contra affair.

Has Michael Shaheen's office just implicated itself in a cover-up?

Kemp announces presidential bid

New York Rep. Jack Kemp announced his 1988 presidential bid with a pledge to promote economic growth, defend freedom, and protect family values. "There's nothing wrong with America that can't be fixed," said Kemp.

"There are three great challenges facing us in the decade ahead: the defense of peace and freedom; the defense of our children and the family; and a national commitment to

the highest ideal of economic justice—full employment without inflation for each and every American."

Kemp, who will not resign his House seat while campaigning, demanded immediate deployment of the Strategic Defense Initiative and later told a news conference that the administration hasn't been aggressive enough in pushing it.

He also said he would prefer stronger promotion of U.S. exports and a firmer commitment to open trade. He also said he disagreed with President Reagan's reappointment of Paul Volcker to head the Federal Reserve.

Schroeder proposes tax on allies

Rep. Pat Schroeder, an ultraliberal opponent of whatever the Soviet Union opposes, recommended April 6 that the U.S. levy a service fee on exports by allied nations to help pay for the defense of Western Europe and Japan.

Schroeder, a senior member of the House Armed Services Committee, suggested as an example a 6% surcharge on imported Japanese Subaru cars. She told reporters it would compensate for Japan only contributing 1% of its GNP to allied defenses while Washington allocated about 7%.

The Colorado Democrat said about half of America's \$300 billion annual defense budget went to NATO. "Indirectly, the United States taxpayer is subsidizing education, housing, and health programs in Europe," she said.

She said the surcharge would make the allies pay for housing the 385,000 troops presently in Europe and Japan, adding, "The party is over."

She said she may propose the service charge as an amendment attached to the omnibus trade bill.

Oral Roberts sued for misrepresentation

A federal lawsuit filed in New Orleans April

3 accuses Oral Roberts, the television evangelist, of portraying God as a blackmailer and asks that a judge force Roberts to return contributions to any donor who asks.

The lawsuit, filed by two aerospace workers, Douglas Coggeshall and Russell Richardson, contends that Roberts and his Tulsa, Oklahoma ministry have been guilty of "fraud and deceptive practices" by telling people he would die if he didn't get \$8 million in donations by March 31.

"When Oral Roberts goes on television and preaches, he is a corporation. . . . He should have the same standards of responsibility as Coca-Cola or Exxon or any other corporation," the complaint said.

Proxmire report hits SDI deployment

A report prepared for Sen. William Proxmire, released April 7, accused the Reagan administration of covertly seeking early deployment of the Strategic Defense Initiative as a ploy to commit the United States to missile defenses after President Reagan leaves office in 1988.

"Near-term deployment is an absurd and dangerous course for America," said Sen. Bennett Johnston (D-La.) in a statement issued with the report. "It would force us to break the bank, throw out the ABM Treaty, and commit us to an arms race in space."

"This report exposes the fact that without a presidential directive or congressional consent, the SDI program . . . is being changed to pursue a near-term deployment of strategic defenses," said Proxmire, chairman of the Senate Appropriations Defense Subcommittee. "In other words, they're covertly reorienting the SDI program without congressional approval."

Johnston said the proposed system is "not a military shield, it is a political ploy."

New law blamed for Pentagon exodus

A number of top Defense Department officials are resigning because of a new law that would limit industry jobs open to them after

Briefly

April 16, and that exodus threatens national security, claimed Robert Duncan, director of the Defense Advanced Research Projects Agency (DARPA).

"In DARPA, in particular, there is need for turnover," Duncan said, arguing that the flow of talent back and forth between private industry and the DOD "gives us access to individuals who are leaders in their fields."

Duncan made his comments at a weapons research conference in Alexandria, Va., and named Assistant Defense Secretary Richard Perle, Navy Secretary John Lehman, Air Force Secretary Tom Cooper, and the deputy director of DARPA, James Tegnalia, as individuals he believed were leaving because of the new law.

The law specifies that any government official who spent the majority of his time negotiating a contract or settling a claim of more than \$10 million with a company cannot go to work for that company for two years after he leaves government service.

Six more LaRouche defendants released

On Wednesday, April 8, six political associates of Lyndon LaRouche indicted by state Attorney General Robert Abrams appeared in New York for arraignment on securities-fraud charges. The six were expeditiously processed by the Attorney General's office, which consented in advance that any bail decided upon by the court did not have to be immediately posted. They were released.

New York is only the latest state to hand down indictments against LaRouche associates since the Justice Department's William Weld spearheaded a 350-man police raid on their offices on Oct. 6 in Leesburg, Virginia. Most charges are based on the argument that political loans to organizations working for the policies of LaRouche were in fact "unregistered securities" and that defendants received loans they never intended to pay back.

The vindictive political motivation behind the indictments has become clearer and clearer as the witchhunt has unfolded—and the New York cases left presiding Justice Steven Crane clearly taken aback. On April

6, when four other defendants had appeared before him, the judge was informed that one of the accused, George Canning, had also been indicted in Virginia—on the same charge! Canning's attorneys pointed out that their client was charged with an "overt act" of securities fraud for signing a loan-repayment check! Moreover, the state was at the same time claiming that part of the fraud scheme was intentionally not repaying loans!

As other Virginia inditees appeared April 10, the judge became concerned that certain defendants could get "whipsawed" between jurisdictions.

When the Court turned its attention to another defendant, Ed Spannaus, his attorney, John Flannery, stated that Mr. Spannaus had been indicted in Boston. Justice Crane was visibly surprised at the existence of another indictment. Flannery described Weld's grand jury in Boston, which had to be adjourned after 18 months for lack of evidence, only to be reconvened at the time of the Leesburg raid, which included "armed personnel carriers and helicopters."

Four remaining defendants are scheduled to appear on April 13.

Washington reelected mayor of Chicago

Harold Washington won a second term as Chicago's mayor, defeating independent candidate and former city alderman Edward Vrdolyak and the Republican candidate, Donald Haider. Turnout was lighter than expected in the April 7 vote.

The race was thrown into disarray when Cook County Assessor Thomas Hynes, (like Vrdolyak, a Democrat turned independent), suddenly dropped out of the race only a few days before the election. Although white voters backing Hynes were expected to support Vrdolyak, apparently this was not enough to take the race away from Washington.

Jane Byrne, former mayor of the city, recently came out with an endorsement of Washington, despite losing to him in a Feb. 24 primary that was marred by intimidation of voters and fraud, totaling to more votes than Washington's margin of victory.

● **FUNDAMENTALIST** preachers' popularity has dropped 34% nationally, as a result of the "Pearlygate" scandal surrounding Jim and Tammy Bakker of PTL, says a *Los Angeles Times* poll. TV evangelist Pat Robertson's bid for the presidency is now opposed by Christian fundamentalists seven to one. Also hurting are Revs. Jimmy Swaggart and Jerry Falwell.

● **SEN. PAUL SIMON (D-III.)** held a news conference in Washington April 9 to announce that he will run for the Democratic presidential nomination if he thinks he has "a real shot" of winning.

● **CONGRESSIONAL** investigators have reached an agreement with the White House to see excerpts from nearly three years of President Reagan's diaries related to the Iran-Contra affair, it was announced April 8. Under the terms of the agreement, White House counsel Arthur Culvahouse will review Reagan's diaries from Jan. 1, 1984 through Dec. 19, 1986, looking for entries that mention Nicaragua, Iran, and related matters. These will then be made available to the investigators.

● **LLOYD CUTLER**, former White House counsel under Jimmy Carter and a member of the Trilateral Commission, will be launching an offensive soon for "radical" changes in the U.S. Constitution, to make it more like the British parliamentary system, according to London's *Sunday Express*. "Pressure is growing in the United States for a radical switch to a parliamentary form of government, similar to the one in Britain," says the newspaper.

● **BESS MYERSON**, New York City cultural affairs commissioner, may be indicted within two months, according to news reports on a scandal surrounding her mob-linked boyfriend's receipt of city contracts. Myerson, now on a leave of absence, is not expected to return to her \$80,000 a year city job.

Fund the Mars colony project now

For reasons to be made clear in the Spring 1987 edition of *EIR's Quarterly Economic Report*, it is not only probable that the United States will begin a permanent, significantly self-sustaining colony on Mars by approximately 2027 A. D. It is also probable that this successor to the 1960s Apollo Project will be a central driving force for general and sustained U.S. economic recovery.

This is not "music of the future." Despite the current budget crisis, the first significant phases of the project could begin even before the November 1988 elections.

The Mars-colonization project will require the mobilization of every leading technology currently in the process of development. Even during the early phases of this 50-year project, major technological revolutions will spill over from the project's research and development work, rejuvenating more and more sectors of our civilian economy. Industries of which most citizens have not even dreamed, should begin to emerge as key employers as early as the 1990s.

One of the reasons for the project's growing, if still limited popularity, is that the idea of colonizing Mars captures the imagination of many young people. It lifts our young people out of the depressing doom and gloom around us today; it says to them, "You and your children have a brilliant future ahead of you." That is one of the reasons, that work on the yet-to-be-funded, although otherwise approved project should begin fairly soon.

The second motive for pushing the project ahead now, is economic. A U.S. economy painfully aware of its vanishing power to compete in world markets, needs a major technological rejuvenation, like that we gained during the early 1960s phase of the Apollo project.

Off-the-shelf technology available today, is not sufficient to bring us ahead of our principal competitors. We must make the kind of leaps which only a new Apollo-style program can spill over into our civilian production sector. The Mars-colonization project is the best available among the several kinds of Apollo-style programs we might choose.

As in the case of the Strategic Defense Initiative, this project is a brainchild of Lyndon LaRouche. Speaking to an international conference on morality and economics in Lima, Peru, on April 4, LaRouche said: "About two years ago, my wife invited me to speak at an international conference in memory of a dear friend of ours, the space scientist Krafft Ehrlicke. Krafft had spent most of his life on reaching and industrializing the Moon, and had seen the development of the Moon as an indispensable stepping-stone to the colonization of the planet Mars. I thought that the best way to honor Krafft was to present a policy for the colonization of Mars by some definite, practicable date. About a year later, a similar program for colonization of Mars was adopted by the U.S. Space Commission.

"I worked through, step by step, every step we must take, beginning during the 1980s, to establish a permanent colony on Mars. On that basis, I proposed: let us commit ourselves to begin that permanent colony during the year 2027. I chose that date, because it is a schedule I know we could achieve, on the basis of the scientific knowledge we have today."

LaRouche promised his Peruvian audience that provided a new just world economic order is achieved, their children and grandchildren might be among the first to travel to Mars.

President Ronald Reagan has already endorsed the idea, as presented to him last year by the U.S. Space Commission. Despite important technological shortcomings in parts of the U.S. Space Commission's design, the Commission's schedule is "within the ballpark."

There is no technical reason not to begin funding the project now, and the President has good political, as well as urgent economic reasons, to get the project under way months earlier than the next presidential election. He has the best motives for leaving something really good and memorable to future generations from his administration; he would deserve our support and praise, should he choose this as one of those memorable accomplishments.

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