

EIR

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Soviet rocket launch: 'Sputnik' of the 1980s
U.S. steel makers call for industry's suicide
Citibank sets off a financial minefield

CDC admits casual transmission of AIDS



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- The technology-driver of the new economic upsurge: the forty-year Mars-colonization project
- The explosive impact of AIDS on the world economy

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EIR

From the Editor

The cover headline could very well have been: "We (i.e., Lyndon LaRouche and *EIR*) were right about AIDS—and everyone who opposed us was wrong." Now, three "non-risk-group" health workers are condemned to die, the first publicized victims of the lying of the "budget cutters" in the Reagan administration and the U.S. health establishment, who denied that anyone could catch AIDS by other than the "sex and dirty needles" routes. The *Feature* news package includes a two-year chronology of our political leadership on this issue.

Collaborating to produce the cover story were members of *EIR*'s Biological Task Force, including Task Force director Warren Hamerman, Doctor of Public Health Debra Hanania Freeman, and pathologist Dr. John Grauerholz, all of whom have taken international leadership in the political battle to combat AIDS with standard public health measures and an "Apollo" style crash research program. In addition, the *Feature* includes Lyndon H. LaRouche, Jr.'s new statement on a joint East-West AIDS research program, and an interview with Mexican physician Bertha Farfán, who has led the effort to break the AIDS cover-up in her own country and South America.

Two years ago, *EIR* fully documented, in the *Special Report* "Global Showdown," the Soviet plan to mobilize the entire U.S.S.R. economy to win a nuclear war. At the time, the intelligence community's view was corrupted by the thesis of the Soviet "crumbling empire," spread by such circles as the Moonies and the crowd now being exposed as the Iran-Contragate parallel government. *Perestroika* is the implementation of that plan, and pages 38-41 contain the first of a series of *EIR* reports on the Soviet mobilization. A technical report on their military space program will follow next week.

I draw your particular attention to our interviews. On page 47 is the first installment of *EIR*'s interview with British "irregular warfare" expert Col. Michael Hickey. On page 62 is *EIR*'s interview with Lyndon LaRouche on Contragate and President Reagan.

Finally—if you've been subjected to the ordeal known as air travel lately—see page 6 for a story that corroborates *EIR*'s prediction, since the early 1980s, that deregulation would turn flight into Russian roulette.

Nora Hamerman

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Citibank charges into the financial mine field

by David Goldman

"Liquidate farm, liquidate labor, liquidate capital."

A specter is haunting Wall Street: the specter of Andrew Mellon, the self-professed warlock, collector of occult manuscripts, and disciple of Carl Jung, whose dictum of 1931 is quoted above. New York's Citicorp has begun the festivities of the Great Crash of 1987, in grand style, by breaking ranks with the creditors' cartel which rolled over the bad loans and beat down the debtors after the 1982 Mexico crisis. By writing off \$3 billion of Third World debt, and taking (some of) its losses up front, America's largest bank has begun a general process of liquidation, that will take down some \$7-8 trillion of debt internationally before the dust settles.

Of the thousands of lines of newspaper copy devoted to the big write-off, the closest truth is to be found in a few lines of the May 21 *Wall Street Journal* editorial: Despite the usual attitude that "the only useful policy is to keep rolling over the bad debt. . . . Citicorp has decided that it can't do much worse dealing with the problem unilaterally. If this is not exactly a vote of confidence in current economic management, neither is the bearish tone of the markets. The markets know that we are not currently on anything resembling a steady march toward sounder international economy. That's probably why gold hit a four-year high of \$480 in London yesterday. . . . The economists who were talking about balancing trade with a 120-yen dollar are now talking 100 yen. If we ever reach 100, they will be talking 60. Yet it is not clear that even the U.S. Treasury has abandoned these notions. In the midst of this confusion, Citicorp has decided to chart its own course. In a world where public policies were better ordered, it might have felt more comfortable staying on the team. That fact calls for some serious contemplation by the people who make U.S. economic policy."

The principal omission in the above statement involves the self-fulfilling nature of Citibank's prophecy. As an internal briefing to Citibank employees and clients warned May 20, the bank's action heavily constrains the Federal Reserve from raising interest rates to support the dollar, now bouncing slightly above its all-time lows against both the German mark and the Japanese yen. That leaves the Treasury to stumble back toward a cheap-dollar program, as if the dybbuk of G. William Miller had possessed Treasury Secretary James Baker III.

That also implies that the 9% level for long-term U.S. government bond yields, the highest in 14 months, will become a blissful memory in a matter of weeks, probably before the Benedictine fathers of the Venetian island of San Giorgio Maggiore wave farewell to their guests—the heads of state attending the June economic summit there.

Since the middle of last year, the principal purchasers of U.S. government securities have been the central banks of West Germany, Japan, Canada, and Taiwan. During the first quarter of 1987, former Council of Economic Advisers Chairman Alan Greenspan argues, they financed the entire U.S. trade deficit, by purchasing nearly \$30 billion later reinvested in Treasury securities. Foreign private investors gave up long ago. That suggests that the dollar's foundation is far shakier than even the dollar's crash to date indicates; another study, a private one by Morgan Guaranty Trust, shows that Japanese institutions were major net sellers of U.S. securities during the first quarter.

What happens if foreign central banks stop using the dollar as a principal reserve currency? That is already on the agenda for the Venice summit. Italian Foreign Minister Giulio Andreotti has already said that he will tell the summit that the world monetary system should divide into three blocs: a

dollar bloc embracing Ibero-America, a yen bloc for Asia, and an ECU (European Currency Unit) bloc for Western Europe, in emulation of the pre-World War II monetary collapse. The consequences for the dollar, i.e., the absence of central-bank support, would be apocalyptic. Of course, Andreotti's advice will only thicken the Venetian fog around the summit; but what appears an extreme position may be the refuge of central banks within weeks or months.

The International Monetary Fund already warns that the U.S. dollar "is on a treadmill, where higher interest rates give a perverse signal," i.e., the dollar falls in response to higher interest rates, rather than rises, as it is supposed to. It recommends that the U.S. monetary authorities "visibly and dramatically sterilize the monetary effect of foreign exchange intervention," i.e., keep out of the banking system all the dollars that the Japanese and other central banks purchase to support the dollar's level on the foreign exchange markets. That implies a drastic monetary crunch. It also calls for much higher taxes and drastic budget cuts, to reduce the U.S. federal budget deficit.

Short of this, the dollar is headed for the 100-yen level that the old Carter administration economists like Boston's Rudiger Dornbusch want, and the world is headed for a general breakup of the monetary system.

End of the creditors' cartel

Citicorp's action marks the end of the creditors' cartel formed at the London headquarters of the Ditchley Foundation in 1982, and guided in its first phase by former Swiss National Bank president Fritz Leutwiler. Said Rudiger Dornbusch of the Massachusetts Institute of Technology, "The more you have episodes like this, the harder it is to keep the cartel of banks together."

"With Citicorp's action, the collegiality among the largest United States banks could very well fall apart," wrote the *New York Times* May 21. "By building its reserve, Citicorp has placed immediate pressure on other institutions to bolster their own reserves. Yet weaker institutions such as Manufacturers Hanover, the Bank of America, and some banks in Texas are not in a position to take such a move.

"The resulting resentment toward Citibank, along with an unwillingness to work side-by-side with the giant bank in future debt negotiations, could run deep. At a minimum, debt experts say, negotiations will be hobbled by the friction that will undoubtedly exist henceforth between Citicorp and its rivals," concluded the *Times*. Citicorp has 137% of shareholders' capital in Third World loans, against 108% for Bank of America, and 157% for Manufacturers Hanover. But its other loan losses are relatively lower.

Citicorp Chairman John Reed said May 19, "The debt problem will be with us into the 1990s, and we see nothing in the global economy that would enable (Third World) countries to get out of their situation. . . . The global economy is less robust today than was expected when the present approach was devised in 1982; trade figures in the debtor coun-

tries were less strong than we believed they would be."

Reed's former mentor, retired Citicorp chairman Walter Wriston, has told friends the same thing, but without the euphemisms. "Why agree to half the interest payments, when [the debtors] will just renege on those payments, too? We might as well take a tough line right now," Wriston reportedly argued.

Days before Reed's announcement, the so-called Baker Plan gasped its last, when the World Bank's bid for the role of global debt-crisis manager fell apart. Reagan appointee Barber Conable, the World Bank president, wanted to make the International Monetary Fund's sister-institution the vehicle for the Baker formula: new loans in return for political and economic reorganization. However, the World Bank's role depended on its ability to draw the commercial banks in behind its own, relatively limited, lending programs. The executive responsible for the contacts with the banks, World Bank Treasurer Eugene Rotberg, decided instead to quit the bank and take a high-paid position at Merrill Lynch, rather than try the impossible on a civil-service salary, discrediting the entire effort.

Reed has not come out and said that there will be no more loans for developing nations. He said May 19, "We want to be in a position to trade out and reliquify our loan portfolio. In the next two to three years, we will engage in debt-equity swaps, debt sales, and other approaches. . . . A loss on a debt-equity swap would have no impact on our advancing new money to a country that adopted sound growth-oriented policies."

In fact, the "new money" offered to developing nations has not much more substance than the proverbial boarding-house soup made from the shadow of a chicken that had died of starvation. Timid Third World ministers had acceded to bankers' conditions in the hope of "new money," while the bankers lent themselves the funds to pay part of their interest. On February 22, Brazil broke the pattern by declaring a debt moratorium against the banks; Citicorp's response says, "We'll write you off, then cut you off and starve you out."

In fact, the Citicorp write-off cuts off not only lending to the developing nations, but to the entire world economy. "The biggest casualty," wrote the *New York Times* May 21, "will be new lending, which lies at the heart of the plan by Treasury Secretary James A. Baker III to deal with the world's debt burden."

As other banks are compelled to follow suit, and build loan reserves against a considerably smaller capital base than Citicorp's, their capacity to extend credit will constrict dramatically. Big loan write-offs could "tip the economy over," warned Hudson Institute economist James Wheeler says. "That makes the banks more susceptible to a tight monetary policy," Wheeler added. "They will be forced to cut back lending sharply." He predicted that the Fed will be pressured to keep monetary policy loose, a warning made in a May 20 private Citibank briefing to customers. "That means it's time to sell the dollar short."

U.S. air travel reaching the limits to safety

by Marcia Merry

Whether you fly seldom or often, almost everyone has had at least one recent experience in the United States of what seems like a potentially serious flight mishap: The cabin door is jammed; an engine will not start; the captain announces a delay until "a part arrives," and so forth. In addition to that, aggravation has become the norm for passenger ground services: erratic departures and arrivals, missing luggage, and long lines.

In the old days—not so long ago—there were jokes about "Agony Airlines," or "Peoples Distress." But now, it's no joke.

The numbers of "critical" air incidents (defined in the industry as potential in-flight accidents averted *by chance*), is increasing monthly. The volume of air traffic is also increasing, but under conditions of cutthroat business practices caused by deregulation, and conditions of undercapitalized airspace and airport infrastructure. This situation is guaranteed to result in fatal accidents.

On May 13, the National Transportation Safety Board officially asked the Federal Aviation Administration to reduce the number of flights at the country's busiest airports during this summer's peak travel season, to guard against "a

catastrophic accident." The Board has never before made such a formal request in the name of safety.

The Safety Board chairman Jim Burrett spoke generally about the need for restricting flight numbers in an interview in April, but a month later, in the official request, the Board spelled out in detail the danger in terms of "the erosion of safety" that will occur when the overburdened traffic control system has to handle increased summer flights and unpredictable summer storms.

The FAA already has 21 congested flight areas known as "Red Sections" where flight traffic occasionally exceeds allowable limits. The Safety Board requested that flights be cut during peak hours this summer at all 35 airports monitored by the FAA for overcrowding. Earlier this year, the Safety Board conducted investigations in Chicago, Cleveland, Boston, and Los Angeles.

In the 1970s, *Executive Intelligence Review*, along with logistics and aviation experts, forewarned that the current threshold of catastrophe would inevitably be reached, if the policy of deregulation of the airlines were implemented. However, the Carter-Mondale deregulation program was initiated in 1978 despite all protests. Since that time, the air

TABLE 1
Increase of revenue passenger miles in the United States, 1972-87

Year	Revenue passenger miles (millions)
1972	152
1977	193
1982	259
1983	282
1984	305
1985	336
1986	363
1987*	385*

*Estimated by the International Trade Administration.
Source: U.S. Department of Commerce.

TABLE 2
Percent of late arrivals* of flights of six major U.S. carriers, for March 1987, and for 13-month period, March 1986-March 1987

Airline	March 1987	13 month average
Northwest	49.5%	44.7%
American	48.3%	40.1%
Eastern	43.9%	37.7%
USAir	31.9%	34.1%
Continental	43.1%	32.6%
Piedmont	22.6%	29.8%

*Arrived more than 15 minutes later than scheduled.

Source: *Wall Street Journal* compilation of airline reports, and Department of Transportation filing.

TABLE 3

Decline of U.S. air traffic control workforce

Types of workers	Numbers of workers	
	Spring 1981	Spring 1987
Fully qualified controllers	13,348	9,563
Controllers qualified for fewer functions (and FAA new graduates, etc.)	3,027	4,102
Clerical work assistants	0	1,467
Total:	16,375	15,132

Source: Federal Aviation Administration.

carriers have been plunged into a system of cutthroat fare discounting, hostile takeovers, and pressures for cash flow. The carriers are competing to carry a constantly growing volume of passengers, while the airline, airport, and airspace safety standards and maintenance are not keeping pace. Airport and air traffic improvements have been underfunded, especially in the last few years of "recovery," and under the strictures of the Gramm-Rudman act.

Air revenue passenger miles have grown from 246 in 1979 to 363 million passenger miles in 1986. (See **Table 1**.) Industry experts predict a rise of 5% a year to a volume of 600 million passenger miles 10 years from now. However, the system is already cracking under the strain.

Table 2 shows what most of us experience as the obvious sign of stress: flight delays. A recent comparison of the average percent of total flights arriving late for six major carriers, placed Northwest on top, with 45% late. Least late, was Piedmont with 30% of its trips late. Overall, the estimated annual cost to travelers, shippers, and the airlines themselves of late flights is \$4 billion.

Some of the pattern of late flights inevitably stems from

overscheduling flights at the customers' preferred travel times, which results in congestion and delays. However, apart from the inevitable weather problems, the system of air traffic control, maintenance, and other routine functions has been strained to the breaking point.

The number of air traffic control errors rose 18% in the first quarter this year (after falling in 1985 and 1986), compared to the same time last year. In April this year, there were 92 errors, compared to 81 in April, 1986. The number of errors customarily goes up in the summer months, which is part of the reason the Safety Board asked the FAA to reduce flight numbers this summer.

Table 3 shows the drop in the number of air traffic controllers today, over the number six years ago, despite the rapid increase in passenger miles, since airline deregulation. The immediate cause for drop-off in 1981 was the face-off between President Reagan and the controllers' union PATCO (Professional Air Traffic Controllers Union). When PATCO undertook an illegal strike in August that year, over issues of pay and stress conditions, Reagan fired over 11,000 workers. Since that time, a post-strike, cost-cutting policy has prevailed, in which the necessary number of qualified controllers was never mustered. Instead, "assistants," and other staff have been hired, and certain mechanical systems added. However, the system is understaffed and overworked, as attested to by the Safety Board's request to cut flight numbers.

One-fifth of the nation's air traffic controllers work in what is called the Flight Service System, which provides pre-flight, in-flight, and emergency information in terms of weather, aeronautical, and air traffic data. While a certain amount of new equipment has been installed in recent years, to enhance the flight service capability, the staff numbers and service locations have been reduced. **Table 4** shows the decline in the last five years (under the "Flight Service System" columns headed: Stations, Terminals served, and Centers used).

TABLE 4

Flight "assists"—emergency, life-threatening incidents, and the involvement (in percent of cases) of the Flight Service System, 1980-85

Calendar year	Total cases	People on board	Flight Service System:			
			Stations	Terminals served	Centers used	% of participation
1980	2,695	5,413	954	1,206	535	35.4
1981	1,933	3,654	867	777	289	44.8
1982	959	1,899	462	358	139	48.2
1983	1,005	2,323	459	406	140	45.7
1984	1,069	2,852	404	467	198	37.8
1985	1,181	2,093	436	529	216	37.0

Source: National Association of Air Traffic Specialists, from hearing records of the House Appropriations Subcommittee on Transportation.

TABLE 5

Flight service stations and staff have been significantly reduced in Central and Western United States

I. Central United States:

Michigan: Houghton
 Missouri: Vichy
 Kansas: Chanute, Dodge City, Emporia, Hill City (closed)
 Nebraska: Chadron, Sidney
 Iowa: Ottumwa
 South Dakota: Watertown

II. South Central United States:

Arkansas: El Dorado, Harrison
 Oklahoma: Gage, Hobart, Ponca City
 Louisiana: Lake Charles
 New Mexico: Carlsbad, Deming, Las Vegas, Truth or Consequences, Tucumcari
 Texas: Abilene, Alice, Childress, Dalhart, Lufkin, Midland, Mineral Wells, Palacios, Wink

III. Western United States:

Wyoming: Rawlins
 Colorado: Akron
 Oregon: Baker
 California: Blythe, Crescent City, Daggett, Imperial, Marysville, Thermal, Ukiah, Montague (closed)
 Nevada: Tonopah, Lovelock (closed)

Source: U.S. Department of Commerce, *United States Government Flight Information Publication—Airport/Facility Directory*.

The Reagan administration has maintained that this has not impaired service, yet the FAA publication, "United States Government Flight Information Publication—Airport/Facility Directory," lists the specific locations where flight services are either curtailed, or closed down, "due to personnel shortages." Flight service users are simply informed, "The Federal Aviation Administration has temporarily closed or reduced operating hours for an extended duration at the following Flight Service Stations." Table 5 lists these locations.

As shown in Table 4, the number of "assist" or "saves" in air traffic flow has fortunately remained fairly constant. An "assist" refers to a case in which the pilot, crew, and passengers are in jeopardy. As shown in the last column, the percentages of involvement of the Flight Service System in these emergency cases is very high—from 35% to 48% in the past five years, considering the Flight Service System employs only one-fifth of the total national controller workforce. However, note that the number of stations is decreasing. A few years ago there were 5,100 staff in the Flight Service System. It is now operating with 4,410 positions. The FAA, for fiscal year 1987, had recommended to Congress that 4,717 positions are essential to be filled. Accordingly, the Flight Service System is now operating with 307 fewer people than the FAA's stated recommendation.

The airports themselves—runways, equipment, and cargo handling, as well as passenger comfort, and noise factors,

are all below grade. In many cases, there is a need for an entirely new location, just as new urban centers themselves are called for when the urban core of city areas—like parts of the Bronx—are too decayed to be salvaged. Table 6 shows a priority list of simple improvements already overdue at heavily used airports, in order to improve the capacity for current and near-term projected volume of air traffic. These recommendations are all to facilitate the "Runway Visual Range" capacity of the airports.

Figure 1 presents the contrast between the trend of increasing passenger volume—beginning in 1979 at the point of a sharp increase under airline deregulation, and the lack of a corresponding increase in airport capital expenditures under the Aviation Trust Fund program. Airport authority bonds and other sources of investment have not made up this gap, as shown in the constricted conditions of almost all American airports.

The Aviation Trust Fund is a federally-run user tax system, which collects about \$3.2 billion a year, for the stated purpose of capital improvement plans approved by the Airport Improvement Program (AIP). However, the Treasury Department has been withholding most of the money, and only about \$1 billion a year has been spent for airport capital improvements. By the end of fiscal year 1987, there will be an estimated \$5.2 billion "surplus"—unused money, in the fund.

At present, there are \$3 billion worth of FAA-approved airport improvement projects, waiting, with no funding. Another \$10 billion worth of projects were not approved by the FAA, but the plans have been developed and could be reworked for future implementation. The Airport Operators Council International estimates that \$30 billion is needed

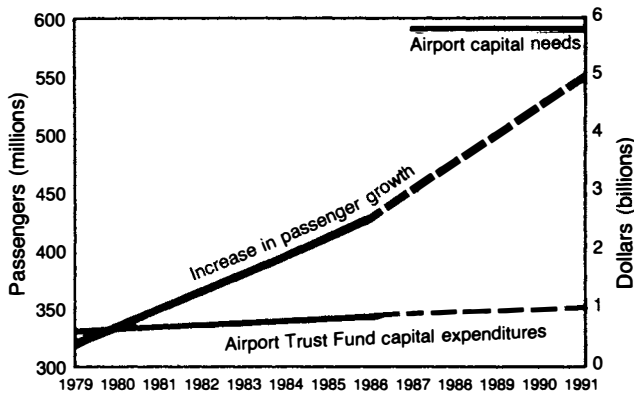
TABLE 6

Air Transport Association's priority list of airports needing 'runway visual range' (RVR) equipment improvements, May 1987

Airport	Runway	Type of Improvement
1. Baltimore/Washington	33 left	Touchdown and midpoint
2. Charlotte	36 right	Touchdown and rollout
3. Chicago O'Hare	4 right	Touchdown and rollout
4. Chicago Midway	31 left	Touchdown
5. Cincinnati/Covington	9 right	Touchdown and rollout
6. Denver	8 right	Touchdown
7. Detroit	3 center	Touchdown and rollout
8. Minneapolis/St. Paul	29 right	Touchdown
9. Philadelphia	9 left	Touchdown and midpoint
10. Pittsburgh	10 right	Touchdown and midpoint
11. Raleigh/Durham	23 left	Touchdown
12. Salt Lake City	34 right	Touchdown
13. Washington Dulles	1 left	Touchdown and midpoint

FIGURE 1

Increase in passenger growth, compared to level trend of expenditures from Airline Trust Fund, versus airport capital needs, 1979-91



Sources: FAA, Congressional Budget Office, Airport Operations Council International.

over the 1988-92 time period to prepare airports (in terms of safety, capacity, and noise mitigation) to handle the expected traffic growth. Of that total, \$23 billion is needed just to cope with the expected growth of commercial service alone. The FAA has a lower estimate of \$24.3 billion required for airport capital improvements over the 1986-95 period (72% related to commercial traffic increases), as determined in the FAA "National Plan of Integrated Air Systems."

However, Congress and the administration both are so far attempting to avoid the life-and-death nature of the problem, and talk only in terms of cost-savings and postponements. Earlier this year, the Senate passed a resolution supporting a freeze in airport development.

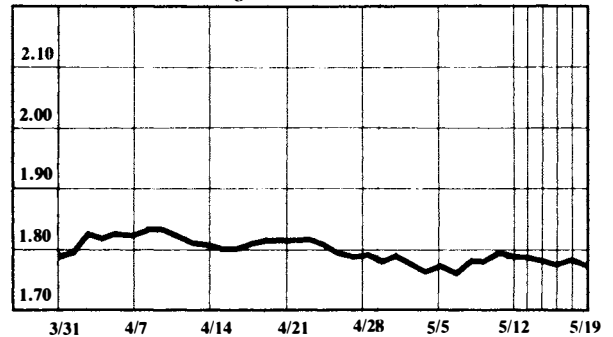
The thrust of the administration's proposals to date has been to recommend "defederalizing" airports, in terms of permitting local airports to charge their own user taxes—and commensurately to then reduce the federal airport grant flow (already inadequate). The administration proposes to maintain the Aviation Improvement Program disbursement at \$1 billion annually, and to retain the rest of the user tax revenue to make the general budget deficit look less bad.

Second, the administration has rationalized national air safety staff and research cuts in terms of asserting that the installation of new computer and other equipment will meet the air traffic needs. However, the General Accounting Office testimony showed that implementation of the nation's "Advanced Automation System" program has now fallen about eight years behind the FAA's original National Airspace System Plan. Automation improvements needed today for safety and efficiency will not be installed, at current rates of funding, until 1993. Can you wait that long for your next flight?

Currency Rates

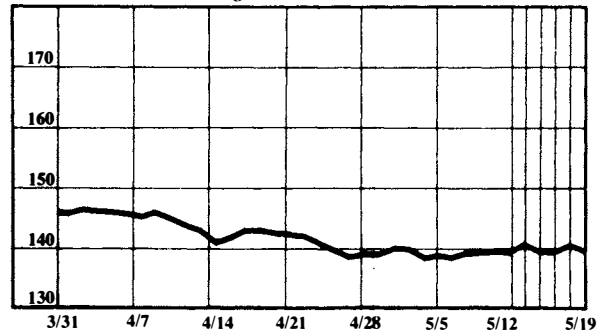
The dollar in deutschemarks

New York late afternoon fixing



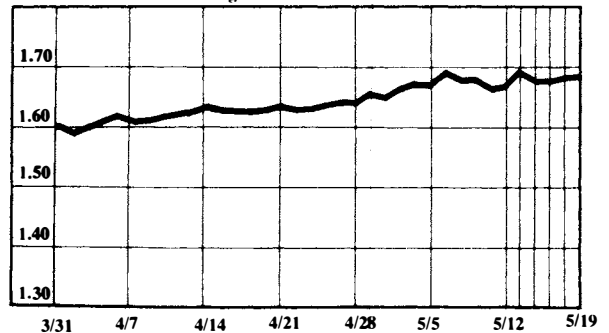
The dollar in yen

New York late afternoon fixing



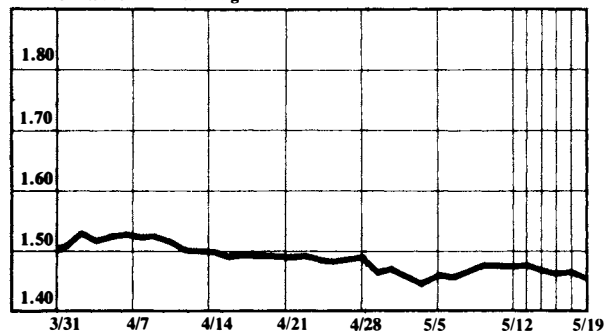
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Could Egypt follow Peru and Zambia?

After years of negotiations, the Mubarak government has given in to the International Monetary Fund's conditionalities.

A 42% devaluation of the Egyptian pound since the beginning of May has been the most dramatic and public sign that, after years of negotiations, Cairo has given in to International Monetary Fund (IMF) conditionalities. The next step may well be food riots of the kind which happened in January 1977 when the late President Anwar al Sadat had implemented similar measures.

An army unit, and scores of armored cars were necessary at that time to transport the IMF emissary from Cairo Airport to the presidential palace. By the time he left, President Sadat had repelled the measure, narrowly saving the country from a bloody civil war.

This time, it may be even more dramatic, both because of the extent of the conditions imposed by the IMF, and the degeneration of Egypt's internal situation.

Central to the crisis has been Washington's refusal to help its long-standing ally, the major pro-Western government in the Arab world and by far the most populous Arab state. Instead, Washington has ganged up with the IMF, using the all-too-effective blackmail of American monthly food deliveries to Egypt.

In return for signing the IMF Letter of Intent, the Mubarak government in Cairo hopes to negotiate a \$1.5 billion standby credit initiated several years ago. For Cairo, which has been unable to meet any of its foreign obligations since December 1985, the first "tranche" of some \$325 million, is like a drop in the ocean. Nonetheless, when

the creditor group of the Club of Paris meets on May 22, it expects to negotiate a rescheduling of some \$10 billion of Egypt's \$38 billion external debt.

According to Central Bank Governor Dr. Salah Hamed, Cairo expects a 15-year rescheduling. Western financial sources quoted in the May 18 *Financial Times* speak only of a ten-year period, with the first five years dedicated to interest payments only.

This is far from a generous offer, if compared to Moscow's decision to reschedule Egypt's \$6 billion military debt contracted under Nasser and the first years of Sadat, for 25 years at a 2% interest rate!

Besides the usual financial demands for a currency devaluation and a "free enterprise" type of economy, the Fund is requesting nothing less than the cancellation of basic-food subsidies, as well as a halt to major industrial programs. These include the land-reclamation projects, and the major steel, cement, and fertilizer plans, described by the IMF as merely "prestige projects."

If fully complied with, such demands are not only a recipe for civil disorder; they will destroy Egypt's chances to ever become self-sufficient in food production. Moreover, the land-reclamation projects are essential to lay the basis for new cities.

How the IMF can expect such measures to be implemented without provoking a new civil war, remains a mystery. With a new campaign being launched internationally against

Egypt's alleged overpopulation, only the most sinister design can be in the minds of the IMF bureaucrats.

Yet the Egyptian government has not yet found any direct alternative, and has backed off from taking political actions similar to Peru, Brazil, or Zambia. All three of those countries have called a halt to the looting of their economies by foreign debt demands, and are politically standing up to the IMF.

Instead, the Eastern option has become attractive once again, despite President Hosni Mubarak's repeated statements in the last month that Egypt would "not shift alliance [toward Moscow]." Besides rescheduling the Egyptian debts, the Soviet Union has signed a series of wide-ranging trade protocols which are increasing by 50%, in Egypt's favor, the trade balance between the two countries.

Also signed were new treaties of industrial and technical cooperation, enabling Soviet technicians to help modernize the already existing steel industries and create new chemical-coke plants. Equally important was the announcement in late April that Moscow would start delivering military spare parts again to an army which still uses 50% Soviet weaponry.

Between increasing trade ties with the East bloc, and becoming a Soviet ally again, there is an enormous gap that no Egyptian leader can easily contemplate. The alternative is to once again play for time.

The election of some 34 Khomeini-style Islamic fundamentalists to Parliament this past April is only the tip of the iceberg of a mass fundamentalist movement which, interestingly enough, remained silent on the issue of the IMF conditionalities during the election campaign. They knew that the International Monetary Fund was their best ally.

A bad case of 'chicken'

Sarney's submission to the banks can't change the reality of no money to pay the debt; the fight is far from over.

On May 18, two days before the fateful 90-day period was up on Brazil's Feb. 20 declaration of debt moratorium, a broken President José Sarney abandoned his last shreds of patriotism before a national television and radio audience. By declaring that Brazil's economic problems stem from the internal political crisis and not from the ruined international financial system, Sarney yielded to bankers' pressures and gave a green light to resume negotiations with the International Monetary Fund, which, in fact, happened hours before the presidential announcement.

Two days later, Finance Minister Bresser Pereira told foreign correspondents that "I am not an enemy of the IMF; we are members of that institution." In a nasty swipe at his predecessor, moratorium architect Dilson Funaro, Bresser said "We will negotiate [with the IMF] like adults. . . . I don't know why we didn't renegotiate the debt in July or August of last year, when there were favorable conditions for both sides."

The IMF's first act was to target the political opposition to the reimposition of its power. IMF delegation head Thomas Reichmann told journalists he was worried about Brazilian governors' attitude of "not accepting severe economic measures" because of their election promises.

Sarney's capitulation to the banks was a potentially fatal blow to his wobbling presidential image; he compounded his error by using his national address to define his own presidential

term as five years, with elections in 1990, going over the heads of the Constituent Assembly and the Democratic Alliance.

The Democratic Alliance is a political pact between the majority parties, the Liberal Front Party (PFL) and the Brazilian Democratic Movement Party (PMDB), to effect a peaceful transition from a military to a civilian regime, thanks to which Tancredo Neves and José Sarney were elected as President and Vice-President, respectively. When Neves died and Sarney became President, he promised to comply with the Democratic Alliance agreements, which meant that the Constituent Assembly would set the length of the President's term in the process of writing a new national constitution.

By setting his term at five years, and declaring an end to further debate on the issue, Sarney violated the pact. This means a showdown with the Constituent Assembly—and with a leadership faction in the PMDB which has become increasingly vocal in favor of direct elections in 1988, at the latest. PMDB leaders, one after the other, responded to Sarney's announcement by either describing it as "a mistake," or insisting that it was only an opinion, subject to the Constituent Assembly's decision.

President Sarney's new position was induced by a rigid palace guard commanded by ambassador Rubens Ricupero and Sarney's private secretary and son-in-law, José Murad, working closely with Mario Henrique

Simonsen in favor of Citibank's interests. Citibank has no illusions of recovering its devalued dollars; its intention is to wipe out any patriotic tendency which seeks to defend Brazilian interests. As the *Wall Street Journal* commented May 20 about Citibank's announced \$2.5 billion loss: "The Citibank decision raises the stakes in the bank's war of nerves with Brazil. . . . Citibank's move shows Brazil that, if necessary, the bank could afford to write down its Brazilian loans."

It was the same palace guard which pressured for Dilson Funaro's ouster, throwing out his internal economic plan which sought to limit bank profits as a way of reducing interest rates and creating cheap credit for industry.

With Funaro's departure, the new economic policy under Minister Bresser Pereira inverts the policy, tolerating interest rates above inflation, which went over 20% a month in April. Inflation in May is expected to hit 30%, which will unleash galloping hyperinflation.

The hegemonic influence of Simonsen and Citibank in the new government policy has already borne its first fruits in the resumption of negotiations with the IMF and in opening the doors to massive exchanges of foreign debt for shares of Brazilian companies.

The opposition to this policy is centered around Funaro who, since he left the Finance Ministry, is viewed as presidential material by a growing circle of influentials. In a keynote to the Second National Congress of Financial Executives May 20, Funaro insisted on a "non-orthodox solution so that Brazil can grow." In what was viewed as a polemic against Bresser, he stated: "The majority of underdeveloped countries have the same potential for development as Brazil. But to be a power, it is necessary not to lose a sense of nationality."

Financial coup in the works?

Mexico's "ex"-bankers are conspiring with central banker Mancera and others to buy up the 1988 presidency.

The bubble that has formed in the Mexican stock exchange will explode from exaggerated speculation," according to a study released in mid-May by a group of international consultants, headed by economist Julio Millán. "The reasons behind the stock market boom," the report goes on, "range from promotion of half-price quotations . . . which encourage the mass purchase of stocks, to . . . the speculative circulation of repatriated dollars which have not found a place in direct investment in industry."

The possibility that the Mexican stock exchange is about to blow is, in fact, the result of measures dictated by the director of the Bank of Mexico, Miguel Mancera Aguayo, in complicity with the mafia of ex-bankers, and with Finance Minister Gustavo Petricioli.

The measures include eliminating exchange controls; authorization for dollar bank accounts on the northern border; permission to create interest-yielding checking accounts—in dollars—for exporters; and internal credit restrictions, supposedly to force businessmen to repatriate "profits deposited abroad."

On top of an artificial lowering of the yields offered by state paper, the repatriated dollars are not going to state banks, but to the private stock exchange. The index of prices and quotations on the stock exchange is now moving dangerously between 120,000 and 124,000 points, when just a year ago it was at 15,000 points.

The speculative game began when

the government first entered its financial paper on the stock exchange, to finance its budget deficit. The central bank paper was handed over primarily to a handful of exchange houses, where they earned juicy re-discounted interest rates, which were then multiplied in stock exchange transactions.

Who controls the private stock exchanges of Mexico? *Operadora de Bolsa*, the largest, is owned by Eduardo Legorreta Chauvet and Claudio X. González, the latter the current president of the Businessmen's Coordinating Council (CCE), also president of Kimberly-Clark of Mexico, the largest paper company in the country. Legorreta is director of the Saltillo industrial group, including Eaton Manufacturers, Nacional de Cobre, Sanborn Brothers, H-24 Industries, Synkro Industries, and others.

Inverlat, the second-largest exchange in the country, belongs to Agustín Legorreta Chauvet, brother of Eduardo, and the former owner of the National Bank of Mexico. *Inverlat* was founded by Manuel Somoza, the current president of the Mexican Stock Exchange and a former employee of Gustavo Petricioli at Nafinsa (Nacional Financiera). After being named finance minister, Petricioli "lent" *Inverlat* to Legorreta, according to Somoza.

Probursa is the leading Mexican partner of the American Express Co. *Probursa* is owned by José Madariaga Lomelin, former president of the Mexican Stock Exchange, owner of the *Sociedades de Inversión Fobur*, and

the *Fondo Progres*a, and a major stockholder in *Editorial Diana*, *Fundidora de Aceros Tepeyac*, *Grupo Sidedek*, *Industrial Eléctrica*, and others. *Interval* is owned by Carlos Hank González, and managed by his son Carlos Hank Rohn. They control the chain of lumber yards *Campos Hermanos*, and *Purina*, which monopolizes the grain and feed market.

Casa de Bolsa Comercial is owned by Eloy S. Vallina, former owner of the *Comermex* multibank and a leading narco-financier of the National Action (PAN) party. Famous for the phrase, "They took away the bank, I will take away Chihuahua" (one of the northern states), Vallina heads the "Chihuahua Group" which includes the president of the Inter-American Development Bank (IDB) Antonio Ortiz Mena, and Aníbal de Iturbide, cousin of Finance Minister Petricioli.

Casa de Bolsa Cremita, owned by Alberto Bailleres, who also controls *Penoles Industries*, the consortium involved in mining and sale of precious metals.

Agustín Legorreta said recently, "If banking returns again to the private sector, the financial recovery of the country could be accelerated . . . [the banks'] lack of professionalism and seriousness is palpable. . . . The path currently being taken in regard to the economy is the correct one." Legorreta will take over the presidency of the CCE next June, which will make him a key negotiator for the business class in the choice of the PRI's presidential candidate.

If Mancera and Legorreta impose their economic policy and win, through the "confidence" created by these measures, the repatriation of \$10-12 billion during 1987, the "ex"-bankers will end up with a fund equivalent to Mexico's total foreign reserves. Their first "investment" will be the purchase of the Mexican presidency.

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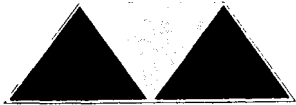
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U.S. in receivership on July 17?

A proposal to take the budget "out of the hands of politicians" confronts the President.

July 17 marks the next confrontation between the White House and Congress over the federal debt ceiling, and the administration may come out under virtual receivership. Congress narrowly averted federal bankruptcy by giving the Treasury a 60-day extension of the expiration of the \$2.3 trillion debt ceiling on May 17.

President Reagan has already taken the first steps toward a national receivership, by agreeing to discuss some form of "automatic sequestration" of funds under the Gramm-Rudman-Hollings legislation.

A letter circulated by Reps. Buddy MacKay (Fla.) and Rod Chandler (Wash.), representing the Democratic and Republican sides of the House, has already drawn about 100 signators endorsing automatic budget cuts, should the federal deficit exceed the Gramm-Rudman targets. The Supreme Court threw out that feature of Gramm-Rudman last year, ruling that a computer in the General Accounting Office of Congress could not usurp administration functions under constitutional separation of powers.

Now, Sen. Phil Gramm (R-Texas) and his colleagues in the Senate, and the McKay-Chandler group in the House, want to force "automatic sequestration" back down the administration's throat, forcing the White House not to challenge the constitutionality of the plan.

According to aides to McKay, the object is to win the automatic sequestration agreement in return for passage of the budget ceiling, and to compel the President to agree to some form of

special agency to rule on further budget cuts. Either an "economic summit" meeting, or a national commission on the model of the Social Security Commission, would be impaneled, under the plan, to take the matter out of the hands of the politicians.

The lobby of U.S. government creditors, represented by such Washington groups as the Committee for a Responsible Federal Budget, thinks that the McKay plan will succeed.

Note that none of these advocates of federal receivership argues on behalf of any specific budget cuts. The object is merely "to throw [the administration and Congress] into a room, lock the door, and let them come up with any combination of cuts or tax increases they want. Otherwise, they go bankrupt," according to one congressional aide.

The House leadership, thus far, has taken a "tolerant" attitude toward the McKay initiative, although Speaker Jim Wright (D-Texas) has not signed the letter, an aide reports. But more important than the present nose-count will be the circumstances surrounding the July 17 crisis.

European leaders are expected to refuse to adopt the open-throttle monetary policy which the United States is demanding, when the world's big seven industrial nations' leaders gather at Venice for their regular economic summit June 6. In effect, the United States is asking them to encourage their private banks to extend themselves further in the shaky international market. Why should they, when America's biggest financial institution, Ci-

ticorp, has just pulled in its horns?

Senior European officials who will attend the summit are warning that no agreement will come out of it. A recent meeting of the Group of 30, one of the International Monetary Fund's advisory bodies, broke up in disagreement, a participant reports, because the Europeans and Japanese refused to accept the reflation plan pushed by the IMF staff.

That virtually guarantees a further crash of the dollar and U.S. bond markets, around the June 6 summit. By the time of the July 17 debate, U.S. federal bond yields will probably exceed 10%, after their spectacular rise from about 7.5% in March, to over 9% at present. They might go much higher.

Ten percent long-term bonds imply 12-13% home mortgages, an impossible situation for corporate borrowers. The runup of interest rates, along with the inflationary effects of the collapsing dollar, will have tattered the illusion of "economic recovery" beyond mending, and the pressure to reduce the deficit will be extreme.

The problem is that nothing short of a general financial reorganization of the dollar-based banking system, including a 30-year stretch-out of Third World debt, and preferential low-interest credit for the goods-producing sector, will stop a financial crash. That will not stop the U.S. creditors' committee, i.e., the commercial banks and the International Monetary Fund, from using the crisis to demand the same sort of receivership for the United States, that the Third World has endured.

That scenario is calculated to put winning cards in the hands of the Gramm-McKay-Chandler combination, by the time the extension of the federal debt ceiling comes up for renewal.

Preliminaries to Venice summit

The plans call for reducing food and farmers, but the grain cartels will be subsidized even more.

In June, the Venice economic summit meeting of nations will take place, for which the issue of so-called "world food surpluses" was promoted months ago as one of the leading agenda items. In May, there has been a countdown of government meetings—OECD, GATT Food Round, congressional hearings, Strasbourg Parliament—whose deliberations on both sides of the North Atlantic have already resulted in stated commitments to disastrous policies for the West: to reduce food output, and cut supports for farmers.

Just as the Venetians of 500 years ago—pirates parading as City Fathers—forced all of the Mediterranean peoples into food dependency on the Venetian grain merchants, so today policy makers meeting in Venice plan to plunge the entire world into food dependency on a chosen few family-trust commodity companies who are "in on the deal" (Cargill, Bunge, Continental, Nestlé, Armand Hammer's IBP and fertilizer empire, Archer Daniels Midland, Louis Dreyfus, André/Garnac, Unilever, and the rest). The meeting in Venice will ensure that these companies get all the subsidies and concessions they need to dominate world food.

On May 11 and 12, officials of 24 nations of the Organization for Economic Cooperation and Development met in Paris and agreed to a seven-point program whose results will be to eliminate large numbers of productive farmers, and cause food shortages even in the so-called "industrialized" OECD member countries. The program document calls for phasing out government intervention to maintain national

farm sectors, and for allowing "market signals to influence . . . the orientation of agriculture production." The "market signals" are set by the world food trade cartel.

The final OECD communiqué called for "a progressive and concerted reduction of agricultural support" to farmers. In the short term, the communiqué advised governments to impose limits on farm production, and to stop guaranteeing price levels for farmers. The guidelines advise governments to support farm incomes directly, if necessary, but not through the use of price-support mechanisms.

The week of May 19, the European Parliament met in Strasbourg and approved a package of measures to curb farm support spending in the European Community (EC) this year. Many of the 518 members of the Parliament did not vote, but the message was clear. The vote included backing of a proposal by the European Community Commission to curb production of oil seeds by levying a penalty on oilseed producers, and taxing oilseed imports.

Earlier in May, ministers of the 12 EC nations met in Brussels and agreed to a package of drastic cuts in the Common Agriculture Policy farm income supports, for the ostensible purpose of reducing food "surpluses."

The week of May 4, the new round of GATT meetings began in Geneva, Switzerland. The mandate for the talks—which may proceed for years—is to negotiate ways to police subsidies to farmers of any member nation that supposedly harm other nations' farmers. In the United States, both the House and Senate heard testimony in

May about how to curb food output. For example, a measure was introduced to deny government-subsidized irrigation water to farmers producing crops seen as contributing to food "surpluses."

However, both the House and Senate passed measures to increase the subsidies given to cartel food company exporters, raising the ceiling from \$1.5 billion to \$2.5 billion in the "export enhancement program." Under this sleight-of-hand law, exporters will receive, *for free*, government-held commodities, in exchange for the exporters filling sweetheart discount sales to selected nations. For example, Cargill will get almost \$50 a ton worth of free grain for every ton of wheat it ships to the U.S.S.R.

In protest of these policies, 25,000 farmers from throughout Europe demonstrated May 20 in Brussels, against the EC ministers, calling them "Dictators of Hunger." Slogans included, "The EC Bureaucrats are Killing the German Farmers"; and "Do Not Speak About Surpluses As Long As Millions Are Starving." The demonstration was timed as the EC Agricultural Council "Marathon" negotiations started, in which farm prices are to be lowered.

In the United States, there has been a black-out of this and other farm demonstrations this spring in Europe, reinforcing the idea in the United States that farmers around the world are isolated and helpless. That was the sentiment expressed by Dean Kleckner, the head of the American Farm Bureau Federation, when he went to Geneva, in May to meet with the U.S. ambassador, Michael Samuels, the head of the U.S. trade delegation to GATT. Kleckner said, "We cannot move our [farm] subsidies down unilaterally. There has to be some agreement in the world and, right now, GATT is the only mechanism we have."

Business Briefs

The Debt Bomb

Half of Colombia's exports for debt

Colombia is paying 50-60% of its export earnings for debt service, *El Espectador* columnist Rodrigo Rivera Salazar reported May 16. He noted that Colombia's treasury paid 71% more for debt service in the first quarter of this year than last year.

Rivera demanded that Colombia "stop being Latin America's 'good boy.'" It should instead adopt the policy of Peru's Alan Garcia—a ceiling of 10% of export earnings on debt service—as advocated by the document signed by five ex-Presidents. Colombia must realize "the urgency of seeking joint solutions to the problems of our condition of being indebted," he stated.

His conclusion: "Many voices call for selective or general renegotiation of our debt."

Free Enterprise

Olivetti chief may face extortion charge

Olivetti chairman Carlo De Benedetti will face interrogation by magistrates in Milan, Italy on his possible involvement in extortion. The charges stem from circumstances surrounding the bankruptcy of Banco Ambrosiano in 1982.

According to *La Stampa* and other Italian dailies, "judges Dell'Osso and Marra solicited a subpoena (since an arrest warrant cannot be issued for extortion)." De Benedetti was to be interrogated May 25 for the crime of extortion, allegedly committed when he was vice chairman of Banco Ambrosiano from November 1981 to January 1982, and came out richer by 30 billion liras despite the bank's bankruptcy procedure.

London banking sources say the Milan inquiry could be the beginning of a larger move against the powerful de Benedetti, who has enriched himself through corporate takeovers. "De Benedetti has made a lot of

enemies. His success has been made on equity markets, and his record until now has been bloody good," the source linked to London's S.G. Warburg told a caller.

He also admitted it was "quite plausible that De Benedetti and the Bank of Italy pulled the plug" on the Vatican-tied Banco Ambrosiano in 1982. He tried to downplay rumors that the Venetian financier has built a huge speculative stock market operation based on the "Chinese boxes" game of trading between various shell companies. Warburg is a shareholder in De Benedetti's Cofide firm.

East-West Trade

Soviets sponsor meeting on 'joint ventures'

The Soviet Union will sponsor a conference on "joint ventures with Western capitalists" in Geneva, Switzerland, on May 24, and has extended invitations to 400 CEOs in the West. The invitations brag that the Soviet Union is ready to fill the gap in space created by the *Challenger* disaster, and is quite serious in its proposal to use the Soviet missile program to launch Western commercial satellites.

In one example of a "joint venture," DuPont has signed a \$600 million deal with Japan's Kobay Steel to provide Kobay with the technology for a \$600 million polyester plant it will build in the Soviet Union. DuPont says that at present it sells \$100 million a year in technology to the Soviet Union, and predicts, "there will be steady growth."

In January, TASS made public changes in the Soviet legal code to facilitate joint ventures. The changes had earlier been recommended by the Paris-based International Chamber of Commerce.

The Chamber recently held a gathering on the subject in France, with Soviets in attendance. The Soviet-linked firms Occidental Petroleum, Pepsi, and Archer Daniels Midland, are playing the leading role in paving the way for "joint ventures." Among U.S. law firms involved is Arnold and Porter.

The Soviet Institute of State and Law,

which sponsored a "Nuremberg tribunal" in Europe condemning President Reagan's Strategic Defense Initiative last November, is the main back-channel to the United States on the legal aspects of joint ventures. Representatives of the institute have been meeting with the Washington-based International Law Institute regularly for years, on the subject of bringing U.S. and Soviet contract law into coherence.

AIDS

Use prostitutes in AIDS education?

One of the more bizarre notes in the bizarre international "safe sex" campaign to avoid doing anything about AIDS has come from Britain's All-Party Social Service Committee. According to the May 17 *Times* of London, the committee recommends using prostitutes to "educate" their clients about AIDS.

It also proposes to give methadone to imprisoned drug addicts, and to sell clean needles and syringes.

The report says that 40-80,000 Britons are infected, but it opposes mass screening, including of visitors to Britain except for women of child-bearing age, and opposes making AIDS a reportable disease under "infectious and communicable" sections of public health statutes.

Norman Fowler, secretary of state for social services, in response to the report, announced grants totaling £800,000 for two London AIDS hospices, i.e., death houses, where victims receive no treatment, merely "comfort."

The report also says that vaccines being developed, will be tested first on chimps, then on humans. Noting that in New York in the 1970s, the hepatitis B vaccine was tested on volunteer homosexuals, "it is argued that . . . in this way no one is exposed to a risk they were not already exposed to as a result of their lifestyle. . . . Such . . . groups are anxious for a vaccine and cooperate readily," the report says. "If that principle were accepted, African countries where

the disease is rife might also provide populations suitable for clinical trials."

Conditionalities

IMF threatens Arab world: banker

"The IMF is a threat to the stability of the Arab world," declared Makram Sader, general secretary of the Arab Union Bank, in a May 15 interview with the new, Saudi-financed Paris monthly, *Arabie*. The IMF, Sader said, is always implementing the same recipe with the same results:

"Egypt, Tunisia, and Morocco have been faced with internal disorder because of such measures. In fact, IMF measures can only lead toward internal troubles."

Sader's interview came a few weeks after his bank's general congress, where the Arab countries' debt situation was reviewed. Sader reported on several ideas discussed there, such as the creation of an international consortium of Arab banks to help indebted nations. "Rescheduling debts is necessary because they cannot be paid back. . . . IMF demands mean destabilization. The more they are implemented, the less a country is able to pay debts."

Sader said discussions included having Saudi Arabia play a greater role in the situation.

Dope, Inc.

Panama drug busts attacked by 'opposition'

In early May, a joint investigation by U.S. and Panamanian anti-drug authorities cracked one of the biggest Colombian drug rings at its most vulnerable point, the laundering of its money through secret accounts in Panamanian banks. More than 350 drug traffickers were arrested and \$54 million in bank accounts frozen.

The international cooperation that came into play in the investigation and arrests was

established by Panama's Law 23 in 1986. This was its first application.

But as a result, the government of President Eric Delvalle and Panamanian Defense Forces commander Gen. Manuel Noriega have come under attack from a certain predictable "opposition" quarter.

Roberto Eisenmann's *La Prensa* and *Extra* newspapers squawked that Law 23 ending banking secrecy for suspected narcotics money launderers "will devastate the Panamanian banking center." Wrote Eisenmann, "The U.S. attorney has more power to investigate bank accounts in Panama than he has to investigate bank accounts in his own country. This would send bank secrecy to the trash bin."

Eisenmann's *La Prensa*, in its May 12 edition, said: "Matters dealing with drug trafficking and money laundering are handled by the Panamanian Defense Forces and the current government solely for propaganda and to serve U.S. interests."

Eisenmann's is typical of "opposition" figures closely associated with the "Project Democracy" networks operated in Central America by those behind Lt. Col. Oliver North. Eisenmann and his drug-linked friends were used by Sen. Jesse Helms, the State Department's Elliott Abrams, and the liberal U.S. media to slander Noriega for protecting narcotics traffic in a 1986 destabilization attempt.

Domestic Credit

FDIC head forecasts 200 bank failures

Falling profits and bad loans are squeezing many of the nation's commercial banks and about 200 of them will fail this year, said William Seidman, chairman of the FDIC.

"It seems clear that the risk in the system has been increased by deteriorating loan portfolio quality," said Seidman.

"If the current pace continues, we can anticipate at least 200 failures and assistance transactions this year." He insisted, however, that the banking system "remains viable despite the record numbers of problem and failed banks."

Briefly

● **ECONOMISTS** Stephen Cohen and John Zysman had nothing but harsh words for the past "post-industrial society" and "service economy" myths, in their op-ed in the May 17 *New York Times*. The two directors of the Berkeley Roundtable on the International Economy state: "The fact is, manufacturing matters mightily to the wealth and power of the United States and to our ability to sustain an open society. . . . We cannot shift out of manufacturing and into a service-based post-industrial economy. . . . We must reorganize production, not abandon it; automate, not emigrate. . . ."

● **THE POLISH** government has earmarked \$7 million for purchase of materials to carry out AIDS tests. However, Poland, saddled with a foreign debt of \$33 billion and pressure from international creditors, is "having a very, very difficult time paying for the 1.5 million units that it needs," said a Western observer. Only 5% of Poland's blood supply has been tested.

● **TURKISH** workers traveling across Bulgaria from Western Europe are being asked by communist authorities to produce health certificates proving that they are not carrying the AIDS virus.

● **THE PENSION** Benefit Guarantee Corporation could face bankruptcy in the near future. The government agency guarantees pension-retirement benefits of one out of three U.S. workers today. But after the bankruptcies filed by large steelmakers, saddling the agency with their pension obligations, if other large companies fail and do likewise, the PBGC could collapse. The Labor Department estimates that nearly 10,000 of the 110,000 pension plans insured by the agency carry a shortfall of about \$45 billion.

● **IGOR KANEV**, vice president of the Soviet Chamber of Commerce and Industry will visit Brazil to speak at a seminar on new forms of trade and cooperation between Brazil and the U.S.S.R.

'Flat Earth Society' mounts feeble comeback

The American Physical Society's study on the Strategic Defense Initiative is reviewed by Robert Gallagher; with a letter by Lyndon H. LaRouche, Jr.

This publication predicted in 1983 that the Trust, the alliance of Western oligarchs and Russian commissars, would ultimately sacrifice the reputation of every scientist and scientific organization it could influence, in its effort to defeat the Strategic Defense Initiative policy of Lyndon H. LaRouche, Jr. Now finally, on April 23, 1987, the American Physical Society (APS) has stepped before the altar of appeasement, and presented its report questioning the feasibility of the SDI, only two days after the Trust-inspired suppression of the LaRouche-initiated Fusion Energy Foundation, the sole scientific association not only to support but indeed to propose an SDI as early as 1979.

Will the authority of the APS discredit LaRouche's SDI policy, or will the credibility of the APS be ground up by the moral and scientific arguments and perfect integrity of the same force that has obliterated the authority of the immoral scientists that the Trust has sent against the development of a strategic defense?

The APS report is the most recent of a long list of productions by scientists who have asserted that the SDI is not feasible today. All previous reports have been discredited. The Trust's first scientific recruits to its war on LaRouche's SDI policy came from the cult dregs of science, with open Russian collaborators like Kostas Tsipis (the former official of the Pugwash Conference) and that magician of questionable proclivities, Carl Sagan; these were discredited even before President Reagan's March 23, 1983 announcement of SDI. Then came and fell, one after the other, the rest, all listed by the APS at the end of chapter one of its report, like an obituary: IBM's Richard Garwin, Cornell's Hans Bethe, Stanford's Wolfgang Panofsky, former Defense Secretary

Harold Brown, former Defense R&D chief Herbert York, and other members of the Union of Disturbed Scientists, the Brookings Institution, the Office of Technology Assessment, the American Association for the Advancement of Science, and we now add another, and perhaps close this chapter of fraud in the history of science, with the American Physical Society and the report of its cowardly Study Group on the Science and Technology of Directed Energy Weapons (DEW).

The American Physical Society is the official flagship of physics in the United States today. Among the members of its Study Group are physicists who have made important contributions to the development of the laser and associated optics technologies, such as its co-chairman C.K. Patel of AT&T Bell Laboratories.

Incapable of deciding

I asked Patel just what the report says about the feasibility of SDI and he read to me the following statement on page two of the report's "Executive Summary and Major Conclusions":

Although substantial progress has been made in many technologies of Directed Energy Weapons over the last two decades, the Study Group finds significant gaps in the scientific and engineering understanding of many issues associated with the development of these technologies. Successful resolution of these issues is critical for the extrapolation to performance levels that would be required in an effective ballistic missile defense system. At present, there is insufficient information to decide whether the required extrapo-

lations can or cannot be achieved. Most crucial elements required for a DEW system need improvements of several orders of magnitude. Because the elements are interrelated, the improvements must be achieved in a mutually consistent manner. *We estimate that even in the best of circumstances, a decade or more of intensive research would be required to provide the technical knowledge needed for an informed decision about the potential effectiveness and survivability of directed energy weapon systems* [emphasis added].

Other members of the Study Group interviewed, emphasized that it was the group's "collective judgment" that they would be incapable of deciding whether a strategic defense based on directed energy weapons was feasible, until after 10 to 15 years of research. When *EIR* asked whether this could be taken as an argument for devoting more resources to this important program, one author said, "Yes, but another conclusion is 'Let's drop it.' It's too complicated and may never work."

If this is the principal "finding" of the study, as the report itself describes the statement quoted above, then the APS has clearly wasted its time and money. This "finding" is a mere assertion that only echoes the opinions of Garwin, Bethe, York, Panofsky, et al. But what could be expected of a report whose official APS Review Committee is packed with such opponents of even the very idea of strategic defense as York, Panofsky, and Charles Townes (of the University of California at Berkeley)?

Lacked important classified data

It might be said in defense of the Study Group's conclusion, that it was incapable of deciding on the feasibility of a strategic defense based on directed energy weapons, because, contrary to press reports, the group was not given access to all relevant classified information, as Edward Teller pointed out at the Lasers '85 conference shortly after the Group was formed.

Commenting on the APS report, the Strategic Defense Initiative Organization (SDIO) found its "conclusions to be subjective and unduly pessimistic." A top SDI scientist at a national lab told *EIR* that the APS report "uses a narrow, technical definition of feasibility." Indeed, a look into chapter one of the report finds the following revealing statement under the heading "Perspective": "Because of the extensive development needed in many technological areas important to the [SDI] systems, we judge that deployment of a substantial directed energy weapon component in a ballistic missile defense system cannot be foreseen before the year 2000."

We ask sincerely, if you cannot determine feasibility for 10 or 15 years (between A.D. 1997 and 2002), then how can you talk about deployment shortly thereafter, unless by feasibility you mean such an advanced development of the science and technology that you are able to move into assembly

of weapons? Consideration of some historical examples will expose the fraud of the APS metric of "feasibility."

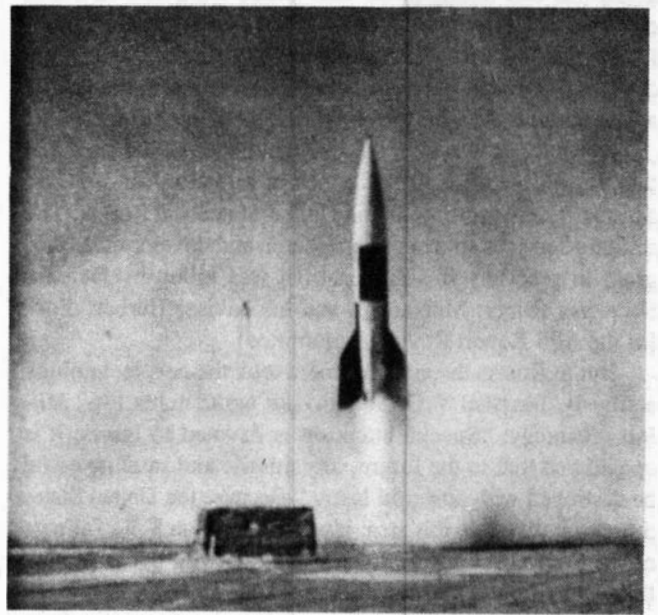
What is feasibility?

Space travel and nuclear power are two examples of scientific and technological undertakings whose feasibility was challenged by skeptics up until the first trip to the Moon and the first atomic explosion. Now that their feasibility is clearly established, it is useful to reflect on the fact that it existed long before man contemplated either space travel or nuclear fission. That is, their feasibility is obviously a property of nature.

Once such projects are contemplated, it is the pedagogical task of scientists and engineers to demonstrate their feasibility to the rest of the human race, which must provide the resources to support the efforts—rather than engage in irresponsible sophistry. Feasibility is demonstrated in principally two steps:

1) *Establishment of scientific feasibility* with a demonstration that in principle the proposed science and technology undertaking is consistent with nature.

The scientific feasibility of space travel was established no later than 1903 when Konstantin Tsiolkovsky published his groundbreaking study, "Investigating space with reaction devices." The establishment of the scientific feasibility of nuclear fission was more experimental in nature. It came out of work performed by Otto Hahn in Germany and Enrico Fermi and others in the United States, that demonstrated fission of uranium and the possibility of making an explosive out of fissionable uranium since fission of a single uranium



The first successful launch of a German V-2 ballistic missile demonstrated the practical, engineering feasibility of space travel, 19 years before Yuri Gagarin orbited the earth.

atom could produce the fission of more than one other uranium atom and thus establish an explosively expanding chain reaction.

2) *Establishment of engineering feasibility* through demonstrations of key technologies required for the proposed venture. Engineering feasibility was demonstrated for space travel no later than with the first successful V-2 rocket launch in 1942. For the first time a rocket traveled through space and its payload successfully re-entered the atmosphere, traveling faster than the speed of sound. The launch of the first artificial satellite, the first man into space, or the first man to the Moon, were based on application of principles of engineering that were demonstrated in that first successful V-2 launch.

Establishment of the engineering feasibility of the atomic bomb and nuclear power occurred *during* the World War II Manhattan Project. At the University of Chicago, physicists built and operated the first "pile" of uranium with a self-sustaining and controllable chain reaction. At the University of California, Ernest Lawrence demonstrated separation of the fissionable uranium-235 isotope from natural uranium, developing the method for concentration of the material for the first uranium bomb. The production of the bombs used in the war and the nuclear reactors built at Hanford, Washington, followed directly out of these two engineering demonstrations.

Russians disagree with APS

From consideration of these historical examples, a conservative dating would place the establishment of the scientific feasibility of a defense based on directed energy weapons no later than the 1960 invention of atomic lasers. Some might argue that this dating is too late. Much work carried out in electrical engineering in the 1940s and 1950s was deliberately oriented toward extending microwave devices to develop devices that would produce coherent radiation in the visible and infrared regions of the electromagnetic spectrum.

However, it was after the 1960 invention of the laser that the feasibility of the use of coherent radiation for strategic defense was recognized in the United States and Russia. The military services sponsored a research and development program in precisely this area until it was killed by Defense Secretary Robert McNamara and his adviser Herbert York (of the APS Report Review Committee).

But in Russia the establishment took the new technology seriously. Marshal V.D. Sokolovskii wrote in his 1962 *Military Strategy*: "Special attention is devoted to lasers; it is considered that in the future, any missile and satellite could be destroyed with powerful lasers." Because the United States dropped its effort in this area, it was the Russian V.L. Tal'roze of the Soviet Chemical Physics Institute who demonstrated the first hydrogen fluoride chemical laser in 1969.

We conservatively state that engineering feasibility for a strategic defense based on directed energy weapons is being demonstrated now, under the budget-limited SDI research

program. The APS report emphasizes the need for improvement in SDI technologies by "orders of magnitude" (factors of 10), and that is precisely what is occurring under the program since it was formally established in 1984. For example, in 1983 the peak output power achieved by free electron laser oscillators operating in the near infrared region of the electromagnetic spectrum was about 1 million watts (at Stanford's High Energy Physics Lab at a wavelength of 1.6 microns). Three years later in 1986, Los Alamos National Lab reported that it had produced 40 million watts of peak output power at 10 microns in the free electron laser oscillator there. This is an improvement in three years by a factor of 40.

Indeed, the APS report itself shows that considerable progress has been made across a broad spectrum of technologies required for strategic defense:

X-ray lasers. Focusing to coherent x-ray beams has been demonstrated.

Laser propagation through the atmosphere. Adaptive optics and non-linear optical phase conjugation techniques are under development to compensate for beam distortion induced by interaction with the atmosphere (discussed below).

Target acquisition, including the difficulty in detecting the exact location of a ballistic missile booster inside of the plume of rocket gases that envelops it as it rises out of the atmosphere.

Target discrimination, the use of lasers or neutral particle beams to distinguish the real warheads from the tens to hundreds of decoys released by each ballistic missile that is not destroyed during its boost out of the atmosphere.

Space-based nuclear reactors, required to power SDI weapons and sensor platforms.

Some program progress admitted in the APS report, is actually quite embarrassing to certain members of the APS Review Committee who last year accused Lawrence Livermore National Lab of reporting fraudulent results on the nuclear-pumped x-ray laser project. The Report's Executive Summary states flatly: "A nuclear explosion-pumped x-ray laser has been demonstrated."

APS assumed current pace of program

At present, the pace of the SDI program is determined by the level of funding. Given the pace of program developments achieved under these circumstances, it is past time to shift the program into a Manhattan Project-type crash R&D program where the pace is determined by how fast we can push the science and technology, that is, where, aside from that, there are no budgetary limitations. As was the Manhattan Project, the program should be "off-budget." Instead, SDIO budget requests have been repeatedly slashed by Congress.

The SDI Organization requested 1.6 billion for directed energy weapons research and development for fiscal year

1987, but ended up with half that amount. Such budget action by Congress forced SDIO to abandon plans to develop prototype missile interceptors based on chemical and ultraviolet lasers in December 1985. Even the program to develop the free electron lasers, now the focus of the DEW effort, has been seriously curtailed. Last October, funding for Los Alamos, Livermore, and Boeing was drastically cut back while funding for the joint TRW-Stanford program was eliminated.

But incredible as it may sound, in the face of the budgetary chaos, APS Study Group members interviewed, insisted that development of directed energy weapons was getting "plenty of money" and that "the funding should not go up by leaps and bounds." (We suggest these individuals append these remarks to the end of their next request for research funds.) Thus the APS Study Group concludes that they would be incapable of making a decision on feasibility before another "decade or more of intensive research" *funded at approximately the same inadequate levels determined by congressional budget cuts today*. And what again, do they mean by feasibility? "That all important physics and engineering questions are answered," one report author told *EIR*. What is an example of that? we asked. "The average power of ground-based free electron lasers must be increased by five orders of magnitude for the SDI."

Free electron laser experimentalists only pulse the laser once a second to save power and other costs. As a result, average power is low. Technology already exists for increasing the pulse rate to about 1,000 per second; this would increase average power by three orders of magnitude. "But it hasn't been tested yet," the APS author whined. In animal husbandry, this activity is called "nit-picking."

Feasibility in the APS sense, means we would be ready to assemble weapons. If we had waited that long in starting up the Manhattan Project we might have been the *second* country to explode an atomic bomb—after Russia. Of course, the argument is made that the SDI is a more formidable job than the Manhattan Project, that the A-bomb project had far less problems to deal with. In retrospect, after 42 years' experience with the nuclear science and technology that came out of that effort, this may appear to be true. But imagine convincing someone who actually worked on the A-bomb project of that, during its breakneck course!

Absence of military thinking

In the technical sections of the report, the authors present arguments against the survivability of directed energy weapons that may in part originate from their lack of access to certain classified data. The Study Group attempted to make judgments about whether a technology is feasible for the military mission of strategic defense without knowing or considering how the technology would or could be used in a military engagement. Their treatment of the nuclear-explosion-pumped x-ray laser is incompetent for this reason.

With regard to the survivability of either defensive or



Enrico Fermi, Leo Szilard, and others at Columbia University in 1939 showed that fission of uranium U-235 can lead to a nuclear chain reaction, providing one of the necessary demonstrations that nuclear power was scientifically feasible. This photo shows Fermi strolling with Nils Bohr.

American Institute of Physics

offensive weapons systems, anyone can dream up ways to knock out systems that are *deployed in a predictable manner*. Thus a good part of the problem of the successful military use of technology is the development of effective modes of deployment.

The revolution in military strategy and tactics forced through by French Minister of War Lazare Carnot from 1793 onward, derived from Carnot's use of existing artillery technology in a novel way. Instead of relegating the artillery to a fixed position and one open to attack from whatever flank the enemy might threaten, Carnot violated the preconceptions of European commanders, and put the artillery on the march. With this innovation of mobile artillery, he expelled the Austrians, British, and Prussians from France.

The importance of directed energy weapons, and the x-ray laser especially, is that their high power densities and rapid "time of flight" to their targets, makes a wide range of deployment modes possible. Because of its high power-to-mass ratio, the x-ray laser will be so mobile that it will be able to "appear from nowhere" without warning. The device



The development of the cyclotron by Ernest Lawrence and his collaborators in the 1930s (shown here inside the magnet of the 60-inch cyclotron), provided the technology for a separation of atomic isotopes, and so demonstrated the practical engineering feasibility of separating uranium-235 (for the first uranium bomb) from natural uranium. To this day, Lawrence's machines, dubbed the "Calutron," are used at Oak Ridge to separate rare isotopes in small quantities. (Ernest Lawrence is in the center of the first row.)

Source: M. Stanley Livingston, Particle Accelerators: A Brief History (Harvard, 1969).

may be "popped up" into space, or the upper regions of the atmosphere, by missiles on submarines or aircraft, or from silos. SDI scientists claim that x-ray laser power levels are so high, that the device can even be based on the Moon. The "pop-up" surprise attack quality can be engineered into interceptor systems based on ground based lasers. Mirrors that focus the laser radiation on enemy objects, may be popped up in the same fashion as x-ray lasers. Relaying the tremendous powers of ground-based lasers, their effective power to mass ratio will be enormous.

Countermeasures against such devices have not yet been conceived. Because the APS Study Group assumed predictable modes of deployment, they overlooked the inherent deployment flexibility of directed energy weapons. Their discussion of the survivability of the components of an SDI system is incompetent for this reason. They argue that an x-ray laser would be the perfect SDI countermeasure, since it could shoot out from the upper regions of the atmosphere against SDI platforms in space. This point in fact defeats their argument against survivability; for an x-ray laser capable of shooting out of the atmosphere at satellites, can just as well destroy Russian boosters, the buses from which warheads are deployed, and the warheads themselves, from the same position.

By assuming predictable deployments, the APS Group follows the thinking of adherents to the doctrine of nuclear deterrence, such as McNamara, who in their commitment to

only deploying a "standing army" of ballistic missiles, are committed to the fixed deployment pattern "cabinet warfare" doctrines championed by the British and Austrians in the 18th century—until these were finally defeated by the mobility of Carnot's forces.

Lack of the right atmosphere

Otherwise, aside from its "Executive Summary" and the first couple of chapters, the authors present the report to be a "physics textbook" on how far technology for a strategic defense based on directed energy weapons has gone. To some degree this is true. Authors of sections that report on aggressive experimental programs like the free electron laser, for which there are many research papers published in the open literature, could not credibly avoid being accurate. However, sections on technology areas where little experimental work has been done, such as the propagation of high power laser beams through the atmosphere, at best summarize a consensus of ignorance on these issues. In these sections, the report's authors join with pessimistic theoreticians and curse our ability to solve problems. In the sub-section on "Atmosphere Turbulence," the authors write: "A second source of beam degradation is atmospheric turbulence. This is a very important source since we know of no way to avoid it. . . ."

The APS discussion is based on theory that experiments indicate, may exaggerate the effects of turbulence by a factor of 10 to 50. (We refer the reader to *EIR*'s Dec. 13, 1985 issue

for a more detailed discussion of this matter, or the March-April 1986 issue of *Fusion* magazine.)

Near the surface of the earth, the atmosphere encounters a discontinuous boundary, characterized by irregular surface features. The smoother aerodynamic flow of upper regions of the atmosphere breaks up into vortices, upon encountering this surface. This turbulence, produces spatial and temporal variations in the density of the atmosphere and, consequently, in the index of refraction, and thus the speed of any light traveling through it. As a result, according to contemporary models, different portions of a beam emitted from a source coherently, propagate at different varying speeds, with the result that the coherence and intensity of the beam is destroyed by the turbulence.

Existing optical theories practically rule out the possibility of a solution. Some *experimental* results reported since the SDI inception, have indicated that these models are overly pessimistic and have demonstrated that a solution to these engineering difficulties is feasible.

The properties of beam-atmospheric interaction—absorption, scattering, turbulence, and thermal blooming—can be compared to a highly differentiated electromagnetic lens that changes its shape with time. At the physical dimensions of light rays and of the molecular constituents of the atmosphere, the interaction is not percussive and irreversible, as suggested by contemporary theory, but electrohydrodynamic. Turbulence, for example, changes the local electrohydrodynamic properties of the atmosphere, and it is such transformations that change the characteristics of light propagation through it.

In nature, beam propagation is perfect

There exists a phenomenon *in nature*, known as nonlinear Optical Phase Conjugation, that demonstrates, in principle, that beams of laser light can be preformed and directed through the atmosphere to arrive on target with near-perfect coherence and intensity.

R.C. Lind and G.J. Dunning of Hughes Research Laboratories, directed a coherent dye laser beam through experimentally produced, intense atmospheric turbulence into a preparation of atomic sodium pumped by counterpropagating beams of the same wavelength, reported *Laser Focus* in September 1983. Upon arrival at the atomic sodium phase conjugator, the beam displayed severe aberrations and phase distortion from its original coherent profile, as a result of the instantaneous refractive properties of the atmosphere. The conjugator then returned the phase conjugate of the beam back through the precise path along which it had propagated from the transmitter. Along this return path, the aberrated beam reformed into one almost perfectly coherent. The time to conjugate the beam (10 billionths of a second) and cover the path twice, was far less than the time in which the refractive properties of the atmosphere changed. *Laser Focus* reported:

These data indicate near-diffraction-limited correction capability. In addition, while the aberrated beam shows severe wander and on-axis intensity nulls, the corrected beam stays locked to a particular spatial position.

According to one source, Hughes holds that the technique will work for beam propagation distances up to at least 50 kilometers in the atmosphere.

The task of “adaptive optics” is thus to employ directly, or otherwise recreate, the capabilities of the natural process of optical phase conjugation in engineering hardware that transmits a beam through the atmosphere.

Fallacies of the Flat Earth Society

The APS report and other contemporary models rest much of the argument upon a construct known as the “atmospheric coherence length” of light. “Atmospheric coherence length” is the distance r_0 perpendicular to the beam path, across which the beam is phase correlated.

Its complete definition implies that a beam *must* become increasingly incoherent with distance, or with shorter wavelengths, or with increasing turbulence. The case of optical phase conjugation demonstrates that this conception is worthless.

First of all, it matters little whether the beam measures, or *appears* to be, coherent at any point along its path of propagation. What matters is whether the beam is organized, in its propagation, to arrive coherent at the target. The work at Hughes Laboratories shows that, practically speaking, we can make the coherence length as long as we wish, as large as the size of the “collecting optics” of the phase conjugator; in other words, potentially infinite. Lind and Dunning carried out their experiments with turbulence at the highest end of the spectrum of intensities of turbulence in the atmosphere.

Second, Luc R. Bissonnette of the Canadian Defense Research Establishment has shown that the Fried construct probably underestimates even the *apparent* atmospheric coherence length by a factor of at least 10 to 50.

The notion of coherence length is not the only regressive concept dominating optics in the United States and Europe. For example, J.E. Pearson, R.H. Freeman, and H.C. Reynolds wrote in *Applied Optics and Optical Engineering* that “an adaptive optics system can only compensate for phase errors that occur at some fraction of the focal plane distance,” i.e., relatively close to the laser transmitter. In other words, turbulence that is farther away from the controlling optics is harder to correct for. The Hughes experiments also refute this claim: In defiance of theory, optical phase conjugation compensated for intense turbulence that occurred along the entire path of the beam.

Unlike the APS report’s conclusion on atmospheric turbulence, other of the Group’s reasoning does not enjoy even such “theoretical” backing, and degenerate to mere asser-

tions. In the "Executive Summary" we find among its list of major issues:

III. Terminal phase

We do not expect directed energy weapons to play an important role in the terminal phase of the trajectory of ballistic missiles.

That is, as the warheads descend over the United States. Then the authors add:

We have examined most of these issues in some detail, except for item III.

A universal notion of feasibility

All such fraud and technical issues aside, what funda-

An open letter to the American Physical Society

April 24, 1987

American Physical Society
335 East 45th St.
New York, N.Y. 10017

Re: *New York Times* report, April 23

Dear Sir:

I am pained to read in the *New York Times*, that the American Physical Society will be used to conduit misleading political propaganda, disguised as science, against the development of a U.S. Strategic Defense Initiative (SDI). It is sadly appropriate that such a report should be conveyed through the same *New York Times* which pronounced unworkable the electric light, powered flight, and rocket-flight above the atmosphere.

The question of physical principles has been settled satisfactorily. The doubts which I have seen expressed by putative scientists on this matter, are of the same general species of scientific merit as the assurances given to us at the beginning of this century, and even later, by Rayleigh, von Karman, and others, that Bernhard Riemann's prescriptions for the conditions of transsonic powered flight were bad physics.

The problems of actually developing successful measures of ballistic missile defense, are chiefly those of an adequate level of funding of research and development, whose upper limit is more or less determined by the constricted number of professionals qualified for such work. In 1982 I estimated an annual level of between \$7-9 billion to be appropriate for perfecting prototypes of basic weaponry, and a level of between \$35-40 billion annually for a combined development and deployment program. The question of "scientific feasibility" is no longer a question

of principles of physics; it is a practical question, which should be posed in terms of the impact of those, or lesser magnitudes of expenditure upon rates of progress.

The situation with AIDS research is comparable. The AIDS pandemic is in relatively small proportion a matter of medical research, and overwhelmingly a matter of biological research. We are spending, internationally, disgustingly little on relevant biological research, and are actually cutting back on the most promising avenues of biological research, the optical biophysics of non-linear spectroscopy. There is a parallel between the feasibility of a BMD based on what arms-control jargon terms "new physical principles," and the feasibility of the human race's surviving the presently rapid spread of the rapidly evolving "AIDS" virus. In both instances, if we fail to spend enough on the right spectrum of research activities, the goals of neither could be realized.

If the pacifist consciences of some physicists make work on any sort of weapons-system abhorrent to them, let them speak politically on this matter, and not distort physics wishfully for a political purpose. If they wish "alternative service," let them turn their eyes to optical biophysics, a field which carries us way beyond molecular biology, and which is one of the most challenging and useful to any really serious, gifted professional looking for breakthroughs along new frontiers.

Let them grasp the point, that AIDS now poses a greater threat to humanity than a balanced estimate would assign to the prospect of an actual thermonuclear war. Indeed, if we develop an SDI soon enough, a thermonuclear war is virtually excluded.

Obscurity is heavily populated with mobs of supposed experts who avowed the absolute impossibility of that which workers of more impassioned competence have contributed. Perhaps, the pacifists include some otherwise gifted persons; if so, to those, I emphasize again: Consider the new frontiers of optical biophysics; here is an area in which good physicists are invaluable, and could make a substantial contribution to the survival of the human species.

Sincerely,
Lyndon H. LaRouche, Jr.

mental concepts underlie the feasibility for a strategic defense based on directed energy? Lyndon H. LaRouche, Jr. has emphasized on numerous occasions that the feasibility of the SDI does not rest on any one or group of technologies, but rather on the proven coherence of action in the universe as a whole, and on the ability to transform the laws of the universe that is characteristic of the relativistic physics that underlies directed energy weapons. As LaRouche wrote in a 1982 essay, "The Cultural Determinants of an Anti-missile Beam Weapons Policy":

The general technology under which a spectrum of many kinds of beam-weapons is subsumed is what appears to most at first to be a specialized aspect of physics, relativistic physics. Actually, if we trace out the history of modern science, from its roots in the grounding-work of Leonardo da Vinci nearly five centuries ago, we are obliged to recognize that all the fundamental accomplishments of modern science are rooted directly in the conceptions of relativistic physics already understood in broad principle by da Vinci. If we study closely, as we have been elaborating this in recent times, the functional interdependency between da Vinci's discovery of hydrodynamics and his work in relativistic geometry of visible space, something very important begins to become clear to us.

Insofar as science and technology have been more or less limited to the mechanical or mechanistic aspect of physical processes, scientists and engineers, for example, have been able to manifest competence while relying upon the defective mathematical apparatus associated with Descartes, Newton, Cauchy, Maxwell, Helmholtz, and so forth. In relativistic physics, such reliance upon the so-called analytical or inductive method is not permissible. We are obliged to prefer the kind of physics typified by the work of Bernhard Riemann, and by such predecessors of Riemann as Gauss, Legendre, Carnot, Monge, Euler, Leibniz, Desargues, Kepler, and da Vinci. . . .

The geometrical view of the universe, is typified by da Vinci, Kepler, Leibniz, and Riemann, who were explicit on this connection. The universe is proven to be not a "Big Bang" creation of a mechanical manifold. The universe is proven to be an endless process of continuing creation. In this universe lawfulness lies not primarily in fixed, mechanical sorts of laws, but rather in the consistency of certain higher principles which govern the way the universe is transformed from one entire general state to a higher state.

Only atheists who curse God's creation and would condemn mankind to eternal nuclear terror and Russian domination, would question this, as do ultimately the APS report's authors and other running dogs for Yevgenii Velikhov and the Soviet Academy of Sciences.

The SDIO's reply

Excerpts from the "Strategic Defense Initiative Organization Comments on the American Physical Society report on Directed Energy Technology":

Although the chapters in the report prepared by individual panels represent an objective independent appraisal of various technologies, we find the conclusions to be subjective and unduly pessimistic about our capability to bring to fruition the specific technologies needed for a full-scale development decision in the 1990s.

The report has the additional problem of being a "snapshot-in-time" that dates to the preparation of the report. We have made significant progress in the intervening period. In fact, some technologies have shown several orders-of-magnitude increase in performance. . . . [W]e would not have made several of the assumptions that they made in defining the technical requirements.

Specific examples:

1. With respect to the free electron laser (FEL), the report states that "scaling to short wavelengths at high powers is more difficult problem than simply increasing average power." During the period over which the report was being prepared,

- [W]e have operated our FEL in the visible light spectrum.

- Scaled the FEL down in wavelength by a factor of 800 (almost three orders of magnitude).

- Improved the brightness of the electron beam injector for the FEL by two orders of magnitude.

2. With respect to the neutral particle beam (NPB) program, the report states that "NPB accelerators . . . must be scaled up to two orders of magnitude in voltage and duty cycle," and further, "ion sources . . . have not been reported to operate continuously."

- In fact, we have demonstrated a continuous wave ion source that produces 50% more current than required and has already met our beam quality goals.

- A demonstration on the 5 Mev (Million Electron Volt) accelerator test stand at Los Alamos National Laboratory that the full beam current can be produced and accelerated with no significant emittance growth.

- The remaining issue of scaling up from 5 Mev to higher energies is now a modest extrapolation of beam accelerator technology.

CDC admits casual spread of AIDS virus

by Debra Hanania Freeman

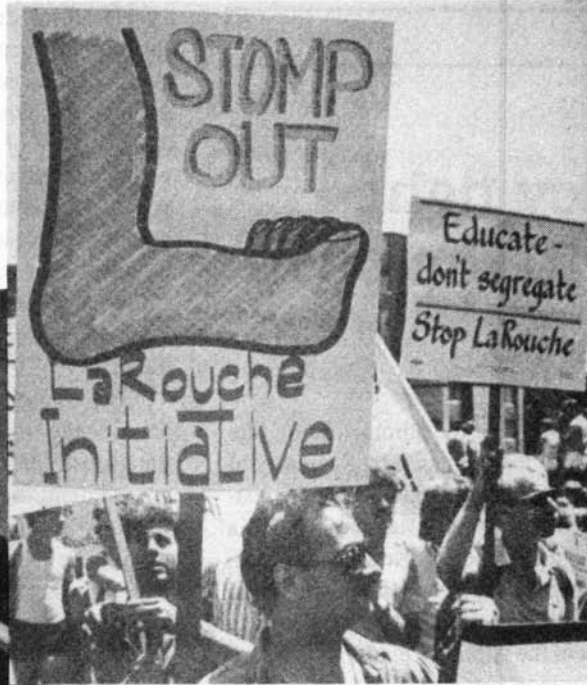
According to a report published in the Atlanta Centers for Disease Control's *Morbidity and Mortality Weekly Report* (May 22, 1987), three female hospital workers, none of whom belongs to any known risk group for AIDS, have tested positive to the virus after they came in contact with the blood of an infected person.

Reports of health workers becoming infected with the AIDS virus from skin contact with infected blood or body fluids have come to this magazine in the past, but this startling admission by the CDC of what must be considered casual transmission of the AIDS virus has blown the lid off the most outrageous cover-up in medical history.

All three of the women apparently contracted the virus after a single skin exposure to infected blood. Two were not wearing protective gloves at the time of exposure. The third was wearing both gloves and goggles. Although CDC officials declined to name the women or give the locations of their hospitals, rumors abound in published reports from Atlanta that all three were actually employed at CDC itself. An unnamed CDC official expressed concern that many health workers have been exposed to the virus without knowing it, and that as many as 50% will eventually test positive for AIDS.

These admissions stand in stark contradiction to previous public pronouncements from the CDC hierarchy. CDC officials, and the state public health officers who work under them, have long insisted that the risk to health care workers of becoming infected with the AIDS virus while caring for patients was minimal. Many hospitals have discouraged (and some have even prohibited) health workers from wearing full protective garb when dealing with AIDS patients, claiming that the use of gowns and surgical masks might have a deleterious psychological effect on the patient. Often, no one but the physician is even aware that a patient is suffering from AIDS. Furthermore, CDC has repeatedly stated that the fact that there were no reported cases of health workers or family members contracting the virus from AIDS victims (except via sexual or direct blood routes) proved the impossibility of "casual" transmission.

EIR's Biological Holocaust Task force has maintained that the lack of docu-



Proven wrong: Centers for Disease Control director James Mason, Surgeon General C. Everett Koop, the homosexual-rights lobby, and Elizabeth Taylor. But the nation still lacks a viable policy to stop this species-threatening disease.

mented reports, until now, of AIDS virus transmission to health care workers and family members, was easily explained. HIV, the virus which causes AIDS, is a slow incubation virus. Very high rates of transmission clearly occur in blood transfusions, sharing of hypodermic needles, and sexual contact. But, these "fast track" modes are atypical. *Over time*, slow-track modes of transmission—what the CDC refers to as casual transmission (anything other than sex or direct blood exchange)—would dominate.

The other reason for the lack of documented reports of casual transmission, up until now, is simply that the CDC lies. From the outset, it has run a vicious and relentless campaign to sabotage and suppress all scientific data which supports any theory but the "sex and dirty needles" line, for which CDC is now notorious. The CDC has lied and covered up the documentation of non-risk-group AIDS cases in Belle Glade, Florida, and elsewhere. They have worked to keep the lid on the explosive AIDS situation in Central and South America, and have suppressed the dimensions of the biological holocaust in Africa.

CDC has been in the forefront of the drive to prevent public health measures traditionally employed to contain the spread of deadly communicable diseases. A scandal erupted in Washington, D.C. recently, when President Reagan learned that operatives from CDC lobbied in New Hampshire to defeat a proposal to require AIDS tests for marriage license recipients (see article, page 28).

This incident may settle a raging debate over the AIDS issue within the administration. Koop, the Public Health Service, and CDC have fought any form of mandatory testing

as a waste of money. Instead, they have pushed a campaign of "condom madness," which includes teaching of "safe sexual practices" to third grade schoolchildren. Others, led by Secretary of Education William J. Bennett, have endorsed mandatory testing.

Some say the First Lady is opposed to testing, largely as a result of social pressure from her Hollywood friends. At the very same time that the President is voicing his support for mandatory testing, Nancy has accepted an invitation on his behalf from none other than actress Elizabeth Taylor, the high priestess of the AIDS lobby, for a May 31 testimonial in honor of Koop!

Whatever the outcome of the scuffle within the administration, there is wide speculation in Washington that it may all be over for CDC. The intensity of public outrage following the release of the new reports is growing daily. Trade unions representing firemen, police, ambulance drivers, and hospital workers are denouncing CDC for not releasing the information sooner, and for failing to devise a policy to protect the uninfected. Similar attacks on CDC have come from nurses' associations and hospital administrators. And well-placed sources on Capitol Hill are indicating that a renewed Senate investigation by the Health and Human Services subcommittee, of CDC malfeasance, may be in the offing.

But even if the CDC is forced out of the picture, we are still a nation without any adequate policy to contain the spread of the most deadly plague in all of human history; nor has this government shown the inclination to launch the type of crash scientific mobilization necessary for its prevention, treatment, and cure.

AIDS policy fight breaks into the open

by John Grauerholz, M.D.

In what appears to be a resolution of the administration factional fight over AIDS policy, first signaled by Secretary of Education William Bennett's call for mandatory AIDS testing for certain groups, President Ronald Reagan ordered a letter sent to Gov. John Sununu (R) of New Hampshire, supporting the latter's proposal for mandatory premarital testing for AIDS infection. The action was a response to lobbying by three members of the Atlanta Centers for Disease Control, and a letter by Surgeon General C. Everett Koop, which were instrumental in a 165-136 defeat of the measure by the New Hampshire state legislature on May 15. According to a syndicated column by Rowland Evans and Robert Novak published May 20, when Reagan was informed of these actions, he responded angrily, and ordered the dispatch of a letter encouraging Sununu to push for legislative reconsideration.

The provision for premarital testing had been added to House Bill 322-A, which was to provide \$600,000 for AIDS "education." After a series of skirmishes, including a threat by Sununu that he would veto any bill which did not contain the testing provision, a version of the bill containing a provision which mandated premarital testing to begin on Oct. 1, 1987, passed the Senate by a vote of 13-11, and was sent to a House-Senate conference committee. The committee, consisting of four representatives and three senators, then produced a compromise version which retained the premarital testing provision, but put off the starting date till March 1, 1988. It was this bill which was defeated, in a vote in which 98 members of the House did not even participate.

Following the defeat of HB 322-A, a second conference committee, of four representatives and three senators, was convened. All favored allowing the "AIDS education only" bill, except Sen. Edward DuPont, who argued that 1) AIDS is the biggest problem the country will face in the coming years; 2) any honest effort to get the AIDS problem under control means gathering the physical data by testing the population for future evaluation; 3) the premarital testing provision focuses on the health of the unborn, and even if the percentage testing positive were small, saving only one or two children's lives is worth the cost; and 4) there is no room for discussing AIDS education without AIDS testing.

He added that even if many colleagues do not feel as strongly, the general population does agree with the need for testing. He noted that medical experts contacted from around the country, who are involved in testing, have documented the accuracy of the tests. He told the legislators that they would be wise to implement limited testing procedures now, because when the legislature reconvenes in six months, the impetus for broader testing would be much greater. Finally, he noted that the military, the National Guard, the Peace Corps, and the foreign service, have all instituted testing. New Hampshire should act, he said, even if other states have failed to.

The committee recessed after a deadlock, with the liberals refusing to accept testing. Then, in a stinging defeat for the House liberals who had scuttled the premarital testing amendment, the state Senate then refused to approve the bill without the amendment. In a 12-12 vote, the Senate refused to give the two-thirds vote required to reconsider the bill so late in the session. This was consistent with Governor Sununu's statement that he would veto the bill unless it contained the AIDS testing amendment.

National focus on New Hampshire

The Reagan letter follows a mobilization of support for the testing bill by the LaRouche Democratic Campaign in New Hampshire. Telegrams and calls of support came in from around the country, including from the office of California Congressman William Dannemeyer (R), who is sponsoring a number of bills for mandatory testing at the federal level. Calls also came in to legislators who voted against the amendment, and to those who failed to vote. This, combined with a tour by this writer, the LaRouche campaign medical adviser, is creating a climate in which New Hampshire may yet set the national precedent for a serious approach to the AIDS pandemic.

It is ironic that the same arguments against premarital testing which were advanced in New Hampshire, have now been abandoned by the California physicians who previously used them against similar legislation in that state. These people, who argued against Proposition 64, the ballot referendum which was defeated in the November 1986 state election, are now crying for a state of emergency in California because of AIDS, and for testing, especially in prenatal clinics, because of the growing number of congenitally infected infants.

The President's tardy, but nonetheless important, intervention into the New Hampshire situation reflects the growing awareness that, unless serious steps are taken soon, the AIDS problem could become uncontrollable. It is about time that public policy caught up with the growing public awareness of the danger which confronts us. Governor Sununu deserves the support of all those who realize the importance of setting a precedent for finally doing something which will actually slow the spread of AIDS.

Was President Reagan told about the Soviet AIDS offer?

by Lyndon H. LaRouche, Jr.

The following bulletin was released by the news bureau of the LaRouche Democratic Campaign on May 21.

An authoritative high-level source in the U.S. government has reported that during last week, Soviet scientists offered the United States cooperation on combatting AIDS. However, according to the information received, someone in the State Department refused the offer. It is strongly indicated that Project Democracy-linked Herbert Romerstein inside Charles Z. Wick's U.S. Information Agency (USIA), had a hand in shaping the U.S. rejection of the offer at this time.

The reported basis for the State Department rejection is a childish excuse: that the U.S. can not work with Moscow's scientists on AIDS until Moscow takes back the published charge that U.S. biological-warfare agencies had "invented" the AIDS virus.

If this report is fully confirmed in all respects, the State Department representatives involved should be severely censured.

AIDS is the one area in which all nations of the world face the most deadly enemy of all mankind. The spread of the disease in any one continent or nation is a deadly menace to the populations of every continent and nation. AIDS is the one affliction from which we should seek to protect the Soviet population and they should wish to defend ours.

It is true that the Soviet politicians, at a very high level, did accuse the U.S. government of creating AIDS. However, that Soviet attack was directly against me personally, in response to my friends' exposure of the Soviet officials' key role in organizing the same 1986 international cover-up in which U.S. Surgeon General C. Everett Koop came to play a key role. If the United States refused to negotiate in any area in which Moscow had published outrageously false charges against the U.S. government or U.S. public figures, we would never have negotiated any matter with Moscow.

The matter should be called to President Reagan's attention immediately, and the Soviet offer, if confirmed, should be taken up by a special exploratory commission of scientists. I would be happy to assist the President in setting up the commission and aiding its work.

The policy question

Increasingly, since immediately following the November 1986 California election, it has been made clear that every

accusation made against the sponsors of California anti-AIDS Proposition 64 was medically incompetent. Six months later, everything which my collaborators and I stated on the subject of AIDS has been confirmed beyond any remaining scientific basis for objections.

It was I who proposed publicly to the Soviet government, that I, as President of the United States, would regard the war against the species-threatening AIDS pandemic as the one area in which even adversaries such as the U.S. and U.S.S.R. must pool their scientific capabilities for developing cures and otherwise combatting this deadly infection. The relevant Soviet health officials prominently signaled a willingness to cooperate with the U.S. government this way. The signal from those scientists was prominently featured, and represented as a serious offer, by relevant actions of the Soviet government.

The area of scientific cooperation which I emphasized for attention of Soviet scientists was a special, very crucial area of biological research seeking a cure. This is the area of biological research called "optical biophysics." Work in this area of biological research is sometimes listed in the scientific literature under the title of "nonlinear spectroscopy" of electromagnetic absorption and pulse radiation of living processes.

Optical biophysics was introduced to Soviet research approximately 60 years ago, and fundamental sorts of preliminary contributions to this field were effected by some scientists there during as early as the 1930s. Moscow has a number of leading specialists and specialist teams, including that at the primate center in the Caucasus, which could make a valuable contribution to international efforts in understanding and fighting AIDS.

However, it is the United States and Japan, working together, which have a near-monopoly, presently, on the ability to produce the kinds of instrumentation needed to conduct experiments of the type which AIDS requires. Also, there are teams in West Germany, Italy, France, and Britain, which each offer uniquely valuable, specialized kinds of contributions to such a common effort, as well as the molecular biology laboratories of major pharmaceutical firms.

The further development and production of the instruments required, combined with the various capabilities of teams of specialists in various nations, would be our best hope of achieving the needed understanding of, and cure for

AIDS at the earliest date humanly possible.

The following key points are central for defining U.S.-Soviet scientific collaboration in combatting AIDS.

1) For purposes of U.S. and international public health policy-making, the English-language term "AIDS" refers to a rapidly spreading and rapidly evolving sub-order of viral infections, rather than a single, fixed form of virus.

2) At present, there is no reasonable expectation that a vaccine or cure for AIDS could be developed for general use earlier than five years, more probably not earlier than ten.

3) The infection has an indicated incubation period of from several to 15 years, preceding an outbreak of symptoms which are presently indicated to be virtually 100% fatal. During nearly all of that period of incubation and symptoms, the infected person is a transmitter of the infection to other persons.

4) Potentially, the infection can be transmitted from a carrier in almost any way that any other viral infection might be transmitted. The infection is not limited to "high-risk" modes of transmission. Rather, the possibility of transmission of the infection is divided among "high-risk," "medium-

risk," and "low-risk" categories. Worse, as the number and density of infected persons increases, and as the virus adapts and evolves into new varieties and species, new methods of transmission appear, and today's "medium-risk" routes of infection tend to become tomorrow's "high-risk" routes. Also, the probable transmission of the infection from carriers varies with both environmental co-factors and the level of resistance in the uninfected portion of the populations.

5) Governments must therefore assume, that, since during the coming five to ten years, there will be no vaccine or cure generally available, that only measures of isolation of carriers of the infection can stop the spread of an infection. At present, the best-known estimates for increase of the number of persons infected, without isolation of carriers, is a doubling of the number of such cases each eight to twelve months.

6) Therefore, the only responsible policy for all governments, is: a) a policy of mass screening, isolation, special care, and highest investment possible in research, and b) international cooperation to assist each nation in controlling the spread of the infection among its population.

Interview: Dr. Bertha Farfán

Mexico is ripe for an epidemic

The following interview with Dr. Bertha Farfán, coordinator of medical research for the Schiller Institute in Mexico, was conducted by EIR correspondent Lucía Méndez on May 8.

EIR: In recent weeks, the Mexican press has reported on the panic caused by the AIDS situation. The Secretary of Health declared that AIDS is a terrible epidemic, which will consume the entire health budget. We know that you toured the country both to lecture, and to investigate the true situation with respect to AIDS. What can you tell us about this?

Dr. Farfán: AIDS is becoming an epidemic, well before anyone had foreseen it. There are various reasons for this. First, Mexico is in an unfavorable situation because of its borders with the United States, where it touches those states with the highest incidences of AIDS, like California, Texas, and other states where Mexicans go, like Florida or New York. This situation has increased the number of AIDS cases. Mexico has tourists all year long, especially from the United States. Another reason is that Mexico has conditions that serve as a hotbed for retroviruses like AIDS.

EIR: What are those conditions?

Dr. Farfán: Crowding, the proliferation of mosquitoes, and

high levels of virus epidemics; that is, persons who constantly suffer from viral diseases. Generally, this is due to malnutrition.

In Mexico, the problem of crowding is very serious. It has been calculated that there is a yearly deficit of 1 million dwellings. A majority of the rural population lives in shacks with no floor, constructed of sheet metal or branches, without any type of public services, like running water or sewers. More than 10 persons live in each house, sleeping in only one room.

With respect to the incidence of insects, in recent years, the problem has been enormously aggravated, and is reflected in the incidence of illnesses transmitted by them, like malaria and dengue. For example, in 1977 there were 19,361 cases of malaria; in 1980, 25,734 cases; in 1981, 42,104 cases; in 1983, 75,069 cases; in 1984, 85,501 cases; in 1985, 116,979 cases; in 1986, 130,200 cases. Thus, the health authorities have been at the point of declaring a state of emergency because of the resurgence of malaria.

In the case of dengue, after having been eradicated, the first 36 cases reappeared in 1977; in 1980, there were 51,406 cases; in 1981, 17,040 cases; in 1983, 19,023 cases; in 1984, 26,089 cases; in 1985, 36,182 cases. If you compare the figures for malaria as well as dengue, over a period of eight years, the result is a 1,000% increase.

EIR: Why do you think this is the case?

Dr. Farfán: Well, these are just two examples, and they are not the only ones. It is the case that the regional authorities tried to get DDT and aid to eradicate insects, but they did not receive either of those two things, basically because the budget cuts in the health sector prevent having enough resources to

7) Since viruses easily pass ordinary Customs checks, the spread of the infection in any nation is a threat to all nations.

8) Without mass screening and isolation, if we assume that no vaccine or cure were generally available earlier than 10 years from now, the number of infected persons would seem to be more than 200 times the present number of cases infected—very bad news for any nation which has presently as much as 1% or more of its population infected. Without a cure, all of those infected persons would die, most within five years or so, and nearly all within about 15 years. Unchecked by public health measures including mass screening and isolation of carriers, AIDS is the first sub-order of virus infections which has the potential to wipe out the human species in less than two generations of a continuing pandemic.

9) AIDS is therefore the common enemy of all humanity, and international relations in this matter must be so ordered.

As a matter of added information, since the AIDS viruses infect the cell chromosomes directly, among other locations, the development of a true cure demands digging the infection out of the cell's chromosomes, probably during mitosis,

without destroying vital tissue. There is a line of optical biophysics research which addresses this kind of problem directly: the spectroscopy of the mitotic process. Enormous work must be done in this area, in a concentrated and accelerated way, since our present knowledge of spectroscopy of the mitotic process is far too limited to show us an effective approach to developing a cure for AIDS.

A "crash program" of research into the spectroscopy of the mitotic process, is the center of the area I have stressed for potential U.S.-Soviet scientific cooperation.

Who invented AIDS?

The charge that U.S. biological-warfare centers "invented" AIDS deliberately, is typical of the way in which the Soviet political propagandist works. From such sources, or idiots such as USIA's Herbert Romerstein, such silly charges and countercharges are to be expected.

The charge, made most prominently by the same Dr. John Seale against whom Romerstein has circulated his lies, is that there is a high scientific probability that human AIDS might have gotten its start in a certain line of cancer-research going

wage these campaigns.

Now, the problem is that AIDS has a very close relation with transmission of illnesses by insect bites, as experiments by the Pasteur Institute in France demonstrated.

If this situation seems grave, then look at the state of nutrition. At this time, 40% of the adult Mexican population is malnourished; 80% of the infant population has protein malnutrition. I want to emphasize the problem of infant malnutrition because it reflects the gravity of the problem. Of 2 million children born per year, 100,000 will die of malnutrition before they are five years of age. One million children will have brain and physical damage that is irreversible.

That means that of the 2 million children who are born each year, only 900,000 will have the opportunity to have a more-or-less normal life.

This is obviously due to the austerity measures and looting of the International Monetary Fund and World Bank. If we compare the minimum wage of workers in 1980, with present-day salaries you can see what has happened. In 1980, the minimum wage was equivalent to \$2 per hour; today, the minimum wage is equivalent to less than 40¢ per hour. Moreover, comparing this with buying capacity, the total minimum wage per day is equal to the cost of 1.5 kilograms of meat.

From what I have said before, it can be deduced that the economic problem is the principal cause of the outbreak of AIDS in the country. Definitely, in those places where the economic crisis has hit the hardest, in the poorest areas, the scourge of AIDS has been the worst.

EIR: What parts of Mexico are the most affected?

Dr. Farfán: It is difficult to determine with precision which

areas are the most affected, because there is no real epidemiological study—not even the health authorities have it. From what is known today, thanks to the information given by the laboratories, doctors, government organizations, and private clinics, it is known that Mexico City, Cuernavaca, and some states in the north of the country are the most affected.

In Cuernavaca, in the Civil Hospital of the city, they analyzed the blood of donors, and found 130 AIDS virus carriers. Cuernavaca has officially reported 5 AIDS cases; nevertheless, it can be deduced that there are 630 AIDS carriers. If we divide this number into the total population of the city, it can be said that 1 out of every 500 persons is infected with AIDS.

Cuernavaca is a good example of what we have already said; it brings together the special conditions for propagation of the virus. It is a tropical climate, where mosquitoes abound; it has a very polarized social structure, with international and national members of the oligarchy, like Armand Hammer, and then a large, very poor population. It also has a very high migrant homosexual population, because it is a tourist and recreation area.

The other problem coming up in Mexico and which is going to raise the epidemic to the level of pandemic, is the new U.S. immigration law, known as Simpson-Rodino. Immediately upon application of this law, thousands of Mexicans were deported [from the U.S.], among them AIDS carriers. Of the first group of 1,350 deportees, 55 of them were AIDS carriers.

The chief of health of Ciudad Juárez sought quarantine for those infected; nevertheless, Dr. José Luis Domínguez Toris, member of the National Committee for the Investiga-

on in numerous nations during the 1960s. That including some non-human species of AIDS-like virus in certain cancer-virus experiments, could cause a kind of recombination leading to creation of a human AIDS-type virus. Dr. Seale has pointed to such cancer experiments performed on living samples of human tissue as the way in which such a result could be brought about accidentally.

Such kinds of cancer experiments were being conducted by various kinds of official and private laboratories in both the East and the West. It is therefore possible that a U.S., WHO-sponsored, or Soviet laboratory might have suffered such an accidental production of a human species of AIDS-like virus.

Some specialists have stressed, that if we could discover how and where such an event might have occurred, this, by itself, would be a valuable clue in the fight against AIDS today.

These were the points stressed by Dr. Seale and by my associates. Since I was associated with posing this question, the Soviet government, which has officially classed me as

tion and Control of AIDS, and director of the National Transfusion Center for Mexico City, said that it was not necessary, and obliged the health chief to let them go. Those 55 persons will go to their places of origin, and will infect their spouses, children, parents, etc.

EIR: Speaking of measures that some want to take, and cannot, what is the official policy of the government on confronting this mortal disease?

Dr. Farfán: Before directly responding to your question, I would want to comment on some statements made by Dr. Guillermo Soberón Acevedo, Mexico's Secretary of Health, in a TV interview, after Congress debated the new health law.

In that interview, Dr. Soberón said that there are 407 AIDS cases in Mexico, and by 1991, there will be 31,000 cases. He added that for every case, there are 100 infected persons. That means, according to the Secretary of Health's own data, that at this moment, there are 40,700 persons infected with the AIDS virus. Soberón said that 100% of them will die, because no person has recovered from this disease. He also said that AIDS can be transmitted through blood, saliva, semen, tears, sweat, and every type of human bodily fluid.

In spite of the fact that he recognizes that AIDS is not exclusively a sexually transmitted disease, Dr. Soberón says that the only way to control the disease is with "safe sex," using condoms and sex education given to the entire population. In reality, the only thing that is being done is converting the campaign against AIDS into a campaign for sexual liberation and family planning.

The World Health Organization has stated that if so much money is going to be spent on an anti-AIDS campaign, then

"Soviet public enemy number one" in the world today, naturally retorted by attacking the U.S. government. That is the way the Soviet propagandist's mind works.

That is what that story is all about. The problem has been that the USIA's Project Democracy-linked Herbert Romerstein, whose twisted little brain functions much like a Soviet propagandist's, issued disinformational reports which transformed a Soviet attack upon me personally, into alleging that John Seale and I were the authors of this particular piece of Soviet propaganda.

Last week, according to the high-level State Department source, it was Romerstein's perverted attack on me which was used as a pretext for turning down the best offer Moscow has made to us recently.

If every other negotiation with Moscow were scrapped, and if scientific cooperation on AIDS could be established, President Reagan would truly go into history-books as a man who made a great contribution to all humanity. Despite twisted minds like that of Romerstein, the President should be offered the chance to earn that honor.

we have to take the opportunity to launch a family planning campaign.

EIR: Could you tell us who is in charge of the program to combat AIDS?

Dr. Farfán: Before answering your question, I would want to emphasize how serious the problem is. Assuming that the only persons ill are the 407 officially reported, it means that for every 1 who is sick, we have 100 who are infected; that is, there are 40,700 persons infected. That means that by population density, 1 out of every 2,000 Mexicans is infected with the virus. And here I am not including the infected deportees, nor the tourists who have AIDS and are patients in hospitals here, and who are returning to our beaches.

And what is going to happen? By 1991, within four years, we will have 31,000 cases. That means that we will have 3,100,000 infected, and in terms of density, we will have 1 out of every 100 Mexicans infected with the AIDS virus.

I wanted to repeat and emphasize this aspect, because these figures are calculated based on the information provided by health authorities, and thus these figures show that the problem is hair-raising.

As well, the National Committee for Investigation and Control of AIDS is focusing on AIDS as a sexual disease, and all they are doing is publishing brochures recommending how to have safe sexual relations, that border on the obscene and perverse.

It is of the utmost importance to know that various members of this committee are professed homosexuals, like Dr. Luis González de Alba, the committee's psychologist, and Dr. José Antonio Izazola, committee coordinator, and also a homosexual. The committee is definitely propagating homosexuality, and with it, genocide.

The EIR-LaRouche record on AIDS

by Warren J. Hamerman

We print here a chronology of the EIR-LaRouche record on basic AIDS policy, from 1985 to April 1, 1987. This is an abridged version of that appearing in the first quarter 1987 EIR Quarterly Economic Report. Lyndon H. LaRouche and his associates have addressed the threat of an outbreak of a "newly recombined" and "species-threatening pandemic" since 1974, at which time they forecast the threat of a full-scale "biological holocaust," whose qualitative and quantitative features precisely conform to the current dangers to mankind. Beginning in 1983, associates of LaRouche warned that the AIDS "pandemic" could be the harbinger of that "biological holocaust."

Jan. 1, 1985: *EIR*, in its "1984 in Review" issue, forecasts that AIDS is the most serious disease threat of our time, which, without a full commitment to research breakthroughs, will result in an "unnecessary biological holocaust," beginning in Africa.

February-March 1985: LaRouche directs the *EIR* Biological Holocaust Task Force to review its 1974 forecast, in light of the eruption of mass cholera epidemics in Africa and AIDS in the United States.

April 30, 1985: *EIR* publishes a cover story entitled, "IMF's Ecological Holocaust: More Deaths Than Nuclear War," reviewing the accuracy of the 1974 study.

May 7, 1985: LaRouche issues statement, "The Role of Economic Science in Projecting Pandemics as a Feature of Advanced Stages of Economic Breakdown."

May 21, 1985: LaRouche associate and director of the *EIR* Biological Holocaust Task Force Warren Hamerman publishes "Order of Battle for a Global War on Disease," which stresses the threat that AIDS will become an unstoppable global pandemic. Calls for a militarily organized 10-point War on Disease, including universal screening and quaran-

tine, as well as a Manhattan-Project scope space-age crash research program.

June 1985: Release of an *EIR* Special Report, "Economic Breakdown and the Threat of Global Pandemics," which reviews the 1974 study in depth. Report also contains a "Handbook of Human Epidemic and Potentially Epidemic Diseases," by LaRouche medical adviser John Grauerholz, M.D.

Aug. 27, 1985: Dr. James Mason, director of the Centers for Disease Control, writes *EIR* Biological Holocaust Task Force director Hamerman, saying that the CDC disagrees with the "pessimistic conclusions" in the June *EIR* report on "Economic Breakdown and the Threat of Global Pandemics," on the grounds that they believe that there is a rapidly rising socio-economic living standard for the world's population. The CDC director also disagrees with *EIR*'s contention that there is an AIDS epidemic among "no-identifiable-risk" individuals in Belle Glade, Florida.

August-September 1985: Demonstrations take place against admittance of AIDS-infected children to public schools. The National Democratic Policy Committee calls for mass screening to detect virus and an Apollo-style biological research program.

Sept. 6, 1985: *EIR* calls for crash program to develop and apply space medicine to rescue the Earth's biosphere.

Sept. 15, 1985: LaRouche issues statement, "Spread Panic, Not AIDS," calls popular panic "entirely justified."

Sept. 26, 1985: Dr. William Haseltine of Harvard Medical School reports an estimated 10 million Africans infected with the AIDS virus.

Sept. 27, 1985: *EIR* breaks story of Dr. Mark Whiteside's study of AIDS in Belle Glade, Florida, with hypothesis that poor pest control, poor sanitation, economic squalor are significant co-factors for generating deadly new pandemics. *EIR* denounces the Atlanta CDC for running a "cover-up" for budget-cutting reasons.

Oct. 3, 1985: Dr. Myron Essex of Harvard School of Public Health declares, "We need to act fast if the numbers are not to be 40 to 50 million infected and 4 to 5 million with outright AIDS. . . . Unfortunately, our blood supply is not safe."

Oct. 5, 1985: LaRouche announces he will campaign for 1988 presidency on the issue of challenging "the continued cover-up of the rapid spread of AIDS."

October 1985: National Democratic Policy Committee (NDPC) issues 100,000 copies of a pamphlet entitled, "AIDS

Is More Deadly Than Nuclear War,” which attacks the government cover-up of AIDS and proposes a legislative package to fight the disease with traditional public health measures and research.

Oct. 18, 1985: U.S. Department of Defense announces that all military personnel, numbering 2.5 million individuals, will be screened for AIDS.

Oct. 18 and Oct. 25, 1985: *EIR* publishes an explosive two-part cover story exposing the Soviet role in covering up the deadly threat of AIDS. A Soviet nest at the World Health Organization in Geneva is unmasked.

Oct. 25, 1985: Prevent AIDS Now Initiative Committee (PANIC) announces drive to place referendum initiative, mandating that AIDS be treated as a communicable disease, on the California ballot.

Oct. 30, 1985: Soviet weekly *Literaturnaya Gazeta* publishes an article by Valentin Zapevalov denouncing *EIR* and LaRouche for their reports on the Soviet role in blocking effective measures against AIDS.

Nov. 1-3, 1985: LaRouche and other speakers at Schiller Institute conference honoring St. Augustine in Rome, Italy address the necessity of mobilizing Western civilization to fight the AIDS pandemic. Hamerman announces the formation of an “Emergency International Committee for the Exchange and Dissemination of Scientific Information and the Advocacy of Public Health Policies to Combat the Deadly AIDS Pandemic.” The initiative is co-signed by scientists from England, France, Italy, Denmark, West Germany, Canada, and the United States.

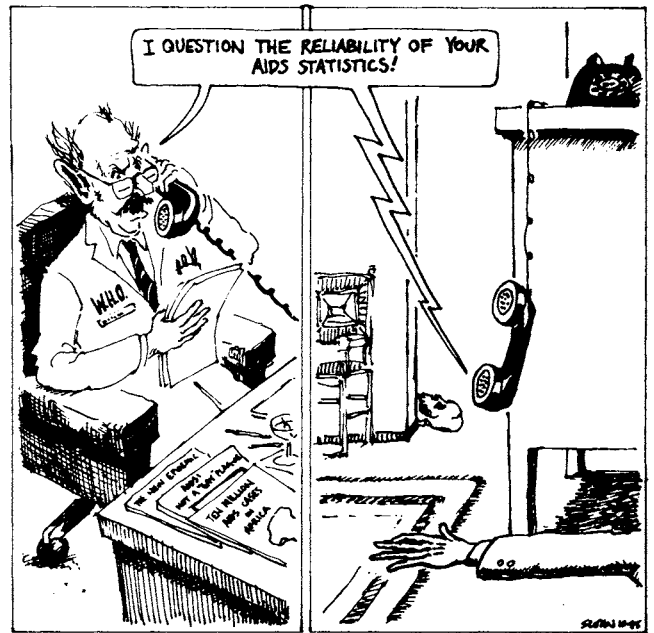
Nov. 22-23, 1985: Brussels International Conference on AIDS in Africa maintains the cover-up of the true dimensions of the AIDS outbreak in Africa and its link to the utter collapse of economic conditions.

Nov. 25, 1985: Gus Sermos, CDC public health adviser in Florida, is relieved of his post for “overzealous” reporting on AIDS crisis, charged with leaking information about inadequacy of state’s monitoring program to the press.

Nov. 29, 1985: Dr. Ricardo Veronesi of Brazil University in Sao Paulo reports on incidence of AIDS in his city: “The prospects are very somber, apocalyptic.”

Dec. 5, 1985: *EIR Quarterly Economic Report* is headlined, “The Political Economy of AIDS and How to Fight It,” a 150-page report on the collapse of U.S. living standards.

Dec. 14, 1985: LaRouche issues policy statement, “Why the Administration Has Tolerated the CDC Cover-Up of AIDS.”



Dec. 28-31, 1985: LaRouche organizes an international conference proclaiming 1986 “The Year of St. Augustine,” in which he designs a panel of presentations on AIDS by his associates. They present a proposal for a “Biological Strategic Defense Initiative” (BSDI) against AIDS and other pandemics, featuring optical biophysics as the center of a crash AIDS research program.

Jan. 21, 1986: National news wire on PANIC initiative. Dr. Mathilde Krim of the American Foundation for AIDS Research (AFAR) claims quarantine of AIDS victims would be “biologically unsound, illogical, and dangerous.”

Jan. 28, 1986: *EIR* publishes 150-page *Special Report*, “An Emergency War Plan to Fight AIDS and Other Pandemics,” calls for declaration of national emergency by the President.

Feb. 18, 1986: New York State Supreme Court Judge Hyman rules Queens public schools can no longer bar student with AIDS.

March 1986: LaRouche associates Hamerman and Jonathan Tennenbaum present the *EIR* “War Plan Against AIDS” at a series of press conferences in Paris, Milan, Rome, Bonn, Berlin, Oslo, Copenhagen, and other European cities.

March 18, 1986: LaRouche candidates Mark Fairchild and Janice Hart win Illinois state nominations in Democratic primary, in part because of their identification with LaRouche’s program to fight AIDS.

May 22, 1986: 690,000 signatures of Californians filed to put PANIC initiative on ballot.

June 6-7, 1986: LaRouche sends message of greetings to conference in Paris entitled, "The Importance of the Method of Louis Pasteur for Conquering AIDS and Other Pandemics."

June 14, 1986: U.S. Public Health Service estimates 179,000 Americans dead of AIDS by 1991; Dr. John Grauerholz calls estimate "far too low."

June 16, 1986: LaRouche reports, "AIDS is presently a greater threat to life on Earth than nuclear war."

June 23-25, 1986: 30 million Africans may be infected with AIDS, say reports at Second International Conference on AIDS in Paris.

June 25, 1986: PANIC initiative officially placed on California ballot as Proposition 64.

July 29, 1986: Dr. John Seale endorses Proposition 64.

July 30, 1986: California Secretary of State March Fong Eu's request to censor the state voters' handbook of all statements pertaining to the potential for AIDS' casual transmission comes before California Judge James T. Ford. Proposition 64 advocates submit affidavits from medical experts including Drs. Mark Whiteside, John Seale, and John Grauerholz. Judge Ford refuses to consider evidence that AIDS could be transmitted through insects or other "casual" means.

Aug. 8, 1986: California Judge Ford rules in favor of censoring the California state voters' handbook.

August 1986: Gladden V. Elliot, president of California Medical Association, refuses to debate LaRouche on AIDS and Proposition 64.

Aug. 23, 1986: California judge rules that a homosexual who bit two police officers must take an AIDS test.

Aug. 25, 1986: AIDS virus found in African insects: Prof. Jean-Claude Chermann of Pasteur Institute in Paris reports virus isolated in mosquitoes, cockroaches, ants, and tsetse flies.

Aug. 25, 1986: PANIC organizer Ron Taylor bitten by Proposition 64 opponent; Attorney General John Van de Kamp refuses to investigate or protect PANIC organizers.

Aug. 31, 1986: *EIR* Biological Holocaust Task Force releases a report at a conference in the Washington, D.C. vicinity, showing that AIDS is deadliest disease ever: mortality-communicability index of 9,600, with next most deadly disease, malaria, at 240.

Sept. 15, 1986: LaRouche issues statement, "A Vote for Proposition 64 Could Save the Life of Someone in Your Family," which opens with the following sentence:

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

Sept. 29, 1986: California State Senate convenes hearings on Proposition 64, as platform for Van de Kamp's office to charge PANIC with "illegal petitioning."

September-October 1986: National Democratic Policy Committee (NDPC) issues and circulates 1.35 million copies of a pamphlet endorsing Proposition 64. The pamphlet opens with the LaRouche statement of Sept. 10, 1986, and includes the *EIR* Task Force Report on AIDS from Aug. 31, 1986, as well as the affidavits on the threat of AIDS' casual transmission, which California Judge James Ford censored from the state voters' handbook on Aug. 8, 1986.

Oct. 14, 1986: LaRouche releases program for U.S.-Soviet negotiations on AIDS pandemic, proposing strategic collaboration to fight deadly threat.

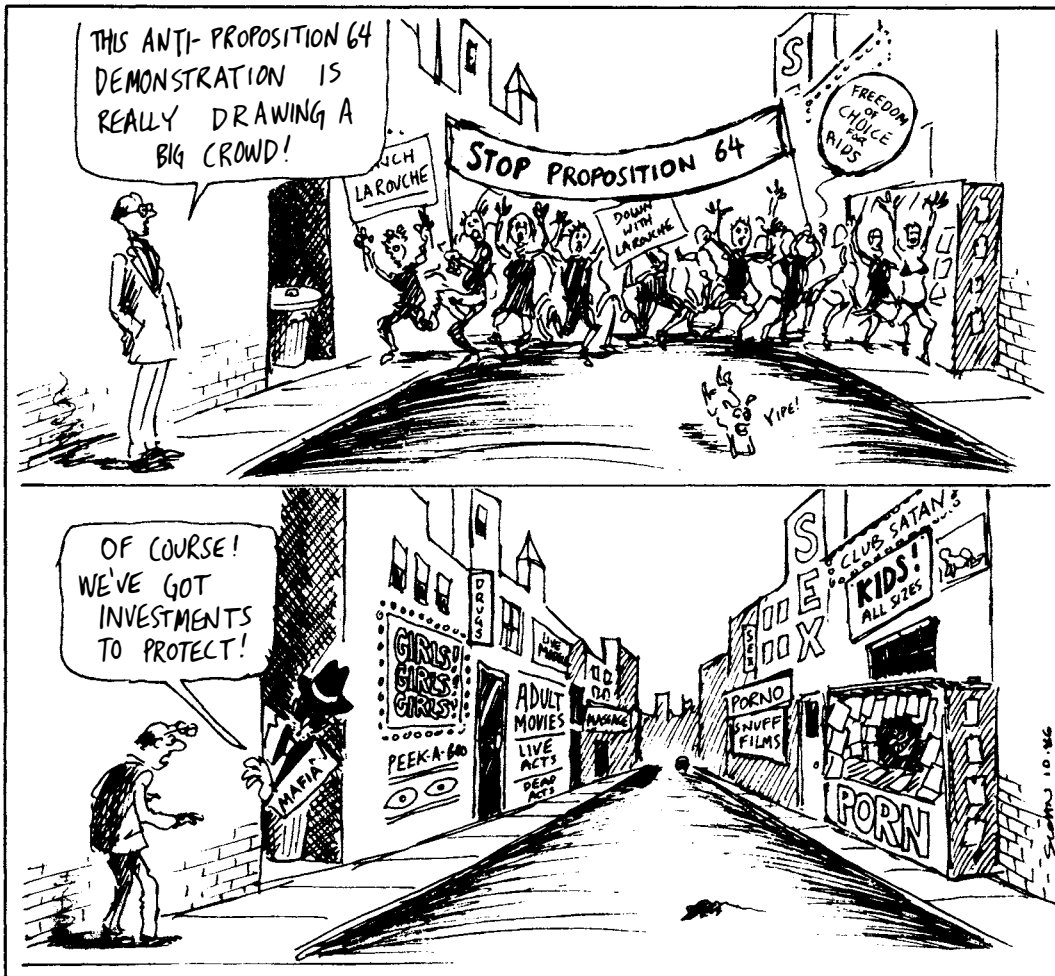
Oct. 25, 1986: U.S. Surgeon General Koop denounces Proposition 64, calls approach cost-prohibitive. Proposes sex education and condoms as chief anti-AIDS focus.

Oct. 29, 1986: National Academy of Sciences issues report on AIDS which demands \$2 billion annual budget to fight AIDS; scientists call for "presidential leadership."

Oct. 29, 1986: Joseph Cardinal Ratzinger issues a letter,



Stop right there—I represent the virus



approved by the Pope, to all Roman Catholic bishops worldwide, stating that homosexual activity constitutes “a more or less strong tendency toward a behavior which is intrinsically evil from a moral standpoint.”

Oct. 31, 1986: Orthodox Rabbis of the United States and Canada, representing over 500 rabbis and heads of seminaries, issue a formal endorsement of Proposition 64.

Nov. 3, 1986: *Newsweek* writes, “Sponsored by the disciples of political extremist Lyndon LaRouche, Proposition 64 seems destined for defeat. But it may still be a harbinger of a national debate on AIDS—a debate that could require Reagan, that most cheerful of Middle Americans, to commit his office to controlling this ghastly epidemic.”

Nov. 4, 1986: Proposition 64 receives 30% of the vote, nearly 2 million votes, and fails adoption.

Nov. 9, 1986: Helga Zepp-LaRouche gives the political keynote address, vowing to continue the Proposition 64 battle in West Germany, at a Patriots for Germany conference on AIDS in Bonn, West Germany.

Nov. 19, 1986: Dr. Halfdan Mahler, director general of World Health Organization, says AIDS is “of pandemic proportions,” 100 million will be infected in five years. He confesses, “I definitely admit to a gross underestimate” of the danger.

Nov. 20, 1986: California Attorney General Van de Kamp’s office leads police raid on PANIC offices in Los Angeles and Livermore.

Dec. 5, 1986: The results of the first-generation computer model of AIDS’ spread, jointly developed by *EIR* and the Fusion Energy Foundation, are published by LaRouche associate Dr. Jonathan Tennenbaum.

December 1986: LaRouche associate Dr. Debra Freeman tours Peru and Venezuela to warn of AIDS and promote public health measures.

Dec. 27, 1986: Maj. Robert Redfield, one of the U.S. Army’s chief researchers on AIDS, calls for AIDS testing and traditional public health measures for the entire U.S. population in an interview in the *Washington Post*.

Dec. 31, 1986: Dr. Robert Gallo, in an interview with the *Washington Times*, calls for a "Manhattan Project-style" crash program against AIDS.

Jan. 3, 1987: Italian newspaper reports that Italian government has created a special commission empowered to carry out a "war plan against AIDS."

Jan. 16, 1987: New York City health authorities estimate 500,000 infected: "No matter what happens, 150,000 are doomed," says New York State Health Commissioner David Axelrod.

Jan. 18, 1987: Survey in *M.D.* magazine reports that 28% of doctors in U.S. favor quarantine of AIDS victims. Over half surveyed favor testing as a prerequisite for a marriage license.

Feb. 3, 1987: Centers for Disease Control says it is considering recommending mandatory AIDS screening for marriage licenses, hospital admissions, calls "open hearings" on AIDS.

Feb. 7, 1987: LaRouche issues statement entitled, "My Program Against AIDS," to New Hampshire citizens.

Feb. 11, 1987: Surgeon General Koop stalks out of a forum on AIDS at Harvard when a LaRouche associate confronts him on the fact that his AIDS report and "safer sex policy" is a fraud which will help kill millions.

Feb. 12, 1987: LaRouche addresses several hundred Italian government, medical, and Church officials at an international conference on AIDS in Rome.

February 1987: Dr. Grauerholz conducts highly successful speaking tour on AIDS in Brazil, Colombia, and Venezuela.

Feb. 13, 1987: In an editorial entitled, "AIDS and Civil Rights," *Science* magazine states: "The freedom to infect others is a civil wrong."

Feb. 25, 1987: Centers for Disease Control holds closed hearings dominated by "gay rights" groups; only LaRouche organizers on the scene challenge the consensus and call for mass public health measures; CDC at close of meeting announces "no support for mandatory screening."

March 3, 1987: U.S. Supreme Court rules 7-2 that communicable-disease victims come under "handicap" statutes and cannot be discriminated against.

March 5, 1987: Parents in Chicago's Hispanic community of Pilsen revolt over attempts to force AIDS-infected children into the school.



March 15, 1987: Interview with AIDS researcher Dr. Luc Montagnier of the Pasteur Institute is published in the *Paris Journal International de Médecine*. He cautiously but persistently opens the discussion on casual transmission of AIDS, on terms heretofore clearly stated only by LaRouche and *EIR*. While "for the moment," he says, AIDS is spread through blood and sex, one cannot rule out the potential of the virus to mutate.

March 16-18, 1987: U.S. Public Health Service calls for screening 30-34 million blood-transfusion recipients; U.S. Red Cross endorses call for 30-million mass screening. Centers for Disease Control admits necessity of some form of "mass screening" for blood transfusion recipients.

March 19, 1987: Soviet government newspaper *Izvestia* carries call by Soviet director of Virology Institute Viktor Zhdanov for "international cooperation" to fight AIDS.

March 25, 1987: AIDS expert Dr. Robert Gallo at a Washington, D.C. conference states that he cannot "rule out" the possibility of AIDS' transmission through "casual contact." Surgeon General Koop lashes back at Gallo that the statement "will provide ammunition for our critics on the right."

March 26, 1987: LaRouche associates sponsor a public conference and a private seminar on AIDS research in Paris.

March 31, 1987: President Reagan and French Prime Minister Jacques Chirac announce settlement of longstanding dispute between Gallo and Montagnier over discovery of the AIDS virus and profit rights to test kit.

Russia launches the Sputnik of the '80s

by Konstantin George

On May 15, the Soviet Union launched the *Energia* super-booster rocket from the Baikonur Space Center in Kazakhstan, U.S.S.R. The 2,000 ton booster stands 60 meters high, and is five times more powerful than the U.S. Space Shuttle. The launching of *Energia* thus represents a breakthrough in the Soviet military space program, with devastating implications concerning the race between the United States and the Soviet Union to develop, test, and deploy space-based anti-ballistic missile weapons.

The *Energia* was launched immediately after Soviet leader Mikhail Gorbachov's three-day visit to Baikonur May 12-14, with a select delegation of Politburo members representing the military, military-industrial, and KGB leadership. Included were Defense Minister Sergei Sokolov, KGB boss Viktor Chebrikov, and Lev Zaikov, the Politburo member in charge of the Soviet military industry.

There are other relevant background events which preceded the Soviet breakthrough launch. The three days April 16-18 witnessed an expanded meeting of the Warsaw Pact Military Council, curiously held in Minsk, capital of Byelorussia. Minsk is the headquarters for Marshal Nikolai Ogarkov's high command for wartime operations against the United States and its NATO allies. It was shortly before this Warsaw Pact gathering that Marshal Ogarkov was promoted to the post of Deputy Commander in Chief of the Soviet Armed Forces, on the all-powerful National Defense Council, the supreme combined civilian-military body of the U.S.S.R.

According to very well-informed West German intelligence sources, the Minsk meeting was notable in that, besides Warsaw Pact military brass, "groups of experts from various important areas" were brought in. This meant, groups from the Soviet Union's leading high-technology warfare

laboratories involved in the entire array of Russia's R&D establishment.

The *Energia* launch was also preceded by a barrage of articles in the main Soviet newspapers, beginning May 9, written mostly by marshals and generals, including Marshal Viktor Kulikov, Warsaw Pact commander in chief; Marshal Sergei Sokolov, Soviet defense minister; and Army General Pyotr Lushev, first deputy defense minister. Along with these statements by the military leadership, appeared a lengthy article by a Professor Markov in *Pravda* on May 12. It announced a vast increase in Soviet SDI and SDI-related research programs. Excerpts of the articles, which form crucial documentation of the sweeping changes now under way in the U.S.S.R. to implement the war plan of Marshal Ogarkov, are appended below.

The cornerstone of the Ogarkov war plan is the ongoing retooling of the Soviet war economy to impose much higher rates of sustained technological progress, especially in the production of military goods, on the Russian economy. To use Ogarkov's own terminology, the Soviet war economy will emphasize "maximum rates of technological attrition," that is, shifting emphasis in production toward defensive and offensive weapons based on "new physical principles," and an array of high-technology radio frequency and miniaturized nuclear and chemical weapons for effecting a successful invasion and occupation of Western Europe, with the least possible damage to industry and territory.

A top British defense source and expert on the Soviet military stressed these points in a recent discussion with *EIR*:

"The Soviets are doing a lot on this, miniaturizing weapons, nuclear, chemical, and above all radio frequency weapons, microwave transmissions, you know. Ideal for hi-tech

spetsnaz [special forces] operations. They are focusing, not on missiles, but on building up other kinds of weapons, to revolutionize warfare, of which their 'SDI' is obviously crucial, and they consider it so, but only one component of a wide range of hi-tech warfare capabilities they are developing. These are the important things. Unfortunately, the West is largely ignoring these types of developments, too much fixated on missiles. We're not prepared to respond to a Soviet military doctrine that will heavily employ these new types of weapons when they go to war. We're mired in a missile-age version of Maginot Line concepts. . . .

"The Soviets are *not yet* at the point where they can fight a war with these revolutionary new weapons, *but*, they are feverishly working to have such a capability in depth. They *don't yet* have this hi-tech *spetsnaz* capability to the point where it's ready for war use, but they've been working on this for quite a long time, and, now, all this work is coming together. I can give you one example. Take sensor technology. If you read Soviet technical publications, you'll see that they have been pouring enormous sums into sensor technology. They've been behind on this, but they're catching up quite fast. . . .

"The Soviets are also devoting a great deal of effort to developing techniques to ensure that their crucial command and control centers and military communications are protected."

Energia and 'space battle stations'

The fact that the *Energia* is not the G-1, a mammoth cluster rocket, which has exploded several times recently, but a Russian version of the no-longer-used Saturn V which launched the U.S. Moon missions, cannot be allowed to foster complacency in the West. A space-based SDI system requires a super-booster rocket that can be used to lift components for space battle stations. The successful Soviet launch underscores a glaring deficiency in the American military space program. It is not sufficient merely to develop SDI technology. The United States must also be in a position to place in orbit the necessary space battle stations where laser weapons can be tested and eventually deployed.

In the May 15 test flight of the *Energia*, the crucial first and second stages performed successfully. The capability for follow-up launches is thus established. The rocket's enormous lift capacity can be used to place crucial heavy payloads for Soviet military space battle stations into orbit.

Energia's alarm bell effect on the West should be comparable to the 1957 "Sputnik shock." The *Energia* gives Russia the capacity to launch and position the orbital platforms required for a space-based ABM system, as well as offensive disruption capabilities, in outer space. The *Energia* can lift a 100-ton military space station into orbit (the U.S. space shuttle by comparison weighs just under 30 tons); can orbit the Moon in an ABM deployment; can carry very large space shuttles; and can even be used to take a cosmonaut

crew to the planet Mars, around Mars, and back to Earth. The *Energia* is expected to launch a space shuttle as early as Oct. 1, the 30th anniversary of the Sputnik launch, and begin regular launches as early as mid-1988.

The concept of securing world domination through space-based warfare capabilities—i.e., military superiority in outer space using weapons based on "new physical principles"—is Soviet military doctrine dating back at the latest to the doctrinal writings of the late Marshal V.D. Sokolovskii. The first edition of his famous work, *Military Strategy*, contained an entire subsection entitled; "The Problems of Using Outer Space For Military Purposes," as part of a larger sub-section titled, "Methods of Conducting Modern War." Sokolovskii stressed the need to acquire space-based ABM capabilities, anti-satellite weapons, and "interference apparatus," to cite a few examples.

There is no doubt of *Energia's* military purpose. Back on May 5, 1985, less than two months after Gorbachov came to power, Defense Minister Marshal Sokolov stated to TASS that the Soviet Union was "conducting scientific research in space, including for military application." The military role of *Energia* was underscored by Gorbachov's trip to Baikonur. On May 13, he addressed Space Center personnel, including, as TASS noted, "military specialists . . . involved in the development and testing" of *Energia*. He stressed the importance of the work at Baikonur "for the defense of the Motherland," and identified *perestroika* (restructuring)—misrepresented in the West as liberalization—as the implementation of a pre-war plan:

"All of us should work as we work here in Baikonur, as patriots. . . . In that sense, *perestroika* is like a powerful rocket breaking out of the atmosphere into the universe."

Perestroika under Gorbachov is nothing less than the restructuring of the Soviet policy-making establishment, the *Nomenklatura*, with the aim of, in the shortest possible time, reshaping the very structure of the Soviet economy to bring the Russian Empire into a position of overwhelming military superiority. With this accomplished, the Russian Empire can drop its postwar mask, pretending to accept a "bi-polar" world, "crisis-managed" with the United States, and attain the mystical, cherished goal of world domination by Muscovy.

The launching of the *Energia* super-booster, and the specter of a Soviet SDI break out, may well have a healthy, "Pearl Harbor" effect on patriotic elites in the United States and Western Europe. We in the West must now use the Baikonur launch to launch our own restructuring of the West's liberal, culturally degenerate policymaking elites, and reverse the process of erosion of Western industrial and military capabilities.

Only when the West, led by the United States, begins to implement its own crash SDI program, and demonstrates successive SDI breakthroughs, will Moscow begin to "think twice" on the Ogarkov war plan.

Perestroika means war mobilization

Excerpts from General Secretary Gorbachov's May 13 speech at Baikonur, reported in Pravda of May 14.

Dear Comrades! Permit me to cordially greet you on behalf of the CPSU Central Committee and the Soviet government, and to thank you for your shock labor, for your persistence, and for your creative work on behalf of our Motherland.

All we Soviet people have always pronounced the word Baikonur with special emotion. It has become a symbol of our Motherland's greatest exploit—a triumph of Soviet science and the great potential of the socialist social system. . . . It was from here, that mankind first stepped into outer space, opening a new page in the history of civilization. It was from here at Baikonur, in October 1957, that the first artificial Earth satellite—a symbol of revolutionary science and technology—was put into orbit. It was from here, on April 12, 1961, that man's first flight into space was carried out—the remarkable flight by our countryman, Yuri Alekseyevich Gagarin. These are all great landmarks in the development of Soviet science and technology.

Created by the labor and talent of Soviet scientists, workers, engineers, and military specialists, the unique scientific research experimental complex is the true embodiment of Lenin's dream of turning our state into a great industrial power. In essence, what is concentrated here, is the intellectual capacity and the final results of the work of many dozens of our country's scientific research and design organizations and major machine-building enterprises. It is a real testing ground for advanced thinking in engineering. I would say that in all main areas, it is equipped with the most up-to-date science and technology.

. . . Everything here at the space center . . . has been produced by us in the U.S.S.R. It is all high-quality and state-of-the-art technology. Once again, a simple but very important question comes to mind: Why do we at times try to acquire even simple items from abroad, if we are today capable of resolving such vast, large-scale, and complex tasks. . . . There is no reason for us to go abroad, hat in hand, in this way. No embargoes, no ban . . . on selling us technology and equipment will slow down the development

of our country or the implementation of the great social and economic plans connected with *perestroika* and the acceleration of our economy. . . .

Perestroika 'like a rocket'

There is no distinction between main and auxiliary work here. . . . Much, indeed almost everything, depends on each individual. . . . We all need to work the way people work at the space center. . . . We need to be patriots, to live and work conscientiously and to competently carry out the task we have been assigned.

Acquaintance with your work has further vast significance, significance of great political importance. What is happening here and the fact that the solution of such very difficult problems is within your abilities, convinces me that the tasks set for our science and technology, and above all for Soviet machine building . . . are within our powers and that they will be fulfilled. This is the key sector which will enable our economy to rise to new heights. . . .

If we discuss *perestroika*, I will draw the following comparison: The *perestroika* begun in the country is like the bursting of a powerful rocket into space. *Perestroika* must be promoted with the same persistence, conscientiousness, and thoroughness we employ, when preparing and ensuring the reliability of space flights. Everything must be completely altered in all directions, in the economic, social, and spiritual spheres. . . .

[*Pravda* had this to add, from Gorbachov's speech]: "M.S. Gorbachov also stressed the defense significance of the work being carried out . . . at Baikonur. He said: Our policy of peaceful outer space is not a sign of weakness. . . ."

A scientific-technical revolution

Marshal Victor Kulikov, first deputy minister of defense and commander in chief of Warsaw Pact Forces, was interviewed in Izvestia May 9.

. . . The gains of socialism must be reliably defended. All work on the improvement of the defense capability of the country and strengthening of the Armed Forces is conducted in accord with this. We do not have the goal of surpassing or outmaneuvering anybody in the military realm. . . . All that we have achieved in the military realm, at the beginning of the eighties, is essentially only our answer to the aggressive aspirations of imperialism. The combat potential of the Soviet Armed Forces has grown immeasurably. It is a firm fusion of military skill with a high level of technical capability, ideological resolve, organization and discipline of personnel, and their devotion to their patriotic and international duty.

The scientific-technical revolution has sharply accelerated the rates of modernization of the Armed Forces. In the last 10-15 years, two or three generations of missiles have replaced each other, a significant portion of our aircraft, submarines, and surface ships, artillery, tanks, guns, and other weapons, combat and special technology has been re-

placed with new units. Fifth-generation computers are in use. . . .

Perestroika is going ahead in the country; it is not just a matter of lip-service, but it has actually touched all areas of our life. It is going on in the Armed Forces, too. For military people, *perestroika* is above all brought to life in new approaches to solving the tasks of strengthening the Armed Forces and raising their combat readiness. . . .

The labor of military cadres and of the entire personnel of the Army and Navy is aimed at the unswerving enhancement of combat readiness. The perestroika currently taking place in the Armed Forces, which embraces all aspects of their lives and activity, is also aimed at this.

Pravda of May 12 carried an article by M. Markov, academician-secretary of the Nuclear Physics Section, U.S.S.R. Academy of Sciences, entitled "Offered for Application: Thoughts of a Scientist About the Relationship of Basic Research to Practice."

The fact that the utilization of the results of basic research in all areas of science helps the acceleration of technical progress, has already become a truth as evident as ABC. But I would like to underscore the, perhaps, no less important feature of basic research—that the very process of preparing and conducting it, is accompanied, as a rule, by discoveries of new technologies and new types of equipment, which are subsequently applied with great success in practical activity. . . .

At the present time, the Soviet national program for high-energy physics, cosmic ray physics, particularly neutrino astrophysics, up to the year 2000, is under review. In several of these areas, it is necessary to liquidate the lag that has arisen, behind the level of world science, and in others, it will be extremely difficult to maintain the existing lead. All of this demands investments into these scientific areas, of a volume to which Gosplan and the financial and construction organs, and other echelons of management, are unaccustomed. Naturally, there will be attempts to narrow the financing and stretch out the construction over time. From an administrative point of view, these are natural, but in reality, they can mean the planned, long-term lagging behind, of leading directions of science, and a dangerous retardation of

the emergence of new technologies. . . .

The examples show, that financial investments in the development of basic research, really are the most profitable investment of capital. After all, the benefit from production of the holographic diffraction screen [described earlier in the article] alone could more than cover the expenditures for the entire national program of high-energy physics.

Discussing the emergence of new technologies during research projects, which accompany basic research, we have leaned on the experience of just the one area of science which the Nuclear Physics Section of the Academy of Sciences takes care of. But the Academy of Sciences of the U.S.S.R. has 17 sections, which are conducting their own basic research, with all the accompanying results important for the acceleration of the country's scientific and technical progress. For example, in the future of outer space, free of nuclear weapons, are envisioned factories, producing specific materials under conditions of weightlessness, and exo-atmospheric facilities for the utilization of solar energy.

Perestroika means combat readiness

On May 9, Pravda quoted Marshal Sergei Sokolov, Soviet defense minister.

The labor of military cadres and of the entire personnel of the Army and Navy is aimed at the unswerving enhancement of combat readiness. The *perestroika* currently taking place in the Armed Forces, which embraces all aspects of their lives and activity, is also aimed at this.

In the May 9 Krasnaya Zvezda, Marshal Sergei Akhromeyev, Marshal Ogarkov's successor as chief of the Soviet General Staff, and first deputy defense minister, stated:

The Reagan administration has discovered an "imbalance" in armaments between the U.S. and the U.S.S.R., in the Soviet Union's favor. Using this deliberate untruth as a cover, the U.S. leadership is intent on augmenting its nuclear arsenal by the end of the 1980s and transferring the arms race to outer space. Here the task is, on the one hand, to protect U.S. territory beneath multi-layered ABM defenses and thereby deprive the U.S.S.R. of the ability to deliver a counterstrike in the event of nuclear aggression against it, while on the other hand, deploying in outer space new strategic strike means, which, combined with strategic offensive forces, would afford the U.S., now rendered "invulnerable," the opportunity to constantly threaten the Soviet Union. . . . The Soviet Union will not allow the existing military equilibrium to be upset.

On May 9, Soviet TV featured Army Gen. Pyotr Lushev, first deputy defense minister.

Reactionary U.S. forces are striving to achieve military superiority over the Soviet Union at all costs. . . . A large-scale program of preparing for and waging chemical and biological warfare is being implemented. Work related to the creation of weapons based on new physical principles is being stepped up. A great danger . . . is presented by U.S. plans to militarize space.

Police strike in Peru: García foils bid by bankers, communists

by Gretchen Small

For any who doubted that Moscow and Western financial interests are converging in their efforts to overthrow the government of President Alan García of Peru, the events of May 15-19 demonstrate, in a kind of macabre street theater, just how closely the bid to bring down the García government is coordinated by these forces.

The Moscow-backed Communist Party of Peru has launched a "revolutionary" turn, allying openly with the terrorists against García. And since the return of former Prime Minister Manuel Ulloa to Peru in April, the Socialist International and its "new right" associates have started a new campaign against García's economic policies—the limitation on foreign debt payments, and the replacement of "free market" liberalism with dirigism, marshalling the country's resources toward national economic priorities.

A prominent role in the anti-García mobilization is that of the Institute for Liberty and Democracy (ILD), the leading arm in Peru of the "Project Democracy" apparatus, which ran the Iran/Contra covert operations in the United States. The ILD charges that García is guilty of "mercantilist" totalitarianism. Instead of García's dirigism, Ibero-American nations must adopt the "informal economy" as the basis for their economic growth, argues Swiss-Peruvian banker Hernando de Soto, the ILD's chief, in his book *El Otro Sendero (The Other Path)*. The ILD admits that the "informal economy" is a euphemism for the black, or illegal, economy—largely the drug traffic. Yet U.S. Assistant Secretary of State Elliott Abrams gave an interview to Lima's *El Comercio* on May 14, attacking "mercantilism" and promoting "the informal economy."

García has shown no signs of weakening in his commitment to reordering the international financial system. As long as he continues to enjoy widespread popularity in the country, including from the Catholic Church and a major section of the Army, such discredited representatives of the IMF's drug-economy as Manuel Ulloa have no power to change the country's policies. But Project Democracy has another card to play, as suggested by de Soto's assertion to the *Wall Street Journal* three years ago that he has developed the best "connections to the underground" of anyone in Peru. It is in the

narco-terrorist underground, that his strategy complements that of the Soviets.

On May 15, members of the Civil Guard, the largest of Peru's three police forces, went on strike. For three weeks prior, *Nuevo Diario*, the mouthpiece of Shining Path (*Sendero Luminoso*), the most violent of Peru's terrorist groups, had organized for the strike, coordinating with former police officials fired for corruption and involvement in drug traffic. There was widespread anger in police ranks over poor working conditions, low wages, and the growing number of officers killed or wounded in the war launched by the terrorists.

Organizers of the strike proclaimed that it was modeled on the police strike of Feb. 5, 1975, which triggered the final phase of the conspiracy to overthrow Peru's nationalist President Gen. Juan Velasco Alvarado. The participation of the CIA in that strike, upon orders of then Secretary of State Henry Kissinger, is a matter of public record—as is the role of the Soviet-allied Peruvian Gen. Leonidas Rodríguez, whose refusal to deploy Army units to protect Lima allowed riots to spread. Leaders of the anti-Velasco strike appeared in public this May 15, to egg on the anti-García strike.

By mid-day May 15, strikers had seized key police headquarters, and began marching through Lima to force other policemen to join their ranks. Demands ranged from salary increases, to calls for the police hierarchy to be eliminated, commanders to be "democratically elected," and even for "repression" against terrorists to end. García, scheduled to deliver a speech in Uruguay on May 15, delayed his departure to meet with the Armed Forces Joint Command. The military was deployed to protect Lima, where the strikers were concentrated.

García attempted to separate honest grievances from terrorist demands, stating that the government recognizes that policemen are on the front lines of the war against terrorism, but calling on them to return to their posts. Catholic Church leaders urged the policemen to return to the negotiating table. On the other side, leaders from the radical wing of the United Left coalition, members of Ulloa's Popular Action party, "conservative" Francisco Diaz Canseco (a follower of Rev. Sun Myung Moon), and the Navy's "loose cannon," Fernan-

do Olivera, joined the rally of striking policemen. The banker-socialist alliance was displayed for all to see.

Peru's press had been warning for weeks that Shining Path was planning spectacular terrorist acts for May 18, the seventh anniversary of its first act of terrorism. Now, Peruvians instead watched policemen, wearing civilian clothes, many with their faces covered by scarves in the manner of terrorists or thieves, firing their guns in the air, and commandeering buses to mobilize their forces. Army units were stationed 200 meters outside key police headquarters held by strikers, but were ordered to hold their fire unless fired upon.

A police negotiating commission began meeting with government officials, announcing in the dawn hours of May 17 that an agreement had been reached. But agitators instead spread the strike, passing along the rumor that Army intelligence had "kidnapped" members of the police negotiating committee. The Tupac Amaru Revolutionary Movement (MRTA), a terrorist group currently engaged in devising a joint strategy with the Peruvian Communist Party against the government, published a communiqué calling upon the police to coordinate their strike with the Communist Party-organized May 19 general strike.

The crisis had reached its most critical point, as the hard core made clear that their goal was not resolving police needs, but striking at the government itself. The President's office issued a communiqué, following a meeting between García and the Joint Chiefs. It charged that "infiltrated elements who are not members of the police forces, and some inflamed policemen, have continued their attitude into today." During a police march, strikers had even surrounded the President's convoy, firing their revolvers around the car.

"The agitators' goal is very clear. This is an attempt to . . . maintain the abnormal state of affairs through May 18, on which day one more year of the initiation of the criminal activity of Shining Path is completed, and into the 19th, when a trade union confederation has called a labor strike." The government's role, the communiqué concluded, is "to guarantee the security, tranquility, and authority of the democratic system." The police were given until May 18 to return to work; if they refused, the Armed Forces would restore order, "using the force that they deem necessary."

Project Democracy networks weighed in on the side of the terrorists. César Hildebrandt, of the Ulloa-associated magazine *Caretas*, used his television program that night to defend the "rights" of the terrorist support apparatus. Bedoya Reyes, head of the pro-IMF Popular Christian Party, which is allied with Ulloa's Popular Action party against García, gave his backing to the Communists' general strike for May 19.

The government's decision broke the back of the strike. Police headquarters were cleared, without force, and strikers began returning to work. While the Army blocked an attempt by 1,000 hard-core police rioters to storm the Congress on May 18, other police representatives signed an agreement

ending the strike, and specifying that formal negotiations—not under the gun of a strike—would begin immediately.

Moscow's 'liberation war'

After García's successful navigation of the police strike, the Communist Party's general strike on May 19, organized by the CP-controlled General Confederation of Peruvian Workers (CGTP), seemed an anti-climax. No one missed the significance of the fact that the CP had called the strike—as a show of force against the government's economic and anti-terrorist policies—for May 19, the day after Shining Path's "terrorist anniversary," and four days after the police strike. The worst of the confrontation over, the CP's strike extended the atmosphere of tension in the country for another day, but without the dramatic political impact the party may have hoped to gain immediately.

The importance of the strike lies not in the events of May 19, but in the CP's strategy of building a centralized national liberation movement, along the lines the Soviets have found effective in Central America. The speed with which Moscow is proceeding in its hard-line retooling of its international Communist movement, in the face of the imminent Western financial collapse, can be seen most sharply in the current political debate occupying the Peruvian Communist Party.

The party has scheduled its Ninth National Congress for May 27-31. Much of the radical leadership of the United Left (UL) party has been invited, along with representatives of peasant and labor unions. Already announced for that event is the adoption of a resolution censuring the current president of the United Left coalition, Alfonso Barrantes, because of his insistence that the UL put national interests over ideology, and provide critical support for García. The excuse for the censure motion, is Barrantes' recent private meeting with the U.S. ambassador, dubbed "treason" by the Left; but behind it lies a plan for a broader reorganization of UL into a "political army of the revolution."

The general strike, like the scheduled "National Popular Assembly" to follow—a sort of "soviet" formation bringing together peasant, worker, and other "popular" organizations—are the key steps to building the "mass political struggle," the communist paper *Unidad* informed its readers May 18.

Those terms are those used to describe the formation of the Sandinista National Liberation Front. *Unidad's* coverage of the preparations for the CP's Ninth Congress, underlines the point. Named "For a Revolutionary Alternative to Power," the Congress has the task of "bolshhevizing the party." Regional congresses have adopted resolutions demanding that "errors" of support for García be corrected, and the party's designation of his government as "national reformist," changed to "bourgeois, pro-imperialist, and fascist tendencies." A mobilization of the party to enter into an alliance with the MRTA has begun, as *Unidad* warns that any party leaders who stand in the way will be pushed aside.

Soviets bid for control of the Gulf

by Thierry Lalevée

The attack on the *USS Stark* frigate by two Iraqi Mirage F1c fighter jets on May 17 was the latest bold Soviet move against the United States since the beginning of May.

It follows an increasing pattern of worldwide provocations which has been heralded, in the last few weeks, by the continuous riots in West Berlin since the beginning of May, at the instigation of the West Berlin section of the East German Communist Party; the reactivation of ethnic troubles in Yugoslavia; a systematic campaign to break West Germany out of the NATO alliance; Soviet-directed efforts to overthrow the government of Alan García in Peru; and a cranking up of Moscow's pre-war economic mobilization.

The two Exocet missiles fired at the American ship, killing 37 American sailors, represented the first salvos of the Soviet bid to control the entire Gulf region. This was set into motion by the process initiated by U.S. Secretary of State George Shultz during his last visit to Moscow, in favor of "regional agreements" between the two superpowers. These negotiations, followed by lower-level talks between Soviet officials and representatives of the State Department, notably Undersecretary Richard Murphy, have made major strategic concessions to the Soviets in the Middle East. Further concessions are already under way with respect to Africa.

The late-April conference in Italy of the influential Bilderberg Group, openly spoke of "Yalta types of agreements" between Moscow and the West over southern Africa. Such concessions have only made the Soviets bolder.

The Iraqi connection

Despite attempts by Washington officials to play down the attack as an accident, a careful review of the events indicates that it could not have been a mistake. The two planes which had left their bases in Iraq, flew over Kuwaiti and Saudi territorial waters before making a sharp turn over Bahrein, reaching 5,000 feet and firing at the American frigate.

AWACS system, both pilots refused to answer repeated demands for identification made on the international radio frequency. Instead they maintained total radio silence, including among themselves.

Who wants to wreck U.S.-Iraqi talks?

One of the aims of the operation was to destroy the credibility of the architects of closer relations between Iraq and Washington, an aim in which many countries had an interest. For one, the Israelis still consider Iraq as a more dangerous enemy than Iran. Israeli sources reported how delighted Jerusalem was after hearing the news. Needless to say, there was satisfaction in Teheran, too.

However, although both Israel and Iran have longstanding and well-placed intelligence assets in Iraq, including at the highest level of the military hierarchy, intelligence sources reveal that the operation was run top-down by the Iraqi Soviet lobby. This is centered around Vice President Taha Yassin Ramadan, Iraq's intelligence services, and the leadership of the 35,000-strong elite Air Force.

By unleashing the attack on the *Stark*, the Soviet lobby has also initiated a process aimed at overthrowing President Saddam Hussein, whose removal is a *sine qua non* demanded by Teheran for settlement of the long Iran-Iraq war. Already on May 21, the financial markets were rife with rumors of a "coup in Baghdad." Although he officially apologized to the United States, Saddam Hussein refused to claim responsibility for the disaster, calling instead for a full joint investigation. For many inside Iraq, as well as in the Soviet Union, Saddam Hussein's attempts at keeping a more neutral and pro-Western policy, has to be stopped.

Moscow's gains

One of Moscow's not-insignificant gains was the exposure, once again, of American vulnerability and military impotence. Just as the Marines guarding the American compound in Beirut in October 1983 were equipped with machine guns, but with no bullets, the *USS Stark* was caught ill-prepared.

In the midst of a war zone where during the same day, at least two tankers had been attacked, the *Stark* was not in a state of alert. Most of the 37 sailors who were killed, were burned to death in their bunks. Its anti-missile phalanx system was not activated; one-third of its batteries were unmanned. This behavior probably cannot be blamed on the captain of the ship, but on his standing orders.

Having lost face, Washington is being easily maneuvered to accept Soviet policy toward the region, as outlined in late April during the visit of Vladimir Petrovsky, the Soviet deputy foreign minister. Totally absent from the Gulf less than six months ago, Moscow now has three Kuwaiti tankers which it is sailing under its own flag, and three Soviet frigates. While Washington is still hampered by its association with Iran, Moscow has emerged as the "honest broker,"

calling for an international peace settlement of the Gulf war.

Through diplomatic cunning and sheer military brutality, it pulled off an agreement in recent weeks with a longstanding demand of the countries of the Gulf Cooperation Council, for Syria to become neutral in the conflict. This was preliminarily achieved in the first week of May after Syrian President Hafez al-Assad's visit to Moscow, which was immediately followed by an Iraqi-Syrian summit.

Washington officials have refused to even question the May 17 events. Instead, President Reagan announced on May 19 that the "villain is really Iran." True in general, but not when it comes to a direct Soviet operation. On the contrary, the American denunciation of Iran now only strengthens Moscow's bid. The same day, the United States introduced at the U.N. Security Council a motion calling for a full economic embargo against Iran. The motion was vetoed by both the French and the British, but had Soviet support. By doing that, Washington is falling with both feet into the Soviet trap.

Soviet military move in Iran?

Intelligence sources do not rule out that one of Moscow's next steps in the region may be a simple military intervention against Iran. Moscow is carefully building its case by daily accusing Teheran of trying to destabilize Soviet Central Asia. The Americans can do little; they have blinded themselves to the internal situation of the country by breaking with most of the secular opposition, leaving the field open to Soviet agents. The present state of American-Turkish relations precludes any chance of using the American bases in Turkey to intervene against such a Soviet thrust.

No doubt the Soviets will be also clever enough to present such a move as made in coordination with the Americans; some Washington officials may actually believe it. After all, didn't Kissinger advocate in the early 1980s that Iran be shared between East and West? These are the policies followed nowadays by the State Department. However, Moscow alone will reap the fruits.

If such an intervention takes place, it will be the last blow against American credibility and power, not merely in the Middle East, but worldwide. The NATO alliance, which depends on Gulf oil, won't survive such a move, and Moscow knows it. The Red Army doesn't need to fully occupy the country to achieve such results; a thrust from northern Iran to its southern Baluchistan region, linking up with Afghanistan, will be enough.

As underlined by Lyndon H. LaRouche, in a statement issued May 19, the "time to turn tough is right now, before this deterioration of the strategic situation becomes much more dangerous than it is already." The United States has to make a show of strength in the region, quickly. It also has to launch a series of political and military initiatives and gestures aimed at consolidating such allied countries as Turkey and especially Saudi Arabia.

The 'zero option' runs into obstacles

by Konstantin George

On May 14, Mikhail Gorbachov returned to Moscow from his tour of the Soviet rocket-launch site at Baikonur. On the same day, French Premier Jacques Chirac arrived in Moscow. Also on the same day, the NATO defense ministers assembled in Stavanger, Norway, for a meeting of the Nuclear Planning Group (NPG). Both the Chirac visit and the NATO meeting provided some unpleasant surprises for the Kremlin.

The tone for the NPG meeting was set one week earlier, on May 7, when U.S. Secretary of Defense Caspar Weinberger issued a statement "endorsing" the proposed zero-option agreement on condition that it be a "global zero option." Moscow must dismantle not only its European-based missiles, but also its Asia-Pacific SS-20s, a threat to Japan.

Weinberger was engaged in a flanking attack on the zero option. His formal "endorsement" of the proposal, which would commence selling out Europe to the Soviets, attached a condition totally unacceptable to Moscow.

A flanking, rather than frontal, attack was necessitated by the fact that President Reagan has foolishly backed Secretary of State George Shultz's commitment to reaching a disastrous agreement with Moscow on intermediate-range nuclear forces (INF).

Weinberger's "global zero option" was approved by the NATO defense ministers in Norway. Britain's George Younger announced that Great Britain was now giving "conditional approval" to the zero option, provided that it be global; that French and British nuclear forces be excluded; and that West Germany keep its Pershing-1A nuclear-capable missiles (warheads are under American custody). Moscow has been insisting that any zero-option agreement be confined to Europe, and, that the Bundeswehr's Pershing-1A missiles be scrapped along with the American Pershing-II and cruise missiles.

Moscow responded furiously, denouncing NATO for "putting obstacles in the path" of the zero option by "adding conditions" that "constitute a deviation from the positions agreed to at Reykjavik."

Since that initial Kremlin response, Soviet attacks on the

U.S. and NATO postures have escalated in scope and venom. In the May 19 *Pravda*, an article by Viktor Karpov, the chief of the arms control section of the Soviet foreign ministry, formally accused Washington of “dragging out” the INF talks, and NATO of “dragging out” the consultations among the member allies. Karpov fumed that the U.S. draft treaty for the zero option includes a provision whereby America would retain the right to convert the Pershing-II into a shorter-range (under 1,000 km) variant, and for insisting on keeping cruise missiles in Europe, removing only their nuclear warheads.

Karpov also raised the ante for a Reagan-Gorbachov summit. Besides the standing Soviet condition that an INF agreement be reached first, Karpov demanded that the United States renounce a space-based SDI system, an obvious attempt by the Russians to pressure Reagan, who is deeply committed to a “Peace in Our Time” summit with Gorbachov, into removing all obstacles to the accord. That accomplished, Moscow would readily return to its “non-linkage” stance on a summit, and seal a “Munich II” zero option.

Soviet pressure on European governments resisting the zero option has also become brutal. This is evidenced in advance leaks from a Gorbachov interview with the Italian Communist Party newspaper, *l'Unità*, scheduled for publication May 21. Gorbachov used the following phrase: “I know who these people are . . . some European governments. . . . It's time to break the opposition by those who are sticking to a policy of strength.”

Pressure on Germany

The Soviet Union will try “to break the opposition” in Europe in the country which is now the politically weakest link, West Germany. This began with the May 1 West Berlin riots, which, as West German intelligence sources are stressing, were “the dress rehearsal for President Reagan's June 12 Berlin visit.” The Russians are also reactivating the “German reunification” card.

But the Norway NPG meeting led to a surprising twist in Bonn. Only hours after the meeting concluded, German Chancellor Helmut Kohl released a statement (May 15), rejecting Gorbachov's proposed “double zero option,” which would incorporate missiles with a range of between 500 and 1,000 km. Kohl said that Bonn would only accept the so-called “double zero option” if it were expanded to include *all* missiles in Europe, from a range of zero to 1,000 km, thus depriving the Russians of their short-range missiles, “with the goal of increasing the security of all parties, above all the Germans.” Kohl thus joined in the game of pouring conditions onto the zero option, and also called for negotiations on “conventional stability between the Atlantic and the Urals,” and a ban on chemical weapons.

Nearly everyone in Bonn was caught by surprise, including Foreign Minister Genscher, who demanded that Bonn's policy be acceptance of the “double” zero option, with no ifs, ands, or buts.

Whatever Kohl's intentions, his statement raises many questions concerning what Germany's position *actually is*—it will definitely serve to delay the process leading to a zero option agreement. Kohl's statement triggered hasty consultations within the leadership of the ruling CDU-FDP coalition government. The upshot was a government decision to issue a “final statement” saying that on June 4, a government declaration will fully define policy on the zero option. If Washington maintains a posture of weakness in the coming weeks, the timing of the declaration bodes ill. It will come after Gorbachov gives his policy address at the May 28 Warsaw Pact Summit in East Berlin, while not waiting for the Reagan-Kohl talks scheduled at the June 8-10 Venice economic summit of Western leaders.

France not fooled

The Soviet leadership's anger was not only reserved for the NATO defense ministers. A lot of invective is being poured on France, whom Moscow correctly recognizes as the bastion of resistance to the zero option. France is the one nation responding appropriately. Premier Jacques Chirac has not only led European opposition to the zero option, but has unveiled a program, ratified by the parliament, to *quadruple* the number of French nuclear warheads over the next five years.

Chirac's four-hour meeting with Gorbachov on May 15 reflected no inclination for appeasement. The Soviet media sourly noted that “large differences” remained between the two countries on arms control issues. Chirac emphatically told Gorbachov that France's nuclear forces and future programs are “definitely non-negotiable,” and brushed off all talk of the zero option. France has “no intention to comment” on the U.S.-Soviet Geneva talks.

Chirac's visit was preceded by the greatest barrage of Soviet attacks against a Western government in the entire postwar period—without exaggeration. An article in the Soviet weekly, *Literaturnaya Gazeta*, which appeared on May 13, one day before Chirac's arrival, denounced him for: supporting the SDI; repeatedly denouncing the “Soviet danger”; “extreme reserve” toward the “new” Gorbachov policies; maintaining and expanding the French *force de frappe* (nuclear forces); an “excessive anti-Soviet campaign”; arresting and expelling Soviet spies; “violating the 16th parallel in Chad”; denouncing the Soviet occupation of Afghanistan.

The attacks continued through Chirac's meetings with Premier Nikolai Ryzhkov and Foreign Minister Eduard Shevardnadze. Facing Chirac at the May 14 Kremlin dinner, Ryzhkov said: “Some West European governments have voiced doubts and objections [on the zero option]. . . . Progress depends on whether Europe responds appropriately. . . . We regrettably have *failed to see France* among the critics of the nuclear arms race.”

Chirac, on his return home, toured France's ballistic-missile submarine facilities.



Dealing with the threat of Soviet irregular warfare

Col. Michael Hickey is author of *The Spetsnaz Threat: Can Britain be Defended*, published as an Occasional Paper by the Institute for European Defence and Strategic Studies. He was interviewed in Winchester (U.K.) by Michael Liebig, EIR executive director for Western Europe, on April 11.

The discussion dealt with the question of irregular warfare with particular reference to the role of the Soviet Union's *spetsnaz* (elite special forces) operations and their targeting of Great Britain. Irregular warfare is a topic on which Colonel Hickey is highly qualified, having served in Malaya, South Arabia, and East Africa as a light aircraft and helicopter pilot in counter-guerrilla operations. Between 1981, following his early retirement from the British Army, and 1986, Colonel Hickey was the secretary of "Defence Begins at Home," an independent lobby group convened on the initiative of Admiral of the Fleet, Lord Hill-Norton. The threat to Great Britain of the Soviet Union's *spetsnaz* operations was a question for which Defence Begins at Home conducted an extensive public information program and lobbying effort in order to inform the British public.

Colonel Hickey also wrote *Out of the Sky: A History of Airborne Warfare*, London and New York, 1979, and has contributed to numerous publications including *Battle*, *The Army Quarterly and Defence Journal*, *British Army Review*, and the *RUSI Journal*. He is currently writing a semi-fictional work on the security of Britain.

EIR: Could you give a short summary of your military career and background?

Hickey: I joined the army as a conscript in 1947 with no object in life at all. I liked it so much that I stayed in. I applied for a cadetship at the Royal Military Academy at Sandhurst. I passed the necessary tests, went there, and was commissioned in 1949. I served in Korea until 1952. I was retrained in 1952-53 as a light aircraft pilot. I served in Malaya in operations during the emergency there in 1953 to 1955. I then served again in Korea as a light aircraft commander, and in 1956 I came back to England. I was retrained as a helicopter pilot, and went to an experimental unit. I served in Suez in 1956. For two years, I was an experimental helicopter pilot.

In 1960 I was married; in 1961 I went to the Staff College at Camberley; I then served 1962 to 1963 in East Africa flying helicopters in Kenya, Tanzania, Uganda, Zanzibar. I then served in the Staff Headquarters Middle East in Aden for two years. Then I came to Germany for two years, the 4th Guards Brigade at Iserloh in Westphalen, commanding a helicopter unit. I then attended the Joint Services Staff college. I served as military assistant to the Chief of Staff in Headquarters Far East at Singapore. Then, to my surprise, when promoted after one year, I commanded the Army Air Corps in West Malaysia for one year until the evacuation of British forces. I then commanded a helicopter regiment at Detmold near Bielefeld, which was the first British unit to be equipped with SS-11 anti-tank missiles.

At that time we were working out the anti-tank tactics for use against Soviet armor. Then I did two years as an instructor at the Royal Military College of Science at Shrivenham. Which was poetic justice because when I was at school I failed all my math, physics, and chemistry examinations. With the unerring accuracy the British Army has for selecting the right man for the job, I was sent to Shrivenham. This was like Rimsky Korsakov who, after many years in the Russian Navy, was sent to teach musical composition at the St. Petersburg Music Academy and he was always one lesson or only a few bars ahead of his students in their exercises. It's like being chased by wolves. I did that for two very happy years. I then had a sabbatical. I went to the University of London, Kings College, where I studied for four terms as a Defense Fellow; my chosen subject was the history of the British Army's experience with battlefield aerial vehicles from very early times to the present day, which in that case was 1974. Then I went back to Germany for a year at the headquarters of the British Army of the Rhine. I then came back to command the joint air transport establishment at the Royal Air Force base at Brize Norton which was a joint services unit. I always liked serving with the other services. Among other things I made my first parachute descent at the age of 47, a solemn day in my life.

EIR: Voluntarily or involuntarily?

Hickey: Oh no, voluntarily. This is very unusual, because any pilot would always regard anybody who voluntarily leaves a serviceable aircraft in mid-air as in need of urgent psychiatric attention. But I did it, basically because I was serving with elite people who I was having to order to carry out very dangerous and exotic parachuting trials, therefore I thought the least I could do was to do one or two jumps to show that I knew how frightening it all was. So I did one or two jumps, and was irreverently picked out of the English Channel in my wet-suit, and filled full of champagne by my loyal soldiers and returned to my desk.

I then did two and a half years in the Ministry of Defense in the Operational Requirements Department, which was formulating the sectoral requirements for future army helicopters, their weapons systems, equipment, and passive and active homing aids, and target acquisition. It was very interesting, and it enabled me to visit Messerschmidt/Boelkow/Blohm in West Germany, Aerospatiale in France, Augusta in Milan, Italy and the American Army Aviation Command at Fort Rucker. In these two years, I did the last of my flying. I flew all the latest helicopters—with a safety pilot!

So then in 1981 I was invited by Admiral of the Fleet, Lord Hill-Norton and one or two other distinguished gentlemen to consider leaving the army early and be the secretary of their defense lobby group, "Defence Begins at Home," So, I decided I'd come out. I'd had 34 years service in the Army. They were very happy years. I always like to leave a party when there are still bubbles in the champagne and I'm still enjoying it, which is nicer than being carried out feet first with all the rubbish in the morning when the party's over. So, I came out three years early, and I worked for five years with them until last year. And since then I've been very self-employed, freelance consultant on various subjects ranging from aviation to fundraising for charities. And I am now writing a novel on the subject of my last five years. I think its going to be called "Red Sky in the Morning," after the old adage, "Red sky in the morning is a shepherd's warning, red sky at night is a sailor's delight." I'm actually drawing a picture of what might be happening in three or four years from now if the Soviets decide to use spetsnaz against the United Kingdom, which I believe is a far more likely solution than the use of brute force across the inner-German border, and certainly more likely than nuclear attack.

EIR: If we look at your career, you have experience both in irregular warfare techniques in Third World areas, as well as experience in the air-assault/irregular warfare capabilities of the Russians. How would you assess your irregular warfare experience in Africa and Asia in light of Soviet irregular warfare capabilities?

Hickey: We were not against such a sophisticated enemy as the one we might be facing here. In Malaya, we were against the so-called Malayan Races Liberation Army (MRLA). It was headed by a very resolute leader, Chin Peng, who had fought in the Malayan Peoples Anti-Japanese Army from

1941 to 1945, and had been decorated by the British for his part in that. I saw him and a party of his men marching in the victory parade in London in 1946. We all cheered as these guerrillas passed with the Order of the British Empire on their shirts. These were a very ruthless, but relatively small number of jungle based guerrillas.

In Africa, I found myself hoping to sort out inter-tribal fighting, which was breaking out all over East Africa as independence drew near. That could be very unpleasant but it was not what you would call Marxist inspired. It was tribal-inspired. When I was in Aden, the Soviet-backed North Yemenis, with their Egyptian assistance, were fighting to destroy the Federated State with the British government was trying to get started, and which was to have assumed power when our final withdrawal took place in 1970.

EIR: To what extent were there control mechanisms, influence, and direction on the part of the Soviets in these Third World cases?

Hickey: I think probably in South Arabia, in Aden. Here the British found themselves fighting a war which was publicized by the opposition as a people's war against colonialism, against a government imposed on them by Whitehall, but which in fact was run by what is now North Yemen, and from there through to Egypt, which at the time was very much connected with the Soviets. The Soviets were dictating Nas-serite propaganda.

EIR: Did the Soviets give operational as well as ideological support?

Hickey: It was operational, certainly in terms of equipment, because the rebels up in the hills in South Yemen were almost universally armed with Russian weapons, Russian mines, rocket launchers, mortars.

EIR: What was Soviet influence in terms of operational doctrine?

Hickey: They were following the standard Maoist, Regis Debray, Che Guevara guerrilla-techniques, which we had studied, and therefore we knew what to expect. We could see the pattern of revolutionary war developing. In other words, moving amongst the people, killing off policemen and members of the Special Branch, killing off the whole mechanism of government, whether it was government by the Sheiks, or by the tribal police, or whatever—and using terror. They used terror in Aden, in the town. They soon identified the Arab Special Branch Police in Aden, and they specialized in hitting them in the street, in public, if possible in front of their families and friends.

EIR: Would you say terror is an integral part of their tactics?

Hickey: Certainly, yes. They get it from Sun Tzu, the Chinese warrior sage: "Kill one, terrify 10,000." If I was running a terrorist campaign, pray God I never do, this is one way of doing it with minimal amount of bloodshed or damage to

their infrastructure, and the minimal amount of military effort. You mark down your targets, and you kill them as publicly as possible, and you take hostages as well. But if you kill a policeman, a magistrate, or a civic or military leader at his own doorstep as publicly as possible, then you are achieving your aim.

EIR: In your experience, what policies or tactics are effective against this type of irregular warfare?

Hickey: I think what was called by the British, “winning the hearts and minds of the people” was the effective counter. We were able to do this relatively easily in Malaya during the emergency, when we were still running the country, because the British in 1948-49 in Malaya were still in command of the police, the judiciary, the whole legal system and we were constitutionally in control. Unlike the Americans, of course, who could not do this in Vietnam, because they had what appears to have been a grossly corrupt South Vietnamese regime in power. The Americans would have liked to have done what we did, but could not do it because they did not have control of the police and judiciary—constitutionally—and we did. We were still constitutionally accepted in Malaya. It was still a federation of Malay states and the Straits Settlements under the crown, even in Penang, Malakka, and Singapore which had a somewhat different status, because their citizens were Queen’s citizens. The citizens of the Malay states, with their Sultan, were not. The citizens of Malakka were proud of their status as the Queen’s Chinese, the Queen’s Malays. So that was quite different.

EIR: These were the constitutional-psychological dimensions. What else in addition do you think were the most crucial aspects of effective combat against irregular warfare?

Hickey: First, drawing together of the civil administration, the police, and the military into regional committees.

EIR: So, no separation between the civilian and military structure?

Hickey: No, they must always work together. The second thing was to identify the Maoist philosophy of “moving like fish” amongst the people. The moment you could isolate the terrorist from the people amongst whom he was moving, you started to win. Now, what General Templer implemented in Malaya was what was called The Briggs Plan.* General Sir Harold Briggs, who died of overwork, was working for some

* The reference is to General Sir Gerald Templer who was British High Commissioner for Malaya during the emergency. The “Briggs Plan” refers to Lt. General Sir Harold Briggs who had been appointed Director of Operations in Malaya in 1950. He held the position for a little over 18 months. Cf. “Winning in the Jungle—Malaya,” by Lt. Col. S.N. Mans, in the book: *The Guerrilla and how to Fight Him*, edited by Lt. Col. T.N. Greene (Praeger, 1962).

time on this plan prior to the arrival of Templer in Malaya. He had studied his Mao Tse-tung, he knew how they were operating, how they were bleeding the civilian population white, blackmailing them, and terrorizing them, because the terrorists were still living amongst the people. They were getting their supplies of food, information, their safe houses, their printing, uniforms, clothing, everything, from amongst the civilian population. So, what Briggs did, he realized that in Malaya there was a huge Chinese squatter population, in other words people who really were stateless, who really were not citizens of Malaya at all, but had come in to work the tin mines and rubber plantations, and who were third-rate citizens, with no civil rights, without the vote, without anything. They knew that they could be ejected, expelled back to China. The communist terrorist knew this, and said, “If you support us, we will see that you settle here in this land. If you don’t go along with us, we will kill you.” And they did.

What Briggs did, was to put all these squatters who lived on the jungle edge, where the terrorists would come and get them, into what were called New Villages. Now, the opposition said these were concentration camps. Alright, they may have been concentration camps, in that the people were “concentrated” into new villages. They were taken to areas where a large fence had been erected with watch towers around it, and they were given the materials to build their own houses, schools, and land to grow their own vegetables on. They set up their own shops. And they were protected and helped by the British Army. They had to be inside the compound every night by dark. If they were not, they could be treated as the enemy and shot. They soon got the message, and very few got shot. After a while, they realized they were getting good medical attention, good schools, their own domestic economy was thriving. Many of these new villages, which were created in 1949, ‘50 or ‘51, were still evident as such in 1969, when I went back to Malaysia. There was still a place called Kampong Coldstream up in north Malaya. In other words, the village of the Coldstream Guards, where the Coldstream Guards had been the local battalion that had put them there, helped them, had started their youth clubs for them, helped them with their schooling and trained their Home Guards. The British soldiers had subscribed money for buying agricultural implements and seeds. So they had identified with them, possibly 3,000 or 4,000 of them, with the Coldstream Guards. Other units did the same sort of thing. The qualities of the ordinary British soldiers suit them admirably for this sort of work. He gets the young people playing sports—mostly football! And it is worth years of cultural propaganda.

EIR: These are the vital political, economic and administrative approaches. What about the more concrete operational military side in combating irregular warfare?

Hickey: Once you’ve isolated them from the people and they can no longer, as Mao Tse-tung says, “swim among the

people,” they have to go into the jungle, into the hills, the uninhabited places. They then have to start growing their own vegetables and supplying themselves. And then they have to set up their own printing presses, courier service, and intelligence organizations. The way it worked in Malaysia, is that after the Briggs Plan started, and the new villages were set up, and the jungle edges were cleared of squatters, then the British Army went into the jungle, and lived like the terrorists, and hunted them down. It is no use just going in for one day, and coming out when it gets dark. You go in and stay in, in small groups. This is where the SAS got started again, as a deep-jungle patrol unit.

We put these small groups of SAS in very deep jungle in Malaya, and set up what were called jungle forts. Once the terrorists had been denied contact with the squatters and the people in the rich rubber and tin areas, they went into the jungle, and there they discovered that there were a lot of aboriginals in Malaya, popularly called the Sakei. They were very primitive people who lived like nomads in the jungle, cultivating their crops, moving on and so forth. Meanwhile the terrorists started to use them, to terrorize them, to obtain supplies of tapioca, vegetables, meat. So, we then sent the SAS in to live amongst the aboriginals, who were virtually the same as montagnards in Vietnam, simple people, living a very simple life; or the Meo in North Thailand, who I know, are very similar people. The moment the SAS started to live amongst the aboriginals, their life changed, because the medical personnel among the SAS looked after their children, cured their infections, fed them properly, and we won the hearts and minds of the aboriginals.

The Chinese terrorists had to go into very, very deep jungle, and started cutting little clearings in which to grow their vegetables. Now, we then discovered the techniques of spotting from the air, from our light aircraft, what their clearings were like and we watched them until we could see a clearing appear in the jungle. It might be a clearing the size of this garden, almost never any bigger than my garden here. The trees would come down, and we flew over the jungle every day, thousands and thousands of hours in light aircraft, at 3 or 4,000 feet with powerful binoculars, so as not to alarm the Chinese terrorists. We would see a clearing develop. They would cut down the trees, clear the ground, then put a picket fence around it. This we could see was stage-two. Stage-three, we could see they were digging the ground and preparing it for their Chinese cabbage, their rice, vegetables, their tapioca. Stage-four: We could see the crops coming up in straight rows. The Chinese are creatures of habit, they still planted in straight rows, not like the aboriginals. Stage five: ready for harvest. Then we would guide infantry patrols in, often for 20 or 30 or 40 miles, or drop the SAS in by parachute 10 miles away, and guide them in. We'd surround this garden, and each day at mid-day, I would fly over the top, at some altitude so as not to alarm the gardeners below. We would call up by radio the troops on the ground, they could

be Gurrkas, they could be British infantry, SAS, Malayan police. They would make smoke flares so we could see them through the jungle, and we'd give them their grid reference and a distance and a course to steer. For example: "You have 3,000 meters to go on a course of 045. Go carefully"—meaning the clearing was occupied. So you would then guide them in. And then, from a very great height, so the terrorists could not even hear the engine on this very light aircraft, we would then speak to the infantry as they conducted the attack, and guide them in. Then, always if there was success, they would confirm its result and we would fly down low over the sight. They would lay the bodies out in the middle of the patch. They would cut the vegetables so nobody else could eat them, and that was it. We did this for three or four years, and it wore the opposition down. Their morale and physical health declined.

EIR: So there seemed to have been no direct logistical outside support. Where did they get the weapons from?

Hickey: No. A few of them they captured from the Security Forces. Some from the Malay Home Guard, some were survivors, of course, from the war, because during the war we sent in agents and weapons to help the Malayan Peoples Anti-Japanese Army (MPAJA), and it was discovered in 1948-49 and in the early 1950s, that the terrorists were still using British weapons dropped during the war. They were supposed to have handed them in in 1945 when the MPAJA were called on to hand their weapons in. They handed a few in for the sake of appearance, but they still had a lot hidden away.

EIR: Now what is your experience with Special Forces like the British SAS; what is your sense of these special organizations in respect to irregular warfare?

Hickey: I think they are very useful if you have these elite units, who are capable of living for long periods at the same level as the guerrillas. You can't expect a regular army unit to do so indefinitely, but units like the Special Air Service are perfectly capable of doing so for extended periods, in merging with the landscape, and living very discreetly amongst the population. Yes, they are invaluable, and they are a very useful source of intelligence. People think the SAS was a gang of gung ho Rambo-types, but the Rambo-type in Special Forces I would regard as absolutely useless anyway. The bloke is still a cowboy, a laughable, pathetic creature. Weaklings like to think of themselves as Rambos. The SAS soldier in my experience has generally proved to be a small, lightly built man, cheerful, intelligent, compassionate, which you see in their work among the aborigines, people like that, amusing people, above all very perceptive, not an armed bully with great big boots and lots of guns and things. The SAS man, of course, reckons that he has failed if he has to fight, either offensively or even defensively. And this is the great misconception about special forces, I think.

To be continued.

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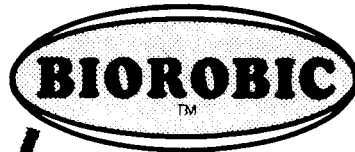
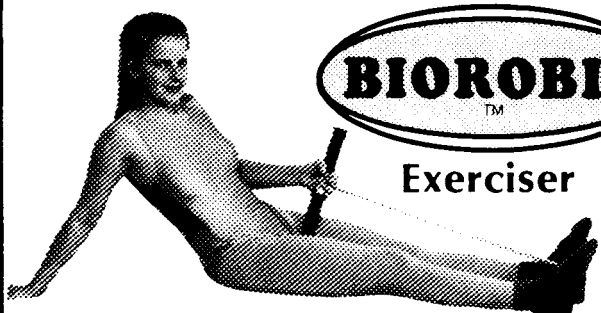
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New Soviet targets in LaRouche lawsuits

The Kremlin is already worried about the New Times case; now they face libel action for their International Affairs article.

According to well-informed French sources, Soviet authorities are showing an inordinate preoccupation over the lawsuit brought by American presidential candidate Lyndon H. LaRouche, Jr. and his associates in France, the Parti Ouvrier Européen (POE), against Soviet journalists and editors of the weekly *New Times*, Ernst Henry, Lev Bezymenskii, K. Issakov, I. Bychkova and V. Ignatenko.

Originally scheduled for June 3, the trial will take place on June 24, before the First Civil Court of the Paris Tribunal.

The Soviets' agitation has been shown in the defendants' choice of a counsel. Joe Nordmann, the lawyer of the French Communist Party, who is also the main lawyer representing the Communist Resistance organizations among the plaintiffs in the ongoing trial in France of Nazi Klaus Barbie, has been assigned by the Soviets to the LaRouche-POE case.

There exists a tightly knit group of Soviet intelligence agents working under the cover of "anti-Nazi" activities, who are responsible for the latest wave of slanders against LaRouche and his co-thinkers internationally. Following the *New Times* violent diatribe last September against "Neo-Nazis without Swastikas," launched by "anti-fascist" experts E. Henry and L. Bezymenskii, the Soviet monthly *International Affairs*, in its March 1987 issue, ran yet another slander in the same vein, calling the POE "an organizational center of neo-fascism in Western Europe."

The author, Vladimir Pustogarov, a doctor in law who holds a prominent position at the Moscow Institute of the State and Law, happens to be part and parcel of the same group of "anti-fascist" experts as long-standing KGB agent Henry and his right-hand man Bezymenskii.

In November 1986, at the invitation of V. Pustogarov's Institute of the State and Law, Joe Nordmann, who is the president of the International Association of Democratic Lawyers (IADL), a Soviet-front based in Brussels, attended a conference in Moscow on the "Lessons of Nuremberg," which discussed "neo-fascists and revanchists" as well as the "some thousand Nazi war criminals escaping lawful retribution," as reported in the *Journal of the Moscow Patriarchate*, No. 3, 1987.

The conference called for a "New International Legal Order" to "rid the globe of the nuclear menace." Nordmann's IADL is represented in the United States by former Attorney General Ramsey Clark, who distinguished himself in 1980 by marching down the streets of Teheran with Khomeini's murderous mullahs in a demonstration against the United States.

In March of this year, L. Bezymenskii, who admits close ties with Charles Allen, the founder of the Office of Special Investigations and adviser to the U.S. Department of Justice, went on a "data-collecting tour" in Paris on the "Barbie trial affair," as he himself reports in a March issue of

New Times. This was also the occasion for Bezymenskii to meet with Monsieur Nordmann, who subsequently came out as the defender of the Soviet party in the LaRouche-POE case.

In his *International Affairs* slanderous piece against "the American neo-fascist Lyndon LaRouche," the publication of which coincides with the latest offensive of the U.S. Department of Justice against LaRouche's friends in the United States, Pustogarov calls for "legal measures" against such "neo-fascists" who threaten to "push the nuclear launch buttons" and "perpetrate monstrous crimes against peace and humanity" akin to Hitler's.

Such slanders should not be seen solely as an attack against LaRouche and associated organizations: They are aimed at Western defense interests in general, and, specifically, at Euro-American collaboration on lasers and other anti-ballistic missile weapons promoted by the POE and LaRouche.

For this crucial strategic issue—the real one at stake behind all the Soviet lies and black propaganda—to come to the fore in a public debate, Lyndon LaRouche and the POE are filing a libel suit against the French edition of *International Affairs*, *La Vie Internationale*.

Subpoenas will be sent during the last week in May to Moscow against author V. Pustogarov, the editor of the French edition of the monthly *A. Jilkine*, and the President of the All-Union "Znanie" Association, which publishes the review, physicist Nikolai G. Basov.

And there, behind the smokescreen of Soviet "Nazi-hunting," one is getting closer to the crux of the matter, as Basov happens to be a leading Soviet expert on laser beams and the Soviet "SDI" program.

Riots greet Weinberger in Oslo

Police dispersed the rioters this time, but Norway is ill-prepared to deal with Soviet irregular warfare.

Hundreds of demonstrators engaged in violent street battles with police on May 12 in Oslo, as U.S. Secretary of Defense Caspar Weinberger arrived for a private visit prior to the May 14-15 meeting of NATO's Nuclear Planning Group in Stavanger, Norway. The riots form part of the current pattern of Soviet-engineered tests of the American commitment to Europe.

The rioters carried signs with slogans like, "Norway out of NATO," "Weinberger Go Home," "Stop the 'Solid Shield' Maneuver," and "No to Norway as a Nuclear Base."

Professionally directed by Stein Lillevolden, who gave orders through a bullhorn, the mob of street fighters, armed with stones, bottles, and iron rods, moved in on the U.S. embassy at 7 p.m. A 45-minute battle ensued, with riot police using dogs, horses, and tear gas to disperse successively the attacking mob. A female police officer was torn down from her horse, surrounded by five or six of the "peace-lovers," and brutally kicked and beaten while lying on the ground, before being rescued by other police.

Next the rioters moved to the residence of U.S. Ambassador Robert D. Stuart, one mile away from the embassy. The ambassador that night was going to host Weinberger, who arrived at the military section of Oslo's Fornebu Airport at 8 p.m. Sealing off the residence, police stood face-to-face with the gathering rioters until 8:30. After refusing orders to leave, the rioters were dispersed by police

charges, and tried, unsuccessfully, to regroup near the embassy.

Before flying to Stavanger, Weinberger had several meetings in Oslo. In addition to an audience with King Olav, he had a working breakfast at the ambassador's residence, and a lunch with Norwegian Defense Minister Johan Jørgen Holst.

At the breakfast, attended by press, scientists, and politicians, Weinberger restated the U.S. commitment to the Strategic Defense Initiative (SDI), to contribute to "a far more safe world." The lunch with Holst was almost exclusively devoted to the violation of the CoCom agreement by the Norwegian state-owned weapons manufacturer, Kongsberg Våpenfabrikk, which last year was discovered to have exported sensitive computer technologies to the Soviets. The CoCom organization, based in Paris, was founded by Western allies in 1951 to restrict sale of sensitive technologies to communist countries.

The United States confronted Norway over the leaking of high-technology items at a Jan. 26 CoCom meeting in Paris, after a tip-off about Norwegian and Japanese violations of the CoCom agreement by a disgruntled employee of the Japanese Toshiba company. After American irritation over initial Norwegian attempts to downplay the violations, the Norwegian Social Democratic regime launched one of the greatest political damage-control maneuvers ever conducted.

This included a secret, mid-April

visit to Washington by Holst, meeting Weinberger to try to convince him that the Norwegians were neither downplaying the affair, nor attempting any cover-up. Two weeks later, Norwegian Prime Minister Gro Harlem Brundtland, visiting the United States, argued to the same effect in a meeting with Secretary of State George Shultz. The urgency of averting any U.S. reprisals against Kongsberg Våpenfabrikk was felt even more strongly by the Norwegian government, as a result of the near-bankruptcy of the company, the financial reconstruction of which is now being negotiated with its management.

During Weinberger's visit in Norway, the Social Democratic regime, usually careful to note its differences with the United States, emphasized its support for the American position in the deliberations of the Nuclear Planning Group. Holst said that Weinberger had expressed his gratitude over the way in which the Norwegians have now dealt with the technology leakage, and also stressed the importance of the NATO countries' abiding by the export rules.

While the Oslo government's cooperation in the alliance is to be welcomed, if continued, the riots demonstrated the inadequacy of conventional approaches to Soviet-inspired irregular warfare, although police this time successfully thwarted Moscow's street fighters—an improvement over last year's debacle during British Prime Minister Margaret Thatcher's Oslo visit, when 500 demonstrators were able to invade the old Akershus fortress, unconquered since 1502!

Now the Soviet-backed fighters are free to fight another day. Only 11 rioters were arrested May 12, and 10 were released the same night, after being fined a paltry \$300 each. Riot commander Lillevolden is still at large.

Vote losses put pressure on Kohl

The Free Democrats and the "Moscow Faction" of the Christian Democrats are demanding a reunification deal.

Chancellor Helmut Kohl's Christian Democrats (CDU) suffered heavy vote losses in two state elections on May 17. In Rhineland-Palatinate, losses for the CDU were 6.8% statewide, but 14% and more in the wine-growing regions along the Mosel River. Voter abstention was high—13-20% in many districts, and this not only in the countryside, where farmers and wine-growers stayed home, in protest against the economic policies of the government. Workers in the bigger cities, such as Ludwigshafen, Pirmasens, and Kaiserslautern, the centers of chemical production and shoe manufacturing, also boycotted. But the abstention did not make the difference; the shift of votes from the CDU to the liberal Free Democratic Party (FDP) did.

The vote was a catastrophe for the CDU, especially so in Rhineland-Palatinate, the main stationing ground for the U.S. armed forces in West Germany. The CDU will remain in the government here, but only in a coalition with the Free Democrats, who advocate the "zero-option" withdrawal of U.S. missiles from Europe.

The result of the elections in the city-state of Hamburg was similar. Here, the CDU lost a victory which was within reach, simply by giving votes to their would-be coalition partner, the FDP, enabling them to reenter the city council after nine years of absence. But the first thing the FDP did after election day was to announce its intention to form a coalition with the Social Democrats (SPD), instead.

In both states, the FDP, therefore, emerged as the main "swing factor,"

controlling the respective coalitions.

The events in Hamburg have a special meaning beyond that, because an SPD-FDP coalition there would be the first in the republic since the breakup of the government of Chancellor Helmut Schmidt in October 1982. To Chancellor Kohl and the CDU, the warning is clear: Follow the zero-option policy of your FDP coalition partner, Foreign Minister Hans-Dietrich Genscher—or else!

This blackmail is not coming only from the FDP. There are also accomplices inside the CDU's "Moscow Faction." Posing as their spokesman, party manager Heiner Geissler blamed the election defeats of May 17 on "those who put into question the zero-option policy of the government." These critics, Geissler charged, had "discredited the public reputation of Chancellor Kohl," and thus scared the voters away. The abstention of farmers, wine-growers, and workers, motivated by Chancellor Kohl's economic recession policy, was reinterpreted by Geissler into an alleged "vote of the people against the missiles." The party should, he said, pay "more attention to this popular mood."

These remarks indicated that a duplicitous game was on. The shift of CDU votes to the FDP, ordered by circles around Geissler, aimed at convincing Chancellor Kohl to agree to U.S. disengagement from Germany.

This game became fully apparent on May 19, when the parliamentary group of the Christian Democrats met for their weekly session in Bonn. Still in disarray over the election defeats, the deputies were hit by a motion "to

introduce initiatives on the reunification of Germany into the general arms-control dialogue."

The motion advocated the removal of all nuclear weapons from the territory of the two Germanies, and their reunification, at the price of broad cooperation between the German and Soviet economies. In the view of Bernhard Friedmann, the author of the resolution, "a reunified German economy would be much more attractive to the Soviet Union, than the current economy of the G.D.R. [East Germany]."

This motion would not have received the support of the majority under "normal" circumstances, because Friedmann is known for his Moscow-leaning views. But this time, he had the backing of Alfred Dregger, the chairman of the parliamentary group, and he seized the opportunity provided by the CDU's election losses. His motion, which caught the parliamentary group off-guard, resulted in an official appeal to Chancellor Kohl to urge President Reagan to "introduce the reunification question in the ongoing Geneva arms-control talks."

Friedmann then contacted the offices of Genscher and Kohl, and was given promises of a personal meeting "soon." He also discussed the idea with President Richard von Weizsäcker, to have him bring the issue up during his July 6-11 visit to Moscow, which will include a meeting with Mikhail Gorbachov.

The trial balloon that the "Moscow Faction" has launched, however, may be somewhat overblown. Its advocates have exposed themselves to growing criticism from those who believe that the "zero option" means suicide for the West; a few good jabs, and the balloon will burst, as has happened with many such ventures before.

Irangate scandal breaks out again

Coincident with Henry Kissinger's visit to Madrid to push the decoupling of Europe from the United States.

The same days that Henry Kissinger was in Spain, in the second week in May, the "Irangate" scandal again hit the Spanish government, indicating that opposition to the "New Yalta" policy, for which Socialist Premier Felipe González is Europe's top spokesman, may be emerging.

Kissinger went to Spain ostensibly for the board of directors meeting of the Italian Banca Nazionale del Lavoro. David Rockefeller and Raymond Barre were there for the same meeting: in other words, key founders of the Trilateral Commission. Spain was chosen, ostensibly, to map out strategies to counter the mounting wave of support for debt moratoria in Ibero-America. In a statement published in *El País*, Kissinger declared that his role in the Madrid meeting was to advise the BNL on its Brazilian investments, or in plain English, on how to prevent Brazil from pursuing the policy of ex-Finance Minister Funaro, under whose tutelage Brazil declared a moratorium on its foreign debt.

The BNL is a bank closely linked to the ruling structure in the Socialist party, the PSOE, which is pushing a "New Yalta" accommodation with the Kremlin. BNL president Nerio Nesi belongs to the "left wing" of the Italian Socialist party (PSI), and is known to have been a big financier of the PSOE, reportedly channeling funds from Turin into the PSOE in Barcelona in the early 1970s (during the Franco regime when the PSOE was still illegal), through the firm Pianelli Traversa, a firm also suspected of conduiting dope-related money.

The BNL was created by Musso-

lini as a central tool for his corporatist policy in the early 1930s, and, as sources underlined, still today maintains its original orientation. In other words, the bank represents a direct continuation of Fascist policy through the Trilateral Commission.

There was another reason for Kissinger to be in Madrid. According to sources, Dr. K was personally charged by President Reagan to discuss the question of the U.S. bases. The story goes that Kissinger "put a lot of pressure" on the Spanish government to keep the U.S. bases. But the interview with Kissinger published in *El País* on May 7 tells a different story: Kissinger argues that the "zero option" means decoupling between Europe and the United States and that eventually the Europeans will have to accept it. On the specific question of the bases, he reinforces the demagoguery pushed by the Socialist government, stressing that "it is not possible to keep bases in a country which is not satisfied" with them. The next day, in an interview in the *Washington Post*, Felipe González went on record as the first European chief of government to endorse President Reagan's "zero option."

It is in this context that the usually pro-government paper *El País* launched the new wave of revelations, reporting that since last February, when Premier González formally promised Parliament that the government would prevent Spain from selling arms, directly or through third countries, to countries at war, Spain has sold at least 5,883 tons of arms to Iran and Iraq; at least eight ships transported those arms from the port of

Barcelona. In the prior two years, larger quantities of arms produced in Spain, including 105 millimeter cannon shells and airplane bombs, were shipped to the same countries.

Who organized these deals? In October 1986 it came out that two U.S. Drug Enforcement Administration officials, James Kibble and Victor Oliveira, had been arrested in the Madrid airport as they were about to board a flight for Switzerland carrying \$5 million in cash. The two were soon released as a result of the intervention of the Madrid U.S. embassy, which explained that the money was to pay a drug dealer in Switzerland, who worked as a DEA informant. As *El País* underlined, after Gen. Richard Secord stressed in his testimony that DEA agents were used in Irangate-linked arms and drug deals, it is legitimate to suppose that the money was for payments related to arming the Contras and Iran, paid through Swiss accounts.

The operations via the U.S. embassy in Madrid, related to Irangate, must be huge. Last October, Michael Ledeen, consultant to the National Security Council and Irangate "go-between," was floating around Spain in an apparently failed attempt to restructure the Spanish security services to suit his plans. The ambassador was Thomas Enders, a man deeply involved in the Iran-Contra deals and a crony of the unsavory Cisneros financiers of Venezuela. Gray & Company, one of the main companies allegedly used for the Iran-Contra arms-drug deals, operates in Madrid.

Barcelona's mayor, PSOE leader Pascual Maragall, was exposed by the magazine *Tiempo* last November for having arranged deals related to Iran-Contra trafficking with Michael Ledeen, while visiting the United States last October.

Ibero-America's 'good boys'

Venezuela and Colombia protest that they are the "exceptions," but the banks are still using them for punching bags.

Colombian President Virgilio Barco has offered his country a program to fight "absolute poverty," based on billions of dollars from foreign creditors who are allegedly convinced that, as Finance Minister César Gaviria put it, "We are a special case in the Latin American context." The only problem is, Gaviria arrived home from an early May trip to the U.S. money centers with empty pockets, and has since been transferred to the interior ministry.

Barco's equally confident neighbor Jaime Lusinchi has just hosted U.S. Federal Reserve chairman Paul Volcker in Caracas, where the Venezuelan head of state waxed eloquent over Volcker's "sensitivity" to Ibero-America's debt problems. Upon his return to the United States, Volcker told the media that once Venezuela took "appropriate measures" to adjust its economy, the flow of credit would resume. He cautioned, however, that "miracles don't happen overnight!" In the past few months, Venezuela has stripped itself of nearly every possible obstacle to a foreign takeover of the economy.

In view of the diminishing returns for the "good boys" in Ibero-America, a chorus of demands can now be heard in both countries for Peruvian-style suspension of debt payments, a chorus to which the governments have turned a deaf ear.

In Colombia, the comptroller general himself has strongly questioned Barco's policy of "debt dependency." Addressing a seminar of corporate executives, comptroller García said, "I ask myself how we are going to keep to a strong social policy . . . if there

is no budgetary support, if to repair highways, if to resolve problems left by the guerrillas in their destructive wake, if to recover marginalized zones . . . we must resort to foreign credit." García added, "Since the times of [Colombian heroes] Bolívar and Santander, Colombia has lived under moratoria . . . not because we are a people accustomed to not paying, but because the debts exceed the possibilities of the debtors . . . because beyond all this is the human survival of our nations."

Journalist Rodrigo Rivera Salazar blasted the thesis of Colombia's alleged "exceptionality," in his May 16 column in the daily *El Espectador*, noting that "our economic patriotism is so elastic that seven years ago we were convinced that a country could easily pay up to 15% of exports for debt, and today, we are spending 50-60%, and still believe that it is our neighbor's problem." Rivera observed that while Brazil's per capita foreign indebtedness grew by 25% between 1980 and 1985, Colombia's grew by a whopping 77% between 1984 and 1987. Writes Rivera: "We were never closer to the 'contagion' . . . to no longer being Latin America's 'good boy.'"

Despite all the warning signs, the Barco government continues to dig in deeper. First, it has handed over "supervision" of its public sector activities requiring foreign financing to the World Bank, which is now empowered to approve—or disapprove—any large project the government may consider undertaking.

Second, Colombia was a moving

force behind the just-concluded "reform" (read, interment) of Decision 24 of the Cartagena Accord, better known as the Andean Pact. With their decision to eliminate the sole remaining controls on foreign investment in the region, Pact members are now wide open to the purchase of state company stock by foreign investors holding debt paper. That includes such vital public sectors as transport and communications. As one irate journalist put it, "From now on, everything will be under multinational lock-and-key, a gendarme state, and more Professor von Hayek and more foreign debt."

In Venezuela, the leak of a central bank document revealing that the international reserves have been bled to critical levels to pay the debt, has caused a scandal, coming in the midst of a strike wave and escalating riots against an unprecedented collapse in living standards in that country. Nearly 44% of Venezuela's foreign exchange income went for debt service in the first quarter of 1987.

Although President Lusinchi has rushed to dismiss the document as "a working paper," it presents a devastating picture of Venezuela's future. Reporting that the country's fiscal deficit in 1986 was 2.9% of GNP, requiring a reserve drain of \$3.9 billion to cover it, the document adds: "This situation will be still more compromising in 1987 if one assumes a deficit of between 4.9% to 12.6% of the GNP."

Two prominent institutions meeting in Venezuela—the Latin American Economic System (SELA) and the Regional Inter-American Organization of Workers (ORIT)—have joined with the opposition COPEI party and former President Carlos Andrés Pérez to demand a debt moratorium. ORIT's conference on May 4-8 was held under the slogan, "First the people, then the debt."

Gandhi targets 'foreign hand'

by Susan Maitra

On May 16 Indian Prime Minister and Congress (I) Party President Rajiv Gandhi invoked the imperialist "foreign hand" in a broadside against opposition to his leadership that has surfaced inside and outside the ruling party. Mr. Gandhi's 50-minute speech was delivered to a crowd of 200,000 assembled on the central government mall to kick off a nationwide campaign against "destabilization."

The rally followed within days the closing of Parliament, whose February-May budget session had been all but paralyzed by a series of scandals that engulfed the government from the first of the year—from the President's calling into question his treatment by the prime minister, to the controversy surrounding Finance Ministry investigations into illegal foreign exchange dealings, and finally allegations that the government itself was protecting certain powerful business interests and taking kickbacks on major defense deals to boot.

The government is answerable only to the people and Parliament and to no individual, Mr. Gandhi declared on May 16. It would defeat all designs of vested interests within and outside its boundaries to destabilize the nation, he vowed. Efforts have been made to destroy the credibility of the government, with "baseless insinuations" about the "Fairfax affair" and the defense deals, he said. Vested interests were trying to create a controversy in regard to the Constitution, and attempts were being made to weaken Parliament and mislead the people, he said.

Mr. Gandhi said that in two and a half years, his government had reached new heights in the international arena, in economic self-sufficiency, and in defense preparedness, and that the country's stand on such issues as disarmament, non-alignment, and apartheid had been consistent. This, he said, had apparently not been to the liking of the superpowers.

In particular, Gandhi referred to the supply of AWACS to Pakistan, and the pressure on India to sign the Nuclear Non-Proliferation Treaty, while at the same time "a neighboring country" was being encouraged to proceed with its nuclear program. A dangerous climate has been created around the country, he said. In Punjab, efforts were on to balkanize the country, and the terrorists were getting help from across the border and from other countries.

But, said Mr. Gandhi, India would reply to all these threats in a manner unheard of before, teaching the country's

enemies the lesson of their lives. A special effort must be made to unmask the traitors—the "Mir Jaffers"—who joined hands with the external forces.

It was a harsh speech, delivered, uncharacteristically for Gandhi, in the rough and rustic language of the illiterate Indian peasants. Whether the campaign he inaugurated will succeed in mobilizing the party and broader layers to implement the government program remains to be seen. Targeting the "Mir Jaffers"—named for the man who betrayed Siraj-Uddaula, the Nawab of Bengal, Bihar, and Orissa to the British in the Battle of Plassey in 1757—has its own ironies, since most historians have concluded that it was not betrayal but the Nawab's own vacillating and impulsive behavior that actually was his downfall.

In significant part, the destabilizing tumult of recent months reflects upheavals within the sprawling ruling party itself, where assorted greater and lesser barons and their benefactors, feeling threatened in one way or another by Rajiv Gandhi, concluded they must move to get control of him or defeat him outright. It was disgruntled party "loyalists" and the "left lobby" in the Congress (I), who had been jibing at the prime minister's shadow for months, who suddenly began beating the drums of "foreign destabilization" in early April.

Then, following V.P. Singh's resignation and amid calls for his expulsion from the party, the Congress Working Committee (I) passed a resolution on April 18 detailing the "conspiracy afoot" against their party's leader, Rajiv Gandhi, and, therefore, the nation. It was a "grand design of destabilization," executed with "careful preparation and a professional sense of timing" and with "vicious propaganda masterminded by external and internal forces of disruption, reactionary elements, and multinationals," the CWC(I) reported.

For the time being however, the question of whether Rajiv Gandhi himself would ultimately fall in with this campaign—rather than confronting the barons he had earlier put on notice by politicizing his economic and social nation-building program—remains moot. As the May 16 rally shows, he has declined to use the crisis to break out of the byzantine political geometry that has already taken such a toll on his administration's credibility.

Some sections of the New Delhi press gave the credit for Mr. Gandhi's May 16 performance to Gopi Aurora, an old lieutenant of British-Comintern agent M.N. Roy. The prime minister's "left-populist" posture is of one piece with his party's continued efforts to win the two Communist parties to its side. So far, in spite of alleged pressure from Moscow, neither the pro-Soviet Communist Party of India (CPI) nor the pro-Beijing Communist Party of India-Marxist (CPI-M) have shown the slightest interest. Instead, the CPI-M gave Congress (I) a drubbing in two major state elections, and the CPI has announced a campaign against corruption and black money.

International Intelligence

Austrians 'furious' at slanders of Waldheim

Austrian Chancellor Franz Vranitzky met with President Ronald Reagan in Washington on May 21, and told a press conference afterwards that he felt it was "not likely" that the United States would change its decision to place Austrian President Kurt Waldheim on the U.S. Department of Justice's "watchlist," because of allegations that he was involved in Nazi atrocities during World War II.

Vranitzky pointed out that the ban on Waldheim's entering the United States had never been subjected to the due process of law. "Your country and ours apparently have two different kinds of law," he said. "We do not have an institution of a 'watchlist.' We identify with something that could be called a 'sentence.'"

"Vienna is Furious With the Americans," was the headline of a May 17 article in the Italian daily *Corriere della Sera*, describing the meeting in Vienna between officials of the U.S. Justice Department and the Austrian Justice Ministry. A spokesman for the Austrian government reported that the U.S. delegation "did not present any documentary proof for their charges, but only repeated unproven charges generally known to us from the media."

Angry commentaries have appeared in the Austrian press, such as an article in the *Wien Kurier* on May 19. Author Sebastian Leitner wrote: "The method: First you pour brown mud over Waldheim, slander him as a Nazi and war criminal. Then you export this garbage as so-called 'revelations' all over the world. Then, the special envoy of the U.S. 'Watchlist' Ministry only brings hot air back to Vienna, no proof, not even charges—who cares? . . . People demand that he [Waldheim] fall on his knees, and lick this garbage, which others threw on him, with his own tongue, or disappear from this Earth. And all because the so-called 'reason of State', the so-called 'will of the people' demand it?"

The phrase "will of the people" is a reference to the Nazi "legal" code.

East bloc aids Turkish terrorists

Turkish intelligence units have determined that Bulgaria, Libya, and West Germany's Red Army Faction (RAF) terrorists have extended aid to the Kurdish separatist/terrorist group PKK, which is trying to destabilize Turkey.

According to the Turkish daily *Milliyet* May 9, PKK leader Abdullah Ocalan contacted Bulgarian embassy officials in Syria in 1984 to secure support, asking for arms, in return for cooperating with the Bulgarian secret service. The current Bulgarian-PKK effort to establish a clandestine radio station to beam into Turkey, is one result of this cooperation.

The PKK is being trained in Libya, and receives cash donations from Colonel Qaddafi's coffers. RAF militants have been attending PKK meetings in West Germany.

Bonn reveals communist role in Berlin riots

The West German Ministry of the Interior issued a report on May 19, documenting an increase in the activity of the West German Communist Party (DKP) and related front groups in 1986. The report also includes a statement on the communists' role in inciting the recent riots in West Berlin, which left nearly 200 policemen injured.

The DKP has been most active in protest actions against U.S. missile bases, according to the report. Its membership rose to 63,000, as compared to 61,000 the year before, which is also due to increased labor organizing. The DKP has established 400 factory committees, targeting the "military-industrial complex."

The SEW, the communist party of West

Berlin, has a membership of 6,500. Both parties, and their various front-organizations, received funds from East Germany's ruling Socialist Unity Party, estimated at more than 65 million deutschemarks in 1986.

Accompanying the report is an official addendum by interior ministry undersecretary Carl-Diether Spranger, exposing the role of the Soviet-backed parties in the West Berlin "May Day" rioting. "A few days ago," he states, "violent riots of an unprecedented scope broke out in Berlin. An orgy of violence that has no precedent, occurred there. . . . It is certainly not accidental that these riots started out at public events that were arranged by the Berlin Alternatives List and the Berlin branch of the communist ruling party of the G.D.R. [East Germany], the Socialist Unity and Workers Party of West Berlin (SEW)."

"Although these organizations do not explicitly endorse violence, they do encourage violent acts committed by anarchists, at least through their support for these groups."

Strauss mocks arms-control debate

West German Christian Social Union chairman Franz-Josef Strauss mocked the debate over a "zero-option" arms deal, at a press conference in Munich on May 19. Chancellor Helmut Kohl had charged that "shrill tones" from "critics of the zero option" (like Strauss) had ruined two state elections on May 17 for Kohl's Christian Democrats.

Strauss ridiculed Kohl's "total zero-option" proposal for removal of all intermediate and short-range missiles from Europe. "I also want to get into the history books now. I am—please note this down—for the total zero option not only for missiles, but also for tanks, artillery, and combat aircraft."

Strauss also lashed out at President Reagan: "Toward the end of his term, the U.S. President obviously wants to go on historical record with a grand peace settlement. This is what is behind this whole debate on

zero and zero-zero options."

In the same press conference, Strauss threw some light on the byzantine goings-on during Germany's recent local elections (see Report from Bonn, page 54). In the May 17 state elections in Hamburg, said Strauss, "Well, let me put it this way: The Christian Democrats (CDU) gave votes to the Free Democrats (FDP), so that the FDP would be enabled to form a coalition with the Social Democrats (SPD). These CDU votes helped the FDP back into the city council. This is not to say that the FDP did nothing: They agreed, after all, to take official posts in a coalition with the SPD. This, I would say, shows a completely new role, a funny role, for the CDU."

Trilaterals said to be split on SDI

The Trilateral Commission, the conspiratorial grouping founded by David Rockefeller and friends in 1973, officially wants to stop President Reagan's Strategic Defense Initiative, and break up the U.S.-European alliance. But some members object to this, or so claimed the Italian newspaper *Il Giornale* on May 15.

Reporting that the anti-SDI decision was taken at last year's Madrid Trilateral Commission meeting, the newspaper quoted member Faillant de Villemarest to indicate that, at that meeting, there was a split between "the financiers," led by Rockefeller, favorable to a neutralized Europe linked to the Russians, and "the industrialists," more favorable to maintaining the alliance with the United States. It said that a similar split exists between the industrialists and the "big five" food cartel corporations, exemplified by the split in Italy between Fiat magnate Gianni Agnelli, favorable to the SDI, and Raul Gardini, chief of the Ferruzzi food production group, favorable to reaching agreements with Russia over Africa.

Agnelli reportedly warned, at the recent elite Bilderberg Group meeting in Cernobio, Italy, against putting too much trust in

Gorbachov's good offices. The following day, Agnelli went to the Carabinieri officers school in Rome and warned against the "temptations to maintain equidistance" between East and West and against the idea of a "neutrality of Europe."

German Catholics decry 'glasnost' pogroms

Pogroms against Christians are still a reality under Mikhail Gorbachov's *glasnost* (openness) policy, charged the Central Committee of the German Catholics, in a resolution released to the press in Bonn on May 15.

In implied criticism of those who are planning to join in celebrations of the 1988 millennium of the Russian Church, the resolution states: "Many seem to overlook that there is not just the 1,000th anniversary of the Russian Orthodox Church, but also the 600th anniversary of the Lithuanian Catholic Church, which still lives under conditions of severe repression."

Official Soviet policy on the Church, the resolution states, is still "Lenin's verdict that religion is a system of false notions of the world, from beginning to end." There are still questions to be posed on Gorbachov's *glasnost* campaign, warned the Catholics.

By contrast, West Germany's Protestant Evangelical Church (Lutheran) has issued a statement emphasizing: "West German society must be free from anti-communism, must be 'de-enemyized.'"

So states the draft of a new Lutheran policy platform, which will be the centerpiece of the church's convention in Frankfurt in mid-June. Among the West German population, there is "still too much continuity of devastating thoughts of the past," too much "anti-communism in church and society." Even more dangerous, states the draft, is a trend away from "acceptance of collective guilt" for the Nazi crimes against the Soviet Union, and a "reluctance to go toward a relation of real friendship with the Soviet people."

Briefly

● **SHIMON PERES**, the Israeli foreign minister, met with Soviet Ambassador Yuri Dubinin at the Washington home of World Jewish Congress head Edgar Bronfman on May 17. The 90-minute meeting was termed by Peres "constructive and even warm." Discussion reportedly centered on the proposal for an international peace conference on the Mideast.

● **DAVID KIMCHE**, the former director general of the Israeli foreign ministry and a principal in the covert arms sales to Iran, was subpoenaed by independent counsel Lawrence Walsh while in New York on business May 21. The Israeli government is reportedly furious, because if Kimche refuses to testify, he faces an indictment for contempt of court. Kimche is currently the foreign affairs adviser to the World Jewish Congress.

● **'IF THEY WANT A WAR . . . they will have a war,'** said Peruvian banker and former economics and prime minister Manuel Ulloa, in response to his indictment for abuse of authority, crimes against the public faith, and illegal management of funds. He said the charges against him were fabricated and politically motivated. Ulloa recently returned to Peru, and is working to overthrow the government of President Garcia.

● **GORBACHOV** has deliberately timed his visit to East Berlin at the end of May "to upstage the Queen," who is visiting West Berlin around the same time, the *Daily Express* claimed on May 20.

● **RAISA GORBACHOVA** is holding an art show in Moscow, financed and organized by American billionaire Armand Hammer.

Steel executives plead for industry's destruction

by Nicholas F. Benton

With a resounding endorsement from the Reagan administration, leaders of the U.S. steel industry put out an astonishing, unified call for self-destruction at the annual conference of the American Iron and Steel Institute (AISI) in Washington May 19. The two-day conference featured a press conference at which top executive officers of the nation's leading steel producers—USX (formerly U.S. Steel), Inland, Bethlehem, LTV, and Armco—joined hands in calling for what they termed an “orderly downsizing” of the industry.

The policies advocated by these executives—more loyal to the bank boards they serve on than to their steel companies—are a direct threat to the national security interest and reconstruction potential of the U.S. economy.

Rather than proposing to remedy the last decade's disastrous decline of the U.S. steel industry by expanding domestic and global demand, the nation's steel giants were in lock-step behind measures to cut back on supply, advocating government assistance in dismantling and blowing up (literally) much of their existing capacity.

They will ensure that the United States becomes a third-rate power, helpless before the onslaught of the coming financial crash, if their program is adopted.

And, the keynote speaker at the AISI conference, Treasury Secretary James Baker III, fully endorsed the corporate leaders' call for “controlled shrinkage” by lauding their efforts to, as he put it, become “lean and mean” by taking “courageous steps to cut capacity and to cut costs.”

Specifically, the industry giants called for a combination of protectionist and domestic policy measures to allow their industries to reduce output capacity and become more “competitive” against foreign producers. They expressed support for key provisions of the congressional trade legislation now under consideration, and said they need help in their “painful

period of adjustment” in dealing with what Inland Steel CEO Frank Luerssen called “human costs associated with restructuring . . . and other exit costs, including environmental costs.”

Faced, they said, with a fixed domestic market of approximately 100 million tons a year, they claimed to be threatened by effects of increased foreign production eating into their markets, and by an under-utilization of their own existing capacity.

“We need to downsize in order to revitalize,” Luerssen said. Armco's Robert E. Boni said that of the 35 remaining hot strip mills in the United States, half of them could be eliminated without effecting the ability of U.S. producers to meet current demand.

“There is 100-150 million tons of excess steel supply floating around in the world,” argued AISI chairman Thomas C. Graham, president of the steel division of USX. Bethlehem Steel's Walter Williams delivered a diatribe against European, Japanese, and Third World steel producers. He blasted the Europeans for subsidizing their industry with \$38 billion since 1980, and was especially critical of Brazil and Mexico for their ambitious plans to expand their steel output.

However, while placing blame on foreign producers and a stagnant market, none of the industry executives were willing to draw conclusions from the dramatic 300% rise in the U.S. steel industry's debt-to-equity ratio, from 34.9% in 1979 to 104.7% in 1986.

The need to deal with an international debt burden that is strangling the potential for U.S. and global industrial development, as well as the U.S. steel industry itself, should be clear to these industrialists. If debt is weighing down their production—contributing to the dramatic collapse from a high of 150 million tons produced in 1973 to 80.5 million

tons in 1986—then they should understand that it is similarly strangling their potential markets, and seek remedies appropriately.

However, as in the case of USX's Graham, a director of the Mellon Bank of Pittsburgh, executives running the U.S. steel industry are not primarily steel producers any more, but bankers themselves. Therefore, they have a vested interest in protecting their claims on the growing international debt bubble, even at the expense of the steel industry. In fact, the informal slogan of USX has become, "We're in the business of producing profits, not steel."

Marxists?

Graham reflected his "banker's bias" when confronted with a question from *EIR* during AISI's nationally televised press conference, by specifically rejecting the option of expanded world markets for steel. *EIR* asked the panel of executives why they did not advocate global economic expansion instead of shrinkage. "Your premise is that the market is fixed, therefore creating a growing problem of overproduction. But the world is not exactly overdeveloped. There is plenty of room for large-scale water development projects and energy projects. Why don't you promote credit and other policies to expand this demand, instead of seeking to shrink your supply?" *EIR* asked.

Graham jumped up to answer. "As for domestic demand, we have tried some things to increase that without success. But globally, it is completely beyond our ken. It can't be done, to be blunt about it," he said, and asked for the next question.

Ironically, Graham and his cohorts have resorted to the classic Marxist economic understanding of so-called "overproduction," which leads, in this mechanistic view, to a "falling rate of profit." While orthodox Marxists insist that this represents a "fundamental paradox," they claim that capitalists try to solve it by resorting to "imperialist looting," including restraining growth in favor of collecting debt. But the fallacy of this Marxist schema, which was demonstrated by the American System policies of the Hamilton-Clay-Lincoln current in the early United States, has clearly been lost on the leaders of the U.S. steel industry, as well as the Reagan administration. The 18th- and 19th-century American System school of economics understood that the apparent dilemma of "overproduction" is solved by issuing new credit which allows the surplus production to be usefully absorbed. Thus, it was the credit policies reflected in Hamilton's National Bank and Lincoln's "Greenback" policy which expanded demand, and led to continued long-term growth in the national economy, as long as the surplus was used in a way that contributed to sustained expansion. The most recent case of this—which directly contributed to the growth of the U.S. steel industry to its high-water mark in 1973—was the Apollo space program launched by the Kennedy administration. It succeeded, with the aid of relevant tax and other incentives

for capital investment to industries that fed the program (see "How the Apollo program produced economic wealth," *EIR*, May 22, 1987, p. 24).

As Democratic presidential candidate Lyndon LaRouche, the leading American System economist living today, said in a May 15 statement, "Address to the Citizens of Iowa," any U.S. economic recovery program must be built on two pillars: 1) a rebuilding of the nation's basic economic infrastructure, centered on developing its incompleting national fresh-water system, and 2) a "Super-Apollo" program, aimed at establishing a largely self-sustaining colony on Mars by 2027.

These programs will require annual levels of basic and specialty steel production vastly beyond anything the U.S. industry has yet achieved. Yet, as LaRouche contends, anything less will fail to produce recovery.

According to an *EIR* study, over several years, the national infrastructure program can absorb up to \$30 trillion in repairs and modernization of currently obsolete and dangerously worn-out roads, bridges, waterways, and port facilities. Revitalizing the nation's moribund shipbuilding industry and irrigating the Western states, High Plains, and northern Mexico by diverting the powerful northern-flowing rivers of Canada and Alaska southward, will absorb trillions more in long-term wealth-generating activity.

These needs underscore the criminal intent of the leaders of the U.S. steel industry. They want government aid in plans to blow up much of their existing productive capacity.

The steady demise of the U.S. steel industry has been a national disgrace, with no relief from the so-called "economic recovery" of the Reagan years. From the peak of 150.8 million tons produced in 1973, the industry dropped to a low of 74.6 million tons in 1982 (the worst year since 1946), and despite the "recovery," produced only 81.6 million tons in 1986, dropping below an annualized output of 80 million tons for the first quarter of 1987 (19.6 million tons).

Widespread closure of steel plants has already drastically cut capacity from a peak level of 160 million net tons in 1977 to 111.9 million tons for 1987. Despite the shutdowns, however, utilization of capacity has continued at a mere 70%, higher than the 48.4% average in 1982, but far below the consistent 90% and above levels of the 1970s.

In terms of profits, the U.S. steel industry has moved from a net income of \$1.6 billion in 1981 to losses in every successive year—\$7.4 billion through 1985. Employment in the industry has dropped from an average of 452,000 in 1977, to 175,000 in 1986 (38% of 1977's total).

Long-term debt has grown to over \$7.1 billion, while capital expenditures have declined from \$2.4 billion in 1979 to \$1.6 billion in 1985. The debt-to-equity ratio has tripled from 34.9% in 1979 to 104.7% in 1986.

The sickness of the industry has now been surpassed by the sickness of the proposals of its leaders, and the economic policies of the current administration.



'The President was badly advised at every turn'

EIR asked Democratic presidential candidate Lyndon LaRouche to respond to a series of questions, on the probable outcome of the way in which the investigation of the Contra scandal has progressed thus far. The interview is dated May 18.

EIR: From where you sit, how much personal embarrassment for the President do you think will come out of the Contra scandal?

LaRouche: At this point, no one can tell. Personally, I have seen no evidence that the President committed any offense for which he should be impeached; but, these days, proof of innocence is not necessarily a very effective defense—especially the way Ed Meese is bungling along with an out-of-control network inside the Justice Department.

The danger-point for the President might come around September and October of this year. If this Contra mess is not cleaned up by then, the President could be in danger of being railroaded into about the same situation Nixon was placed in in 1974.

EIR: Why September or October?

LaRouche: I expect that there will be widespread fear over both the collapse of the economy and AIDS by the end of this coming summer. Unless the President had dramatically changed his policies on both the economy and AIDS by that time, he would find himself a scapegoat for all sorts of things. If Watergate-style charges were to be hanging over the President's head under those conditions, the President could be personally in very serious trouble. He could be railroaded pretty easily, even on flimsy charges and a lot of perjured testimony.

EIR: You say that you don't think the President has committed an impeachable offense in the Contra case? Why not?

LaRouche: On the basis of every indication so far, the evidence is that the President was badly advised at every turn. The grey area is the way someone may choose to interpret that outrageously unconstitutional Boland Amendment. Otherwise, I see nothing so far—except a large increase in his

unpopularity on other issues—which puts the President potentially in the target-area of an impeachment process.

EIR: You say that the President was badly advised. What were his mistakes in the Contra affair?

LaRouche: I haven't been able to discover a single thing in the President's Central America policy which is not a foreign-policy disaster. McFarlane, Poindexter, and North, for example, are supposed to be military professionals. In case of outbreak of war, a Lazare Carnot or I, discovering officers guilty of such military follies, would retire them immediately for the good of the service.

EIR: Many readers might consider that a pretty strong criticism of these men. How would you back it up?

LaRouche: In irregular warfare against insurgency, some things are ABC to anyone who has studied the successful and unsuccessful low-intensity counterinsurgency of the past 40 years. As one veteran of the Malaya campaign emphasized recently, about 80% of the effort leading to the victory against the Communist insurgents there was spent on separating the guerrillas from political and logistical support in the population. After that, it was an SAS mopping-up operation. The mopping-up took a few years, but during that period, the general situation in the nation was under control.

What the clowns in the NSC's operation did, was the direct opposite. They used the Contra operation to drive more and more of the Sandinistas' potential opposition into patriotic solidarity with the Sandinista government. Of all the things which should have been done in the Central American region, to isolate the Sandinista dictatorship politically, the administration did exactly the opposite. To top it off, these men set up an operation which was a farce militarily, and backed a bunch of mercenary riff-raff whose main activity appears to have been shipping drugs into the United States.

EIR: Why do you think the President chose the so-called Contra option?

LaRouche: I wasn't there when the discussions took place, so I couldn't supply eyewitness testimony on what decisions

the President made personally. I do know, directly, that what happened in 1985 and 1986 was a direct result of policy-decisions made back in 1982, in the process of bringing Project Democracy into White House decision-making. It was a combination of decisions on economic policy toward Central and South America back during 1982, Project Democracy's political ties to Caribbean drug-traffickers, and the series of decisions, including what became Gramm-Rudman, beginning during April, 1983, leading into last October's near disaster at the Reykjavik summit.

Although the President has stuck to a cut-down version of his March 1983 SDI policy, on every other major front in the world, the Reagan administration has been in full retreat under Moscow's pressure. So, since April 1983, when Soviet President Andropov stated publicly, in a major magazine interview, that he recognized the U.S.'s right to do with Nicaragua as it might choose, the Reagan administration used the Nicaraguan Contra operation as a way of seeming to say to worried patriots, "We're still willing to wage the fight against Communism in at least one little corner of the world." Since the administration's economic policy forbade running an effective kind of irregular war against the Sandinistas, it ended up with a disgusting side-show.

EIR: How does that justify describing McFarlane, Poindexter, and North as "clowns"?

LaRouche: Maybe they were acting as opportunists, helping out old buddies who needed a little covert-operations action and some money. Maybe, they had the military competence to know that the Contra operation was a lunatic side-show. Maybe, they were so concerned with their personal career-management, that they simply did not care enough what this operation did to the United States.

I can imagine that anyone who tried to tell the President that this kind of operation was a worthless side-show, would have been put on the President's list of "tear up this guy's calling-card." So, those who wished to stay in the good graces of the White House, would either go along with the policy, or simply avoid being involved in the operation in any way. As we have seen from his patterns in public conduct, when President Reagan does not wish to admit he has made a mistake, he can be very stubbornly nasty about it, and then he tends to cut a lot of corners in maneuvering around the truth.

So, after the case of Richard Allen, anyone in the NSC hot-spot or at similar levels, knows it is not good career-management to become what Mr. Reagan might view as an expendable embarrassment to his self-image. Perhaps a few old friends, or, for a while, a Donald T. Regan, could persuade the President to change his policies. Admittedly, as the public record shows, fellows in the position of a McFarlane or Poindexter would find it smart career-management to put up a show of being "an outstanding team-player." That much in the way of extenuating circumstances, I would grant them.

Extenuating circumstances or not, when you act like a

clown, you are a clown. Clowns like that go on my list of people who are never to be assigned to duties in which the well-being of a military unit, or our nation has to rely on the honesty of their expressed judgment.

Let's call this the lesson of Goethe's *Faust*. Let us call these fellows modern Fausts. Let us call the temptations of career-management, Mephistopheles. If you sell your soul to Mephistopheles, for whatever price, it is your soul that you have lost. Anyone betraying principles for sake of a Faustian pact with influence and power, can turn themselves into schlemiels in the way these fellows did.

I have often seen people make a first crucial step in compromising an important principle for such Faustian reasons. Then, I have witnessed the accelerating spiral of their intellectual and moral self-degradation after that first step was taken. Generally speaking, one who does not pull back from that first step of self-degradation is never to be trusted again.

EIR: Who do you see as the principal targets of investigation in the Contra scandal?

LaRouche: Project Democracy, the officials of the National Endowment for Democracy, Elliott Abrams, some in the Justice Department involved in the Irangate and Contra cover-ups, and Armand Hammer's crony, Charles Z. Wick. Abrams and Wick are at the center of culpability in the Contra operation as such. What McFarlane, Poindexter, and North did, was to plug some veterans from the regular intelligence services into the middle of a Project Democracy operation being run through channels controlled by Abrams and Wick's U.S. Information Agency. It is that network of old communists and so-called right-wing social-democrats centered around Jay Lovestone, that is the real problem here, as it has been one of the key problems inside our intelligence and diplomatic institutions for about 40 years. Clean out that nest, and the United States might begin adopting sound policies.

'Project Democracy' retreads old threats

by D.E. Pettingell

The National Endowment for Democracy concluded its "Challenge of Democracy" conference in Washington, D.C. on May 19, with a call to overthrow Third World governments which do not fit the American standard of "democracy." The NED is the public arm of "Project Democracy," the secret government currently under fire in the Irangate scandal.

"It is irrelevant if we have the right to interfere or not,"

said Stanford University professor Seymour Martin Lipset, co-author of a "comparative study" of political systems in the Third World, financed with a NED grant, and discussed during the May 19 morning panel. Stanford University's Larry Diamond and Yale University's Juan Liz, the other authors, and Harvard University's Samuel Huntington, participated as well.

The study on "democracy," to be published later this year, is a four-volume work on Ibero-America, Asia, and Africa. According to the review made available at the conference, each Third World nation's "democraticness" is discussed in connection to its political stability. In this regard, Argentina, Mexico, Brazil, Peru, Colombia, the Philippines, Dominican Republic, Zimbabwe, and others, are considered "partially stable," some because they are "new democracies," and others, like Mexico, because they have a "hegemonic one-party" system. The few "stable" ones are Costa Rica, India, and Venezuela.

NED, which is funded by Congress, has become very controversial due to its involvement in the Iran-Contra affair, involvement exposed in *EIR*'s "Project Democracy" *Special Report*. The conference was seen as an attempt to regain credibility as a legitimate "private" organization exclusively concerned with helping others achieve "freedom and democracy."

Call for 'informal economies'

Around 300 people from the United States and other countries attended the event in the House Rayburn Office Building. NED's godfather Rep. Dante Fascell was paid "tribute" as the American who has done "the most" to assist "courageous individuals abroad who are struggling to build democratic systems." Sen. Richard Lugar and Rep. Stephen Solarz, the men who did "the most" in overthrowing the government of the Philippines, were praised, as was NED board member Rep. Robert Lagomarsino.

Sen. Bill Bradley, a newcomer in the NED network, proved to be the biggest demagogue when speaking about America's role in assisting the "poor" and "needy." In what some observers called a "profound philosophical" speech, full of quotes from John F. Kennedy, Woodrow Wilson, and John Quincy Adams, Bradley came close to denouncing the Reagan administration's policies toward Ibero-America as imperialist and interventionist.

"Too often, we misguidedly arm repressive regimes in the name of containing communism. . . . Then our national interests and our principles diverge. We betray our own ideals. . . . We repudiate our involvement with the outside world and take refuge in Fortress America. . . . It is not only our values that are deformed by this double standard. We also hurt the very people we are trying to help," Bradley said.

Admitting that he once supported the Contra policy, Bradley blasted the administration for "continuing" to squander scarce political capital on the Contras. "The Contra issue impinges on our politics far in excess of its importance. . . .

The prospect of Sandinista/Cuban dominoes falling northward is infinitely less of a threat to the U.S. than the threat of instability and violent shifts in political opinions in Mexico and other nations. . . . The administration may still win the battle if the Contras are funded. But they are on the verge of losing the war if they refuse to provide debt and interest rate relief. We need action on debt now."

The type of "action" that Bradley demands is precisely the policies that the International Monetary Fund foists on Ibero-American governments, which have caused more political instability and poverty. For Bradley and NED board vice-chairman, banker Sally Shelton Colby, growth means turning the economy over to private and foreign interests and opening countries to looting.

Bradley lauded NED's favorite Third World drug economist, Peruvian Hernando de Soto, who participated May 18 in the panel "Strengthening New Democracies." De Soto is the author of *El Otro Sendero (The Other Path)*, which glorifies as "creative entrepreneurship" the black-market drug economy, affectionately dubbed the "informal economy." Said Bradley, "Our debt policies and our economic assistance should aim to empower the humble, nameless men and women, the usually poor, impoverished, often illiterate, people of our countries, for as Hernando de Soto . . . has so painstakingly documented, this is the group that will determine the future of Latin America." The sixth edition of the book, now out in four languages, bears Bradley's endorsement as "the best way to understand Latin America's problems."

De Soto heads the Institute for Liberty and Democracy, center of the destabilization operations against Peruvian President Alan García. The institute is NED's largest grantee, with \$240,000 a year.

Sitting in the audience were true believers of the need to forge "informal economies" in their own countries. Mexico was represented by the National Action Party's (PAN) business front, Coparmex's Raul Ortega and Saturnino Campoy, from the Monterrey-based Center for Economic and Educational Studies (CEEE). Campoy stood up from the audience to denounce the "lack of democracy" in Mexico and warn that given the power of the Mexican political system, "democratic changes" in Mexico will take a long time.

Coparmex and the CEEE are NED grantees. Coparmex will receive this year a total of \$94,000 from NED's Center for International Private Enterprise, while the CEEE in 1986 received a \$33,000 grant from CIPE. The fact that these two PAN-connected groups get foreign money has created such a political scandal in Mexico, that as the NED conference was taking place, the Coparmex chairman was categorically denying getting funds from Uncle Sam. *EIR* has been the only American publication to report on the issue.

The NED conference concluded with a luncheon at the Sheraton Grand Hotel; the attendance list read like a who's who in Project Democracy's public/private network of destabilizers. The highest ranking American official attending the luncheon was National Security Adviser Frank Carlucci.



U.S. trampled on Sixth Amendment, tried to threaten LaRouche counsel

Justice Department intimidation tactics employed against attorneys representing Lyndon LaRouche and his associates were a central issue in a hearing on May 18 before U.S. District Judge Robert Keeton in Boston in the case, *United States of America v. The LaRouche Campaign, et al.* Attorney Odin Anderson, who represents Independent Democrats for LaRouche (IDL) and The LaRouche Campaign (TLC), demanded that Judge Keeton hold an immediate evidentiary hearing on a motion to dismiss the Boston indictment on grounds of prosecutorial misconduct.

The Boston criminal case is the most important in a chain of politically motivated actions against presidential candidate LaRouche and his associates, taken by forces determined to bring constitutional rule to an end in this Bicentennial year of the U.S. Constitution.

Judge Keeton is already considering motions to dismiss the Boston indictment on Fifth and Sixth Amendment grounds, motions occasioned by the Justice Department's extraordinary involuntary bankruptcy proceedings against two of the defendants in the Boston case—Caucus Distributors and Campaigner Publications (see *EIR*, May 15, 1987, p. 58).

"Everything I learned in law school has been turned upside down by the government's tactics in this case," Anderson said. "I learned that an attorney is only there to represent a client, that his client's interest comes first. When an attorney is put in the position, by deliberate government tactics, of worrying about his own interest first instead of his client's interests, his effectiveness as an advocate is lost."

Excerpts of the motion follow:

Statement of facts

On May 7, 1987, Special Agent Richard Egan, the FBI agent who has been in charge of the investigation of this case from the outset, contacted Michael Trainor, a private investigator retained by counsel for defendants, supposedly to discuss an allegation that Mr. Trainor told a Mr. Worthen (one of the alleged victims in this case whom Mr. Trainor had interviewed) that Mr. Trainor knew the whereabouts of Michael Gelber, an absent defendant in this case. . . . After Mr. Trainor advised Mr. Egan that he had never made any statements about Gelber's whereabouts nor knew where he might be, Egan made several statements to Trainor clearly

intended to intimidate him and to warn him about associating with "those people" (i.e., the defendants). Egan advised Trainor that he was concerned that Trainor might be "harboring" a fugitive (Gelber), and stated that he wouldn't want to see Trainor jeopardize his license, end his career, "suffer", or "get hurt" because of his association with the defendants. Trainor took these statements to be threats, and was so upset by Egan's comments that his continued participation in this case is in jeopardy. . . .

During his conversation with Trainor, Egan also made allegations directed against Odin Anderson, attorney for TLC and IDL in this case, which clearly implied that Anderson was, in Egan's mind, engaged in criminal wrongdoing in connection with this case. Egan told Trainor that Anderson was "in a bad spot and it might get worse", and that Egan "knew" that Anderson was the last person to see "those people" (presumably the three absent defendants who are allegedly fugitives) in this country. This is not the first time that Egan has made statements to members of the defense team about Anderson's supposed knowledge of the whereabouts of these individuals and the facts surrounding their alleged disappearance. On a prior occasion, Egan questioned Anderson in a hostile manner about this subject. . . . It was also Richard Egan who, accompanied by AUSA John Markham, threatened and attempted to intimidate Attorney Joel Reinfeld (in the presence of Attorney Daniel Alcorn) by implying Reinfeld's involvement in instances of alleged unauthorized credit card charges. . . . These intimidation tactics contributed to the disengagement of Reinfeld from this case.

The above incidents represent only the most egregious, and not all, of the instances of veiled and not so veiled threats that have been directed against members of the defense team by agents of the government. Additional incidents are set forth in the attached affidavits: Daniel Small, the Assistant U.S. Attorney initially in charge of the investigation which resulted in this indictment, stated in a heated conversation with Matthew Feinberg (counsel for CDI) that he believed that some of the attorneys in this case might not be practicing law by the time the case is over. . . .; Odin Anderson has been told by several persons that they heard that he was "being investigated" or was "in trouble" as a result of his involvement in this case. . . .; recently, Daniel Alcorn, who repre-

sents Campaigner, was the subject of intimidation tactics by the U.S. Attorney in Alexandria, Virginia, and several of his assistants, in connection with the involuntary bankruptcy proceedings against Campaigner. . . . These incidents are clearly part of a continuing pattern of intimidation by agents of the government directed at attorneys representing persons and entities associated with Lyndon H. LaRouche, Jr.

Argument

The Sixth Amendment to the United States Constitution provides that a criminal defendant shall have the right "to have the Assistance of Counsel for his defense." The right to due process, as guaranteed by the Fifth Amendment, also includes the right to have the effective and substantial aid of counsel. *Coplon v. United States*, 191 F.2d 749, 757 (D.C. Cir. 1951). As the Supreme Court has stated:

The right to counsel plays a crucial role in the adversarial system embodied in the Sixth Amendment, since access to counsel's skill and knowledge is necessary to accord defendants the 'ample opportunity to meet the case of the prosecution' to which they are entitled. . . . An accused is entitled to be assisted by an attorney, whether retained or appointed, who plays the role necessary to ensure that the trial is fair.

. . . In connection with the right to counsel, courts have stressed "the importance of protecting a criminal defendant's attorney-client relationship from a deliberate attempt to destroy it and to subvert the defendant's right to effective assistance of counsel and a fair trial", and have noted "[t]he concern with which the courts view government intrusion into the attorney-client relationship. . . ." *United States v. Costanzo*, 625 F.2d 465, 469 (3d Cir. 1980).

. . . Furthermore, as the court stated in *Keeker v. Procnier*, 398 F.Supp. 756, 765 (E.D. Cal. 1975):

The mirror-image of the client's Sixth Amendment right to effective counsel is the attorney's right to practice his profession without undue governmental interference. The vindication of one is consequently dependent upon the vindication of the other.

The outrageous actions of the government directed at specified and unspecified defense attorneys and other members of the defense team is set forth in great detail in the attached affidavits and in the above statement of facts, and need not be repeated here. It is sufficient to state that the government's attempts at intimidation appear to have reached a peak (for now, at least) with Special Agent Egan's telephone conversation with defendants' investigator, Michael Trainor, in which Mr. Egan blatantly threatened Mr. Trainor and made statements indicating that defense counsel Odin Anderson was in danger of being prosecuted. Clearly, Egan's statements must be looked at as an attempt to drive a wedge between members of the defense team, to intimidate Mr.

Trainor and drive him out of the case, and to intimidate defense counsel (particularly Mr. Anderson) and divert them from devoting their maximum attention to this case. These types of actions constitute a violation of defendants' right to effective assistance of counsel. . . .

These most recent statements by Special Agent Egan are merely a continuation of a pattern of similar governmental actions directed at the defense team in this case . . . which actions have already contributed to the disengagement of one attorney from this case (Mr. Reinfeld). The actions of the government clearly constitute "a deliberate attempt to destroy [defendant's attorney-client relationship] and to subvert the defendant's right to effective assistance of counsel and a fair trial." *United States v. Costanzo*, *supra* at 469.

Numerous cases have considered allegations of governmental interference with a criminal defendant's attorney-client relationship. *See, e.g., United States v. Morrison*, 449 U.S. 361 (1981); *United States v. King*, 724 F.2d 253 (1st Cir. 1984). In many of these cases, no Sixth Amendment violations were found because the courts found no prejudice to the defendants. In the present case, such prejudice clearly exists. As the court stated in *United States v. Irwin*, *supra* at 1187, prejudice can result "from government influence which destroys the defendant's confidence in his attorney, and from other actions designed to give the prosecution an unfair advantage at trial." In a case as complex and involved as the present one, it is important that defendants not lose confidence in their chosen counsel who are familiar with the facts and history of the case, and that such counsel or their agents not be forced out of the case by deliberate governmental actions.

This case does not involve a single, isolated instance of governmental conduct which impacts on a defendant's right to counsel. Rather, it involves a persistent, deliberate pattern of governmental misconduct directed at impairing the attorney-client relationship and disrupting the defense of this case. In *United States v. Morrison*, *supra*, while the Supreme Court found no prejudice and hence no violation of the right to counsel, it noted that "the record before us does not reveal a pattern of recurring violations by investigative officers that might warrant the imposition of a more extreme remedy in order to deter further lawlessness." 449 U.S. at 365 n.2 (emphasis supplied). This is in accord with the well-established rule that "[u]nder its inherent supervisory powers, a federal court is empowered to dismiss an indictment on the basis of governmental misconduct. . . ."

The allegation of serious acts of governmental misconduct set forth in the attached affidavit clearly requires an evidentiary hearing before this Court. *United States v. King*, *supra* at 258. Those acts of misconduct are sufficient, under the authority cited above, to justify dismissal of the action based on intentional governmental misconduct whose purpose and effect is to impair the attorney-client relationship and the defense of this case.

Dem insiders defend blackout of LaRouche

Two peevisish American University professors presented an "insiders'" view of the 1988 U.S. presidential campaign to a roomful of foreign reporters at the Foreign Press Center here May 21. Insignificant pimples on the Washington political scene themselves, they nonetheless presented an interesting picture of how the Republican and Democratic leaderships are currently thinking.

Their comments on the Democratic side especially reflected the views of the top levels of that party, notably on the question of maverick Democratic candidate Lyndon LaRouche.

This reporter asked the two to comment on why the major U.S. media have refused to include LaRouche's name in any of the polls now being conducted, despite the fact that a poll published by *Time* magazine over a year ago showed LaRouche with 38% name recognition (higher than any other announced candidate except Jesse Jackson, now that Hart is out) and a 9% "favorable" rating.

The two professors easily could have deflected that question by some comment like, "You should ask the pollsters, not us." That would have sufficed for someone who did not have a personal stake in the process described.

But instead, the professors went into a diatribe against LaRouche. The more this reporter called their slanders and lies into question, the deeper they dug themselves in. Here's roughly how the exchange went:

Prof. #1: There are flakes on the far right and on the far left. LaRouche is on the far right, and he's under indictment [false]. The American people are not interested in someone like that.

EIR: That is contradicted by the strong showing LaRouche made in the polls a year ago.

Prof. #2: All the polls I've seen show Jackson, Dukakis, and Gephardt in the lead, in that order.

EIR: That's because LaRouche's name is being excluded from the lists that pollsters use. A year ago, *Time* magazine showed him ahead of everyone but Jackson for name recognition. Why isn't his name included now?

Prof. #1: I suppose Adolf Hitler had a high name recognition, too. Besides, a lot has happened in the last year.

EIR: Yes, such as two supporters of LaRouche winning a statewide primary election in Illinois.

Prof. #2: Those candidates were running without identifying their association with LaRouche.

EIR: That's disputed.

Prof. #1: It's obviously a case that the editors of newspapers and magazines have simply decided people aren't interested in LaRouche.

EIR: Again, that contradicts the *Time* magazine poll.

Prof. #2: Well, so what does name recognition mean, anyway? It doesn't really account for anything.

EIR: So, why are there any polls being done at all, then?

The foreign press corps watched the heated exchange in awed silence. For them, the issue of a candidate who has a 9% favorable rating on a reputable poll is a matter of major significance. In most nations governed by a parliamentary system, 9% is more than enough to cause governments to rise or fall.

Brokered Democratic convention forecast

This reaction was a tip-off that these two men were peddling the line of the ruling faction of the Democratic Party. Among the things they said:

- There is not going to be a decisive winner in the Democratic primaries, resulting in a "brokered" convention next summer. The primaries, then, will turn out to be a major exercise in futility, with the net result that the candidates will all spend too much money and the voters will be disenfranchised—totally removed from the actual decision on who their candidate will be. This will raise the cry for government financing of campaigns and a single super-primary, both key steps down the road toward a fascist system in which the "party," rather than the "people," will govern.

- They denigrated the entire pack of current Democratic candidates (besides LaRouche), calling them "the Seven Dwarfs," adding that "the best candidates" are not in the race, and will wait to be drafted at the convention.

- A "womanizing" scandal will take Jesse Jackson out of the race the same way it felled Gary Hart. Other candidates, they added, are "also frightened of the specter of scandal." Of Hart, they said he'd had fallen from favor with the party elites prior to the fatal scandal—noting that "not a single fellow senator supported him for President." Therefore, as they are trying now to assert in the LaRouche case, the roles of the party apparatus and the media will be paramount over the will of the people in candidate selection.

- As a final straw, one of the professors said he favored a structural change in the U.S. Constitution to a parliamentary system. It figures.

Senate fails its first AIDS test

The Senate failed its first test vote on requiring some mandatory testing of the population for the AIDS virus.

Sen. Jesse Helms (R-N.C.) had offered an amendment to the FY87 Supplemental Appropriation bill, S. 1827, which would have required mandatory AIDS tests for immigrants, and withheld new funds for AIDS victims from states that did not test applicants for marriage licenses. The amendment failed by a vote of 63 to 32 on May 21.

Both Helms and the leading opponent of his proposal, Sen. Lowell Weicker (R-Conn.), pushed for a vote on the measure, despite the screams from colleagues who objected to being forced to take a stand on the issue. "This is panic; this is really panic," Sen. John Danforth (R-Mo.) pleaded, in trying to avoid a vote. "This is no way to decide matters of life and death; it really isn't."

The key saboteur of the measure was Senate Minority Leader Robert Dole (R-Kan.), who claimed it was the President's responsibility to set policy and that a vote on the issue was premature. Dole asked what the result of false positives on the AIDS test would be. "Will jobs be lost, careers destroyed, families disrupted all for the sake of a false positive result?" Dole asked.

The House Energy and Commerce Health Subcommittee, meanwhile, is preparing to hold hearings beginning in June on the issue of testing. Only witnesses invited by the subcommittee, which is chaired by Rep. Henry Waxman (D-Calif.), a leading proponent of the "civil rights" of the virus, will be allowed to testify. Waxman and Sen. Ted Kennedy (D-Mass.) are

expected to introduce testing legislation shortly.

House passes defense authorization

The House passed the Defense Authorization bill, H.R. 1748, on May 20, by a vote of 239 to 177, but not before doing some more damage to the nation's defenses.

An amendment offered by Rep. Pat Schroeder (D-Colo.) which prohibits the use of funds for conducting nuclear tests with a yield greater than one kiloton, provided that the Soviet Union halts testing and agrees to the installation of in-country monitoring equipment, passed by a vote of 234 to 187 on May 19.

Rep. William Broomfield (R-Mich.) read a letter from Secretary of Defense Caspar Weinberger, indicating that this testing moratorium imposed by the House directly contradicted its earlier votes in favor of development of the Midgetman missile and the D-5 missile, to be deployed on the Trident submarines, and would interfere with safety and security measures for existing warheads. But an amendment submitted by Broomfield to allow testing, if the President determined that the ban interfered with the development of these systems, went down to a 220 to 201 defeat.

The House also adopted an amendment sponsored by Reps. George Brown (D-Calif.) and Larry Coughlin (R-Pa.) imposing a test moratorium on anti-satellite weapons against objects in space, as long as the Soviet Union refrains from such testing. The vote was 229 to 188.

Rep. William Dickinson (R-Ala.) argued against this amendment, point-

ing out that the Soviets "do not need to test anymore. They are already deployed. . . . We have just approved the building of two new carriers, yet we are debating whether or not to deny ourselves the ability to defend these and other carrier groups against Soviet satellite surveillance that will pinpoint their locations," he warned.

Also adopted were restraints on deployment of U.S. troops in Central America, similar to those adopted last year, and an amendment by Rep. Les Aspin (D-Wisc.) barring the withdrawal of U.S. chemical munitions from Europe unless they are replaced with binary chemical munitions stationed on the soil of at least one European NATO member nation.

Campaign finance reform faces filibuster

Efforts to force quick passage of public financing of Senate campaigns are expected to run into a Senate filibuster, which backers may not be able to break. A campaign finance reform bill, S. 2, sponsored by Sens. Robert Byrd (D-W.V.) and David Boren (D-Okla.), has already been sent to the full Senate.

A test vote on the issue came as Sen. Frank Murkowski (R-Alaska) attempted to transfer \$100 million earmarked for public financing to the Veterans Administration. Although losing by a vote of 50 to 48 on May 6, the result indicated that Senate Majority Leader Robert Byrd (D-W.V.), a key backer of public financing of campaigns, will have a difficult task rounding up 60 senators to cut off a filibuster. Sens. Ted Stevens (R-Alaska), Jesse Helms (R-N.C.) and Mitch

McConnell (R-Ky.) are all reportedly prepared to filibuster the bill to death.

Republican objections to S. 2, which has been passed out of the Senate Rules Committee by an 8 to 3 vote, are fundamental opposition to public financing of campaigns.

One provision of the public financing would substitute tax dollars for private financing of high-cost campaigns. This would mean that a candidate who has refused public financing would have minimal legal restraints, in terms of private funds raised, but a candidate who has accepted public financing audits would be able to exceed those spending ceilings with public funds if necessary, to keep up with a big-spending, privately financed rival.

Another provision requires that a candidate raise a quarter of a million dollars or more which is not matched, to qualify for matching funds. Such levels are far in excess of even presidential campaign requirements.

The House Administration Subcommittee on Elections will begin hearings on campaign finance reform on May 21, and get to public witnesses sometime in June.

Helms, Wallop: Abrogate the ABM Treaty

Senators Jesse Helms (R-N.C.) and Malcolm Wallop (R-Wyo.) have urged that the United States abrogate the Anti-Ballistic Missile (ABM) Treaty in order to protect its "supreme national security interests."

A pullout from the ABM Treaty would cut short the bruising month-long Senate debate—and then filibuster—which have held hostage the De-

fense Authorization bill.

Majority Leader Robert Byrd (D-W.V.) temporarily abandoned his effort to end the filibuster blocking consideration of the defense bill, saying he would let the President put some muscle behind the bill if he wants to. Byrd failed for the third time on May 20 to get the 60 votes necessary to end the filibuster.

"The public should now be aware that the CIA has evidence that the Soviets have actually privately admitted and boasted to themselves that their Krasnoyarsk radar violates the ABM Treaty . . . and they will have an operational nationwide ABM defense within a year or even less," Helms warned on April 8. "The chilling impact of this new information is that the Soviets will soon be able to use their overwhelming strategic offensive first strike capability, combined with their emerging monopoly on nationwide ABM defense, for nuclear blackmail."

"This senator would favor providing the Soviet Union with notice under the terms of the treaty for eventual withdrawal" from the ABM Treaty, Wallop said on May 20. "This country is going to have to decide whether its safety lies in defense or its safety lies in lying belly up to the Soviet Union."

"While we engage in our irrelevant debate, we are allowing the Soviets to lock in the final one sided prohibition on the U.S. SDI," Helms said. "This one-sided prohibition is all the Soviets need to obtain overall offensive and defensive strategic supremacy for all time, to obtain the capacity for nuclear blackmail and world domination that comes with such military supremacy. . . . Near-term deployment of SDI is absolutely essential to American national security."

House approves FSLIC package as bailouts loom

The House approved H.R. 27, a \$5 billion, two-year package to recapitalize and prop up the Federal Savings and Loan Insurance Corp. (FSLIC) on May 5, and went into conference with the Senate which has passed a \$7.5 billion package. The debate over the merits of a larger \$15 billion, five-year package, versus the smaller one finally approved, was replete with warnings from both sides that several institutions are begging for federal bailouts to stay afloat.

"We are currently witnessing a race to the Treasury between the Federal Home Loan Bank Board, in by far the biggest and deepest trouble, with a deficit estimated to be \$35 billion to \$45 billion," Rep. Stan Parris (R-Va.) warned during debate; "by the Farmers Home Administration, estimated to have a need of \$8 billion; by the Pension Guarantee Fund, the Maritime Commission and two or three other government agencies—all in the race to the federal Treasury to get thier hands on public funds to keep from getting in deeper financial trouble. All at the same time."

Both sides argued that their package was necessary to avoid use of federal funds. Advocates of the smaller amount argued that \$15 billion in additional obligations placed on the healthy S&Ls would bankrupt them. For the fourth quarter of 1986, 24% of S&Ls lost \$3.2 billion, \$500 million more than the profits made by the 74% of the industry which is healthy.

Advocates of the larger package pointed out that the FSLIC currently needs \$26 billion to settle accounts. But despite the switch of Speaker Wright behind the larger package, it went down to a 153 to 258 defeat.

National News

Elliott Abrams caught lying on Contragate

Assistant Secretary of State Elliott Abrams, long exposed in this publication as an operative of the illegal "parallel government," lied about his role in Contra arms-supply operations, according to testimony by Maj. Gen. (ret.) John Singlaub before the Senate Irangate panel on May 19. Singlaub said that Abrams played an active role in raising money, notably in May 1986. Abrams had earlier told the Tower Commission, "We did not engage in, nor did we really know anything about this private network."

According to Singlaub, Abrams first agreed with him to give a "signal" to Taiwan and South Korea that a request he made for funds came from someone at "the highest level." Then Abrams reportedly backtracked, and arranged for the signal to be "delivered by someone else." This was when the Boland amendment prohibited such activity. On this incident, Abrams had told the Tower Commission that he told Singlaub, "I can't do that. It's just not right."

Singlaub also told the hearing that by the spring of 1986, "the principal contact for activities in Central America, specifically the Nicaraguan democratic resistance, was Elliott Abrams."

LaRouche Dems win 15-44% in Pennsylvania

Nearly 30,000 western Pennsylvania voters turned out to vote for LaRouche Democrats in the May 19 municipal primaries. The candidates polled especially strongly in former steel-producing areas.

Robert Bowen, who led the slate of six candidates, won 26,555 votes (15%) in his bid for Allegheny County commissioner. Constance Komm, running for the district attorney post, won 18%. Gary Forrest and Irene Battle, competing for one of five Pittsburgh City Council seats, captured 6% and 9%, respectively, in a field of 15 contenders.

Bowen polled a high of 44% in former steel centers along the Allegheny and Monongahela River valleys, and many towns gave him over 30% of the vote. In a statement on the outcome, Bowen stressed: "Tuesday's vote is a vote in support of LaRouche's program to declare total war on AIDS, including mandatory testing and quarantine; a vote in support of LaRouche's program for a top-to-bottom emergency defense mobilization for deployment of the SDI to stop the Russian barbarians in their drive for global supremacy; and a vote for debt re-organization and great enterprise projects as the key to a real economic recovery."

Frank Mahr, the Democratic supervisor in Moon Township, who came in fourth behind Bowen in the county commissioner race, was quoted in the *Pittsburgh Post Gazette* saying: "If a LaRouchie can come in third, we've got a lot of problems coming!"

Walsh to probe FBI's ties to Ollie North

The FBI's relationship to Lt.-Col. Oliver North is to be a major focus of the Irangate investigation, reported the *Wall Street Journal* on May 20. The FBI opened 41 separate criminal investigations of private Contra-aid efforts going back to 1979, but many of them were quashed by North or FBI Deputy Director Oliver "Buck" Revell.

As *EIR* reported last fall, Revell was briefed by *EIR* investigators in the early 1980s on Iranian terrorist activities in the United States, and instead of acting, maintained the cover-up.

According to the report, "Col. North relied on a wide network of acquaintances, contacts and associates inside the FBI for information and assistance. This group included agents who helped guard his home, interviewed him in his White House office, and served as a link to a secret brotherhood of 'free-lance' U.S. intelligence operatives whom he described to the FBI as 'rogue' Central Intelligence Agency agents. . . .

"Overall, Col. North and Rear Adm. John Poindexter . . . attempted to sidetrack

or interfere with five separate federal criminal investigations during the past two years, according to lawmakers and FBI documents. They convinced Mr. Revell to give Col. North updates on some probes. They also persuaded senior FBI and Justice Department officials to disregard bureaucratic protocol and urge the Customs Service, which is run by the Treasury Department, to restrict the scope of some of its inquiries. . . .

"But despite efforts by the FBI chief [William Webster] and his allies in Congress to deflect criticism, questions about the bureau's activities won't go away. Independent counsel Walsh already is looking into Col. North's dealings with the FBI and senior Justice Department officials."

'Publish McFarlane's testimony in Ripley'

In a statement released by the News Bureau of the LaRouche Democratic Campaign on May 16, presidential contender Lyndon H. LaRouche, Jr. declared, "The best place to publish former National Security Adviser 'Bud' McFarlane's televised testimony, would be Ripley's *Believe It or Not!*" I can not imagine that any informed person around Washington could believe a single piece of testimony McFarlane has given."

LaRouche described McFarlane's role in the series of foreign-policy debacles now generally known as "Contragate," and continued:

"What is really galling, is to watch this same 'Bud' McFarlane, on national TV, giving holier-than-thou sermons on the need to change the Constitution. Here is a lad, a sworn defender of the Constitution, himself caught in the middle of violations so serious that they threaten the stability of the U.S. presidency, trying to suggest that it all is simply the fault of the founding fathers. . . .

"True, our foreign policy is a mess. . . . It is a mess, to a significant degree, because of none other than "Bud" McFarlane himself.

"The trouble is not with our Constitu-

tion. The trouble is, it is being savagely violated, especially by the Justice Department and by an Executive Branch which has been operating as the kind of parliamentary form of government our founding fathers had the sense to recognize as not a fit way to run the government of the United States. The trouble is, that too few of those in our Executive Branch, who have sworn repeatedly to uphold this Constitution, even seem to know how to read it. . . ."

Robert Owen charged with murder plots

Former Contra leader Eden Pastora has accused Lt.-Col. Oliver North's assistant Robert Owen of helping plan the assassination of Panamanian Contra leader Hugo Spadafora, and an attempted assassination of Pastora himself, Agence France Presse reports.

Owen denied the charge, although he admitted in testimony before the Senate Irangate hearings, that he had tried to set up a rival group to Pastora and Spadafora.

Pastora, who was wounded in a bombing attack in Costa Rica in 1984, said that Owen arrived in the country four days before the bombing, and left one day afterward. He charged that Owen planned the bombing with the help of John Hull, a CIA agent who owns a "farm" near the Nicaraguan border used for Contra operations, and also brought in the money to pay for it.

Pastora said that Owen was also responsible for arranging the assassination of Spadafora, which murder was subsequently blamed on Panama's Gen. Manuel Antonio Noriega, chief of the Panamanian Defense Forces, in a noisy campaign mounted by Sen. Jesse Helms (R-N.C.) and the U.S. State Department.

The Panamanian newspaper *Crítica* commented on May 20 that Pastora's story and Owen's testimony in the Irangate hearings, establish with near certainty that not only was Owen involved in the Spadafora assassination, but that a trap was set to blame General Noriega for the killing, and use this as a pretext to oust him from power.

FBI arrests two Sikh terrorists

Two Sikh terrorists were arrested in New Jersey May 14 by the FBI. Sukhuminder Singh and Ranjid Singh Gill were charged with masterminding the assassination of India's Gen. Arun S. Vaidya in the summer of 1986 and the murder of member of parliament Lilat Makan in 1985. Both suspects were denied bail pending extradition, over the protests of their lawyer, William Kuntler.

The victims were close associates of Prime Minister Indira Gandhi. General Vaidya was the Indian chief of staff who supervised the raid against Sikh extremists who seized the Golden Temple in Amristar in 1984.

According to the Indian Embassy in Washington, Singh was the most wanted fugitive in India and his capture culminated an eight-month hunt tracing them from Illinois to California and New Jersey.

Health service wants to screen aliens

The U. S. Public Health Service on May 15 proposed that all immigrants seeking permanent residence in the United States be screened for AIDS. The proposal, which must be approved by Health and Human Services Secretary Otis Bowen and the Office of Management and the Budget, will affect approximately 500,000 legal immigrants per year.

Federal immigration officials said the proposed rule would probably also apply to an estimated 4 million illegal immigrants expected to apply for permanent residence status under the new amnesty program.

According to the 13-page memo sent to Bowen by Dr. Robert Windom, assistant secretary for health, the AIDS virus should be added to the list of "dangerous and contagious diseases" that are grounds for denying immigrants permanent residence.

Briefly

● **DEMOCRATIC PARTY** leaders from Atlanta, Georgia fear that the party's 1988 nominating convention cannot take place there as scheduled, because of the scandal implicating local party officials in cocaine use, the *Atlanta Journal and Constitution* reported on May 15. Mayor Andrew Young is a suspect in the federal Grand Jury investigation of obstruction of justice.

● **GEORGE BUSH** is the target of an investigation by independent counsel Lawrence Walsh, for possible fundraising irregularities vis-à-vis the Contras, according to the *National Law Journal*.

● **THE PROLIFERATION** of non-entity candidates in the Democratic presidential race is part of Georgia Sen. Sam Nunn's non-campaign campaign, according to commentator Jon Margolis in the *Chicago Tribune*. One Democratic "insider" said that some party leaders want to "get a lot of 'favorite sons' in, keep it all kind of mixed up for a while and delay a decision so Nunn can come in kind of late."

● **SURGEON GENERAL C. Everett Koop's** erstwhile friends boycotted a testimonial dinner for him in Washington May 19, according to the *Wall Street Journal*. Several "Republican presidential hopefuls" stayed home, and conservative activists Phyllis Schlafly and Paul Weyrich wrote that the dinner "will clearly play right into the hands of those promoting the gay rights agenda, which is to teach children how to use condoms for premarital promiscuity with either sex."

● **GEN. JOHN GALVIN**, commander of the U.S. Southern Command, has issued a call from Panama City for "increased U.S. assistance to nations of the region to keep foreign debts, leftist guerrillas and drug traffickers from undermining new democracies throughout Latin America."

Lessons of the Gulf attack

There is little margin to doubt that the May 18 Iraqi air force attack on the U.S. frigate *Stark* was Soviet-directed, and fully intentional (see page 44). The incident fits into an escalating pattern of Soviet strategic provocations launched with the long-prepared, Soviet-directed Berlin riots of May 1.

Following Secretary of State George Shultz's visit to Moscow, the Russian empire made a sudden and profound shift to a policy of bold confrontation with President Ronald Reagan.

The first sign of this shift in Soviet posture was the abrupt postponement of a scheduled state visit to Moscow by West German President Richard von Weizsäcker. Next came the explosion of well-prepared Berlin riots by Soviet assets, on May 1. Since then, there has been a steady pattern of escalations by Soviet agencies, namely:

- Continued outbreaks of rioting by Soviet assets in West Berlin, accompanied by Soviet and East German threats on the subject of Berlin's status;
 - Coordinated, and escalating outbreaks of crippling strikes in each of Yugoslavia's ethnic regions;
 - A massive showing of cranking up Moscow's prewar economic mobilization (*perestroika*), featuring, most recently, the stunning Soviet deployment of a key Russian "SDI" capability, its 2,000-ton *Energia* super-rocket;
 - A Soviet-directed effort to overthrow the government of Peru, through a combined police strike and general strike;
 - Heavy pressure on President Reagan to submit to the Soviet "zero option" agreement, which would virtually assure Soviet conquest of Western Europe were it to be implemented as early as 1990-91;
 - A massive campaign to break West Germany, step by step, out of the NATO alliance, and into "Finlandized" status;
 - Soviet pressures on the Trilateral Commission, and others, to carve Africa into slices divided between the U.S. and Soviet spheres of influence; and various kindred operations.
- Moscow views President Reagan as trapped by his

own continuing commitment to his "economic agenda," especially the disastrous Gramm-Rudman dogma. Moscow sees this in the context of a major financial collapse erupting during the short-term period ahead. It sees the President as desperately needing arms-reduction agreements with Moscow, to make possible drastic cuts in the U.S. defense budget, and willing to make very large strategic concessions to secure such arms-reduction deals.

If Moscow could trap the President into a "zero option" agreement, and major delays in development and deployment of the SDI, this would almost ensure Soviet ability to launch a general war of world-conquest a few years from now, when the *perestroika* war-mobilization has enabled Moscow to deploy its own global "SDI" and equip its forces with new generations of weapons beyond any presently in the Western arsenals.

Little noticed, but almost as significant as Moscow's "zero option" efforts, are unpublished secret agreements between Moscow and the U.S. State Department, including so-called "regional matters" negotiations. The State Department has already made major strategic concessions to Moscow in the Middle East, and is in the process of new major strategic concessions to Gorbachov on Africa and South America.

Meanwhile, the current Soviet pattern of confrontations, centered, as most such confrontations are, on the Berlin crisis, is expected to continue to the beginning of July. The key dates in this, center around President Reagan's scheduled visit to Berlin, June 12, and the Venice monetary summit that same day.

Moscow is not certain who might be the next President of the United States, and is closing in to extract every possible concession from Mr. Reagan's administration now, while the getting may be good.

If the United States were to suddenly turn tough, Moscow would back off significantly, despite the "eyeballing" fireworks show Moscow would put on, as it always does as a face-saving action in such cases. The time to turn tough is right now, before this deterioration of the strategic situation becomes much more dangerous than it is already.

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