

EIR

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Debt in Venice: summit too gutless to address it
The superconductor revolution is here!
Ayatollah Greenspan maps holy war on U.S. banking

**The historic 1988 election:
'a republic if you can keep it'**



What do the Russians think of *Executive Intelligence Review*?



**"Dirty, dirty
magazine."**

—Aleksander Bovin, *Izvestia* political commentator and top spokesman for the Soviet Politburo, at Reykjavik Oct. 11.

- Only *EIR*, among Western print-media, stated before and during the Reykjavik meeting that the Strategic Defense Initiative was the *only* issue at stake for the Russians. The dramatic ending of the pre-summit proved us right—and the liberal media wrong.

- *EIR* founder Lyndon LaRouche first publicly presented the "beam-weapons defense" program now known as the Strategic Defense Initiative in Washington, at an *EIR*-sponsored conference in Washington in February 1982.

- In March 1983, President Reagan gave his historic speech announcing the new strategic doctrine based on defensive weapons that could make nuclear missiles "impotent and obsolete," *EIR* was the only general-circulation weekly to define this as the key to reviving the Western ideal of technological optimism.

- *EIR* has waged a four-year campaign to educate the public on SDI and build up popular support—while the Wall Street crowd around President Reagan kept the administration from doing any mass organizing for it.

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- *EIR*'s founder Lyndon LaRouche in spring 1984 proposed guidelines for U.S. Soviet negotiations to develop the SDI in parallel and deploy it jointly. In 1986, this approach was fully adopted by President Ronald Reagan.

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EIR

From the Editor

A look at the world map after the Venice summit fiasco, shows the alarming spread of Soviet "irregular warfare" into all parts of the globe. This has occurred, as we have warned since the beginning of May, in Berlin with the well-orchestrated riots against President Reagan's visit there on June 12 (cf. page 52). It is coming to a head in Central America, where the Soviets' narco-terrorist network is taking to the streets to bring down the government and military of Panama (page 40). Soviet assets are behind the riots in Korea, the worst in over a decade (page 47).

In every case, we can trace the criminal role of George Shultz's State Department and the "parallel government" that has been exposed in the Iran/Contra scandal, but not yet rooted out of power, in aiding and abetting the Soviets in their drive toward world domination.

Our two longer packages this week, the *Feature* and *Science & Technology* section, have been designed to point the way out of this crisis. The cover story reviews the historic issues of the 1988 U.S. presidential campaign, and shows why the mass media have so systematically blacked out the campaign of the only candidate who has named the issues and the program to deal with them—Lyndon LaRouche. Judge for yourself whether the media's only way of speaking of LaRouche—"political extremist"—is accurate, after reading where he, and the pack of Democratic and Republican rivals, stand.

Science & Technology unveils the promise of the high-temperature superconductors, pioneered in the U.S., to revolutionize energy production; our grandchildren (throughout the globe) will regard today's light-bulb as something more primitive than a kerosene lamp.

I would also like to point to some signs of Western European resiliency in resisting the Soviets and their appeasers, which underline U.S. responsibility to back our allies up. These include the important victory of Margaret Thatcher in Britain, with its resounding rejection of the appeasement policies of the Labourites (page 48), and Pope John Paul II's well-planned counterattack on the Soviet Empire in Poland (page 50).

EIR's correspondents at the "Central Enterprise" NATO maneuvers give a vivid and detailed report of the West's defense capability on this crucial front, page 42.

Nora Hamerman

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Correction: The Memorial Day rifle ceremony shown in last week's cover picture (Vol. 14, No. 24) was conducted by members of the American Legion, not, as our caption erroneously stated, the Veterans of Foreign Wars.

Ayatollah Greenspan maps holy war on U.S. banking

by David Goldman and William Engdahl

There are no atheists in the foxholes; nor are there “pragmatists” in moments of great crisis. To discover how leaders will act under great stress, it necessary to know their underlying beliefs. Ayatollah Alan Greenspan, the admirer of Ayn Rand, has already proven the point. The Reagan administration’s proposal to consolidate America’s financial system into 10 “mega-banks,” prominently associated with Greenspan’s nomination to the chairmanship of the Federal Reserve Board, takes Ayn Rand’s Darwinian egotism past the frontiers of fantasy. At the banking system’s moment of crisis, Greenspan proposes to lead a charge into total deregulation, making sure that the banking collapse already in progress will run out of all possible control.

Rand espoused a more explicitly pagan version of Adam Smith’s Calvinism. Where Smith argues that man cannot rise above his bestial instincts, and that the actions of individual hedonists is directed toward society’s ends by an “invisible hand,” Ayn Rand wants the egoist to pride in succumbing to greed, envy, and lust—as she herself did, to the scandal of her biographers. The White House may well have chosen Alan Greenspan as a malleable political hack, as Evans and Novak, among numerous commentators, suggest. But Rand’s “best disciple,” in her own words, proposes to guide the American financial system into a Darwinian orgy.

President Reagan and Treasury Secretary James Baker, during and after the Venice summit, maintained that the United States has experienced an extraordinary period of 53 months of economic growth, and that complete deregulation of U.S. banks will facilitate the rational consolidation of the banking system. Said Baker, “What we need to do now is to deregulate our financial services,” citing the diminishing

ability of U.S. banks to compete internationally. He denied that this amounted to a plan to create 5-10 “super banks”; but on June 7, just as Baker spoke, the *New York Times* reported that Treasury Undersecretary George Gould has concocted a package of revolutionary changes, including repeal of the Depression-era Glass-Steagall Act, to allow concentration of U.S. banking into “5-10 mega-banks,” over the next several years. The London *Times* added that Greenspan will “increase the pressure for deregulation.”

The Gould-Greenspan policy is backed also by Federal Deposit Insurance Corporation chairman William Seidman, Greenspan’s former colleague at President Gerald Ford’s White House, and Comptroller of the Currency Robert Clarke. A signed article by Seidman in the June 10 *Washington Post* calls for changing “the post-depression laws under which banks and other financial institutions operate,” laws “that create an inflexible regulatory system and impose artificial geographic and product boundaries on the markets in which [banks] can operate.”

Presidential contender Lyndon H. LaRouche, Jr., a founder of this publication, warns that consolidation into mega-banks through deregulation will destabilize the entire banking system, and increase the potential for a collapse geometrically. In several European capitals, bankers are warning that if the United States repeals the Glass-Steagall Act, which separated stock-brokerage and commercial-banking functions in 1934, complete chaos will prevail.

The less giddy heads in the central banking fraternity began steps to *re-regulate the banking system* late in 1986, when the Federal Reserve and the Bank of England proposed that banks put up capital against “off-balance-sheet liabili-

ties." That was too little, too late to deal with the magnitude of problem, which the major banks had created for themselves. Nonetheless, the free-market delirium of the Reagan White House has made the central bankers' caution a moot point. Twice this year, Volcker was out-voted in the Board of Governors, by Reagan appointees, in regard to decisions giving banks limited securities powers. Where Volcker liked to say that the job of a central banker is to take away the punch bowl just when the party is becoming good, Greenspan will pour in undiluted alcohol.

The disease called 'securitization'

Since 1982, when Mexico's de facto bankruptcy threatened bankruptcy for its creditor-banks, the commercial banks have kept their doors open by:

- 1) Lending themselves the money to pay their debtors' interest, while eschewing new loans;
- 2) Earning fee income on guarantees of various sorts ("off-balance-sheet liabilities"), which now range from 6 to 12 times the total shareholders' capital of America's top six banks, and one-and-a-half times their total deposits; and
- 3) Playing the securities markets offshore, where their London or Hong Kong offices face no legal restrictions on securities business.

These scams, collectively known as "securitization," brought the financial system to the present disaster. The Federal Reserve and Bank of England proposed to place modest restrictions on such scams, but despaired of doing so without destroying the banks' remaining sources of income. Greenspan and the Reagan Treasury argue that if the cancer patient appears ill after an overdose of laetrile, the solution is to drastically increase the dosage, i.e., to sponsor a vastly increased flotation of bad debt.

Dance of the lemmings

The chain-reaction consequences of Citibank's May addition of \$3 billion to its loan-loss reserves, may put the "mega-bank" decision into effect by force. Bank of America announced June 9 a \$1.1 billion addition to its loan-loss reserves, after reviewing its loans to 45 developing nations. This will bring its loan-loss reserves to 25% of the \$10 billion owed by developing nations. The bank will show a \$1 billion loss for the second quarter, and a loss for the entire year in consequence. The other big hold-out, Manufacturers Hanover, is considering adding \$1.75 billion to its loan-loss reserve.

In Britain, a Lloyds Bank spokesman said that Lloyds may follow Citibank within the month, and take provisions against significant Ibero-American loan losses. Bank stock fell sharply June 9, on reports that Lloyds chairman Jeremy Morse is considering a £650 million bad-debt provision set aside on some £3 billion of Ibero-American debt.

The scramble to add loan-loss reserves out of vanishing primary capital, is nothing compared to developments among

America's weakest institutions, the thrifts. Greenspan's imminent swearing-in has provoked events that resemble a remake of the ocean-crossing scenes from "Night at the Opera," but set aboard the *Titanic*. The Ayatollah is on record (in a 1985 speech) demanding the elimination of all federal deposit insurance for commercial banks and savings and loans. It happens that the Federal Savings and Loan Insurance Corporation (FSLIC) went bankrupt at the beginning of 1987, and the various proposals before Congress to add money to it do not come close to the estimated \$50 billion bailout requirement already on the FSLIC's table. Understandably, industry executives are shaken. Kenneth Guenther of the Independent Bankers Association said, "Regardless of how brilliant the guy is on monetary policy, those of us in the regulated depository institutions should be very concerned."

Larger and still-profitable savings and loans, which dominate the U.S. League of Savings Institutions, have drawn the conclusion that they will be left to their own devices. Senior analysts at the Federal Home Loan Bank Board, which regulates the thrifts, believe that larger S&Ls are "inciting to riot" against their weaker brethren, helping to provoke a deposit-run.

Unless the Treasury (or Federal Reserve) steps in to bail out the dying S&Ls with money borrowed, taxed, or printed, the stronger institutions will be left to foot a gigantic bill, through higher deposit-insurance premiums. They prefer to have an old-fashioned panic right away, and force the government to come in.

Meanwhile, 15 S&Ls have already applied to leave the FSLIC, and join the commercial banks' Federal Deposit Insurance Corporation (FDIC) instead. One hundred more recently requested information on what they would have to do to effect the change. The Federal Home Loan Bank Board, which oversees the FSLIC, wants to force any thrift going over to the FDIC to pay a heavy exit fee, several times the annual premium they currently pay to FSLIC, warning that if all the healthy thrifts leave, FSLIC will have no revenues to meet its \$50 billion requirement.

The problem is that the run against Texas S&Ls, which were flattened by the oilbelt real-estate market collapse, is nearly out of control. The Dallas Federal Home Loan Bank needs \$4 billion up front. "The situation has all the makings of a liquidity crisis," warned the *Wall Street Journal* on June 10, "as S&Ls desperate for cash bid up interest rates they pay for large, 'hot money' deposits."

FHLBB analysts warn that a liquidity crisis would confront the Federal Home Loan Banks with a cash demand they cannot meet, forcing one of two resolutions: a direct bailout by Congress, which would add tens of billions of dollars to the budget deficit; or direct intervention by the Federal Reserve, which might make emergency loans to collapsing thrifts against no particular collateral. The U.S. dollar would crash uncontrollably on foreign markets at the prospect of either development.

AIDS scientists are polarized on issue of mass testing

by John Grauerholz, M.D.

The Third International Conference on AIDS, held at the Washington Hilton Hotel June 1-5, 1987, was dominated less by any breakthrough revealed at the conference, than by an event which immediately preceded it. This was the announcement by President Reagan, at a testimonial dinner for Surgeon General C. Everett Koop, that he had ordered that AIDS be placed on the list of communicable and contagious diseases, for which immigrants could be denied admission to the United States, as well as mandating routine testing at federal prisons and Veterans Administration hospitals.

The polarization generated by this announcement, was manifested by the mixed applause and boos which greeted Vice-President George Bush when he enunciated the policy in his keynote speech to the conference on June 1. While backing Koop on the issue of AIDS "education," Bush stressed that education was a matter to be decided locally, and then, acknowledging the conflict between public health and privacy, asserted, "We must protect the uninfected." Acknowledging that there were differences of opinion on this issue, he said that it was the responsibility of government to make a decision and act on it.

This set the stage for a mobilization by homosexual and "civil rights" groups during the conference, to organize resistance to the President's policy.

Many of the actual scientists, as opposed to the sociologists and "advocates" present, were of the opinion that the President's program represented a reasonable and "measured" course between "extreme" positions. One scientist, who had recently questioned the efficacy of "safe sex" in the absence of knowledge of the infective status of the partners, expressed doubts that routine testing would drive people "underground," as opponents have claimed, and predicted that there would be wide demand for testing by people desiring to know their own status. On the issue of mandatory testing, he said: "That is a political issue, and I am glad that he [Reagan] made the decision and I didn't have to!"

Confirmation of increased public interest in testing is evident in a report from International Clinical Laboratories, that over the last few months there has been a dramatic increase in AIDS testing in laboratories across the country. International Clinical Laboratories' testing load has in-

creased from 60 tests per day in November 1986 to a current rate of 650 tests per day.

According to ICL chairman William O'Neal, "This whole issue of AIDS testing will become an explosive issue in the upcoming months, as political candidates, as well as the current administration, position themselves on the subject. Candidates are already beginning to craft their position on the issue of testing. As the number of cases grows, and the fear of AIDS increases, there is no doubt that there will be a growing push to increase AIDS testing, particularly among certain groups such as those seeking marriage licenses, immigrants, and those entering the hospital. As the numbers increase and as AIDS hits closer to home, we will no doubt begin to see more and more concern about preventing it, and part of prevention will be screening."

In the scientific sessions that followed the opening of the conference, Dr. Robert Gallo of the National Cancer Institute gave a presentation on "The AIDS Viruses," which did not substantially differ from a talk he gave in Brussels, Belgium in November 1985. Gallo presented the concept of a family of human AIDS retroviruses; he claimed to have evidence for a new such virus in Nigeria, which was only weakly related to HIV-1 and HIV-2. He also discussed the phenomenon of multiple infections with different AIDS viruses and/or leukemia viruses. He concluded that any highly replicating retrovirus with tropism for T4 cells can cause AIDS (that is, AIDS can be triggered by any fast developing retrovirus with an ability to bind itself to the body's infection-fighting T4 cells).

Gallo's talk was followed by a report by Erling Norby of the Karolinska Institute of Sweden, on "The Significance of Variations Between Human Immunodeficiency Isolates (HIV) for Serology and Vaccine Development." This was an elegant and rigorous description of the evolutionary development of the AIDS viruses and their related retroviral cousins. He described two types of AIDS viruses: HIV type 1 and HIV type 2. HIV type 1 includes LAV, HTLV-3 and ARV, all of which are now called HIV-1. HIV type 2 includes LAV-2, HTLV-4, and a Swedish isolate termed SBL6669, collectively designated HIV-2. These two types of viruses show markedly distinct external envelopes and outer shells, but

show some cross-reaction and similarity in the inner core proteins.

The next talk, by Peter Piot of the Institute of Tropical Medicine of Antwerp, Belgium, on "Natural History and Course of HIV Infection," set the theme that AIDS, especially in Africa, is strictly a sexually transmitted disease. Piot invoked anogenital trauma and ulceration as the factors which facilitated heterosexual transmission of the virus, especially in association with other sexually transmitted diseases. He then made a statement that caused a sensation in the press corps, to the effect that there was a higher risk of transmission associated with the use of oral contraceptives.

On the disease itself, Piot stressed the increasingly complex manifestations of HIV infection, including a growing number of "opportunistic diseases"—such as pneumocystis pneumonia, which only produces disease in immunosuppressed people—well as diseases directly caused by the virus itself. Diseases caused by the virus itself include destruction of the brain, spinal cord, and peripheral nerves, as well as chronic lymphocytic interstitial pneumonitis, an inflammation of the lungs. Over a period of 88 months, 35% of seropositive persons developed AIDS, with an annual rate of progression to AIDS of 2-8%, and no evidence of any decrease in rate of progression over time.

In a press conference, Surgeon General Koop said that he completely agreed with the President's statement of the previous day, stressing that "routine" testing was not the same as compulsory testing. He refused to answer a question as to whether the Atlanta Centers for Disease Control would continue to lobby against state AIDS testing bills, as it had recently done in New Hampshire. Subsequent events indicate that the CDC will in fact continue to fight against such programs, in defiance of the President's recommendation.

In the second day's plenary session, Dr. James Curran of the CDC gave a presentation on "Epidemiology of AIDS in the United States," which was a rehash of the CDC line that no significant change in the risk groups had occurred and that "heterosexual" cases were increasing twice as fast as all others. This presentation was punctuated by numerous references to Albert Camus's novel *The Plague*, with the plain assertion that Camus's existentialist philosophy was the basis of his own approach to the epidemic.

This exercise in futility was followed by an exercise in prostitution by I.S. Okware, Ministry of Health, Entebbe, Uganda. Speaking on the "Epidemiology of AIDS in Africa," Okware retailed the line that AIDS was being spread by prostitutes and oversexed truck drivers! After a digression to stress that sex was culturally important to Africans, he concluded that condoms were the route to salvation. No mention of environmental or economic cofactors interfered with this presentation. While he acknowledged that there was a threat to the country's cadre of educated young adults, the full magnitude of the catastrophe facing Uganda was avoided.

One reason for Dr. Okware's position surfaced in the

course of the following presentation by Dr. Jonathan Mann of the World Health Organization (WHO), speaking on "AIDS Epidemiology, Impact, Prevention and Control: The World Health Organization Perspective." Mann mentioned that Uganda would be receiving \$6 million from the WHO for AIDS-related activities. Mann predicted up to 3 million new AIDS cases by 1991—irrespective of prevention and control measures.

As of June 1, according to Mann, 51,535 cases of AIDS have been reported to WHO from 113 countries, however, the total number of cases is estimated by WHO to be in excess of 100,000. WHO estimates that 5-10 million persons are currently infected with the AIDS virus.

"A global problem of this magnitude demands a global attack," Mann said, and then proceeded to attack mass testing and travel restrictions on AIDS carriers. He proposed to combat the virus by a combination of forming committees, convening ministerial meetings, and issuing memoranda, to "temper the enthusiasm for indiscriminate testing"—or any other intervention which might actually be effective.

One of the more significant things to emerge from the conference, was a large body of evidence that all HIV-infected individuals have impairment of the brain and nervous system, regardless of whether they have AIDS, AIDS-Related Complex (ARC), or are asymptomatic. A study of neuropsychiatric manifestations of HIV virus infections among homosexual and bisexual men indicated a high rate of prevalence, even among seronegatives. An Australian study documented neurologic complications in seropositive individuals in the absence of immune deficiency, and another study indicated that antibodies to HIV are produced in the central nervous system of all HIV-infected individuals. This holds out the very real possibility that, within 10-20 years, we will have hundreds of thousands of demented young to middle-aged adults, as the virus slowly, but relentlessly, proliferates in their brains.

Progress in testing

On the testing front, a number of highly sensitive and specific assays for virus and viral antigen have been developed and are nearly ready for mass-scale, low-cost, testing of the population. A method for detecting AIDS virus in the blood has been developed by a virologist at the University of Southern California. Known as gene amplification, the technique can stimulate the production of virus proteins from virus integrated into cells, in the absence of cell free virus or antibodies. The technique is sensitive to the level of being able to detect virus in one infected cell in one million, and has documented cases of infection with HIV-1 and HIV-2 in patients without antibodies. The virus proteins can then be detected by new assays for viral antigen.

A number of highly sensitive and specific assays for virus and viral antigens are now commercially available. These have been developed by such companies as DuPont, which

are now moving heavily into the areas of diagnostics and chemotherapeutic agents. These have the advantage over antibody tests, of being able to detect antibody-negative virus carriers. In addition, information from the military screening program indicates that 2.5 million persons have been screened with a sensitivity and specificity of 99-100%, with current antibody tests, in spite of claims of high false-positive results by elements at the CDC.

The cover-up continues

The question of environmental cofactors was dealt with badly in a biased CDC study on Belle Glade, Florida, famous for a very high concentration of AIDS cases in a small slum area of the town. By doing a random study of the *entire* town for the presence of antibodies, the CDC researchers were able to statistically "wash out" the singular pocket of cases in the slum section. This, combined with arbitrary reassignment of the "no identified risk" cases, eliminated the effect of environmental factors to the satisfaction of the CDC. Other papers on environmental cofactors in Africa were not allowed to be presented.

In addition to perpetuating the coverup on environmental cofactors, the conference organizers did not allow any presentations on potential saliva transmission.

One of the more amusing episodes of the conference occurred in the Thursday morning plenary session. The first presentation, on "The Human Immunodeficiency Viruses," was given by Luc Montagnier, of the Pasteur Institute of Paris. Montagnier presented data on HIV-2 (LAV-2), a new AIDS-causing virus he and his colleagues had isolated from AIDS patients in West Africa. HIV-2 appears to be closely related to the simian (monkey) viruses indigenous to Africa and serologically related to a non-pathogenic virus, designated HTLV-4 by Myron Essex of Harvard, of which more below. Montagnier concluded that HIV-1, the original AIDS virus, has no known animal reservoir and its origin is still a mystery.

Following Montagnier, Dr. Essex of Harvard spoke on "Human and Simian T-Lymphotropic Retroviruses: Serologic Identification and Vaccine Development." Essex's thesis was that his non-pathogenic HTLV-4 virus was the same as Montagnier's pathogenic LAV-2, a contention which Montagnier had refuted, based on genetic sequencing of the two viruses. In the papers which followed, a much more interesting thesis emerged: that Essex had contaminated his human cultures with the original monkey virus he had obtained from the New England primate center.

A large number of papers on chemotherapy of AIDS were presented. Most of these concerned the use of AZT and related chemicals, and showed promising results in terms of clinical improvement of patients suffering from pneumocystis pneumonia, a common opportunistic infection and leading cause of death of AIDS patients. Unfortunately, these agents have the same side-effects and problems associated with can-

cer chemotherapy, namely bone marrow suppression, which in the case of AZT renders 20% of patients dependent on repeated blood transfusions. Nonetheless, a number of major pharmaceutical firms have now moved into this area in a major way.

One aspect of AIDS which was heavily emphasized was the high incidence of the disease among blacks and Hispanics in the United States. This was heavily pushed as a question of genetic susceptibility, and any mention of socioeconomic factors, other than drug abuse or promiscuity, was systematically avoided.

The conference was attended by 7,324 participants plus over 1,000 media representatives. Of the participants, a majority were not scientists, but were social scientists, "educators," and members of various advocacy groups, such as the Lavender Hill Mob, whose main function was to proselytize for the rights of homosexuals and the condom industry, and against any form of testing or other measures that might actually stop the epidemic. This has produced a situation in which otherwise competent scientists are couching their studies in such a way as to propitiate, or at least placate, these groups which have established a stranglehold on this issue.

The dominating position of these groups has been severely shaken by President Reagan's decision to proceed with a limited federal testing program, including a random population study to determine "the extent to which AIDS has penetrated our society." This has provoked responses from such august bodies as the American Society of Law and Medicine and the Harvard School of Public Health, attacking mass testing as not "cost-effective," and opposing premarital testing and testing of prisoners. In addition, there is opposition to routine testing of hospital admissions, in spite of the recent cases of health care workers infected by blood contact and a report on the high number of infected persons admitted to hospital emergency rooms.

In one of the closing speeches of the conference, June Osborn, dean of the School of Public Health of the University of Michigan, described the mood at the conclusion of each of the three AIDS conferences to date. The first conference in Atlanta concluded in a mood of shock at the extent of the problem. The second conference in Paris concluded in a state of gloom over the prospects of doing anything about it. The conclusion of this conference, she stated, was one of restrained optimism.

One assumes that Dr. Osborn was looking at the issue from the point of view of the human race. It would be interesting to view the issues, and non-issues, of this conference from the point of view of the virus. From that standpoint, it is evident that, barring some major and unprecedented breakthrough, and if the Lavender Hill Mob and the Harvard School of Public Health can stymie the growing pressure for real public health measures, that the outlook is highly promising for the virus to make good on Nikita Khrushchov's boast, "We will bury you!"

AIDS bomb explodes in Mexico

The condom-pushers fail to fool the population with their safe-sex campaign.

A conference organized on June 9 by Mexico's Health Department dramatically reflected the panic which is sweeping the country, as awareness dawns that AIDS is not transmitted only by sexual, but also by "casual," contact. The conference, given by Health Secretary Guillermo Soberón and Dr. Jonathan Mann, the director of the World Health Organization's program on AIDS, brought several surprises.

The first was for the event's organizers, who arranged an auditorium for 3,000 people—and found 10,000 people at the door. Among them were hundreds of doctors and nurses who had certified by their clinical experience the ever-greater contagion of the disease outside the so-called high-risk groups. Fourteen percent of the 487 officially registered cases are heterosexual adults from "low-risk groups."

The second surprise was for the parents worried about AIDS. After each found a condom on his or her seat, they listened as the director of the National Epidemiology Institute, Jaime Sepúlveda Amor, said that health authority polls had found that "50% of the population thinks AIDS is transmitted by casual means"; and therefore, the main goal of the government's "educational" campaign is to convince those people that casual contagion does *not* exist and that a condom is all they need for protection! When Sepúlveda Amor proclaimed his "energetic condemnation of those who have promoted a witchhunt against

certain high-risk sectors," that part of the audience burst into applause.

"It is scientifically proven that this disease is transmitted only by sexual contact or by transmission of contaminated blood," said Jonathan Mann, presented in the next day's press here as "the world authority." Mann spouted, "The Mexican program against AIDS is on the mark, because it is for prevention through education." Mann was not saluting Mexico's genuine accomplishment. It was the first country to legislate mandatory reporting of all AIDS cases by doctors to the health ministry. The law went into effect May 27.

Many found it ironic that as recently as April 20, they had seen Health Secretary Soberón saying that AIDS *is* spread by casual contact. "If a person with the virus shakes hands with a healthy person who has a small cut on his hand, he is going to give him AIDS," Soberón stated on national TV.

The official AIDS statistics were brought up to date at the June 9 conference. There are now "more than 500" registered AIDS carriers in the country; the disease doubles in Mexico every seven-and-a-half months; and it is expected that there will be 20,000-30,000 with the disease by 1991, "if a vaccine were discovered today," Dr. Sepúlveda told the conference. When we calculate on the basis of health authorities' own estimates that for every registered carrier, there are 100 unregistered, we find there are 50,000

AIDS carriers today in Mexico.

This information unleashed a panic in the population, which demanded strong measures. But the government decided that the budget set by the International Monetary Fund (IMF) left no funds for a serious program; everything has to go to pay interest on \$105 billion in foreign debt. The only thing that could be done, said Dr. Soberón, is to educate people on "safe sex."

From then on, the Mexican government's anti-AIDS program has consisted of a few pamphlets written for the Health Department by a group of perverts who openly recommend "mutual masturbation" and condoms.

Naturally, since most Mexicans are traditional Catholics, the Health Department pamphlets mostly inspired the population to burn them in bonfires. This instinct was encouraged by a campaign by the Mexican branch of the Schiller Institute, an international cultural institute whose chairman is Helga Zepp-LaRouche.

There is resonance, too, among responsible officials. The president of the National Hospitals Council, Dr. Jesús Gómez Medina, said that most AIDS cases were found in U.S. border cities, Mexico City, and Acapulco. His organization of private hospitals is demanding that all tourists be forced to show certificates proving they are AIDS-free.

The June 9 conference was a desperate attempt to silence the discontent—and it failed. "We have to speak frankly about sex, even if it insults people's morality, because the future of humanity is at stake," Health Secretary Soberón cynically argued on closing the meeting. Dr. Mann then got up to give a final message and to congratulate the authorities for their "Mexican ingenuity" in writing pro-condom propaganda, distributed to everybody at the conference.

The Liberty and Democracy Institute: liberation theology's 'other path'

by Gretchen Small

For six months, millions of dollars have been spent to promote Peru's Liberty and Democracy Institute (ILD), and its book *El Otro Sendero (The Other Path)*, as the leaders, and bible, of a new businessmen's lobby in Ibero-America. ILD founder Hernando de Soto, for years a banking and business executive in Switzerland, is hailed as the ideologue of a "new right" movement, which has "a Latin American strategy destined to limit the powers of our states." In May, U.S. leaders joined the chorus, as President Reagan, Sen. Bill Bradley, and Assistant Secretary of State Elliott Abrams all hailed De Soto's *El Otro Sendero*, for providing an approach which can solve Ibero-America's debt and economic crisis, and thus stop Soviet subversion in the area.

The ILD's argument is simple: Ibero-America's largest source of untapped wealth lies in the "informal economy"; if this underground economy is legalized, Ibero-America can both "grow," and pay its foreign debts. The "traditional right" and "traditional left" have not only ignored the economic potential of the underground, but also have failed to notice that Ibero-America's true revolution has already begun, in the institutions of "popular participation" found in the underground, they state.

The ILD brags that it has remedied that failure, by recruiting both committed Marxists and right-wingers to its staff. We, they claim, can unify the right and left behind a commitment to freedom for the underground. Moscow is enjoying this one. The underground economy in Ibero-America, dominated by the narcotics trade, stands at the center of Soviet irregular warfare against the Western hemisphere. Yet, with funding provided by Rockefeller's Council of the Americas and Project Democracy's National Endowment for Democracy, the ILD is recruiting Western Hemisphere leaders blinded by the mythology of "free enterprise," to take to the barricades in defense of that Soviet warfare against the Hemisphere!

Moscow is not merely watching the ILD. *EIR* investigations have established that De Soto and the ILD are one of the most sophisticated penetration operations against Western institutions ever run by the Soviet-allied theology of

liberation movement in Ibero-America. Through the ILD, the creators of the tyrannical "popular church" which rules Nicaragua today, are now organizing "the popular businessman," the new name for their insurgency against the "ubiquitous state and the exclusivist power of big business."

Which 'other' path?

Throughout *El Otro Sendero*, the language of those advocating the "option of the poor" is mixed with the most rabid anarchism. "We must imbibe the norms of extra-legality," *El Otro Sendero* cries. Liberty is defined as "the resolute election of the poor against the elites." Laws which defend the "traditional order" are made to be broken, *El Otro Sendero* argues. Contraband is declared a liberating act, "a revenge taken against the State." It is the "legal businessmen" which are most often in the way, ILD board member Mario Vargas Llosa wrote in his prologue to *El Otro Sendero*; the underground economy is "in many respects, more authentically hardworking and creative than that which usurps the title of 'legitimate.'"

Economically, *El Otro Sendero* is a wild scientific fraud. The book asserts that the key to generating economic growth, is the legalization of the non-criminal portion of the underground economy—the street vendors, microbus drivers, piecework, handicrafts, etc.—those who are "underground" because they do not pay taxes, or register their "businesses" legally. But this sector of the economy is nothing but disguised unemployment: Its labor productivity is so low that its total tangible output is negligible from a macroeconomic standpoint. Its only real importance, like that of any pool of unemployed, is as a *potential* labor force for the industrialization of the continent. The effect of the ILD's proposal to turn the least productive sector of Ibero-America's economy, into the foundation of the entire economy, would be to collapse productivity in Ibero-America back to the levels suffered by Europe during the Middle Ages!

The ILD's actual economic program, is to tap the largest section of the underground economy—narcotics trafficking—as the source of funds to pay the debt. De Soto and

other top staff members of the ILD in Peru, still insist publicly that that is not the case, but there are indications this pretense may not be maintained for long. Peru's ILD has started an investigation into "informal capital markets," top ILD staff member Enrique Ghersi Silva reported in a recent interview with this author in Lima. He admitted that illegal capital markets, are almost 100% fed by the drug trade. Other members of the ILD network on the continent have been more open on the drug-money legalization plan.

Carlos Ball, board member of the newly established sister institute in Venezuela (also named ILD) initiated a campaign for the legalization of drugs in February with a signed editorial in *Diario de Caracas*. In Colombia, the ILD works closely with Ernesto Samper Pizano, Fidel Castro's friend who has headed the drug legalization lobby in Colombia for almost 10 years. Samper Pizano was campaign manager in the 1982 elections for Alfonso López Michelsen, one of the first politicians on the continent to call for legalizing the drug mob, so Colombia could use their "earnings" to pay its debts.

The ILD, however, is not merely engaged in an academic exchange of ideas on economic solutions. *El Otro Sendero* stresses that the enemy in Ibero-America is mercantilism, the concept that a government's job is to regulate the economy, to assure the greatest possibilities for development of both the individual and the general good. Neither morality, nor national interest, are legitimate grounds for interfering with the "laws of the marketplace," *El Otro Sendero* insists, and any state which attempts to do so, can and must be resisted—by any means necessary.

Unless the "mercantilist governments" of Ibero-America willingly legalize the underground, terrorism like Shining Path's savage war against Peru will spread across the continent, De Soto argues. Is this mere "prophecy"? De Soto and other ILD members warn they have excellent contacts with "the underground." Ghersi reported the ILD is organizing "workshops" in Lima's peripheral shanty-towns to study *El Otro Sendero*, and its program to defend the underground.

Lima's *Caretas* magazine challenged De Soto in a November 1986 interview that "the title of his book seems to suggest that Shining Path seems to be a real and important pathway and not simply a psychopathic and terrorist expression of our time." De Soto answered: "I do not believe that [Shining] Path proposes a program, and if it has one I don't know it. But historically the solution to the problems of many countries has been so-called 'purifying' violence, violence which has been undertaken by an active part of the population, giving way to a change in things . . . in Peru the revolution has begun. The status quo will not persist." On May 14, 1987, Shining Path's newspaper, *Nuevo Diario*, identified the "informal economy" as providing "the bases for a new economic system [which] is gestating in the very innards of our economic system. . . . There is a real possibility that these forces may liberate themselves in the future." The newspaper of this "Path" titled its article, "Lima, final

terrain of the class struggle? The contraband and illicit traffic market." Does De Soto reject this meeting of the two Paths? *El Otro Sendero* is definitive. "The informal institutions and the protected space they have created, now permit anyone to face the mercantilist state instead of succumbing to its yoke."

Liberalism plus liberationism

The parallel in language between organizers of the "popular church" and the "popular businessman" is not accidental. *El Otro Sendero* is dedicated to Gustavo Gutiérrez, the father of liberation theology, Ghersi revealed in his interview. De Soto dedicated his book "to the competitive workers and businessmen of Latin America, formal and informal, who with their efforts are tracing the other path. And to be sure, to my left-wing friends, whose ideals I share, with the hope that we shall also coincide in the means to achieve them." Asked to whom De Soto was referring, Ghersi answered: to Gustavo Gutiérrez, San Marcos psychology professor Max Hernández, and Christian Democrat Héctor Cornejo Chávez. De Soto is closest to Gutiérrez, Ghersi reported. Gutiérrez is the "spiritual father" of De Soto's children, and a regular visitor to his home. Ghersi is "my closest collaborator," De Soto wrote in *El Otro Sendero*, "All my ideas have been discussed with him before being written." Ghersi described himself as a committed Marxist, when he met with *EIR* reporters three years ago. This time, Ghersi preferred to call himself "a liberal." Is the alliance between the Peruvian-Swiss banker and the liberationist merely personal?

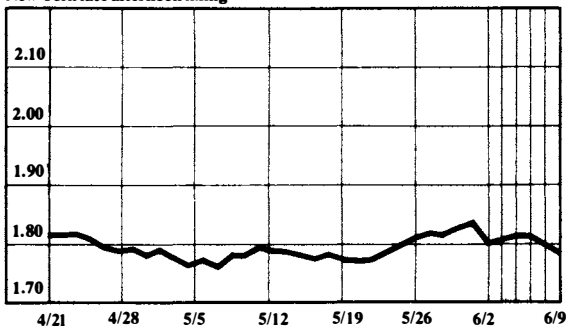
An answer is found elsewhere, in Michael Novak's book, *Will It Liberate? Questions About Liberation Theology*, released a few months before *El Otro Sendero*. Like De Soto, Novak works closely with Project Democracy and the National Endowment for Democracy in the U.S. A "lay theologian" based at the American Enterprise Institute in Washington, D.C., Novak dedicated his book to two leading members of the ILD network, Mario Vargas Llosa and Venezuela's Carlos Rangel, and praises De Soto's proposals. *Will It Liberate?* proposes a dialogue between Latin American liberationists, and proponents of "North American liberation theology." The latter he defines as those, like himself, committed to implementing the "liberal society."

Adam Smith, says Novak, is the father of "North American liberation theology." Little difference in conception of man and God exists between these two "theologies," he argues. The difference in economic strategies between Smith's and the Sandinistas' theology, "should not blind the unwary to a powerful unity of aim. . . . The theology of both the Americas is 'an option for the poor.'" In the ILD, the two "theologies" have joined forces. De Soto explains in *El Otro Sendero*: "For being a system that consisted in the government of a regulatory State depending on private elites which based themselves on state privilege, *mercantilism was vigorously opposed by both Karl Marx, the father of communism, and Adam Smith, the father of economic liberalism.*"

Currency Rates

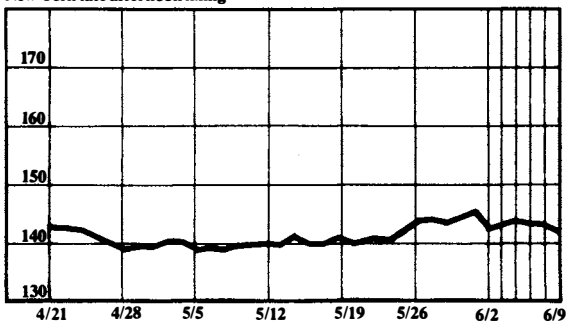
The dollar in deutschemarks

New York late afternoon fixing



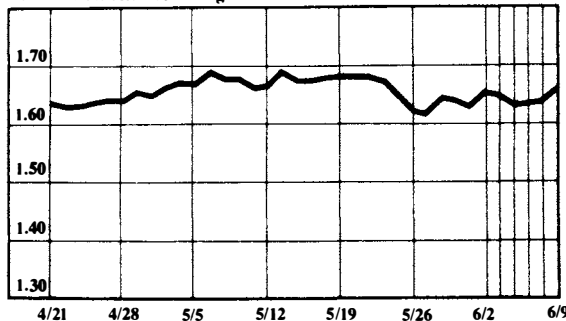
The dollar in yen

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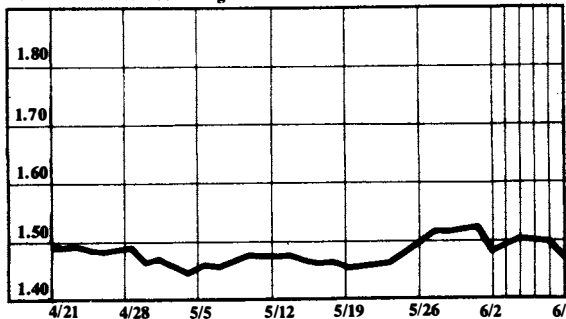
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Privateers threaten Italy's state sector

by Galliano Maria Speri

On May 20, the president of Italy's Confindustria, Luigi Lucchini, came out proposing to fully dismantle the Ministry of State Holdings, during the assembly of the industrial confederation.

The move reopened an old stand-off between the "private" industrialists, allegedly competent, smart, and managerially skillful, and the "public" ones, overstuffed, incompetent, and above all inveterate consumers of billions of taxpayers' liras. For years, this stale dichotomy has been for years the battlecry of the Italian "liberals," who in the name of a mythical struggle against the centers of corruption and bad government, have acted as the Trojan Horse of the International Monetary Fund and a financier faction which has always sought to impose a policy of usury and sabotage of industrial development.

Hence the real conflict is not between "private" and "public" interests, but between the patriotic forces who want to fight for Italy to return to being a nation of vigorous industrial growth, and those who want to send the country into the post-industrial abyss. The attack on State Holdings, far from being an appeal to healthy competition free from state interference, masks a scheme to cannibalize whatever healthy or advantageous prospects there are for the state-owned enterprises.

This is an old practice which has been repeated several times in Italian industrial history. When a company has a sector in crisis, it has it "saved" by public enterprises; witness the case of the aluminum sector ceded to the state by Montedison, the Monti refineries ceded to ENI, and the FIAT steel sector, ceded to Finsider. Today, in the midst of an economic depression and a looming financial crash, the so-called private industrialists want to shore up their positions by acquiring holdings in basic sectors that will let them land on their feet after the storm.

Some historical perspective

The State Holdings Ministry came into being on Dec. 22, 1956, largely at the instance of industrialist Enrico Mattei, with the task of coordinating the management of firms owned by the state and opposing the domineering role of Confindus-

tria, which put the safeguarding of its sectorial interests ahead of pursuing a vigorous growth policy. In so doing, Confindustria acted as the long arm of the international financial oligarchy, to keep Italy's industrialization process under control—and above all to keep it from impinging on the multinationals' interests.

Mattei found allies for his development schemes in a faction of the Christian Democracy, in which the name of Ezio Vanoni stands out.

The creation of the new ministry and the reorganization of IRI (Industrial Reconstruction Institute) permitted Mattei and his allies to launch an industrial growth campaign unheard-of in the country's history. By 1962, after six years, IRI had more than tripled its turnover and operated in such basic sectors as steel, shipbuilding, precision mechanics, the automotive industry, the manufacture of arms and munitions, and many others. IRI was soon joined by Mattei's ENI which had opened to Italy new and rich markets and guaranteed a precious energy independence while also laying the basis for nuclear power development. By focusing on high capital investments in the most technically advanced sectors, exceptional results were obtained. From 1950 to 1960, Italy recorded an annual growth rate of 5.9%, against 4.4% for France and 2.9% for Great Britain. Industry's share of the gross national product rose from 36.9% to 46.9%, while that of farming dropped from 35.8% to 21.5%.

One of the fastest growing sectors was steel, which had an up-front role in the country's development. From 1951 to 1960, steel production increased by 170%, going from 3 million to over 8 million tons, while between 1956 and 1959, Italy went from being a steel importer to a steel exporter, sending 20% of its production abroad.

This was not entirely painless. Against Oscar Sinigaglia, president of the steel finance company Finsider, who had conceived a sweeping development plan, private industrialists quickly lined up, such as Giovanni Falk, of the Falk steel works and president of the Lombard regional industrialists' group Assolombarda. Sinigaglia, foreseeing the tumultuous growth of Italian industry, had drawn up as early as 1946 a plan for radical modernization of plants, the use of advanced technologies, and the location of new plants along the coasts, as in the Japanese model, to minimize the cost of importing raw materials.

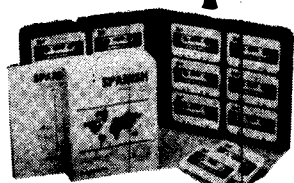
Private steel makers like Giovanni Falk had on the contrary a pessimistic view of the future of Italian steel and thought it should never surpass a threshold of 2.5 million tons a year. By remaining within those limits, and maintaining a regime of 30-40% protective tariffs, they hoped to delay as long as possible the modernization of their plants, thus guaranteeing decent profits with few risks. Clearly, with this grandmotherly mentality of hiding pennies under the mattress, Italy's industry would not have progressed very far. Another example of the same myopia was the report by the extraordinary commission at Alfa Romeo, headed by Pas-

quale Gallo, which attacked both the Sinigaglia Plan and the development forecasts for the auto sector formulated by FIAT, hoping that Italian industry could develop on the Swiss model, becoming an "artisan" economy of small, high-quality production in restricted sectors.

The one partial exception in private industry was Vittorio Valletta, who had inherited the administration of FIAT from the elder Giovanni Agnelli. Thanks to the financial aid of the Marshall Plan, of which FIAT got the lion's share, Valletta succeeded in restructuring the plants and opening new ones, and launched a broad expansion policy, showing that at least he had a certain skill as a capitalist. Differently from Mattei, who had developed his policy by looking above all at the strategic interests of the country, Valletta remained, however, very "Turin-centered" and confined his strategic planning to the interests of the industry he presided over.

These few examples suffice to show that the only industrial leaders who have known how to draw up and carry out a grandiose strategy of economic growth have been the state sector ones. Without them, Italy would have the living standards today, of Spain a decade ago. The present leaders of State Holdings are a large cut below their predecessors of the postwar period, but they still represent the historical continuity of a policy which has led Italy into the ranks of the major industrialized powers.

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Venice summit: no help for Africa

With commodity prices collapsing, African countries are still paying out billions to the banks in debt-service.

The famine-stricken continent of Africa is currently paying out billions of dollars each year to international financial institutions, in amounts far exceeding both the revenue earned from exports, and aid given. This outflow of funds means that Africa's economies are being used to bolster the international banks, as governments are forced to slash spending on vital sectors like health and education, to repay their debts.

The executive director of the U.N.'s Economic Commission for Africa (ECA), Dr. Adebayo Adedeji, was quoted in the *International Herald Tribune* on June 8: "Africa, poor as it is, continues to be a net exporter of resources, paying more in debt service than continues to be a net exporter of resources, paying more in debt service than the combined total of what it receives in foreign aid and earns from commodity exports." According to the ECA, debt payments totaled about \$30 billion in 1985-86.

Dr. Adedeji said, "You cannot make bricks without straw. You cannot expect African countries to go through structural adjustment without resources to finance it. If the rest of the world cannot help Africa stand on its feet, then it will have to support a permanent emergency case."

Commodity prices are now one-quarter to one-third of what they were in the 1970s. The impact of falling commodity prices can be seen in the case of Congo, whose main export commodity is oil. Revenue from oil exports has fallen from 200 billion CFA francs in 1985, to 72 billion in

1986, and a projected figure of only 34 billion in 1987. Congo's budget was 400 billion CFA francs in 1984, 360 billion in 1985, 163 billion in 1986, and 159 billion for 1987.

According to a study by the Overseas Development Council, a Washington, D.C. think tank, the annual cost of servicing Africa's debt is about \$12 billion, about half the region's export earnings. Such a high debt-service bill "makes it all but impossible for governments to make new investments for growth or to import the fuel, fertilizer, and spare parts needed to maintain current export levels," the study reports.

The debt crisis threatens to bankrupt and even topple several African governments. Faced with this threat, the nations of Zaire, Zambia, and Ivory Coast have followed the path of Peru, and set limits to debt repayments. The Zambian government broke off all negotiations with the International Monetary Fund (IMF), in a move which shook the international financial community, as it could set a precedent for other African nations.

In a move to prevent another Zambia, the World Bank worked out a debt relief plan that was presented at the Venice summit June 8-10. It called for \$20-25 billion in debt relief for 12 heavily indebted African countries—Gambia, Madagascar, Mali, Mauritania, Niger, Senegal, Sierra Leone, Somalia, Tanzania, Togo, Zaire, and Zambia. The plan would mainly involve postponement of interest payments to Western governments and financial institutions such as the IMF.

French President François Mitterrand also presented a proposal at the summit. He said that the debt of the poorest African countries should be rescheduled at lower interest rates, over a 20-year period, with a 5-10 year period of non-payment. French Prime Minister Chirac's position goes further, with a commitment to stabilizing exchange rates, lowering interest rates, guaranteeing purchase prices for raw materials, and reaching a global settlement of the debt crisis.

Yet the summit decided nothing, except to state once again that 0.7% of the GNP of the top OECD industrialized countries should be used for development aid—a standing goal which has never been achieved. The summit reaffirmed full support for the IMF, and the case-by-case approach to debtor countries. For the poorest countries of Africa, the summit communiqué merely states that "consideration should be given to the possibility of applying lower interest rates to their existing debt, and agreement should be reached . . . on longer repayment and grace periods to ease the debt service burden." The IMF's proposal for an increase in funds from \$4 billion to \$12 billion for the Structural Adjustment Facility, a special fund for poor countries, was approved, but no new commitments were made on aid. French efforts to increase aid to the 0.7% figure reportedly ran into resistance from the United States.

Interviewed on Radio France International, the secretary general of the Organization of African Unity pointed out, "It is not enough just to pay back the debt, or reschedule it, or even to cancel it. We need to benefit from new capital inflows, to invest and create production units, because production creates resources, which will not only allow us to relaunch our economies, but also allow us to have sufficient resources to repay the debt."

'This little piggy went to market . . .'

But meat supplies in America are way down, as Washington professes "surprise" at the shortage.

Both the rise in retail meat prices, and the rise in futures prices on the Chicago Mercantile Exchange, show how short national meat supplies are relative to needs. Hog and cattle slaughterings have been down, and prices are up. *EIR* has warned of this eventuality, in detail, in *Quarterly Economic Reports* for the last two years. The figures speak for themselves: Beef cattle numbers have declined for the past 17 years, while the national hog inventory is the same size as it was over 20 years ago.

In 1985, there were 36,293,000 meat animals for slaughter in the United States (steers, heifers, cows, bulls, stags, calves, hogs, sheep, and lambs). This is only a couple of million less than in 1968, 20 years ago, and far less than a few years in between, such as 1976, when there were 42,654,000 meat animals in the country.

While reporting this decline in meat animal numbers, recent U.S. Department of Agriculture commentary indicates "surprise" that there does not seem to be the "bounce back" they predicted. In its March 1987 report, the USDA shows the downturn in hog numbers, but forecasts that hog numbers in the top 10 producing states would increase. The USDA forecasts a 6% increase in breeding stock, and a 2% increase in animals for slaughter.

However, during April and May, hog slaughterings were running 7-9% lower than a year ago. The Chicago Mercantile Exchange jawboned its traders to keep holdings of pork bellies

(frozen slabs of uncured bacon) down, in an attempt to prevent cornering of the market in the face of scarcity of supplies.

The *Wall Street Journal* reported on June 10: "Although the government reports have been notoriously unreliable, the lighter-than-expected slaughter caught meat traders, packers, and merchants off-guard, particularly in the case of pork bellies.

"Somewhere there are some piggies that are on paper, or some place, that cost the industry a lot of money because they haven't come to slaughter," according to Raymond Daniel, with Wharton Econometrics Forecasting Associates Inc.

So far this year, the Consumer Price Index—however inaccurate in its composition and methodology—shows clearly that food and beverage prices are outpacing all other consumer bills in price increases. From January to April, food and beverage prices jumped 4.6%, while the Consumer Price Index as a whole rose 2.6%

A National Cattlemen's Association survey of 19 cities shows that prices of prime cuts of beef went up 12% in May, over March and April.

These price rises reflect both the shorter domestic supplies, and the drop in the buying power of the dollar to acquire meat overseas. Over the last year, beef prices would have risen earlier and steeper, but for the additional meat on the market from massive slaughtering of milk cows under the federal "Dairy Herd Termination" program. In 1986, 1.3 million milk

cows were eliminated (a few were exported). From January 1987 through this summer, the remaining 200,000 milk cows, contracted for extermination, are being eliminated.

"Experts" are now predicting that the run up in prices to date, will spur cattle raisers to start to expand herds—providing more animals for slaughter 18 months to 2 years from now. Their so-called reasoning shows that they haven't even learned the lessons of the "missing piggies."

If farms are going under at the present rate of 1,100 a week, for a sustained period of time, the missing farmers will not be able to "bounce back" and re-start breeding herds. Even the herdsmen still in operation—many of whom work as contract "serfs" to the large vertically integrated meat commodity companies—cannot compensate for the disintegration of the family farm-based U.S. production system.

Cereals, milk, and fruit and vegetable producers will also not be bouncing back, once they are dispossessed, no matter whether a few are currently still in operation by leasing some land, or working for someone else.

Besides the rising meat prices in the store, the most dramatic evidence of the disintegration of U.S. agriculture will come in September, when schools open. There will be such shortages of fresh, fluid milk, that rationing may not be uncommon.

At present, the impact of the dairy herd termination program on many subsections of the country, such as the southeastern states, has been to create milk-deficit regions. Milk is being hauled by tank truck in long interstate runs, to fill these deficits. But when cows produce less over the hot summer months, and after more farmers stop operating, the deficits will be too great to fill even by such long and expensive cross-hauling.

Business Briefs

Banking

Run developing on Texas thrifts

While Congress is debating whether to give the Federal Savings and Loan Insurance Corporation (FSLIC) a \$5 billion or \$7.5 billion bailout, George Barclay, an executive vice president of the Dallas Federal Home Loan Bank (DFHLB), has stated that about \$4 billion will be needed just to deal with Texas savings banks.

The situation has gotten worse since March, he said, when FSLIC was forced to give the DFHLB \$1 billion in cash to support FSLIC-backed loans.

He said that there have been several well-publicized failures of S&Ls in Texas and depositors are pulling their money out. Several pension funds and other large customers have already pulled out, and others are considering it, Barclay said.

The regulators fear that rising interest rates paid by the S&Ls will put many thrifts deeper into debt and further raise the cost of the multibillion-dollar bailout regulators assert is needed for the FSLIC to restore the industry to health. "I wouldn't call it a run, I'd call it a gradual and persistent withdrawal of jumbo deposits," said Joe Selby, an executive vice president of the DFHLB.

Bankruptcy

Company accuses DoJ of 'vendetta'

A Washington, D.C.-based computer software company, Inslaw, Inc., contends that officials of the U.S. Department of Justice acted illegally to try to force it out of business in 1985, and have continued to harass it ever since. According to a report published in the *Washington Post* on June 10, the Justice Department was formerly the largest customer of the firm, which writes software that allows prosecutors to keep track of criminal cases.

The company charges that the executive

director of the Justice Department's bankruptcy trustee program, Thomas Stanton, tried to pressure then-U.S. Bankruptcy Trustee William White to convert the company's bankruptcy case from Chapter 11 to Chapter 7 (involuntary bankruptcy), so that the company could be liquidated. The case is currently being heard before federal bankruptcy judge George Bason, Jr.

Inslaw further charges that there was a "vendetta" against the company by officials including C. Madison Brewer, deputy director of the Justice Department's executive office for U.S. attorneys, and former Deputy Attorney General D. Lowell Jensen. Brewer is a former Inslaw employee who was fired in 1976. Jensen was the developer of a software package that competes with Inslaw's product.

Science & Technology

Physics Society made 'errors' in SDI critique

A review of the American Physical Society's April report denying the feasibility of the Strategic Defense Initiative (SDI) concludes that the study was riddled with errors.

EIR reached the same conclusion, in a review of the study published May 29 ("'Flat Earth Society' mounts feeble comeback").

"We found large errors in critical aspects of the report—errors of 10 to 100 on vital matters such as the power of the laser beams being developed by SDI research teams," said Lowell Wood of Lawrence Livermore National Laboratory. "These errors did not have a random character," he told a meeting of the House Republican Research Committee in May. "They were all in the direction of making a defense against Soviet ballistic missile attack seem harder than it really is."

The report overestimated, by a factor of 30, the power needed to operate a neutral particle beam weapon; overestimated, by a factor of 100, the power needed to run a free-electron laser; and underestimated by a factor of 3-5 the number of warheads the Soviets would have to take off their 10-war-

head SS-18 missiles in order to add shielding against laser attack.

"If the scientists who wrote this report applied the same criteria to the contracts that they went out to get to do their basic science research, they would never get funded by NSF, by DOE, by anybody," said Dr. Allan Mense, chief scientist for the SDI Organization. "How they can let this document get published in *Reviews of Modern Physics* without having a peer review process is beyond me."

Labor

Salomon Bros. says BLS cooked figures

Salomon Brothers, the Wall Street investment house, has informed readers of its newsletter that the figures produced by the Bureau of Labor Statistics just may not be all that reliable. The BLS, says Salomon, is using some very questionable statistical procedures to make things look better than they are.

EIR has documented that the BLS routinely "disappears" at least 75% of the Americans who are actually unemployed or underemployed.

Now Salomon has also discovered that the BLS constantly has to revise its figure for employed persons downward, because of an odd way of projecting employment figures. The Salomon newsletter of June 5 notes: "Downward revisions to the first release of payroll employment growth in the past four months are no fluke; rather, they are characteristic of a persistent upward bias in the first report. This bias has grown in the past few years. . . . The monthly change in total employment has been revised down by an average of over 23,000 per month since Jan 1985."

The BLS boosted the early employment reports in some groups by various methods, says the newsletter. If there were any kind of recovery on the way, with attendant job growth to be accepted, this would have been acceptable, "but it may no longer be appropriate."

The Debt Bomb

Brazil's Funaro has become a folk hero

Former Brazilian Finance Minister Dilson Funaro, the principal spokesman for a debt moratorium against the international banks, who was forced to resign on April 26, is becoming a national folk hero, according to a study published on June 7 by the daily *Folha de São Paulo*.

Said one reporter, when Funaro spoke at a rally, "I have not seen the equal of the scene since the time of Getulio Vargas, 'father of the poor people.'" Vargas was the populist President of Brazil for most of the 1935-55 period. The newspaper reports another citizen weeping with joy that Funaro "restored a dignity to Brazil that it hasn't had since Ruy Barbosa." Barbosa became finance minister in 1890, and fought to industrialize through mercantilist cheap credit and protection of new industries. Barbosa, like Funaro, was forced out of office by a conspiracy of international banks.

In Rio on June 9, 500 people came to hear Funaro speak at a rally, with banners reading, "Welcome, nationalist minister."

Corporatism

Justice Department seeks Teamster takeover

The U.S. Justice Department is preparing a lawsuit to take over the 1.7 million-member Teamsters Union and place it under control of a government trustee, on the grounds that it is influenced by organized crime, the *Los Angeles Times* reported on June 10.

The action is perhaps the biggest government assault on a trade union since Mussolini "absorbed" Italy's unions into the Fascist Corporations in 1934.

The Teamsters are the only major American union whose leadership is independent of the corporatist elite known as Project Democracy. They are also the only union which

supported Ronald Reagan's presidential campaigns in 1980 and 1984.

According to the *Los Angeles Times* report, the lawsuit, which is being drafted with the help of the FBI and the Labor Department, is aimed at forcing the union's executive board, including President Jackie Presser, out of office. One official said that Assistant Attorney General William Weld, chief of the Criminal Division of the DoJ, had instructed that the draft complaint should include evidence of alleged Teamster corruption.

Attorney General Edwin Meese has removed himself from any involvement in the case, because of contacts he had with Presser during the 1980 campaign and later.

Space

Soviets offer satellite launch services

The Soviet Union is apparently taking commercial advantage of the absence of U.S. launch capabilities following the series of U.S. launch failures on the heels of the January 1986 Shuttle disaster.

Leighton Farrell, a member of Australia's national satellite system, Aussat, put it this way: The U.S.S.R. is "concentrating on a high-tech sector where they feel they can really compete—space services." Farrell said that a Soviet delegation had told Aussat last month that it could provide launch services on attractive terms for two large communication satellites Australia wants to place into orbit in the early 1990s. The satellites are to serve the Southwest Pacific and New Zealand as well as Australia.

Soviet satellite launch offers have been made to a number of ASEAN countries: Indonesia, Brunei, Malaysia, the Philippines, Singapore, and Thailand.

Soviet Prime Minister Nikolai Ryzhkov said Jan. 5 that his government was prepared to grant "substantial discounts" to developing countries using the satellite launching services in the Soviet Union.

Briefly

● **WALL STREET** is playing "chicken" with U.S. Attorney Rudolph Giuliani, informed sources report, in order to block a series of criminal indictments growing out of the Ivan Boesky and related "junk bond" cases. Bankers have threatened to collapse the dollar if Giuliani does not back off from targeting such firms as Kidder Peabody and Goldman Sachs.

● **'IF MEXICO** falls into economic chaos, the center of U.S. political attention will invariably move from the U.S.'s Pacific and Atlantic allies to dealing with damage control along the Rio Grande." Henry Kissinger said recently, as reported by *El Jornada* in Mexico.

● **CARLO DE BENEDETTI** of Olivetti Corp., Henry Kissinger's favorite Italian industrialist, sponsored a lavish dinner party June 10 at Milan's Sforza Castle, in what the *Financial Times* of London called "the other summit." In attendance were members of the Italian-American Conference on Private Sector Initiative.

● **FIRST CITY FINANCIAL**, the Belzberg family firm, was charged with violating filing requirements by the SEC in late May, on behalf of a conspiracy to take over Ashland Oil in 1986. The Canadian-based Belzbergs are close Dope, Inc. allies of the Bronfman clan.

● **THE TEN TOP** Wall Street traders averaged \$68 million each in 1986. They were led by Lazard Frères' Michel David Weill, who earned a bundle declared at \$125 million. Number three was Drexel, Burnham, Lambert's "junk bond" mafioso Mike Milken, who punched in at \$80 million. Former Treasury Secretary Bill Simon was number 10, with an estimated \$50 million. Ivan Boesky, last year's winner at \$100 million, was missing this year, after paying \$100 million in penalties for illegal insider trading.

What high-temperature superconductors promise

Already, existing types of computer chips can be made one million times more powerful with no significant increase in cost. Charles B. Stevens, Robert B. McLaughlin, and Roland P. Hagge report.

Generally speaking, it is often the case that not until many decades after a specific technology has first emerged and found application throughout the economy that we become fully conscious of the revolution that it has engendered in human existence. The case of the "compressed air revolution" provides the exception which proves the rule. Reading encyclopedias from the turn of the century, one would come across articles touting the forthcoming technological revolution about to be generated by "compressed air," which would shortly provide a convenient means of powering lightweight engines. As we know today, "compressed air" did not quite make it. Instead, the internal combustion engine emerged on the scene. And shortly thereafter, planes and cars were everywhere.

About 10 years ago in a private interview at the New York headquarters of the United Nations, Yevgeni Velikhov, who was leading the U.S.S.R. delegation for a conference on energy R&D at the time, and who is currently the chief science adviser to Soviet leader Gorbachov, told Fusion Energy Foundation director of research, Uwe Henke v. Parpart, that what was needed in the energy field was what was being maintained in the field of computers—an order of magnitude decrease in unit costs a couple of times per decade. Prospects for achieving this in the energy field still involve great difficulties. But, with the recent developments in the field of high-temperature superconductivity, the rate of decrease in unit costs for computers is about to be multiplied a thousandfold or more, with a millionfold drop immediately around the corner.

Disregarding, for the moment, the most interesting non-

linear possibilities which these recent breakthroughs in high-temperature superconductivity are immediately about to engender in computer and other technological applications, just simply applying the now eminently practical superconducting Josephson junction technology, together with rapidly advancing x-ray lithographic techniques means that existing types of computer chips, can be made upwards of 1 million times more powerful with no significant increase in cost. And, again, without taking into account more advanced possibilities, this single step would break through the essential barrier to economical, real-time automatic control of virtually every industrial and manufacturing process.

Even the linear impact of this single development, which derives from the most immediate applications of these recent developments in high-temperature superconductivity, should lead to a tenfold increase in productivity throughout the world economy. According to former Fusion Energy Foundation computer experts, the high-temperature Josephson junction chip should hit the market within the next year or two, and, if the U.S. economy still exists four years from now, chip proliferation will have reached saturation.

The superconductivity revolution

The contemporary scientific community has never seen anything quite like this. Over the past few months, hundreds of researchers in laboratories around the world have dropped everything to study the recently realized high-temperature superconducting materials. Researchers are working day and night—holidays no longer exist. Marathon, "sardine-like" sessions are held at scientific meetings, with the overbooked

schedule going into the wee hours of the morning. Everyone from full professors to novice graduate students has become infected.

The speed with which the high-temperature superconducting revolution has emerged is truly remarkable. It has virtually caught everyone in the technical world off-guard. For the past 75 years, progress in superconductivity R&D has been tortoise-like. At the turn of the century, it was discovered that some materials, when supercooled to temperatures near absolute zero—that is, 0° Kelvin which is the same as -273° Celsius and -461° Fahrenheit—begin to conduct electricity without any detectable resistance. And many of these superconducting materials cannot even begin to conduct electricity at ordinary temperatures.

It took scientists 62 years to raise the temperature at which superconductivity can be produced from 4°K to 23.3°K. This progress was achieved through exploring pure metals or alloys like niobium-tin. And for the past 13 years little progress beyond 23.3°K has been made.

The breakthrough came at the beginning of this year when the superconducting transition temperature, T_c , was experimentally pushed to above 77°K with the new metal-oxide ceramic materials. The existing commercial superconductors, like the niobium alloys, don't reach the superconducting state until they are chilled below 23°K. That degree of cooling requires the use of liquid helium as a refrigerant. Helium condenses at 4°K and liquid helium is very expensive—it costs about \$11 a gallon. It is also very difficult to use and refrigerate.

At a temperature above 77°K, liquid nitrogen can be used as a refrigerant. Liquid nitrogen costs only 22¢ per gallon and is quite easy to utilize. In fact the first MIT Alcator tokamak experiment utilized liquid nitrogen as a coolant without a refrigerator at all. A commercial truck would deliver the liquid nitrogen bottles once a week and the experimenters would simply pour the liquid nitrogen over the magnets and achieve the 77°K, while the nitrogen would bubble away into the atmosphere. Nitrogen is cheap, readily available, abundant, and clean.

Liquid nitrogen is far easier to handle and is a much, much more efficient coolant. Experts say, overall, the cooling power of liquid nitrogen is about 1,000 times greater than helium per dollar of investment. That is, liquid nitrogen refrigerators are thousands of times cheaper than helium ones.

The break

The first breakthrough came at the IBM Zurich Research Laboratory in Switzerland. Drs. K. Alex Müller and J. Georg Bednorz had decided to explore a new class of materials, the metal oxides, for indications of superconductivity. A few examples of these metal oxides, known as perovskites, were already known to be superconductors at 13°K.

Müller and Bednorz extended their research to metal oxides that contain rare earth elements, like lanthanum in a

barium-lanthanum copper oxide which had been developed by French chemists as potential chemical reaction catalysts.

As Müller and Bednorz noted in their April 1986, *Zeitschrift für Physik B* article, in January of 1986 this particular oxide exhibited superconductivity at a temperature of 35°K. Within a few weeks, this Müller-Bednorz work was extended by researchers at the University of Tokyo and at Bell Labs in Murray Hill, N.J. These groups got the onset of T_c at 40°K through replacing the barium with strontium.

Shortly after this, other groups got into the act and University of Houston and Bell Lab teams had succeeded in getting T_c s into the 50°K range, with the Tokyo team and a new team in Beijing, China in hot pursuit. Then on Jan. 29, 1987 the Houston group headed by Ching-Wu Chu zoomed to the range of 90-100°K, well above the 77°K liquid nitrogen threshold. The details of this breakthrough were presented in the March 2 *Physical Review Letters*. But the secret to the Houston success leaked out long before. This was the use of yttrium in the rare earth oxide, i.e., yttrium barium copper oxide (Y-Ba-Cu-O). Within days, a dozen groups had duplicated Chu's results.

At this point, all hell broke loose. These new superconducting materials can be easily synthesized by anyone equipped with a mortar, pestle, and a small, kitchen-variety microwave oven—though, a higher temperature pottery kiln would be most helpful. Even more significantly, with superconductors above 77°K, anyone can produce the required temperatures just as the Alcator tokamak group did, without a refrigerator. All you have to do is order a bottle of liquid nitrogen which costs 22¢ a gallon.

Since that time, which seems to many researchers in the field to be centuries ago, a lot of time has been spent concocting recipes for these oxides, these ceramics. Rate of cooling has turned out to be the most critical factor. At the Nuclear Research Center at Karlsruhe, West Germany, Dr. Constantin Politis and his colleagues prepared materials whose oxides are replaced by fluorines, which have T_c 's at 120°K. These results are still somewhat controversial and are being checked.

At Wayne State University the Chen-Wenger team saw evidence that T_c was going to 240°K. This occurred when they irradiated samples of Y-Ba-Cu-O with microwaves. The microwaves induce an alternating current in the material, but Chen and Wenger measure a constant DC voltage at 240°K. This is the so-called reverse AC Josephson junction effect which can only occur in a superconductor. More recent work by a New York company shows indications of superconducting at 9° Fahrenheit and even as high as room temperatures.

Recent developments

A crucial breakthrough came recently from the IBM group working at the Yorktown Heights, New York center. This group led by Roger H. Koch has succeeded in surmounting the most essential barrier to immediate practical applications

of these high-temperature superconductors, the electric current density barrier. All previous results had been at extremely low current densities, which meant that the new materials were not immediately useful. But Koch and company produced thin films, like those needed for Josephson junctions, that carried hundreds of amperes of current per square centimeter of conductor at a T_c of 77°K. This was later extended to 1,100 amperes per square centimeter by the Bell Labs group. (In contrast, commercial 4.2°K niobium alloy superconductors can handle 50,000-500,000 amperes per square centimeter.)

But as Dr. Murphy of Bell Labs notes, this existing lower performance with the high-temperature superconductors is only an artifact of fabrication. The same problem confronted the niobium alloys when they were first discovered. Because only a small number of researchers were involved in the field, it took a few years of investigation into innovative fabrication techniques to get the current density up. It is expected, especially with the unprecedented number of researchers and groups flooding the field of high-temperature superconductor research, that this will only take a year or two at most.

Besides current density, the other critical parameter for many applications of superconductors, such as magnetically levitated trains, magnets for fusion reactors and magnetohydrodynamic (MHD) generators, and windings for superconducting motors and energy storage devices, is that of the critical magnetic field. The magnetic field generated by a superconductor—in fact any conductor—is proportional to the electric current it carries. The conductor is thus exposed to its own generated field. The critical field for superconductors is the magnetic field intensity at which the self-generated magnetic field will penetrate into the superconductor and interrupt the current flow. That is, at the critical field, the superconductor flips back to a non-superconducting state. This critical field, therefore, limits the total field that a superconductor can generate.

Happily, the new ceramic oxides have already demonstrated an extremely high critical field. The barium-yttrium-europium-copper oxide reaches critical field at 500,000 Gauss at 77°K. This is already better than that achieved with the best niobium tin alloy, which has a critical field at 350,000 Gauss. Chu and his co-workers have projected that Y-Ba-Cu-O optimal critical field is near 2 million Gauss. Even higher values are estimated by the MIT and Bell Communications groups.

In the bag

One immediate result of the Bell Labs and IBM Yorktown Heights crashing of the current density barrier is that Josephson junction supercomputing chips are now in the bag. For some time, the general technological basis has existed for realizing a computer-generated “third industrial revolution”—the second came with electricity and the internal combustion engine. Naturally, this presupposes the plasma and

directed energy technologies as well.

Computers can dramatically enhance the ways we capture, store, retrieve, and transmit information. If fully implemented to provide real-time, automatic control of all industrial and manufacturing processes, computers would radically increase labor productivity throughout the economy. Advanced planning techniques could be harnessed by a single person, that previously took, massive, slow-moving 10,000-scale bureaucracies, to run complex industrial and other organizations. The general population will have the tools to access almost any aspect of human knowledge and keep abreast of the most recent developments.

And while computer technology has already made enormous strides over the past three decades, its impact has been virtually infinitesimal, compared to today’s potential of putting supercomputers on a single chip.

The cost-performance of computers has fallen steadily over the last 30 years. Today a plurality of households contain mini-computers which easily match the full performance of million-dollar business computers *circa* 1955.

Josephson junctions

In 1962, Brian Josephson developed a superconducting device which has since been known as the Josephson junction. The Josephson junction is not a semiconductor phenomenon. The Josephson effect occurs in superconducting materials where the free electrons—the conduction electrons—act as though they are in very efficient “quantum” orbits, macroscopic orbits. According to existing theory, the Cooper electron pairs (see page 21) exist in discrete quantum energy states, instead of an apparently continuous energy spectrum found with ordinary conduction electrons.

Because of this, when two superconducting layers form a junction with a very thin electrically insulating oxide layer sandwiched in between—about 0.0040 microns thick—a very low energy “gate” can be achieved (see Table 1 for the Speed-Power Product). A very small amount of energy, about 300,000 times less than the existing ECL-II semiconductor gates, can get electrons to flow across the insulating layer. This very efficient quantum “tunneling” derives from the

TABLE 1
Comparison between current semiconductor gates (ECL-III) and Josephson junctions (CIL)

Technology	Gate delay (ns)	Power (mw)	Speed-power (pj)	Density (gates per sq mm)
ECL-III	1.1	60	66	30
CIL	.03	.006	.000180	10

BCS standard theory of superconductivity collapses

One of the first victims of the new high-temperature superconductors has been the existing standard theory of superconductivity, which was known as BCS theory. This theory was developed by John Bardeen, Leon N. Cooper, and J. Robert Schrieffer—thus BCS—in 1957. It says that an electron moving through a crystal lattice, as in a metal, tends to transiently distort or “pucker” the “elastic” chemical bonds of the lattice slightly. This is due to the negatively charged electron attracting the positively charged ion nuclei of the lattice atoms.

A second passing electron will be attracted to the excess positive charge created by the higher density of ions in the “pucker” region. Thus, according to BCS, the first electron in effect “attracts” the second electron via the pucker.

This weak attraction is then said to bind the two electrons into a so-called “Cooper pair.” And because electrons, like people, generally like to cohabit in pairs with opposite spins, the Cooper pair of “free” electrons in the superconductor act in unison with matched and opposite spins and momenta like those stable pairs found in atomic orbits.

According to the BCS theory the transition from electricity conduction within the crystal lattice based on “single” free electrons to that based on Cooper pairs is quite dramatic. The general reason given for this dramatic change in electrical conductivity is that uncoupled, free electrons strongly resist increases in electron population density—that is, the single electrons resist compression to higher electric current densities. This is said to be the case because the electrons follow Fermion-like behavior. According to E. Fermi, single, free electrons have a fundamental “quantum” behavior which only allows one electron to populate any given quantum energy state. This is supposedly the source of the “single” free electron’s resistance to condensation.

But when the electrons form Cooper pairs, the two coupled electrons act like a single particle with a totally different behavior than that of Fermions. In fact the Cooper pair acts like a photon—the quantum cell of electromagnetic radiation, light. Photons are theoretically capable of being relatively easily compressed to very high population densities. In this case the elementary particle—the photon or Cooper electron pair—are said to act

as Bosons. And in theory, an infinite number of Bosons can populate a single quantum energy state as opposed to only one for the Fermion.

BCS describes this overall transition as the formation of Cooper pairs which can condense into a single macroscopic quantum state with long-range order throughout the lattice. But recent experiments with the new high-temperature superconductors prove that the BCS theory of “linear” sums of Cooper pairs is totally inadequate.

At first, the lanthanum-based copper oxide superconductors appeared to be following the BCS model at temperatures up to 50°K. But at 90°K the new superconductors exhibited behavior which was contrary to the BCS model and operates according to a supposedly unknown mechanism.

This problem came to a boil when two research groups announced that they had conducted an essential test of lattice puckering, one of the axiomatic characteristics of the BCS theory. The lattice puckering, which supposedly leads to the formation of the Cooper pair in the BCS theory, is really nothing more than lattice vibrations. And if the weight of the lattice atoms is changed, such as by utilizing a heavier chemical isotope (that is, the same chemical element with more neutrons in its nucleus), then the superconducting behavior, T_c for example, should significantly change.

At the April Materials Research Society meeting in Anaheim, California, the AT&T Bell Lab and the University of California, Berkeley groups announced that they had independently performed such an experiment with different oxygen isotopes. The experiment utilized two samples of the superconducting copper oxide ceramic which were identical except for the oxygen atoms. In one sample the more prevalent oxygen-16 isotope was utilized. In the other sample, the heavier oxygen-18, which has two more neutrons in its nucleus, but otherwise has the same chemical properties as oxygen-16, was used. The researchers cooled the samples and measured the temperature at which each one became superconductive.

According to the BCS theory, the superconducting transition temperature, T_c , depends on the frequency of the lattice vibrations. And it is well known that a lattice with heavier atoms will vibrate at a different frequency than one with lighter atoms. But the two experiments show quite convincingly that T_c does not change at all. Theorists are quite perplexed. The experiments indicate that the number and arrangement of the oxygens in the lattice is key to the superconducting behavior—that is, instead of the “elementary” quantum processes, such as Cooper pair formation, macroscopic lattice geometry and composition is primary.

same property found with electrons bound to atomic orbits. Electrons in atomic orbits act as if they have no resistive "mass." That is, normally, free electrons will emit electromagnetic radiation, and thereby lose energy, if they deviate from a linear trajectory or change their speed of motion. But this is not true for electrons bound to atomic orbits. (If it were, all atoms and molecules would rapidly collapse to infinite densities and absolute-zero temperatures.)

In effect, orbitally bound electrons act as perfect superconducting coils which operate without any loss—pure "reactance" with no resistance. As a result, bound electrons can act as perfect transformers for upshifting and downshifting electromagnetic wave frequencies without any detectable loss; without any radiation. This means that atoms and molecules can engage in photon "cross-talk" with each other without being easily overheard. This photon cross-talk becomes most efficient in the case of living matter, as seen in the experiments of Prof. Fritz Popp of West Germany.

The "free" Boson Cooper electron pairs in the superconductor act in a similar fashion. And this means that very small energies (femtojoules) can achieve measurable "cross-talk," quantum tunneling, on the macroscopic scale of the Josephson junction and thus reduce the "quantum of action" of turning on and off a gate—a switch—by more than a billion times. This billionfold reduction in the operation energy of the basic element of the computer, the gate, permits a much greater "population density" of gates and therefore a greater concentration of computing power.

IBM researchers have shown that, utilizing Josephson junctions, one can construct all of the elements needed for a digital computer: logical functions and memory. IBM, in fact, produced a whole family of Josephson devices known as current injection logic (CIL) and based on low-temperature superconductors. Gates in the Josephson technology are called superconducting quantum interface devices (SQUID).

Table 1 compares CIL to the currently fastest semiconductor technology utilized in supercomputers, the ECL-III. It will be noted that this CIL low-temperature superconducting technology has a very low gate density. This results from the cooling problems of low-temperature superconductors. The new, high-temperature superconductors have immediately transformed this entire circumstance.

IBM demonstrated with the low-temperature CIL Josephson-junction technology that random access memories (RAM), having gate densities in the same order as the existing semiconductor counterparts, were 20 times faster with an overall thousandfold increase in computing power.

Ironically, IBM's huge Josephson junction research effort over the past decade convinced most other computer companies that there was little that could be done to make ultra-low-temperature Josephson junctions practical. As a result, IBM has, until recently, had the corner on Josephson junction R&D. Now, with the shock-like emergence of high-temperature superconductors, IBM may once again become

the single giant in the computing field.

In the broadest terms, there are three generally accepted parameters for measuring the performance of computer systems:

- 1) processing power as measured by instructions executed per second;
- 2) computer storage accessible at a particular speed; and
- 3) data rate of computer and communications links.

Supercomputers

Just before the full "mini" and "micro" revolution hit, in 1976 the U.S. Army decided to define a general procedure for evaluating computers given apparently rapid rates of computer technology advances at the time:

A survey of various Army laboratories showed that problems with over 50 nonlinear simultaneous differential equations were considered overly expensive to solve by digital techniques because of excessive computation time. . . . For problems requiring 600,000 operations/cycle of the highest frequency, effective bandwidth of present-day large-scale digital computers is less than 170 hertz. However, from our survey, there are real-time requirements for computers which can process problem bandwidths of at least 10 kilohertz and approach a performance capability of 600 million operations per second—three orders of magnitude faster than available computers.

And while this capability has now been reached by the largest supercomputers, these machines cost millions and millions of dollars and only a handful are in operation. Among the areas that were identified in this Army study of major high-power computer applications were signal processing, weather prediction, radar, sonar, seismology, biomedical analysis, image processing, simulation, power guide systems, and real-time automatic control.

High-speed computation in digital computers is measured as the number of operations a machine can execute within a given time-period. Usually this is expressed as millions of instructions per second (MIPS) or millions of floating point operations per second (MFLOPS), depending on the computer manufacturer. In either case, what is being measured is the product of the basic machine cycle time and the average number of operations that can be performed in a machine cycle.

For example, an IBM 3033 has a basic machine cycle of 57 nanoseconds (17.5 million cycles per second), and IBM says that it takes 3.9 cycles to perform the average instruction (0.256 instructions per cycle), giving a result of 4.5 MIPS.

The first of the more recent CRAY supercomputers, in contrast to the decade-old IBM 3033, has a cycle time of 12.5 nanoseconds, with scalar operations taking 4 cycles and vector operations taking 0.6 cycles to yield 20 and 140

MFLOPS, respectively.

The instruction rate is a function of the cycle time and execution efficiency. Cycle time is determined by the technology utilized to build the particular computer and the complexity of its circuitry. Execution efficiency is determined by the actual problem tested (instruction stream) and the design architecture of the machine.

There are no fewer than several dozen quite differently architected supercomputers now on the market, as well as scores of "scientific processors." The differences among these machines comes from differences in the way they carry out parallel computations.

Given that there is a fixed speed limit of circuit technology available to all machine designers, designers have focused in on various methods of executing multiple instructions simultaneously in separate, parallel computing elements. All the computers referred to in this section theoretically could execute at least one instruction per machine cycle, but by and large they fall far short of this ideal. In theory, some machines could produce much faster results, since they are constructed to have multiple execution units that independently and concurrently process machine instructions.

Theoretically, the maximal limit to parallel processing speed is never attained for any length of time, because in practice, instructions are not executed independently. For example, the IBM System 360 Model 91 (195) has four different types of execution units linked simultaneously to process 16 words or instruction for a maximum aggregate throughput of 70 MIPS. Interdependence of one instruction on others is much more the rule than the exception, and an estimated 60% of the Model 91's circuitry exists only to detect and resolve interdependence problems. In benchmark tests, the system attained only 14 MIPS on scientific applications and 3 MIPS on more general job streams where conditional branching and interrupts further affected throughput.

TABLE 2

Gate characteristics

Technology (year)	Function	Gate delay (ns)	Power (mw)	Speed-power (pj)	Density (gates per sq mm)
ECL-III (68)	NOR	1.1	60	66	30
ECL-1000 (71)	NOR	2	25	50	30
S/TTL (70)	NAND	3	20	60	30
LS/TTL (72)	NAND	10	2	20	30
NMOS (73)		100	1.1	10	130

ns = nanosecond; mw = milliwatt; pj = picojoule; sq mm = square millimeter

TABLE 3

Rough estimate of characteristics for new supercomputer based on high-temperature Josephson junctions

Performance	2,000 FMLOPS
CPU cycle time	120 picoseconds
Cache capacity	1 megabyte
Main RAM capacity	1 megabyte
I/O rate (max)	1,000 megabits per second
Operating power	100 kilowatts
Volume of mainframe	4 cubic meters
Bit width	512
Address width	512

Development of new basic technologies based on new physical principles for faster circuits is the key to increasing processor power. Existing computers are fabricated largely out of silicon semiconductor devices known as integrated circuits (ICs) or chips.

A number of different processes are used to construct and manufacture semiconductor chips. Broadly speaking, the silicon semiconductor families are known as metal oxide semiconductor (MOS) and bipolar. MOS family members include CMOS, NMOS, VMOS, HMOS, and others. Historically, the MOS technologies have been slower but consume less power than their bipolar counterparts. The bipolar family contains technologies known as TTL, STTL, LSTTL, ECL, I2L, FAST, AS, and LS2 technologies.

The circuit speed is given by the time delay incurred by a signal passing through the elementary component of digital logic, which is known as the gate. The so-called natural gate differs for different technologies and is defined as the Boolean operation that requires the minimum number of transistors while giving maximum speed.

Table 2 summarizes the principal gate characteristics of many of these technologies.

By and large, the logic circuits of supercomputers are implemented in ECL integrated circuits. Table 2 shows that the price paid for this high-speed technology is both high power-consumption and low gate density. Both of these factors will have to be significantly improved by any future circuit fabrication technologies. There is, in fact, a relationship between the two since power consumption—heat—limits gate density.

High-performance ECL chips consume and therefore dissipate so much heat that special precautions have to be taken to keep circuits within operating temperature range. These cooling systems add significant bulk to computer architecture. The largest IBM machines were water-cooled and the latest CRAY is cryogenically cooled. The CRAY-

The layered geometry of the new superconductors

The geometry of the new 90°K superconductor Y-Ba₂-Cu₃-O is related to an important class of minerals known as the *perovskites*. These minerals contain three oxygen atoms for every two metal atoms. The yttrium-barium-copper-oxide has six metal atoms in its unit cell. Therefore, if it were an ordinary perovskite, there would be nine oxygens. But, in fact, most samples have between 6.5 and 7 oxygens. That is, one quarter of the oxygens are missing in the case of the new high-temperature superconducting ceramic oxides.

These missing oxygens transform what would otherwise be an ordinary three-dimensional crystalline lattice into a unique, two-dimensional layered structure. The unit cell can be thought of as three cubes, piled on top of one another. Each cube has a metal atom at its center: barium in the bottom cube, yttrium in the middle one, and barium in the top one. At the corners of each cube are copper atoms. In an ideal perovskite, each copper would be surrounded by six oxygens in an octahedral arrangement.

And the CuO₆ octahedra would be linked at each oxygen. Each barium and yttrium would then be surrounded by 12 oxygens.

But x-ray and neutron diffraction studies have shown that the new superconductor unit cell does not conform to this simple picture because some of the oxygen positions are vacant. For example, all of the oxygens in the plane of the yttrium atom are missing. Thus, the yttrium is surrounded by eight—instead of 12—oxygens. And the copper atoms on either side of the yttrium are surrounded by only five oxygens, making a square pyramid. The yttrium can be thought of as being sandwiched between two slightly puckered two-dimensional sheets of copper and oxygen atoms. This is actually layers of square pyramids. This feature has never been seen before.

Oxygens are also missing from the top and bottom copper layers of the unit cell. The vacancies occur in some of the equatorial positions of the CuO₆ octahedra, leading to the formation of square planar arrangements (CuO₄) that are perpendicular to the other copper-oxygen sheets. The bariums are surrounded by 10, not 12, oxygens.

Actually, the crystal structure is much more complicated than this simple description, much like the case as seen in the recently developed quasi-crystals. For example, some of the vacant or oxygen-deficient sites are occasionally occupied by oxygen, but in an arbitrary man-

1 is literally a computer built inside an air conditioner, with each circuit-board frame containing freon pipes. The heat-sinking of ECL circuits adds to the already low density permitted for fabricated integrated circuits. This bulk further limits systems' speed, since electronic impulses traveling at the speed of light will move only 1.5 centimeters in 100 picoseconds.

Most probable development strategy

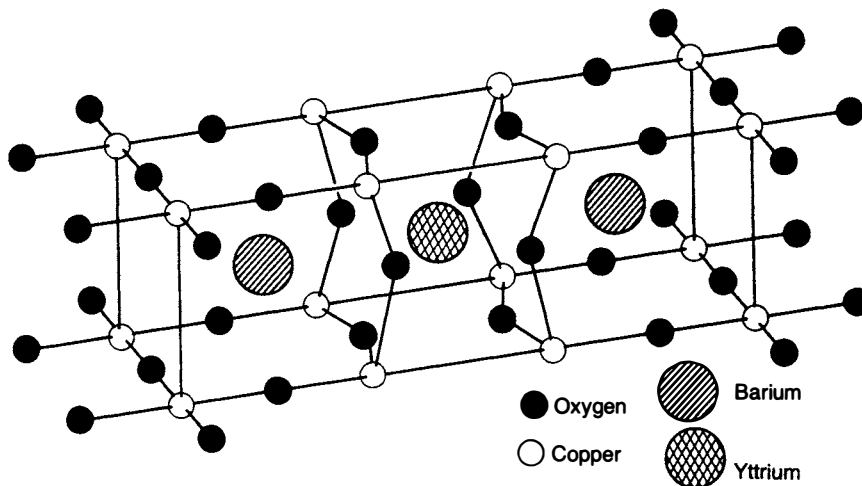
The first thing that will most probably be done with the new high-temperature Josephson junctions is to construct a new generation of supercomputers. **Table 3** gives a rough cut at what this would look like. The hardware performance of this Josephson junction-type supercomputer would be about 40 times greater than that of the existing top-of-the-line CRAY-XMP. More significantly, the much longer bit widths, 512 as opposed to 64 for the CRAY, and address widths, also 512, means that the existing barriers to fast program composition and parallel processing would be removed. This would increase the computers' applied computing power capabilities by a further several orders of magnitude.

This new supercomputer would then provide the essential tool for design and production of a new generation of chips,

supercomputer chips—both general purpose and specialty items. According to leading computer design experts, development of such a new supercomputer is currently the main bottleneck to incorporating a large number of circuit miniaturization techniques currently available. Computers must be utilized in the design of these super-complex integrated circuits. But the existing supercomputers fall short of the required computing power needed. The imminent high-temperature Josephson junction supercomputer would fit the bill by more than an order of magnitude for what is required in chip design. Overall, experts expect that a millionfold increase in single chip power should result with the combined effects of incorporation of Josephson junctions into the chips and the realization of the first generation of Josephson junction supercomputer.

SDI applications: plasma electronics

While more conventionally minded physicists have been increasingly perplexed by the new high-temperature superconductors, one community of scientists—plasma hydrodynamicists—have had their full expectations realized. These scientists have long predicted that “quantum phenomena” are not fundamentally acausal; that eventually, man could master



ner. Sometimes oxygens are found at other, unexpected positions in the lattice. Distortions also occur, such as in the case in which the yttrium “cube” is crushed relative to the barium cubes. This appears to occur because yttrium is smaller than barium. And that may explain why the oxygens are missing from the yttrium horizontal plane. That is, there is no room for them.

Many other interesting crystal lattice “defects” and “distortions” have also been found. For example, the unit

cells normally are stacked in a Ba-Y-Ba—Ba-Y-Ba fashion, but sometimes a yttrium is inserted between them. Sometimes the smallest face of the unit cell, most usually a perfect square, is distorted very slightly into a rectangle. This particular distortion occurs when the ceramic is processed at high temperatures and then cooled. And it would appear that for the first time macroscopic geometry is seen to determine quantum behavior, i.e., the so-called crystal imperfections are producing superconductivity.

quantum phenomena with a sufficiently advanced hydrodynamics. And this hydrodynamics would be closely related to that found in energy dense plasmas, such as those explored for hydrogen thermonuclear fusion energy generation.

In fact, Dr. Robert Moon of the University of Chicago and editor of the *International Journal of Fusion Energy*, has long held that these type of materials, the doped ceramic oxides and rare earth doped ceramic oxides in particular, held great promise for high-temperature superconductivity. Dr. Moon pioneered the use of these materials in a more limited application in terms of developing materials for “cold cathodes.” Dr. Moon has developed an extensive theory for a causal, “hydrodynamic” quantum theory derived from the early 20th-century work of Louis de Broglie and the later work of David Bohm.

Dr. Moon’s work is also based on the most provocative applications of plasma hydrodynamics to “elementary” particle physics carried out by Prof. Winston Bostick of the New Jersey Stevens Institute and Los Alamos National Laboratory. In fact, the new high-temperature superconductors appear to function in a manner completely analogous to that of energy-dense, self-organized plasma pinches. When intense electrical currents are passed through a plasma, the plasma

transforms itself into filamentary, “force-free” vortex structures. This permits the plasma to conduct huge current densities without significant dissipation—like that of a superconductor.

Within the high-temperature superconductor, it appears that internal waveguides are self-generated by the flow of the electron current. These waveguides appear as slight distortions in the lattice and form into a multi-layer, filamentary geometry—like that seen in the plasma pinch.

But this similar behavior goes much further than that of a simple analog. The new superconducting materials offer the ideal external and internal interfaces for operating both delicate diagnostics and sensors, and, monstrously powerful relativistic beam weapons systems. The new superconducting materials offer potentialities for electromagnetic “machine” interfaces similar to that seen for the application of teflon to “greaseless” pumps and no-stick cookware. But in this case, it is high-temperature plasmas, and high-energy particle and laser beams that are interfaced with the minimum of “stick” and resistance.

More specifically, the new high-temperature superconductors would provide the ideal materials for all essential interfaces in high-energy particle accelerators and lasers. The

Make Norway part of the SDI!



Now is the time for Norway, with its unique geographical position and membership in NATO, to play a decisive role in the defense of the Free World.

Norway actively partaking in the Strategic Defense Initiative (SDI) would stabilize the strategic situation in Europe for a considerable time. Building the Norwegian part of the SDI also leads to unimagined economical spin-offs — in itself the best defense.

We, Norwegian patriots, invite you to actively lobby to make Norway part of the SDI.

Geir Arne Hanssen
System consultant,
network
Oslo, Norway

Ole Haugan
A/S Kunstbetong
Fåberg, Norway

Arne Roen
Hermod Christensen A/S
Oslo, Norway

Eldar Hareide
Hareid, Norway

Klaus Sivertsgård
Oslo, Norway

Øyvind Hogsnes
Electronics engineer
Tønsberg, Norway

Einar Braastad
Oslo, Norway

A. H. Strandene
Engineer, Oslo, Norway

T-E Thomassen
Solheimsvik, Norway

Wilhelm Schreüder
Fjell-Heisen,
Tromsø, Norway
*When in Tromsø,
see the town from above —
by the Cable Car!*

advance in reflecting surface technology would be stunning. Mirrors, beam splitters, beam multiplexing, and microwave cavity operation could be improved by many orders of magnitude.

The same holds true for much lower energy operation of delicate diagnostics and sensors.

For example, with high superconducting photodiodes and baseplates you would be able to easily detect single photons, even in the infrared. We now need an input of about 10^{15} infrared photons to get a single bit for the image. Potentially, we could have photodiodes that detect one infrared photon—a potential increase in resolution, in simple linear terms, of 15 orders of magnitude!

The potential for streak cameras, currently utilized most extensively in nuclear weapons and inertial fusion work, would be about three orders of magnitude increase in temporal resolution. The Streak Camera permits there to be a time-integrated picture of a photon input, like x-rays. For example, if during the implosion of a laser fusion target, we record the x-ray output of the imploding plasma on a moving film, we can get a streaked motion picture of the implosion. The existing Streak Camera have picosecond resolution—one-trillionth of a second. The new superconductors would

make possible femtosecond—a thousandfold increase—temporal resolution. This would open up the possibility of single photon “sectioning” with interferometer studies.

Take holograms, for example. The resolution of a three-dimensional hologram—literally a three-dimensional picture, usually recorded and generated by coherent laser light—is fundamentally determined by the coherence length—not the wavelength of the light that is utilized. Given the long coherence length of biophotons measured by Dr. F. Popp, the self-alignment, etc., we could get everything with surface scanning, and throw away our x-ray machines. This is because these longer wavelength, very coherent biophotons are able to transit significant distances through tissues, if not the whole body. If high resolution holographic interferometry could be performed with the detection capabilities opened up by high-temperature superconductors, we could look inside the body just by scanning the surface of the body or tissue.

Many of these potential applications may take years to develop. But the possibilities opened up by the new physical principles—and some old, overlooked principles—manifested by the high-temperature superconductors, are rapidly expanding.

Glossary

bipolar: a transistor consisting of a sandwich made of two different kinds of semiconductors—the P and N semiconductors.

Boolean operation: operations like AND, OR, NOT, and so forth. The fundamental “connectives” of logic first worked out in the modern period by Leibniz. Digital (binary) logic, i.e., yes and no, or one fold of the circle—circular action acting on circular action—is fundamentally determined by triply reflexive rotational action, as Leibniz showed for the case of 256 possible connectives for the case of three operands.

byte: 8 bits of data—i.e., 8 yeses or nos, i.e., an 8-digit binary number. In base 10, the maximum 8-digit binary number is equivalent to 256.

conditional branching: a computer instruction that redirects the execution flow based on evaluating a particular instruction.

convolution: a mathematical operation involving the integral of the product of two functions at different times or positions.

current injection logic (CIL): an IBM family of Josephson junction superconducting devices.

cycle time: the time period for the smallest complete cycle of a central processor logic; the fastest instruction usually takes one cycle to complete.

execution efficiency: the number of central processor cycles needed on the average to execute an instruction.

gate: a hardware implementation of a Boolean operation built out of transistors or Josephson junctions. In other words, a series of yes/no switches or decision points.

integrated circuit (IC): an electrical circuit that integrates a large number of gates on a single slab of material, silicon in the case of semiconductors.

interrupt: an interruption in the execution of a program that occurs at unpredictable intervals; interrupts are caused by such events as program errors or input/output events.

logic: the part of computer circuitry that performs logical or Boolean operations.

natural gate: the logical operation that can be formed by using the smallest number of transistors.

parallel execution: the ability to simultaneously execute two or more complete instructions.

random access memory (RAM): memory that can be read and written at equal speed independent of location; location-dependent memories are serial in access.

scalar operation: a single element of data, in effect a zero-dimensional array.

semiconductor: a substance with electrical-conductivity properties intermediate between a metal and an insulator.

vector operation: a one-dimensional array of data.

The historic 1988 election: 'a republic if you can keep it'

For the world, the 1988 U.S. presidential election will be the most important strategic event since the advent of the nuclear weapon in August of 1945.

For the democratic republic of the United States, that election will be the most important since the presidential election of 1860.

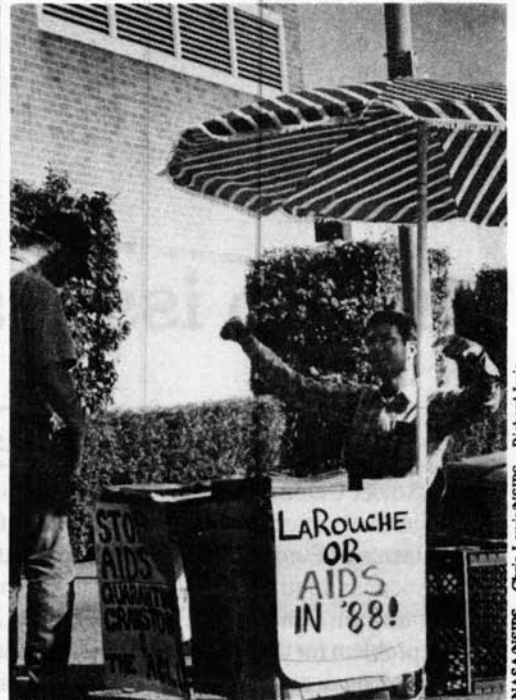
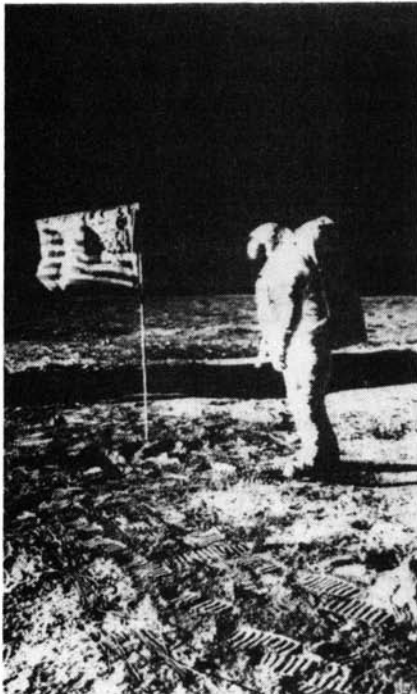
The person who will be inaugurated as President on Jan. 20, 1989, will also commemorate the bicentennial of the inauguration of President George Washington, whose presidency became known in world history as "the spirit of 1789." That person will either be the last President of the United States, or one whose actions in office, like those of his illustrious predecessor George Washington, will dominate events for the next two centuries to follow.

Who that person will be, is the single, most important matter, on which your life and that of your descendants depends. To a very large extent, who that person will be, will depend on the kinds of criteria of judgment the people and the institutions of the United States will employ in selecting their next President.

Will the people and the institutions of the United States employ the right criteria and make the right choices? Do they still possess the moral fitness to identify and select what is right? This remains to be seen in the next 17 months. One thing is certain: They still have the opportunity to make the right choice, given that the Constitution which preserves their liberties is still, at least nominally, in operation, and given that one public figure, Lyndon H. LaRouche, has articulated and put forward policy proposals adequate to meet the crisis.

When the Philadelphia Convention, on Sept. 17, 1787 finally approved the Constitution of the United States, the venerable Benjamin Franklin remarked to the participants that the freshly drafted document, for the first time in history, had given them a Republic—"if you can keep it," the wise old man added.

It is true again today, as it has been during all past major crises. The mere existence of the Republic does not guarantee national happiness or success. It only guarantees that society and its members can strive to discover and implement the



NASA/NSIPS—Chris Lewis/NSIPS—Richard Iaria

Three fundamental issues confront the American voter in 1988: the strategic crisis and the related requirements of a civilian Moon-Mars colonization effort; the collapse of the economy; and the AIDS epidemic. Why has LaRouche been right on these issues, whereas the Eastern Establishment has been dead wrong?

right policies, if they are so inclined. It does not guarantee that they will discover or will choose such policies. They will do so, only "if they can keep it."

The issue of LaRouche

Already, Lyndon LaRouche, a "man of providence" for some, a "political extremist" for others, "the most dangerous man" to yet others, easily the most controversial political personality in the world, unquestionably the most seminal, original thinker among living statesmen, and certainly the only living credible authority on economic science, is the central issue of the campaign.

Though LaRouche was the first to declare his intention to seek the nomination of the Democratic Party, the newspapers and other mass information media systematically omit his name from the roster of Democratic nominee candidates; although, since the spring of 1986, he enjoys greater "name recognition" than all the other declared Democratic candidates, he is systematically excluded from all opinion polls that reach the public.

The Republican administration's Department of Justice has illegally, clumsily, and so far unsuccessfully, thrown all the resources of arbitrary power in a mad dash to destroy any group of persons and associations who openly support LaRouche for President of the United States.

The Democratic Party, through the Bob Strauss/Pamela

Harriman-controlled Democratic National Committee, is operating for one primary purpose: to deny LaRouche the possibility of seeking the Democratic nomination next year. For Strauss, Harriman, and Paul Kirk, this objective is more important even than leading the Democratic Party to victory in 1988.

All this extraordinary concern of the old Establishment over LaRouche, derives from LaRouche's success—and the Establishment's failure—to accurately identify, well in advance, the explosive social crises, the so-called "issues," which will dominate 1988, and the policies required to redress these crises. These "issues" are: 1) the strategic security crisis, 2) the financial and economic crisis, and 3) the growth of the AIDS epidemic.

A derived, but all-important issue, is the Eastern Liberal Establishment's own failure to identify these crises, let alone supply remedies, as contrasted to LaRouche's own successful identification of both the problems and their solutions.

This so-called "LaRouche issue," i.e., the question of *how come LaRouche was right and the Establishment was wrong*, will play a much more decisive role in the political deliberations of 1988 than most persons currently suspect.

In the reports which follow, we analyze the fundamental issues confronting voters in the 1988 campaign, and present the positions—or lack thereof—which the various contenders for the presidency have taken on them.

The top issues of the 1988 campaign

The strategic security crisis

The Soviet Union, pursuing a well-defined imperial war plan, is currently attempting to dislodge U.S. influence from the continents of Europe, Asia, and Africa; to turn the south of the American continent into a bloody terrain of instability; and to transform Canada from an ally of the U.S.A., into a military problem for the U.S.A. Once these Soviet objectives are accomplished, and the continental United States becomes thus isolated from the rest of the world, Moscow intends to proclaim her imperial supremacy either by imposing her wishes on the United States, or, should the United States resist this, by destroying the United States militarily.

Whether Moscow's imperial drive can be stopped, will be decided by the course of the 1988 presidential campaign.

The great global challenge of the coming decade and longer, is to save civilization from threatened destruction, by containing the Bolshevik dynasty's Russian Empire, and to accomplish this by means which assure the highest probability of war-avoidance. From this vantage-point, our recent 20-year drift in economic and foreign policy has been, cumulatively, a disaster.

We could not defend our nation for long, once the Soviet strategic sphere of influence extended throughout Asia, Africa, and Western Europe, and turned South America into bloody ground. The well-being of these allies and friends, as a whole, is our essential first line of strategic defense. Here, our foreign policy has become, generally speaking, a worsening disaster.

This strategic disaster has become evident during the 40th year since the development of the compact thermonuclear bomb, which, unlike the bulky A-bomb, could be delivered at long distances by intercontinental-range ballistic rockets. It will be the 30th year since the U.S. Establishment pronounced the rocket-delivered thermonuclear bomb to be the "ultimate weapon," which would make war "unthinkable."

It is now well known among professional military circles, and will become widely known among broad layers of the population during 1988, that the Soviet Union has reorga-

nized its armed forces on the basis of the proposition that the nuclear weapon is not the "ultimate" weapon, and war in the "nuclear era" is not "unthinkable." In a sense, all the accumulated strategic, economic, and public-health problems exploding in the 1988 election, are the combined result of two distinct sets of long-term policies decided on during 1966-68, by the policymaking elites of the United States and the Soviet Union, respectively.

During the 1966-68 period, the U.S. Establishment, basing itself on the wrong presumption that nuclear are the "ultimate" weapons and that war is no longer "thinkable," committed itself to a long-term policy of subversion of the institutions of the sovereign nation-state. Adopting the agenda of British "philosopher" Lord Bertrand Russell, the Western Establishment resolved on pursuing a "New Age" of "post-industrial society," in which both the legal and institutional forms of sovereign nation-states would gradually be blurred, and eventually obliterated under the mediation of the United Nations and similar supranational arrangements.

The argument, as formulated by Bertrand Russell and his adherents, principally the Pugwash Conference movement, was: "The might of the two superpowers is their nuclear arsenals. Given that nuclear arsenals cannot be used, these nuclear arsenals are also the source of hidden impotence of the superpowers, since they define what the superpowers *cannot* do. Therefore, with the help of an enlightened international administrative bureaucracy, nuclear weapons and the threat they pose, can, ironically, through the medium of 'arms control negotiations,' become the instrument through which the superpowers can be made to gradually and voluntarily give up important predicates of their sovereignty, until, eventually, such sovereignty becomes meaningless and empty."

This is what the Establishment adopted as its commitment during 1966 and 1967, and began implementing with the 1968 election. It produced the SALT I and II agreements, the ABM Treaty, the test ban treaty; the demonetization of gold by President Richard Nixon; the termination of the U.S. space program and the large-scale de-industrialization of the

United States beginning with the Nixon years.

The crisis of 1988 derives from the fact that the Russian Establishment has adopted, under the inspiration of Marshal Nikolai Ogarkov, the war economic mobilization plan known as *perestroika* (transformation, restructuring), which reflects a different attitude toward nuclear weapons and toward the question of war-fighting.

The roots of today's *perestroika* can be traced back to a plenary session of the Central Committee of the Soviet Communist Party, at the end of 1966, when the late Leonid Brezhnev read a speech given to him by then Russian Chief of the General Staff Marshal V.D. Sokolovskii, the patron and teacher of today's Marshal Ogarkov. In it, the conclusions were announced that 1) nuclear weapons are not "ultimate," but are simply "means of mass destruction," which, eventually, can be replaced by more efficient means; 2) war, in the nuclear age, must be the total, integrated military attitude of the state, in which economic, cultural, scientific, technological, diplomatic, conventional and unconventional military, and all other resources and functions of the state are subordinated to the long-term objective of defeating the adversary. This speech put forward a new concept of "total war" in the nuclear era, which has been the guiding agenda of Russia ever since.

The 1988 elections will be held after it will have become evident, not only to the Establishment, but also to the broader layers of citizens, that the U.S. Establishment made a colossal error during 1966, whereas the Russians, during the same year, made a decision which may well enable them to establish an unchallenged, "one world empire," but a world empire as envisaged by the imperialists of Muscovy, not by Bertrand Russell-influenced romantics like Cord Meyer and his like-minded friends in the Ivy League wing of the CIA.

The financial crisis

There is a \$17-18 trillion world debt pyramid, already larger than the world "Gross Product," and growing at an accelerating rate; world physical output from industrial and agricultural activities, measured in value-added content, is shrinking. Most of this financial bubble is concentrated, not in the indebted Third World, but in the advanced industrial nations. The United States alone accounts for over \$7 trillion of debt.

This mass of fictitious paper—including U.S. government debt—is bound to come crashing down, causing chaos in the world's financial institutions, massive disruptions in commerce, manufacturing, and agriculture, and untold suffering to hundreds of millions around the globe, *unless* the power of the office of the President is mobilized to enforce the reforms in the U.S. and world economy required for a dramatic and sustained expansion of world output.

Over the past 20 years, we have built up a financial bubble

in domestic and international markets, a bubble in the sense of such past events as John Law's Mississippi bubble, or the hyperinflationary bubble of 1923 Germany. The rate of growth of physical output per capita has been slowing, and has turned negative, relative to the growth in per capita debt-service obligations. To a large extent, this bubble, i.e., the immense discrepancy between inflated financial paper representing claims on physical product, and the shrinking physical product itself, is the result of the 1966-68 strategic decisions to steer the United States in the direction of "post-industrial society." In conformity with those decisions, there has been a spectacular decline in the number of persons employed in the production of industrial or agricultural products, an accompanying decline in per capita productivity in the traditional "smokestack" industries, and a corresponding reduction in net physical output.

More recently, since Paul Volcker's and Jimmy Carter's policy of accelerated indebtedness through high interest rates, inaugurated in October 1979, the emphasis on "imaginative" forms of financial leveraging to pyramid high-priced credit, and the exacerbation of this trend since 1982, have created a situation, in mid-1987, in which a financial crash during 1987 appears inescapable. The use of "creative" and "imaginative" methods, heretofore, as a way of evading the threat of a chain-reaction financial collapse, has been, since 1982, the principal cause of the worsening of the problem. Further use of such "creative" and "imaginative" ruses, ensures the triggering of a worse collapse, than were the collapse to occur immediately. Attempts to delay the collapse by such ruses could have fatal national-security effects.

The "crash" will occur as a matter of reversed financial leverage, domino-fashion. A significant perturbation in any sector of the financial markets of the OECD nations would be more or less sufficient to set off such a chain-reaction. The attempt to plug holes in certain stock markets, and so forth, could not possibly cover all of the holes now opening. Also, as the costs of postponing this collapse, during 1987 to date, illustrates, we are destroying vast financial resources in these stop-gap measures, resources better left intact to be used for fostering a recovery.

So far, as Paul Volcker's refusal to serve at the Federal Reserve indicates, there is no agreement, either within the banking community, or in the government, on what to do about this twin problem of growing world indebtedness and shrinking output. The absence of policy, and the growing prospect that no policy is likely to be agreed on, is driving governments and private banks to brutal, "every-man-for-himself," survivalist actions and maneuvers, which have the tendency to bring on the financial and economic collapse. The economic and financial crisis of local, state, and national government entities and of the private sector, is akin to the catastrophic situation pervading the 13 original states during 1787 and 1788, prior to George Washington's becoming President under the new Constitution.

The AIDS pandemic

Given the millions of persons already infected, and the number infected doubling approximately each 8 to 12 months, the AIDS pandemic is established as probably the leading domestic issue of the 1988 campaign, and barring perception of an immediate threat of war, will be rivaled only by economic issues, and that only after an imminent financial crash is either perceived, or has actually erupted.

AIDS is an evolving complex of primary infections and cofactors, a complex specific to the human species. It is apparently two distinct diseases caused by the same primary infection: a blood disease, centered in the infection of chromosomes and the immune system, and a disease of the central nervous system, the latter converging upon death through dementia. Strong concentrations of the infection are also carried in saliva, and other secretions are more or less carriers.

Its specific political effects are:

1) It is a slow-incubation infection, such that, without effective biological testing, the infected person may remain an unsuspected carrier for several or more years prior to presentation of disease symptoms.

2) It is probably 99.9% fatal.

3) No vaccine or cure is likely earlier than five years, even with the most massive effort in biological research, and development of a cure could not be seen as a certainty earlier than approximately ten years of massive biological research.

4) It is the first known infection capable of rendering mankind extinct, possibly within approximately two generations, unless either a cure is developed, or measures of isolation of carriers contain the spread of the infection.

It would be a fair estimate, that even if we launched appropriate programs immediately, and presuming that we refuse to tolerate the proposal to introduce euthanasia as a way of reducing medical costs, we must expect that the combined direct and indirect costs to society will reach as high as 20% of real national income. Each year we delay necessary actions on biological research and testing-centered measures of isolation, the forward costs mount at a rapid rate.

Lacking more precise census through testing, government must estimate that approximately 5 million Americans are presently infected, with higher percentiles of infection and rates of spread in the more densely populated European nations. In the United States, the so-called "high-risk" sections of the population are approaching saturation with the infection, and the early stages of a take-off within the non-drug-using heterosexual populations are now manifest.

The role of "low-risk" routes of transmission will increase in importance, as the infection evolves its adaptative qualities, and as the density of the percentile of infected persons increases. At levels of 10-15% of the population infected, according to computer studies of known factors, the entire population enters a state of high risk.

The candidate with a program: LaRouche

Lyndon H. LaRouche, Jr. is the man who called for a strategic defense system one year before President Reagan officially announced the SDI in March 1983. Two years before any other political leader was willing to take a public position on the AIDS epidemic, LaRouche made it the centerpiece of his campaign platform, describing it as a "species-threatening" disease. LaRouche is the only politician and political economist identified internationally for his critique of the Bretton Woods financial system, and his program to reorganize the system to prevent a depression collapse.

In contrast to the treatment accorded his rivals for the 1988 Democratic presidential nomination, there has been a panicked silence in the mass media about LaRouche's campaign, except for the occasional article describing him as a "political extremist," and attributing to him outlandish policies which have nothing to do with his actual beliefs. Those who so fear and hate him, are the ones responsible for bringing on the very crisis which America must now address.

We present here a summary outline of his platform:

National security:

LaRouche is considered by the Soviet leadership to be the intellectual author of the Strategic Defense Initiative (SDI), and is unique among the candidates in that he does not accept the myth of nuclear weapons as "the ultimate weapon." LaRouche has recently called for an all-out Allied effort in the field of Radio Frequency Weapons, citing evidence that the U.S.S.R. is way ahead in this technology and that deadly RF pulses could be delivered against NATO targets not by ballistic missile, but by a well-trained terrorist with a truck.

LaRouche has campaigned to prevent the decoupling of the United States from Europe, and opposes any "zero-option" treaty that would remove U.S. weaponry or personnel



from the continent. He has characterized recent Soviet offers as “one of wily Soviet Marshal Nikolai Ogarkov’s really clever strategic tricks,” whose acceptance would lead the West into “virtual strategic suicide,” as the Soviets prepare to deploy their own SDI.

LaRouche declares, “There has to be a better way of avoiding nuclear war, than surrendering, inch by inch, to expansion of the Russian empire. . . . What most of you know by the name of “Strategic Defense Initiative is the key to that better way.”

Invoking the model of FDR’s 1939-43 economic mobilization that won World War II, LaRouche says, “My solution is a policy of ‘peace through strength’ . . . the policy which President John F. Kennedy was to present in the address he would have delivered on the evening of the day he was assassinated. This includes not only military strength, but also cultural, political, health, and economic strength, and greatly improved internal security against irregular Soviet forces such as terrorists, drug-trafficking, and spetsnaz.”

Economic policy: LaRouche is one of the few living economists who represent the economic policy on which our republic was based: the policy which Alexander Hamilton named “the American System of political-economy.” The economic forecasts which LaRouche and his associates have produced, are the only accurate forecasts published by either governmental or private agencies during the past seven years.

Known as an ardent opponent of the austerity conditionalities of the International Monetary Fund, LaRouche is the author of the “Operation Juárez” plan for reinstating the principles of the Monroe Doctrine in the foreign relations of the Western Hemisphere, and for solving the Ibero-American debt crisis.

LaRouche writes, “The problem is approximately 20 years of bad monetary and economic policies by all western industrialized nations excepting Japan. (We sometimes complain that Japan is being ‘unfair,’ because it refuses to be as stupid as the governments of other industrialized nations.)” Yet, LaRouche thinks the “greatest technological boom in human history” is possible if the United States is unshackled from the folly associated with the “Reagan recovery that never was.”

“If the Reagan administration continues its present policies, it is certain that the world’s economic situation will become much worse than it is today over the summer months,” leading quite possibly into an October financial crash of historic proportions, LaRouche writes.

While blasting the Gramm-Rudman budget act and tax reform as “disasters” that will hasten a crash by slashing investment in technologically advanced defense industry and basic economic infrastructure, he calls for a sweeping “Chapter 11-style reorganization” of the world economy led by a low interest-rate, heavy-industry build-up in the United States that would feature investment tax credits for basic industry, agriculture, and infrastructure, and an export policy hinged

on large-scale “Great Projects” in the Third World. He calculates this could create 10 million American jobs virtually overnight.

AIDS: In an Oct. 4, 1985 release announcing his candidacy for the 1988 Democratic presidential nomination, LaRouche underlined the threat of the AIDS epidemic, which he called *the* leading issue that every serious candidate must face. “The popular demand for massive action against the spread of this deadly disease, will trigger an explosion of traditional American moral and scientific values,” he wrote.

In 1974, LaRouche commissioned a study which showed that the economic policies then being pursued by Western governments and financial institutions would result in a gradual build-up in death rates from the combined effects of famine and epidemics, into the 1980s, followed by a zooming death-rate from these causes beginning approximately 1987. The study emphasized that under such conditions, new species of global pandemics would erupt.

LaRouche endorsed the 1986 campaign in California for Proposition 64, the referendum which called for public-health measures to stop the spread of the AIDS epidemic. “Gay rights” groups and a bevy of Hollywood movie stars, led by Liz Taylor, formed a well-funded lobby, under the slogan “No to Prop 64/Stop LaRouche!” which succeeded in defeating the referendum in the November election—for the time being.

LaRouche advocates an “open-ended budget” and international cooperation for a “crash biomedical research program” and a worldwide upgrading of sanitation, nutrition, and insect eradication. “To defeat AIDS will require mastering the new science of Optical Biophysics—not the sort of ‘education’ sponsored by homosexual lobbying groups,” LaRouche writes.

Science, technology, education: LaRouche emphasizes that “four general areas will dominate all important technological progress” and education for the next 100 years. All of these areas are essential steps in LaRouche’s design to establish a permanent manned colony on Mars by 2027. This “new sort of Apollo project” the candidate foresees as the “driving force of technological progress here on Earth,” well into the next century.

The four areas cited are: controlled plasma processes, including fusion power as a primary energy source; coherent directed energy pulses such as high powered lasers, especially for machine tooling; optical biophysics and the revolution in biology implied by radio frequency technology and its potential to overcome AIDS; and computer breakthroughs in true parallel processing and analog-digital hybrid systems.

He sees the Mars-colonization project as the heart of his economic policy, and writes that under a proper policy, for a hundred years and more to come, the commitment to colonization of Mars will be the technology-driver which contributes most greatly to improvement of the material conditions of individual life on Earth.

The 'seven dwarfs' on the key issues

by Kathleen Klenetsky

EIR has compiled policy profiles of some of the leading presidential contenders, Democrat and Republican, on the key issues of the 1988 elections: national security; AIDS; defense; and science, technology, and education. Although the following profiles do not include all candidates and potential candidates, the sampling does prove the point that not one of the "seven-plus dwarfs" running for the Democratic and Republican nominations has shown timely recognition of the historic issues of the 1988 election—much less any grasp of the measures to be taken. The case of Vice-President George Bush, who has so far been running on the administration's record, will be taken up in a future issue.

THE REPUBLICANS

Sen. Robert Dole

National security:

While Senate Majority Leader, Dole collaborated with then-White House Chief of Staff Don Regan to convince President Reagan to permit huge cuts in the defense budget. In 1985, he criticized Defense Secretary Caspar Weinberger for fighting against Pentagon spending cuts.



But since launching his presidential campaign, Dole has wooed the conservative vote by becoming a "hawk" on selected issues. This year, Dole led the fight in the Senate against Sen. Sam Nunn's attempts to force adherence with the "narrow interpretation" of the ABM Treaty, and to mandate compliance with SALT II.

Dole's support for SDI contrasts sharply with his stand on other key national-security issues, including NATO. In a speech to the National Jewish Coalition April 29, he endorsed a joint Soviet-Israeli proposal to have Israel replace NATO as America's central strategic ally. "We have to establish a

more effective way to insure strategic cooperation between NATO and Israel," he said. "The mechanism for coordination need not—and should not—be highly structured. In fact, the less visible it is, the better."

The Kansas Republican has endorsed the "zero-zero option," and has vowed to lead the fight in the Senate for continued U.S. aid to the Contras. He has criticized the Reagan administration's decision to beef up the U.S. military presence in the Persian Gulf.

AIDS: Dole has staked out a particularly opportunistic position on AIDS. On the one hand, he introduced legislation to set up a national commission on AIDS; on the other, he has consistently opposed any form of mandatory testing. He argued strenuously against an amendment, proposed by Sen. Jesse Helms (R-N.C.), in May, which would have withheld certain federal funds from states unless they required marriage-license AIDS testing.

Economic policy: Dole's "answer" to the economic crisis is fiscal restraint and a balanced budget. He claims that the resources of the United States and "indeed of this globe, are limited"; thus, there is no way for the United States to "grow out of" the deficit. Instead, "tough choices" will have to be made. Defense and entitlements will have to be slashed, because, even though "about 15% of the total budget is for interest in the debt, you cannot cut that."

Dole thinks Gramm-Rudman-Hollings was "the most refreshing budget idea in years," and advocates a constitutional convention to draft a balanced-budget amendment. He is affiliated with the the National Taxpayers' Union, the group behind the convention drive.

Dole's economic views have led him to work with the administration against two important infrastructure bills this year: the Clean Water Act, which Dole called "pork barrel cloaked as conservation," and the highway bill.

Rep. Jack Kemp

National security: Kemp has stated repeatedly that early deployment of the SDI would be his "highest priority" as President, and has pledged to make the first phase of a strategic defense operational by 1992. However, he has also allied himself with Lt. Gen. (ret.) Danny Graham's High Frontier, which advocates using obsolescent technology for strategic defense, rather than "wasting" time and money on the more "exotic" technologies—i.e., the far more effective and advanced concepts advocated by Defense Secretary Caspar Weinberger and SDIO head Gen. James Abrahamson.

Kemp broke sharply with the Reagan administration on the intermediate-range nuclear force (INF) accord, denouncing the prospective agreement as a "nuclear Munich" that could imperil the NATO alliance. Kemp sits on the board of the National Republican Institute for International Affairs, a branch of Project Democracy's National Endowment for Democracy. The NRIIA has been implicated in boosting Mexico's Nazi-communist PAN party, and assisted in the over-

throw of Philippines President Ferdinand Marcos.

Economic policy: While he portrays himself as an advocate of "growth economics," Kemp derives his economic ideas from the Swiss-based Mont Pelerin Society. That connection is reflected in his ardent support for "supply-side economics" and radical deregulation, and specifically in one of his major initiatives, legislation to create "free-enterprize zones" in urban areas. The proposal, which would have eliminated most regulations, including minimum wage laws, in designated areas, was concocted by British Fabian Society member Stuart Butler, for the purpose of creating "mini-Hong Kongs" in the United States and other Western countries.

Similar is Kemp's current "urban homesteading" bill, co-sponsored by Rep. Richard Gephardt. The measure would remove the federal government from the public-housing field, by allowing public housing tenants to buy their homes or apartments. Kemp is campaigning on a platform that includes a return to the gold standard.

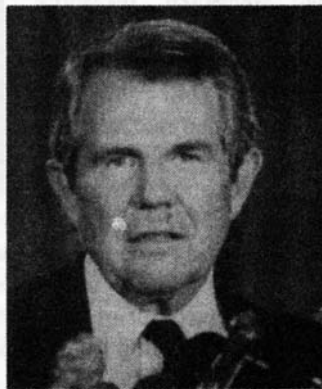
AIDS: Kemp favors testing prisoners, immigrants, and marriage-license applicants, but thinks it is "apocalyptic" to term AIDS a worse menace than the Black Death. Voted against an amendment, sponsored by Rep. William Danne-meyer (R-Calif.), to require AIDS testing of homeless people seeking medical assistance.

Pat Robertson

National security: Robertson is a key part of the "religious" apparatus of Project Democracy, and his views reflect his ties to that secret government behind the Iran-Contra fiasco. He has been implicated in private fundraising efforts for the Contras. His ties to Israeli intelligence run deep. He declares that he's an "expert on the Middle East," because "I know personally the former head of the Mossad . . . and we have access to people all over that region." His Christian Broadcasting Network runs a radio station in southern Lebanon, allied to Israeli surrogates.

Robertson toes Tel Aviv's line on Mideast policy, arguing that "the so-called West Bank . . . is never going to go back to Jordan, or to any other Arab entity," but will "stay under the overall military control of Israel."

He wants to reduce the U.S. commitment to NATO, complaining that "we have so much military presence in Europe. . . . It seems like we ought to be able to deploy those men somewhere else." Robertson claims to support the SDI, but has also called for defense budget cuts. He has repeatedly praised the Grace Commission for doing a "won-



derful job," even though the group's report provided ammunition for the Pentagon's appeasement-minded foes.

Economic policy: America's economic problems stem from overspending, Robertson insists, and the national debt "reflects public demand for instant gratification and the unwillingness of many to deny themselves." He "definitely favors" a constitutional convention to draft a balanced-budget amendment, dismissing arguments that a convention could lead to a wholesale rewriting of the Constitution. "The conventional procedure was established by the framers precisely to take control when a Congress abuses the system," he says. "It is the prescribed way for people to regain control of their government."

Robertson used to label America's basic industries "dinosaurs," and recommended against any effort to rescue them. He has changed his tune, and now says that the country must be reindustrialized. But he has offered no proposals for accomplishing this.

Robertson has little to say on the international economy. On trade, "We should serve due notice on the Japanese and our other trading partners" that "either give us free and fair access to your markets—or we will shut down America's markets to you." He criticizes the International Monetary Fund—not for its genocidal "conditionalities," but for not doing enough to rout out "corruption" among Third World leaders.

AIDS: He opposes testing of prisoners and immigrants, but favors tests for marriage-license applicants; opposes quarantine, but says AIDS could eventually become "so devastating that quarantine could be the only way to get it under control."

Science, technology, education: Robertson shares many of the views of science and technology espoused by "New Age" guru Jeremy Rifkin. Rifkin claims that industrial and technological progress increases chaos in the universe, and that Man must abandon these harmful pursuits and return to a "steady-state" economy. This, Rifkin admits, mean a drastic reduction in the world's population. Robertson has frequently featured Rifkin on his "700 Club" TV talk show, and also endorsed Rifkin's book *Entropy*. He was one of several religious leaders who signed a statement, generated by Rifkin, calling for an end to genetic technology.

THE DEMOCRATS

Bruce Babbitt

National security: The only Trilateral Commission member in the race, Babbitt says that "military spending must not be permitted to go on growing at the exaggerated pace of the Reagan years." On SDI, Babbitt proclaims: "I'm for stuffing the genie back in the bottle," and wants a "mutual moratorium on the development, testing, and deployment of

strategic defense.”

Babbitt argues that the “strict interpretation” of the ABM Treaty is the “only plausible interpretation, and therefore we are already obliged by treaty to refrain from developing and testing components of a missile defense.” As for anti-satellite weapons, “They should never have been allowed off the drawing board.” Babbitt supports a comprehensive nuclear test ban; limits on the Trident II; and vows to “abide by the terms of the SALT II agreement,” if elected.

AIDS: Supports mandatory testing, but only for those seeking a marriage license. Advocates “explicit” sex education with emphasis on AIDS “prevention.”

Economic policy: Babbitt’s views on economic issues closely parallel those of his pal, former Colorado Gov. Richard Lamm, who says the sick and elderly “should die and get out of the way.” He favors cutbacks in entitlement programs; a means-test for Social Security and Medicare; and welfare-reform centered on workfare.

Babbitt thinks the key to increasing America’s industrial competitiveness lies primarily in management techniques, not infrastructure investment. He has proposed greater worker participation and an “Equity Pay Plan,” to allow workers to take some compensation in company stock. He tells union workers that economic “reality” will require them to accept pay cuts. While governor, he called out the National Guard to control striking copper workers in 1983.

Babbitt styles himself as an expert on Third World issues. He chairs a New York Council on Foreign Relations study group on U.S.-Mexican relations, which has been principally concerned with preventing Mexico from adopting a Peruvian-style solution to its debt crisis.

Babbitt’s recommendations for Mexico typify the Liberal Establishment’s genocidal outlook. He insists that Mexico’s (and by extension, other LDC nations’) debt problems stem from “heavy-handed state intervention” into the economy. The solution is “liberalization”: closing down state enterprises, reducing the public-sector work force, eliminating restrictions on foreign investments. He cites Mexican President Miguel de la Madrid’s closure of Fundidora Monterrey, “a huge and inefficient steel mill whose shutdown threw 11,000 people out of work,” as a model of what needs to be done. “The sugar, fertilizer, and petrochemical industries should be similarly pared.”

Sen. Joseph Biden

National security: Biden sponsored legislation this year to force administration adherence to SALT II, as well as to the “narrow” interpretation of the ABM Treaty. He terms the administration’s “reinterpretation” of the ABM accord “flatly and clearly unconstitutional and beyond the power of the President.”

Biden castigates SDI as a “Maginot Line that is ravaging our economic capital, nuclearizing the heavens and yielding

the fate of our children’s world to the malfunction of a computer.”

AIDS: He favors testing of immigrants, and is undecided on testing prisoners and marriage-license applicants. Opposes quarantine.

Economic policy: Biden is proposing a “new era of economic nationalism,” which would include: legislation requiring 90 days’ notice of plant closings; legislation to stop corporate raiders; federal efforts to encourage worker ownership; and having U.S. banks “forgive interest and stretch out principal payments” on Third World loans.

He favors forcing welfare recipients to work for their benefits, and a National Community Service Corps.

Science, technology, and education: Biden wants to reallocate federal support for research and development from military to civilian purposes. He recommends lengthening the school day, stretching the school year to 220 days, and merit pay for teachers.

Rep. Richard Gephardt

National security: Gephardt’s strategic policy is a rehash of Walter Mondale’s. In the first few months of this year alone, he sponsored measures which would leave the United States virtually defenseless: a bill to force the U.S. to keep nuclear tests below the one-kiloton level; a measure to mandate continued U.S. compliance with the unratified SALT II treaty, by eliminating funds for any weapons that exceed the treaty’s limits; and a bill to force U.S. adherence to the so-called strict interpretation of the ABM Treaty. He wants to keep the SDI limited strictly to research, and to slash its funding by 50%.

Gephardt thinks Reagan’s labeling of the Soviets as an evil empire has been “particularly harmful.” He favors bringing the Soviets “into the Western world, moderating the more objectionable features of their police state, and getting them interested in economics in place of military competition.” He claims that Gorbachov is motivated by the same considerations as any U.S. politician, and that Soviet economic development is his highest priority.

His wife, Jane, belongs to Peace Links, whose ties to Soviet intelligence have been exposed in the Senate.

AIDS: He considers AIDS a major public health threat, but opposes mandatory testing, even in special cases (e.g., drug-users), and contact tracing. “It’s not worth the cost until we find a cure,” says an aide.

Economic policy: Gephardt is best known as the author



of the Gephardt trade amendment, which would mandate the President to use import fees, quotas and tariffs, to reduce imports from nations running a trade surplus with the United States by 10% per year.

He is behind another dangerous piece of economic legislation: the Gephardt-Harkin farm bill. Based on tight production controls, the measure would essentially make it illegal to grow food without a government license. It would replace the current system of government price supports, with a scheme in which the amount of a particular crop to be grown in any given year would be set by the secretary of agriculture. Selling foodstuffs without a "marketing certificate" would be illegal. The plan would boost food prices by 25-50%.

Gephardt says he will achieve a balanced budget by massive defense cuts. He was a chief force behind the tax-reform drive, which eliminated incentives for industry to make new capital investments. He previously supported a freeze on Social Security payments, and opposed a hike in the minimum wage, but has backed away from both positions for political reasons.

Science, technology, and education: Gephardt proposes to free up America's best scientific minds for commercial research, by slashing the military budget so severely that the defense sector will no longer be able to employ them.

Sen. Albert Gore

National security: Gore attempted to make a name for himself as a defense expert, by becoming an early advocate of replacing the MX missile with the smaller, one-warhead Midgetman. He opposes the SDI; insists that the United States adhere to the "strict interpretation" of the ABM Treaty; and has assailed the administration for breaking out of the SALT II Treaty.

Gore traveled to Moscow in early June to consult with top Soviet officials, including Anatoli Dobrynin, Central Committee Secretary for International Relations. According to *Pravda*, Gore promised the Soviets that the need to improve U.S.-Soviet relations would take "a prominent place in the U.S. election campaign."

Gore has been endorsed by longtime Soviet agent Armand Hammer—a business partner of his father.

His wife, Tipper, is a member of Peace Links.

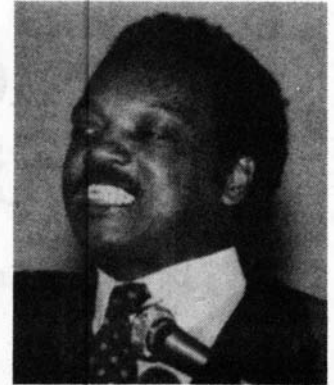
AIDS: Gore adamantly opposes mandatory testing of any kind, claiming it would waste limited resources which "should be focused on those at high risk, who currently must wait as long as three months to be tested."

Economic policy: Gore voted for the Gramm-Rudman-Hollings balanced-budget bill. He proposes to reduce the federal deficit by increasing economic growth—without specifying how—and says that if that doesn't work, he will raise taxes and cut spending. He blames the deficit on increases in the Pentagon budget.

Science, technology, and education: Gore used the Challenger space shuttle disaster to promote a "go slow" approach toward America's space program. He has consulted with Jeremy Rifkin on biotechnology, and proposed the creation of a Biotechnology Commission to set limits on experimentation. No fan of nuclear energy, Gore sides with local environmentalists in the effort to keep New Hampshire's Seabrook nuclear power plant closed.

Jesse Jackson

National security: Jackson holds the most notoriously anti-Western views on foreign policy of any of the current presidential contenders. He has had kind words not just for the Kremlin leadership, but for their terrorist assets, such as Muammar Qaddafi. He has a cozy relationship with Fidel Castro.



He backs a nuclear freeze and comprehensive nuclear test ban; opposes the SDI and the MX; and wants to slash U.S. defense spending and reduce the American military presence in Western Europe. He has been closely allied with the international Green movement, a joint project of the Soviet Union and the Club of Rome.

Jackson is an outspoken supporter of the Soviet-backed terrorist organization, the African National Congress. He urged the United States to slap a total embargo on South Africa, despite warnings from Mangosuthu Buthelezi and other South African black leaders, that this would wreak havoc on the country's black population.

Economic policy: Jackson's platform calls for investing \$100 billion in pension fund assets in "reindustrializing" the country, and establishing "economic impact boards" to review proposed corporate mergers and determine their costs in terms of lost jobs and tax base. He thinks American firms should adopt "Japanese-style management techniques."

He wants to create a "Pan-American Security Energy Alliance," linking such oil-producing states as the United States, Canada, Mexico, and Venezuela, and impose a \$10-per-barrel fee on imported oil. On trade, Jackson wants the United States to renegotiate its economic relationship with Japan, stating that Reagan's imposition of tariffs on Japanese semiconductors amounted to throwing a "\$300 million dollar snowball at the Japanese inferno."

AIDS: Jackson opposes all forms of mandatory testing, and says the United States "ought to be moving toward more research on AIDS development and a greater capability to test. But it ought to be confidential and it ought to be voluntary."

Venice summit is signal to run from the dollar

by William Engdahl

President Reagan, inadvertently or intentionally, indicated the principal result of the just-concluded Venice Summit meeting, in what was later represented as a verbal slip before a June 11 press conference. In response to a reporter's query on the future of the dollar, the President told a stunned world, "It could be within reason there would be some lowering of its value in relation to other currencies. . . ." White House press spokesman Marlin Fitzwater told the press corps immediately after these remarks, "What the President wants is stability of the dollar. In other words, no change."

However, the fact that the United States asked its trading partners to continue printing money to pay for America's \$150 billion annual foreign borrowing requirement, and its partners declined, virtually guarantees the end of the dollar's role as principal world reserve currency. The absence of the privileges associated with that role, i.e., persuading other nations to invest their reserves in the debt-paper of the U.S. Treasury, could well bankrupt the Treasury itself.

The London *Financial Times* declared in an editorial June 11, "Mrs. Thatcher made the right comment on the Venice summit by coming home early. . . . There appears to have been no productive meeting of minds among the canals." They conclude that "time is growing short, because intervention on the scale set recently courts a monetary inflation of the late 1970s. The question which Venice leaves on the agenda is whether effective political leadership can be reestablished in time to face the real problems. . . ."

The situation in the wake of the meeting was characterized by one informed West German observer as "not a summit, but a crater." Since January, when the U.S. administration escalated the forced bailout of its bankrupt financial

policy through "talking the dollar down," the industrial world's largest central banks, led by Japan and West Germany, have been forced to intervene to try to stabilize the dollar at a cost of what has been estimated anywhere from \$70 billion to some \$150 billion. "The central banks did a staggering intervention since January and the dollar still dropped 11% against the yen and mark," one London trader admitted.

Debt in Venice

Venice was supposed to agree on how Washington might continue borrowing \$150 billion a year, to meet its \$170 billion annual trade deficit and \$180 billion (but potentially much larger) budget deficit, without raising interest rates, and triggering overt depression prior to the 1988 elections. The dependency of the United States on Japanese credit is analogous to the dependency of the bankrupt British Empire in 1929-31 on a bailout from the United States.

In 1986 Japanese investors propped up the Reagan deficit, the indicator of the failure of the "Reagan recovery," by buying an estimated \$60 billion, almost 40% of the total deficit. When a falling dollar began to scare away further Japanese investment in the early weeks of this year, New York financial houses were forced to begin raising interest rates on treasury bonds to lure the Japanese back in for the May 6-9 U.S. Treasury sale. The underlying instability of the global economy, which has been aggravated by Washington's "dollar collapse policy," was such in the days before Venice that everyone expected the summit to reach a solemn agreement among the world's most powerful heads of state to stabilize the dollar and at least address the underlying

economic instabilities.

"It's simply unbelievable that the markets haven't reacted more negatively," a well-placed European banker confided to this writer the day after the Venice Economic Summit. "Nothing serious was dealt with on the Third World debt problem; West Germany refused to give anything, and Japan's pre-summit concessions won't fundamentally affect the dollar. Now you have this signal from Reagan which tells us that Washington is ready to talk the dollar down again. All expectations were on something coming out of Venice to stabilize the dollar."

The \$1 trillion debt crisis of the developing sector nations, notably Ibero-America, was one of the principal items of global instability which was expected to have been a focus of Venice. In addition, some form of joint action to deal with the collapsing dollar was considered essential.

According to a Danish Radio report from Venice, when French President Mitterrand held a meeting with Reagan on May 9, the French President asked for the issue of a reorganization of the developing countries' staggering debt burden to be discussed. Reportedly, Reagan replied by demanding instead that the industrial leaders agree to collapse the multibillion-dollar farm economies of Europe and the United States by agreeing to the Trilateral Commission "free market" agenda of the May 13 OECD ministers meeting.

The meeting got heated. Mitterrand refused to destroy his 1988 election prospects by agreeing to any further cuts in agriculture support. Reagan refused to discuss the vital debt issue, despite the manifest crisis of U.S. banks and the collapse of debtor economies across Africa, Ibero-America and the Pacific Basin. (See Africa Report, page 14.) The result was a final communiqué which said nothing of substance on the urgent debt crisis or the agriculture issue.

Some financial circles in Western Europe and Japan speculate that the failure at Venice and the "bolt out-of-the-blue" appointment of second-rate Wall Street economist, Alan Greenspan, to replace Paul Volcker at the head of the world's most critical central bank, is part of a "package." The view is that the Reagan administration is attempting to defy the laws of the universe in order to push desperately past the 1988 elections without a catastrophic financial collapse.

There is a major problem. "The second the international speculative markets get a hint that Alan Greenspan wants to lower interest rates to save the 1988 election," a leading Danish banker stressed, "that will kill the dollar completely." And the minute he tries to raise interest rates to keep investment in the dollar from Japan and other creditors, this will kill the domestic U.S. economy. Leading London financial insiders say it is impossible to keep the U.S. financial bubble from bursting at this stage for more than a few weeks or months. Most expect the dollar to come under major speculative attack by September or October, as Greenspan assumes office. "The problem is made more unstable now with Greenspan," a Swiss banking source stressed. "Now the Federal Reserve is composed of a collection of mediocrities in the midst of the greatest crises facing the world economy. People here in London are in disbelief."

At this point, the slightest shock could trigger a major financial panic of uncontrollable scale. Never before have international financial investment flows been at such a precarious uncertainty. Some London observers expect Japanese restraint against dollar speculation to erode now that Venice has passed. Once any slight shift away from Japanese support of the dollar or U.S. government treasury debt begins to appear in today's hypersensitive international markets, this could trigger the long-feared dollar crash.

New Yalta deal in Gulf?

Though denied some 24 hours later, the declaration of White House Chief of Staff Howard Baker on June 7 in Venice that "Soviet policy" toward the Persian Gulf has represented a "positive" and "historical shift" revealed more on American-Soviet cooperation in the Gulf crisis than dozens of other statements. Baker declared the following day that he had been misquoted and wanted actually to say that the Soviets had been "unhelpful."

Baker's initial statement, which was not denied by President Reagan, was taken as a trial balloon to the other partners of the Venice summit which gathered the following day, and a signal to Moscow. The same day, First Deputy Foreign Minister Yuli Vorontsov was telling the

New York Times that Moscow was committed not to escalate tension in the Gulf region, and would not increase its military presence. Two days later, on June 9, two additional Soviet warships entered the Gulf, bringing to seven the Soviet taskforce.

The June 9 final resolution of the Venice summit did not speak of further Western military build-up in the Gulf region, focusing instead on efforts at the U.N. Security Council by the five permanent members, who have been meeting continuously in secret for the past four months, at the initiative of the United States and Soviet Union.

More revealing was perhaps the resolution on terrorism: It took most of last year's resolution, but deleted, at the initiative of the U.S. delegation, the sentence calling for an "arms embargo against all States sponsoring terrorism." An assistant to Shultz commented that this was to avoid a painful reminder of the Irangate affair.

Gnostic drug cultists make violent try for power in Panama

by Gretchen Small

On June 9, the State Department's American Republics Division gave official backing to a campaign of "civil disobedience," riots, and strikes in Panama. Promised U.S. support, the "opposition," a group of gnostic cultists and drug runners tied to Fidel Castro, has stated it will fight until the military heads quit, and the government hands over power to their new "Junta."

The coup attempt in Panama is being masterminded by an organization more evil than most ordinary citizens have the power to conceive—the Gnostic International. This Gnostic International, based on satanic beliefs that were used against Christianity already in ancient times, runs the world's narcotics trade through its centers in the Soviet satellite nations of Cuba and Bulgaria. *EIR* documented a textbook case of this in 1984, the gnostics' control of Colombia's M-19 terrorists.

Yet—in the latest treasonous act of George Shultz's State Department—U.S. embassy personnel were ordered out on Panama's street corners early in June, to cheer on Castro's gnostic allies in their efforts to overthrow an allied government and military, which has provided exemplary collaboration with the United States in the war on drugs!

The followers of Baba

The crisis was triggered on June 6, when the former Deputy Commander of Panama's Defense Forces, Col. Roberto Díaz Herrera, called reporters to his home, promising to release "proof" that Panama's military high command had engaged in corruption, murder, and fraud to keep themselves in power. Díaz Herrera issued a series of accusations, by and large repeating the slanders circulated early in 1986 by the U.S. National Security Council, then headed by Adm. John Poindexter, who was later dismissed in the Iran/Contra scandal.

Díaz Herrera charged that the Defense Forces (PDF): 1) put Nicolás Ardito Barletta in as President of Panama through fraud in 1984, and then forced him to resign in 1985; 2) ordered the assassination of [Libyan-financed arms and drug-runner] Hugo Spadafora in September 1985; and 3) allowed widespread corruption, including accepting \$12 million from the Shah of Iran. Díaz Herrera spoke of his former superior and long-time factional opponent, Gen. Manuel Antonio No-

riega, the commander of the PDF, with particular venom.

Noriega is the principal Central American foe of the very same illicit Contra drugs and arms trafficking networks, who were (and are) protected by the "parallel government" of the U.S. Iran/Contra affair—including not only Poindexter and Oliver North of the NSC, but Assistant Secretary of State Elliott Abrams, who has yet to be fired.

Díaz Herrera added one new accusation. In 1981, he charged, then-Colonel Noriega had plotted with the American CIA, U.S. Southern Command head Gen. Wallace Nutting, Panama's Christian Democratic party leaders, and Col. Alberto Purcel (now Deputy Commander of the PDF), to assassinate Gen. Omar Torrijos. Torrijos died in a mysterious plane crash in August 1981.

Díaz Herrera offered nothing concrete to back up his allegations, only claiming that he had given "proof" to Panama's Catholic Archbishop, Marcos MacGrath.

The colonel had resigned from the PDF one week before, for "health reasons." Now it became clear, he was forced out for *mental* health reasons. Díaz Herrera announced that he was acting in accord with instructions from the new "man-God," Indian guru, Satya Sai Baba, whom he called a new "divine incarnation like Jesus Christ." After seven months of studying Baba's writings, "I felt the desire to transform Panama," Diaz Herrera told the *Wall Street Journal's* reporter. He added, "I have no doubt that he, not I, is in command of everything." Baba is my "secret weapon" against Noriega, he raved.

Díaz Herrera continued to give almost non-stop interviews to domestic and foreign journalists, frequently contradicting himself in the process. In his babblings, however, Díaz Herrera revealed the existence of a broader gnostic esoteric network in the Caribbean, which he threatened is prepared to unleash "a psychic, mystic and religious war" in the region.

The network includes Cuba's Fidel Castro, and Socialist International Vice-President José Francisco Peña Gómez. Peña Gómez can corroborate my charges on the Torrijos assassination, because he, too, knows of Baba and esotericism, Díaz Herrera asserted. "He told me that he has spoken twice with the spirit of Torrijos, that the spirit of Torrijos is restless because he was assassinated," Díaz Herrera swore.

"Fidel Castro is an esoteric," he added. "I have spoken two times to Castro, and we spoke in these terms. He is a spiritual man, despite the fact that he is a Marxist-Leninist." Díaz Herrera praised Castro as a "profoundly human man, a great friend not only of Panama, but an extraordinary friend of mine."

Uprising begins

Díaz Herrera's gnostic "revelations" were used to trigger the uprising against the government for which the opposition had been preparing for over a year. On June 9, five opposition parties, led by the Christian Democrats, announced the founding of a "Patriotic Junta of National Resistance." The Junta, in turn, ordered party members to refuse to pay taxes and tolls, and take to the streets to demonstrate and block traffic. A broader coalition of "civic" and business groups joined with the new Junta to found a "Civilian Crusade to Rescue Democracy," which then called an indefinite general strike until the government, as well as Noriega and the rest of the High Command, resign.

The followers of Arnulfo Arias, the octogenarian, three-time President of Panama who lost the 1984 election to Barletta, took to the streets, proclaiming the return of Arias to power, since Díaz Herrera's charges proved that Arias was now the legitimate President. Arias, like Díaz Herrera, is an occultist, initiated into several secret societies in the 1920s. He was overthrown as President in 1940, with U.S. help, because of his proclaimed support for Adolf Hitler, later accused of protecting drug-traffickers in Panama, and campaigned for the presidency in 1984 on the grounds that it was "foretold in the stars" that he should be the one to usher in the Age of Aquarius to Panama.

By June 10, "civil disobedience" had turned into riots, trashings, and burnings. As the riots continued, a state of national emergency was declared on the night of June 11. President Eric Delvalle backed the Defense Force High Command, and denounced the opposition's actions as the result of a foreign conspiracy against the country. Speaking at a rally called to demonstrate popular support, Noriega declared, "They want deaths, but we will not give them deaths. The Armed Forces reiterate our intention to defend the constitutional order."

The drug connection

Cheering on the general strike are the opposition newspapers, *La Prensa* and *Extra*. Less than three weeks before, the same newspapers had angrily attacked U.S.-Panamanian cooperation in the war on drugs, protesting the Panamanian government's decision to lift the rights to bank secrecy for accounts used by drug-traffickers. When it was announced on May 7 that Panama had frozen 54 accounts in 18 Panamanian banks, in collaboration with the Drug Enforcement Administration's most successful anti-drug sweep ever, "Operation Pisces," *La Prensa* and *Extra* cried that the action

"will devastate the Panamanian banking center." Panama's offshore banking center was set up by Ardito Barletta, a former economics student of George Shultz at the University of Chicago, when Barletta was head of Panama's monetary board in 1970.

Guillermo Cóchez, one of the leading assemblymen of the Christian Democratic party now leading the "resistance" to the government, also protested Operation Pisces as a violation of national sovereignty. *La Prensa* blamed the military. "Matters dealing with drug-trafficking and money laundering are handled by Panama's Defense Forces solely for propaganda purposes and to serve U.S. interests," the paper editorialized on May 12. U.S. anti-drug officials later reported that Díaz Herrera had attempted to sabotage the military's cooperation with Operation Pisces.

La Prensa's opposition to lifting bank secrecy is understandable. The owner, Roberto Eisenmann, and the former director of the paper, Winston Robles, had been implicated in the money-laundering operations of the Fernández marijuana syndicate, when the leaders of the syndicate were brought to trial in 1985!

Yet, on June 10, State Department spokesman Phyllis Oakley announced that the Department "support[s] the efforts of Panamanians to get all the facts out in a manner that is fair to all. Panamanians can resolve this situation only on the basis of the truth." Challenged by *EIR's* Washington correspondent, Nicholas Benton, on June 11, that the Department's position "gives credibility to Díaz Herrera, who is a gnostic and an admirer of Fidel Castro," Oakley reiterated that "the U.S. supports all efforts to get out all the facts in an atmosphere of democracy."

Panamanian sources report, that support included ordering U.S. embassy personnel out on the streets to cheer the demonstrators on.

U.S. military men have not been so quick to join the State Department in supporting a man they have long identified as an opponent of the United States. General Nutting, named by Díaz Herrera as part of the plot, called the charges "ridiculous," in an interview with the *Washington Times* June 10. "Col. Díaz Herrera is doing this for his own personal reasons. It sounds to me as though he's making a power play internally to take power from Noriega," Nutting stated.

The State Department's Assistant Secretary for International Narcotics Affairs, Anne Wroblewski, chose to make public her office's hopes for continued cooperation with the existing government of Panama. Wroblewski released a statement on June 10 announcing that the U.S. and Panamanian governments have agreed on strengthening the cooperation which led to the successes of the first Operation Pisces.

As the crazed Díaz Herrera told the *Washington Post* on June 11, he is counting on the CIA and the Pentagon to provide the "proof" of his wild charges. "Nobody in Panama wants to be a kamikaze hero if the U.S. is concealing information and protecting Noriega," he said.

'Central Enterprise': defending NATO's most vulnerable flank

by Michael Liebig and Dean Andromidas

The skies of West Germany played host June 1-5 to "Central Enterprise," NATO's largest annual air exercise involving over 1,000 aircraft, conducted amid the most overcrowded airspace and densely populated regions of Western Europe. Participating air forces included those of the United States, the Federal Republic of Germany, the United Kingdom, Canada, the Netherlands, and Belgium. This show of NATO solidarity was reinforced with the participation of the French Air Force, despite France's non-integrated status with respect to NATO's multinational military structure.

Seven participating national air forces conducted over 1,500 sorties daily in fully integrated operations under simulated Warsaw Pact attack. This multinational cooperation at all levels was testimony to the ability of the NATO alliance, if properly armed and politically backed, to face an attack by the Warsaw Pact. It stands in sharp contrast to the political crisis precipitated by the "zero-zero option" for pulling down the West's nuclear arsenal in Europe, and continuing calls by political circles in the United States for withdrawal of American forces from West Germany. The exercises underscored not only the absolute necessity of strong U.S. participation in current force levels, but the indispensable role of American technology to NATO defense.

NATO's strengths and weaknesses

Central Enterprise has as its purpose the testing and exercise of NATO's command and control, as well as the capabilities of its air combat units to meet a simulated Warsaw Pact air attack, sustain it, seize the initiative, and conduct the counterattack. The exercise demonstrated the many strengths and weaknesses of NATO's aviation.

NATO doctrine has always seen air supremacy as key to the defense of Western Europe. NATO-Warsaw Pact force comparisons have traditionally been premised on maintaining the "balance of imbalances." It has been NATO's conviction that technological superiority of its aircraft, avionics, and weapons and air-defense systems work to offset Soviet superiority in numbers of aircraft and other systems. Moreover, Western military doctrine sees the motivation and ini-

tiative of its citizen-soldier or airman, trained in a doctrine that stresses initiative and leadership at all levels, as the crucial factor. It is felt that this flexibility is key to countering a Soviet doctrine which, while highly offensive, is characterized by an overly centralized command structure that works to stifle initiative at the lower command and the level of the individual soldier or airman.

Under Soviet Marshal Nikolai Ogarkov's war plans, these basic assumptions are being challenged by the introduction and deployment of new Soviet aircraft including the MiG-29 Fulcrum, MiG-31 Foxhound, SU-27/Flanker with their "look down-shoot down" radars, and more capable air defense systems, in addition to further Soviet deployment of intermediate- and short-range nuclear and non-nuclear missiles. Soviet biological and chemical capabilities, as well as deployment of "spetsnaz" irregular forces, represent threats that are clearly closing whatever gap Marshal Ogarkov might have feared in the past. Added to this challenge is the Soviet effort to develop radio-frequency weapons as part of trying to outflank new Western capabilities in the battlefield spinoffs and other gains of the Strategic Defense Initiative and other technological efforts.

For NATO to hold an effective deterrent value, it must not only be able to meet a Soviet offensive attack, but to maintain the survival of its air resources and its logistical communications, i.e., air bases, population and industrial centers, ports, etc., as a firm base from which a counterattack deep into Warsaw Pact territory can be mounted. The need for NATO to embark on its own Tactical Defense Initiative (TDI) program encompassing the most advanced technologies based on "new physical principles," in this context becomes imperative. This is dramatically revealed in the current force comparisons between NATO and the Warsaw Pact. Such comparisons are further testimony to the absolutely critical role of U.S. contributions to the NATO force structure.

As the accompanying graph demonstrates, NATO maintains parity in certain categories of aircraft, particularly fighter-bomber and ground attack. In others, such as the crucial

category of fighter/interceptors, electronic warfare, and bombers and deep strike aircraft, the superiority, at least in numbers, lies with the Warsaw Pact. Although these figures do not include the French capabilities which one could expect to take part in a defense of Europe, it should be noted that all additional reinforcement during "times of tension" or an actual war would be from the continental United States. This would include 1,350 U.S. fighter bombers and ground attack aircraft, 230 reconnaissance aircraft, and 75 bombers; the United States is the only NATO nation possessing a real bomber capability. Furthermore, but for France and the United States, no NATO nation has a modern strike aircraft.

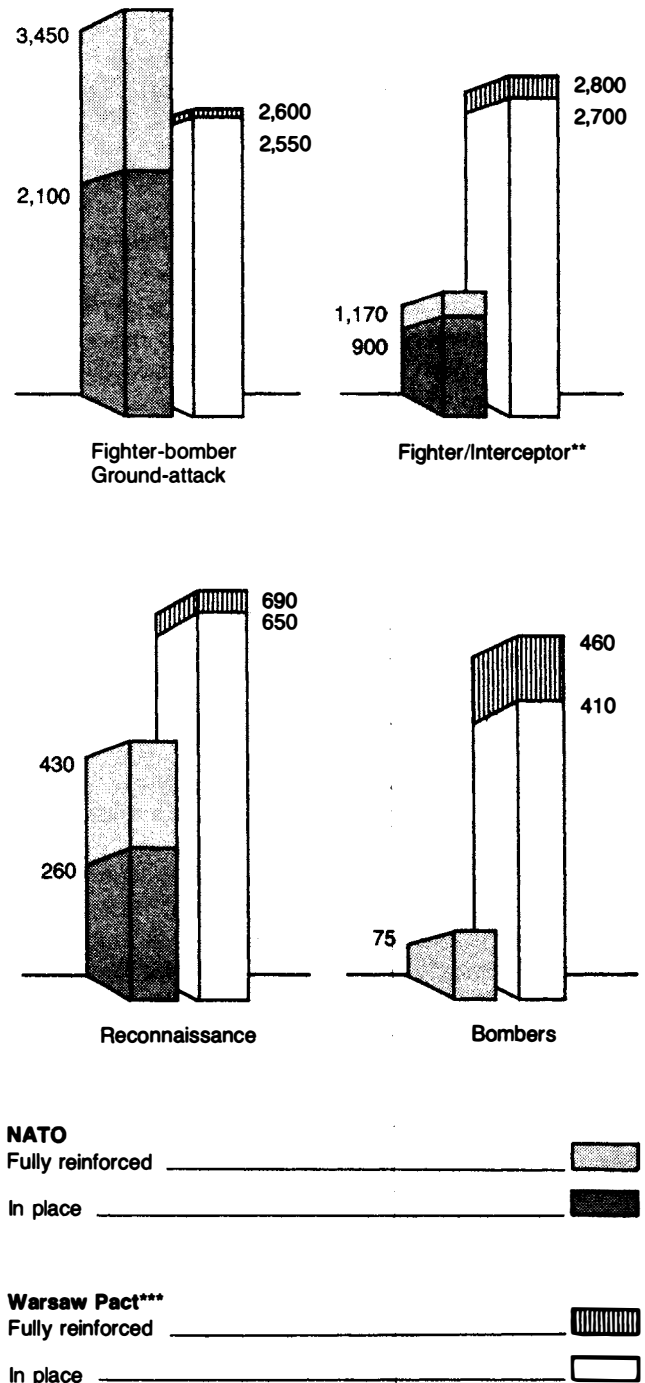
Soviet superiority in the critical area of fighter/interceptors, bombers, and reconnaissance corresponds to Soviet offensive doctrine of deep strikes into the full depth of NATO's central front and rear areas, while gaining complete air superiority at the outset of hostilities. This ability of the Soviets to concentrate their air resources, including ground-launched ballistic and short-range missiles, as well as a new generation of cruise missiles, in the initiating attack, is aimed at forcing NATO to commit more of its air resources away from the battle on the ground to the air battle, and lies at the heart of the problem facing NATO's air commanders.

The defense mission

To meet this challenge, NATO has built a layered air defense system throughout the central front facing East Germany and Czechoslovakia, extending north to the West German state of Schleswig-Holstein, and south to the Swiss and Austrian borders. This central front comprises the Federal Republic of Germany, the Netherlands, Belgium, and Great Britain, and in time of war, northern France. The air component of this command is designated "Allied Air Forces Central Europe" based in Ramstein, West Germany, comprising the air forces of the F.R.G., the United States, U.K., Belgium, and the Netherlands; it maintains subordinate commands dividing the central front into a northern and southern half.

Running north-south along the central front is an air defense belt comprising a system of high and low altitude radars as well as tactical radar systems and the now-functional NATO AWACS system capable of "seeing" deep into Warsaw Pact territory. These AWACS, introduced into NATO for the first time in 1986, are manned by mixed crews from among all the NATO countries and are the only radar or other operational system managed by the NATO military command at Supreme Headquarters. These radars in turn feed information for target acquisition to the weapon systems which include a variety of surface-to-air missiles and manned aircraft, heavily armed with air-to-air missiles and other munitions. Crucial to the working of the system is "flexibility," for its mission is not only to sustain an initial attack but point defense from spetsnaz and other threats, intelligence and reconnaissance, ground support, and most—important—the ability to shift from defense to offense and counterattack deep into

FIGURE 1
NATO-Warsaw Pact combat aircraft*



Excludes France and Spain

* U.S. estimate of 1986 NATO data

** Excludes Soviet strategic interceptors

*** An additional 4,000 trainers are available

Source: U.S. Department of Defense

Warsaw Pact territory.

This year's "Central Enterprise" is one of the first exercises to demonstrate the operation of the new Patriot low-to-high altitude surface-to-air missile, replacing the aging but nuclear-capable Nike. A visit to one Patriot site at the West German Wunstorf Air Base demonstrated some of NATO's strongest capabilities. Here was an American-made state-of-the-art weapon system, manned by the Royal Netherlands Air Force, protecting a West German Air Base and its surrounding territory. A very enthusiastic Dutch officer, one of the missile battery's fire control officers, described the tremendous capabilities of this system with its state-of-the-art phased array radar, impervious to known Soviet electronic warfare capabilities, and computerized tracking system capable of automatically tracking and killing as many as 100 targets simultaneously. As one officer commented, "The system doesn't care whether the target is a missile or an airplane." Its deployment is to be completed by 1992.

The Patriot, being the front line of the missile belt, is backed up by the low- to medium-altitude Hawk, and the low-altitude Rapier, Chapparral, and Roland surface-to-air missile systems. These are older, less capable systems deployed primarily for point defense.

It is clear that the capabilities of these systems and future developments, given the possibilities of SDI as well as a future TDI, could have a potent impact on Soviet military planners. Reinforcing the fear of rendering their missiles and aircraft so much flying scrap metal, is the key to deterrence. This fear can only be induced with a broad deployment, well beyond their current deployment status, and a robust R&D effort offered by a TDI.

A visit to the British Royal Air Force at Wildenrath Airbase, near Mönchengladbach, offers a look at the third layer of this defense system—manned aircraft. Wildenrath is one of several British air bases within the 2nd Allied Tactical Air Force responsible for the defense of the north German plain. It is home to the 19th and 92nd Air Defense Squadrons. "Air Defense" means the primary function is the defense and securing of air space, the "air supremacy" mission. They carry no bombs, because their targets are Soviet aircraft. Their aircraft are painted the pale blue-grey camouflage, a color scheme that makes them difficult to be seen as they swoop down on the low-flying enemy strike aircraft. Their aircraft, F-4M Phantoms, testify to the importance of the Alliance, particularly the role of the United States. An American-designed aircraft of the Vietnam War era, the F-4M Phantom has more powerful British Rolls-Royce engines, making it capable of speeds above Mach 2. It is armed with radar-guided and infrared air-to-air missiles and a Gatling 20 mm cannon, guided by an advanced technology Airborne Intercept Radar.

In Wildenrath, the total complexity of ground operations can be seen as aircraft, in individual concrete hangars hardened to protect them from blast effects, are "turned around."

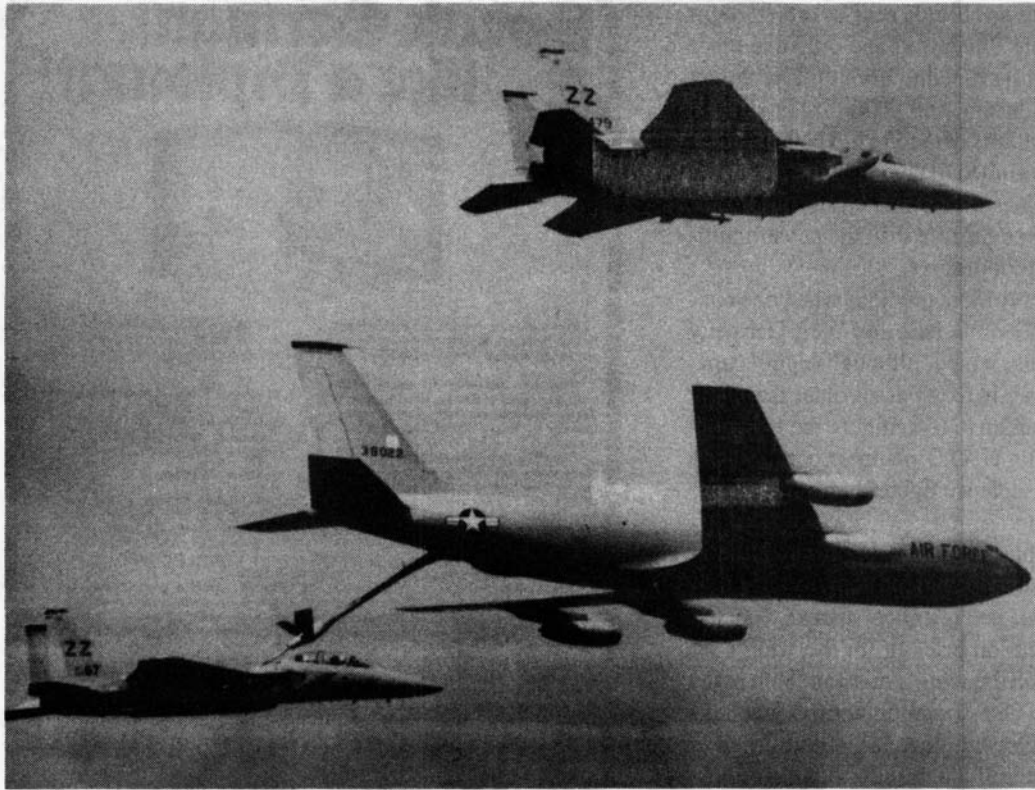
Here ground crews wearing special suits to protect them from the effects of nuclear, biological, and chemical attacks, move rapidly but methodically to rearm, refuel, and service aircraft returning from missions, getting them back into the air in less than 90 minutes. As part of NATO's interoperability, this same facility can turn around aircraft of other national air forces including the F-16s and F-15s of the American Air Force, the Belgian and French Mirages, Dutch F-5s, and German Tornados.

Today's modern aircraft are among the most powerful weapons. Their air bases, their vital source of fuel, ammunition and repair, are among the most vulnerable targets in the military structure. With NATO's primary bases less than 200 kilometers from the East German border, their defense is key. Although air defense is maintained by a network of Rapier low-altitude missiles, for the protection of these sites a TDI is absolutely essential.

Although "Central Enterprise" did not include the exercise of defense from ground assault, the same regiments manning these missiles are responsible for perimeter defense. More immediate is the rising concern among European military circles regarding the vulnerability of these bases to Soviet irregular warfare and spetsnaz operations, under the cover of anarchist and terrorist activities and East bloc TIR trucks traversing the highways of Europe. It is these air defense regiments in cooperation with the West German authorities that are responsible for securing the bases from Soviet spetsnaz operations. Both regiments had extensive histories of experience in irregular warfare techniques including the capture of enemy air bases during World War II. Having had assignments in Malaya, Aden, Cyprus, etc., they represent an important potential for countering spetsnaz assault if given a chance.

The offensive mission

Following the "defense" phase, the air forces move onto the offensive. Here, besides air superiority, the mission of support to ground operations and counterattack deep into Warsaw Pact territory is simulated. In accordance with current NATO "FOFA" doctrine introduced under Allied Supreme Commander Gen. Bernard Rogers, NATO's airpower will have the mission of knocking out the Soviets' second echelon of forces. Air defense aircraft like the British F-4M Phantoms take on the additional mission of "escorting" attacking air formations. These formations could comprise British and West German Tornados and American F-16s' radar and navigation systems enabling them to fly very low, at high speeds. Practice in flying at altitudes of as low as 30 meters is extremely important, but impossible, for safety and noise considerations, over the densely populated German countryside. Despite the restrictions, it would be hard for most Americans to imagine a military exercise like Central Enterprise to be flown in a comparable American region such as the skies over the Boston-New York-Washington corridor.



U.S. Department of Defense

The F-15 jet fighter (lower left) is refueled in flight. The plane is the most capable all-weather fighter in the U.S. Air Force.

In addition to hitting “deep” targets, the air force has a ground support mission, although most NATO ground forces operate their own air platforms including helicopters and fixed-wing aircraft. The United States Air Force operates its “tank killer” A-10, a slow but highly maneuverable jet aircraft designed to carry immense amounts of powerful anti-armor munitions. The British have their Harriers, capable of vertical takeoff, as well as the British and West German Alpha jet.

Within this offensive mission, Central Enterprise exercised air reconnaissance for the collection of vital tactical intelligence including enemy ground formations, air bases, and logistical communication. In war “real time” is the crucial question. While satellite intelligence can be jammed, its major drawback is the “real-time” one, how long it takes to get from the “sensor,” be it an infrared camera or a behind-the-lines reconnaissance team, to the responsible commander. A visit to the German 51st Reconnaissance Squadron based at Bremgarten Airbase, gave a glimpse of the complexity and efficiency of modern air reconnaissance. Flying specially fitted F-4 Phantoms, the 51st is Germany’s oldest “air recon” squadron, celebrating its 30th anniversary. Here the real-time factor can be as low as 30 minutes, depending on the distance of the mission, when photographic intelligence of enemy airfields, battle formations, and other potential targets can be processed and gotten into the hands of relevant commanders. Utilizing American technology, the

aircraft are fitted with three types of sensors: 1) the most advanced optical cameras, which give views in several directions as well as panoramic; 2) a state-of-the-art infrared camera capable of “seeing” in the night, or through fog or smoke; and 3) a new type of radar sensor.

A weak link in these other missions, according to NATO commanders, is that of electronic warfare, a field where the Soviets place high emphasis. Although the Americans have the EF-111 “Raven” and EF-4 “Weasel,” the West Germans are hard pressed. Although a squadron of Tornados is to be configured for electronic warfare, the West German Air Force currently employs a specially configured commercial executive jet—a very inadequate solution, the Germans are quick to admit.

Preparedness

A visit to the U.S. Air Force’s 36th Tactical Fighter Wing based at Bitburg, in West Germany’s Eifel Mountains, gave us a glimpse at “preparedness.” Bitburg is the key American air defense base in West Germany, flying the F-15, the most capable all-weather air defense superiority fighter in the U.S. Air Force. Designed around the most advanced radar system in the world with the ability to locate and track low- and high-flying aircraft at great distances, the F-15 has a look-down shoot-down capability. Capable of speeds in excess of Mach 2.5, it can climb to 98,000 feet in three minutes. This has given the F-15 the mission of carrying the American experi-

mental anti-satellite rocket to an altitude near its orbital flight plan. The Bitburger wing has 70 aircraft and only one other wing, in the Netherlands, is stationed in Europe. The Soviet top-of-the-line MiG-29 Fulcrum and MiG-31 Foxhound fighter/interceptors are imitations of the F-15. The F-15, also stationed in Japan and in the United States, was first deployed in Europe in 1977, but remains the newest air defense superiority fighter in Europe, more capable than the newer multi-purpose F-16 and F-18 fighter/bombers.

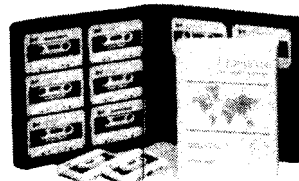
These aircraft become ever more precious when one considers that the air forces of Great Britain and West Germany are employing F-4 Phantoms, which, although highly capable, have air frames which are in many cases older than their pilots. Although the British plan to reconfigure the new Tornados for air defense, leading NATO planners consider it a poor option; yet no new air-defense fighter has come off the drawing boards.

At Bitburg one passes through airtight doors to enter the operations center, a hardened concrete bunker protected from blast and nuclear, biological, and chemical attacks. In a departure from the normal mission briefing for the wing's pilots, journalists are briefed on the wing's mission, both in the exercise and in peacetime. One squadron commander tells how, over the first day of operations, his squadron, in a "mixed fighter force" including the French Air Force, engaged five different types of "enemy" aircraft, in this case Belgian Mirages, German Tornados, American F-16s, and other aircraft in the role of "enemy."

Our group of journalists is then taken to the "Zulu Alert Station." Here, as at all NATO air bases, four aircraft are fully armed with live munitions, with their crews sleeping and eating within a few yards of their aircraft, prepared to "scramble" at the first report of an intrusion by unidentified or Warsaw Pact aircraft attempting to enter central front airspace. These aircraft can be airborne in five minutes. It could be shortened to two minutes if it weren't for the navigational systems's needing three minutes to warm up. We are told that such scrambles occur for real at least twice a month, although practice runs are made more often. The siren lets out its shrill wail, the pilots cease their briefing of journalists and are in their cockpits, engines are switched on, mission instructions are radioed to the pilot, and within three minutes the aircraft are taxiing out to the runway and are airborne a few moments later.

Beyond the exercise, these aircraft represent an important part of a deterrent effort that must be in place and demonstrable every day. The erosion of that deterrent, and the failure not only to maintain current levels of preparedness but their expansion and development, can decide whether there is war or peace in Europe on a daily basis. One hopes that the high degree of motivation, determination, and *esprit de corps* demonstrated in these exercises, and the vital role of the United States air forces can be appreciated by our politicians and policy-makers.

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Korean violence is Soviet-deployed

by Linda de Hoyos

On June 12, the day of the visit of President Ronald Reagan to West Berlin, the city was rocked by violent demonstrations led by the Soviet-backed SEW Party and the Green Party. Military strategists in the United States and Western Europe properly view the protests, which have escalated over the last month, not as an eruption of rage against authorities, but as a deployment of irregular warfare ordered and directed by the Soviet Union, in preparation for a global strategic showdown.

The same view must hold for the recent events in the Republic of Korea. On June 10, South Korean cities witnessed the worst violence in seven years. In 1980, the North Koreans and allied forces in the South had launched an uprising in Kwangju, which was put down only with bloody intervention from the armed forces under current President Chun Doo Hwan, leaving 2,000 people killed. For the Soviet Union and North Korea, orchestrated riots in South Korea could serve as an opening shot in a full-scale military move on the peninsula; or to soften the ruling institutions in South Korea and sever its links to the United States preparatory to a global move.

The recent high level of violence was ostensibly sparked by President Chun's refusal to proceed with negotiations for the revising of the Constitution and the holding of direct elections. The opposition, which plays the same role as the Social Democracy of Willy Brandt in West Germany, has demanded that the constitution be immediately changed to allow for direct election of the President, scheduled for early 1988. As of now, the President is elected indirectly by parliament, which is controlled by Chun's Democratic Justice Party (DJP). The opposition contends that this ensures that the DJP retains full power over the choice of president.

However, Chun, a former general who led the operations to put down the Kwangju uprising, is the first president in South Korean postwar history, to step down from office voluntarily. At every other point, the government was forcibly changed through a combination of student violence, withdrawal of U.S. support for the incumbent, and actions to restore order by the military.

The most recent round of riots was timed to coincide with the DJP Convention, which on June 10 endorsed Chun's chosen successor, former Gen. Roh Tae-woo as president of the party. Roh, a long-time associate of President Chun, is now assured of becoming the next President of South Korea.

The protesters were called into action by the Reunification Democratic Party, led by the two leaders of the opposition, Kim Dae-jung and Kim Young-sam. In May, the two Kims had led a split from the opposition National Democratic Korean Party, when a faction of the NDKP leaders wanted to begin negotiations with the government. The Kims, eschewing talks, led the majority of the party away to form the Reunification Democratic Party. The inclusion of the word "Reunification" in the party's name indicates the primary goal of the two Kims—the softening up of South Korea for merger with North Korea, under the imperial umbrella of the U.S.S.R. and China. The new party represents the transformation of the opposition into a fifth-column for North Korea—in the same way the Social Democracy serves this function in West Germany.

While attempting to distance themselves from the violence, the two Kims offer the students their political protection. The demonstrations "all over the nation show that the people question the legitimacy of both President Chun Doo Hwan and his handpicked heir Roh Tae-woo," Kim Young-sam stated. "The people won't stand for this."

In the course of the week's violence, 738 policemen and 38 civilians were injured, 16 police stations and substations were damaged, six police vehicles were burned, and 17 others damaged. As in West Germany, the violence is not random, but militarily organized, with students, led by university professors, marching in rows toward the police. The level of infiltration by North Korean spetsnaz (of which there are 100,000 led by Kim Chong-il) is unknown.

"I have been insisting that we not use violence and that we conduct peaceful demonstrations," Kim stated. "But the police have been so brutal with the use of tear gas that students and citizens had no resort but to resist the brutality."

The organizing networks behind the student riots are the Reunification Party, along with many of South Korea's Christian churches. Protestant ministers and Catholic priests have begun hunger strikes in various cities against the Chun government. On June 12, 2,000 students barricaded themselves in the Myongdong Catholic Cathedral. Roman Catholic Cardinal Stephen Kim, has consistently supported the two Kims. His homilies repeat the theme that only democratic "reform" can heal the "wound" left by the Kwangju uprising. "Hatred is deepening, creating a similar situation in which another Kwangju incident could break out," he stated on the anniversary of the uprising.

The Soviet-controlled World Council of Churches is also working to support the opposition and to give it credibility outside the country. According to a Western European WCC source, "Global ecumenical solidarity with the churches and

students of South Korea, against the government, is increasing. The regime is squeezed. I would say this regime is finished by the end of the year." The WCC is planning an "International Gathering on Peace, Justice, and Unification of the Koreas" for the second week of November 1987, to escalate the agitation. It will include participants from the leading American and Korean churches, and the West German EKD which has led agitation in West Germany for neutralization and reunification of Germany on Moscow's terms.

And the United States?

The United States is carrying out a dual policy toward South Korea. On the one side, the Pentagon is absolutely committed to the defense of the South Korean peninsula, a commitment backed by the presence of 43,000 American troops in the Demilitarized Zone. Whereas the Pentagon acceded to the overthrow of Ferdinand Marcos in the Philippines in 1986, it has not given a similar green light for U.S. withdrawal of support from President Chun. An amendment presented in May by Rep. Robert Mrazek (D-N.Y.), for phased withdrawal of U.S. troops met with little success—only 60 votes in the House.

However, the State Department and the networks of Project Democracy encourage the opposition, as it encourages the traitors of the Social Democracy and the Green Party in West Germany. From the top of the U.S. foreign policy-making establishment, in May members of the Asia Society and the Council on Foreign Relations met with opposition leaders. Leading the delegation to South Korea was Kenneth Dam, former deputy secretary of state and Richard Holbrooke, former assistant secretary of state. In Seoul, U.S. Ambassador James Lilley, who replaced Richard Walker last year, meets consistently with the opposition, playing the same guiding role that Stephen Bosworth played for the Aquino forces in the Philippines. Speaking before the Korea Bar Association on May 3, Lilley declared that the "work of the Korean Bar Association in investigating the human rights abuses, publishing its human rights reports, and voicing its opposition to such practices plays an important role. . . ."

The National Endowment for Democracy, an official arm of the State Department's Project Democracy, is supplying funds to the National Democratic Institute for International Affairs for work on Korea, according to the NED's Linda Pochek. The funds were for a 1986 seminar with the opposition party on "basic party-building techniques, coalition building."

However, democracy is not the issue. Soviet strategic aims are. As the World Council of Churches source stated: "Korea is becoming more and more an issue on the global scale. It is not isolated internationally. We are receiving reports of unofficial U.S.-Soviet agreements, to allow for the U.S. to push for normalization of the Korean peninsula, with the help of openings into North Korea made through the Soviets."

United Kingdom

Thatcher wins national mandate on defense

by Mark Burdman

In Britain's June 11 national elections, British Prime Minister Margaret Thatcher has done what no other prime minister has done since Lord Liverpool in 1828, what such hallmark figures in British politics as Palmerston, Disraeli, Gladstone, Lloyd George, and Churchill failed to do: She has won a third consecutive term in office.

And she has done so resoundingly. With almost all votes counted, Mrs. Thatcher's Tories were credited with 376 seats, while the Neil Kinnock-led Labourites had 229, the Social Democratic-Liberal Alliance 22, and small parties 17.

This would give Mrs. Thatcher a majority of around 100 seats, once all the tallies are in. That is one of the two noteworthy features of the results. The other is the smashing defeat of the Alliance, which had been hoping to do well enough to force a "hung Parliament," by denying Mrs. Thatcher a big majority. The Alliance did so badly, that even some of its top leaders, like former minister Shirley Williams, lost their parliamentary seats.

Unquestionably, Mrs. Thatcher's winning point was defense. Britons, who pride themselves on never having been occupied and on having emerged undefeated from World War II, were aghast at the proposals by Kinnock, that Britain should drop its nuclear deterrent, and rely on a policy of resistance-to-occupation, in the event of war.

In the last days of the campaign, Thatcher associates, including Defense Minister George Younger, Interior Minister Douglas Hurd, and Tory party chairman Norman Tebbit, made defense the top issue, with dire warnings that a Labour victory would mean British surrender to the Russians. This campaign struck a positive chord in the British population. Also helpful to the Tories were leaks in the British press, that most former British defense chiefs were privately ex-

pressing horror at the prospect of a good Labour showing on June 11.

Yet another factor that can by no means be discounted, was the visit to Britain by U.S. Defense Secretary Caspar Weinberger during the week of June 1. In an important speech before the English-Speaking Union on June 3, Weinberger stressed the need for "preparedness" in the face of the Soviet threat, and castigated those forces within NATO who sought to weaken the "moral bonds and shared values" which had kept the Western alliance together in the past four decades. This latter point was interpreted as a strong implicit attack on Labour.

Weinberger also had a series of private meetings with British officials. Among crucial areas of discussion, were maintaining a strong Western nuclear deterrence, and the flashpoint situation in the Persian Gulf.

The economy

When it comes to the matter of the economy and economic policy, the election results are murkier, and it is obvious that real danger lies ahead.

Doubtless, Mrs. Thatcher will see her victory as a mandate for her policies of "privatization," "free-market economics," and "fiscal responsibility." It was not simply election-eering, when she declared June 10, returning from a short trip to the Venice summit, that the summit was an endorsement of her economic policies. She may pay dearly for being so proud of the debacle in Venice.

The election reaffirmed a division within Britain between the north and south of the country. This is most noticeable in Scotland, where the Tories only won 8 seats, out of 67, about a 50% drop from the last elections in 1983, and a precipitous fall from the 1940s and 1950s, when the Tories were the majority party in Scotland. Inclusively, this means Labour municipal control over cities like Glasgow and Edinburgh.

But it is not only Scotland. Labour controls Manchester, Liverpool, Newcastle, and other municipalities. Without exception, the situation in these cities, extending from parts of the Midlands into the north of England, is hellish. Unemployment is often as high as 40%, hunger and disease are spreading, and workers often have to commute back up to the North on weekends from the south, where jobs are more available. These are areas which were once industrial centers (ports, shipbuilding, manufacturing, mining, etc.), but which have been devastated by 25 years of "post-industrialism," including Mrs. Thatcher's own breed of post-industrial economics.

To the extent that Mrs. Thatcher's "making Britain Great again," and claims of "prosperity" under her rule, make any sense at all, this is in the south, especially in and around London, where a boom in services, real estate, and financial activities of the City of London, give an aura of "prosperity." Here, the Tories scored their biggest electoral majorities.

Labour shadow Foreign Secretary Denis Healey's warning on election night should be kept in mind. He said that,

within 12 months, the Tories' "illusion of prosperity" would dissipate, and the economic collapse of the U.K. would become paramount in people's minds.

Labour, despite the Tories' large winning margin, has actually been strengthened as a party under Kinnock, relative to its devastated state after a tremendous electoral defeat in 1983. The party has been re-formed and consolidated into an opposition political machine. At the same time, some of the most extreme, left-radical Labour candidates, such as London's Ken Livingstone and Bernie Grant, have won seats in the Parliament. A growing left-right polarization is a real danger.

One other cautionary note: As we pointed out last week, AIDS was not even mentioned as a campaign issue. This electoral make-believe cannot sustain itself, under conditions of an estimated 100,000 Britons infected with AIDS, with panic just below the surface in many parts of the country, and with regular reportage in the British press about the AIDS disasters in the United States, Africa, and other parts of the world. Thatcher's government has an abysmal policy on AIDS, and has specifically rejected recommendations from British experts, that a full range of public health measures be employed. In one form or another, she will pay a high political price, at some point in the future, unless she decides to use her received mandate to launch a real "war on AIDS."

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The Pope's mission to save Poland

by Luba George

Pope John Paul II arrived in his native Poland on June 8. Half a million people lined the route into Warsaw from the airport, waving flags, cheering, and clapping, as he drove by. The Pope's seven-day pilgrimage, in which he is to speak in nine cities, is his third visit to Poland during his pontificate. By the end of his journey, he will have preached before audiences totaling over 10 million people.

It was already clear after the first four days of his stay, that John Paul II has embarked on a well-planned counter-offensive against the Soviet Empire. He is using his Polish trip to send an unmistakable message to the Soviet leadership that he will not compromise with Soviet moves to eradicate Catholicism in the Soviet Union, and, he will exercise the full authority and power of the Catholic Church to preserve Poland's future, as a nation that belongs historically to the

Western Augustinian cultural matrix. Each day of the Pope's visit has been designed to reactivate that "divine spark" in the Polish population which the Soviet empire is determined to extinguish.

The Pope's declarations in Poland have exhibited a degree of daring in the exercise of moral integrity and statesmanship qualities to shape and influence long-wave historical processes, qualities generally lacking in the present-day secular leaders of the Western world, as the Venice summit and the process leading to the "Munich II" zero-option agreement so miserably confirm.

Inalienable rights cited

The Pontiff pulled no punches in attacking the Gorbachov government and the Communist system. In speeches delivered in Warsaw's Royal Palace, he told the puppet Polish government and, referring to Moscow, "all those who exercise power": "If you want to conserve peace, remember man. Remember his rights, which are inalienable, because they emanate from the humanity of every person. . . . Remember, among other things, the right to religious freedom, the right to freely associate and to express one's own views." In another jab at the Soviet system, he declared: "The economy, just like work, is designed for man and not the other way around. . . . Economic progress can only be achieved in this way. Man always comes first."

These words were voiced after Polish leader, General Jaruzelski, greeted the Pope and laid down the Moscow line: "On the basis that our socialist principles are respected, the government is open to every kind of influence. . . . [However], national reconciliation will not be achieved on paper. It's a long process. . . . New forms of social life are being created. *We will not leave that road.*" (emphasis added)

Referring to the outlawed trade union, Solidarity, Jaruzelski said: "The turmoil has subsided. . . . The flames incited by foreign powers have calmed down." He said that he was well aware of the importance of the Catholic Church in Poland and that "the doctrine of the Church is linked to the solution of our problems." As the speech was being made, three prominent Solidarity figures were arrested in Lublin which the Pope was to visit the next day, following other arrests made in Warsaw.

In the Polish city of Lublin, the Pontiff denounced "totalitarian systems" and compared the 1984 murder by the Polish secret police, under KGB orders, of the Polish Catholic priest Jerzy Popieluszko, to the mass murder of Polish Catholic priests by the Nazis.

The reader should bear in mind that all these speeches are televised in Poland and the broadcasts can be received by millions of Catholics and Rome-affiliated Uniates in the Soviet Republics of Lithuania, Byelorussia, and the Ukraine.

On June 10, the entire Polish nation and millions of oppressed non-Russians in the U.S.S.R., heard the Pope in Cracow, launch a powerful polemic against Russian Chauvinism and Moscow's anti-papal policy. First, he expressed

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deep regret that he was prevented by the Soviet authorities from visiting Lithuania this year to take part in the 600th anniversary celebrations to commemorate the Christianization of Lithuania. The Pope declared—and, again bear in mind the impact this made also on the millions of Lithuanians following his speech on TV and radio—“I wanted to be in Vilnius [the capital of Lithuania] this year. I was not invited.”

In Cracow, the Pope demonstratively prayed before the grave of Queen Hedwiga, the Polish queen who in 1386 married the Lithuanian Prince Jagiello, which marriage effected the Catholic Christianization of Lithuania and the united kingdom of Poland and Lithuania. Vilnius (Wilno in Polish) is not only the capital of Lithuania, but also a city held sacred by Poles.

Then they heard the Pontiff at Tarnow beatify Karolina Kozka, a 16-year-old Polish peasant girl, who in 1914 refused to be raped by Russian soldiers and was, as a result, murdered by them.

The Pope, through use of this World War I incident, was able to convey as an “enemy image” Russian expansionism, imperialism, and oppression of subject populations. A large part of Poland was incorporated into the Russian Empire in the late 18th century under Catherine the Great, and remained a Russian possession until the First World War.

The Pontiff’s speech which commemorated the fate of Karolina Kozka, struck a chord among all Poles, Lithuanians, Ukrainians, and Byelorussians, whose losses from Russian repression total many millions during this century. Poland was partitioned in 1939 between Nazi Germany and Russia, and after the war, lost over 40% of its pre-war territory to the Soviet Union.

In another master-stroke message to the Kremlin, in defiance of Moscow’s “bury the West” policy and the myth of Moscow as the “Third and Final Rome,” the Pope ordained 50 young clerics, including three Uniates (Ukrainian Catholics). A Ukraine minority of over 500,000 resides in Eastern Poland, and most of them are members of the Ukrainian Uniate Church. Poland, in fact, is the only East bloc country which has a Uniate Church, which was liquidated in the Western Ukraine by Stalin after the Second World War.

The ordination of three Ukrainian Uniates was a clear signal to Moscow that the Pope will never accept the Soviet 1946 liquidation of the Ukrainian Uniate Church and its bloody absorption into the Russian Orthodox Church.

‘We must not yield to depression’

The Pope arrived in Poland at a time when the country is at a historical turning point. Poland has suffered enormously during this decade through the Western credit embargo and other sanctions—according to official Polish sources, these have caused losses of up to \$15 billion—which have tossed the Polish economy into the lap of the U.S.S.R. Under General Jaruzelski’s rule, the country has been afflicted by growing demoralization, impoverishment, and cultural pessimism among broad layers of the population, particularly the youth.

The situation has been aggravated by the flooding of the country with pornography, rock, and drugs.

In a country with persisting housing shortages, declining birth rates, and uninspiring career prospects, the Pope’s concern was clearly expressed when he addressed 4,000 students at the Catholic University in Lublin: “We cannot allow youth to fail to see a future for themselves in their homeland.” To save Poland from the fate Russia has in store for it and turn around the pessimism which has seeped in over the last several years, the Pope called on Polish youth to strive to build their nation.

He attacked the existence of conditions which have caused mass emigration—an emigration deliberately encouraged by the Jaruzelski regime—of Poles to the West. He told his audience to “think over many questions of social life, structures, organization of labor . . . all from the point of view of *the future of the young generation in Poland.*”

“We must not yield to depression. Neither spiritual nor social demoralization must dominate us,” the Pope told a cheering crowd of nearly 2 million people—many of whom had walked for two or three days and slept *al fresco* under hedgerows—at an open-air mass outside Tarnow in southeast Poland on June 10. His statement, which spoke of an “economic and moral crisis,” was the clearest and strongest he has made attacking the “ill-considered” farm collectivization, and—after ‘de-collectivization’—the regime’s discrimination (in credit, seed, and fertilizer allocation) against private farmers, which has resulted in food shortages in Poland, a fertile land. “Agriculture is bread. . . . Throughout the world, all agree that bread should not and must not be lacking.”

A roar of applause rose from the crowd when he voiced his support for the aims of the banned Rural Solidarity union—an agricultural counterpart to the Solidarity independent trade union representing the industrial sector of the economy; called for the independence for Polish farmers; and urging that the government honor the 1981 Rzeszow agreements—a program for agricultural reform—with farmers that created Rural Solidarity. Both Solidarity groups were banned under the martial law imposed by Jaruzelski in December 1981.

The government has prevented the Church from setting up a \$28 million fund to help private agriculture, which would have been unique in Eastern Europe.

Pope John Paul II, during his last days in Poland, will attend the closing session of the Eucharist Congress in Warsaw June 14, the official reason for the Pope’s visit to Poland. (The first Eucharist Congress to take place in Poland was in 1937 in Poznan.) It will be attended by 32 cardinals, archbishops, and bishops, including: the Primate of Hungary, Msgr. Paskai; Cardinal Meisner, Archbishop of Berlin (East Germany); and Cardinal Kuharic, Archbishop of Zagreb (Yugoslavia). Cardinal Tomasek of Czechoslovakia and the Lithuanian Archbishop (of Kaunas), Msgr. Povilonis, were prohibited by Moscow and Prague from attending the Congress.

Marines should visit Richard Burt

U.S. diplomats helped to set up President Reagan for trouble in West Berlin.

Imagine an ambassador to another country making friends with terrorists against your own country. Could this ever be real?

It is, with the current U.S. ambassador to Bonn, Richard Burt, and also with the current head of the U.S. Mission in Berlin, John C. Kornblum.

On Dec. 4, 1986, Burt spent hours discussing with youth in Berlin, not arguing at all against their distorted image of President Reagan and his policy. Instead, he encouraged them in their protest, confessing he had been "a leftist" himself, from the time he "spent at college." This talk was grist for the mills of the anti-defense movement, which is mainly a movement against President Reagan directly.

The same is true of Kornblum, who stated at various events in Berlin that the "United States never really intended to station troops in Europe."

Back to Richard Burt's "time at college": On May 29, 1987, he dined with some German guests at the U.S. embassy in Bonn. The guests, members of the pro-terrorist Green Party, included Petra Kelly, and as it turned out, Burt "knows her well from the time spent jointly at college in the States." This was the same Petra Kelly who was scheduled to address a mass rally of 100,000 against Reagan in Bonn on June 13, for which the West German anti-defense movement had been mobilizing nationwide. Also Kornblum knows Petra Kelly well: While working at the Central Europe desk at the U.S. State Department, he helped her set up meetings with Amer-

ican officials in 1983.

While Burt and Kelly were dining in Bonn, President Reagan was the target of a mass mobilization of Berlin radicals, protesting his June 12 visit to the city. Because of the constant inflow of radicals from all over Germany for this "event," police were, as of June 11, seriously concerned about Reagan's safety during his stay.

This concern was more than justified. Ever since the Soviet-sponsored May Day insurrection in Berlin-Kreuzberg, the city has been in upheaval. More than 130 groups in the socialist, anti-imperialistic spectrum, have been mobilizing since for a "show of resistance against Reagan." The Moscow-controlled Socialist Unity Party (SEW) and its many front organizations prominently staffed the committee planning this staged mass protest.

Effigies of Reagan, with a noose around the neck, were displayed in underground bookstores in Berlin-Kreuzberg. Leaflets (many were likely produced in the print-shops of the SEW) attacked Reagan as a "symbol of aggressive war plans of the United States against the East," announcing "resistance of the Berlin population against this warmonger."

On June 8, extremists almost set a U.S. Army train with ammunition to fire. This was foiled only by an emergency-brake maneuver, when the train engineer suddenly spotted a steel chain drawn across the tracks, with burning tires fixed on them. Later on, Berlin police found a threatening leaflet: "Fire

and Flame for the U.S. President."

Also the German "RAF" terrorist group had leaflets distributed all over the city, announcing "a devastating blow against the representative of the war-machine of U.S. imperialism." Below a portrait of RAF founder Ulrike Meinhof, the leaflet called: "Come and fight with us!" Whether it was bombs, molotov cocktails, or stones talked about here, advance presidential security, arriving a few days before Reagan in the city, and Berlin police took these threats seriously. They had an extra bullet-proof glass shield installed at the podium from which Reagan was to address 20,000 citizens on June 12.

The Soviet puppet regime in East Germany, which is pulling the strings behind most of these riots, got active in a direct way, warning the U.S. President: Behave, while you're here, or else! On June 10, the official East German news agency ADN warned Reagan to "refrain from any remarks on the partition of Germany and the city of Berlin" in his June 12 address. Knowing that he was planning to address the question of the Berlin Wall, ADN warned Reagan he "should know what many here in Berlin know: that any calls for pulling down the Wall will not bring it down, but will rather make it even higher."

For six weeks after the May Day riots, the two highest-ranking U.S. diplomats in Germany, Ambassador Burt in Bonn, and Mission Chief in Berlin Kornblum, have watched all of these threats building up against President Reagan, and taken no initiatives to root out this hot-bed of terrorism and Eastern agency in Berlin—which is easy to do, as the city is Allied territory, and therefore also subject to U.S. martial law. Before sending the U.S. Marines into Berlin, they'd better be sent into Burt's office in Bonn, apparently.

Moscow's terrorists seek coup in Peru

The Communist Party is now openly backing the narco-terrorist armies which are winning ground in Peru.

Through its Peruvian Communist Party (PCP), Moscow is mobilizing all its assets to provoke a bloody coup against the government of President Alan García and then make South America into another Central America.

The PCP Central Committee announced after the party's Congress ended June 3, that it now recognizes the genocidal Shining Path (*Sendero Luminoso*) and Tupac Amaru Revolutionary Movement (MRTA) terrorists as "political organizations." While embracing the terrorists, the Communists concluded that President García's government is "in the process of fascistization."

Right after the PCP Congress, Alfonso Barrantes Lingán, a moderate Marxist, was forced to resign from the presidency of the United Left coalition, leaving it under the direct control of PCP President Jorge del Prado. It was evident to all that Barrantes was an obstacle to Moscow's plans. Barrantes had been an obstacle to the assault on Peru's Christian civilization from pro-terrorist factions of the coalition. Barrantes said in his resignation speech: "Terrorism—says John Paul II—is never justified in civil society; it is a sophisticated return to barbarism and anarchism; it is always a manifestation of hatred."

Del Prado, Moscow's aging whore and head of both the PCP and the United Left (IU), proclaimed at a June 5 press conference: "We do not condemn armed struggle; we can conceive that at a given moment, we could

throw ourselves onto that path." He said that the Shining Path "is a political movement risen up in arms, which employs direct terrorist actions. We admire and cultivate its spirit of sacrifice, but we do not agree with them," since their tactics are not the most correct ones at this time.

Del Prado charged the García government "has entered into an alliance with the Pentagonist military, seeking to apply the counterinsurgency strategy designed by imperialism." He announced the IU front would probably embrace new terrorist fronts like UDP-People on the March, so long as they adhered to its program. The head of that group publicly thanked del Prado for the invitation, but refused it.

The narco-terrorist hordes temporarily "liberated" territory in Peru's core coca-leaf growing region, the Upper Huallaga Valley. Over the past months, the mercenary armies and coca-growing peasant militias created by the drug traffickers have joined forces with Shining Path and MRTA terrorists to chase mayors, prosecutors, and judges out of the region. On June 2, a superbly armed contingent of 300 men struck as Shining Path's "Popular Guerrilla Army" against the police station in the town of Uchiza, killing six policemen and four civilians, and destroying the post. It was reported that 40 of the narco-terrorists died during the six-hour firefight.

A propaganda campaign in the press sought to preserve the myth that political terrorists are not in alliance with narcotics traffickers. Everything

that occurred at Uchiza explodes that myth. The paramilitary attackers rallied around cries of opposition to García's anti-drug war, Operation Condor, and of veneration for the Shining Path guru, "Comrade Gonzalo." A police brigade recaptured the town two days later, but it took a full-scale army invasion personally planned by García to secure it.

This criminal offensive was part of a plan to put the García government in check on every front. While terrorists are killing policemen, pro-terrorist press organs are promoting another police strike for June 19, the first anniversary of the uprising of terrorist prisoners in three Lima prisons.

Shining Path mouthpiece *El Nuevo Diario* published on June 9 a statement, allegedly from policemen in the north of the country, warning the justice minister, "If you want blood, we will all shed blood. You should keep in mind we are all masters in all kinds of automatic and light arms and artillery and that we have plenty of it at our disposal." The statement exhorted enlisted men from the Army to join the police rebellion.

The number-two Communist Party leader, Gustavo Espinoza, gloated on television that the way things were going, the García regime could end in "surprising" ways before the 1990 elections, e.g., by a military coup that communist agitators would help bring on.

Washington will not lift a finger to help stabilize Peru because Wall Street also wants García overthrown. U.S. State Department strategists now admit that Moscow is behind the Shining Path, but the "clever" fools argue that the Soviets oppose a right-wing military coup. The terrorist UDP, however, believes that García's overthrow would throw the masses to the terrorists and open prospects for Communist victory in a bloody civil war.

Foggy Bottom woos Qaddafi, again

A rotten deal is afoot to force Egypt—which just swallowed IMF austerity prescriptions—to also make friends with the Libyan dictator.

Disregarding Egyptian feelings on the matter, the State Department has ganged up with the Soviets to impose a reconciliation between Cairo and Tripoli, as soon as possible.

For the Foggy Bottom diplomats, such a reconciliation is considered an essential step for paving the way to broader regional agreements between Moscow and Washington, encompassing a general trade-off of spheres of influence between North Africa, the Middle East, and Afghanistan. Many of these are expected to be ratified in the days following the Venice summit, in the first official meeting in a year between Undersecretary Richard Murphy and Vladimir Polyakov of the Mideast department of the Soviet Foreign Ministry.

Though there have been many informal consultations between the two since then, their last official meeting was held in Stockholm in June 1986, and decided on the re-entry of Syrian troops into Beirut.

For the State Department a reconciliation between Egypt and Libya now is aimed at fostering a new spirit of "détente" in the Mediterranean region, complementary to an expected breakthrough on INF negotiations on the European theater. Believing that it has the wholehearted support of the Soviet Union, in its new, and rather late, crusade against Iran's ayatollahs, Washington is ready to make many compromises, and take Moscow's bait that "reconciliation" is the order of the day.

It began with Moscow's order to

Syria's President Hafez al Assad to reconcile with Iraq's Saddam Hussein, and was followed by a similar reconciliation between Libya's Qaddafi and Iraq.

In these moves, Moscow makes few concessions, for much larger gains. It helps its satraps to come out of their years-long isolation, harvesting much-needed financial benefits, while it receives meanwhile the eternal gratitude of many Arab conservative countries which, like Saudi Arabia, had unsuccessfully tried for years to mediate such reconciliations. Moscow is becoming the new Mecca of Pan-Arabism.

And while Washington is attempting to overcome its years of secret negotiations with the mullahs by finally taking a high profile against Iran, Moscow can keep in the background its hundreds of Iranian assets, comprising the Soviet and East German educated mullahs.

Egypt has fallen prey to these cynical calculations. It has indeed been given little choice. Having been forced to sign a new agreement with the International Monetary Fund, under the blackmail that American wheat deliveries to the country might be suspended, it is known in Cairo that social unrest lies ahead in the near future.

The IMF demands are quite explicit as to their consequences for the Egyptian masses—more suffering. With it, the secular and religious oppositions to the regime are just biding their time to lead demonstrations which could be a replay of the January 1977

riots, but worse. Libya, Syria, and Iran are known to be the main financial backers of the extremists. Between American pressures and Libyan subversion, what else can Cairo do but accept a deal?

In early May, the Libyans made it clear they would increase their financial support to the Egyptian extremists. By mid-May, Qaddafi's security adviser, Ahmad Qaddafi, arrived in Cairo to meet with Egyptian intelligence officials to initiate preliminary reconciliation talks. Libya is ready to stop financing the opposition "if. . . ."

Though an Egypt-Libya reconciliation is a prize in itself for both Moscow and Tripoli, an immediate aim is to use Egypt to neutralize the threat against Libya which is coming from the south—Chad. Initial attempts at establishing a new modus vivendi between Libya and Chad, through indirect negotiations with Chad's President Hissène Habré, have yielded little so far. Chad maintains its argument that the Libyan-occupied Aouzou strip belongs to Chad. In turn, Tripoli is ready to turn a new leaf in relations between the two countries, if Aouzou is left out of any negotiations, an unacceptable position for the Chadian leader.

However, bypassing Paris, the State Department has begun threatening the Chadians that they should accept the Libyan offers. The point was driven home when, under similar pressures, the Egyptians began to pull out from supporting Chad in recent weeks. Behind Moscow's blackmail is the consideration that a new crisis between Chad and Libya would not only endanger the new cooperation established in the Mediterranean, but could even endanger the broader U.S.-Soviet negotiations over Europe and the Middle East. Egypt and Chad's national interests matter little for these appeasers.

Butchery in the land of *ahimsa**

**Non-violence; the backbone of India's moralistic foreign policy, betrayed in a new orgy of communal rioting.*

On May 18, three days after Prime Minister Rajiv Gandhi attacked the foreign conspiracy to undermine India's independence, an orgy of blood-letting between Muslims and Hindus broke out in Meerut, a city of 600,000 in western Uttar Pradesh, and spread quickly to the "walled city" of Old Delhi.

It was the worst communal rioting in 40 years in Uttar Pradesh, home of 25% of the nation's 100 million-strong Muslim minority, and gave another boost to the graph of domestic violence that has jumped sharply in the last two years. Already more people have been killed this year in communal clashes than in the whole of 1986.

But if the pattern of worsening communal and domestic violence is one of the most serious policy problems facing the government, it is also one which the Rajiv Gandhi administration is apparently loathe to confront squarely, as the feeble efforts to float reports of the arrests of several suspicious Pakistanis in Meerut testified.

The arson, looting, and murder that spilled out of Meerut took 10 days to quell, and that, too, with the help of 5 army battalions, 7 divisions of the Central Reserve Police Force (CRPF), and more than 33 companies of the Provincial Armed Constabulary (PAC), the equivalent of the American state troopers. In the parts of Old Delhi the army took over directly, a round-the-clock curfew was slapped on.

It is impossible to verify the toll of this barbarism, though reported official estimates are 150 dead and 1,000

wounded in Meerut alone. That includes at least 50 from a single village outside of Meerut who were burned alive or shot in the back of the head and dumped into a canal by the PAC themselves! Unofficial estimates of the dead are in the thousands. More than 2,500 were arrested in Meerut city (where prison capacity is only 800). Property damage has been estimated at \$20 million and business losses at more than \$50 million.

Beyond the bodies and lost property is the destruction of trust—between Muslim and Hindu, between the government and the people. The polarization of the police is just one expression of a political process that has been significantly corrupted since the days when Mahatma Gandhi set the standards.

No one takes seriously the claim by Uttar Pradesh Congress (I) Chief Minister Vir Bahadur Singh, "We never expected this." Just weeks before, in April, the city had been put under curfew for 12 days, as rioting flared and more than 10 were killed. And, for at least a year, documented reports had been circulating about the communalization of the PAC.

The immediate issue then, as now, remains unresolved—the fate of a shrine in Uttar Pradesh that is claimed by both religious groups. Precisely because of the inflammatory nature of the dispute, the shrine has been under government lock and key for 40 years. The claim that Faizabad District Judge K.M. Pande did not know what he was doing when he ordered the shrine unlocked on Feb. 1, 1986 is generally

discounted, and rumors attribute the move to a leading politician and the Uttar Pradesh chief minister himself, who reportedly wanted to expand his base from the narrow confines of eastern Uttar Pradesh.

But the Congress politicians are not the only cynics, according to the son of the Imam of Delhi's Jama Masjid, India's largest mosque, and a leader of the militant Muslim group, Adam Sena. "The political leaders and parties don't want to solve it," he told the *Illustrated Weekly*. "They have to fight elections and can use it as an issue for getting votes. Thus, in the Janata Party, Syed Shahbuddin can get the Muslim vote, and the other leaders who are supporting Hindus, the Hindu vote."

As early as 1984, Hindu and Muslim "action committees" had begun agitating on the issue, and on April 5 this year, as a direct run-up to the Meerut riots, 200,000 Hindus were assembled at the site of the shrine to pledge "a fight to the death" to secure it. Days earlier, a massive gathering of Muslims in Delhi had taken the same vow.

The collapse of moral authority in the political process has been paced by a resurgence of communal activity on several levels. According to public reports, communal organizations, which numbered less than a dozen in 1951, now number more than 500. Active membership is estimated at several million, and leadership is being taken over by affluent and articulate individuals.

The Union Home Ministry has also noted an unprecedented spurt in construction of religious buildings throughout the country. In Delhi itself, their numbers have jumped from 560 in 1980, to more than 2,000 today. In Uttar Pradesh, the number of large religious buildings has risen from 4,000 to 6,700.

International Intelligence

British SAS gears up against Soviet spetsnaz

Britain's elite special forces are being reorganized to face the growing threat of terrorist attacks and Soviet spetsnaz (special irregular forces) deployment against its military bases, reports the June 7 *Sunday Times*.

Under the public terms of the reorganization, the Special Air Services and the Special Boat Squadron (SBS) will be placed under a new Special Forces Group Headquarters at the Chelsea barracks in London, which will be under the command of the Joint Operation Centers at the Defense Ministry.

Some 200 members of the Comachio Group, an elite unit of the Royal Marines, will be assigned to the SBS. The remainder of the Comachio Group, usually deployed to protect North Sea oil rigs, will now have the responsibility of protecting the Clyde submarine base.

According to William Massie of the *Sunday Express*, one obvious source of a Soviet spetsnaz threat to Britain is seamen employed by non-Warsaw Pact ships. "Thousands of Warsaw Pact seamen with military training, on crew ships that sail regularly in and out of British ports near key defence installations . . . [are] causing alarm in Whitehall."

Western shipowners hire Eastern European seamen through special organizations in Warsaw Pact capitals, because the seamen, who have the status of members of the defense forces in their home countries, need be paid only naval wages, i.e., £12 a week—much less than Western sailors.

The Special Branch of Scotland Yard told the newspaper they do not know how many Eastern European seamen are hired by British shipping firms.

Norway's farmers take to the streets

For the first time in 13 years, Norwegian farmers conducted mass demonstrations

against the government's farm policy in the first week in June. More than 10,000 farmers gathered in the streets of Oslo, a day after farmers in the north of the country blockaded a dozen dairies.

Negotiations between the farmers and government over the past two years have resulted in nothing but a lowering of farmers' living standards by 10% per year. The last straw came when this year's negotiations broke down at the end of May.

Norway's farmers have generally enjoyed a higher status than their counterparts in other European countries. After mass farm protests in the 1970s, which shut down national dairy production, Norwegian farmers obtained one of their top demands, a law mandating a rise in their net income to equal that of industrial workers.

Currently, farm income is far below this norm, and in the north, does not reach half the legally mandated level.

Polish official attacks Russia on Katyn massacre

For the first time since 1945, a Polish functionary has implicated the Soviet Union for the spring 1940 massacre of 4,500 unarmed Polish officers in the Katyn forest, near Smolensk in Russia.

Ludwig Krasucki, editor of *Nowe Drogi* and member of the Polish Communist Party's committee on ideology, said: "Many of us think the Russians did it." Under the Hitler-Stalin Pact which partitioned Poland, the Polish officers were captured by the Red Army, after Hitler attacked the country. Till Krasucki's statement, issued shortly before the Pope's arrival in Poland, every Polish official has, for the public record, followed the Soviet line, and blamed the atrocity on the Germans.

Mount Athos monks inspire Italian Greens

The latest issue of the Italian environmentalist monthly, *Nuova Ecologia*, contains the

singular proposal that in order to avoid use of detergents, which pollute the environment—particularly dishwashing detergents—each citizen should clean his plate every day by wiping it off with a piece of bread.

This custom is similar to a custom of the monks of Mount Athos, the famous monastic peninsula in Greece where no females are allowed—not even female animals. The monks do not use plates at all, but their food is deposited in a bowl-shaped cavity in their tables. At the end of their frugal meals, each monk wipes out the cavity with his bread.

French foreign ministry tipped off terrorist

French police and interior ministry officials have accused someone in the French foreign ministry of tipping off Iranian embassy official Wahid Gordji, allowing him to escape a June 3 raid that netted 57 Iranian-linked terrorists belonging to the Committee in Solidarity with Arab Political Prisoners, according to the newspaper *Le Parisien*.

Gordji, the son of Khomeini's personal physician while in exile in France, is identified as the number-two man in the Iranian embassy by counterintelligence sources. He escaped to Switzerland following his tip-off.

French police named Gordji as the controller of recently dismantled terror networks responsible for a Paris bombing spree last year. Fuad al Saleh and Mohammed al Mohajer have been charged with the September and October 1986 bombings. All in all, 57 Iranians were rounded up throughout France, and most have been deported. Gordji was supposed to be among them.

Le Figaro and other newspapers said Gordji most likely had a diplomatic passport, and that someone in the foreign ministry told him to leave the country "rather than create a diplomatic crisis." He comes from a prominent Iranian family, which has served as a private channel between the Iranian and French governments in financial and hostage negotiations.

Expecting retaliation for its crackdown, the government in Paris has called on its citizens to leave Iran as soon as possible.

Fanatics threaten to destabilize Israel

A coalition of "Jewish fundamentalist" parties of fanatics has given the current Israeli government until July 20 to decide in favor of 27 new settlements they are demanding on the occupied West Bank, or they will withdraw their support from Prime Minister Yitzhak Shamir's Likud party, collapsing the coalition government.

Leading the right-wing coalition is the Tekhya (renaissance) party of Israeli intelligence covert operations specialist Raphael "Dirty Rafi" Eytan and nuclear scientist Yuval Ne'eman. This is the same coalition known to be behind the Jewish settlers in the West Bank who went on a rampage June 7 against a Palestinian refugee camp near Bethlehem, and then fought with Israeli soldiers.

Also among the coalition is Meir Kahane's Kach party. Kahane, founder of the Jewish Defense League in the United States, was recently deprived of his rights in the Israeli Knesset (parliament) after refusing to swear the official oath of office. Kahane will remain a member of the Knesset, but lose almost all rights and privileges; he will neither be able to vote nor be elected to any parliamentary function. However, he continues to enjoy parliamentary immunity. Knesset chairman Shlomo Hillel declared that Kahane could come back anytime, if he took the oath.

China, Mongolia sign border treaty

China and Soviet-controlled Mongolia have just signed a border treaty, which establishes the framework for settling outstanding territorial disputes. The move is the latest in an ongoing process of Soviet-Chinese rapprochement.

No further details on the treaty have been released, but the signing came only two days after the Soviet defense ministry announced that it had "completed the partial withdrawal" of Soviet troops from Mongolia, "begun in April." An estimated 11,000 of the 75,000 Soviet troops stationed in Mongolia have been withdrawn, including several army units and one motorized rifle division.

The announcements were timed to coincide with the June 8 arrival of Chinese Prime Minister Zhao Ziyang in East Berlin. Zhao will meet with East German party boss Erich Honecker.

French leaders call for 'crusade for development'

French Interior Minister Charles Pasqua, speaking at the national convention of the neo-Gaullist RPR party at Porte de Versailles on May 24, called for France to assume a leading role in reversing the economic collapse of Third World countries. "We can no longer tolerate, at the end of the 20th century, the gulf that separates the countries of the Third World from the developed countries," he said, "the waste in the countries of the North in the face of famines in the South. This is not uniquely our vocation; it is everybody's interest. France must take the leadership of a new crusade for development, as she was able to do in Africa or in Madagascar."

Premier and RPR party head Jacques Chirac stated in his speech to the same convention, "Fifteen years from now, we will not be able to look our children in the eye if today we allow two-thirds of the world's population to die of hunger."

Chirac and his cabinet ministers have been fighting for a "Marshall Plan" for Third World development, particularly the development of Africa, in coordination with the efforts of Pope John Paul II.

The RPR is launching a domestic campaign to mobilize France to become the leader of the "great market" which Europe will be, without its customs barriers, by 1992.

Briefly

● **CARDINAL** Joseph Ratzinger, Prefect of the Congregation for the Doctrine of the Faith at the Vatican, has prohibited the publication in Italy of two books by Brazilian "theology of liberation" priests. The books are, *The Trinity, Society and Liberation*, and *The Church of the Poor*, by the brothers Leonardo and Clodovis Boff. They will face disciplinary charges if they go ahead with publication. Both books have been published in Brazil.

● **SPY SCANDALS** in Japan continue. A third Soviet spy has been uncovered at the Soviet embassy in Tokyo. Viktor Askyutin was forced to return to Moscow after refusing to cooperate with Japanese authorities.

● **JOACHIM GARCÍA** Ribes, the sole Spanish survivor of the Nazis' Treblinka death camp, gave sworn testimony June 8 that John Demjanjuk is *not* "Ivan the Terrible," the death-camp guard. Demjanjuk, a retired Detroit autoworker, is on trial as "Ivan" in Israel, based on Soviet-supplied evidence. García Ribes said that the original "Ivan" had a much smaller head than Demjanjuk, was older than Demjanjuk could have been in 1943, and, he believes, was killed by camp inmates.

● **P.W. BOTHA**, the South African President, on June 4 visited the black township of Sharpeville, site of a notorious massacre of blacks in 1961. This was his first visit to a major black township since he was elected President in 1984. He was accompanied by seven cabinet ministers.

● **THE MATHIAS RUST** incident was "premeditated," claimed Radio Moscow in a June 10 broadcast. West German citizen Rust, held in Moscow's Lefortovo KGB jail since late May, when he flew his light Cessna to Red Square across 600 kilometers of Soviet territory unimpeded, could face 10 years imprisonment for violating Soviet airspace, said the broadcast.

Congress bungles probe of intelligence board

by Jeffrey Steinberg

It was a stunning stroke of Hollywood choreography. With all eyes and television cameras riveted on the Iran-Contra affair's only genuine sex starlet, Fawn Hall, the brief appearance of Bretton Sciaroni, the general counsel to the President's Intelligence Oversight Board (IOB), before the joint congressional panel, on the morning of June 8, 1987, was treated with all the seriousness afforded an amateur standup comic warming up a Las Vegas nightclub audience for the main attraction.

Occupying less than four hours of the Iran-Contra panel's time, the Sciaroni testimony may go down in the Contragate record books as the single most effective—and blatant—cover-up of the entire televised congressional probe, one that sought to bury an absolutely critical piece of the “secret parallel government” under a thick cover of bungling “incompetence.”

Since the April 1987 release of *EIR*'s special report “Project Democracy: the parallel government behind the Iran-Contra affair,” this publication has been emphasizing the role of the Intelligence Oversight Board, which emerged out of a series of late 1981 Executive Orders and National Security Decision Directives that radically expanded the powers of the various intelligence agencies, including the FBI, to the overall benefit of the “illegal” private networks operating on the periphery of the official intelligence community. Within this overall restructuring, the Intelligence Oversight Board was empowered with the specific responsibility to investigate and report to the President any activities conducted by the intelligence community that might be in violation of the Con-

stitution, federal laws, executive orders, and presidential directives.

Yet, it was a series of IOB “findings” dating back to the spring of 1985, that Lt. Col. Oliver North and others have cited as the legal basis for the National Security Council's role in coordinating lethal aid to the Nicaraguan Contras during the period of the Boland Amendment's ban on such efforts.

With that as the backdrop, Congress, by all rights, should have defined the IOB as a priority target of its inquiry. What in fact happened was quite different. In plain English, “Congress was had.”

Incompetence or design?

In his opening remarks before the joint committee on June 8, Sciaroni, the 35-year-old general counsel to the IOB, took full personal responsibility for a Sept. 12, 1985 Board memorandum that found: 1) “that the Boland Amendment was not applicable to the NSC because it was not part of the intelligence community”; and 2) “that the nature of Lt. Col. North's activities . . . did not constitute a violation of the Boland Amendment even if it applied to the NSC staff.”

Under cross-examination by the panel, Sciaroni admitted that the sum total of his investigation into the NSC's role in the Contra aid program consisted of a five-minute “late evening” conversation with his friend Oliver North, a 30-minute interview with Navy Commander Paul Thompson, the attorney for the NSC, and a perusal of a six-inch stack of pre-screened NSC documents dealing with the Contras. Sciaroni

acknowledged that the September 1985 finding was the first such evaluation of a federal statute that he had ever undertaken.

(In April 1985, Sciaroni had sent a draft opinion on “the legal basis for covert actions in Central America” to North, soliciting his comments.)

Sciaroni then gratuitously admitted to having failed four separate bar examinations in California and Washington, D.C. between 1979-84 before finally passing the Pennsylvania bar in July 1984—the day before he began his job as general counsel to the IOB at a starting salary of \$62,000 a year.

All of this prompted Sen. George J. Mitchell (D-Maine), a former federal judge, to chastise Sciaroni and the IOB: “The dictionary, Mr. Sciaroni, defines ‘oversight’ in two ways. One is ‘a failure to notice or consider an omission due to carelessness.’ The other is ‘supervision with watchful care.’ I think it’s fair to say [that the Executive Order setting up the IOB] intended the latter. But its hard to conclude this opinion represented anything but the former.”

Missing the forest for the trees

EIR’s probe of the IOB and Executive Orders 12333 and 12334 of Dec. 4, 1981 points unavoidably to the conclusion that Bretton Sciaroni’s apparent bungling of the September 1985 investigation and his studied, embarrassing ineptitude before the Congress were nothing other than a “dog and pony show” aimed at covering up the central role of the IOB in steering and protecting the illegal parallel government now caught up in the Iran-Contra affair.

On Dec. 4, 1981, President Ronald Reagan signed into law two Executive Orders, 12333 and 12334. The latter formally reconstituted the Ford-era Intelligence Oversight Board as an arm of the Executive Office of the President. The three-member board, to be chaired by a standing member of the President’s Foreign Intelligence Advisory Board (PFIAB), and drawing “from among trustworthy and distinguished citizens outside the government who are qualified on the basis of achievement, experience and independence,” was given broad oversight and investigative authority to probe any actions by the intelligence community in possible violation of the law.

The laws governing the responsibilities and powers of the U.S. intelligence community were themselves broadly expanded under Executive Order 12333, which provided broad authorization for the FBI, CIA, National Security Agency, State Department Bureau of Intelligence and Research, and the military intelligence branches—plus outside contract agents—to engage in domestic spying, electronic surveillance, break-ins, and other covert activities in cases where foreign intelligence activity, terrorism, or narcotics trafficking were suspected. The broad expansion of power applied to the targeting of American citizens as well as foreign na-

tionals. The Executive Order at the same time explicitly prohibited any agencies of government not falling within the formal definition of “intelligence community” from engaging in any form of covert operations. That dimension of Executive Order 12333 was “overlooked” by Sciaroni in his endorsement of the NSC’s covert operations role with the Contras. Oliver North’s involvement in the Iran-Contra business was explicitly in violation of Executive Order 12333!

Who’s who on the IOB

While Sciaroni was painting a picture of amateurish incompetence at the IOB, the congressional panel failed to even take note of the personnel who actually make up the presidentially appointed board. Even a cursory review of these individuals provides a clue as to the actual clout behind the IOB.

As of the summer of 1984, when Sciaroni was being hired as general counsel and Congress was preparing to enact the Boland Amendment in response to evaluations of the CIA mining of Managua harbor, the IOB was made up of:

- **Wesley Glenn Campbell**, the IOB chairman. The Canadian-born Campbell, also a member of PFIAB since 1981, has been the director of the Hoover Institution of War, Peace and Revolution at Stanford University since 1960. Prior to his post at Hoover, Campbell was research director of the American Enterprise Association, the forerunner to the American Enterprise Institute, a Washington, D.C. neo-conservative think tank deeply implicated in the Project Democracy affair. It should be noted that following his completion of his law degree at UCLA in 1978, Bretton Sciaroni worked exclusively for Hoover Institute and AEI up to his July 1984 appointment to his IOB post. It is a fair assumption that Sciaroni was installed as an asset of Campbell, who also served on Ronald Reagan’s Transition Team on Intelligence Policy in late 1980. The Transition Team’s recommendations formed the basis for Executive Orders 12333 and 12334.

- **Charles Jarvus Meyers**, president of the IOB since 1982. The former dean of the Stanford University Law School, Meyers is now a practicing attorney in Denver.

- **Charles Tyroler**. A Washington, D.C. attorney, Tyroler was a founder and active member of the neo-conservative Committee on the Present Danger (CPD), a group whose membership includes numerous figures since implicated in the Project Democracy scandal.

John Norton Moore: IOB’s legal brains

Executive Order 12334, which created the IOB, provided for the hiring of both “full-time staff and consultants as authorized by the President.” *EIR*’s investigation has identified Prof. John Norton Moore of the University of Virginia Center for Law and National Security as the chief consultant, and, indeed, the actual legal brain behind the IOB effort. No evaluation of the role of the IOB in the Iran-Contra scandal

and in the broader activities of what Senator Boren has labeled the “secret parallel government” can be considered complete without a thorough probe of Professor Moore.

A member of the New York Council on Foreign Relations, John Norton Moore has served in a number of State Department and National Security Council posts dating back to 1972, when he served Secretary of State Henry Kissinger as State Department Counselor on International Law. From 1973 to 1976 he served as chairman of the National Security Council Interagency Task Force on the Law of the Sea, serving simultaneously as Elliot Richardson’s Deputy Special Representative to the Law of the Sea Conference with the rank of ambassador.

Aside from his special status as the sole paid consultant to the Intelligence Oversight Board, Professor Moore, since 1984, has been the attorney representing the United States before the World Court in a suit brought by the Sandinista government charging U.S. violation of Nicaraguan sovereignty. In February 1986, he became the first chairman of the U.S. Institute of Peace, a congressionally funded parallel to the National Endowment for Democracy which lists among its directors a gaggle of Contra-linked neo-conservatives including the Heritage Foundation’s director of foreign policy Bruce Weinrod, the Hoover Institution’s associate director Dennis Bark, and Evron Kirkpatrick, the husband of former United Nations ambassador Jeane Kirkpatrick.

Heralding the now-discredited NED, Moore wrote in a June 1986 op-ed in the *Christian Science Monitor*, “President Reagan established the National Endowment for Democracy to engage America more effectively in promotion of freedom and democracy in the global struggle for ideas. The United States Institute of Peace is an institution in this great American tradition that hopefully will make an important contribution toward the control of violence and achievement of a just peace of freedom and human dignity.”

Most importantly, Moore has been a participant in virtually every planning session marking every phase of the Reagan administration’s plunge into the morass of the Iran-Contra debacle:

- In December 1980, he took part in a planning session of the Consortium for the Study of Intelligence, directed by Georgetown professor Roy Godson, at which ex-Deputy CIA director Theodore Shackley presented a formula for U.S. covert involvement in Central America through the building up of a covert army equipped with massive stockpiles of arms, airlift capabilities, clandestine airstrips, etc. The same Theodore Shackley was the original contact point between the Reagan NSC and Iranian arms broker Mansour Ghorbanifar.

- On March 4-5, 1983 Moore attended a private conference on “Special Operations in U.S. Strategy,” sponsored by the National Strategy Information Center and Georgetown University. Among the other participants at this event were Shackley and Oliver North. According to recent news re-

ports, this conference prepared the more fine-tuned blueprint for the “privatization” of the U.S. support for the Nicaraguan Contras. Professor Moore, along with a former CIA official, Douglas Blaufarb, apparently urged that a “new bureaucratic nerve center,” preferably housed at the National Security Council, be constituted to overcome the bureaucratic infighting that had up until that point sabotaged the effective counterinsurgency mission in Central America. Another attendee summed up the overall objective of the session as “privatizing the Reagan Doctrine.”

Was Moore perhaps the actual author of the “legal finding” supporting the NSC’s plunge into private covert warfare? In the January 1986 issue of the *American Journal of International Law*, Moore penned a 94-page article summarizing his arguments before the World Court under the revealing title “The Secret War in Central America and the Future of World Order.” Addressing the ongoing activities of the National Security Council in directing the private support operations to the Contras, he wrote:

“The United States also has not violated any national law concerning the use of force, such as the War Powers Resolution, the neutrality acts and the Boland Amendment. . . . The Boland Amendment, which prohibits U.S. assistance to the ‘democratic resistance’ forces for purposes of overthrowing the Sandinista government, nonetheless permits U.S. assistance to such forces for the collective defense of Central American states. Indeed, the House’s adoption of the Boland Amendment followed the rejection of a proposal to deny funds for the purpose of carrying out military activities in or against Nicaragua and a second proposal to deny funds to groups or individuals known by the United States to intend to overthrow the Government of Nicaragua. The clear intent of Congress, like that of the administration, was that the United States should limit its response against Nicaragua to actions necessary and proportional to a hemispheric defense against the ongoing secret attack” [by Nicaragua against its Central American neighbors].

Since 1971, Professor Moore, along with Princeton University’s Richard Falk, an enthusiastic and active supporter of the Khomeini Islamic fundamentalist revolution of 1979, has been one of the leading world-federalist “specialists” in international law as applied to low-intensity conflict, wars of national liberation, and international terrorism.

If the congressional panel members want to get to the heart of the secret government—to the juridical rationale behind the crimes of Contragate—attention must be refocused back on the IOB. This time, rather than gloating over the flaunted incompetence of a designated, well-paid fall-guy, Congress should begin by studying the texts of Executive Orders 12333 and 12334, as well as the still classified follow-on National Security Decision Directives.

Then bring on the serious players—such as John Norton Moore—who are the intellectual authors of the Iran-Contra mess.

More proof the OSI must be shut down

EIR was forwarded a photo-reproduction of a May 30, 1986 letter which offers fresh evidence of the reasons why the Justice Department's Office of Special Investigations (OSI) must be shut down, as a hotbed of KGB-run treason against the United States. The letter is from former OSI director Allan Ryan to Soviet Procurator General Alexandr Rekunkov. Mr. Ryan, now legal counsel for Harvard University, acknowledged sending a letter to Rekunkov on that date, but refused to either confirm or deny the accuracy of the contents of the letter, reproduced below.

As the reader can judge for himself, the letter illustrates the degree of frank cooperation between the OSI and the Soviet Procurator General's Office, in conduiting Soviet "evidence" into the U.S. legal system, for use against U.S. citizens. In most cases, these Americans, usually former citizens of nations now suffering Russian occupation, were only targeted by the OSI after previously being labeled "fascists" and "CIA agents of imperialism," in Soviet propaganda outlets.

The Demjanjuk case cited by Ryan is typical. The sole "evidence" submitted against John Demjanjuk, a former Cleveland autoworker, was a purported ID card drawn from Soviet military intelligence archives. The accusations against Demjanjuk by the OSI originated only after Demjanjuk was labeled a "fascist," and "war criminal" in a Ukrainian Communist Party newspaper. Demjanjuk was subsequently railroaded to Israel, where he is now the victim of a show trial. The clear intent of Ryan's letter was to secure use of this card in Demjanjuk's ongoing trial. It was later flown to Israel, on a plane of U.S.-based Soviet agent Armand Hammer.

The background to the Demjanjuk case, and the Fedorenko and Linnas cases referred to by Ryan, is a complex deal struck between the KGB, the Israeli Mossad, and the OSI in 1980. The deal provides for shipping batches of Soviet Jews to Israel, in exchange for OSI and Mossad compliance in targeting U.S. and other nationals under the pretext of alleged war crimes. The latest example of this treasonous coopera-

tion is the OSI targeting of Austrian President Kurt Waldheim as a "Nazi," to aid Soviet destabilization of central Europe.

[On June 8, the sole Spanish survivor of Treblinka, Joachim García Ribes, gave sworn testimony in the trial that John Demjanjuk is not the "Ivan the Terrible" death-camp guard. García Ribes said that the original "Ivan" had a much smaller head than Demjanjuk, and was much older, in 1943, than Demjanjuk would have been then. García Ribes also testified that he believes the original "Ivan" was killed by camp inmates, in 1943.]

Perhaps the most revealing feature of Ryan's letter is its servile tone and its adoption of Soviet propaganda terminology. Ryan typifies those Justice Department operatives who hope to legitimize the Soviet "legal system" by terming Soviet murderers, such as Rekunkov, "fellow prosecutors" and "colleagues." The text of the letter follows:

Dear Mr. Rekunkov:

You will recall that in February of 1980 I met with you and with then-Procurator General of the U.S.S.R. Rudenko to request, on behalf of the United States Government, the assistance of the Soviet Union in the search for Hitlerite criminals living in the United States. Through your help, the Soviet Union provided great assistance and as a result the Office of Special Investigations of the Justice Department was able to proceed successfully against a number of former Soviet citizens who had managed to escape to the United States after the war.

I left the Department of Justice in 1983 and I wrote a book entitled *Quiet Neighbors: Prosecuting Nazi War Criminals in America*, of which perhaps you have been informed. I described the unselfish cooperation of the Soviet side and you personally in our efforts. It has always been a source of great satisfaction to me that, whatever differences may have existed between our governments during those years, the Department of Justice and the Procuracy worked closely and on friendly terms against the criminals of fascism.

One of our most important cases was that against Ivan (John) Demjanjuk, born in the Ukrainian S.S.R., the man who operated the gas chamber at the death camp Treblinka. A crucial piece of evidence in that case was the identification card from the training camp Trawinki, which was held in Soviet archives. Although the Soviet Union had provided an official copy of that card to us prior to the trial, we requested that the original document be made available temporarily in order to refute the false claim of Demjanjuk that he was innocent and the identification card was a forgery.

Due to the cooperation of the Soviet authorities, the original card was forwarded to the Embassy of the Soviet Union in Washington, where it was examined by the prosecution and defense lawyers. Mr. Vadim Kuznetsov of the Embassy brought the document to the trial in Cleveland, where it was examined by the judge. As a result of this evidence, the judge ruled that Demjanjuk was a fascist criminal and he ordered

that Demjanjuk's naturalized citizenship be revoked. That verdict was upheld by the Supreme Court of the United States. I have no doubt that the original identification card from the Archives of the U.S.S.R. was the most important document against Demjanjuk and the judge's inspection of it led directly to the successful verdict.

In 1986, after further proceedings, Demjanjuk was extradited pursuant to the formal request of Israel and he is now imprisoned and facing trial. As we are both prosecutors, I am sure you will recognize that the case against Demjanjuk would be strengthened if the original Soviet document could be made available to the judge in that case. I personally and respectfully request that you exercise your authority to make available to the Israeli court the original Trawinki identification card that was made available to the courts of the U.S.

I make this request in the spirit invoked by General Rudenko in our 1980 discussions, when he vouched that those who fought against fascism are allies still in that fight. While Demjanjuk was not victorious in the United States case, he now has a second chance in Israel. If he should succeed there, it will be a defeat for anti-fascist allies everywhere.

I fear that an acquittal of Demjanjuk could arouse public sentiment in the United States to discontinue the trials against fascist criminals there and could jeopardize the deportation to the Soviet Union of those criminals who have been found guilty and whose appeals are nearing a conclusion. You are perhaps aware that the Ukrainian criminal Fedorenko has already been deported to the Soviet Union. Also, the Estonian Linnas has been ordered deported to the Soviet Union and has nearly exhausted his appeals.

If on the other hand, Demjanjuk is convicted and sentenced for his crimes, it will be a sign to all the world that Hitlerite crimes cannot be forgotten and that the fight against fascism cannot be allowed to subside. In my opinion, such a verdict would strengthen the support of the American people for the prosecutions and deportations that are being conducted here.

I trust you will agree when I suggest to you that any victory for Hitlerite criminals, anywhere in the world, is a defeat for those who oppose fascism. Demjanjuk is only one man, but he has come to symbolize the efforts of anti-fascist peoples to bring Hitlerite criminals to justice. Those efforts continue today between the United States and the Soviet Union in the spirit that you and General Rudenko expressed so eloquently to me in 1980, but we are not the only ones who have attempted to do justice. I respectfully appeal to you to extend the same hand of cooperation to our colleagues anywhere in the world who share our concerns. Today, the greatest need for that cooperation is in the trial of Demjanjuk.

I thank you for your consideration of my request, and I extend to you my sincere and personal wishes of friendship and collegiality.

Yours very truly,
Allan Ryan

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What happened to the War on Drugs?

Ever wonder what happened to the President's great War on Drugs? Two years ago, leading banks in the United States were getting nailed by the Treasury Department for gross violations of the Bank Secrecy Act in accepting billions of dollars in cash deposits over \$10,000, and Treasury officials were publicly saying this was laundering of drug money.

One year ago, following the death from cocaine of University of Maryland basketball star Len Bias, President Reagan went on national TV with his wife, to announce a major "War on Drugs" offensive. This year, Reagan's initiative has petered out to court battles over mandatory drug testing and little else.

Meanwhile, the trial of one of Bias's teammates brought testimony that the slain star was not only a victim of cocaine, but a peddler himself. The U.S. has become "self-sufficient" in marijuana production, and narco-terrorists are threatening coups in Burma and other Asian and Ibero-American countries.

Three of the top names in the administration's War on Drugs, John Walker, Jr. at Treasury, Jon Thomas at State, and Dr. Carlton Turner at the White House, have all left.

Remarks made at the Foreign Press Center June 10 by Ann Wroblewski, Thomas's replacement as Assistant Secretary of State for International Narcotics Affairs, revealed the extent to which the teeth have been pulled out of the effort.

While speaking positively of some allies of the U.S. in the War on Drugs—like Mexico and Panama, which have come under fire from Con-

gress, in particular—Wroblewski's softness on questions of "state sponsored narco-terrorism" and money-laundering reveals a retreat from more aggressive stands once taken by administration spokesmen.

She flatly refused to concede that there is any evidence of state-sponsored drug trafficking, although when this reporter brought the issue up, she was inundated by questions on this issue by other reporters, and finally conceded that in the Syrian-controlled Bekaa Valley of Lebanon, Syrian soldiers seem to be aiding the export of opium and hashish. She added that there "is no control on opium production" in either Afghanistan or Iran, but would not say more.

She claimed that the "Bulgarian connection" has been shut down. "The days of them operating in that fashion are over," she said, adding that the Bulgarians are starting to cooperate with the United States by giving samples of seized drugs to the Drug Enforcement Administration (DEA) for analysis.

She ducked the question of money laundering altogether, answering instead about progress in asset-stripping of traffickers.

She downplayed the significance of extradition treaties with the United States, saying that "it is more important that there is an effective justice system in the nations that capture the traffickers, than that they simply extradite them all to the U.S."

The "fire in the belly" of the War on Drugs is gone, even if Wroblewski could point to the fact that 20 nations are now engaged in crop-eradication programs now, compared to only two in 1981. In recent times, there was an urgency to nailing the big-time pushers. That meant getting them to the United States, where the laws are stiff enough to put them away for a long time, and not piously talking about the

need to improve the judicial systems in other countries.

Congress's role in sabotaging the war

Congress is not blameless in undermining the War on Drugs, and even causing some of the better warriors to toss in their towels. Besides slashing funding for the effort, some congressmen have done their best to throw a monkey-wrench into cooperative efforts between the DEA and key allies such as Panama and Mexico.

For example, "Operation Pisces" has been an effective joint program between the United States and Panama, and the DEA has praised Panama's tough anti-drug measures, including stiff new laws against bank money laundering. But those self-righteous congressmen, like Sen. Jesse Helms (R-N.C.), who were yelling last year that Panamanian Defense Forces chief Manuel Antonio Noriega was a drug pusher, are now bellowing because Noriega changed the bank laws there!

The same kind of treatment has been accorded Mexico, although Wroblewski said that for many years in the late 1970s-early 1980s, Mexico was the world model for its anti-drug efforts and cooperation with the DEA. The United States is as much to blame as Mexico for the problems of the last two years, she said, because the U.S. was preoccupied with stopping cocaine trafficking from other countries, while Mexico was undergoing a serious economic recession.

However, she said that good relations in the War on Drugs have been reestablished, and the United States certified Mexico as "cooperating with the U.S. on drug control" last March. "Mexico-bashing is not useful in the debate," she said.



U.S. bankruptcy action disrupts government's 'LaRouche' prosecutions

The U.S. government's unprecedented action in throwing three LaRouche-identified companies into involuntary bankruptcy on April 20, is having major disruptive effects on criminal cases brought by the government against individuals and organizations linked to the three companies.

In a hearing in Boston on June 1, Federal Judge Robert E. Keeton again warned the government that he would dismiss federal indictments there if any action were taken by the Bankruptcy Court which impaired the rights of defendants in his case. Judge Keeton had ordered the Interim Trustees in the bankruptcy proceedings to appear on June 1 to explain the status of the lawyers for Campaigner Publications and Caucus Distributors, defendants in the Boston case which have both been thrown into involuntary bankruptcy by the federal government.

Defense attorneys have asked Judge Keeton to dismiss the Boston indictments because of the government's violations of the Sixth Amendment's guarantee of the assistance of counsel. There are two principal grounds for this motion:

1) The U.S. government invaded the joint defense by bringing the bankruptcy action and obtaining the emergency appointment of Interim Trustees. Since in bankruptcy a Trustee can waive the attorney-client privilege, this meant that potential defense strategy and discussions could become known to the U.S. government.

2) During the course of the April 21 seizure of offices, U.S. Marshals seized the legal office in Leesburg, Va. out of which the joint defense in the Boston case was being conducted.

At the first post-bankruptcy hearing in Boston, on May 4, where the government's invasion of the defense camp and seizure of the legal files was first presented, Judge Keeton warned the government that they had better be building a

"Chinese Wall" between the bankruptcy case and the criminal case, or else he might have to dismiss the criminal case.

Whose counsel?

The major issue addressed in the June 1 hearing in Boston was the question of who can authorize the lawyers for Campaigner and Caucus to continue in the case. Since the government took over management of the allegedly bankrupt companies on April 21, the lawyers for these companies were uncertain of their authority to continue representing their clients.

The attorneys for the Interim Trustees, who had traveled to Boston to appear at the hearing, were unable to shed any light on this problem. They said they had no authority to authorize the existing lawyers to continue, but that they had no authority the other way either.

When Judge Keeton pressed them on this issue, citing the Bankruptcy Court order which put them in charge of running the businesses, the Trustees attempted to shift the issue to that of access to the seized legal documents. Judge Keeton sharply rebuked them: "My question is who has the authority, if anybody, to say to counsel of record in this case, 'You are or are not to continue to represent Caucus and Campaigner in this criminal trial'? That's the question I want answered, and I will not be diverted from that question."

The Trustees argued that they did not have any such authority, and that perhaps only the bankruptcy judge has it. The current attorneys for Campaigner and Caucus pointed out that their status was uncertain because of the Trustees' power to waive the attorney-client privilege. Judge Keeton's response was that although he can not control what the Trustees or the Bankruptcy Court do, he can control what goes on in his courtroom.

"I have no concerns about my power to enter the orders necessary to protect the rights of the defendants in this case. And if somebody undertakes to do something that so prejudices your rights as to make this prosecution impossible to go forward on a fair basis, I will dismiss it. That's the ultimate sanction."

In response to defense attorneys pressing the issue of the power of the bankruptcy trustees to waive the attorney-client privilege, Judge Keeton continued:

"And if he [the trustee] does, and if I find that that waiver has prejudiced the rights of the defendant in that case, and there's no way I can redress that prejudice short of dismissal, I dismiss. Why isn't that adequate power to protect the rights of the defendants?"

Judge Keeton added that if it were possible to redress any prejudice by a means short of dismissal, then he would do that instead.

No precedent

The bizarre nature of the government's action poses a situation in which all sides agree there is no legal precedent.

The Justice Department's action in throwing the three "LaRouche" companies into bankruptcy is the first time in which the government itself has filed a petition to throw a company into bankruptcy (an unusual step normally taken by private, commercial creditors). It is also the first time in U.S. history in which the government has utilized the bankruptcy laws to aid in a criminal prosecution. Defense attorneys in the Boston case have argued that the Justice Department was fully aware of the consequences, when it chose this novel course of action.

At the conclusion of the argument on this issue, Judge Keeton ordered that the current attorneys for Campaigner and

Caucus are authorized to continue representing those companies. He further directed that they are to consult with the persons designated by those companies, not with the Interim Trustees, thus removing the bankruptcy trustees and the bankruptcy court from playing any role in the criminal defense.

The judge also noted that the Boston trial originally scheduled for April 6 and now scheduled for July 8, may be further delayed.

Should the bankruptcy trustees or the bankruptcy court attempt to interfere in the criminal proceeding, Judge Keeton's implication was clear that he would consider dismissing the indictments altogether.

Trial delayed

The trial of the Boston case will probably be still further delayed by the after-effects of the bankruptcy proceeding. When the first set of Boston indictments were issued on Oct. 6, 1986, trial was set for December. Then, after additional, or "superseding," indictments were issued on Dec. 16, the trial was delayed until January, then to April 6. When it became clear that resolution of the more than 200 pre-trial motions would take additional time, the trial date was postponed to June 1.

The government's institution of the bankruptcy proceeding, five weeks before the scheduled start of the trial, has caused further delays. At the first hearing following the bankruptcy proceedings, Judge Keeton rescheduled the trial for July 8, and reserved the June 1 date for evidentiary hearings. However, June 1 was taken up with procedural matters arising from the bankruptcy, and now the next hearing is set for June 15.

The first matter to be taken up on June 15 is that of defense

'Chinese wall'

On May 4, Judge Robert E. Keeton warned government prosecutors as follows regarding the relationship between the bankruptcy case (a civil proceeding) and the Boston prosecution (a criminal case):

Well, now, let me just express a concern about their [the bankruptcy trustees] handing anything to you. I am quite serious in saying to you that you better be building a Chinese Wall because there are serious conflict of interest problems here. And if anything is done that impairs the

rights of a defendant in this criminal proceeding, there may not be a remedy for it.

. . . I think there is a serious question about whether this Court and the criminal matter before it has jurisdiction to enjoin or stay a bankruptcy proceeding in another jurisdiction or to order things to be done in that bankruptcy proceeding. It seems to me it's probable that I do not have that kind of jurisdiction, and the jurisdiction I do have is the jurisdiction to protect your clients by appropriate orders with respect to this proceeding if anything is done by them that impairs the rights of the defendants in this proceeding . . . it seems to me the answer to the arguments you are making about the need for protection is, of course, the Court has the authority to give you that protection by the ultimate sanction of dismissal if there are such interferences with those interests that that is required.

motions to dismiss the case due to governmental misconduct in harassing defense lawyers. Defense lawyers have charged that the government has systematically attempted to intimidate defense lawyers, including by threatening the lawyers themselves with investigation and possibly being indicted.

At the June 1 hearing, Judge Keeton also heard additional arguments on the standards to be applied in hearing this motion. He stated that he will now decide whether or not to hold an evidentiary hearing on this matter. "I think the matter is of sufficient importance that I want to have more time to consider it," he said. "If it takes more time and I then conclude that I should have an evidentiary hearing, it very likely will delay our trial date."

Defense attorneys have asked for a number of other evidentiary hearings as well. The most important of these concern:

- Motions to suppress evidence, based on the unconstitutional and illegal nature of the Oct. 6 search and seizure in Leesburg, Va.;

- Motions to dismiss the indictments on grounds of selective and vindictive prosecution, arguing that the defendants were singled out and targeted for prosecution because of their political views and because certain factions in the government were opposed to policies they advocate. One of these motions cites specifically the renegade National Security Council operation under Lt. Col. Oliver North, which was directly competing for fundraising dollars with the LaRouche movement. These motions also charge that the defendants were targeted for dirty tricks under a renewed "Cointelpro" program pursuant to Executive Orders 12333 and 12334.

- Motions to dismiss the indictments on grounds of grand jury abuse and illegal leaks of secret grand jury information. These motions cite particularly the barrage of news stories about the Boston grand jury investigation which surfaced following the victory of two LaRouche Democrats in the March 1986 primary elections in Illinois.

Other cases delayed

State criminal prosecutions against numbers of LaRouche associates in Virginia and New York have also been delayed by the effects of the bankruptcy case. In Virginia, a hearing on a motion to dismiss based on a Virginia "double jeopardy" statute has been delayed until June 23. This was postponed from May 22 after the government's seizure of the legal defense files on April 21. A number of federal prosecutors and agents have been subpoenaed to testify at the June 23 hearing. The first testimony for this hearing will be taken on June 9, when Assistant U.S. Attorney John Markham from Boston will voluntarily appear to have his deposition taken by defense attorneys in the Virginia case.

In New York, 15 LaRouche associates were indicted on March 3 on trumped-up charges of "securities fraud" similar to those brought by the Commonwealth of Virginia. Both

cases have taken the completely novel and unprecedented approach that loans made to political organizations and publishers are in fact "investments" which should be governed by state "blue sky" securities laws.

In the New York case, Judge Stephen Crane ordered that court-appointed attorneys be retained for many of the defendants who had previously been employed by the bankrupt companies. New lawyers have been appointed for a number of the defendants, and the next status conference has been scheduled for June 12. No trial date has yet been set for the New York case.

Seek bankruptcy dismissal

Meanwhile, attorneys for the three companies which were petitioned into involuntary bankruptcy on April 20 have filed

FBI on the rampage

Henry E. Hudson, the U.S. Attorney in Alexandria, Virginia, has reportedly been taking his lumps for having damaged the government's criminal cases by his initiation of the bankruptcy proceeding. His response has been to deploy hordes of FBI agents across the country to harass contributors and supporters of presidential candidate Lyndon H. LaRouche. It is believed that hundreds of contributors have been visited in their homes or places of work by FBI agents, who have warned them about lending and contributing funds, subscribing to publications, and even about signing telegrams to the Attorney General protesting the treatment of LaRouche's friends and associates.

Some FBI agents have gone so far as to tell contributors and lenders that if they cooperate with the FBI, they can get their money back, or that they should hire lawyers to collect their money. What these lying G-men have failed to tell their victims is that the Justice Department has thrown three "LaRouche" companies into bankruptcy, thereby ensuring that no one who lent money can have it repaid. In fact, under the terms of the bankruptcy order, it is now illegal for Campaigner Publications, Caucus Distributors, or the Fusion Energy Foundation to repay any lenders, no matter what hardship this causes. So much for the Justice Department's concerns about "little old ladies"!

Some of the contributors who have been harassed by the FBI are now seeking legal assistance to sue the FBI, for violations of their own constitutional rights.

motions to dismiss the involuntary bankruptcy petition. The three companies include the Fusion Energy Foundation, a tax-exempt charitable and educational organization, as well as Campaigner Publications and Caucus Distributors.

The grounds for dismissal include:

1) that the U.S. government was the sole petitioning creditor on the involuntary bankruptcy petition, although the law clearly requires that three creditors bring the petition;

2) that Fusion Energy Foundation is immune from the involuntary bankruptcy law, which legally applies only to commercial, not non-profit, organizations;

3) that the bankruptcy petition was filed in bad faith and for improper purposes by the government—i.e., to aid in a criminal prosecution.

A hearing on the motions to dismiss the petition will be held in U.S. Bankruptcy Court in Alexandria, Va. on June 15.

At the June 1 hearing in Boston, the Interim Trustees raised the possibility that the bankruptcy petition might be dismissed. They emphasized that there has been no formal "adjudication of bankruptcy" as of yet, and that the debtors are resisting the adjudication of bankruptcy.

Under normal circumstances, a company is not declared bankrupt and shut down until after a trial is held on the petition seeking involuntary bankruptcy. This can take many months. The filing of the petition acts like the filing of a complaint in a civil case; the other side has a chance to answer the move to dismiss, but no action is taken until a trial on the merits on the petition or complaint.

In this case, the Justice Department, acting as petitioner, secretly went to the bankruptcy judge on April 20 and obtained an *ex parte* hearing, at which the judge signed an order appointing Interim Trustees and directing that the Trustees and U.S. Marshals seize the offices of the three companies. Thus, the first that the companies or their lawyers knew of the bankruptcy was when federal marshals seized the offices during the early morning of April 21.

In fact, the Justice Department's action was so irregular that there was not even a court transcript of the April 20 *ex parte*, *in camera* hearing. The Justice Department argued the hearing should be completely off-the-record because "confidential" matters were being discussed.

The secret, off-the-record nature of the appointment of the Interim Trustees is one of the grounds for an appeal of the order appointing the Interim Trustees and directing the seizure and shutdown of the three companies. This appeal is now pending before the U.S. District Court for the Eastern District of Virginia.

The appeal seeks dismissal on grounds that the secret, *ex parte* proceeding was in violation of the bankruptcy statute and the due process guarantees of the U.S. Constitution, and also that the shutting down of *New Solidarity* newspaper (published by Campaigner) and *Fusion* magazine violates the First Amendment to the U.S. Constitution.

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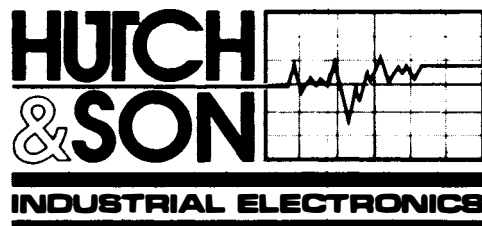
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Congress howls over Fed regulations

Over two dozen representatives took to the House floor on June 3-4, to protest a rule promulgated by the Federal Reserve Board that would allow federally chartered banks, bank holding companies, and their non-banking subsidiaries to become involved in a variety of real estate activities including investment, development, brokering, and management.

The loudest screams were over the fact that the Fed was intruding into an area that Congress considers its domain to regulate. The suggestion that the non-elected Fed regulators are legislating changes, is driving several congressmen to distraction—a welcome change from a few short years ago, when the Fed's interest rates were defended as none of Congress's business.

Most members urged the adoption of a provision in the Senate version of the bill to help the Federal Savings and Loan Insurance Corporation (FSLIC), S. 790, which imposes a one-year moratorium on the proposed Fed regulatory change, allowing Congress time to act on the matter on its own. "I would like to see the conferees report a bill that puts an end to the Federal Reserve Board monarchy," Rep. Bill Chapman (D-Tex.) said.

Several representatives, such as Mickey Leland (D-Tex.) and Thomas Bliley (R-Va.) invoked the Glass-Steagall Act. Leland charged that the proposed activity allowed these institutions "to hold direct equity positions in real estate, an activity prohibited by the 1933 Glass-Steagall Act, which was enacted by Congress during the Great Depression to separate investment banking from commercial banks." Bliley noted that Congress had

adopted Glass-Steagall "with the expressed purpose of assuring the integrity and long-term viability of this nation's banking system."

Rep. Jim Bates (D-Calif.) said he was "especially concerned about what impact any new activities in these high-risk areas would have on consumers and on the safety and financial soundness of our system." Rep. Tom DeLay (R-Tex.) attacked the "steady decline of land values and commercial property values caused by regulators repossessing properties and selling them at fire-sale prices."

Simpson: AIDS costs to revise our priorities

Minority Whip Sen. Alan Simpson (R-Wyo.) became the first senator to acknowledge that the cost of the AIDS epidemic will force a reassessment of national priorities.

Speaking during the debate on June 2, when the Senate voted 96-0 for an amendment, sponsored by Sen. Jesse Helms (R-N.C.), adding AIDS to the list of contagious diseases for which immigrants are tested, Simpson said that he had "no problem with money" to meet the AIDS threat. "Money will be something we are going to be called upon to supply in response to this awesome disease in extraordinary figures. We have all heard that. It is startling. Indeed it is. The sum of \$146,000 will be the average cost of every AIDS victim after they have been admitted to the hospital until what will be the tragic, final death. That is an extraordinary figure. From what we know from those who have been exposed, those who have it, we are going to have to reassess the priorities of the United States on that issue."

Simpson urged the creation of a Senate select committee of seven Democrats and six Republicans, with "a mandate of a 90-day educational process for themselves," to grapple with the implications of the AIDS threat.

Simpson raised the issue of how to deal with people applying for citizenship, under the immigration reform bill, who test positive and are refused entry by another country. Do we leave them here "illegally in a status with a communicable disease? That is a possibility. Or, are you talking about detention or areas where they will be kept quarantined? That is really where we are headed here."

Senate takes up campaign finance

Stymied on several issues, including the defense bill, Senate Majority Leader Robert Byrd (D-W.Va.) brought the issue of campaign finance, S. 2, to the Senate floor, and is faced with a filibuster.

The first effort to break the filibuster was defeated on June 9 by a vote of 52-47, 8 votes short of the 60 required. But Byrd and Minority Leader Sen. Robert Dole (R-Kan.) are predicting that a compromise is possible. There is a "willingness to come together," Dole indicated. He said that the Republicans would caucus on June 10 to work toward compromises. A limit on PAC contributions to political parties is one area where some, but certainly not all, Republicans may be willing to compromise.

Sen. David Boren (D-Okla.), the chief sponsor of S. 2, has hinted a possible willingness to abandon the public financing provision of the bill,

if there is a "bundle of carrots," such as advertising disclaimers for candidates, to induce spending restraint.

During debate on the bill, Sen. Robert Packwood (R-Ore.) continually made suggestions for ways to overcome election problems without resort to public financing. For example, if a candidate were attacked by an independent group, the government could match that expenditure by giving money to the attacked candidate. This would mean spending \$4-8 million rather than the \$100-400 million anticipated cost of public financing of House and Senate races. Packwood suggested that if they really wanted to cut down the costs of the campaign, maybe PACs should be barred from any contributions and individuals be limited to \$100 contributions.

ADL lobby jumps on Saudi arms sales

While Congress complains that our NATO allies are not helping keep sea lanes open, and passes resolutions demanding extreme caution in the Persian Gulf, the Anti-Defamation League's lobby in the Congress has halted a proposed U.S. arms sale to Saudi Arabia.

On June 3, Sens. Alan Cranston (D-Calif.) and Robert Packwood (R-Ore.) rushed to the floor with S.J. Res. 153 disapproving the proposed sale of 1,600 Maverick D air-to-ground missiles and related services to Saudi Arabia, valued at roughly \$360 million. Rep. Larry Smith (D-Fla.) offered a similar resolution in the House.

Packwood charged that the package was only the "nose of the camel in the tent," and that if this package was allowed to go through, the larger

package of arms sales would include F-15 fighters and anti-tank improvements. Cranston said that such an arsenal of air-to-ground missiles and anti-tank systems could not possibly be desired for use against Iranian planes and tanks. "The only tank force that the Saudis do consider a threat belongs to Israel," Cranston said.

Both senators claimed that the Saudis have never been helpful to the peace process. Sen. Alan Dixon (D-Ill.) pointed to the fact that the Saudis raised the price of oil by \$2 per barrel after the Senate vote to sell them AWACS in 1981.

After opponents of the sale rounded up 68 cosponsors, enough to override a presidential veto, the administration sent notification to the Congress on June 11 that the sale has been withdrawn.

Committee clears D.C. statehood bill

A bill, H.R. 51, to bring the District of Columbia into the Union as a new state called New Columbia, was passed out of the House Committee on the District of Columbia by a vote of 6 to 5 on June 3, but faces stiff opposition in the House and Senate.

Walter Fauntroy (D-D.C.), who represents the District as a non-voting delegate in the House, hopes to bring the bill to the House floor by early fall, possibly mid-September, and has 90 cosponsors.

Opponents to the bill are led by Rep. Stan Parris (R-Va.), who, with the death of Rep. Stewart McKinney (R-Conn.) from AIDS, has become the ranking member on the District Committee. The vote by Rep. Ro-

mano Mazzoli (D-Ky.) against the bill in committee has encouraged opponents, that if the bill is passed in the House, a sizable vote against it is certain to doom it in the Senate.

Opponents have emphasized constitutional and legal objections to the bill, and point out that both Fauntroy and Sen. Edward Kennedy (D-Mass.), two chief proponents of the measure, were arguing against statehood as late as 1978 on the basis that it is unconstitutional.

The constitutional arguments relate to Art. I, Sec. 8, Clause 17, that the Congress shall retain exclusive jurisdiction over the seat of the federal government; Art. IV, Sec. 3, that the state of Maryland, which had provided the territory for the District, must act to give its consent, or conversely, may act to bar statehood, which is the most important argument; and the 23rd Amendment, which gave the District three electoral votes, which opponents argue would leave them in the hands of the two remaining residents, the President and Vice-President.

Opponents also point out that the District would not be able to enter the union prepared to support itself and do its share to support the federal government. Statehood supporters want the \$425 million federal payment continued under statehood.

A statehood constitution was previously passed by District voters, and affirmed by the D.C. City Council. The Congress has previously acted, under the home rule charter, to overturn a District abortion ruling and a revision of the criminal sex code. Representative Parris, under similar jurisdiction, introduced House Joint Resolution 305 on June 4, to abrogate the constitution endorsed by the D.C. council.

National News

'Spiritualism' sweeping U.S.A.

"A craze for spiritualism . . . is sweeping the United States. Conferring with the dead has become big business," wrote Charles Bremmer of *The Times* of London June 6.

Bremmer says that the latest nut craze is part of the "new mysticism," born in California, "where 1,000 registered psychics now operate. The apostles of the 'New Age' movement have won tens of thousands of converts to their doctrines. . . . The circulation of the 'New Age Journal' has leapt from 15,000 to 150,000 in five years."

One leading figure in this movement, says Bremmer, is Shirley MacLaine, who claims that "she has been a pirate with a wooden leg, a harem dancer, a Buddhist monk, and a framer of the U.S. Constitution. She charges \$300 for a ticket to her seminar."

Anti-New Age activist Constance Cumbey of Detroit is quoted in the same article, that the New Age movement "has more than a hint of Nazism." Cumbey added, "Their goals include a new world order, a new world religion, and a new messiah."

Shultz hires man Pentagon fired

Secretary of State George Shultz has hired Richard Perle as a consultant to the State Department. Perle, documented to be an agent of those Israeli Mossad networks implicated in the Iran-Contra affair, was forced out of the Defense Department earlier this year for his attacks on the Strategic Defense Initiative and the NATO alliance. He had been assistant secretary for technology transfer.

Shultz announced the appointment at a June 2 dinner sponsored by the American Enterprise Institute and the Heritage Foundation. The secretary stated that Perle's "vision and spirit have strengthened this country, and I wish we had a hundred more like you."

Perle's close associate, Stephen Bryen, remains at the Department of Defense, in charge of overseeing technology transfer, aided by Barbara Ledeen, wife of Iran-Contra figure Michael Ledeen. During the 1970s, Bryen was placed under national security investigation for passing secrets to the Israelis. The investigation was quashed by the Carter Justice Department, without explanation.

Bush raises money, defends CIA

George Bush raised \$500,000 for his presidential campaign at a June 4 Century City, California fundraiser. He was introduced by Gov. George Deukmejian. Attending were several prominent Reagan backers, including Donald Bren of the Irvine Co., Jerry Weintraub, Margaret Brock, Holmes Tuttle, and Armand Deutsch.

The vice president's speech was described as surprisingly "dynamic." "He sounded very confident," Tuttle said. "I think he has made up his mind to come out fighting."

The vice president, a former CIA director, received applause when he shouted: "I stood up for the CIA" when it was under attack in 1976-77, "and I will stand up for it now. . . . I went in there when it had been demoralized by the attacks of a bunch of little untutored squirts from Capitol Hill, going in there looking at these confidential documents without one single iota of concern for the legitimate security of this country."

British AIDS expert addresses Boston council

Dr. John Seale, an expert on Acquired Immune Deficiency Syndrome and member of England's Royal Institute of Medicine, addressed a full session of the Boston City Council on June 9, telling them that the United States and other nations must have universal, voluntary testing for AIDS.

Seale was scheduled to speak before the full council body at 1 p.m., but his appearance was delayed until shortly after 1:30. Pandemonium broke out when Seale arrived with Boston Democratic mayoral candidate Richard Black, a "LaRouche Democrat." Homosexual city council spokesman David Scondras spent an hour attempting to prevent Seale from speaking, screaming, "It's LaRouche!" To no avail.

Seale recommended that people be given certificates proving they are free of the virus. "Many countries are moving in this direction," he said. "This is reality, whether you like it or not! Mass voluntary testing is the *only* means of stopping this virus in a free society."

At the end of his 20 minute talk, the city councilors gave him warm applause.

Dr. Seale's appearance in Boston is part of a U.S. tour which has taken him to Virginia, New Hampshire, and Maryland for public appearances and media interviews. Late last year, Seale wrote a letter to both President Reagan and British Prime Minister Margaret Thatcher, "in the spirit that Einstein wrote to President Roosevelt" on the possibility of building an atomic bomb, urging both to take the measures necessary to avert a worldwide AIDS disaster.

LaRouche organizers score court victory

The three-day jury trial in Detroit, Michigan of two organizers for causes associated with Lyndon LaRouche ended June 3 in a dramatic victory for the defendants. The case stemmed from a 1985 incident, in which Leif Johnson and Don Clark were accused of spreading racist, anti-Semitic literature and inciting to racial hatred, while distributing literature at a Detroit post office.

A black judge and all-black jury found the two, both white, not guilty, in a unanimous verdict. Testimony against the two by Detroit police officers, was successfully torn apart by defense counsel Max Dean, also a LaRouche associate.

The incident which sparked the case dates to March 18, 1985, when the two were in front of a post office, organizing support for

a planned Martin Luther King Day March on Washington. Their signs, calling for tractors for Africa and African economic development, were cited by the police as evidence of racial hatred—wanting to send black people back to Africa!

Putting the police up to this was a Mrs. Adler, who was at the organizing site and lodged the complaint. Adler claimed that when one of the men, Mr. Johnson, said, "We've got to stop the IMF, the international bankers, from destroying Africa," he was using "code words" to incite against Jews!

But in the course of the trial, the La-Rouche movement's real policies became abundantly clear to the jury. Johnson testified to his history with the civil rights movement, beginning with the 1950s freedom rides, and several black men and women testified as character witnesses on the defendants' behalf, as did a 6'8" black Detroit resident, a director of a school for retarded children, who had purchased literature from the two. He recalled liking the literature he had purchased, and said he gave a little money. Asked if he had literature "shoved in his face," he said, "Nobody shoves anything in my face."

Did Begin get Hammer into White House?

Armand Hammer claims in his new autobiography that former Israeli Prime Minister Menachem Begin intervened to get Israel's embassy in Washington to defend Hammer against charges, based on an "anonymous memo" circulating in Washington, "that Israeli intelligence actually had 'proof' I was a communist!"

On Begin's orders, says Hammer, the Israeli ambassador in Washington wrote to then-Secretary of State Alexander Haig, "vigorously defending me." Hammer claims that, before this intervention, Begin had told him that President Reagan staunchly believed that Armand Hammer was "a communist," in part because of Hammer's father's communist credentials. The senior Hammer was a founder of the Communist Party U.S.A.

Because of this, Reagan wanted nothing to do with Hammer. Hammer writes: "I have always believed that by speaking and acting as he did, Begin changed Reagan's mind about me." This opened the doors of the White House to him, and permitted him to organize the first Reagan-Gorbachov summit.

Hammer is a Soviet agent, that is, an agent of the "Trust" relationship between Soviet and certain Western financial interests.

Hammer's contentions appear in the book, *Hammer: Witness to History*, now being serialized in the *Sunday Times* of London.

Rabbi pledges to block Walsh probe

"I know that Special Prosecutor Lawrence Walsh wants to go after Israel" in his Iran-Contra investigation, "but we are going to organize a major symposium at the B'nai B'rith headquarters in Washington exactly on this issue, and I will give the principal speech," the vice-president of the World Jewish Conference, Rabbi Arthur Hertzberg, told a journalist June 8.

The symposium, "Israeli-U.S. Relations," will also feature three prominent representatives from Israel, he said.

"This story of Irangate and Israeli involvement is uncomfortable, it's unpleasant, it will leave an aftertaste, but it will definitely go away," Hertzberg said, somewhat nervously.

He also explained that the idea of the Peres peace plan is that Israel "will let the Soviets in, provided—a very important provided—that the Soviets will extend full recognition to Jerusalem, I mean Israel, reopen full diplomatic relations, and open the door to the Jews who want to get out" of the Soviet Union.

The World Jewish Congress is headed by U.S.-Canadian liquor magnate Edgar Bronfman, whose principal activity of late has been doing favors for the Soviet Union on behalf of one or another deal, including shipping Soviet Jews to Israel.

Briefly

● **PAM HARRIMAN** hosted a Democratic fundraiser in Washington the first week of June, which drew most of the Democratic presidential candidates as well the party's leading bureaucrats.

● **PAUL GANN**, a 1980 U.S. Senate candidate and co-author of California's Proposition 13—the leading edge of the late 1970s "tax revolt"—revealed June 10 that he contracted AIDS during 1982 heart surgery and planned on dedicating "his last campaign" to "preventing others from falling under this deadly spell." Joined at a Sacramento press conference by his wife of 55 years, the 74-year-old Republican said: "The only way to control [AIDS] is to find out who has it and let others know. I'm for testing everyone and telling everyone."

● **THE NATIONAL Taxpayers Union**, a key organization in the drive for a constitutional convention to introduce the British system of government to the United States, received its seed money from NCPAC, the "conservative" political action committee of the late homosexual AIDS-victim, Terry Dolan.

● **FORMER CIA** director James Schlesinger, in charge of preparing a report on Soviet eavesdropping devices built into the new U.S. embassy in Moscow, reported that the sophistication of Soviet "bugging" devices was "far greater than we'd believed before now they were capable of," and said that tearing down the entire embassy is not ruled out. His final report will be submitted before the end of June.

● **DENTISTS** in Maryland won't take AIDS patients. "To my knowledge, in the State of Maryland now, there's no [dentist] who will treat a patient with AIDS except at the University of Maryland," said Dr. Michael W. Easley, chief of the state's dental health division. As a result, the University of Maryland dental clinic is overwhelmed with high-risk and infected patients.

Soviet irregular warfare in the Andes

On the evening of June 11, Sara Madueño de Vásquez, *EIR*'s Lima bureau chief, and her husband, Luis Vásquez, secretary general of the Peruvian Labor Party (PLP), were assaulted as they were about to leave María del Carmen Cabanillas, *EIR*'s sales manager, at her home. Two young men approached the car, one putting a gun to Mrs. Vásquez's head. As the other ran toward the driver's side with his gun drawn, Vásquez floored the accelerator while the others hit the floor. The three escaped unharmed from the kidnapping or assassination attempt.

Dozens of Peruvians are subjected to the narco-terrorist gangs' revenge every week, aimed at terrorizing and murdering allies of President Alan García's war on drugs, and battle for economic sovereignty. Days before, Peruvian Deputy Finance Minister Gustavo Saberbein narrowly escaped death at the hands of the Shining Path. Armed with machine guns, six narco-terrorists attacked Saberbein at a restaurant in downtown Lima. Several security guards who fended off the attack died.

A Peruvian Labor Party spokesman blamed the attack on the Vásquezes on "narcotics traffickers working for Moscow." The PLP official declared, "Groups like Shining Path or Colombia's M-19 are allied with drug runners and are an irregular Soviet army, placed on a war footing to destroy the republics of Ibero-America."

The assault took place just as Soviet-inspired narco-terrorism has increased at a spectacular rate in Peru and the whole Andean region. Narco-terrorist groups like Shining Path and the Tupac Amaru Revolutionary Movement carry out bombings and assassinations daily. Meanwhile the Moscow-directed Peruvian Communist Party has recently declared war against the Peruvian government—which they call "fascist" for its efforts against subversion.

Cocaine kingpin Carlos Lehder, now awaiting trial in the United States for drug-running, announced last year that he was forming a multinational narco-terrorist army of half a million men to "liberate" Ibero-America. Lehder, whose ideology is based on Soviet anthropologists' "indigenous people's power," is also an explicit

follower of Adolf Hitler.

The entire Andean region, from Colombia to Bolivia is the battleground for Soviet irregular warfare, and Lehder's half million army of Nazi-communist narco-terrorists is on the march.

Luis Vásquez, the PLP's general secretary, is well-known in Peru and other countries of the region for his unrelenting struggle against drug traffic. In recent months, Vásquez twice defeated former prime minister Manuel Ulloa in Peruvian courts. Ulloa had sued him for saying the economic policies he pursued while in government favored the flourishing of narcotics traffic. Mrs. Vásquez, is both *EIR* bureau chief and president of the Peruvian chapter of the Schiller Institute, which has rallied international support for President García's policies.

While Moscow is banking on a coup or assassination of García, the State Department remains hostile to him because he has challenged the International Monetary Fund, and imposed a policy of growth-before-debt that has set an example for the continent. Much of official Washington does not understand that the defeat of García would be a hideous blow to U.S. strategic interests and a victory for Soviet irregular warfare.

President García began his assault on the narcotics mob the day after his inauguration two years ago by attacking the jungle airstrips of the cocaine mafia. His war against narco-terrorism has been slowed by Washington's skimpy aid for the anti-drug war. This month the Peruvian government requested \$500 million for the war on drugs from the Western industrialized countries whose populations are the victims of the drug plague. These nations have been slow to understand what *EIR* documented in its best seller, *Dope Inc., Boston Bankers and Soviet Commissars*: The Soviets have been running the international drug trade for over 20 years to "bury" Western civilization, and with considerable success.

Peru's \$500 million request is the minimal amount necessary to sustain a serious fight against an international enemy with more resources than many Ibero-American nations combined.

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Why this is the most controversial publication in the West

AIDS pandemic

In its Special Report, "An emergency war plan to fight AIDS and other pandemics," dated Feb. 15, 1986, *EIR* warned: "The potential impact of AIDS and other pandemics upon populations in the United States, Africa, Europe, Ibero-America, and Asia is potentially far deadlier than even a full-scale thermonuclear war." In its Dec. 5, 1986 issue, *EIR* reported: "Results of a first-generation computer model, just released by an *EIR* task force corroborate estimates of LaRouche and leading medical authorities, that AIDS is 'species-threatening.'"

On June 8, 1987, almost a year and a half later, Los Alamos scientist Dr. Stirling Colgate reported that a Los Alamos computer model had forecast that 1 in 10 Americans would be infected by AIDS by 1994. He stated: "AIDS represents a far bigger and more important security threat to this nation than nuclear weapons do, in any form, at this time."

On the same day, President Reagan's domestic policy adviser, Gary Bauer, stated that the President's new stand favoring AIDS testing, reflects his fear that AIDS will "decimate" the population of America and its European allies. Bauer urged Europe to "learn from America's tragic mistakes, and not delay facing the tough issues posed by" AIDS.

The Russians

EIR began warning as early as 1983 that the Soviet Union was engaging in a massive military build-up for offensive operations against NATO. We carried such articles as: "The Soviet economy: everything goes for war build-up" (April 10, 1984); "Threat to Europe: biggest Soviet maneuvers ever" (July 17, 1984); and "Soviet military creates a wartime High Command" (March 5, 1985).

On June 3, 1987, the inspector-general of the German Armed Forces, Admiral Dieter Wellershoff, told more than 450 military officers that the Red Army was organized not for defensive but for aggressive operations: Warfighting, including nuclear warfare, is the basis of Soviet strategic policy and weapons design. Soviet military strategy is based on offensive operations with the aim of carrying war to the enemy's territory. The Soviet armaments program has secured all options for military offensive in all categories of weaponry.

But *EIR* readers knew that long ago.