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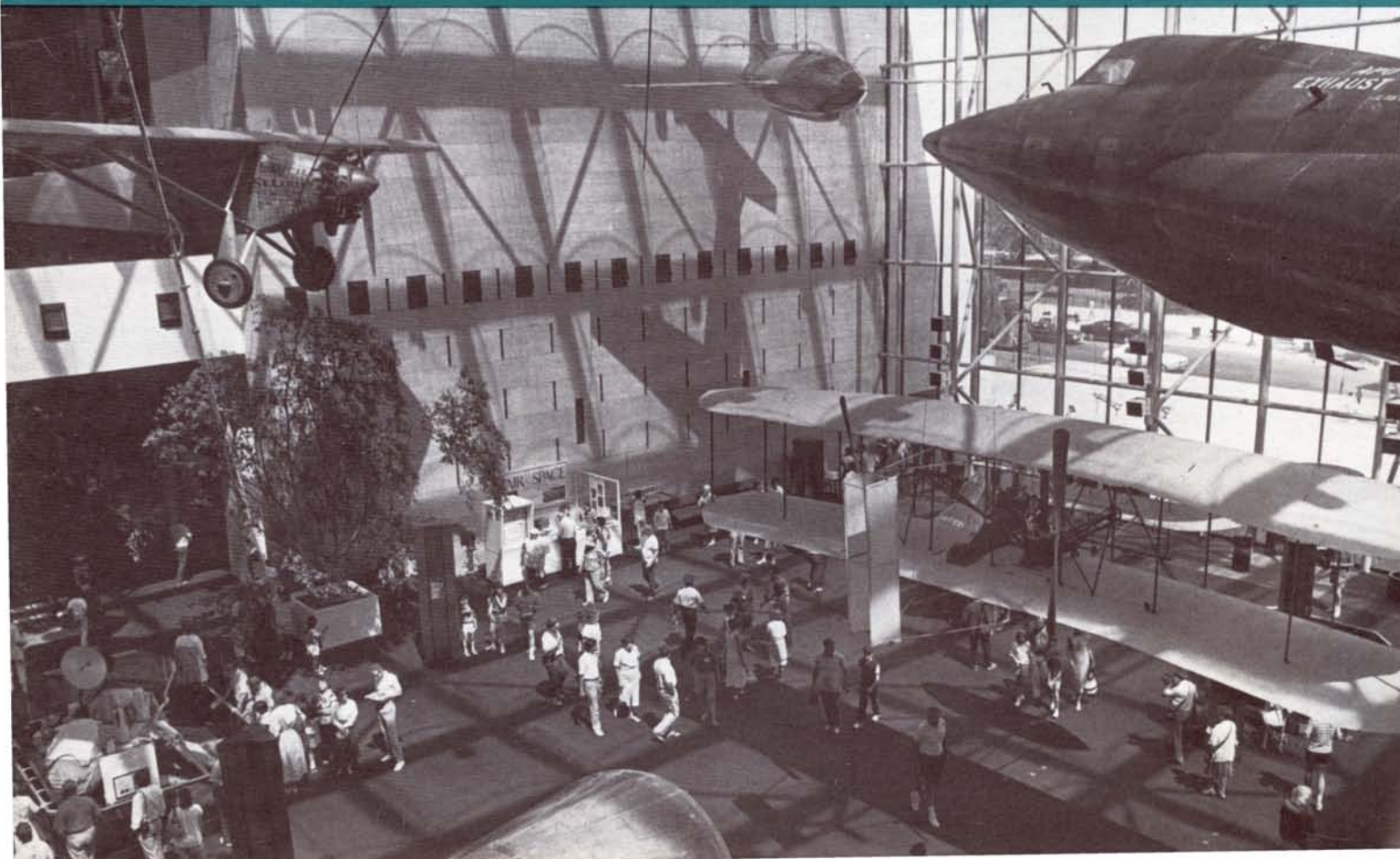
Executive Intelligence Review

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Behind the UNICEF child pornography scandal
Whom does William Weld *really* work for?
U.S.-backed riots in Panama are run by satanist

**In defense of Treasury
Secretary Alexander Hamilton**



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Report**

“EIR has commissioned this *White Paper* to bring the truth on the developing Panama crisis to American citizens and lawmakers, so that decisive action can be taken to stop this campaign, before the United States faces a new strategic crisis on its southern flank.”

White Paper on the Panama crisis Who's out to destabilize the U.S. ally, and why

While the *New York Times* and other major media pump out “news” on Panama to fit these plans, North Carolina’s Sen. Jesse Helms, the U.S. State Department, and sections of the Reagan administration have joined in a campaign to overthrow Panama’s government and Defense Forces, allegedly because they have been taken over by the narcotics trade. Therefore, the United States must bring to power Panama’s “democratic opposition” movement.

As this report shows, the principal figures in the “democratic opposition” movement are drug-money launderers, lawyers for cocaine and marijuana traffickers, terrorists, and gun-runners. Their presidential candidate, Arnulfo Arias Madrid, is a life-long Nazi.

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The report includes:

- A “Who’s Who” in the drug mob’s campaign to overthrow Panama’s government;
- The facts on how “conservative” Jesse Helms has joined with State Department one-worlders to implement a destabilization campaign designed by the U.S. Liberal Eastern Establishment;
- How David Rockefeller’s Trilateral Commission and the New York Council on Foreign Relations created the “off-shore” banking center in Panama, to handle their debt-and-drug looting of South America;
- Proposals on how the United States can help secure Panama, through a series of Canal-centered development projects, which break Panama’s economic dependence on the “off-shore” economy run by the international banking cartel.

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EIR

From the Editor

The cover picture celebrates one of the most beautiful achievements of the kind of economics identified with Alexander Hamilton and explicated in the *Feature* by Lyndon LaRouche this week: the rapid advances in man's dominion over nature embodied in our century by aeronautics and the conquest of space. It is an appropriate image for this "Independence Day" 1987 issue of *EIR*. It reminds us of the kind of leadership the United States ought to take in the world today.

When the founding fathers signed the Declaration of the Independence of the United States from the British Empire 211 years ago, they stated that certain "unalienable rights" pertain to all of mankind, and foresaw that their actions would light the way for freedom around the world.

Traitors in our State Department and the semi-official "Project Democracy" network are trampling on the political independence of our allies around the world. In Panama, they are supporting the lunatic ravings of a Fidel Castro-allied gnostic as the pretext for overthrowing the staunchest foe of Soviet narco-terrorism in the region, Defense Forces Commander General Noriega (page 32). In Korea, they openly support an operation which will lead to the neutralization and reunification of the peninsula—under communist rule—as the dossier on page 46 shows. A key role in the Korean destabilization is being played by West German's Protestant Church, the EKD, which has just held a lovefest with the Soviet Union in Frankfurt (page 44).

The *National* report this week includes three stories which would make gripping fiction if they were not true—tales of the U.S. Department of Injustice: the sham indictments of the General Dynamics case, the groundless persecution of space scientist Arthur Rudolph, and the outrageous "bankruptcy" proceedings against companies of friends of Lyndon LaRouche. Each of these actions has played into the hands of the Soviet KGB and undermined U.S. defense capabilities. For whom, indeed, does Criminal Division head William Weld really work?

Our next issue will come out in two weeks, as we celebrate the July 4th holiday on our usual schedule.

Nora Hamerman

EIR Contents

Departments

- 11 Dateline Mexico**
Narco-bankers get brazen.
- 50 Northern Flank**
Perle wrecks U.S.-Norway relations.
- 51 Report from Bonn**
Illusions of a Franco-German defense.
- 52 Andean Report**
Irregular warfare in Venezuela.
- 53 Report from Rio**
Brazil is not a 'republiquette.'
- 54 Report from Rome**
The 'Germanization' of Italy.
- 55 From New Delhi**
Haryana: dangerous portent.
- 63 Year of the Constitution**
The LaRouche case: the bankruptcy seizure that wasn't one.
- 72 Editorial**
Independence from economic ruin.

Correction: Last week we misreported the source of statements by NATO Supreme Commander Gen. Bernard Rogers attacking the zero-option deal ("General Rogers: Go slow on arms control," p. 70). The criticisms appeared in an interview with *Washington Post* reporter Jim Hoagland, published June 17. Also, in "Justice Department: 'lawless and out of control,'" pp. 60-61, we reported the wrong name of Attorney General Meese's lawyer, who is Nathan Lewin.

Science & Technology

- 14 The Russian lead in radio frequency weapons**
One reason Gorbachov doesn't mind banning nuclear weapons in Europe is that he's got something better. Robert Gallagher reports on Russian breakthroughs in RF as an anti-personnel weapon.

AIDS Update

- 13 Soviets take public health, research measures**
- 56 Top Israeli doctor blasts euthanasia policy**
- 57 French minister: AIDS is no venereal disease**
- 68 Dole's AIDS bill seeks to cut costs of dying**

Economics

- 4 Wriston and friends press for banking reorganization**
The fact is, the system is bankrupt, and no reorganization, but only a substantive policy change, will have any effect.
- 6 Africa in worst food crisis yet; needs French 'Marshall Plan' approach**
Have you noticed the absence of headline stories about food shortages or famine in Africa? Do not conclude the situation has improved.
- 9 Europe moves toward anti-dollar ECU bloc**
- 12 Business Briefs**

Feature



NSIPS/Stuart Lewis

The National Air and Space Museum in Washington, D.C.—a testimony to the technological achievements of the "American System" of economics. Here we see the Wright brothers' "Flyer"; the X-15 rocket plane, a precursor to manned spacecraft; and the Apollo 11 capsule, which carried the first men to the Moon in 1969.

22 In defense of Treasury Secretary Alexander Hamilton

Under his program of recovery, our national credit was restored, our banking system became the soundest in the world, and prosperous growth was unleashed throughout most of our nation. Lyndon H. LaRouche, Jr. compares his own program of recovery.

International

32 U.S. backs satanist who leads riots in Panama

They were run in support of a man who is a long-standing close friend of Fidel Castro, a gnostic Satan-worshipper, and the leading "Panamanian connection" of a major South America cocaine pipeline into the United States.

36 Kremlin orders war on John Paul II

The global mobilization by the "Zionist lobby" against the Pope was ordered directly from Moscow via Edgar Bronfman's World Jewish Congress.

37 Behind the UNICEF child porn scandal

39 Garcia sticks to anti-IMF policy in face of cabinet crisis

41 Project Democracy exposé shakes Constituent Assembly in Brazil

Political circuits in Brasilia were blown out by an *EIR* report on Brazilian links to Oliver North's network.

44 West German Protestant Church prepares to bolt to Moscow

46 The State Dept., church, and private networks now destabilizing Korea

What is now afoot there is not aimed at democracy, but at consummating a deal with the Soviet Union and China.

56 International Intelligence

National

58 Weld plot against defense set back as GD case ends

The sudden dropping of all criminal charges against General Dynamics and former NASA administrator James Beggs raises bigger questions about the Department of Justice.

60 OSI hoax exposed: the Rudolph travesty

West Germany's exoneration of space scientist Dr. Arthur Rudolph exposes the "Nazi-hunting" office in the U.S. Justice Department as a witting KGB tool.

62 Eye on Washington

McFarlane says debt is gravest crisis.

65 Herbert Hoover's vice president? The dilemma facing George Bush

The intelligence "old boys" that surround him can't make him President without a substantive policy, namely, LaRouche's.

67 Elephants & Donkeys

Dems search for conservative image.

68 Congressional Closeup

70 National News

Wriston and friends press for banking reorganization

by Chris White

Walter Wriston's old schemes for the reorganization of the U.S. banking system are being surfaced again at ongoing conference committee hearings of the House and Senate Banking Committees on this year's banking bill.

Walter Wriston is the former chairman of Citibank, who, working with then Treasury Secretary Donald Regan, during the course of 1982, secured the implementation of the policies on banking deregulation and Third World debt which actually resulted in the bankruptcy of the U.S. banking system. He is most closely associated with the revival of "free enterprise" lunacies, inside and outside of government, during recent years.

At the time, it was the counsels of Wriston and Donald Regan which prevailed within the administration over alternative banking and economic reorganization plans put forward by the economist and Democratic presidential candidate Lyndon H. LaRouche, Jr. Wriston and Regan bought time for their financial system by redirecting world credit flows such that prevailing patterns of trade between the United States and especially the nations of Ibero-America were reversed almost overnight. The U.S. banking system became dependent on inflows of foreign funds, originating in either the genocidal looting of Third World economies, or from the international drug trade, and running at between \$150 to \$180 billion per year.

At the time, LaRouche had proposed that the U.S. government adopt the international banking and credit reorganization plan which subsequently became known as "Operation

Juárez." Debt would be reorganized over the long term, for repayment based on wealth generation from large-scale infrastructure and technology-intensive, capital-intensive development programs.

Export expansion, from within the United States and other advanced-sector nations, would be the necessary correlative of such activity, which would not only put the banking system on a sounder footing than at any time in the last 100 years, but would also foster economic revival in depressed advanced-sector countries themselves.

Now the idea is to treat the U.S. economy, that is the savings, pensions, mortgages of U.S. households, in much the same way as the economies of the developing sector were treated in the period from 1982 onward. A select group of larger banks would arrogate to themselves the right to suck up the diminishing wealth produced and saved nationwide to preserve their own political power.

Blue ribbon solutions

These matters, like the current reorganization discussion, are not actually addressed directly in the banking bill presently before Congress. Instead that bill proposes the creation of a special "blue ribbon" type commission to examine the current problems of the banking system, and come up with solutions. Not suprisingly, the solutions, like the problems, are of Wriston's making, and will be much worse in their effect, if ever adopted, than the so-called solutions he and Donald Regan worked on during the period 1982-83.

The blue ribbon commission has been argued for by the present Chairman of the Federal Deposit Insurance Corporation (FDIC), William Seidman, on the op-ed page of the *New York Times*. Seidman considers that present accumulated stresses and strains in the banking system are not so much the result of failures in economic policy, but rather the result of constricting, outdated regulatory mechanisms left over from the banking reorganization of the 1930s.

Seidman recommended that if the commission is established, then proposals put forward by the Association of Bank Holding Companies, Gerald Corrigan of the New York Federal Reserve, and the late Walter Heller from the Federal Reserve Board, should serve as the basis for the commission's investigations.

Not surprisingly the cited drafts are not only coherent with Walter Wriston's old plans, but also with trial balloons that have been floated out of the James Baker-led Treasury Department in recent weeks.

The proposals are couched in the language of the deregulators, that is the restrictions of the Glass-Steagall Act would be removed to permit bank holding companies to own subsidiaries in insurance, securities trading, real estate dealing, and so on. In fact, the proposals would result in a cartelization of U.S. banking, leaving a handful of large holding companies operating a branch banking system on the model of Canada or the British Isles, while local banks, servicing the needs of the local community, are either assimilated into the system, or are allowed to disappear.

In the Canadian, or British branching system, the big event of the week, as far as the branch in a small locality is concerned, is the deposit of the community's weekly paychecks. Decisions about what to do with those checks after deposit is determined centrally rather than locally.

This time, unlike 1982, the proposals are not necessarily designed to buy time for the system against a looming crash, but as the outline for a reorganization plan to go into effect after a crash, when the little fish, so to speak, would have been shaken out, and the sharks scavenge for the juicy leftovers.

The Association of Bank Holding Companies is proposing for passage in 1988, or perhaps sooner, what it calls, "The Financial Services Holding Company Act." This would "permit bank holding companies and their competitors to engage in activities financial in nature on an equal footing. The banking industry has been thwarted for a number of years in its attempt to secure amendments to the Bank Holding Company Act to authorize a full range of financial products and services for bank holding companies. . . . In exchange for authorizing the ownership of a full-service bank by financial competitors, the FSHCA would authorize full entry by the banking industry into the insurance, real estate, and securities fields."

Corrigan's views from the New York Fed were presented in a document entitled, "Financial Market Structure: A Long-

er View," first published in January 1987. In Chapter 3, "What Are the Alternatives," Corrigan argues against what he calls "re-regulation," "muddling through," and "wholesale deregulation" to advocate "a better alternative." This is represented in the words of none other than Walter Wriston: "If the National Bank Act was amended to say that everything a bank holding company can do, the national bank can do, I'd be extremely happy. It would simplify administration and would make it perfectly clear to the customers that our \$7 billion of capital is behind everything we do." Corrigan himself argues that whether to maintain or not, the distinction between banking and commercial businesses, is the critical decision that has to be made, and in testimony before Congress, he has said that if the lines are to be blurred, then the federal government should not have to pick up the tab.

In short, the fix is coming down on one of the biggest rip-offs in history. The agenda has been defined. The protagonists have been lined up. The trial balloons have been floated. The institutional mechanisms have been put into place.

If the present banking committee conference, which is primarily dealing with a short-term rescue package for the collapsing thrift institutions, fails to establish the Blue Ribbon Commission, the Association of Bank Holding Companies legislation is on the table. And, Alan Greenspan, a public proponent of those kinds of ideas, is moving into the Federal Reserve in August, from which position he would be able to implement the same kind of package, by regulatory rather than legislative methods.

The trouble is. . .

The trouble is that these present schemings, like the Wriston-Regan efforts of 1982, ignore the reality of economic collapse, and assume that by reorganizing the deck chairs, one more time, one can also save the Titanic from foundering.

There is no banking reorganization that can, or will ever work, if that banking reorganization is not predicated on changing the economic policies on which the banking system rests. The banking system is not in effective bankruptcy because of out-dated regulations, but because economic policy has depressed wealth generation, and fostered the growth of usury, speculation, and indebtedness. To restore the health of the banking system, it would only be necessary to do what LaRouche proposed, against Wriston and Regan, back in 1982. Make monetary policy subordinate to the imperatives of economic policy. Direct credit into wealth-generating, employment-creating investment in technology-intensive modes to create the real wealth which will ensure the soundness of the banking system. Measures which will increase the stranglehold of the users over the economy will only increase the vulnerability of the banking system, and accelerate the moment at which the final reckoning for Walter Wriston's system comes.

Africa in worst food crisis yet; needs French 'Marshall Plan' approach

by Marcia Merry

Have you noticed the absence of headline stories about food shortages or famine in Africa? Do not conclude the situation has improved. Despite better weather in some regions of the continent, the food supplies for millions of people have become even more marginalized in the last two years. Meantime, deadly AIDS and other diseases are spreading. Only a broad-scale "Marshall Plan" approach, of the type proposed by French Agriculture Minister François Guillaume, will make the difference.

In the United States, the media coverage ignores the starvation crisis in Africa, the shutdown of food output potential in the United States, and proposals such as the Marshall Plan approach, which French President Jacques Chirac presented to President Reagan in March. The media defer to the myths of a misguided President of the United States, who in reality is acting out the script proposed to him by the same cartel banking and commodity groups whose policies are destroying Africa.

In his June 16 television address to the nation after his Europe trip, President Reagan said, "I think it's notable that so many American farmers today would like to see agriculture in the United States and abroad return to the free-market basis. They know government subsidies in other countries are causing a worldwide glut of farm products and a shrinking market for American goods."

The information below shows that far from a glut, food supplies per person in Africa are dropping drastically, and the means to obtain food are likewise disappearing, under conditions of cartel-dominated "market forces." There has never been a greater market for American-grown or European-produced food. There is an emergency need for food.

Food dependency grows

A USDA study of 25 African nations—including both oil-exporting as well as very low income nations, shows that in the last 20 years, there has been a sharp increase in food imports (both commercial and donated). As of the period 1982-84, many nations came to import over half of their food supply, including such "agricultural" nations as Gambia, Somalia, Lesotho, Morocco, as well as oil-producing nations such as Algeria, Egypt, and Tunisia.

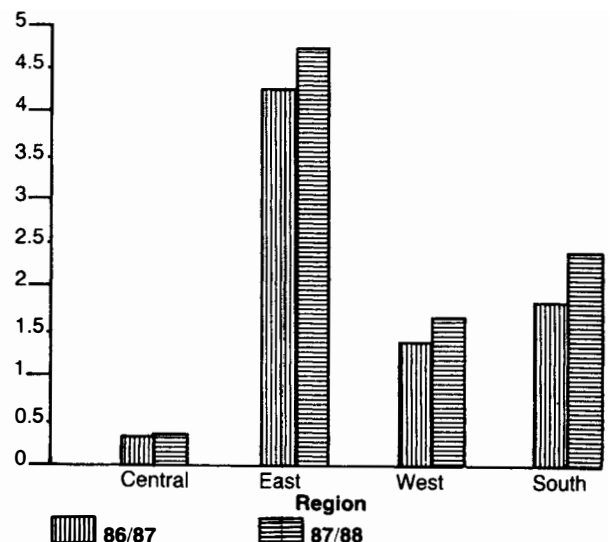
This reflects a process of enforced economic stagnation—the policy of the World Bank-International Monetary Fund to obstruct any form of infrastructure-development for agricultural and industrial advance.

Food availability per person has markedly decreased in Africa since the 1960s. For many nations, total annual food production decreased, and food aid and purchases did not make up the difference. The bar diagram (Figure 1) shows the latest calculations of how much food is needed—but unprovided for—in all of Sub-Saharan Africa for merely minimal nutritional requirements. For the year 1987/88, an estimated 9.5 million tons of cereals is required over and above expected commercial import levels, and food aid pledges. Where is it to come from? No one speaks of it.

Food aid shipments for Africa and other points of need

FIGURE 1
Unmet cereals needs, Sub-saharan Africa, 1986/87-1987/88

Million tons



Source: U.S. Department of Agriculture.

are going down. According to Food and Agriculture Organization estimates, worldwide cereals aid in the July 1986-June 1987 trade year will be about 10.2 million tons, down more than 15% from the 1984/85 peak of nearly 12.5 million tons. That was the year of the publicity of the famine in Africa. But since then, the media have regarded the "story" of food shortages as *passee*, especially NBC—the television network that wrongly took credit for "discovering" the African starvation in October 1984.

U.S. and European government and media offices instead have been publicizing the "problem of surplus cereals stocks"—corn in the United States, and wheat in Europe, as a burden with no place to go. There are proposals in Brussels to burn European Community wheat. In the United States, corn is being burned for gasohol additive.

As the bar diagram shows, the region of worst unmet need is East Africa. Food output is down in Ethiopia for both the 1986-87 and 1987-88 season. There may be a good sorghum crop in the Sudan, but the civil strife in the southern part of the nation requires pre-positioning food stocks around the country where needed, before the rainy season begins.

In Southern Africa, a severe drought has affected all of Zimbabwe and parts of Zambia, meaning that corn output may be reduced by at least 30% in Zimbabwe and 20% in Zambia. In Mozambique, at least 6 million people (out of 14.4 million) need food and other assistance.

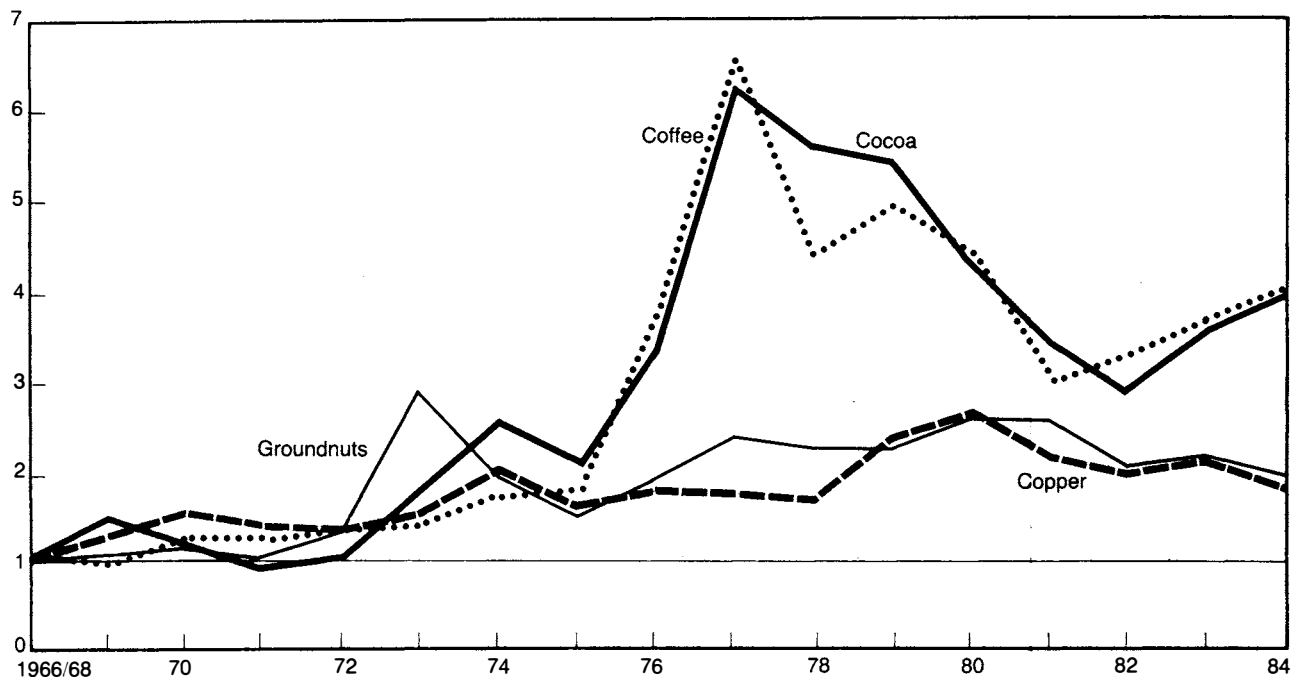
In the decades following the World War II, most food aid went to Asia. However, in the early 1970s, Africa's share began to grow, and by 1980, Africa received half of all the world food aid going to developing nations. Between 1966 and 1985, food aid to the continent grew at an annual rate of over 10%, going from an average of 480,000 tons up to 5 million tons. In the Sub-Saharan African countries, food aid amounted to only about 2% of all food consumed in the 1960s. However, by the early 1980s, it was well over 50% of food supplies for some places. In 1981 in Somalia, food aid was 85% of the food supply.

Inability to grow or buy food

The graph of the fall in commodity prices for principal African exports (Figure 2) shows part of the source of the present crisis. The policy of the cartels has been to pay low prices. Groundnut (peanut) prices were cut by one-third from 1973 to 1984. Beverage prices fell: coffee, cocoa, and tea dropped 40% between 1977 and 1984.

In turn, the cartel-serving World Bank and International Monetary Fund have refused to permit credit for African nations to diversify into growth-based alternative agricultural and industrial projects. Therefore, the politically "independent" nations of Africa, have been economically captive to cartel-imposed monocultures, that now cannot provide even the means for food.

FIGURE 2
Index of world prices for major African exports, 1966-84
 1966-68 = 1



Source: U.S. Department of Agriculture.

To acquire food, some nations could only go into debt, and hope for aid. The current account deficit for 25 African nations grew from \$1 billion in 1970, to \$13.8 billion in 1983. In 1983, Nigeria's deficit stood at \$4.188 billion, and Egypt's amounted to \$3.544 billion.

Debt service as a percent of the value of exports rose dramatically between 1970 and 1984. For Kenya, from 5.4% to 22.9%; for Somalia, from 2% to 29%; for Morocco, from 8.5% to 38%; for Nigeria, from 4% to 30%; for Egypt, from 4.4% to 80%.

Egypt, not included in the bar diagram countries of Sub-Saharan Africa, is the largest recipient of food aid in the world. The 1974 Camp David accords mandated sending 2.5 million tons of food annually. In 1978, Egypt's food aid of 3 million tons peaked at 50% of total food imports. Since then, Egypt has imported more food annually, and received less food aid—down to 2 million tons in 1985. Similarly, for Morocco, food aid represented 97% of all food imports in 1972, then food aid decreased, and imports increased. In Tunisia the same pattern prevailed.

At present, in these nations and others, if the means to commercially import, as well as the availability to food aid is cut off at the same time, then the consequence is political disintegration and death. There have been food riots and strikes in Egypt since 1980, in Tunisia and Morocco in 1984; and in the Sudan in 1985.

In 1986, Nigeria limited debt repayment to what the government felt the economy could bear. In May, 1986, at a special session of the U.N. General Assembly on economic problems of Africa, African nations requested \$45.6 billion in additional aid (in contrast to the 1985 level of \$7 billion in aid), and \$35-55 billion worth of new debt relief for 1986-90. So far, the response from the West has been rhetoric about "the market place" from President Reagan and the State Department, and continued backing for the deadly World Bank and International Monetary Fund.

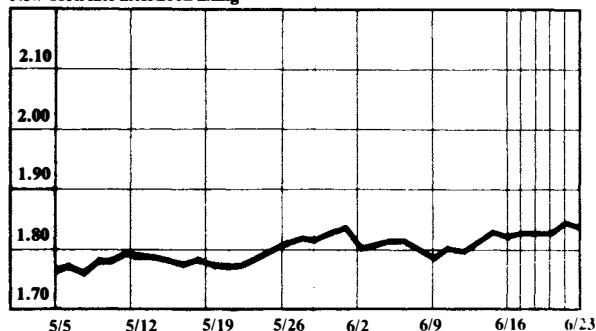
Point of no return

The continent of Africa is undergoing genocide. The debt is unpayable. Emergency quantities of food cannot be produced in the circumstances of the collapse. There is no "magical marketplace" for current African exports. The proposal of a "Marshall Plan" approach, by the EC and allied Western nations, is the only means to reverse the disaster. Emergency food aid quantities can be determined and met out of remaining "surplus" stocks in Europe, North America, and other points of reserves. Quantities for the next five years—including animal stocks—can be determined, and commissioned from both African and food-exporting nations farms—in a high-technology "contract victory garden" approach. Simultaneously, building projects for emergency and long-term logistics infrastructure can be initiated to provide the basis for rebuilding and developing the continent out of the shame and misery of the AIDS and starvation holocaust.

Currency Rates

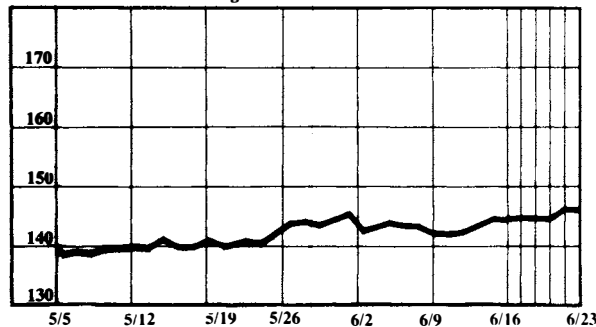
The dollar in deutschemarks

New York late afternoon fixing



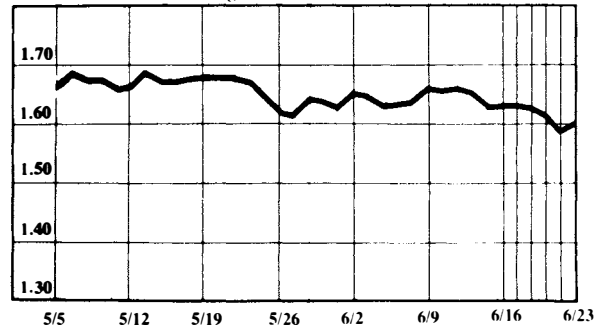
The dollar in yen

New York late afternoon fixing



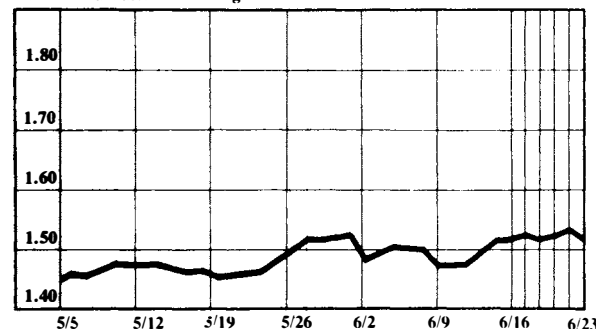
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Europe moves toward anti-dollar ECU bloc

by William Engdahl

Addressing the annual conference of the Center for European Policy Studies in Brussels, Trilateral Commission monetarist Niels Thygesen of Denmark unveiled a drastic proposal to create a supranational European Central Bank. The new institution would be modeled on the American Federal Reserve System, with its 12 regional districts.

The Thygesen proposal reflects the policy decisions of leading Western European monetary and banking circles. They are systematically, and suicidally, pressing for creation of a European-wide currency, the ECU (European Currency Unit), an indexed accounting unit of weighted currencies originally created some years ago to handle the bookkeeping involved in agriculture trade among European Community nations.

The idea behind the new bank and currency unit, or rather, the illusion, is to separate the 12 nations of Western Europe from the ongoing U.S. dollar collapse.

"A proposal along these lines may appear radical and naive," Thygesen told his select audience of central bankers and European Community functionaries. But the force of events will make it a reality.

His remarks were delivered on June 19, three days after the announcement of a major policy reversal on the ECU by Europe's most powerful central bank, the Bundesbank. It will now allow private bank accounts in Germany to be denominated in the ECU.

The ECU, in effect, is the currency of the European Monetary System (EMS), the arrangement created in 1978 to stabilize the EC economies from a devastating dollar collapse under the policies of the Carter presidency. A first phase of the scheme was all that could be implemented at the time, given national opposition. A second phase of the EMS scheme is exactly what fellow-Trilateraloid Thygesen has now unveiled in Brussels: the creation of a European Central Bank to destroy remaining sovereign national control over currency and credit in the world's largest economic region, the European Community, composed of 12 nations and 321 million people.

Bundesbank reverses stance

On the surface, the Bundesbank move is merely technical. A spokesman for the West German Commerzbank told *EIR*, "Today's decision is evolutionary, not revolutionary." But leading ECU advocates interviewed in Brussels and elsewhere disagreed. It could have dramatic implications were

the dollar to resume its recent free fall. "The ECU could lessen the dollar risk," stated a spokesman for one of seven Western European banks which constitute the ECU Banking Association. These banks, which deal in ECU transfers, are dominated by Cr dit Lyonnais and Belgium's Banque Brussels Lambert, both part of the Trilateral Commission's financial network. It is they who have been pushing a supranational anti-dollar currency in recent years, and have been pushing to get the one major obstacle, the conservatism of the Bundesbank, softened.

Let anyone doubt that sovereignty is at stake, the German resistance to an ECU system is written into Germany's constitution, which created the independent central bank after the war in 1947. The prohibition against allowing bank deposits in indexed units like ECU was a result of the bitter 1930s experience of Mefo-bill fiat money under Hitler's Economics Minister Hjalmar Schacht. Today, this lesson's reversal is being downplayed as a minor technical concession.

"The Bundesbank move removes the last obstacle to real private use of the ECU," emphasized one ECU banker in Brussels to the writer. Two weeks before, the Spanish Central Bank also removed prohibitions beginning July 1, and will quote ECU alongside the franc and other select currencies for private bank accounts and trade. "The effect of both decisions could significantly increase the future role of the ECU," said my banker source.

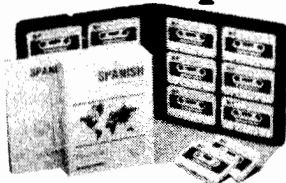
Giant bank cartels

In parallel with the ECU effort, leading private bankers tied to the Trilateral Commission are busy promoting the process of bank cartelization into a tiny handful of "super banks" similar to what Citibank and others are pushing in the United States. "Get ready for the single European market," Jean-Maxime Leveque told a Hamburg international bankers' gathering on June 23. Leveque, chairman of Cr dit Lyonnais, said the process of creating uniform financial and monetary rules inside the 12-nation body by 1992 is forcing enormous changes in the structure of European capital markets. "There will most likely be sizeable linkups" among banks across Europe. Regional medium-sized banks will be swallowed up by "super-banks" as national restrictions on capital flows collapse. Leveque also predicted that the ECU/central bank plan will be the "next stage."

It won't work. The Trilateral "ECU bloc" (first proposed by the Soviets a few years ago) will only aggravate the process of dollar collapse, by encouraging further flight out of dollar-based trade. This could become the trigger for the greatest financial catastrophe in history. European banks are so integrated into dollar obligations through the complex interbank clearing system, that a collapse in New York would rapidly rock the foundations of every financial institution in Europe.

But since when have central bankers done anything that will work?

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Narco-bankers get brazen

Mexico has a new "emperor" bent on collecting loot for the foreign banks. Remember Maximilian?

Agustín F. Legorreta, the new president of the Businessmen's Coordinating Council (CCE), demanded on June 16 that the Mexican banking system, nationalized by José López Portillo in 1982, be given back into private hands, "not all in one blow, but partially."

Legorreta is a scion of one of Mexico's oldest oligarchic families, former owners of the Banco Nacional de México, and currently owners of several exchange houses of the so-called parallel banks, a concession granted the former bankers by President de la Madrid which has enabled them to go right on speculating.

He also belongs to the "Inter-American Dialogue" grouping linked to David Rockefeller's Trilateral Commission, which last year floated scenarios for *legalizing* the drug traffic in Ibero-America.

Legorreta's rise to the presidency of CCE is seen as a show of strength by the Mexican oligarchy, as the jockeying over who picks the presidential candidate for the ruling PRI in the 1988 elections intensifies. "The crisis that has lasted for 10 years, due to mistaken social and economic policies," said Legorreta, "will be worse if an error is made in the selection of the pre-candidate who will succeed Miguel de la Madrid."

By "error," Legorreta means that someone might be elected to the presidency who could adopt a policy of economic growth and defense of national sovereignty, as Peruvian President Alan García has done, despite the pressures of the creditor banks.

In a stinging rebuff to Legorreta's scheme, the head of the Mexican Workers Confederation (CTM), Fidel Velázquez, stated on June 23: "Nationalization of the banks is a measure that the government took to last forever, and they are not going to reprivatize the banks in this country."

"Mr. Legorreta has already become the new emperor of Mexico. He wants to rule the destiny of the country from the CCE, and determine the guidelines of the government. But this is nothing more than his personal ambition . . . or madness."

Fidel Velázquez, who has headed political opposition inside the "system" to submission to the International Monetary Fund, charged that the narco-bankers pull the strings of the so-called informal economy, whose legalization is urged in the widely circulating book by Peruvian oligarch Hernando de Soto, *El Otro Sendero* (*The Other Path*).

"There is a danger that the underground economy will overflow the institutional," warned the labor leader, who went on to urge the government to "legislate on the question, above all because the [underground economy] is already the center of economic and financial operations in the country, and controls the most massive speculation ever in Mexico."

Days earlier, Jorge de la Vega Domínguez, chairman of the ruling PRI party, had declared that his party would never permit the reprivatization of the nationalized banks, since they were now "the patrimony of all Mexicans."

Yet recently, the narco-bankers won a significant battle inside the government. During the Third National Meeting of the Nationalized Banks, held in Guadalajara June 8-10, Bank of Mexico director Miguel Mancera Aguayo arrogantly refused to loosen even slightly the restrictions on credit imposed over the past few years. The outgoing president of the National Banking Association, Ernesto Fernández Hurtado, uncle of President de la Madrid, proposed that such loosening of credit restrictions is needed to achieve at least minimal growth by the end of the presidential term.

The President's uncle was slapped down in a way that flaunted the bankers' clout. Mancera was adamant that "the existence of a considerable amount of international reserves should not feed expectations" of growth, because this "would trigger inflation."

Following a meeting of central bank directors at the Bank for International Settlements (BIS), in Basel, Switzerland, Mancera boasted that "Mexico has been able to pay all the interest on its foreign debt . . . as long as we are paying the interest, the creditors should be happy."

To purchase this "happiness," in the first quarter of 1987 Mexico allocated 72.9% of its unallocated budget to paying interest on its foreign and domestic debt. Mancera explained: "There exists a noteworthy situation, since Mexico's terms of trade were approximately half" those of 1982, due to the policy of peso devaluations. "We are going to have to export twice as much to be able to import the same this year," he added.

This brutal looting, which Legorreta calls the "orthodox path" of economics, will require still more "social sacrifices," he says, but in no way should "populist" programs be adopted.

Business Briefs

Science

Conference on optical biophysics in Italy

The Italian industrial giant Montedison sponsored a conference June 21-22 in Milan on "Biophysical Methods in Physics and Biology." The focus of the conference was the frontier area of "nonlinear spectroscopy" and "optical biophysics," which studies the electromagnetic properties of living tissue for medical diagnosis and cure.

The conference was opened by an address of Montedison President Mario Schimberni and the Italian Nobel Prize winner in biology, Renato Dulbecco. The conference was centered around the operational possibilities of nonlinear spectroscopy, with speakers from the United States, including from Los Alamos National Laboratory, and Kaiserslautern University in West Germany, as well as Italy.

Some 70 people from the Montedison staff and its scientific Donegani Institute, plus many journalists, attended.

The speakers included Dr. Jonathan Tennenbaum of the Fusion Energy Foundation of West Germany, which has been in the forefront of promoting studies in the field.

"The Medicine of the Future" is the way one Italian daily headlined its article on the proceedings.

Free Enterprise

Israelis see 'evil empire' behind drugs

Israel law-enforcement officials now speak of drug trafficking as a centralized global empire, according to a *Jerusalem Post* news article—the same framework used to analyze the drug trade in *EIR*'s famous book, *Dope, Inc.* Israeli police are also admitting that Israel occupies a important position in that empire.

In a June 19 piece entitled, "A Drugged State," the *Jerusalem Post* reports that there

is a "rapidly growing narcotics menace" and "terrifying" increase in drug use and marketing in Israel. The paper quotes a senior officer at National Police Headquarters: "We are taking on an evil empire. It is a battle we can never completely win, but one which we must fight."

The *Post* comments: "The 'empire' stretches from the foothills of the Far East's 'Golden Triangle' to the ports of Western Europe. Its trade routes criss-cross the map and increasingly pass through, or even end, in Israel."

The *Post* quotes Commander Uzi Berger, head of the National Police Intelligence Unit, which runs Israel's anti-drug campaign: "We are talking about an organized business from start to finish. They even send telexes ordering certain amounts from growers in the Far East, Turkey, or Iran. They have a common language. They know each other. You could say it is a bit like the diamond business. Everyone knows whom he is trading with and everything is done on trust. There are no contracts, nothing written. . . . We are fighting a monster."

Israeli smugglers, he says, are active in places like Antwerp and The Hague, and a senior police officer is soon to be dispatched to Holland to help local police spot them.

"That Israelis play a big part in organizing the trade abroad can be seen by the number who have been arrested overseas on narcotics charges," the *Post* adds, reporting recent cases of Israelis nabbed for involvement in drug-trafficking, in New York, Brazil, Egypt, and Belgium.

Trade War

Shultz prepared to give Asia to Reds?

George Shultz repeated trade war threats against ASEAN nations, during a meeting with ASEAN foreign ministers June 19. He stressed that the flexibility and pragmatism of ASEAN would be challenged "perhaps as never before" over the next few years, as the world economic system "adjusts to the

inevitable, and in my view possibly rapid, decline in the U.S. trade deficit."

ASEAN, he added, would have to diversify its markets, because "while you may be able to maintain your current market share in the United States, you clearly will not be able to look to the United States to take major increases in your exports."

Reporting Shultz's comments, the *International Herald Tribune*'s Michael Richardson writes, "Rapid economic growth has enabled most governments of ASEAN nations to keep radical Communist or Islamic political movements at bay."

Richardson reports that Shultz's "blunt warning . . . has sent ripples of concern through the ASEAN countries—Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Analysts said the group was worried about the possible social and political costs of an economic slowdown, including the spread of Communist or Islamic extremist movements. The ASEAN countries were also worried, the analysts said, that if the U.S. became preoccupied with economic difficulties at home, it might weaken the U.S. military presence in East Asia and the Western Pacific, at a time when Soviet, Vietnamese, and Chinese power are growing."

Middle East

Peres tour to focus on regional economy

The holding of an international conference on the economic development of the Middle East will be the main topic of Israeli Foreign Minister Shimon Peres's European tour, which began June 22 in London. He was to visit Paris June 24 and Bonn on June 26, then on to Brussels.

Prior to his departure, Peres said that he wanted such a conference to be organized jointly and in parallel to an international conference on peace in the Middle East, with West Germany and Japan playing an "especially important role."

Britain's Margaret Thatcher is expected to play a leading role in regional peace negotiations, according to sources close to Peres. In London, he received a full support from Thatcher for his proposal for an International Peace Conference. He also discussed at length his new proposal to have an economic conference, running in parallel to the territorial negotiations, as a "way of bridging the gap of mutual suspicion."

Israeli sources expect that Thatcher is in a position to play the role of international mediator between Israel and Jordan, as well as between Israel, the Soviet Union, and the United States. Jordan's King Hussein was to visit London at the end of June.

"The United States has lost its credibility in the region, and cannot act anymore as an honest broker. It is also too much involved in bilateral negotiations with the Soviets. Only London can act," said one source.

AIDS

Soviets take public health, research measures

Soviet spokesman continue to deny they face much threat from AIDS, even as they launch energetic programs to control the disease. The Soviet health ministry has launched a program to control AIDS, with the Central Research Institute of Epidemiology coordinating the effort. A special lab is being set up at the institute; 45 diagnostic labs are now in operation; another 60 will be opened by year's end, and about 300 one year from now.

Students wishing to study in the U.S.S.R. are now undergoing blood tests. Some 50,000 people have already been tested in Moscow. All armed forces personnel are being tested.

Nevertheless, TASS quoted Vadim Pokrovsky of the Epidemiology Institute saying: "In the U.S.S.R., there is no danger of AIDS spreading on a mass scale."

"A Vaccine Against AIDS," is the headline in the June 1987 issue of the German-language Soviet magazine *Sowjetunion*

Heute. The Moscow Institute for Immunology was able to synthesize a part of the protein of the AIDS virus chemically, begins the article. "Now we are a bit closer to the long-sought-for vaccine," it quotes Prof. Rachim Khaitov from an interview in the Russian newspaper *Trud*. The virus is "unusually aggressive and cannot be researched with traditional methods. The synthesis, however, enables the use of a less dangerous protein-part, which is artificially synthesized from single amino-acids."

The article quotes Academician Viktor Zhdanov again downplaying the danger. The first appearance of AIDS in the U.S.S.R. does not go back to the 1970s, he insists. "The first case of AIDS in our country was registered in 1986. Naturally, we are not so threatened by AIDS as the U.S.A. and Western Europe. . . . Nevertheless, the fight against AIDS should not be limited to one country."

Banking

S&Ls continue to suffer deposit loss

Depositors withdrew \$14 billion more than they deposited in FSLIC-insured savings and loans in the United States during the first four months of 1987, compared to only \$2 billion for the same period in 1986, said Federal Home Loan Bank Board (FHLBB) spokesman Doug Green, who added that concerns about the solvency of thrifts contributed heavily to the decline.

Green said Texas S&Ls had net withdrawals of \$32 million in the first quarter (not the first four months), and that thrifts in Louisiana and Arkansas also suffered sizable withdrawals during the quarter.

He said April was the eighth consecutive month that more deposits were withdrawn than placed. To make up for the loss, S&Ls borrowed \$10.1 billion in April from the FHLB and other sources. That is a 38% increase in borrowing compared to April a year ago.

Briefly

● **JUNK BONDS** are still on the rise. Despite insider trading scandals and an increasing default rate, Standard & Poor's said that junk bonds, high-yield but low credit-rated bonds sold by companies, are proliferating. At the end of 1986, there was \$73 billion issued by 470 companies; now there is over \$100 billion issued by 620 industrial companies.

● **JAPAN** has proposed creation of an emergency currency "buffer" fund by leading industrial nations, "to cope with unpredictable emergencies or unjustifiable violations." Toyoo Gyohten, deputy finance minister, says \$100 billion is needed.

● **MEXICO AND CUBA** signed a bilateral accord for joint development projects in energy, sugar, steel, and other sectors. Fidel Castro himself turned up for the signing ceremony in Havana, totally unexpectedly, indicating the importance Cuba attaches to the accord.

● **AN E.F. HUTTON** broker, 52-year-old Andy Yurowitz, who is also a first vice president and account executive who has been with the firm since 1970, was arrested at the firm's offices by agents of the IRS and charged with helping to launder \$450,000 in drug money.

● **\$30 BILLION** will be invested by Japan in the countries of the Association of Southeast Asian Nations (ASEAN), Thailand, Indonesia, Singapore, Malaysia, the Philippines, and Brunei. The investments will be earmarked for development projects.

● **100,000 CONDOMS** have been recalled because they failed to meet leakage standards. Some were shipped to a county health department in North Carolina. The recall was a result of increased federal inspections of condoms, which began April 7, according to the FDA.

The Russian lead in radio frequency weapons

One reason Gorbachov doesn't mind banning nuclear missiles from Europe, is that he's got something better. Robert Gallagher reports on Russian breakthroughs in RF as an anti-personnel weapon.

Russian negotiators at the Strategic Arms Limitation Talks (SALT II) in the late 1970s proposed a ban on "a new generation of weapons of mass destruction" that use "pulses of intense electromagnetic radiation" against equipment and personnel, according to reports in aerospace and arms-control publications, now confirmed by sources close to the Pentagon. The Russians were probing for information on the state of development of U.S. technology in the area. The proposal reportedly was tabled because U.S. negotiators did not then understand what the Russians were talking about.

Now, almost a decade later, publicly available information on Russian development of compact sources of electromagnetic radiation at radio frequencies, delivered in pulses of millions to billions of watts in billionths of a second, combined with Russian scientists' early pioneering work on the effects of such short pulses of coherent electromagnetic radiation on chemical and biological processes, present the horrifying picture that they have developed and are close to deploying offensive weapons superior to the nuclear missile, which the Russian-controlled Pugwash Conferences in the West had proclaimed "the ultimate weapon." The new weapons will have the capability of disabling or destroying NATO military installations, weapons systems, and troops without the destructive effects to Western European industry and real estate that the Russians would like to prevent during a war in Europe, but which nuclear weapons would destroy while rendering whole areas radioactive and uninhabitable.

The new weapons are one reason why Russian party secretary Mikhail Gorbachov is agreeable to banning the nuclear missile from Europe. "No nukes, no mess," he rea-

sons. "Just dead Western Europeans and Americans."

The fact that high peak power, short-pulsed microwave devices can destroy the electronics of aircraft, tanks, or missiles, is publicly acknowledged. Lawrence Livermore National Laboratory is investigating the destructive effects of microwaves on military electronics. The March 1987 issue of the lab's *Energy and Technology Review* writes of "microwaves weapons" and "the threat of offensive electromagnetic energy":

A high-intensity burst of electromagnetic energy can pose a threat to military systems, such as aircraft and satellites. The source of the high-intensity, high-frequency pulse can be either a nuclear detonation or a microwave-generating weapon. The nuclear detonation would broadcast a single, omnidirectional burst of electromagnetic energy (a monopulse), whereas the microwave weapon would focus and aim a train of microwave-carrier pulses. In either case, the threat derives from the possibility that damaging amounts of the energy would find their way to the inner workings of a system's susceptible electronic devices. The possible effects range from confusion of electronic-system function to destruction of sensitive electronic components. These adverse effects could result even if only part of the energy should penetrate the outer covering of a system.

Of more serious consequence are electromagnetic anti-personnel weapons. The principles upon which they may function are not well understood in the West. What we

present here are the results of a preliminary *EIR* study based on known effects of the interaction of coherent radiation with matter.

Gigawatt radio frequency devices

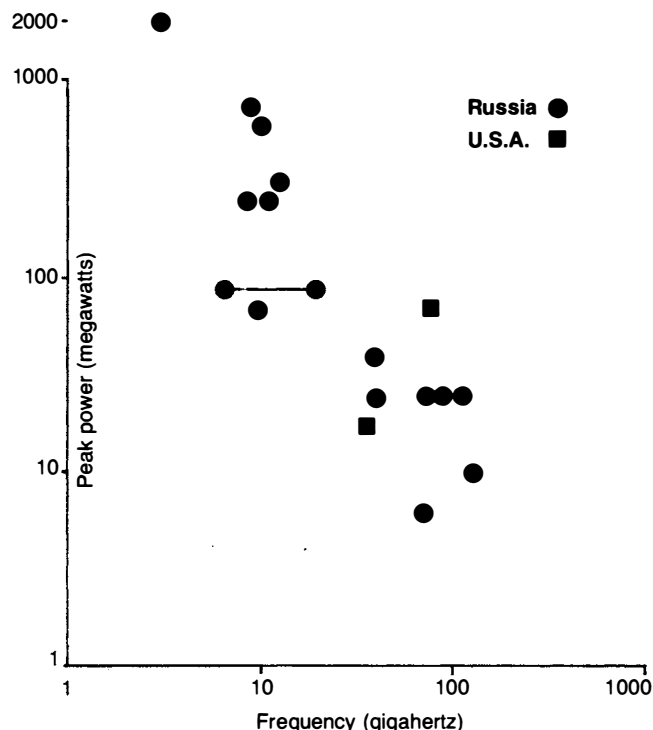
In 1975, a team of physicists led by M.S. Rabinovich and A.A. Rukhadze at the Lebedev Physics Institute in Moscow announced that they had produced from a cyclotron resonance maser, microwave pulses of electromagnetic radiation 35 billionths of a second long (nanoseconds) with a radio frequency of 10 billion cycles per second (gigahertz) and a pulse peak power of 2 million watts (megawatts). The following year, another Russian team led by A.N. Didenko at the Nuclear Physics Institute in Tomsk, reported generation of 3-gigahertz, 50-nanosecond microwave pulses with a peak power of 1,000 to 2,000 megawatts from a type of cyclotron resonance maser called a "gyrotron," which generates electromagnetic radiation from an electron beam gyrating in a helix. The device operated at an efficiency of 30%. In 1978, the Lebedev group announced generation of pulses of 60 megawatts power at 15% efficiency from a plasma-filled

gyrotron operating at the same frequency and pulse length as their 1975 device. In subsequent years, Russian research groups at Lebedev and at the Institute for Applied Physics in Gor'kiy, reported routinely producing nanosecond pulses of tens of megawatts of cyclotron resonance maser microwave output power at higher and higher frequencies up to 125 gigahertz, until much of the work was classified (Figure 1 and Table 1).

The highest peak power ever achieved in pulsed gyrotron operation in the United States is 645 thousand watts (kilowatts) at 141 gigahertz. This result, just announced June 1 by the Massachusetts Institute of Technology Plasma Fusion Center at the 1987 Institute of Electrical and Electronics Engineers (IEEE) Conference on Plasma Science, is only 1/15th of the power reported achieved in 1982 by V. Bratman of the Institute of Applied Physics at Gor'kiy, from a cyclotron resonance maser operating at the roughly comparable frequency of 125 gigahertz. The MIT device produces pulses 3,000 nanoseconds long and is more appropriate for heating thermonuclear plasmas than for the weapons applications that the Soviets appear to have oriented most of their gyrotron program toward.

Otherwise, typical U.S. gyrotron peak powers elsewhere in the microwave spectrum are 150 to 300 kilowatts. From the standpoint of short, high peak power pulses, the Soviet gyrotron program is "out of sight."

FIGURE 1
Russia leads U.S. in mobile, short-pulse, high peak power gyrotrons



Russia has developed efficient, mobile radio frequency devices that produce high peak power from 3 to 125 Gigahertz. The two U.S. points on the graph are results of experiments with low-efficiency but apparently compact free electron lasers.

Intense multiple-photon action

Devices that produce high peak power, tens-of-nanoseconds (or shorter) pulses of electromagnetic radiation, have the potential to serve as either anti-personnel weapons, or the basis for new breakthroughs in medicine. The action on living tissue is not simple heating, but is nonlinear.

Radio frequency pulses have the potential to penetrate living tissue. Once inside, an intense, highly coherent pulse of microwaves (for example) can have the effect of higher frequency coherent infrared, visible, or ultraviolet light (or even coherent x-rays or gamma rays) through a nonlinear process well established within laser chemistry, called "multiple photon excitation." In one example of multiple photon excitation, the photon disassociation of a molecule which ordinarily requires absorption of radiation within a specific band or range of frequencies (or wavelengths), is accomplished with coherent radiation of a lower frequency if a short, high power pulse with sufficient coherence is used. It is thought that two or more lower frequency photons (units of coherent radiation) act together to effect a transformation requiring high frequency photons. Figure 2b reproduced from *Los Alamos Science*, illustrates the multiple photon action of intense coherent radiation. In the hypothetical case shown there, a pulse of infrared radiation excites a molecule through over 40 quantum transitions, though the wavelength of its radiation is only resonant with two or three of them.

There are a host of multiple photon processes, and new ones are being discovered regularly. In another example,

radiation of two different wavelengths, neither of which is resonant with the quantum transitions of a molecule, somehow act together to excite a molecule through two or more transitions to dissociation, for example. These effects have already made industrial laser chemistry considerably more feasible.

Multiple photon processes are well established in the international scientific literature. Los Alamos National Laboratory's Molecular Laser Isotope Separation process in part used nonlinear multi-photon excitation of uranium isotopes with infrared radiation. Recently, a patent was granted to the Amoco Corporation for a multi-photon process to dissociate hydrogen bromide to produce a chemical chain reaction for production of ethyl bromide from ethylene (see *EIR*, June 26, 1987). Given that radio frequency electromagnetic radiation (which ranges from Extremely Low Frequencies to hundreds of gigahertz), can penetrate living tissues, through

nonlinear multi-photon action it may provide a vehicle for combatting diseases like cancer or AIDS.

The systematic investigation of nonlinear radio frequency multiple photon spectroscopy of organic material and living tissue, must now become a national research priority at least as large as it is in Russia. The requirements in pulse length, peak power, and coherence of the radiation source must also be examined. Since it is usually easier to break something than fix it, the weapons applications of multiple photon radio frequency biophysics, to destroy life processes, have come first.

In the development of the nonlinear multiple photon chemistry and physics of coherent radiation, it is the Russian biologists, such as Vladilen S. Letokhov of the Institute of Spectroscopy at the Russian Academy of Science, who have led the way. The Rand Corporation reports that Russian investigators began using high peak power short pulse gyrotron

TABLE 1

Only the Russians have systematically developed transportable, high peak power, short pulse gyrotrons

Frequency (GHz)	Wavelength (mm)	Peak Power (MW)	Pulse Length ¹ (nsec)	Electronic Efficiency (%)	Date Reported	Principal Investigator	Lab ²	Notes
3	100	2,000	50	30	1976	A. Didenko	Tomsk	
12.5	24	300	80*	15	1982	N. Zaytsev	Gor'kiy	
40	7.5	23	20	6	1982	V. Kremntsov	Lebedev	Terek-2 accelerator
40	7.5	40	20	10	1983	P. Strelkov	Lebedev	Terek-2
70	4.3	6	5-30	4	1982	M. Petelin	Gor'kiy	CARM with Bragg mirrors
79	3.8	20-30	100*	3	1984	V. Bratman	Gor'kiy	Neptun-2; Q = 400
88	3.4	20-30	100*	1	1984	V. Bratman	Gor'kiy	Neptun-2; Q = 100
107	2.8	20-30	100*	1	1984	V. Bratman	Gor'kiy	Neptun-2; Q = 100
125	2.4	10	20-30	2	1982	V. Bratman	Gor'kiy	CARM with Bragg mirrors; Neptun-2 accelerator
Plasma-filled Devices								
2.6	115	10	30*	0.02	1972	Y. Tkach	Khar'kov	Plasma Cherenkov device
9.1	33	200-300	30*	NA	1979	Y. Tkach	Krark'kov	with vacuum
9.1	33	700	30*	22	1979	Y. Tkach	Krark'kov	with plasma
10	30	200-300	15-20	2	1975	Y. Tkach	Krark'kov	Slow-wave device:vacuum
10	30	600	15-20	2.7	1975	Y. Tkach	Krark'kov	Slow-wave device:plasma
10	30	2	35*	0.4	1975	V. Kremntsov	Lebedev	Terek-2; plasma
10	30	60	30*	15	1978	A. Rukhadze	Lebedev	Terek-2; plasma
10	30	25	35*	20	1978	V. Kremntsov	Lebedev	Terek-2; with vacuum
10	30	65-70	35*	20	1978	V. Kremntsov	Lebedev	Terek-2; with plasma
6.5-20	15-46	90	45*	21	1982	P. Strelkov	Lebedev	Terek-2; plasma

¹ "Pulse length" refers to output microwave pulse length except when marked with an asterisk; there electron beam pulse length is given. Output pulse can be varied up to about 90-95% of electron beam pulse length.

² "Gor'kiy" refers to the Radiophysics Institute at Gor'kiy which was transferred in 1977 to the new Institute of Applied Physics there. "Lebedev" refers to the Lebedev Physics Institute in Moscow. "Khar'kov" refers to the Khar'kov Physico-Technical Institute. "Tomsk" refers to the Nuclear Physics Institute in Tomsk.

Sources: S. Kassel, "Soviet Development of Gyrotrons," Rand Corp. Report R-3377-ARPA, May 1986; V.L. Granatstein, "High Average Power and High Peak Power Gyrotrons," *Int. J. Electronics*, 1984, vol. 57, no. 6.

Legend: GHz = Gigahertz; mm = millimeters; MW = megawatts; nsec = nanoseconds; CARM = cyclotron autoresonance maser, a type of free electron laser. A Cherenkov device is also a type of free electron laser.

microwave oscillators in the early 1970s for "high resolution spectroscopy and to investigation nonlinear self-focusing of intense electromagnetic waves in plasma." High resolution spectroscopy is the first step in mastering the action of coher-

ent radiation on biological material.

The Russian program to develop high peak power radio frequency devices has involved scientists active in its strategic defense program: Leonid Rudakov of the Kurchatov Atomic Energy Institute (who specializes in intense relativistic electron beams), A.A. Rukhadze and Y.A. Vinogradov of the Lebedev Physics Institute (who specialize in plasma electronics and x-ray lasers), and many others.

A useful review of Russian work on radio frequency devices is Rand Corporation Report R-3377, "Soviet Development of Gyrotrons," by Simon Kassel (May 1986). Soviet, European, and American results with gyrotrons are published in English in special issues of the *International Journal of Electronics*. Several Russian journals that report on the area are available in English translation: *Soviet Radiophysics and Quantum Electronics*, *Soviet Radioengineering and Electronic Physics*, and *Soviet Radio Electronics and Communication Systems*.

How did it happen that the Russians developed high peak power gyrotrons that at some frequencies operate efficiently at peak powers three orders of magnitude greater than any in the West?

Both the United States and Russia have programs to develop high average power long-pulse or continuously operating gyrotrons for plasma heating in magnetic plasma confinement machines like the Tokamak. In this area of high average power devices, the United States is not as far behind the Russians. Russian scientists had developed megawatt power, long pulse gyrotrons by 1978. One U.S. research lab has recently achieved long-pulse gyrotrons producing six-tenths of a megawatt.

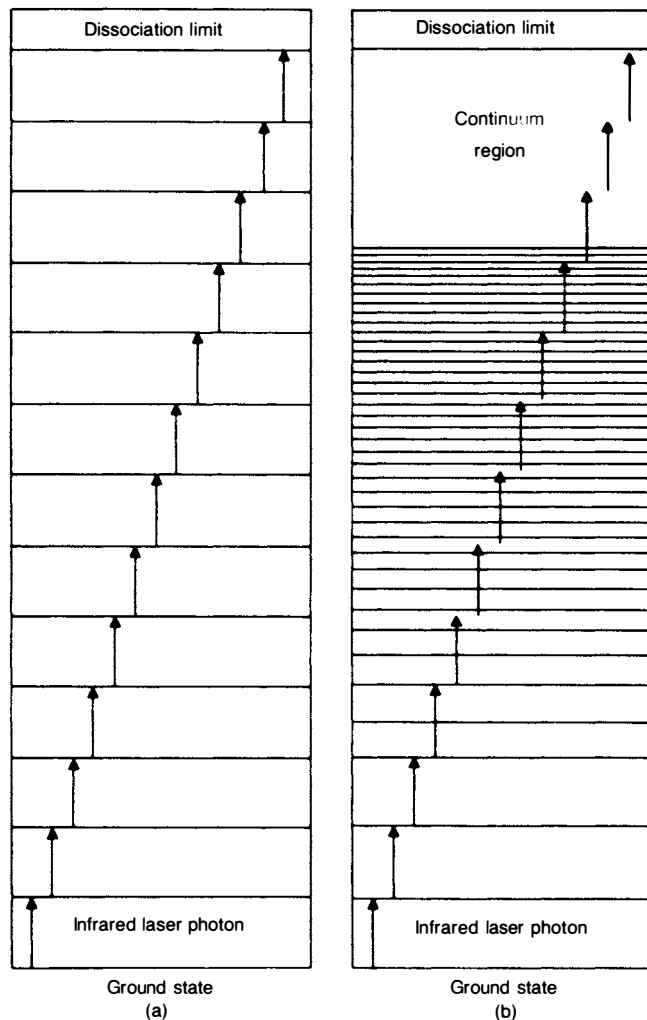
There is a peculiar asymmetry to the Russian work on high average power gyrotrons (Table 2). This work has almost entirely been conducted at the Institute of Applied Physics in Gor'kiy (which incorporated the Radiophysics Institute in 1977). It was intense there after A.P. Gaponov and M.I. Petelin built the world's first gyrotron in the mid-1960s, but slacked off considerably after the mid-1970s achievements in high peak power gyrotrons at Tomsk and Lebedev. Then, in the 1980s, personnel at Gor'kiy began to publish results on work new to the lab, generation of high peak power pulses from gyrotrons and other cyclotron resonance masers. Petelin and V. Bratman led research teams in virtual competition with those at Lebedev. The work on high average power devices became more and more devoted to raising the frequencies and the harmonics at which gyrotrons would efficiently produce radiation.

Since the 1960s, Soviet personnel involved in gyrotron research has increased six-fold (Table 3). However, as the number of personnel involved in the program has risen, the number of scientific papers reporting on results in the open literature available to the West, has declined. The Rand report concludes:

The significance of the published material on Soviet CRM and gyrotron research also resides in what

FIGURE 2

The multiple photon effect



In multiple-photon excitation a molecule absorbs many infrared photons of the same energy. If the molecule's vibrational energy levels were equally spaced as in (a), multiple-photon excitation could be understood as a resonant excitation at each step of the vibrational ladder. The absorbed photons are represented by arrows whose lengths exactly match the constant energy spacing between levels in (a). But, as shown in (b), the vibrational ladder for any physical molecule is anharmonic. That is, the spacing between vibrational levels decreases with vibrational energy. Therefore, the energy of the absorbed photons becomes increasingly mismatched with the energy spacing.

Source: Los Alamos Science, Winter/Spring 1982, p. 13.

it should be expected to, but does not, say. There are many indications that a substantial portion of this research has been classified over the years. A general impression that this is the case is obtained from the publication pattern of the research reports in this area,

showing a discrepancy between the annual publication frequencies and the number of research personnel accounted for in each year. The former shows a peak in the mid-1970s followed by a sharp drop, while the latter, as noted above, has been rising during the same

TABLE 2

The Russians also lead the U.S. in development of high average power gyrotrons

Frequency (GHz)	Wavelength (mm)	Peak Power (kW)	Pulse Length ¹ (microsec)	Electronic Efficiency (%)	Date Reported	Principal Investigator	Notes
Russian Devices¹							
15	20	3	cw	50	1966	A. Gaponov	
15	20	380	3	45	1972	A. Gol'denberg	
25	12	4.3	cw	18	1966	A. Gaponov	
33	9	140	cw	25	1984	V. Flyagin	2nd harmonic
34	8.9	10	cw	40	1974	Sh. Tsimring	2nd harmonic
34	8.9	30	5	43	1974	Sh. Tsimring	2nd harmonic; 400 pulses per sec
34	8.9	120	pulsed	23	1977	Sh. Tsimring	2nd harmonic
45	6.7	1,250	pulsed	35	1978	M. Petelin	
54	5.6	150	cw	10	1984	V. Flyagin	3rd harmonic
60	5	10	500	NA	1974	N. Koralev	50 pulses per sec
75	4	156	100	34.6	1984	G. Nusinovich	for plasma diagnostics
75	4	212	100	19	1984	G. Nusinovich	for plasma diagnostics
83	3.6	200	150,000	NA	1983	V. Alikayev	Tokamak T-10 ECRH; operational
94	3.2	300	100	25	1984	G. Nusinovich	for plasma diagnostics
100	3	1,100	pulsed	34	1978	M. Petelin	
108	2.78	12	cw	31	1973	N. Zaytsev	
150	2	22	cw	22	1978	M. Petelin	
157	1.91	2.4	cw	9.5	1973	N. Zaytsev	
157	1.91	7	pulsed	15	1974	N. Zaytsev	
136-250	1.2-2.2	10-20	3.5	10	1974	M. Ofitserov	
250	1.2	4.3	cw	18	1975	A. Gaponov	
326	0.92	1.5	cw	6.2	1973	N. Zaytsev	2nd harmonic
375	0.8	120	80	15	1982	G. Nusinovich	for plasma diagnostics
423	0.71	80	80	15	1982	G. Nusinovich	for plasma diagnostics
500	0.6	100	80	8.2	1982	G. Nusinovich	for plasma diagnostics
Best U.S. Devices							
28	10.7	212	cw	45	1980	Varian	
28	10.7	250	40,000	45	1980	Varian	
35	8.6	150	20,000	31	1980	NRL	
35	8.6	340	1	50	1983	U. Md.	
60	5	214	cw	33	1983	Varian	
115	2.6	53	1.5	30	1984	NRL	
141	2.1	645	3	24	1987	MIT	step-tunable from 119 to 148 GHz

¹ With the exception of the operational use of an 83 GHz gyrotron for electron cyclotron resonance heating (ECRH) on the Tokamak T-10 at the Kurchatov Atomic Energy Institute, all Russian work reported here was carried out at the Radiophysics Institute of the Institute of Applied Physics at Gor'kiy. Sources: See Table 1, plus: R. Temkin, "Recent advances in gyrotrons and FELs," IEEE Microwave Society Meeting, June 1987; A. Fix, et al., "The problems of increase in power, efficiency and frequency of gyrotrons for plasma investigations," *Int. J. Electronics*, 1984, vol. 57, no. 6; V. Granatstein et al., "Measured performance of gyrotron oscillators and amplifiers," *Infrared and Millimeter Waves*, vol. 5, 1982, Academic Press. Legend: see Table 1, plus: kW = kilowatts; cw = continuous wave output; Varian = Varian Associates; NRL = Naval Research Lab; U. Md. = University of Maryland; MIT = Massachusetts Institute of Technology.

period. Assuming that individual productivity averaged over the group and over time is constant, the discrepancy leaves a substantial body of papers missing from the publications after 1975 which could be attributed to classification.

The entrance of the Lebedev Institute into the gyrotron development program in the mid-1970s indicated that a major national effort was underway.

A typical Soviet applied research program is confined to a single institute, while most of the time only programs of major national importance are supported by a coordinated effort involving several research organizations. This is clearly the case with the high-power microwave program, where the tie between the Institute of Applied Physics in Gor'kiy and Lebedev Physics Institute in Moscow proved to be especially fruitful. The program appears to include a third partner, the complex of research institutes in Tomsk.

Development of high peak power gyrotrons are the focus of this national effort. Lebedev conducts no work on high average power devices outside of providing guidance to scientists at Gor'kiy and elsewhere. The high peak power machines have absolutely no application to the area of interest in gyrotrons in the West, for what is called electron cyclotron resonance heating of magnetically confined plasmas; their pulse lengths are too short and their repetition rates too low. The technology required for the high peak power devices differs qualitatively from the high average power gyrotrons, for example, their electron injection guns. The devices are not compatible.

The United States didn't start a serious program in high peak power short-pulse gyrotrons until 1984. Perhaps it was the density of Soviet reports of generation of pulses carrying tens of megawatts of power in 1982 and 1983 that finally got the United States moving (see Table 1 for a few of these Soviet results).

At the International Symposium of Gyrotron Development in Lausanne, Switzerland in July 1984 and through the *International Journal of Electronics* which published the conference proceedings, Victor L. Granatstein of the University of Maryland called for development of high peak power gyrotron devices, beginning with a gyrokylystron amplifier that would produce pulses of 10 gigahertz microwaves with a peak power of 300 megawatts and a pulse length of 100 nanoseconds. To explain the physics problems and feasibility of such a device, Granatstein referred almost exclusively to Russian work in the area. Although Granatstein argued for his proposal on the basis that such devices could power new high energy particle accelerators more efficiently than existing microwave sources, the Air Force Office of Scientific Research and the Navy are providing a good chunk of the funding for the development program, which has generated a stream of scientific papers since Granatstein's 1984 address.

TABLE 3

Russia has steadily increased the number of its scientists devoted to gyrotron research

pre-1973	<20
1973-78	40
1982	78
1986	120

Source: S. Kassel, "Soviet Development of Gyrotrons," Rand Corp. Report R-3377-ARPA, May 1986.

Also, in 1984 Lawrence Livermore National Laboratory stepped up a program whose announced purpose is to develop high peak power, nanosecond pulses of microwaves and investigate the effects of microwaves on electronics. Recently, Livermore investigators generated a burst of microwaves with a peak power greater than 4,000 megawatts for 25 nanoseconds at 7 gigahertz with an efficiency of about 1%. It is not clear, however, whether the device, known as the vircator, dependent as it is on a 400,000 megawatt electron beam source, can be made transportable.

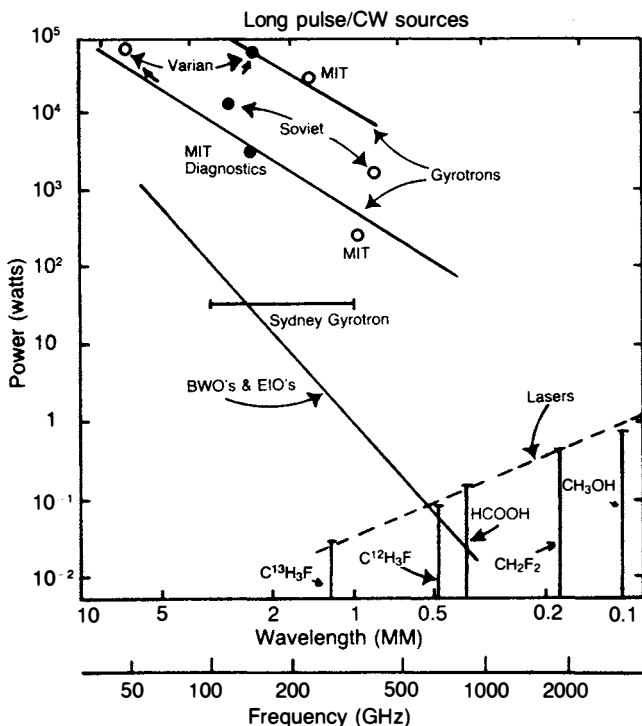
Granatstein argues that there is an advantage in developing high peak power gyrokylystron amplifiers since the coherence of the output microwave radiation is expected to be much greater from an amplifier than from a gyrotron oscillator itself. High phase coherence is important for accelerator applications as well as radio-biological warfare. The Russians plan to stabilize the coherence of their oscillators by filling them with a low density plasma. To take this discussion further, it is necessary to describe the elementary physics of the gyrotron and other cyclotron resonance masers.

'Free electron' devices

The radio frequency portion of the spectrum of electromagnetic radiation ranges from extremely low frequencies whose wavelength is measured in kilometers through the microwave portion of the spectrum, named after the category of devices that produce radiation with gigahertz frequencies and wavelengths ranging from tens of centimeters to less than one millimeter. It is the judgment of scientists in both Russia and the United States that microwave devices or "tubes," will bridge the gap from the range of wavelengths achievable at reasonably high power with molecular lasers to those already reached at high power and efficiency with existing microwave tubes. **Figure 3** shows graphically the dramatic fall-off in existing molecular lasers' output power at long wavelengths. At a wavelength of 0.1 millimeters (100 microns), molecular lasers only produce a power of 1 watt. This sub-millimeter region is where the operating ranges of microwave tubes and lasers will overlap.

Unlike lasers, which are based on the emission of radiation from electrons bound to an atom or molecule, microwave tubes generate radiation from swarms or beams of "free elec-

FIGURE 3
The 'catastrophic chasm' in the electromagnetic spectrum



Gyrotrons and free electron lasers are expected to bridge the gap between the frequencies of radiation produced by lasers and those produced by conventional microwave devices (CW = continuous wave).

Source: R.I. Temkin, "High Frequency Gyrotrons," in *Proceedings SPIE*, Vol. 666, 1986.

trons" moving through electromagnetic fields. Perhaps the most commonly known free electron device or microwave tube is the magnetron, the mainstay of Allied radar equipment in World War II and now the power source for everyday household microwave ovens.

We are interested in a more advanced subset of microwave tubes known as cyclotron resonance masers (CRM), which include gyrotrons, the so-called free electron laser, and other devices. (As its inventor, Hans Motz, points out, what is today called the free electron laser is not a laser at all, but simply an advanced microwave tube; he named it the "undulatron," after its action in undulating or oscillating its electron beam's trajectory.)

Cyclotron resonance masers are based on two facts of physics:

1) that high speed electrons emit radiation when they are turned; the frequency of radiation is proportional to the electrons' radius of curvature but Doppler-shifted with respect to their forward velocity; and

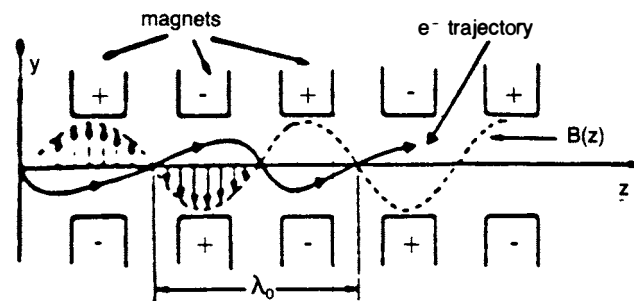
2) that beams of electrons directed into an electromagnetic field will form into bunches, phased at the Doppler-shifted wavelength of the field; these bunches will emit radiation of the same wavelength coherently.

In the free electron "laser," a beam of relativistic electrons is directed between a series of permanent magnets whose North-South polarity alternates, thus forming a standing periodic magnetic field variation or wave (Figure 4). In the reference frame of the electrons, the high beam velocity transforms this periodic magnetic field variation into an electromagnetic wave, which bunches the electrons at intervals equal to the Doppler-shifted spacing of the magnets. The magnets oscillate the trajectory of the electron bunches and the electrons emit radiation. (For a more detailed discussion see *EIR*, Nov. 7 and Dec. 12, 1986, and April 3, 1987.)

In a gyrotron, an electron gun or accelerator directs an electron beam into a resonant microwave cavity. A homogeneous magnetic field parallel to the forward direction of the beam turns the electrons in circular orbits as they would be in a cyclotron. Combined with their forward velocity, this rotation results in a helical motion of the electrons into and through the resonant cavity, as shown in Figure 5. Russian scientists believe that in optimal gyrotron operation, the transverse velocity of the electrons in their circular orbits should equal their forward velocity through the cavity, describing a helix with a pitch of 45°.

In the reference frame of the electrons, their helical motion inside the resonant cavity, transforms the homogeneous magnetic field into an electromagnetic field oscillating at the frequency of the electron's rotation, that is, the rotating electrons "see" an oscillating field, not a static one. The oscillat-

FIGURE 4

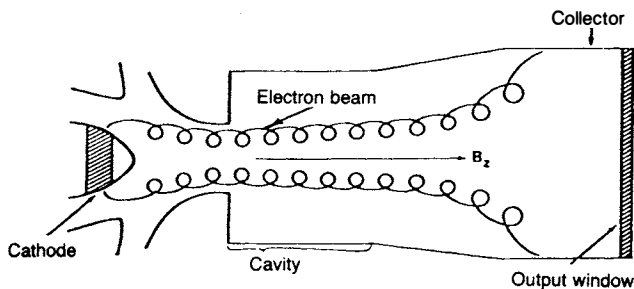


The undulator or wiggler for a free electron laser is composed of magnets of alternating polarity in a linear arrangement. An electron beam is directed down the center of the device, which turns the electrons alternately from north to south, thus oscillating their trajectory as shown. As the electrons turn, they emit electromagnetic radiation. The dotted line shows the shape of the periodic magnetic field that oscillates the electrons; the solid line shows the electron trajectory produced by the oscillation, as currently understood.

Source: M. Billardon, et al., "Free Electron Laser Experiment at Orsay: A Review," *IEEE Journal of Quantum Electronics*, Vol. QE-21, 1985, page 805.

FIGURE 5

Diagram of a gyrotron oscillator



Source: *International Journal of Electronics*, Vol. 57, No. 6, 1984, page 790.

ing field bunches the electrons at intervals equal to its wavelength, Doppler-shifted by the relativistic factor of the electrons' velocity (the ratio of an electron's kinetic energy to an electron's rest energy, plus 1). The electron bunches emit radiation at a frequency of approximately $\omega = (neB/\gamma m_0)$, where e and m are the electron charge and mass, B is the magnetic field strength, γ is the relativistic factor and n is the harmonic of the emission ($n = 1$ the fundamental; $n = 2$ is the second harmonic, etc.).

In a properly engineered device, the microwave cavity resonates in a mode compatible with oscillations at this frequency and guides the emission to the output window. In high frequency gyrotrons, the traditional closed resonant microwave cavity is replaced with mirrors between which the microwave radiation oscillates; these are called quasi-optical gyrotrons.

The basic components of a gyrotron are thus the electron source, the resonant cavity and output waveguide, the magnets, and the power supply for the electron source and magnets. The resonant cavity is itself tiny, with dimensions measured in centimeters. Transportable high peak power gyrotrons require compact, pulsed power sources and compact, intense relativistic electron beams (IREB), technologies where the Russians have a considerable lead. For example, the Neptun-2 accelerator used in gyrotron research and development at Gor'kiy, is reportedly a more compact version of the Neptun accelerator designed by Leonid Rudakov at the Kurchatov Atomic Energy Institute. The original Neptun occupied a few cubic meters of volume. A high peak power gyrotron with a more compact Neptun-2, a pulsed power source and solenoid magnets, could fit inside a medium-sized truck.

Soviet special forces operating out of such trucks in Western Europe could disable NATO aircraft, missiles, and tanks in the event of war before they could get off the ground, be fired, or leave their command posts. More important, radiobiological warfare special forces could wipe out entire officer corps, divisions, battalions, etc.

To be continued.

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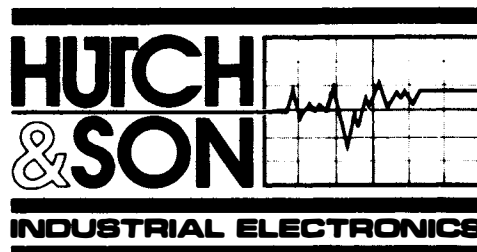
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In defense of Treasury Secretary Alexander Hamilton

by Lyndon H. LaRouche, Jr.

Today, Alexander Hamilton, our republic's first Treasury Secretary and Inspector General of our armed forces, seems to be a giant, and our contemporary political leaders Lilliputians by comparison.

When Hamilton entered the post of Treasury Secretary, our nation's indebtedness and economy were in a terrible condition, similar in many ways to the economic disaster we are suffering today. Under Hamilton's program of recovery, our national credit was restored, our banking system became the soundest in the world, and prosperous growth was unleashed throughout most of our nation.

These policies of credit, banking, and economy, which Hamilton outlined in his famous reports to the Congress, became admired and envied worldwide by the name of the "American System of political-economy."

Under the administrations of Thomas Jefferson and James Madison, Treasury Secretary Gallatin scrapped the American System, and introduced Adam Smith's free-trade dogmas instead. The result of this change was a ruinous one. Under Presidents James Monroe and John Quincy Adams, Adam Smith's ruinous ideas were scrapped; Hamilton's American System was restored. National credit, banking, and economy were saved.

Presidents Jackson and van Buren destroyed the American System, and reintroduced the ruinous policies of Adam Smith. The result of Jackson's policies was the terrible Panic of 1837.

I have lived personally through a similar experience in my own lifetime. The Coolidge and Hoover use of Adam Smith's policies, during the 1920s, plunged the world into a Great Depression. Most Americans suffered greatly through 1938, until President Franklin Roosevelt began his first steps toward preparing us for the war with Hitler he already knew then was inevitable.

Many of you are told today, that it was military spending that pulled the United States out of the depression. I was there, and saw, as did many of my generation, exactly how the economic recovery of 1940-42 was organized. It was not the war which caused the economic recovery. President Roosevelt created the economic recovery to bring the production of our farms and industries up to levels needed to



A parade in New York City celebrates the ratification of the U.S. Constitution in July 1788, with a parade featuring the ship Hamilton, named for the chief author of The Federalist papers. Under Hamilton's "American System" of economics, the United States entered an era of prosperous growth.

support our mobilization for war. It was not the war which caused the economic recovery; it was the economic recovery which made it possible for us and our allies to win the war.

We could have had an even better economic recovery, if we had not been forced to do this under the costly, inflationary conditions of war. Despite the inflationary costs of full-scale war, the U.S. recovery of 1940-43 was one of the greatest successes in the economic history of the world. All of the prosperity we enjoyed during the 20 years after the war, was a result of the high levels of farming and industrial potential we built up by 1943.

During the past 20 years, under five successive Presidents, our economy has been sliding downhill. Today, for most of our families, local communities, farms, and industries, things are as bad or worse than during the middle of the 1930s. Leading world bankers are warning us that we are near the edge of the biggest financial crash in history.

The time has come, to junk Adam Smith's ruinous policy of free trade, and to return our country to what Secretary Hamilton was first to name "the American System of political-economy." That is what I intend to do as your next elected President of the United States.

Today, more and more political analysts are warning that the AIDS issue will make my presidential candidacy a very strong proposition. When some among these analysts are asked what might be the added effect of a financial crash becoming an issue during the coming months, their eyes roll

upward, as if they were about to faint. The response is: "Let us hope that the crash can be postponed until after the 1988 elections."

For technical reasons, the only one who could predict the exact timing of a crash is some powerful government or banking interest, which knew the day on which it intended "to pull the plug." Unless one has that sort of information, it is impossible to predict mathematically the exact timing of a financial crash. However, the international financial bubble is now stretched to the point it is ready to burst. Under these conditions, any significant disturbance could set off a chain-reaction collapse in markets. Anyone who imagines that it could be postponed to beyond President Reagan's January 1989 farewell address to the nation, without the kinds of sweeping changes in emergency policies I would propose, is dreaming wishful dreams.

Therefore, any American who is looking a few months or more ahead, ought to be very concerned with knowing my economics philosophy and plans for emergency action.

My policies are documented at considerable length in a number of published texts, including a special report I presented to the Reagan administration in August 1982, and a follow-up special report submitted a year later. Given the reading habits of most of my fellow-citizens today, it is indispensable that I summarize this topic in a series of shorter articles. In this article, I concentrate on what might be the first question which comes to the mind of the concerned

citizen: What is the kernel of my philosophy of economics?

By profession, I am primarily an economist, and, by scientific standards, a very successful one. All of my work in this field lies within the policy-framework of the American System, as defined by such leading economists as Benjamin Franklin, Hamilton, the two Careys, and Friedrich List.

Within that context, I have added an important discovery. My discovery, known around the world today as the La-Rouche-Riemann method, does not overturn anything proposed by Hamilton's famous 1791 "Report on the Subject of Manufactures," but only strengthens Hamilton's policies rather significantly.

Within Hamilton's "Report on the Subject of Manufactures," the following passage appears prominently:

To cherish and stimulate the activity of the human mind, by multiplying the objects of enterprise, is not among the least considerable of the expedients, by which the wealth of a nation may be promoted.

The connection between inventions of the mind, and the increase of the physical productive powers of labor, is the kernel of the American System. What I have accomplished, is to show that it is possible to predict mathematically the rates of increased physical-economic growth which will result from an effective use of a specific sort of mental production of a new technology. On this basis, I have been able to provide a new, stronger scientific proof for the reasons that Hamilton's American System promotes depression-free economic growth, and why Adam Smith's doctrine must always lead a nation to new disasters.

Most of the argument in the following pages belongs within the scope of what most readers will probably call "intelligent common sense." Part is somewhat technical, although I am able to describe this in terms which require no mathematics education beyond the high-school level. I make no apologies for including this technical material. Contrary to the apparent beliefs of President Ronald Reagan, economics is a science, which only bunglers would approach with nothing more than a few handy slogans.

By the end of this article, the reader will recognize the practical importance of the technical matters I introduce in the following section.

The core of my argument

The fault of most modern economists, and our government officials reporting on the economy, is that these fellows simply do not know what it is they ought to be measuring.

Certain things have been growing in our economy; some things have not been growing, such as farming, industry, stability of banks, and the average standard of living of family households. That which pleases the Reagan administration, it measures; that which does not please the administration, it either does not measure at all, or measures in an incompetent way. As a result, while the economy has been collapsing, the

administration has been reporting "economic growth."

Hoover promised a "chicken in every pot," but ignored the question: How many Americans would still be able to afford a pot?

What is it that we should measure? I summarize the most fundamental features of the problem.

Modern anthropologists insist that the earliest form of society was what they term "a hunting-and-gathering society," in which mankind's existence depends upon hunting fish and animals or gathering wild fruits and vegetables. Let us assume, for the sake of argument, that these anthropologists were correct. Look at such a society through the eyes of the economist.

An average of approximately 10 square kilometers of the Earth's land-area would be needed to sustain the nutrition of an average individual in such a society. This would mean that the human population, worldwide, could not have exceeded about 10 million individuals. It would be a very miserable existence. The average life-expectancy would be well below 20 years of age, and the cultural level a brutish one.

Over a period longer than the past 2,000 years, we have fairly good knowledge of the population-densities and technologies used in major portions of the world. Our knowledge becomes more precise since the great census taken by Charlemagne, especially in Western Europe, where Church statistics are most helpful, in enabling us to estimate population-densities by area with considerable precision. Since the 15th century, the quality of our data is highly reliable for estimating the rates of change in population-densities.

For our purposes here, it is not necessary for me to go into detail on the kinds of methods we use to estimate populations and to cross-check those estimates. The point I am making is a fairly obvious one: a very crucial difference between the behavior of mankind and beasts, as seen through the eyes of the economist.

Today, there are more than 5 billion persons. Even with existing technologies, as the case of Belgium illustrates the general point, we could sustain three or more times the present levels of population, at a standard of living comparable to that in Western Europe and North America during the happier days of the early 1970s. In other words, "since the hunting-and-gathering society," we have increased mankind's potential population by about a thousand times. We have also increased potential life-expectancies by about four times. If we measure all forms of income in kilocalories consumed, we have raised the potential standard of living by much more than a thousand times.

In mathematics, it is conventional to speak of an increase by a factor of 10, as an increase of one order of magnitude. Through technological progress, mankind has increased its potential by about three orders of magnitude. The smartest species of beast could not increase its potential population-density by even a significant fraction of one order of magnitude.

From the standpoint of the economist, the thing about human existence which sets us above the beasts, is that we are able to effect successive advances in what we call scientific and technological knowledge, and are able to transmit that knowledge to one another in such a way as to raise the standard of living of the average person, while also increasing the potential size of the human population sustained at this improved level. No beast's mind can generate or transmit scientific and technological progress.

The most important fact in economic history, is society's power to increase productivity through generating technological progress, and assimilating these technological advances into daily practice of the society generally.

Let us set up a very crude sort of equation, which expresses what we have just said:

$$y = F(x)$$

in which y signifies a rate of increase in productivity, and x signifies a rate of increase of technological progress. $F(x)$ signifies a function expressed in terms of rate of increase of technological progress. Is it possible to construct a mathematical function of the required form? The search for such a mathematical-economics function has been ongoing since the founding of modern economic science, by Gottfried Leibniz, during his work over the period 1672-1716.

What Leibniz did, in this connection, was to establish economic science as a branch of physical science. This economic science was known during the 18th century, into the 19th, as the science of "physical economy." It was sometimes also identified by other terms, including "science of technology," and, in French, "polytechnique." This branch of economics, "physical economy," is the area within which the greatest part of my own professional work lies.

A mathematical-economics function of this sort is possible. My principal contribution to economic science, since my initial such discoveries during 1952, has been to show how such a function must be defined.

This mathematical function can not be solved through use of the methods upon which present-day econometric forecasting is based. Those methods are based on the combined influence of several influential figures of the 1930s and 1940s: Harvard's Professor Wassily Leontief, the principal designer of the present U. S. national income-accounting system, Prof. John von Neumann, and Prof. Norbert Wiener's doctrine of "information theory." These defective methods are known among specialists as methods of solution of "simultaneous linear inequalities." No system of linear inequalities can represent the relationship between rates of advance in technology and rates of increase of physical productivity.

What I did, starting by attacking this fallacy in the arguments of Leontief, von Neumann, and Wiener, was to return to the starting-point of my adolescent studies of Leibniz's work. On that basis, over the course of several years work, I

redefined the problem. My next difficulty was to select a choice of mathematics suited for solving problems of the type I had defined. I found the solution in the work of a leading 19th-century physicist, Prof. Bernhard Riemann. For that reason, my discovery is known as the LaRouche-Riemann method.

The first crucial problem we encounter in seeking to construct the desired kind of mathematical function, is the problem of defining what we should mean by human "creativity" in mathematical language. "Creation" is a conception which can not be represented in any system of deductive mathematics. My adolescent wrestling with the famous *Critiques* of Immanuel Kant, enabled me to understand this problem, where Leontief, von Neumann, and Wiener, among others, had failed to do so.

Define the word "creation." Try it in theology. Try it in cosmogony. What do you mean by that word? Most of you mean, that in one moment, something does not exist, but in the next moment it does. The transition from the first to second moment, you will name "creation." What happens in between those two moments, which causes the new thing to be created? No matter how long you attack that question with the methods of formal, Aristotelian logic, or modern deductive mathematics, you will end up no better than at the beginning. To the person who relies only upon deductive logic, it would seem that "creation" is a word we use to identify something the human mind could never grasp.

That was the argument of Immanuel Kant, throughout his *Critiques*. Kant insisted throughout these *Critiques*, but especially in his last, his *Critique of Judgment*, that the mental processes by which human beings create a valid scientific discovery, are not intelligible. This was the same standpoint which von Neumann took, not only in his doctrines on mathematical economics, but his mathematical theory generally. This was Norbert Wiener's standpoint in "information theory."

The solution to this problem of mathematics was first shown to exist by a person who was probably the greatest genius of the past 600 years, Cardinal Nicolaus of Cusa. In addition to being the Papacy's outstanding thinker of the Italian Renaissance period, Cusa was the founder of the methods of modern physical science, and the most direct influence on the work of Leonardo da Vinci and Johannes Kepler, among others, as well as a leading indirect influence on Huyghens and Leibniz, among others. Cusa showed how "creation" could be represented as an intelligible idea, capable of mathematical representation.

Cusa was the founder of one of the two leading branches of all modern physical science. Galileo, Descartes, and Newton are typical of methods of formal deduction, based upon Euclid's *Elements*. Cusa, Leonardo, Kepler, Leibniz, Gauss, and Riemann, are among the leading names in an opposing faction in science, whose method is based on a non-Euclidean geometry. By "non-Euclidean geometry," I mean one based

entirely on construction, with no axioms, from which use of deductive reasoning is prohibited.

Without going into the detailed history of this scientific issue, it is enough to say the following. Cusa solved the problem left unsolved by Archimedes, the so-called problem of showing why the attempt at a simple squaring of the circle is based upon a mistaken assumption. Cusa discovered a geometrical and physical principle, which he defined as the "Maximum Mininum" principle, which modern mathematicians know in the guise of "the isoperimetric theorem" of geometric topology. The greatest advance beyond Cusa's original formulation, was contributed by Karl Gauss. A number of Gauss's contemporaries and collaborators worked on refining Gauss's discovery. The results of this were summed up in the work of Riemann.

Today, we call the variety of mathematical physics based on Gauss's approach to constructive geometry "the Gauss-Riemann complex domain." Riemannian physics is based, centrally, on the mathematical representation of processes which evolve to higher states. This is the only branch of mathematical physics in which it is possible to account for what occurs during that interval, constituting the act of creation, between the two moments of successive not-being and being.

This is not the place to elaborate this significance of "Riemann Surface functions." Our purpose here, is simply to identify the nature of the problem of representation, and the location in which the required form of mathematical solution is to be found. The following points must, however, be made.

If you imagine that the only self-evident form of action in the universe were circular action, as Cusa showed, then all of the true theorems and constructions in Euclidean geometry can be developed, in a non-deductive, non-Euclidean way, by construction. This is done, first, by imagining the case in which circular action is acting upon circular action, as if the one is at right angles to another, and that this is occurring at every interval of each circular action. This is called doubly-connected circular action. Euclidean space, elaborated by rigorous methods of non-deductive (non-Euclidean) construction, is essentially triply-connected.

With Gauss, we go a step further. We know that simply circular action is not an adequate representation of the real universe. Imagine a special form of circular action, in which the radius of rotation is lengthening as the action occurs: spiral action. Now, imagine that the center of rotation is moving forward, in the direction of time, while this is occurring. Our spiral action now lies on the exterior surface of a cone. This is called a self-similar spiral, for obvious reasons. Now, in place of circular forms of multiply-connected action, substitute multiply-connected self-similar-spiral action.

State what you have done in the language of trigonometry, using elliptic, hyperbolic, and hyperspherical trigonometric functions to accomplish this result. The result is the

Gaussian form of the complex domain. It is the Riemannian form of this Gaussian complex domain, which permits us to represent those kinds of processes which are properly called "creative."

Although this Riemannian approach implicitly permits us to map brain functions in a broad way, the LaRouche-Riemann method considers only one aspect of these brain functions, the problem of representing the generation of higher-order technologies. Admittedly, at first glance, what we are able to accomplish in this way is "mind-boggling," but after becoming used to the ideas involved, it all seems quite obvious.

Beginning with a set of three scientific papers which Riemann composed, during 1853, as the dissertations qualifying him for inauguration as professor at Gauss's Göttingen university, the central feature of Riemann's work as a whole is his concentration on the hypothesis, that any physical process in the universe was mathematically representable in the Gaussian complex domain. Riemann supplied only partial proofs for this, but he made substantial advances, and pointed the way in the direction in which more general proofs might be developed. What he did accomplish, is more than sufficient for the needs of the economist.

Referring to the function, $y = F(x)$, our first problem is that of defining the way in which both y , a rate of increase of productivity, and x , a rate of increase of technological progress, must be measured. The problem of defining y , is the simpler part of the task. Defining x is the major challenge. It is that major challenge we are addressing at this point.

If we can represent efficiently any physical process which represents a new technology, part of the problem of defining x is already solved. If we can also define which kinds of physical processes are more advanced, and show that in the same way we represent particular physical processes, we can measure which process is the more advanced technology. We can also measure how much more advanced it is. How do we compare two physical processes, and say that one is measurably superior economically to another?

Go back to the work of Leibniz, where this problem was first defined.

Leibniz's major work in economic science began in Paris during the same years, 1672-76, he solved Kepler's plan for creating a differential calculus. His work in Paris, together with that of Christian Huyghens, was done under the sponsorship of the French minister Jean-Baptiste Colbert. The mission in which Huyghens and Leibniz were involved then, was to design what became known as "the industrial revolution." Leibniz defined this task as study of the principles of the use of heat-powered machinery, by means of which "one man can do the work of a hundred."

This involved the principles of design of heat-powered machinery. Huyghens worked, for example, upon what became known later as the piston-powered internal combustion engine. Leibniz's work led him to collaborate with Denis

Papin in the creation of what became the first steam engine successfully used to power a boat (using external combustion).

The general problem at the center of Leibniz's work in economics, was to define the way in which increasing the amount of coal-burning power supplied to a machine, would increase the productive power of the operator of the machine. It is generally true, that increasing the power used per operative will make possible increases of the productivity of the operative. It is also true, that by raising the operating tem-

Were Alexander Hamilton alive today, he would smile as he accused me of "stealing his program." Then, he would ask, "Show me how you worked out the methods for measuring the connection between rates of technological progress and rates of increase of productive powers of labor." We wouldn't talk about much else, since on everything else we would agree automatically.

perature of processes, we can not only increase the productivity of the operative, but can perform kinds of work which are impossible to accomplish economically at lower temperatures.

However, Leibniz's work took him beyond these problems. I shall describe the deeper problem in the simplest possible terms of illustration. Imagine that two machines use up the same amount of heat per hour, and that both are used to do the same kind of work, but, that the same operative, using one machine, will produce more than with the other machine. Assuming that both machines are well built, according to their design, how should we define the difference between these two machines?

Leibniz called this difference "technology." By "technology," we mean, broadly speaking, the quality of organization of the machine's design. One of the simplest examples of this notion of "organization," is the use of a sharper and harder point, or cutting-edge on a tool. The same work can be done with less effort, and usually better. We develop a more general notion of organization, by defining all machine functions in terms of rotary motion.

What we desire to know, is some principle of organiza-

tion of machine design, which enables us to predict what kinds of changes in internal organization of the machine represent a more effective way of converting heat-power into increased productivity of the machine's operative. This principle permits us to measure the superior organization of one machine over another. This measurement is the measure of quantity called "technology."

To keep the discussion as short as possible, let us define rotary motion in terms of what Leibniz defined as physical least action. Most of the preliminary work on defining principles of technology was undertaken by Lazare Carnot and Gaspard Monge's circles at France's Ecole Polytechnique, with the fundamental work established during the years 1794-1815, before the Ecole began to decay under the post-1815 leadership of LaPlace and Cauchy. Most of the basic principles of technology of design of heat-powered mechanical devices were solved by the Ecole during that period or soon after.

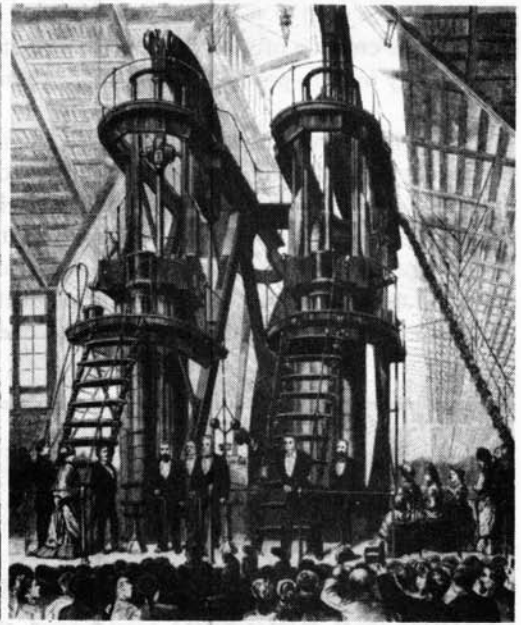
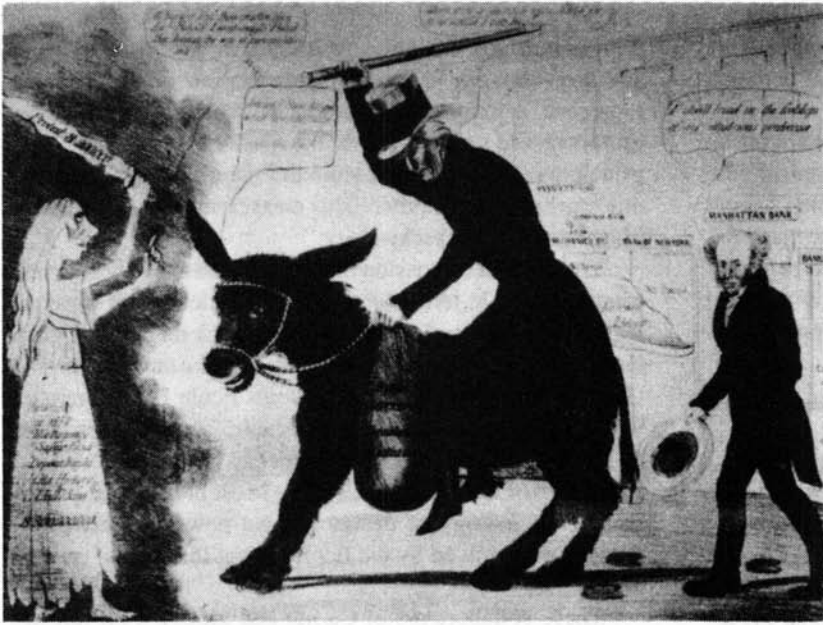
These collaborators of Carnot and Monge went further, to begin to define some of the problems of electrostatics in particular, as well as thermodynamics in general. The work of Sadi Carnot, Fourier, and Legendre is the most important. However, as French scientists were repressed under the regime of Cauchy, the world's leadership in scientific progress began to shift into Prussia as early as the 1820s, with one center at Berlin, under the leadership of Alexander von Humboldt, and another around Gauss at Göttingen. During the 1820s, Gauss and his collaborator Weber, undertook a comprehensive reworking of electrostatics. During the 1850s, this work on electrostatics accelerated, centered in the collaboration between Riemann and Weber.

As briefly as possible, now. There is a grave flaw of inadequacy in Fourier Analysis. The combined work of Gauss, Weber, Dirichlet, Riemann, Weierstrass, and Cantor, was focused upon this problem of Fourier Analysis to a large degree. Gauss's complex domain provided a unique basis for correcting this flaw. A more advanced view of hydrostatics was integrated with electrostatics. This view permits us to do for the technology of electrostatics what the Ecole Polytechnique did for the technology of mechanics and simpler thermodynamics.

The key clue is to base a notion of physical least action on multiply-connected self-similar-spiral action, rather than upon multiply-connected circular action. This approach permits us, today, to subsume modern plasma physics and coherent electromagnetic pulses under Leibniz's notion of technology. In the conclusion of this article, I shall indicate the major practical importance of that fact for organizing a long-term U.S. economic recovery today.

All other things being equal, there are three conditions which must be met to generate a generalized advance in productivity of operatives:

1. The amount of usable energy supplied, both per capita and per square kilometer, must increase.



Presidents Andrew Jackson and Martin van Buren destroyed Hamilton's "American System" economics, and reintroduced the ruinous policies of Adam Smith. The result of Jackson's policies was the Panic of 1837, illustrated (left) in a contemporary cartoon. The drawing shows "Old Hickory" beating the bankrupt nation. The drawing on the right shows the Corliss steam engine at the 1876 centennial exposition. With the reintroduction of American System methods after the Civil War, such inventions spurred unprecedented industrial growth.

2. What is sometimes termed the "effective energy-flux density" of the energy supplied and applied, must increase.

3. The level of technology in internal organization of the process of production, must be advanced.

These three conditions are interdependent. If these conditions are not met, productivity of production will tend to stagnate, and ultimately will collapse.

One other point must be added now, before turning to the problem of proper measurement of productivity itself. The fact that we can represent technological progress mathematically, means that we can represent this in terms of the kinds of mental processes which generate these discoveries. This does not explain everything about the human mind, but it describes what mental processes must do to discover a scientific advance beyond existing levels of technology. To this degree, creativity is rendered intelligible.

To choose what to measure as increase of productivity, takes us back to the illustration given at the beginning of this section. What determines whether a change is for the better of society, or not? The answer should be obvious. Most simply: whatever increases the potential population-density of society, whatever increases the number of persons who can be sustained, in an improved standard of living and culture, per square-kilometer of land-area.

We consider the problem of making such measurements at several successive levels of sophistication.

Since our definition of increased productivity must correspond to increase of potential population-density, we should not measure output in either prices or particular products. We

measure output in terms of "market-baskets" of consumers' and producers' requirements. The number and qualities of products in market-baskets changes with technological progress. Labor of a higher quality of productivity requires a higher standard of living to maintain its household at that level of cultural potential. So, we must measure how many individual market-baskets' worth of output are produced by the labor of a single operative. We must take into account both consumers' market-basket requirements, and producers' requirements measured in the same way.

The problem of diminishing returns on natural resources comes into play. Here, energy comes directly into play. The more energy per capita, and the greater the effective energy-flux density of that energy, the poorer the quality of natural resources we can use without suffering an increase in cost of production. As we are able to use poorer natural resources economically, the limits of natural resources are widened; whereas, if we do not advance technologically, the limits of natural resources close in upon us.

If we are broadening the limits of natural resources, the result is that an average square kilometer of land will sustain an increasing number of people. If our technological progress is stagnant, the limits of natural resources are closing in upon us. If we slip backward technologically, and have less energy used in production, per capita and per square kilometer, the society is on the road to collapse.

For these reasons, it is not adequate to measure productivity in terms of present-day market-baskets. What we must measure is a rate of increase of productivity, a rate which

must be high enough so that we are broadening the limits of natural resources, rather than allowing them to close in upon us.

Political-economy

A modern economy has two interdependent aspects. The first aspect, which we have stressed so far, is the physical economy: the production and physical distribution of goods. This is the aspect of the economic process which falls under the heading of physical science, as we have reviewed what is involved in that. The second part is the political processes governing an economy. These political processes include the issuance of money, the organization of credit and banking, taxation, and tariffs.

Since employment, production, and physical distribution, on the real, or physical side of the economic process, are organized through buying and selling at money-prices, and are fostered or suppressed by the way credit and banking are organized, and are affected by taxation, the two sides, the physical and political, interact in this way. This interaction is what we ought to understand one another to mean when we use the term "political-economy."

Our Founding Fathers' knowledge of physical economy was obtained, from about 1766, in the relatively greater degree from French industry and science, and their theoretical knowledge from Leibniz or Leibniz's indirect influence. The emphasis on "productive powers of labor" in Hamilton's "Report on the Subject of Manufactures" is strictly Leibnizian. Their notions of the political side of the economic process are best traced to the pre-Andros period of the Massachusetts Bay Colony, and the 18th-century influence of Cotton Mather. Benjamin Franklin's 1729 "A Modest Inquiry into the Nature and Necessity of Paper Money," is an affirmation of Cotton Mather's policy, a policy based on the successful use of paper money issue and "state banking" in the pre-Andros Massachusetts Bay Colony.

Our Founding Fathers had none of the illusions about "the magic of money" popular around Washington—and elsewhere—today. They knew that the source of wealth was the production of physical goods and of public improvements such as roads, canals, bridges, ports, and similar works. Paper money, credit, banking, and so forth, were necessary arrangements for efficient commerce, but nothing more than that.

Today, when I outline what I shall do as President, someone always pops up to ask, "Where is the money coming from?" Very simply, under our Constitution, the U.S. Congress shall enact a law, authorizing the issuance of between \$500 billion and \$1 trillion of U.S. Treasury currency-notes. This money will not be spent by the federal government. It will be lent, through banking-system channels, to farmers, manufacturers, public utilities, and capital accounts of federal, state, and local agencies responsible for building public works. We shall put farms, industries, and people back to work producing new physical wealth. They will produce

more wealth than is loaned to get this production into motion. Their wages, and the business income of farms and industries, will put added money into circulation, increase the tax-revenues of the federal government (without raising tax-rates).

If this money is loaned at low borrowing-costs, at prime rates less than 2%, and if federal tax schedules provide generous investment tax-credits to those who invest in creating high-technology work-places in production, we shall do quite well without having to borrow money from anyone but ourselves.

The problem today, and over the past 20 years, has been, that the political side of the economy has been mismanaged, very badly. The percentage of the total labor force employed in producing physical wealth has been collapsing, while the combined total of unemployment, and employment in administration and superfluous services has piled up. Tremendous fortunes have been made in pure financial speculation, with no increase of physical production to show for it. We have been going deeper and deeper into debt, to produce less and less per capita. It's a terrible way to run a railroad.

The only major risks in the government's creating very large issues of money for lending are that the lending and tax policies might move money in the wrong direction—into more financial speculation, and more and more employment in administration and marginal qualities of services. The trick is to lessen the tax burden on investments in high-technology, goods-producing work-places, and to steer most of the newly created credit into those kinds of investments.

My immediate goal is to add 5 million new industrial work-places, emphasizing improved technologies, during the first two to three years of my administration, and steer the nation in the direction of employing about half of the total national labor force into occupations as farmers, industrial operatives, and operatives employed in constructing and maintaining utilities and public works.

There is no magic in it. It is simply a matter of government reaching a consensus with entrepreneurial farmers and industrialists, and government's delivering on promises to promote technological progress in and expansion of production and employment in manufacturing industries and similar forms of employment. Set the investment tax-incentives high, keep low-cost credit flowing through the private banks, and ensure that there is a sufficient rate of scientific progress being generated.

This program will not be inflationary. It will be deflationary. The higher the percentile of the labor force employed in producing wealth, and the lower the percentile employed in administration and marginal services, the lower the cost of every article produced—the fewer the number of overhead salaries tacked onto the price of what the farmer or industrial operative produces. Keep financial speculation down, too. That will be indispensable under conditions of financial crisis; it is a good practice generally, since every dollar of income from financial speculation becomes an added dollar of overhead tacked onto prices of commodities.

Let us suppose that I were President for two terms. In that case, before I left office, the percentage of our national labor force employed as manufacturing operatives would have doubled, while the number of working farmers would remain about the percentage existing today. This would nearly halve the real cost of every manufactured item produced, simply through large cuts in the overhead burden tacked onto the price of things produced.

Balance the budget? Easily! The trick of balancing the budget, is, essentially, keep tax-rates low and tax-revenues high. How? Simply: Increase national income. Low tax-rates mean, among other things, a more rapid investment in new work-places. By expanding production, the government gains more from expansion of the revenue base, than it loses by not raising tax-rates. Government must strike a reasonable balance between the two, subject to imperative national needs.

The political side of the economy is the easiest part of the problem. We need nothing more than a government with the knowledge, political will, and political support to do what must be done. The real mental challenges come in the area of physical economy.

My 'science-driver' program

My first concern, as President, apart from preventing the financial system from blowing wide open, will be to get rates of productive employment up. Those among you old enough to remember 1940-43, will understand this the quickest. We must begin with the plant facilities and work-places which we can reopen for production. A few years down the line, after new capital investments in plant and machinery take hold, the high rates in technological progress will be seen. That's the way it worked during 1940-43; that is approximately the way it will work during most of my first administration.

It will be during the last two years of my first administration, that the impact of technological progress will begin to be felt by the population more generally.

My duty, is to ensure that long after I am out of office, the United States is absorbing improved technologies at rates sufficient to increase our per capita output tenfold approximately each generation. This is not pie in the sky; we already have, or have in sight, new technologies adequate to trigger the greatest boom in the history of mankind.

I start with scientific and related manpower. To achieve what I have set as my goal, we must build up the percentile of combined scientists, engineers, and research-and-development operatives to about 10% of the total labor force.

My next problem, is to rebuild the U.S. machine-tool industry to a scale and rate of turnover sufficient to transfer the new technologies generated in research and development into production in general. If investment tax-credit incentives are high enough, and if large flows of low-cost credit are flowing into industry, industry's appetite for improved products of the U.S. machine-tool sector will be enormous. Gov-

ernment must ensure that the machine-tool sector is being fed with large doses of the kinds of technological progress which our industries will gobble up under such circumstances.

The President, with cooperation of the Congress, has three major economic weapons for fostering high rates of technological progress: 1) U.S. military expenditures; 2) non-military research and development programs wholly or partially backed by government; and 3) public works, both governmental and by public utilities. If the federal government plans its budgets in these three areas properly, the government can shape the net impact of this expenditure to foster high rates of technological progress spilling over into private investment.

The practical problem on which I have been working for about a decade, most emphatically, is to devise the best way in which either I, or some other President could do this.

It happens that all technological progress likely to occur on Earth during the coming 50 years will be concentrated in four areas:

1. Organized plasma processes at very high energy-flux densities. Controlled thermonuclear fusion as a primary energy source for man on Earth, and in space-exploration, is a leading part of this. However, with these "temperatures," and with associated techniques for handling hot plasmas, every branch of metallurgy will be revolutionized, breaking the limits of every presently imaginable limit to natural resources on Earth.

2. Controlled pulses of coherent electromagnetic radiation, and compound pulses of this sort. This is already emerging as a revolution in machine-tool design, and will be the machine-tool industry of the future.

3. Optical biophysics. A major advance beyond molecular biology is currently in progress, the study of all living processes as characteristically tuned electromagnetic processes of special characteristics. This direction in biology was implicit in the work of Luca Pacioli and Leonardo da Vinci, and was accelerated for a while by the work of Louis Pasteur and others on "optical activity" of living processes. Modern techniques enable us, increasingly, to get at these processes in the very small. A revolution in biology is now in progress as a result.

4. New dimensions in computer technology. We now need urgently what are called "parallel processing" modes of computer design, capable of processing billions or even trillions of "flops" per second. Progress in this direction is under way. Under way, but more distant, is the development of new kinds of optical-analog/digital hybrid computers, capable of performing explicit solutions to nonlinear problems stated in terms of the Gaussian complex domain. We need such instruments for many branches of laboratory and other research. We need such instruments to aid us in remote control of the new, energy-dense productive processes, and in space-exploration applications.

For the next 10 to 15 years, there are three very urgent

programs of government, each of which requires intensive investment in some or all of these four areas. 1) Military. Moscow's rapid development of its own version of "SDI," of which the first generation is supposed to be deployed by 1992; and Moscow's rapid progress in developing radio-frequency and other strategic and tactical assault weapons. 2) Biology. It is very unlikely that we shall master a cure for AIDS without a leading contributing role by optical biophysics research. Progress in this direction will also be important in our continuing efforts to conquer cancer, and to deal with various problems of diseases of aging of tissue. 3) A Moon-Mars colonization project, with the objective of establishing the first permanently manned colony on Mars by about 2027 A.D.

I intend to steer as much of the military procurement budget as possible into advanced systems. This will be indispensable to maintain effective national defense, and will have the side-benefit of building up our machine-tool sector, to the great advantage of the civilian sector.

We should probably be spending about \$3 billion a year on biological research into a cure for AIDS. A very large fraction of this should go into optical biophysics, including more efficient instruments for detecting various forms of AIDS-like and other viruses in samples. Much of this expenditure will go for laboratory instruments of advanced design, indispensable for this research. This will generate a valuable new branch of industry within the machine-tool sector.

The Moon-Mars program is not an optional "prestige" project. The primary mission of the program is the establishment of astrophysical laboratories at a required distance from the Sun. The principal duty of these installations near the orbit of Mars is to focus upon very unusual phenomena in our own and distant galaxies. The immediate benefit of this, is uncovering new physical principles of the universe, principles which will become indispensable for life on Earth during the second half of the coming century.

Since a sound Mars colonization program will require about 40 or more years to develop, we must begin now, or we may be starting too late for our great-grandchildren's needs.

The only foreseeable way in which we could colonize Mars economically, would be to build much of the spacecraft and equipment we shall use on Mars on the Moon. So, the industrialization of the Moon (largely with automated or semi-automated industries) is a necessary stepping-stone to Mars colonization.

This Moon-Mars program, to be completed step by step, over about 40 years, I project as the main science-driver program of my own and later administrations. In manpower, the project will be approximately the scale the Kennedy administration adopted for the NASA program. The NASA program repaid the U.S. civilian economy with more than 10¢ of benefits for each penny spent on NASA. The Moon-

Mars program will have the same kind of effect.

For example, the first step is to develop a cheaper and better way to get into Earth's orbit from Earth's surface. We are at the limit of efficiency and cost for rocket-power. We are now ready to proceed with a better approach. This new approach will be a two-part airplane-rocketship. The aircraft will go high into the stratosphere at speeds between eight and sixteen times the speed of sound. There, the aircraft will launch the rocketcraft, and return to an airport on Earth. I have two designs for such a system on my desk, one developed in West Germany, and a modification of the German program developed in Italy. We are speaking of something which could be developed to fly within about seven years, allowing for all reasonable bottlenecks.

Such a hypersonic aircraft would have other uses. At eight times the speed of sound, we could fly to the most distant airport on Earth in not more than three-and-a-half hours. At double that, we could reach Tokyo in about an hour, and Western Europe in about a half-hour flying time, probably about an hour from terminal to terminal. Developing such aircraft would mean a giant leap in the retooling of our aircraft industry, and in retooling of the firms which are vendors to that industry. The same technologies would have many other uses besides those in aircraft design as such.

The way the Moon-Mars program would pay us back would be in five-year-long half-cycles. We would have to ante up the advance money to cover the entire investment in each five years of the program's phases, but, during the second five years, our economy would be paid back in improved productivity gained from the technologies developed over the preceding five years, and so on. By the time the first permanent colony was established on Mars, the entire project would not have cost us a net cent; we would have made a substantial profit on the entire investment.

These various research and development programs would be the government's contribution to generating the new technologies needed to push the development of the machine-tool sector, and thus ensure that the private sector had the highest possible rate of technological progress, and increases in productivity.

To ensure the best result, the Departments of Treasury, Commerce, and Energy would make use of the LaRouche-Riemann method. That method of analysis would be used to monitor bottlenecks in the flow of advanced technologies into the economy, to detect the problem, and work to correct it long before any significant slowing of the rate of national economic growth occurred.

Were Alexander Hamilton alive today, he would smile as he accused me of "stealing his program." Then, he would ask, "Show me how you worked out the methods for measuring the connection between rates of technological progress and rates of increase of productive powers of labor." We wouldn't talk about much else, since on everything else we would agree automatically.

U.S. backs satanist who leads riots in Panama

by Gretchen Small

With two exceptions, U.S. news media and government officials continue to black out the truth behind the riots and disturbances which exploded in Panama in June: that they were run in support of a man who is a long-standing close friend of Fidel Castro, a gnostic Satan-worshipper, and the leading "Panamanian connection" of a major South America cocaine pipeline into the United States, whose capos in Peru now sit in jail awaiting trial!

The man behind the riots is Panama's former Defense Force Chief of Staff, Col. Díaz Herrera. Forced out of the Defense Forces on June 1, Díaz Herrera issued a string of accusations of corruption and fraud against his superior, Defense Force Commander Gen. Manuel Antonio Noriega, which implicated the entire Defense Force command. Panama's opposition movement, led by a spectrum of competing satanists and members of the South American narcotics mafia, immediately called a general strike, and sent their people out rioting, demanding Panama's military and government be overthrown because of Díaz Herrera's charges.

Díaz Herrera insisted that President Reagan and the Panamanian people must listen to him, because he is acting at the behest of a gnostic Indian guru, Satya Sai Baba, his "secret weapon" against Noriega. He added also that he, Díaz Herrera, is coordinating his activities with a network of practicing cultists in the Caribbean holding powerful positions, a network which includes leaders of the Socialist International and Cuba's Fidel Castro.

Except for *EIR* (June 19) and the *Wall Street Journal* (June 11), Díaz Herrera's gnostic connections have been blacked out in the United States. Yet, those connections are

the key to tracking out the control of the Soviet-run international narcotics traffic of would-be Panamanian ruler Díaz Herrera. The "Gnostic International" today still runs the Bulgarian state, which also serves as a central headquarters for much of the world's narcotics trade, including its Colombian and Cuban branches. The Gnostic Church established, and still directs, the Colombian narco-terrorist group, the M-19, which operated in Panama for many years under the protection of Díaz Herrera's ally, former National Guard Commander Ruben Paredes. U.S. investigation into the gnostic network in the Caribbean which Díaz Herrera has identified is urgent, not U.S. support for placing that network in power.

The Villa Coca connection

Díaz Herrera has long been known as the man who runs Panama's prostitution and contraband networks. Questioned by Panamanian reporters in June about accusations that the Panamanian military is involved in drug-trafficking, Díaz Herrera could only respond that "drug-traffic is everywhere," and refuse to further answer the question.

No wonder. Díaz Herrera was the contact man in Panama for Peruvian cocaine chieftain Reynaldo Rodríguez López's operations, until that operation exploded, literally, on July 24, 1985, when a gigantic cocaine laboratory blew up in a mansion located in one of Lima's richest districts. While Rodríguez was not caught until a year later, his network began to unravel, becoming famous as "the Villa Coca case."

Since the 1970s, Rodríguez had run one of the largest cocaine pipelines in the Western hemisphere, channeling coca paste and cocaine from Peru, through Panama and Mex-

Fidel, Díaz Herrera: a 'mystical' relation

Díaz Herrera: (From the June 8, 1987 interview suppressed by U.S. media) Man, Fidel is a mystic, didn't you know? I have spoken twice with Comandante Castro, and we spoke in this way, that he is a mystic. Do you know why? I don't know what you think of mysticism; I don't know what the dictionary says "mystic" means, but he is a spiritual man, despite his being a Marxist-Leninist, and he is a profoundly human man, to the core. He is a great friend not only of Panama, but an extraordinary friend to me.

Fidel Castro: (From a 1986 discussion with the Brazilian Dominican priest, Frei Betto) I was

born in 1926, in the month of August, the 13th of August; if you want to know the hour, I believe it was 2:00 in the morning. It appears that the night could have been influential later in my guerrilla spirit, in revolutionary activity. We should look at other things now, no? What was that day like, and if nature also has some influence over the life of men. But I think I was born at dawn . . . thus, I was born a warrior because I was born already at night, around 2:00 in the morning. . . .

(Responding to Frei Betto's observation that "the number 26 has recurred several times in your life") Well, I was born in 1926, that's true; I was also 26 years old when I began the armed struggle, and I was born on a day, 13, which is half of 26. Batista carried out his coup d'état in 1952, which is the double of 26. If I were to study it, there could be some mystery about 26.

ico, into the United States. As part of his operation, he ran a virtual slave trade from Peru, to Mexico, and the United States, trafficking in human beings as "mules" for his cocaine traffic. By the 1980s, his operation had firmly established its Colombian connections, forming an integral part of the cocaine operations of the so-called Medellín Cartel of Carlos Lehder and Pablo Escobar Gaviria.

Uncovered with the explosion of Villa Coca, was the network of Peruvian police which had protected Rodríguez, a network centered in the Peruvian Investigative Police (PIP), particularly during the 1980-85 Belaúnde government. The official car issued to a top adviser to Belaúnde's prime minister, Luis Percovich Roca, who also served as interior minister, was parked in the driveway at the time of the explosion. Rodríguez was listed in PIP telephone directories as a top adviser to the PIP High Command, a position he had reportedly held since 1980. PIP Generals José Jorge Zarate and Eduardo Ipinze Rebatta were soon cited as the top protectors of Rodríguez within the PIP.

The Panamanian connection also immediately surfaced. Rodríguez ran a major portion of his operation through his tourist agency, Seturin, which then established a network within Air Panama. Also discovered, was that Rodríguez and PIP General José Jorge Zarate, worked closely with Col. Díaz Herrera.

Díaz Herrera's ties to Peru's police are long-standing, going back to the days when he studied at the La Campina Academy of the Peruvian Civil Guard, a sister police service to the PIP.

The banking connection

Díaz Herrera was protected for years within Panama's Defense Forces by U.S. banking interests and their allies in the intelligence community, despite his links to the drug trade and to Cuba. In September 1985, Díaz Herrera attempted a coup against General Noriega when he was out of the country—on behalf of then-President of Panama Nicolás Ardito Barletta. Nicky Barletta, as his American friends call him, was the banker who set up the offshore banking center in Panama in 1970 to be, as he put it, "more secret than Switzerland," after studying economics at the University of Chicago under George Shultz.

In his press conference to denounce Noriega, Díaz Herrera took special care to praise Barletta as "my personal friend, even though he may not want it. I admire him greatly." When the June crisis broke, Barletta was one of the first to back Díaz Herrera's charges against Noriega and the rest of the military during the June crisis.

Since General Noriega has collaborated extensively with United States anti-drug agencies in the war on drugs—in-

cluding most recently aiding the passage of legislation allowing bank secrecy to be lifted for drug-runners—it is not surprising to find U.S. and Panamanian banking interests tied to the “offshore” international banking center in Panama, financing and backing the opposition’s riots against Noriega.

What is shocking, is that Reagan administration officials are also backing the efforts of the drug mob to seize power in Panama. The week of June 23, the *Miami Herald*, *Los Angeles Times*, and *Washington Post*, each reported that Reagan administration officials are rapidly reaching “a consensus” that the United States must force Noriega to resign as Defense Forces commander, despite the fact that officials recognize that Noriega has proven a reliable ally to the United States, and that his forced removal may “trigger political chaos” at the Western hemisphere’s strategic chokepoint, the Panama Canal.

According to the *Miami Herald*, “the debate within the administration is still whether to endorse or abandon Noriega, but slowly it’s coming around to ponder the question, ‘How do we abandon Noriega?’” Threats to withhold U.S. economic and military aid until Noriega resigns are now under consideration, these papers report.

It is acknowledged that it was Díaz Herrera’s denunciations that provoked the policy shift. “Whether the United States continues to tolerate Noriega or not, the fact is that the situation in Panama is different now than it was before Díaz Herrera made his accusations,” a U.S. official told the *Miami Herald*: “‘People fear Noriega much less now than they did before Díaz Herrera [made his statements]. As a result, power is likely to slip from his hands, totally leading to instability.’”

Thus, the argument goes, the United States has no choice but to adapt to the new situation, and bring down Noriega.

To reverse the stampede toward that suicidal “consensus,” *EIR* here provides excerpts of those revelations by Díaz Herrera which have been suppressed by the U.S. media. Díaz Herrera gave the interview, published by *La Crítica* on June 8, to a group of Panamanian and Cuban journalists.

Documentation

Díaz Herrera’s ravings

There it is. Take the photograph. This is the man. This is the man whom they are afraid of, not me . . . because they know who he is. I am not the only one who has read of him. . . . Do you know why they did not want to publish my things, why they edited me, and cut everything? It was obvious, they cut everything because I spoke of mysticism. . . . They are

afraid of the mystic.

Man, Fidel is a mystic, didn’t you know? I have spoken twice with Comandante Castro, and we spoke in this way, that he is a mystic. Do you know why? I don’t know what you think of mysticism; I don’t know what the dictionary says ‘mystic’ means, but he is a spiritual man, despite his being a Marxist-Leninist, and he is a profoundly human man, to the core. He is a great friend not only of Panama, but an extraordinary friend to me.

They are investigating who Shri Satya Sai Baba is. This is a secret weapon, powerful, which they are afraid of. He is a black with an afro, whom I saw for the first time in Buenos Aires. . . . They are afraid of this man, simply because this man has demonstrated that he is nothing more nor less than a new divine incarnation, equal to Christ.

There are four priests—take this down—who have this book. Father Ernesto Jaén . . . you know the line he is with, more popular church, a left-wing type. . . . I gave it to Father Rosendo Torres of Radio Hogar, a Jesuit theologian. I gave him the same book of “Satya Sai Baba”—I call him “swami” because we are now intimate friends—to Father Carlos Villalobos . . . and Father Carlos Pérez Herrera, who despite his not being in a priest’s position, knows about theology. Do you know why he knows of theology? You are very young. Do you know who Pérez Herrera is? He ran as vice president of the ultra-left in the last electoral campaign. There are other people to whom I have given books . . . only people of the left.

They have always called me communist, leftist, atheist; they have often thrown this name against me, but now it turns out, when I want to enter a little into mysticism—and now retiring me, retired, or retirable, or half-retired, as they have said—I want to get closer to the paths of the Lord, and they become afraid. Why? Why? Fidel understands this. Do you know Fidel? Personally? . . . I have spoken twice with him, not on semantics, profoundly. . . .

Any good president, not only Fidel, I think that—man, I think that Qaddafi, for all that he is called a terrorist, wouldn’t assassinate children. I think that Reagan made a mistake, because if he wanted to kill Qaddafi, fine, but I think that the target should be Qaddafi because they accuse him of being a guerrilla—maybe, I don’t know; this is a question of judgment of values—but killing a child over there in Tripoli, I’m not in agreement with that. . . .

Look, this story began in Buenos Aires, it has mystical implications. . . . In politics, this is of profound importance for Panama. Dr. José Francisco Peña Gómez knows about this, you can cite him. I refer to ‘Sai Baba,’ this black man with an afro . . . in the same way that Dr. José Francisco Peña Gómez—nothing more nor less than a politician of this level—he has recounted in front of some people that I respect a lot—I don’t want to betray confidences—but, for example, he spoke of mysticism to me, before I did to him. He told me that he has spoken at least twice with the spirit of General

Torrijos, in the Dominican Republic—I don't know by what means—but that the spirit of Torrijos was restless because he had been assassinated. . . .

I think that Reagan has been an extraordinary President. . . . Fidel has an extraordinary team, I imagine that Reagan also has one; Gorbachov must have one, and speaking of Gorbachov, look, Russia is spending millions on studies on paranormal phenomena. Did you know that? They make people speak from Moscow to Leningrad with telepathy and other things. This goes back years, man—then when someone brings up a man like Shri Satya Sai Baba, people get nervous. . . .

Now they say that I am crazy, and they take me to the psychiatrist. . . . I have called two already, they can vouch for it, this has nothing to do with disorders, but rather neurovegetative *distonias*. Take this down. . . .

I am not at all brave, but if you touch me now, I'm trembling—I'm crazy—I'm trembling. . . .

No, there is no good government here. . . . There are no economic plans here. . . . There is not one single economic plan to present to the International Monetary Fund. . . .

I want to reach an understanding with the Americans. . . . I am not an enemy of the Americans, but they have been using me savagely. . . .

Sai Baba is an "avatar," which in Hindu means a prophet. He has demonstrated that he is divine. . . . He sent a message through an emissary . . . that he was going to do a couple things here so that we would believe. One of them that he told me in advance, which was what happened in Red Square in Moscow, and sent a small plane from West Germany violating all the air space of Russia—the second power in the world. So that you would know, and tell it to Gorbachov: It was this Sai Baba. Then, he says afterwards—I am very afraid to believe him—that if you want proof, that is in front of your noses, I am going to put in Howard—the air base which feeds everything in Central America, full of radars and things—a small Costa Rican airplane. . . . If he wants, he can put one in front of the White House. . . .

I still fear death, I have not been able to correct this. This man says that one should not fear death, because he says that death is like a change of old clothes for new clothes, that the spirit leaves, and rises. He believes in incarnation, that there are several lives, a cycle of equal lives. . . .

Arnulfo [Arias, ex-president of Panama, Hitler supporter, and also a declared satanist] is not as crazy as they have tried to say in this country . . . when he says "history repeats itself in a spiral," because history is cyclical. . . . There will be another leader in Cuba when Fidel dies physically. I don't know who it is; that [death] of Fidel will be an irreparable loss; because at the personal level, I don't know if Raúl [Fidel's brother] has this capacity which I know in Fidel personally, profoundly human. They say he killed people, that he shot people. Well, it is that these were the circumstances for Fidel. . . .

Alert on Poland

Kremlin orders war on John Paul II

The global mobilization by the "Zionist lobby" against Pope John Paul II over the pretext of the Pope's meeting with Austrian President Kurt Waldheim, who has been targeted by as-yet-unproven charges of World War II "war crimes," was ordered directly from Moscow. The orders were delivered to Canadian liquor magnate Edgar Bronfman's organization, the World Jewish Congress, which has been negotiating secret deals with the Kremlin.

After the Pope's recent visit to Poland, Mikhail Gorbachov personally became deeply alarmed. The Soviet dictator fears the national resistance movement which the Pope launched there. He is committed to moving more Soviet troops in to crush Poland as soon as the "zero option" accord, to withdraw the protection of U.S. intermediate-range nuclear missiles from Western Europe, is signed with the United States.

Meanwhile, Pope John Paul II has committed himself, despite pressure from the appeasement faction in the Catholic Church, to two spectacular anti-Soviet moves:

1) Banned by Moscow from visiting Lithuania, the Pontiff sent an 18-page "pastoral letter" to Lithuanian Catholics urging them to respect their "freedom of belief," stating that Church membership should not be viewed as "unpatriotic." In Rome at the end of June, he will celebrate the 600th anniversary of the Christianization of Lithuania with exiled Church members.

2) Denied by Moscow the right to visit the Ukrainian capital of Kiev in 1988, the Pope has announced that he will hold a celebration in Rome July 9-10, 1988, with Ukrainian Catholics (Uniate) and "Autocephalous" Ukrainian Orthodox to commemorate the 1,000th anniversary of the "Christianization of Kievan Rus." Both the Ukrainian Uniate and the Ukrainian Orthodox Church have been outlawed by the Soviets.

Before his visit to Poland, a nasty campaign against the Pope took off inside the East bloc. In May, *Sovetskaya Litva*, the party paper of Lithuania, charged the Vatican and its supporters with trying to "give a pure political orientation" to the 1988 millennium, and with "falsifying the events concerning the 1,000-year celebration."

The speeches excerpted below show what it is that the Soviet dictatorship fears. We present quotations from Pope John Paul II's speeches in Poland, translated into English from the Italian translation that appeared in *Osservatore Romano*, the Vatican newspaper. All emphasis is in the original.

Drama of Polish agriculture

Speech given in Tarnow on June 11, during the beatification of Carolina Kozka (Osservatore Romano headlined the speech, "The Great Dignity of Woman"):

"God has chosen that which is weak . . . to confound the strong, to confound the scholars" (1 Cor. 1, 27). . . . This young girl . . . speaks of the great dignity of woman: of the dignity of the human being. Of the dignity of the body, even though, in this world, it is subject to death and is corruptible, just as her young body was submitted to death by the assassin, but this human body bears within it, the sign of immortality which man must reach in God, eternal and living, through Christ. . . . She gave her young life, when it had to be given, to defend her dignity as a woman. To defend the dignity of a Polish girl, of a peasant girl. "Blessed are the pure of heart, because they will see God." (Matt. 5, 8)

Agriculture, is in fact, bread. The bread from which man lives. Man does not live by bread alone, but to live, man must have bread. Therefore is it so close to our heart, that no one on this earth shall lack bread, that bread shall not be lacking in our Country . . . throughout the world, there is agreement, that the lack of bread is a scandal . . . at the same time, it is known, that the Polish rural world today, due to the dramatic experiences which have become its lot, is living through a complex crisis, both moral and economic.

How easy it would be, to list up the errors committed in the past, and those which continue, as witness to the underestimation of agriculture, which has become the field for unreflected experiments, lack of trust, and even, discrimination.

But the peasants, are in fact, not just those who nourish others, but those who constitute a factor of stability and permanence.

. . . Let Polish agriculture emerge from the many-sided threats, and cease to be condemned to a mere struggle for survival. Let it experience, many forms of help from the State. Many deformations of rural life find their origin, in the secondary status of the peasant, as a worker, and as a citizen. Thus, the model of the peasant, and of the peasant-worker who works with little result, and to the point of exhaustion, should be replaced, by the model of a fruitful and independent producer, knowledgeable and able to profit from, no less than

others, the benefits of culture, and able to increase that culture.

To 'live heroically every day'

Speech on June 12 at Danzig, to youth, on the theme of resisting the social climate no matter how negative it may be:

Man acts, according to the truth . . . dictated by his conscience, even though he may act against that truth. At that point, begins the essential drama, as ancient as mankind. In the moment, when the divine commandment is shown to him, man *chooses between good and evil*. . . In the first case—he grows as man, and always becomes more that which he must be. In the second case—man degrades himself. *Sin diminishes man*.

. . . One of the threats, is the climate of relativism. A threat, is the vacillation of principles and truth, upon which are built the dignity and development of man. A threat, is the infiltration of opinions and ideas, which lead to such vacillation.

. . . The Church in Poland, during these days of the Eucharistic Congress, has thus concentrated on this love of Christ "up to the very end," *to discover the source* of the same spiritual *force*, before all the sons and daughters of the this sorely tried Polish earth.

. . . This force is needed, in order not to fall into the temptation of resignation, indifference, doubt, or inner emigration; into the temptation of a flight from the world which can take many shapes, a flight from society, from life. Or even, into the temptation towards flight in the literal sense of the word—to abandon the Fatherland; into the temptation of a lack of hope, which leads to the self-destruction of the personality, of one's own humanity, due to alcoholism, narcotics, sexual abuses, the seeking of sensations, the refuge in sects or associations estranged from the culture, the traditions, and the spirit of our Nation . . . especially when, through various ways, the attempt is being made to convince one, that that which is "scientific" and "progressive," contradicts the New Testament. . . .

. . . This force is needed, to live heroically every day, although in a reality which is objectively difficult, to keep up the loyalty of conscience in professional work, and not to succumb to the conformism, so much in vogue today, not to remain dumb, when someone else suffers a wrong, but to have the courage to express just opposition and take up the defense. The daily courage of a youth, is courage full of initiative . . . not flight from a difficult situation.

. . . Here, in this place, at Westerplatte, in *September 1939*, a group of young Poles, soldiers under the command of Major Henryk Sucharski, resisted with a noble obstinacy, committed to an unequal fight against the invader. A heroic fight. They have remained in the memory of the nation, as an eloquent symbol. . . .

Each one of you, young friends, finds in life, *one's own 'Westerplatte.'*

Uncover UNICEF links to child-sex/espionage ring

by Mark Burdman and Vivian Zoakos

The Belgian director of UNICEF, the United Nations' arm for the ostensible protection of children, was arrested June 18 for participating in an international pedophile ring which used UNICEF facilities to supply children to wealthy pedophiles. Belgium's UNICEF director, Josef Verbeeck, was only one among 12 individuals arrested in connection with this child pornography and procurement ring.

According to the Belgian police, the ring spans the at least 16 countries, where investigations are now beginning.

As shocking as this news may be on purely moral grounds, what makes the case explosive is the fact that UNICEF's pedophile activities appear intimately intertwined with intelligence operations.

UNICEF director Verbeeck was arrested as part of a crackdown on a child porn ring centered in the Brussels suburb of Ixelles, headquarters of the Center for Research and Information on Infants and Sexuality (French acronym CRIES). Already five years ago, the director of CRIES was arrested for using his high security job at the Belgian Ministry of Justice to procure and leak classified documents. Other CRIES members have been arrested for similar espionage activities.

For intelligence professionals, the combination of pedophilia and intelligence-gathering points to a likely Soviet involvement in the entire affair.

EIR has in the past published extensive documentation of another United Nations-centered, international pedophile network with documentable Soviet tracks. This is the case of WICCE, a U.N. organization which is the coordinating center of a self-avowed neo-pagan movement headquartered in Geneva, Moscow, and Rome. It was founded on the initiative of assistant U.N. secretary general Robert Mueller at the 1976 "Year of the Woman" conference in Brussels, Belgium.

In Moscow, WICCE operates out of the offices of the Soviet Women's Committee, under Galina Alexandreyevna. Studies by *EIR* of mass murder cases and countless international pedophile rings, which in the United States alone are responsible for victimizing as many as 400,000 children, have consistently turned up WICCE involvement.

The pedophile activities are used to provide Soviet and other friendly intelligence networks with lavish opportunities

for blackmail and espionage.

The involvement of UNICEF's Belgian organization with international pedophilia was uncovered when police conducted a sweep of UNICEF's headquarters June 18. According to a statement from a police spokesman, the sweep was motivated by a broader investigation, centered on the Brussels Center for Research and Information on Infants and Sexuality. Examination of the UNICEF building turned up evidence that the basement was used to store pornographic pictures of children. Evidently, a computer was used to distribute pictures of these children to a list of 400 "wealthy clients," who would choose sexual partners from among the children available.

As a result of these findings, the Belgian authorities arrested two UNICEF employees. The first was UNICEF's caretaker, Michel Falu, as well as its director, the 63-year-old Verbeeck. Formerly a journalist for a leading Belgian, Flemish-language daily, Verbeeck had used his UNICEF position to procure children, often from broken homes, for his international clientele. Since UNICEF is the best-known "child help" agency in the world, it was doubtless easy for Verbeeck and his associates to procure large numbers of young ones for sexual exploitation.

According to the Belgian police, names of infants as young as 8 months in age were found in the UNICEF basement computer that stored the children available internationally to pedophiles.

Verbeeck, however, was not operating in isolation. According to reports published June 20 in the Italian daily *Il Messaggero*, the investigation into the UNICEF-linked international pedophile ring extends to Holland, Great Britain, France, and Switzerland. Among those arrested apart from Verbeeck and Falu, there were eight other Belgians, plus one Swiss and one Dutch citizen.

The hub of the entire network, where at least one arrest was made already last March, is apparently the cited CRIES organization. Under the guise of studying so-called infant sexuality, CRIES and its affiliate offices in Switzerland and France gained access to children whom, authorities believe, it used to service pedophiles in about 15 countries. These include most of Western Europe, the United States, Canada,

As shocking as this news may be on purely moral grounds, what makes the case explosive is the fact that UNICEF's pedophile activities appear intimately intertwined with intelligence operations.

Japan, and two African countries. CRIES is also the link which ties the pedophile activities of this network to illicit intelligence operations.

It was investigations into the CRIES network which led authorities to UNICEF. Another trail led across the border to the Netherlands, where police found a photographic laboratory stocked with thousands of feet of pornographic film.

CRIES was founded by one Philippe Carpentier, a former functionary of the Belgian Justice Ministry arrested five years ago for leaking secret documents. Carpentier's high security position at the ministry was that of translator of documents from the so-called "Trevi Group." This refers to an interministerial body, involving Western interior and justice minis-

tries, that coordinates intelligence and police work in the battle against terrorism.

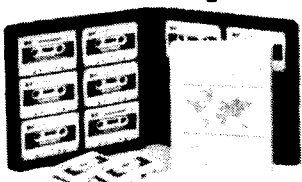
Carpentier passed that intelligence over to terrorist networks. In at least one instance, he passed documents from the files of the Belgian vice squad to the leftist magazine *Pour*. He also passed on a secret report of Interpol-Wiesbaden on the German Red Army Fraction terrorist gang.

For these and related activities, Carpentier was jailed five years ago. However, his job at the ministry was handed over to another CRIES figure, Michel de Cree. Why and how this outrageous breach of security occurred is still to be investigated. In any case, what is known is that de Cree predictably continued Carpentier's intelligence activities. For this, he himself was arrested in March of this year.

According to Belgian sources consulted by *EIR*, their job in the Ministry of Justice had given Carpentier and de Cree—who were simultaneously involved in child-pornography procurement activities—access to some of the most sensitive information passing over the diplomatic and bureaucratic tables of Europe. The full dimensions of the security threat to the West which all this implies can, at present, barely be imagined.

Meanwhile, the investigations are continuing. There has even been some talk that the names of the 400 high-ranking pedophiles found in the UNICEF computer may be released to the public.

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García sticks to anti-IMF policy in face of cabinet crisis

by Luis Vásquez

In what Peruvian President Alan García himself described as an act of unpardonable treason, Prime Minister Luis Alva Castro, also Economics Minister, abruptly resigned his posts at a hastily convened cabinet meeting June 22, while the President was out of the palace. Curiously, Alva Castro's resignation had been announced one day early by the U.S. daily, *The Washington Times*, leading mouthpiece of the international group of Reverend Moon. According to that newspaper, Alva Castro's departure signifies a rupture between President García and the private business sector, and could ultimately lead to the seizure of the government by pro-Soviet military layers.

The *Times*' "predictions" are in fact part of a political trap mounted by combined Nazi-communist forces, according to which the García government would be left with no other choice than to either go begging on its knees to the International Monetary Fund, or hand the country over to the Soviets.

The reality is that the bosses at the Kremlin want to do away with the García government, which represents a real alternative—not Communist, but Christian—to the barbarous genocide of the International Monetary Fund. Assisting the Soviets are the forces of Project Democracy—popularly known in the United States in connection with the Lt. Col. Oliver North networks—both those encrusted in and around the U.S. State Department, and their agents inside Peru. Their objective is to eliminate the nationalist and anti-colonial pathway García has opened up for the rest of Ibero-America, as quickly as possible.

Moscow's Andean 'irregulars'

The Soviet part in the project has intensified over the month of June, as Peru's Communists have divested themselves of their legalistic masks and launched themselves in open insurrection—even armed insurrection—against García. The leader of the pro-Soviet Peruvian Communist Party (PCP), Jorge del Prado, has issued a public invitation to the

narco-terrorist movements Shining Path (*Sendero Luminoso*) and the MRTA to reach a working agreement with his party to overthrow the García regime. At the same time, Communist congressman Gustavo Espinoza casually told a stunned press conference that the PCP "will not await the elections of 1990 to come to power. The current regime could end unexpectedly, perhaps through a coup d'état."

These extraordinary statements are no mere boasts; they were, in fact, coordinated for maximum impact, just as a large combined force of Shining Path and drug traffickers seized military control of a vast region of the Peruvian jungle surrounding part of the departments of Huanuco and San Martín, located in the eastern part of the country.

According to an interview with the drug traffickers, correspondents from Lima television channel 5 and the magazine *Caretas* (both linked to the pro-drug politician Manuel Ulloa) reported that 12 large villages in the region had fallen under the complete control of narco-terrorists in early June, after a force of more than 300 men armed with sophisticated weaponry (including Soviet AK-47 combat rifles, the same weapons transported on the *Pia Vesta* ship, on orders of Oliver North), reduced the Uchiza police barracks to cinders, killing more than 30 police and civilian defenders.

It took nearly one month before the combined forces of the Peruvian police and army, equipped with helicopter gunships, were able to recapture Uchiza and haul down the red flag, emblazoned with hammer and sickle, that fluttered in the main plaza of that city, the most important in the region.

However, President García is still far from eliminating the narco-terrorist troops from the area. Less than four days after having retaken Uchiza, a military airplane with 47 persons on board mysteriously "fell" in this same area, and the Lima press was quick to speculate that it had been downed by vengeful narco-terrorists. It has already been well-documented that the drug traffickers who operate in the Peruvian jungle are equipped with sophisticated surface-to-air missiles, and know how to use them.

Peruvian military intelligence sources are seriously considering the possibility that very soon, a huge terrorist army—armed with the best weaponry drug-money can buy—will put in check the entire Peruvian jungle, where the highest-alcaloid coca leaf in the world is produced. Just as *EIR* has been repeatedly warning, these skirmishes are the first indications of a huge transnational army of irregulars which the Soviets, the drug traffickers, and their accomplices in the “Project Democracy” network intend to raise in the very heart of South America. With this “occupation army” controlling the Andean spine, all the nations in the area—and not merely Peru—will find their stability and their future as independent nation-states seriously threatened.

The combined assaults around the continent by narco-terrorist forces—be they Shining Path, MRTA, M-19, FARC, Alfaro Vive, Carajo, Brigada Roja—are nothing less than announcements that, with the good graces of the Soviet Union and their Project Democracy partners in the West, the dream of Colombian narco-Nazi Carlos Lehder of raising a 500,000 man army to “liberate” Latin America, is at the point of becoming reality.

A dirty partnership

While the Communists do the dirty work in pushing ahead the irregular warfare against the Peruvian state, the white-collar agents of Project Democracy in Peru have undertaken financial warfare against García’s government. Recent anti-government declarations made by former Central Reserve Bank president Richard Webb, that in fact the Peruvian financial system has acted as a prop for the drug trade since 1976, amounted to a public confession of a crime which minimally should send to jail all the finance ministers who put into practice the genocidal policies of the IMF, from the fall of General Velasco through the arrival of Alan García in the presidency; these include Manuel Ulloa, Carlos Rodríguez Pastor, and Javier Silva Ruete.

Exemplary were the policies of Manuel Ulloa, one of the stars of the malthusian Inter-Action Council, who became the czar of the Peruvian economy under the Belaúnde government. With the ultra-liberal financial policies imposed by Ulloa under IMF order, Peru was rapidly converted into a drug-economy, to the point that, by the end of 1985, it had become the world’s leading exporter of cocaine paste. It is worth noting that for publicly asserting this same point in 1985, Manuel Ulloa sued the author of this article for slander—and lost.

On June 14, President Alan García appeared on national television to charge that the free market in dollars—which has survived from the era of Ulloa’s banking deregulations—fed and serviced the drug trade. García’s charges implied a criticism of the economic team of then-economics minister Alva Castro who, incomprehensibly, had thrown \$60 million of national reserves onto the free market to avoid a devaluation of Peru’s currency, the *inti*. This exchange measure not

only was unsuccessful in halting speculation, but took place in the midst of ferocious capital flight which was endangering the future of the Peruvian economy.

The flight of private capital is but one outcome of the multimillion-dollar campaign the Project Democracy agents have run nationally and internationally, including spreading the lie that the Peruvian president is a closet Communist whose ultimate purpose is to hand the country over to the Soviets. By fanning these irrational fears among Peru’s business circles, this campaign is on the verge of halting the impressive recovery of the Peruvian economy which García has painstakingly forged over the past two years.

Deprived of access to foreign credit or assistance, a penalty imposed by a vengeful international banking community, the future growth of the Peruvian economy is heavily dependent upon domestic reinvestment of the profits achieved under García’s pro-business nationalist policies, which are estimated at some \$4 billion. However, the combined lack of political sagacity on the part of García’s economic team heretofore, and the weeds planted by the Project Democracy crowd, threaten to destroy these hopes.

A change in policy

Alva Castro’s resignation in fact should make it possible to implement a mercantilist economic policy for Peru, with the installation of a nationalized central bank and exchange controls that will close once and for all the only door that still remains open in Peru to those pseudo-businessmen whose capital flight operations—probably fed by the drug trade—are sabotaging the nation’s potential for growth. To shut the door opened by Manuel Ulloa will make possible a genuinely pro-industrial economic policy, designed to favor the nationalist business layers who have rejected collaboration with the drug trade and with anti-national interests of East and West.

It is therefore no accident that the Project Democracy crew are pouring money into the “informal economy” project of Hernando de Soto, whose Institute for Freedom and Democracy is in the forefront of advocating conversion of Ibero-America’s budding industrial economies into black-market “Hong Kongs” based on drugs and slave labor. Nor is it an accident that De Soto’s widely-publicized book, *El Otro Sendero (The Other Path)* is dedicated to none other than Peru’s “leftists,” specifically to de Soto’s close friend, Gustavo Gutiérrez. Gutiérrez is the founder of the gnostic “Theology of Liberation” which has nourished the growth of countless terrorist movements across the continent.

The “two paths” that Project Democracy would offer Peru are false alternatives. The “Shining Path” of narco-terrorist Abimael Guzmán and the “Other Path” of Hernando de Soto will lead inevitably to the destruction of the Peruvian nation-state. Both paths lead to national disintegration and to an empire of drugs, something which imperial appetites in both East and West want for Peru, and for the rest of the Ibero-American continent as well.

Project Democracy exposé shakes Constituent Assembly in Brazil

The political circuits in Brasilia were blown out by an *Executive Intelligence Review* report on Brazilian links to Oliver North's Project Democracy. While some of those implicated have virtually confirmed the allegations made in the report, others are reacting with total hysteria and are seeking a full-fledged parliamentary inquest to look into the charges. According to the daily, *O Globo*, the Constituent Assembly writing Brazil's new constitution convoked such an inquest, June 23.

The "bomb" went off June 10. Deputy Luiz Salomão from Rio protested from the floor of the Constituent Assembly that seven National Endowment for Democracy (NED) agents inside that body were trying to write the new Constitution so as to leave Brazil's economy exposed to the ravages of international looters. Salomão inserted the memorandum (excerpted below) into the record of the Constituent Assembly.

The memo was written in Washington by the *EIR* team monitoring the House-Senate hearings on the Irangate scandal. It is a preliminary report based on mountains of evidence presented to U.S. congressional committees and other sources. It was written in response to persistent inquiries from Brazilian *EIR* subscribers, who read about Project Democracy operations to destabilize the governments of Mexico, Panama, and Peru and suspected something similar must be afoot in Brazil.

Brazil's best-known monetarist, Sen. Roberto Campos, virtually confessed that the report hit its mark by issuing countercharges that Brazil's left also receives money from the NED. Former Finance Minister Antonio Delfim Netto, took an equally pragmatic posture. He said he is going to make a list of the leftists who are receiving aid from Cuba, the Soviet Union, Nicaragua, and Czechoslovakia.

Deputy Amaral Netto, the vulgar thug who repeatedly slandered ex-Finance Minister Dilson Funaro, raised the biggest stink. Netto rose to the podium, June 11, to call Deputy Salomão, "rabble and a shameless liar." For days, Netto pursued Salomão through the halls of Congress shouting his epithets. Finally, Salomão replied, "Your Excellency himself is the rabble."

For a week, the dispute was the hottest item on Brasilia radio and TV news. The press reported that Salomão's based

his charges on the *EIR* document. Sometimes the press reported accurately Salomão's charges of "an international conspiracy to prevent the new Constitution from asserting Brazil's economic sovereignty" (*Correio Brasiliense*). Sometimes it exaggerated by saying "the constituents received money from Colonel Oliver North" (*Jornal do Brasilia*).

EIR was also subject to considerable public abuse by the deputies named in the report. Deputy Amaral Netto and banker Deputy Ronaldo Coelho were quoted in the Brazilian press calling *EIR*'s Brazil correspondent "a Mexican drunkard." They also slandered *EIR* founder Lyndon LaRouche. Yet, despite the noise, inquests, and threatened lawsuits, none of those named have refuted the facts contained in the report nor demonstrated that the lobbying the U.S. parallel government was sponsoring through the Confederation of Brazilian Commercial Associations was not intervening in the writing of Brazil's new Constitution. Until that is done, the report stands on its own merits.

Documentation

Excerpts from the EIR preliminary report on Project Democracy's Brazilian links follow:

Oliver North, with his key function in the United States National Security Council, is the operative head of the great destabilization machine, which, under the name of Project Democracy, directs its efforts against sovereign republics, especially in Ibero-America. . . .

In Brazil, [Project Democracy] is trying to seize control over crucial affairs of the new Constitution being written, especially those directed toward setting a sovereign economic policy; and, as will be seen further ahead, it was the main orchestrator of the campaign to overthrow Finance Minister Dilson Funaro. . . .

Project Democracy primarily seeks in Brazil to disperse

the forces which made possible the convoking of a National Constituent Assembly, trying to avoid, at all costs, that precepts which deepen economic and political nationalism predominate in the new Constitution. To achieve such ends, Project Democracy's representatives in Brazil specifically seek to politically radicalize the democratic transition process between extremist forces, relegating crucial economic and social affairs to a secondary plane.

The forces which Project Democracy has targeted range from nationalist military factions to businessmen and politicians who consider state direction of the economy to be necessary. It calls these groups "mercantilists" because they adhere to Colbert's economic doctrines. The Project Democracy policies opposed to them are characterized by their strong adherence to genocidal malthusianism.

For such motives, Project Democracy is involved in various events in the country.

The Brazilian connection of the business wing of the National Endowment for Democracy, the Center for International Private Enterprise (CIPE), is the Confederation of Brazilian Commercial Associations (CACB) directed by businessman Amaury Temporal.

The CACB has suddenly become the center which brings together diverse forces striving to destroy the state sector of the economy, promoting Adam Smith's colonial liberalism. (Attached is a clipping of an article by Amaury Temporal attacking France's Colbert, one of the great architects of the idea of creating a sovereign industrial state, free from usury's power.)

In CIPE's official bulletin of Feb. 4, 1987, regarding Brazil and CACB it writes:

The Confederation of Brazilian Commercial Associations (Confederação das Associações Comerciais do Brasil—CACB) will design two seminars on government relations. The first seminar for government authorities will examine the function and purpose of business-government relations and lobbying, and discuss business lobbying techniques in the U.S. and other democracies. CACB will direct the second seminar toward its memberships, and will cover this same topic in addition to presenting explanatory sessions on the legislative process, legislative cycle, organizing grass roots action and alliances, political endorsement and rating program and regulatory lobbying. Since Brazil's Constitution is still in its formative process, CACB views these seminars as a timely way to demonstrate the value of private sector participation in the legislative process to government authorities and business executives.

Since the period before the November 1986 elections and with a view to winning deputies in the National Constituent Assembly who promote free trade—which is Project Democracy's program—a group organized itself around the

CACB. It is composed of, among others:

Deputy Afif Domingos (Liberal Party, until recently president of the Commercial Association of São Paulo);

Deputy Delfim Netto (PDS);

Deputy Amaral Netto (Leader of the PDS in the Chamber, the most visceral opponent of Dilson Funaro);

Deputy Francisco Dornelles (PFL);

Deputy Ronaldo César Coelho (PMDB, frontman for British interests and Royal Dutch Shell);

Deputy Alysson Paulinelli (PFL, ex-minister of agriculture, with strong links to Ronaldo Caiado, leader of the UDR, which is sponsored by the TFP [Tradition, Family, and Property, a royal restorationist cult]);

But the star is, without any doubt, Sen. Roberto Campos.

Additional components organized around the CACB are:

The Sociedade Rural Brasileira, presided by Flavio Telles, linked particularly to the Associação Comercial de São Paulo and to Deputy Afif Domingos. The National Banking Federation (Fenaban), and most particularly its vice-president, Teophilo Azeredo Santos, (the rebellion against Funaro came out of Fenaban when he tried to begin regulations to lower interest rates, reducing the speculative spread which the banks charged.) Ney Figueiredo, political adviser to Fenaban and other business sectors, plays a significant role.

Several members of the Maksoud family, the owners of hotels which carry their name and *Visão* magazine sympathize with the group's theoretical leadership.

Another organizer is Jorge Flores, a chief of the Getulio Vargas Foundation and former president of David Rockefeller's Chase Manhattan Bank, and today a director of Sud Americana de Seguros.

All of this Project Democracy organizing came to light with its open manipulations to impose its points of view on the subcommittees of the National Constituent Assembly (to illustrate the case, a clipping from *Jornal do Brasil* of May 27, 1987 is attached.)

At the same time, in well-informed circles there is a strong suspicion that the electoral campaigns of some who are today constituent deputies were financed by means of CIPE money. Something like that would not be impossible, since CIPE financing has already occurred in other countries (Mexico and Panama).

Roberto Campos and the Bukharin networks

The case of Roberto Campos is singular because it is an example of the type of political intelligence network characteristic of the National Endowment for Democracy (NED)'s plan.

Campos, like Delfim Netto, came out of pro-Soviet Marxist networks, or so-called Fabian Socialism. Campos went through an apparent and "inexplicable" transformation, passing to represent supposedly contrary positions, now sheathed in "anti-communism." This transformation was not due to an analysis of conscience, but to an international

change in the political networks to which he belonged, associated with the Nikolai Bukharin networks. . . .

TFP, UDR and the Sovereign Military Order of Malta

It is important to stress the relation between Deputy Afif Domingos and the Sociedade Rural Brasileira, chaired by Flavio Telles, to explain that Project Democracy coordinates in Brazil with the landed families linked to the old European oligarchy which owns great *latifundia* [landed estates] in Brazil.

It is already in the public domain that the UDR, presided by Ronaldo Caiado, grew with the support of the rural associations which gave money and political support to block agrarian reform. Overnight the UDR became a private army of the latifundists.

The UDR, it turns out, also received money from the Nazi Tradition, Family, and Property (TFP) group and there are signs that financing came directly from the French Rothschild family. TFP is the paramilitary arm of Prince Luiz de Orleans e Bragança, financed by the Thurn und Taxis family. Prince Luiz, in turn, is an executive member of the Sovereign Military Order of Malta, an agency which has collected money for the Nicaraguan Contras, and to which belong, among others, Alexander Haig and the recently deceased William Casey (CIA director when Irangate exploded).

Another notable of this oligarchic circle—which is willing to take arms to stop agrarian reform—is the German-born Wolfgang Sauer, proprietor of Volkswagen do Brasil. Sauer is also a knight of the Sovereign Military Order of Malta.

Sauer has recently devoted himself to a ferocious campaign against the big state companies. In a May 21 seminar in Rio de Janeiro, Sauer proposed opening up the big state companies to the debt-for-equity scheme. He said that this scheme could convert \$30 to \$40 billion of the Brazilian foreign debt, which would literally mean denationalizing the economy.

The debt-for-equity scheme, a weapon against the sovereignty of states, was proposed by Henry Kissinger in 1983 at a meeting in Vail, Colorado. He ratified the same policy in his May 24 [1987] *Washington Post* article in preparation for his visit to Brazil.

The debt for equity scheme is actively promoted by the ambassador to the United States, Marcilio Marques Moreira and by ambassador Rubens Ricupero, ex-international adviser to President José Sarney.

Project Democracy against Funaro

The destabilization which brought the fall of minister Dilson Funaro included two aspects, one internal and the other external. On the internal front, the UDR which, as we indicated above, has its links with Project Democracy played an important role. Later, it was PDS Deputy Amaral Netto,

partisan of the CACB, who practically prevented Dilson Funaro from appearing before the National Congress.

On the external front, the campaign of attacks and discrediting of Funaro came not only from bankers, but from one of the most influential people in the National Endowment for Democracy (NED), Charles Z. Wick, director of the United States Information Agency. In that capacity, Wick administers the official provision of funds given by Project Democracy's NED. At the beginning of April, Wick visited Brazil for meetings with the executives of Brazil's major TV networks, among them Roberto Marinho, owner of TV Globo.

Starting with the Marinho-Wick meeting, TV Globo made a dramatic change and stopped favoring the moratorium. TV Globo's Washington correspondent received orders to reduce to a minimum coverage of the activities of Dilson Funaro, who was then in Washington. The order received was that coverage focus on the complaints of bankers about the "disastrous" Brazilian situation. On April 10, TV Globo decided not to cover Dilson Funaro's press conference in the Brazilian embassy in Washington. . . .

The dirty linen of 'Irangate': Edmund Safra

By following the trail of the Swiss banking apparatus which Oliver North used to transfer arms and money to the Contras, we are led directly to banker Edmund Safra and the Anti-Defamation League (ADL), the Zionist lobby which has numerous adepts in Brazil.

One of the key components of the Contra supply operation is the Swiss "financial consulting" house, Compagnie de Services Fiduciaires (CSF). It turns out that CSF is also a tentacle of the business empire of one of the main financiers and backers of the Sandinistas: Robert Vesco, whose lawyers before he fled prosecution included Kenneth Bialkin of the ADL. . . . The airplane which then-NSC director Robert McFarlane used on his secret visit to Iran belonged to CSF and Republica New York Air Transport Services Corp., a business jointly owned by CSF and Republic National Bank of New York, in which CSF also had some accounts. . . . Bialkin was the most active intermediary in the merger of American Express with the Safra interests.

Labor movement

The National Endowment for Democracy (NED) includes the Cultural Institute of Labor among its Free Trade Union Institute programs. The São Paulo-based Cultural Institute of Labor is the American Institute for Free Labor Development's (AIFLD) main enclave in Brazil.

The Cultural Institute of Labor received from the NED, Project Democracy's most important organization, at least \$395,000 to finance a series of seminars. Roberto Magri, the general secretary of the Cultural Institute of Labor, is the president of the São Paulo Light and Power Union, affiliated with the CGT union federation.

West German Protestant Church prepares to bolt to Moscow

by Luba George

From June 17 to June 21, the leadership of the West German Protestant Church (EKD) staged its bi-annual Church Congress in Frankfurt. The theme which pervaded the conference was, "Reconciliation with the Soviet Union." Under this heading, the over 120,000 people participating each day were subjected to intensive conditioning to prepare the way for the "neutralization" of Germany and its transformation into a Soviet satrapy. The West German population as a whole was bombarded with pro-Soviet propaganda in unprecedented media play-up of the conference.

Whenever the name of Mikhail Gorbachov came up, he was described as "the Great Reformer," and "the Bringer of Peace." The "Reconciliation" theme was hammered home by President Richard von Weizsäcker, his brother Carl-Friedrich von Weizsäcker (a "guru" of the pro-Moscow German "peace" movement), and Social Democratic Party executive members Johannes Rau and Erhard Eppler (both notorious advocates of the "decoupling" of Europe from the United States), to name but a few. Most of the speakers called for abolishing the "Enemy Image" of the Soviet Union that was "hatched in the 1950s Cold War," and replace it with a "Friend Image."

The Church Congress was timed to coincide with the preparations for the July 6-11 visit to Moscow by President von Weizsäcker. The President, the son of Ernst von Weizsäcker, number-two man in Hitler's foreign ministry and one of the key figures involved in the Hitler-Stalin Pact, is a leading member of the Protestant Church elite in West Germany, currently promoting a German-Soviet strategic accommodation. He made an unscheduled appearance at the Congress, and met with the Soviet attendees, who included Russian Orthodox Metropolitan Pitirim, the number-two man in the Russian Church hierarchy. Contrary to popular belief in the West, the Russian Orthodox Church functions as a full-fledged partner in the *nomenklatura* that runs the Soviet Union today.

This escalation of the "decoupling" drive is a direct result of the U.S. administration's drive to sign a "zero-option" arms-control agreement. The proposed withdrawal of U.S. nuclear missiles from Europe is correctly seen in Bonn as a move to throw West Germany to the Russian wolves, and the

attitude of many in Europe is to explore deals with Moscow now, before the situation gets worse.

On June 18, the "Reconciliation with the Soviet Union" day of the conference, President von Weizsäcker made his guest appearance. The forum included Metropolitan Pitirim and Bishop Longin, representing the Moscow Patriarchate in West Germany. Later in the day, von Weizsäcker returned for a tête à tête with Metropolitan Pitirim.

The climactic spectacle of the forum was broadcast nationally on television. On the podium, conducting a joint Protestant-Russian Orthodox prayer for German-Russian "union" and "reconciliation" were German oligarch Klaus von Bismarck, a leading promoter of a strategic accommodation with Moscow, the head of the Protestant Church, Bishop Martin Kruse, and Metropolitan Pitirim. A West German male chorus, who trained specially for the occasion, sang in Russian, the church chant "*Mnogaya Leta*."

The East bloc attendees included no fewer than 1,500 East Germans, 51 of whom were high-ranking government officials. Side by side with the official EKD literature tables were the Communist Party of West Germany and the Soviet-led VVN "Nazi-hunting" organization, based in Frankfurt. No such courtesies were extended to anti-Soviet groups. The West German-based International Society for Human Rights was booted out, accused of working for the "imperialists" and the "CIA."

Western nuclear energy, SDI attacked

"There are certain technologies . . . like nuclear energy . . . that are the Devil's work," said Hanover sociologist Oskar Negt at the Congress. Negt made this statement during a discussion of so-called "Human Technology," conducted by the Christian Democratic Minister President of Baden-Württemberg Lothar Späth.

"Chernobyl, Challenger: We've reached the limits of mastering human capability and complexity," said American professor Joseph K. Weizenbaum in his presentation. Proceeding in the spirit of "reconciliation," he added: "We have to have a great restructuring. [*perestroika!*] One thinks of revolution, blood flowing, heads rolling. But I believe that a bloodless revolution can be made, and this is where the Church

Congress comes in.”

Speaker after speaker called the realization of the U.S. Strategic Defense Initiative (SDI) “unpardonable.” “Invulnerability and mercilessness are one and the same; therefore, it would be unpardonable if the SDI should be realized. . . . The Prophet Isaiah speaks not of another world, but of a changed world, which would need no security as power, kingdom or hegemony to live in a safer world,” sermonized an EKD theologian.

Meanwhile, back at the “Reconciliation” gathering of over 6,000, Vladimir Berezkhov, a former Red Army official and a member of the Georgi Arbatov’s U.S.A.-Canada Institute in Moscow, defended the U.S.S.R.’s accelerated nuclear energy push, declaring: “We cannot renounce . . . for economic reasons . . . nuclear energy. . . . We’re not going to go backwards. We are working towards developing fusion energy but that cannot be done soon.”

At this point occurred yet another submission spectacle. West German TV reporter Lutz Lehmann, just returned after five years as Moscow correspondent, interjected that “what Berezkhov forgot to mention is that the Soviet Union is promoting the ‘peaceful use of nuclear energy.’” Berezkhov then remarked that Chernobyl shook up everyone in Germany much more than in the U.S.S.R. “There were terrible excesses in the German reactions to Chernobyl.” The EKD conference dutifully adopted resolutions to “Stop Nuclear Power” in West Germany.

The full display of Soviet contempt towards a conference of appeasers came when Berezkhov praised the Soviet invasion of Afghanistan. “Unlike what the Western press had reported . . . there was a revolution there and we were invited to support the revolution. The mistake was that we didn’t understand what epoch we were in and how difficult it was to make the changes. . . . That’s why the Monarchy has been invited to aid in the solution. . . . We want to solve these problems . . . and like those in the Persian Gulf, by political and not military means.”

When Vladimir Kondratiev, Soviet TV and radio correspondent in Bonn, spoke, the wildly anti-SDI EKD audience missed the import of his remarks.

Kondratiev spoke of Gorbachov’s *perestroika*, and defined it to mean “speeding up scientific and technological progress . . . e.g., computer technology and *laser* technology. . . . We don’t want to miss or pass up any modern technology . . . And for that we need peaceful and good-neighborly relations with West Germany, our strongest Western trading partner.”

This was the conference in a nutshell. A Soviet speaker demands West Germany help Soviet laser and computer technology programs, while the EKD Church Congress passes resolutions denouncing SDI and “computerization,” and calling for scrapping nuclear power in West Germany and de facto unilateral disarmament.

After *perestroika*, Kondratiev turned to *glasnost*. He at-

tacked the West German Defense Ministry for revoking permission to the Soviets to film the Bundeswehr (West German army). He failed to mention that permission was revoked *after* Warsaw Pact warships fired on the West. No West German present mentioned this either. Once again, Lutz Lehmann “out-russkied” the Russians, interjecting: “Western journalists are more free in the U.S.S.R. than Russians in West Germany. . . . I met with four Soviet General Secretaries (Brezhnev, Andropov, Chernenko, Gorbachov) Mr. Kondratiev . . . and how many Chancellors did you meet?” Lehmann forgot to mention that Kondratiev has been in West Germany for only 16 months!

The climactic moment of this forum was when SPD member of parliament Dieter Sperling proposed that at the next EKD Church Congress (1989) in Berlin, “that both the Red Army Orchestra and the Bundeswehr Band will be playing together.”

Pope the target of EKD feminists

Surrender to Moscow is a function of total moral degeneracy, which was the “other” leitmotif of the Church Congress. EKD feminists, witchcraft adherents, lesbians, and homosexuals challenged papal moral authority with posters, leaflets, newsletters, and diatribes at the different forums, especially targeting the Pope’s “Mary Encyclical,” his anti-abortion and anti-homosexual stand.

Radical “Catholic” theologian Ute Ranke-Heinemann, recently reprimanded by the Pope for her attacks on the “Mary Encyclical” and forbidden to teach in the name of the Catholic Church, became the “heroine” for the EKD feminists. A VVN (a Soviet “anti-fascist” front) leaflet was distributed attacking the present Pope for his “purge measures” and his “hostility against women.”

A pro-abortion poster obscenely depicted the Pope’s face superimposed on a pregnant woman’s body; there was a “Peep Show” at the Church Congress where people could see a film of a prostitute doing her routine off-duty activities e.g., shopping, cleaning, walking her dog, etc.; a book on *Homosexuality & the Church* (published in East Germany) was on display; and other obscenities.

The EKD’s push to internationalize this submission to Moscow, was exemplified by Carl-Friedrich von Weizsäcker’s initiative for a “World Ecumenical Peace Council” which got top billing at the EKD Church Congress in Frankfurt, West Germany. Speaking before an audience of 15,000 on June 20, Carl-Friedrich von Weizsäcker, re-issued his call for a “Peace Council of the Christian Churches.” He said that 14 countries, including all the Orthodox Churches within the East bloc, have already agreed. Von Weizsäcker said that due to the objections of the Catholic and Greek Orthodox Churches to calling it a “Council,” it has been recommended that the “Ecumenical Peace Council” be changed to “World Conference on Peace, Justice, and Responsibility for Creation.”

The State Dept., church, and private networks now destabilizing Korea

by David Hammer

The current crisis in South Korea potentially poses grave security problems for the United States and its allies, particularly Japan and South Korea itself. On June 22, through the mission of Assistant Secretary of State Gaston Sigur to Seoul, a meeting took place between President Chun Doo Hwan and Kim Young-sam, leader of the opposition Reunification Democratic Party. Although the Chun government released many of the thousands it had detained since riots began on June 10 and ended the house arrest of opposition leader Kim Dae-jung, there were no concessions coming from the RDP. Instead, the party proceeded to back a nationwide “peace march” scheduled for June 26.

As of June 25, it would appear that the opposition is determined to push the crisis to the breaking point, leading to total chaos in this strategically located country, or forcing the imposition of martial law and/or a military coup.

The following is a report on the organizational structures—in the United States and South Korea—that have created the crisis. From the United States, this network begins with the U.S. State Department, both officially and unofficially through its affiliated Project Democracy networks. This Stateside apparatus in turn works in tandem with the Reunification Democrat Party, which in turn coordinates with the umbrella organizations that call the rioters out into the streets.

From the standpoint of its architects, the policy objective of this crisis is not democracy, but the consummation of a deal with the Soviet Union and the People’s Republic of China, for the withdrawal of U.S. troops from South Korea—as proposed by the Carter administration—and the unification of the two Koreas under a Soviet-P.R.C. condominium. For that deal to go through, the Chun government and the military-political forces behind it, must be swept aside.

In this investigative report, where possible, we permit the destabilizers to speak for themselves:

U.S. State Department

Secretary of State George Shultz: The State Depart-

ment current policy is support for the Korean opposition Reunification Democratic Party, led by Kim Young-sam and Kim Dae-jung. It was the State Department that in January 1985 forced the return of exile Kim Dae-jung from the United States to South Korea, warning the Chun Doo Hwan government against any attempt to harm the opposition leader. On June 22, Shultz commented on the crisis: “What we believe should happen is a resumption of talks not simply about the violence, but about the process through which a *transfer of power will take place* in a way that reflects the will of the Korean people [emphasis added].”

On the same day, State Department spokesman Phyllis Oakley, commenting on the South Korean government’s possible options, handed down a warning to the Korean military: “In our view, military intervention would be a serious disservice to Korea’s interests. . . . We urge Korean commanders to concentrate on the defense of Korea and allow the political process to develop in a manner agreeable to the Korean people.”

On March 2, 1986, less than a week after the U.S.-directed coup against Philippines President Ferdinand Marcos, Shultz announced that the policy toward South Korea would be “the same as it had been in the Philippines.” This policy was first enunciated in 1981, by the Woodrow Wilson Center in Washington, D.C., of which Shultz is a board member. The plan is now operational:

- 1) “the resurrection of the Carter administration’s program for the withdrawal of American ground forces from Korea”;
- 2) “the negotiation of arms control measures for the Korean peninsula, including restrictions on the introduction of advanced new weapons systems and possibly the creation of a Korean nuclear-free zone”;
- 3) “increased American pressure on South Korea to promote human rights and political liberalization”; and
- 4) “direct official dialogue, as well as unofficial cultural, academic, and economic contacts between the United States and North Korea.”

Though the Carter proposal for the withdrawal of U.S. troops was quashed, Shultz appointed its author, Morton Abramowitz, director of the State Department's Bureau of Intelligence and Research.

Gaston Sigur, Assistant Secretary of State for Far East and Pacific Affairs: In February, Sigur spoke at a public forum in New York, calling upon Korea to "develop a more open and legitimate political system." He further suggested the United States link its military and economic links to South Korea to the government's progress toward "democratization."

Sigur is currently under investigation for his role in attempting to line up funding for the Nicaraguan Contras in the summer of 1985 when he served as assistant to Robert McFarlane at the National Security Council. Sigur is also a board member of the New York-based Council on Religion in International Affairs, which has played a Stateside role in coordinating the destabilizations in the Philippines and South Korea.

U.S. Ambassador to the Republic of Korea James Lilley: Lilley was appointed ambassador in September 1986 to replace Ambassador Richard Walker, a political appointee, who had acted to thwart Project Democracy efforts. Lilley was officially with the CIA from 1951 to 1978, serving in Japan, Taiwan, the Philippines, Cambodia, and Thailand. He was deputy station chief in Laos in 1965, at the point that Irangate's Ted Shackley and Thomas Clines were in the region. He was chief of station in Beijing from 1973-75. "He's been involved with the Agency since the beginning of his career that was essentially concerned with managing political change," comments South Korean oppositionist Pharis Harvey (see below).

According to the Japanese magazine *Shindoan*, Lilley recommended his close friend Donald Gregg, former CIA station chief in Seoul, to George Bush as Bush's national security adviser. Gregg, when stationed in Seoul in the 1970s, privately circulated his belief that the government of Park Chung-hee should be overthrown. Park was assassinated in 1979. Later the Korea desk head at NSC, Gregg is now under investigation for his role in the Iran-Contra affair.

Reports in the Korean exile community in the United States say that the South Korean government attempted to reject Lilley's appointment as ambassador, fearing that "he would try to overthrow the government." "It's not so good that a CIA agent for 27 years was sent to Korea," said a former student leader now operating out of the Center for Democratic Policy. "The mere fact that he was a CIA agent gave a bad impression to both government and opposition. Students burned his effigy even before he arrived, because they said, 'Oh, that guy's coming to mess up the situation.' And the government thought he might be coming to overthrow the government. I heard the rumor that his appointment was refused by the Korean government, but I am not sure. . . . Because, you know generals, they know what CIA is doing."

Lilley has been a featured speaker before Sigur's Council on Religion in International Affairs.

Quasi-governmental: 'Project Democracy'

The "Project Democracy" apparatus of Lt. Col. Oliver North is still flourishing, centering around the U.S. government-funded, but privately administrated, **National Endowment for Democracy (NED)** and the NED's **National Democratic Institute for International Affairs (NDI)**.

According to **Linda Pochek** of the NED, the endowment provided money for the NDI to run an April 1986 workshop, "South Korean Democratic Development" in conjunction with the opposition party then led by Kim Dae-jung and Kim Young-sam, the New Korea Democratic Party. "It was a review of basic party-building techniques, coalition building," explained Pochek. "Then they recently held a seminar which focused on the role of political parties in a democratic transition. But you'll have to call NDI for details, speak to Vivian Derrick. She knows all about it."

"The NKDP was extraordinarily factionalized. We kept stressing coalition," reported the NDI's Vivian Derrick. "We told them you just can't have a single issue, the elections, you have to look at building coalitions around broader issues. . . . So, by the end of the week, they got the idea about diversifying on issues, reaching out to others, coalition building, and the importance of having some kind of coherent consensus in the party was taking hold." The NDI kept up the contacts after the seminar: "Larry Atwood, our president, went over to Korea with a survey team, to meet with people." Atwood, who led the "international observer team" to the Philippine elections in 1986, is a former State Department official. The NDI will be conducting another workshop for the opposition in the fall.

The credentials of the chief adviser to the Kims' Reunification Democratic Party, Kim Chong-Won, gives a good indication of the high-level backing for the party in the United States. A long-time associate of Kim Yong-sam, Chong-Won attended high school in Seoul, then moving to the Phillips Exeter Academy in New England. He then studied at Harvard and Columbia universities, at Johns Hopkins' School of Advanced International Studies, and Harvard Law School. He taught at Harvard, Johns Hopkins, and Rutgers, and also served as a senior research fellow at the Research Institute on International Change at Columbia University and at the Institute for East Asian Legal Studies at Harvard Law School. He has been involved in research projects at the Brookings Institution in Washington and has worked as a research analyst for the U.S. Defense Department.

The World Council of Churches

The coordinating centers for the destabilization on the ground in South Korea are the World Council of Churches and its Korean and U.S. National Council of Churches affiliates. Said one Western European-based official of the World

Council of Churches: "Global ecumenical solidarity with the churches and students of South Korea, against the regime, is increasing. The regime is squeezed. I would say this regime will be finished by the end of the year. There are similarities to the Philippines." Over the past 20 to 30 years, the entire opposition apparatus, from the well-trained youths throwing Molotov cocktails in the streets to the Reunification Democratic Party of the two Kims, has been systematically created by these institutions.

From the United States, this network is directed by **Pharis Harvey**, chairman of the **North American Coalition for Human Rights in Korea**, a subsidiary of the **National Council of Churches**. Harvey reports himself to be on the phone with either one of the two Kims every day. He is also in regular contact with the State Department. A recent interview with Harvey was interrupted when a desk officer called from State to give Harvey a rundown on the latest news from Seoul. "This is a guy I talk to all the time. We talk fairly frankly with each other," Harvey explained.

"Many of the opposition groups have come up out of the churches," Harvey reports. "During the last decade, at times when no other group could operate legally, they operated out of the churches. The church was the nurturing ground for the labor movement, the farmer movement . . . [even] the Buddhist movement began to adapt the tactics and style of the Christian movement."

Harvey, along with fellow Methodist missionary George Ogle, laid the basis for the destabilization now under way, in the early 1950s. Their vehicle was the Urban Industrial Mission in South Korea, funded by the World Council of Churches. The UIM, using the slum-organizing "community control" methods of Saul Alinsky, creator of Chicago's black youth gangs, organized "Christian" radical farmer, labor, student, and other organizations against the government. As one of Ogle's associates, Lee Shin Bum of the Center for Development Policy in Washington put it, "George Ogle was the man behind the scenes. . . . He was the key figure who organized that mission. His wife, Dorothy, was also active. He developed network building."

Harvey describes his work: "I used to work with UIM. In Asia overall the UIM is known as URM (Urban-Rural Mission) because it works with laborers, urban poor, and farmers and peasants, and with cultural and ethnic minority groups. They are all together in one program, and that is the title of it. It is a loose federation of local programs all over Asia in that coalition, and there are similar loose coalitions in other parts of the world which are coordinated with the World Council of Churches, which serves as a kind of information center for the church to groups to contact each other and as a source and coordinator of funding from various church bodies around the world. . . .

"In Tokyo I was with the Urban-Rural Mission as a research consultant on economic justice issues. I was working

under the Christian Conference of Asia. As the situation evolved in Korea, more and more of my time was absorbed by efforts to support particularly people in the UIM and others being arrested and so forth. They never knew I was with the UIM. We worked very carefully. I was not listed on any letterhead. I never signed my name to anything and when I gave my address I always gave it in New York. They [the KCIA] had known about me earlier. . . . They were getting more and more curious toward the end, but even on the day Park was killed, I was scheduled to go to a meeting there on my way back to take this job. . . . It was just a coincidence that I was there when Park was killed, just to keep the record straight."

Though Harvey and Ogle had to leave, the apparatus they created took on a life of its own. As Lee Shin Bum put it, after noting that Ogle trained many of those now leading the current protests, including the spokesman for the National Campaign for a Democratic Constitution, "They had a center in many cities. The government suppressed them at the end of the 1970s. And now, the people they trained, the labor leaders and all, they are now acting on their own. . . . The church contributed to the movement at the initial stage, *very much*. Now, the car is in the fourth gear. (laughs) You know what I mean?"

When the South Korean government cracked down on the insurgency in the 1970s, many organizations went "clandestine," that is, back into the protective cover of the church. "And in the 1970s, and the 1980s also it was virtually impossible to have these groups, so many joined the church and the churches said they were renewed by the influx of new blood," reported Lee Shin Bum. "Many of my friends joined the Catholics. Some of them joined the Presbyterians, and so on. . . . I think the government cannot eradicate this. They used to say they would 'eradicate all the impure elements.' Uproot, or eradicate."

These groupings now comprise the bulk of the two main opposition coalitions, the United Minjung Movement for Reunification and Democracy, led by Presbyterian Rev. Moon Ik-Hwan, and the National Campaign for a Democratic Constitution, to which belongs the Reunification Democratic Party. Rev. Moon Ikh-wan, currently in jail, was trained by George Ogle.

As for how "the troops" are called out on the streets at a moment's notice, Shin Bum remarked, "At the Christian Building [the 10-story Korean Council of Churches building in Seoul] you will see a group of 'youngsters' whose ages are 30 to 40 who are actually taking care of the movement. . . . The government brands them as the radicals committed to a revolution, full-time revolutionaries."

The ideology of the movement, however, is largely a creation of the *Christian Academy*, which in the 1970s trained almost 800 organizers, for farmers and laborers. "That institute was destroyed in 1978," reported Lee, "because the

government found it very dangerous. That institute was founded by the *German Church* [*Evangelische Kirche Deutschlands* (EKD)]. Almost \$200,000 they gave, to Bishop Daniel Dji. It was quite a good educational institute. People who were trained there are still very active. . . . Many Catholic and Protestant churches are funded by German churches.”

The EKD also supplied the ideology of the insurgency—Minjung theology, the Korean version of the theology of liberation. “The main figure was the director of the [EKD-funded] Research Institute for Theology,” said Shin Bum, “Dr. Ahn Byung Moo, who is retired now. He is extremely well-known in Germany. He was trained, I think, at Heidelberg. He taught from the nationalist point of view. And he himself is a well-known nationalist.”

Centered around heretic Hans Küng, these circles created the theology of liberation for Ibero-America and the Philippines. In Korea, they faced a particular problem. As Pharis Harvey explained it: “The church was drawn to find a political theology with a language that was not considered treasonous, because of the anti-communist reality of the state. This led in a little different direction. . . . They interpreted the movement of God in history and the identification of justice and suffering of the poor as the locus of God’s activity and that led them to examine Korean history in terms of people’s history. That’s how a model of Min-jung came to have a theological connotation. If God is active in history, then he is active on behalf of and with the poor, bringing about a struggle for righteousness.”

The physical training of the rioters, who deploy in the same paramilitary fashion as the Green Party rioters in Germany, is conducted in mountain camps, according to Lee: “they have training courses. They call it MT, membership training courses. We didn’t have it so much at the time, but now they use the MT. . . . After two weeks of MT, you will see hundreds of revolutionaries. They go to the mountains, go in tents and so on. ‘Intensified anti-government education.’ Actually, it is brainwashing.” The courses are constantly offered, not only in preparation for a major protest. “One of the courses is to work as factory workers, to get the sense of ordinary people and how they feel. In my days we went to the rural areas in the summer and we used to go to the factory for survey. At that time the government was not cooperative, but did not prevent. Now, it is impossible. So the students cover up their identity, just go to the factories, say I went to elementary school, can I work here? They work for a short period to get the sense of it, and to get the connections to labor.

“It is well-organized. In many industrialized areas, you will see workers and students living together, sharing the emotions. Some people say it is the *v narod* movement. There is a Russian word, *v narod*. It means in English, ‘Let’s go to the people.’ In seminars it was introduced.”

The policy for the destabilization is reunification, at any cost, as reflected in the title of the new Reunification Democratic Party. While the rioters were battling police in South Korea’s cities June 10-26, a delegation of the National Council of Churches of Korea was in Pyongyang, the North Korean capital, for negotiations on reunification. “An NCC delegation is in the capital of North Korea right now,” reports Harvey, “and if the political situation allows, will enter Seoul on Saturday June 27. The issue of reunification started in the churches. The church initiative to take up the issue at a non-governmental level has gone a long way in helping the public debate form. . . .

“Last fall in Davignon, Switzerland, high leaders from the Christian Confederation in North Korea, and seven from the National Council of Churches of South Korea met in Switzerland. This was the first time that has happened.

“This meeting was an outgrowth of a project in South Korea of the churches to take up the issue of reunification. When they did, a couple of pastors and some researchers got imprisoned. So they turned to the World Council of Churches and asked them to establish an international dialogue on the issue that would help legitimate their own internal dialogue. So, in the fall of 1984, we had a big international conference in Japan on the reunification of Korea. It brought people from the Soviet Union, Cuba, South Korea was there, U.S., Japan, and several European countries. Growing out of that, the National Council of Churches adopted a policy statement about reunification.”

A second conference on reunification sponsored by the Korean Council of Churches—International Gathering on Peace, Justice, and the Unification of the Koreas—is scheduled for the second week of November 1987. This conference will bring together representatives of West Germany’s EKD, and numerous National Council of Churches from various nations, including the United States.

In the United States, the National Council of Churches of Christ in the U.S.A. (NCCCUSA, usually called National Council of Churches) issued a policy statement, “Peace and the Reunification of Korea” on Nov. 6, 1986. It reads in part (emphasis added):

“The NCCCUSA shall continue and strengthen its efforts to promote peace, justice, and participatory democracy for all Koreans *as a fundamental aspect of reunification*. . . . The NCCCUSA shall . . . press for the creation of a nuclear-free zone in North East Asia. The NCCCUSA calls upon the United States Government to affirm formally that it is a policy goal of the United States to support the peaceful reunification of Korea. The NCCCUSA urges the United States Government . . . to withdraw from commanding the U.N. peace-keeping operation at the Demilitarized Zone in Korea in favor of mutually acceptable neutral nations.”

We leave it to the reader to answer the question: Who benefits?

Perle wrecks U.S.-Norway relations

The former Assistant Secretary of Defense is spearheading an effort to alienate staunch U.S. allies. On whose behalf?

The transfer of militarily sensitive computer technologies to the Soviets by the Norwegian state-owned arms company Kongsberg Våpenfabrikk and the Japanese high-technology firm Toshiba is being exploited by the "Mossad lobby" in the United States. Led by former Assistant Secretary of Defense Richard Perle, the Mossad lobby is trying to divert attention from its own role in betraying U.S. secrets and to disrupt U.S. relations with Europe and Japan, viewed by the Mossad as unwanted rivals for U.S. strategic benevolence.

The Norwegian and Japanese leaks of sensitive technologies was raised by the United States at a January meeting in Paris of the COCOM organization, founded in 1951 by NATO and Japan to supervise East-West trade policies. Under false pretenses, Kongsberg and Toshiba shipped computerized propeller-milling equipment to the Russians that will enable them to manufacture silent-running submarine propellers. After realizing the extent of the damage caused by the high-technology transfers to the Soviets by Kongsberg Våpenfabrikk, the Norwegian government moved to prevent a repetition of the violations of the COCOM rules.

The Oslo government launched an investigation into possible further violations by Kongsberg, and announced a toughening of the Norwegian law, to be implemented in consultation with U.S. experts.

Norwegian Prime Minister Gro Harlem Brundtland and Defense Minister Johan Jørgen Holst briefed U.S.

Secretary of State George Shultz and Defense Secretary Caspar Weinberger in April and May. Weinberger, during his May 12-15 visit to Norway, expressed his appreciation of Norwegian actions.

But outrage over Norway and Japan's violations of the COCOM trade restrictions, intersecting an anti-Japanese protectionist mood and calls for trade war legislation, continued to build in the U.S. Congress. While the administration has pressed for enforcing better cooperation and resisted sanctions against Norway and Japan, the House of Representatives voted overwhelmingly in mid-June to demand compensation, and Sen. Jake Garn, according to the *New York Times*, suggested that "we ought to really hurt Toshiba."

Such attitudes toward U.S. allies have long been championed by Richard Perle, who was forced out of the Defense Department partly as a result of his attempt to burn all bridges to Europe. An agent of those Israeli Mossad networks implicated in the Iran-Contra affair, Perle was rehired by Shultz, as a consultant to the State Department! Along with his Mossad crony and former deputy at Defense, Stephen Bryen, now promoted as director of the DoD's Technology Transfer Branch, Perle has spearheaded the attacks on Kongsberg and Toshiba.

In a *U.S. News & World Report* article, Perle seconded congressional calls for sanctions against the Norwegians and the Japanese, proclaiming that U.S. allies have done what U.S.

adversaries were unable to do in damaging U.S. anti-submarine defenses.

While insisting that Kongsberg's technology leaks to the Russians are not to be downplayed, having damaged Norwegian security interests to the same degree as those of the United States, pro-American circles in Norway are distressed at the hostile intent of declarations such as Perle's.

In a June 24 editorial in the conservative daily *Aftenposten*, Perle was pointedly rebuked. Citing his proclamation in *U.S. News & World Report*, the Oslo daily noted that "the agitated sentiment prevailing in certain American circles is damaging the trust which each alliance must build upon. Even after the Kongsberg scandal, there must be room for the good cooperation that will guarantee our national security."

But it is precisely such U.S.-European cooperation that the Mossad lobby is out to damage, in its zeal to make Israel appear as the foremost U.S. ally. Technology leakage to the Russians does not bother the Mossad. Where was Perle's big mouth when Jonathan Pollard's systematic betrayal of U.S. military and intelligence secrets to Israel was blown, secrets in many cases passed on to Moscow? The Mossad network activated its assets in the press, the State Department, and elsewhere to suppress every key feature of the case, just as it had protected Pollard throughout his espionage career.

In 1970, Perle, then an aide to Sen. Henry Jackson on the Senate Armed Services Committee, had himself been caught red-handed spying for Israel. A wiretap of the Israeli embassy in Washington, D.C., ordered by the National Security Council, revealed that Perle was passing classified information to the embassy. Despite some protest, the power of the Mossad machine protected Perle at that time.

Illusions of a Franco-German defense

The so-called "post-Reykjavik process" is like a Pandora's box, from which one evil after the other emerges.

The propaganda for the "zero option" and "security partnership" with the Soviet Union, a deal cut between West Germany and Gorbachov's Russia in the era of *perestroika*, has been followed by yet another version—the idea that a merger between the armed forces of France and West Germany would suffice to defend Europe against Soviet aggression.

Prominent decouplers, like German ex-chancellor Helmut Schmidt and French ex-President Valéry Giscard d'Estaing, have campaigned for a "Franco-German defense alliance," which they said would be capable of taking over the role of the United States in Europe. Schmidt and Giscard say that if France's nuclear strike forces would extend their umbrella over West Germany, this would suffice to deter any Soviet aggression.

This illusionary proposal, which does not take the slightest notice of the new Soviet armaments, has found support among prominents in Germany and France. In France, ex-Premier Laurent Fabius, the two former Foreign Ministers Couve de Murville and Roland Dumas, the former Justice Minister, Roger Peyrefitte, and others signaled support for the Schmidt-Giscard plan.

In Bonn, the role of Alfred Dregger, influential head of the Bonn parliamentary group of the Christian Democrats, is most noteworthy. He said June 18 that with the "zero-option" pull-out of U.S. missiles, also the future of the U.S. troops stationed in Europe was uncertain. Dregger called for a "reorientation of German defense policy," recommending a

"European security union" based on Franco-German defense cooperation.

Schmidt and Giscard have pointed to the "unfinished agenda" of the Franco-German Treaty of Jan. 22, 1963. As today, the threat of U.S. disengagement was haunting Europe in the early 1960's. But the strategic situation of the West toward the Soviets was much better in 1963, when France's President Charles de Gaulle and West Germany's Chancellor Konrad Adenauer launched their vision of a Franco-German alliance for European defense.

In 1978, Giscard (then French President) and Schmidt (then German Chancellor), launched their first initiative for a Franco-German pact. Facing mounting conflicts with U.S. President Jimmy Carter, their idea was to have Western European "self-assertion" against the United States, but after Giscard's defeat in the presidential elections in France of May 1981, this Franco-German vision failed.

Another effort was made in February 1982, when Schmidt and the new President of France, François Mitterrand, signed an agreement on security cooperation. This was not the old concept of 1963, nor the 1978 one either. Mitterrand intended to have more cooperation between the arms industries, rather than a real pact for Franco-German defense. By October 1982, Schmidt was ousted from office, and the new Chancellor in Bonn, Helmut Kohl, was on a strict pro-American line.

The situation changed after the Reykjavik meeting between Reagan and Gorbachov, when senior U.S.

diplomats, including Ambassador to Bonn Richard Burt, pressured Kohl to give in on the "Europeanization of defense." Statements by the outgoing NATO C-in-C in Europe, Gen. Bernard Rogers, leaked in recent discussions with influential newspapers in Europe and the United States, confirmed that the Reagan administration has left no stone unturned to coerce European governments into "supporting an INF agreement that would crown the career of the U.S. President." The price of this crown on Reagan's head would be the exposure of Europe to absolute Soviet military supremacy, warned Rogers.

Much attention has been paid to his statements in Paris and Bonn, as well as to parallel warnings issued by U.S. presidential candidate Lyndon H. LaRouche in many personal meetings with influential persons in France and in West Germany.

On June 21, Franz Josef Strauss, chairman of the Christian Social Union in Germany, attacked the zero option as a "dangerous idea" that would make war in Europe possible again. "We are resolutely opposing this," stated Strauss, announcing that his party would put up a fierce fight in Bonn over the issue. Strauss is the foremost spokesman of the "military-industrial complex" in West Germany.

On June 22, France's current Defense Minister, André Giraud, said a clear "no" to the idea that an extended French nuclear umbrella could replace the one of the United States. And on June 23, Bonn Chancellor Helmut Kohl called the umbrella debate "absolutely misplaced," warning that it would "just be the worst thing to do at a moment when only neutralists and decouplers can profit from that."

For the moment, the Franco-German debate has been halted, which means a strategic setback for the decouplers.

Irregular warfare in Venezuela

Fomenting tensions between Venezuela and Colombia is but one piece of the Soviet/Project Democracy scenario.

The June 12 murders of one army officer and eight Venezuelan soldiers, who were in the process of dismantling a cocaine refining laboratory and eradicating coca and marijuana crops in Sierra de Perijá, on the border with Colombia, marks a new phase in the irregular warfare that the Soviets and their murderous counterparts in the West have unleashed against the nation-states of the region.

A commando force of an estimated 100 well-armed Colombian narco-terrorists swept down on the unsuspecting Venezuelan troops—most of them asleep—and took their bloody toll.

The narco-terrorists reportedly claimed to be members of the Cuban-trained National Liberation Army (ELN), which has been financed by Occidental Petroleum in Colombia, so-called “protection money” for their exploration operations. Occidental, of course, is the property of Moscow agent Armand Hammer.

It is not entirely surprising to learn that Henry Kissinger’s Center for Strategic and International Studies (CSIS), produced a scenario for the U.S. army several years back, in which Venezuela asks for U.S. troops following a cross-border attack by Colombian guerrillas on Venezuelan oil-fields.

The scenario appeared in a CSIS study entitled, “Strategic Requirements for the Year 2000,” which offers a long list of military conflicts that could break out in Ibero-America, to justify withdrawal of U.S. troops from

Western Europe.

The gameplan is that of Moscow and its “New Yalta” accomplices in the West. The aim is to drag the United States into a new and more horrible “Vietnam,” this time in Central and South America.

The fomenting of war between Colombia and Venezuela would be but one piece of the scenario, in which right-wing coups could create the climate for communist-inspired revolutions.

Former Venezuelan presidential candidate of the left José Vicente Rangel, an old defender of Soviet terrorism, moved quickly to blame the Colombian government and armed forces for permitting the assaults against Venezuela:

“There is nothing strange in the fact that the Colombian military approves the setting up of the guerrillas on our border, to create problems for us and serve as an element of pressure in seeking an arrangement of the so-called ‘diferendo’ (border dispute). . . . There appears to be a tacit agreement between the Colombian armed forces and the guerrillas of that country,” declared Rangel, provoking an angry response from the Colombian ambassador in Caracas, who described Rangel’s comments as “irresponsible.”

Just one week earlier, Rangel had visited Cuba, and was received by high-level government authorities. The May issue of the Soviet publication *América Latina* carried a lengthy interview on “Venezuelan perspectives”

with Rangel, stemming from his visit to the U.S.S.R. the previous year.

Joining Rangel’s accusations against Colombia was the Venezuelan congressman and Gnostic bishop Walter Márquez, who claimed that Colombian troops have already violated Venezuelan sovereignty, crossing the border on numerous occasions to assassinate peasants and commit other atrocities. Márquez announced that he was calling on “the high military command and the defense minister to explain to the Congress what the situation in the country is. . . .”

One is obliged to question why it is that neither Rangel nor Márquez make any mention of the narco-terrorist ambush of a Colombian army patrol in Caquetá province, the same week as the Venezuelan incident, in which not 9 but 32 soldiers lost their lives. One must also ask why it is that neither Rangel nor Márquez identify the real forces in Colombia who are allied with the drug mafia, such as pro-drug legalization senator Samper Pizano or his anti-extradition colleague Santofimio Botero?

The situation could become much worse in the coming weeks, given the apparent determination of the Venezuelan armed forces—enraged by the June 12 ambush, which is considered the bloodiest foreign assault on Venezuelan troops since the wars of independence—to violently respond to any new border incidents.

According to local sources, the narco-terrorist army operating along the border has, with help from Cuba and Nicaragua, acquired sophisticated weaponry (including land-to-air missiles), to the tune of \$350 million. Without a Colombia-Venezuela pact to jointly combat the narco-terrorists in a wide swathe of territory on both sides of the border, the situation could become highly volatile.

Brazil is not a 'republiquette'

The Brazilian military is reluctant to follow Henry Kissinger's orders that Brazil submit to IMF discipline.

President José Sarney is having trouble winning political and military support for his decision to put Brazil under International Monetary Fund (IMF) surveillance. Sarney argued June 17, "I must tell you that the Fund also changed. Therefore, we talked with the Fund without fearing for our national interest." Finance Minister Luiz Carlos Bresser Pereira is running around trying to forge a new consensus of political elites for a formal agreement with the IMF.

However, few will swallow the monstrous fraud which Bresser and his newest ally, Henry Kissinger, are trying. Sen. Jamil Haddad charged that Bresser's austerity policy was evidence that "Brazil once again will pay out \$12 to \$13 billion per year for servicing the foreign debt, at the expense of its population." He noted how Bresser's plan coincided with the arrival of Kissinger and an IMF delegation.

As soon as he arrived in Brazil June 18, Kissinger opined that Brazil might get "new money," if it again plays by the rules of the collapsing international finance system, as dictated by the IMF. In offering new money, Kissinger, the political spokesman and adviser for Rockefeller's banks, is dangling before Brazil what the official representatives of the banks are, so far, refusing. But things did not go well for Kissinger.

"What I told Kissinger is that I have experience with what is going on in Argentina, and I think the surveillance which the IMF applies there is not in our interest," said Sen. Fernan-

do Henrique Cardoso, the ruling Brazilian Democratic Movement Party's leader in the Senate. He had conversed with Kissinger during a dinner offered by Henry's best friend in Brazil, businessman Israel Klabin. Bresser, on the other hand, spent the whole dinner obsessively seeking to win the Kissinger seal of approval. He went so far as to make public for the first time his ambitious plan to convert \$7 billion of debt paper into ownership of Brazilian companies.

In real terms, Brazil will not now be saved from financial collapse either by the unlikely possibility that its debt were renegotiated or by any kind of agreement with the IMF. Brazil has asked the World Bank and foreign government export-import banks who make up "the Paris Club" to extend the due dates of debts to them which were set to be paid starting the end of June. The Club answered, "Okay; but go to the IMF." Thus, well-informed circles here comment that Brazil will make some IMF agreement around the time of the IMF annual meeting in late September. In the meantime, it may ask for bridge loans from the U.S. Federal Reserve and the Bank for International Settlements to be able to continue making those debt payments not subject to the Feb. 20 moratorium.

Bresser's austerity program is facing sharp opposition. "If there is any consensus in this country, it is on the need to keep the economy growing at rates which permit a significant increase in per capita income," countered his predecessor, Dilson Funaro, in an interview published in the daily

Folha de São Paulo June 22.

In the face of such an explosive situation, the oligarchy's daily *Jornal do Brasil* June 20 warned there is a strong current in the government which wants to imitate Peru, limiting debt payments to a percentage of exports. Whether or not that is true, it reveals the big fight for development catalyzed by Dilson Funaro, the minister who declared a moratorium on most of Brazil's debts on Feb. 20.

Brazil's negotiators tried to scare the Paris Club with a Funaro presidency in order to squeeze some "concession" out of the creditors. If 30 pieces of silver could not be obtained for having abandoned Funaro's principled position that "the debtor nations must rescue their dignity," then Bresser would not be able to win the domestic credibility he desperately needs. If Bresser's social democrats could not show their subservient policy toward the bankers paid off, the negotiators argued, the creditors would have to face the "more radical" position represented by Funaro and his nationalist movement.

Kissinger's fireworks in favor of the IMF boomeranged. "That guy is thinking we are a republiquette," army Minister Gen. Leônidas Pires Gonçalves, told a friend, insider journalist Castello Branco reports. The powerful chief of Brazil's military was angered by Kissinger's interrogating him about how much influence he has on President Sarney and what he does when the President does not follow his advice. "Nothing, he's the President," the general told Kissinger. He later told his friend, "He doesn't realize that after 20 years of power, the Brazilian armed forces realize that while we may be able to solve short-term problems, we cannot permanently solve national questions. We want democracy. . . ."

The 'Germanization' of Italy

The "ecologist" form of subversion made large gains, not at the expense of the Reds, but of Italian society.

The election of 13 deputies and 2 senators of the Italian Green Party may perhaps be the most significant outcome of the June 14 Italian elections: the deliberately orchestrated flaunting of a process of disintegration of the republic's institutions and the destruction of the ethical and scientific values which led to Italy's creation as a nation.

The Greens now control about 50 parliamentarians, with about 20 elected as "independents" on the Communist Party slate, and others in the Socialist Party, Radical Party, and Proletarian Democracy lists. If one adds that the "ecologist" and anti-nuclear ideology has infiltrated Parliament in force, controlling a majority of the seats, we have an approximate but striking view of the subversion under way.

What Chicco Testa, former chief of the Communist Party-controlled Environment League, had promised before the elections has taken place: the "Germanization" of Italy.

Exploiting the Chernobyl accident, with the hysteria created in the population by the manipulation of acceptable radioactivity levels (lowered for the occasion), the "ecologist" bombardment every day in the newspapers and, above all, on television, reproduced in Italy the "New Dark Ages" phenomenon which is the German Green Party.

Worse yet, given the virtual nonexistence of an Italian nuclear pro-

gram, with only one and a half nuclear plants still running today, the hysteria stirred up in Italy goes even beyond that of Germany.

Contrary to first impressions and television disinformation, the Greens did *not* gain votes at the expense of the Communist Party, but at the expense of all the parties, with a substantial percentage of fascist and youth votes. It is the institutional infiltration of the Green offspring of the Red subversion of past decades, with some examples of biological heredity: The daughter of the historic ultraleft leader of the Communist Party Pietro Ingrao, Renata, is now supposed to become the secretary of the Environment League.

The former leader of the communist grouplet Continuing Struggle, Qaddafi sympathizer Alexander Langher, took a significant 4.6% of the votes in the Trentino-Alto Adige region. Another Continuing Struggle comrade, Marco Boato, has become an Italian *senator* with Green, Socialist, and Radical votes.

If we add to the Greens the myriad of slates of tiny regional, ethnic, or single-issue parties, even those who did not make it into Parliament, we have a complete picture of the process of disintegration which the news-weekly *Espresso* gleefully described as reflecting "post-industrial Italy," "neither right nor left . . . doubtless a more modern Italy."

Given the absolute lack, and we underline the word absolute, of a pro-

grammatic element in these last elections, people abandoned themselves to "protest votes." Thus while some pockets of resistance to disintegration were rewarded, such as the personal success of Christian Democrat Maria Pia Garavaglia, publicly supported by the Schiller Institute and the Anti-Drug Coalition for her firm position on AIDS, the general trend was toward negative votes. Some voted for the Christian Democracy to be against former Socialist Premier Craxi; others picked the Socialist Party to show their opposition to Christian Democratic party head Ciriaco De Mita; workers in the industrial suburbs of the North are leaving the Communist Party, which has left them defenseless against the economic crisis.

In this context, we had the spectacle of Hungarian prostitute "Cicciolina," elected on the Radical ticket, marching victoriously with the Greens against the foundations of Italy's moral and scientific tradition. The Cicciolina phenomenon is a case of "social engineering," a modern version of the gnostic-occultist phenomena of which history is full, run by the mass media. The Greens, with Langher's slogan, "Be ethical, not scientific," are the anti-scientific and anti-ethical counterpart, to Cicciolina's obscenities.

But this institutional nadir was brought on by the leaders of the so-called institutional parties. Uncontested, Bettino Craxi sang hosannas to his "economic boom," repeating an Italian version of the idiotic refrain of the American President on the "recovery" which never existed. Only three days after the vote, the trade statistics for May documented a collapse of exports, i.e., of industrial production.

It is no surprise that the Italian Greens celebrated their electoral victory, as *Espresso* reports, with red champagne.

Haryana: dangerous portent

The Devi Lal victory over the Congress (I) Party may send Punjab into a new spiral of chaos.

Even the term *roust* doesn't seem adequate for what took place in the June 17 Haryana elections, when the arrogant peasant mafioso Devi Lal's faction of the Lok Dal (People's Party) defeated the Congress (I), which had been in power in the state since 1982.

In a 90-member assembly, with elections for 87 seats, the Congress (I) could secure only 5. Chief Minister Bansi Lal, former Union Minister of Railways and chief minister of the state in the 1970s when Haryana made dramatic economic gains, was himself defeated by 2,100 votes. Of his 17-member cabinet, there was only one survivor. Nor was it a close fight. Opposition candidates won by margins ranging from 1,000 to 30,000 votes.

It was a defeat for the Congress (I), but projections of the Rajiv Gandhi government's imminent demise that abound here are undoubtedly premature. The Haryana defeat is surely a serious blow to the Congress (I), and even a warning of sorts. But its most far-reaching impact is more likely to be to throw a new monkey wrench into efforts to resolve the Punjab crisis.

One day after his swearing-in as Haryana's chief minister, Devi Lal announced his categorical rejection of the Punjab accord, the basis for a political settlement in Punjab, arrived at by Prime Minister Rajiv Gandhi and the late Sant Longowal in July 1985. The accord made it possible to restore an elected government and begin reviving the political process obliterated by terrorism.

Contrary to reports in the West, Haryana is not the crucial "Hindi heartland," where the fate of the Congress Party is signed and sealed; that distinction goes to the neighboring state of Uttar Pradesh. Haryana is the land of affluent and tough Jat farmers, who formed the shock troops for the rich farmers' party, the Lok Dal.

In recent years, Haryana has become better known as the home of the three Lals—the defeated Chief Minister Bansi Lal, his fellow Congressman and rival Bhajan Lal, and Devi Lal. The fierce and shifting rivalries (and alliances) among these three men have largely determined politics in the state for the past 10 years. This time around, it was Lal versus Lal versus Lal—a three-way fight even though two Lals are fellow Congress-men. This fact, together with the stalemate in Punjab, was used to full advantage by the wily and vengeful Devi Lal to crush his erstwhile protégés.

It isn't surprising that Punjab was at the top of Devi Lal's campaign, together with a vow to forgive all farm debt up to Rs. 20,000 (about \$1,600) and a promise to approve all claims for pension benefits. Far more than the recent scandals in Delhi, the issue in Haryana is land and water—and that means *Punjab*. The two states have been at loggerheads over distribution of river waters and exchange of territory since they were partitioned in 1966, in the wake of a successful campaign by the Sikh political party, the Akali Dal, to establish Punjab as a

separate Punjabi-speaking Sikh-majority state. Haryana, earlier a part of Punjab, became a Hindu-majority state in the process.

As the terrorist Khalistan movement mushroomed out of control during the 1980s, this fight took on a menacing communal undertone. Blaming the Congress (I) for propitiating the Sikhs became a staple in Haryana.

Just a month before the elections, Punjab was put under President's Rule again, removing the elected government headed by Surjit Singh Barnala, an aide of slain Akali leader Sant Longowal. Persisting factional fighting among the Akalis had compromised the Barnala government's ability to act against the terrorists. The action was widely viewed, however, as a Congress (I) election move to counter the Lok Dal charge that the Congress (I) is "soft" on Punjab.

The last-minute award of additional water to Haryana by the government commission charged with finding a solution to the river waters dispute, also fell flat.

The Punjab accord was unacceptable, Chief Minister Devi Lal said, because it was reached with only one faction of the Akali Dal. Devi Lal recalled that it had been possible to reach understandings in the 1970s when the Akali Dal was led by Parkash Singh Badal and G.S. Tohra.

Indeed, it is the Badal-Tohra combine that has been playing a dirty game in Punjab, for the past two years at least, to sabotage the accord, and in particular, to overthrow the elected Barnala government. Their opportunism and inflammatory rhetoric is a matter of record; their active collaboration with the pro-Khalistani terrorists has been widely suspected.

Devi Lal also announced that he will make independent arrangements with Punjab once a new popular government is elected there.

International Intelligence

Top Israeli doctor blasts euthanasia policy

The head of the Israeli Medical Association, Ram Ishai, has attacked the practice of euthanasia, especially in the case of Holland, and warns that euthanasia may increasingly be justified "to avoid economic burdens on society."

In Holland, 11 of the 90 AIDS sufferers who have died, were victims of "mercy-killing."

In an op-ed in the June 17 *Jerusalem Post*, Ishai reports on an April 1987 lecture in Amsterdam by Dr. Sven Danner, head of the AIDS Unit at Amsterdam's Academic Medical Center. Danner presented statistics which indicated that "one in eight deaths from [AIDS] was due to euthanasia." In many cases, these were patients who, without question, "could have lived months before dying."

Writes Ishai: "Most religions, and especially the Jewish religion, relate to every killing *per se*, regardless of whether it concerns a young, elderly, healthy or sick, or even a dying person. In the Mishna: 'One who is in a dying condition is regarded as a living person in all respects.' This is also the opinion of the Babylonian Talmud, and also the code of Maimonides, which prohibits any action that might hasten death. . . .

"Therefore, one can say, along with Britain's Chief Rabbi Immanuel Jakobovits, that: 'Any form of active euthanasia is strictly prohibited and condemned as plain murder,' and passive euthanasia as well, when it is performed on a person who may live further weeks or months, as was the case with the Dutch AIDS patients.

"Moreover, in present-day conditions, euthanasia could be performed to avoid economic burdens on society. If there is not sufficient provision of nursing care, we will witness an increase in euthanasia cases in the near future. It is a slippery slope and we can easily pass from the case of a patient dying from cancer in unbearable suffering to cases of the very aged sick, the crippled, and the mentally ill."

Wiesenthal finds no proof against Waldheim

Austrian "Nazi hunter" Simon Wiesenthal has attacked the World Jewish Congress for its behavior in the affair of Austrian President Kurt Waldheim, who has been banned from entering the United States on the basis of charges that he was a Nazi. Writing in Italy's newspaper of record, *Corriere della Sera*, June 23, Wiesenthal reprimands the WJC for "putting collectively under accusation all Austrians. How can a Jewish organization," he asks, "formulate a collective threat against a whole people? The wave of anti-Semitism was a consequence of this threat, and the WJC has given arguments to the anti-Semites."

As far as Kurt Waldheim's alleged Nazi past, said Wiesenthal, "I am interested in the truth, and I want to know the truth, and this truth has not come out yet."

The U.S. Office of Special Investigations, as in many other instances, used only Soviet-concocted "evidence" to get Waldheim declared *persona non grata* in the United States.

The strange thing about the Waldheim affair, is that no one has proved Waldheim guilty of anything, Italy's *La Stampa* daily commented June 23. Only Simon Wiesenthal, according to the paper, has actually looked into relevant archival material, including documents on the Nazi period at the Berlin Documentation Center, at the United Nations archives, at the Ludwigsburg archives in West Germany, and at the Belgrade, Yugoslavia Historical Archives. In all cases, the result was the same: He found nothing.

French minister: AIDS is no venereal disease

French Minister of Health Michèle Barzach affirmed, in an interview published in the June 15 issue of *Le Point* magazine, that it is "medically inaccurate" to describe AIDS as a Sexually Transmitted Disease.

The minister is in a quandary.

Like Surgeon General C. Everett Koop in the United States, she is an advocate of the "safe sex and condoms" approach, which tirelessly maintains that AIDS is not a species-threatening epidemic, but a disease which can only be transmitted by sexual contact.

Yet when the Alpes-Maritimes department (regional government) of France tried to set up a confidential data bank on AIDS carriers, it used the precedent of a 1983 law which allowed local governments to carry out testing for venereal disease. The minister, who opposes such measures, hit the roof. "The fight against the human immunodeficiency virus is not among those tasks which were entrusted to the department by the decentralization laws," she told *Le Point*. "AIDS is not a venereal disease!"

Secretary of State for Health Edmond Hervé in 1985 created a working group to provide "help for the dying," whose report, published in October 1986 by Barzach, envisaged the creation of hospices for AIDS victims.

Soviets said to build giant laser facility

U.S. intelligence agencies are watching with concern as the Soviets build what appears to be a giant laser facility near the Afghanistan border, the *Chicago Tribune* reported June 22. Speculation centers on whether the Soviets are building an advanced anti-satellite weapon or merely a laser "research" facility.

The secret installation is 30 miles southwest of Dushanbe, the capital of the socialist republic of Tadjikistan. It was first spotted by U.S. reconnaissance satellites several years ago. There has been no public comment, but many in the U.S. intelligence community believe that the Soviets may have begun deployment of the world's first operational ground-based anti-satellite system.

The just-released *Jane's Military Communications Annual Review* notes that "recent photos taken near the Afghan border suggests the Soviets' laser capabilities may

exceed anything so far achieved by Western directed energy programs."

Warsaw Pact vows aid to U.S. against terrorism

Warsaw Pact nations are showing "their first signs of joining the West's war against terrorism," if you believe a June 19 report in the *Wall Street Journal*, citing State Department officials. "State Department counter-terrorism official Alvin Adams made a recent tour of East European countries and the administration now is exchanging information on anti-terrorist techniques, devices and specific cases with Warsaw Pact countries," said the *Journal*.

Although Reagan administration officials cannot yet cite any concrete help, they say that East Europeans are talking and acting more cooperatively, professing that they want to help fight terrorism. In return, the United States has decided not to publish a White Paper on Palestinian terrorist Abu Nidal, which suggests, based on a classified CIA report, that he has found refuge or assistance from six of the Soviet Union's East European allies.

Czechoslovakia starts its own 'glasnost' drive

In Bratislava, Czechoslovakia, a "sensational" trial has been opened against Stanislav Babinskii, chairman of the state-owned consumer goods trading firm "Jednota" in Northern Slovakia, and 11 other defendants. This is one of the biggest corruption scandals in the history of the Czechoslovak Socialist Republic, according to the West German magazine *Der Spiegel*.

The list of Babinskii's customers, for whom he ran a prostitution ring, among other illegal activities, includes almost the whole government of Slovakia, as well as Foreign Minister Bohuslav Chnoupek.

The trial is open to the public, but the media are keeping silent about the proceed-

ings. Czechoslovakia, since the suppression of "Prague Spring" in 1968, has had one of the most ruthless and hardline East bloc regimes. But with different winds now blowing from Moscow, Central Committee Secretary and chief ideologue Vasil Bilak has come out recently with statements in favor of *perestroika*—Gorbachov's "transformation" of society and the economy.

New political, military deals link China, Mideast

A wide-ranging series of secret and public deals is currently under way, linking the People's Republic of China with Israel, Iran, and Turkey.

Israel is secretly sending military technicians to Peking, to refit and modernize hundreds of Soviet-made tanks and heavy artillery for the Chinese army, according to the June 19 *Times* of London. "China is now one of Iran's principal arms suppliers in the Gulf War, selling Soviet-made equipment to the Iranian army. . . . Israeli sources say that the secret mission to China has been in operation for well over a year, as relations between the two countries—who have no diplomatic representation—grow warmer."

The visits to Peking of Iran's Foreign Minister Valayati and Deputy Foreign Minister Sheikolislam in May and June led to agreements including for Chinese construction of four munitions factories inside Iran, Iranian oil exports to China, and Chinese launching of a satellite to be used by Iran to transmit "guidance programs" to the Gulf. A group of Chinese Muslims has been sent to Qom for training, and Beijing requested the help of Islamic scholars to train its Muslim community!

In June, Iran signed a \$2 billion deal with Turkey, involving construction of a new pipe line and joint oil exploration companies, Iran's export of natural gas to Turkey, and development of a joint petrochemical industry. Iran also agreed to guarantee that Kurdish rebels will only attack Iraq, and not Turkey. A joint "border security committee" was established between.

Briefly

● **ISRAEL** has granted visas to a Soviet delegation for the first time since the rupture of diplomatic relations 20 years ago. The Soviet delegation, led by the deputy director of the consular department of the Soviet foreign ministry, will discuss the emigration to Israel of Russian Jews and the property of the Russian Orthodox Church in Jerusalem.

● **CARDINAL JAIME SIN** of the Philippines has been granted permission to visit Lithuania during his upcoming stay in the Soviet Union. This is a favor which Moscow has denied Pope John Paul II.

● **300 WEST GERMAN** Communists, Greens, and Social Democrats conducted a three-week tour of the Soviet Union during the month of June.

● **GERMANS** visiting Moscow recently for a seminar were surprised at the "pre-war mood" they found there. Josef Riedmiller, first deputy editor-in-chief of *Süddeutsche Zeitung*, wrote: "I was astonished . . . some Russians even spoke of a 'pre-war situation.'"

● **YUGOSLAVIA** can "easily turn into another Lebanon," according to the Yugoslav Communist Party newspaper *Borba*. On the eve of a Central Committee Plenum to discuss ethnic tensions in Kosovo province, *Borba* said that the persecution of non-Albanians there could lead to an explosion.

● **PROTESTANT CHURCH** sources in West Germany report a growing pattern of members leaving the church, after the mid-June Church Congress of the German Evangelical Church in Frankfurt, at which pro-Soviet and pro-witchcraft sentiments predominated.

Weld plot against defense set back as GD case ends

by Kathleen Klenetsky

The Justice Department's abrupt announcement June 19 that it had dropped all criminal charges in the Sgt. York case against defense contractor General Dynamics and four company executives, including former NASA administrator James Beggs, has dealt a setback to a conspiracy by top Justice Department officials, notably Number Two man Stephen Trott and Criminal Division head William Weld, to dismantle American defense capabilities through trumped-up charges of fraud and corruption.

As *EIR* warned in an Aug. 29, 1986 report on Weld's nomination to succeed Trott—who had initiated the case against General Dynamics—the two colleagues planned a major escalation of Justice Department "fraud" prosecutions, which could bring the defense industry to its knees. That operation has now been slowed down—at least temporarily. Just one month ago, the Justice Department was forced to drop a second case against General Dynamics' Electric Boat Division, again for lack of evidence, and those in Congress who have championed Justice's campaign against defense contractors are wailing that such prosecutions have now been discredited.

Sources close to the Defense Department called the exoneration of GD a victory for Defense Secretary Caspar Weinberger, and said it reflects the growing recognition in military and government circles that Mikhail Gorbachov's *perestroika* policy signals a massive, pre-war military build-up. Weinberger had argued that allowing the Justice Department to run amok against the U.S. defense industry—and especially those companies, such as GD, which have critical contributions to make to the Strategic Defense Initiative program—was tantamount to suicide. Weinberger's argument won out, and Justice was forced to terminate its prosecution of GD.

In announcing its exoneration of Beggs and his co-indictees on all charges, the Justice Department was forced not only to concede that it had built its case on the flimsiest of evidence. It also was forced to reveal a pattern of such colossal incompetence as to raise grave questions as to why the charges were ever brought at all.

"The government is standing up and saying, we were wrong," a chagrined Weld confessed June 22. He admitted that it is "unusual for the government's view of the facts to change so radically that the government will abort the prosecution. . . . Nobody is happy about this."

"Wrong" just isn't the word for how the Justice Department pursued the case. An illegal political vendetta which undermined U.S. national security, is a more apt description.

Weld was forced to disclose that Justice finally decided to drop the indictments after GD presented 82 boxes of Army and company documents it had obtained under the Freedom of Information Act sustaining its position. The boxes had somehow been "inadvertently overlooked," Weld said. After examining the material, 9 of 10 prosecutors in the case recommended dismissal.

Weld also admitted that prosecutors had waited until *after the indictment* to interview a number of government officials who were involved in the contract negotiations; and also failed to consult experts on government contracting who later said that GD had followed "perfectly permissible" billing methods.

What Weld did not mention was the history of the case. The indictments, which accused GD and top executives of having defrauded the government through overbilling while it was developing a prototype of the Sgt. York antitank gun, were put together by the Justice Department's so-called "Defense Procurement Fraud Unit," a part of the Criminal Divi-

sion then headed by Trott.

But they proved very hard to get. In 1984, the fraud unit sent special agent Gary Black to Los Angeles to handle the grand jury investigation. A year later, Black reported back that there was no basis for an indictment, and no evidence of any criminal violations. Rather than conceding there was no case, the DoJ wasted some more taxpayers' money by sending Randy Bellows from the Criminal Division to Los Angeles to revive the case. Reportedly, he orchestrated offers of immunity and threats of prosecution towards lower level of employees at General Dynamics to contrive the case against the company and its executive officers. Indictments were finally handed down the Monday after Thanksgiving 1985.

Examination of the indictment papers and of the motion to dismiss submitted by lawyers for GD, Beggs and the other defendants show that the government has no case at all. For one thing, the Sgt. York gun program involved a new type of contract, known as "Firm Fixed Price, Best Effort" contract for which there were no governing Armed Services Procurement regulations. Beggs et al. were charged with violating Armed Services Procurement regulations that did not exist!

Challenger deaths a result?

So why did Justice pursue a case that had no basis? Numerous observers have correctly noted that the resources of the Justice Department are such that it couldn't be chalked up to mere incompetence. As one Senate staffer put it, "Usually when a federal grand jury hands down an indictment, a conviction is almost guaranteed. The fact that the Justice Department's case was so flawed has raised a lot of questions. Some people have tossed around the possibility of a conspiracy to get" James Beggs and the defense industry.

As noted above, Trott and Weld are part of a conspiracy to destroy U.S. defenses. Both men have myriad ties into factions which want to cut a deal with Moscow, even if that means destroying the United States. *EIR* has previously documented Weld's ties to Soviet and Chinese intelligence, and to Swiss banking interests involved in drug-money laundering. Trott shares a similar background, and participated in a left-wing-oriented folk group. Both men had vowed to make prosecution of defense "fraud" their number one priority.

In a June 21 press conference, Beggs contended the indictment was brought because "there is strong political motivation to go after defense contractors these days."

During his confirmation hearings in August 1986, Weld, who had already compiled an extensive record of defense-industry persecution while serving as U.S. Attorney in Massachusetts, promised the Senate Judiciary Committee he would "take personal responsibility" for "vigorous enforcement in the area of defense procurmenet fraud." Weld said that "white collar and public corruption are my private agenda items," and called for new positions of Assistant U.S. Attorney for Defense Fraud to be created in every U.S. Attorney's office.

A second motivating factor behind the DoJ's vendetta

was a desire to force James Beggs out of NASA—which contributed directly to the Challenger explosion and the tragic deaths of its crew. Beggs, one of the best administrators NASA has ever enjoyed, a man committed to science and technology, an outspoken foe of the Club of Rome's neo-malthusian nonsense, was forced by the indictments to take a leave of absence just weeks before the Challenger disaster. The person who took over, William Graham, was generally viewed as an incompetent. He had no experience with space programs, no experience with managing large programs. For these reasons, Beggs had strenuously objected when the White House wanted to name Graham to the number two post at NASA, but unfortunately, was overruled.

The fact that the inexperienced Graham—not Beggs—was the person calling the shots on that fateful January morning is believed to be one of the key reasons why the Challenger launch failed. Beggs himself has said many times that he would never have permitted the launch on such a cold day.

The Justice Department's illegal persecution of Beggs led to the deaths of the Challenger astronauts, and has brought the U.S. space program to a near stand-still. As a Senate staffer put it, "NASA is bearing the brunt of the DoJ's wrongful smearing of Beggs."

The resolution of the GD case has brought an avalanche of well-deserved criticism down upon the Justice Department, both from those who supported Weld's and Trott's vendetta against the defense industry, and are angry their mishandling may jeopardize future prosecutions, and those who opposed it. "I really feel aggrieved on this. I was left hanging out to dry," James Beggs said June 21. "I feel the grand jury system is no longer a check on the prosecutors." Beggs's lawyer, Vincent Fuller, said the Justice Department "ran amok" in the case.

The June 23 *Wall Street Journal* called the indictments a "case of waste, fraud and prosecutorial abuse," and said the "witch hunt" against Beggs may have contributed to the Challenger tragedy.

The *Washington Post* expressed similar sentiments in its editorial the next day. "It is hard to understand how this case was brought in the first place. Who in the Justice and Defense Departments, we wonder, was in charge of reading the documents at issue before going to a grand jury? How do prosecutors go so badly off the track? . . . Usually prosecutors come under fire for not being tough enough, for not aggressively going after alleged wrongdoers and seeking the heaviest penalties. But this and other recent cases also point up the perils of reacting too quickly to public pressures. When indictments are dismissed or juries quickly acquit, innocent lives, as well as prosecutor's reputations, have been damaged."

Criticism is not sufficient, however. A thorough investigation of the Justice Department's prosecutorial abuses, in this and other politically motivated cases—those against Lyndon H. LaRouche, rocket scientist Arthur Rudolph, and others—is what is needed now.

OSI hoax exposed: the Rudolph travesty

by Joseph Brewda

Shocking new evidence has emerged to further confirm *EIR*'s repeated charge that the U.S. Justice Department's Office of Special Investigations (OSI), is a witting KGB tool, treasonously operating against U.S. national security interests. New details on the OSI witchhunt against Dr. Arthur Rudolph abundantly demonstrate that this is the case.

In the spring of 1984, Dr. Rudolph, a retired NASA physicist, was confronted by the OSI with the charge that he was a Nazi war criminal. Rudolph, the designer of the Pershing I missile and Saturn rocket, is a hero of the U.S. space program, and was then a consultant to a group of physicists working on the Strategic Defense Initiative and other essential military research programs. It has since been overwhelmingly proven that the OSI case against Rudolph was a gigantic, witting hoax, from beginning to end, and that the OSI's intent was to cripple the Strategic Defense Initiative (SDI).

Moreover, a three-year exhaustive study of the OSI's claims against Rudolph, by two West German prosecutorial agencies, which was concluded March 1987, further proves that OSI director Neil Sher, Assistant Attorney General Mark Richard, and Associate Attorney General Stephen S. Trott, clearly violated U.S. law on behalf of this Soviet objective. The mere fact that these three gentlemen were not summarily fired and prosecuted, after the West German government concluded its investigation, is, in itself, a demonstration of the strength of Soviet intelligence networks within the U.S. Justice Department.

Beginning in 1982, Dr. Rudolph was confronted by an OSI team led by Eli Rosenbaum, since employed by the pro-Soviet World Jewish Congress, and was charged with having participated in war crimes. Rudolph had been a civilian scientist employed in the construction of V-2 rockets at the Mittelwerk facility during the war. After the war, Rudolph and several of his associates, such as Dr. Wernher von Braun, emigrated to the United States, where they became the scientific core of the U.S. missile program, and NASA—a role

they play to this day.

At these 1982-83 confrontations with the OSI, a startled Rudolph was told that if he did not voluntarily renounce his U.S. citizenship, and leave the United States, he would be subjected to deportation hearings. Rudolph was told by that the OSI had compiled a list of witnesses who had sworn they saw Rudolph commit atrocities during the war. The OSI refused to divulge either the identity of these purported witnesses, or their alleged testimony.

Faced with this judicial assault, and with insufficient funds to mount a competent legal defense, the 77-year-old Rudolph chose to leave the United States in March 1984, after agreeing with the OSI to give up his citizenship in return for a guaranteed pension.

Immediately after Rudolph's forced denaturalization became public, several Department of Justice officials, including OSI director Neil Sher, and former OSI director Allan Ryan, appeared repeatedly on national TV and throughout the U.S. press, condemning Rudolph as a "Nazi," and "murderer." Naturally enough, OSI formulations mimicked the statements pouring out of Soviet propaganda outlets at the time.

But for all the OSI's rantings, it never had any evidence for its claims.

The OSI hoax

Upon Rudolph's arrival in West Germany, the Central Office of State Judicial Administration began a formal investigation of the OSI charges that Rudolph was a war criminal. The Central Office, directed by Attorney General Alfred Streim, has oversight over Nazi war crime prosecutions in Germany. Streim reviewed Central Office files and found not even a mention of Rudolph. Streim also requested that the OSI forward to his office the list of purported witnesses it had against Rudolph, such that his investigation could be completed. Curiously, the heretofore aggressive OSI delayed forwarding its OSI file to Germany for a year, in unusual and direct violation of the U.S.-West German bilateral treaty governing such judicial cooperation.

By the time the OSI had apparently complied with the Central Office's request, sending what it purported to be a complete file on Rudolph, Streim concluded his thorough search for any information implicating Rudolph, and finding none, closed the investigation.

Following the conclusion of the Central Office investigation, the Hamburg state prosecutor's office began its own investigation of Rudolph, led by prosecutor Peter Beck. Beck's office spent three years exhaustively examining the Rudolph case, closing its investigation last March. Beck's investigation proved that there was not a shred of evidence against Rudolph. It also demonstrated, by implication, that the OSI, and Justice Department officials Sher, Richard, and Trott were guilty of malicious prosecution, obstruction of justice, and abuse of office.

The witting nature of the OSI's fraudulent case against Rudolph is glaringly revealed by its so-called witness list, which the OSI had used to bully Dr. Rudolph out of the country.

When the Hamburg prosecutor received the OSI witness list, after a year's delay, it discovered that OSI's claim to have a case against Rudolph was nothing but a Goering-style "Big Lie." This OSI list contained the names of five individuals from the United States and four from Israel. All of these "witnesses" reported that they did not even know Rudolph during the war, or, if they knew him, that they had no evidence against him! Some of the alleged witnesses even acknowledged that they had never worked at the Mittelwerk facility where Rudolph had been exclusively employed.

Lest they be accused of lack of diligence, the Hamburg prosecutors continued ahead on their own investigation, despite the proof that the OSI charge was a complete fraud. Between 1984 and 1987, the Hamburg prosecutors pored over the testimony of over 300 witnesses made at previous trials relating to alleged war crimes at the facility Rudolph worked. Not one witness, in several thousand pages of testimony, even mentioned Rudolph.

The prosecutors then interrogated some 60 witnesses who had worked at Mittelwerk. Only one witness had any accusations against Rudolph, a Soviet citizen named Roman Korneyev. Korneyev had previously been quoted in an April 9, 1984 issue of the Soviet publication *New Times*, which was devoted to attacking Rudolph, the SDI, and the Pershing missile as "Nazi."

This Korneyev, while curiously accurate on such details about Rudolph as his middle name, made a series of factually incorrect statements on the work site which no one who was familiar with the facility could have made. Moreover, even Korneyev ultimately confessed that he never witnessed any atrocities committed by Rudolph, but simply speculated that Rudolph was responsible for various crimes.

Additionally, the West German prosecutors found many witnesses, in the United States, as well as Germany, who had known Rudolph at Mittelwerk, and were willing to testify positively on his behalf.

Further OSI cover-up

When the OSI belatedly forwarded its Rudolph file to the West German government, it was assumed that the file was neither doctored or incomplete. It has since been proven that the OSI systematically removed from its files any indication that it had been collaborating with the East German government on the Rudolph case. The OSI still lies that it did not work with the East German government on the case.

However, investigations have determined that the hoax targeting Rudolph began in August 1981, when Allan Ryan, then OSI director, and his assistant Neil Sher, visited East Berlin. The purpose of that meeting was to target former German scientists then working in the United States on mil-

itary research. While the first OSI threat to Rudolph was made in 1982, it was only after President Reagan's March 23, 1983 speech announcing the SDI program, that the Soviet operation within the U.S. Justice Department and State Department began in earnest.

According to well-placed intelligence sources, on July 15, 1983, the U.S. State Department sent a diplomatic note to its embassy in East Berlin, numbered 433, which ordered embassy personnel to meet with the East German government to secure all documents it had on Rudolph, for the use of the OSI. During this same period, the U.S. government was being subjected to wild Warsaw Pact propaganda attacks for its SDI program. All correspondence and documents relating to this collaboration were removed by the OSI prior to its sending an allegedly complete file to West Germany.

Yet while the OSI was collaborating with East German agencies on framing up Rudolph, it refrained from even asking the West German government to assist it on the case.

In 1983, the Assistant Secretary of State for European and Canadian Affairs, under whose aegis the diplomatic note 433 would have been sent, was Richard Burt, now U.S. ambassador to West Germany. Burt has led the effort to "decouple" West Germany from the United States, and dismember NATO. It is Burt and his cothinkers at the State Department who are also the key U.S. proponents of the so-called zero option, which would strip Western Europe of its nuclear defense. The Gestapo-modeled persecution of Dr. Rudolph, the effort to decouple the United States from NATO, and the attack against the SDI represent one coherent Soviet intelligence deployment.

Upon the West German government's clearing Rudolph of the charges against him, and granting him citizenship, the OSI, and its collaborators, such as the World Jewish Congress, predictably went into a fit against Germany. "A man who should be put on trial winds up with citizenship instead," World Jewish Congress executive director Elan Steinberg ridiculously whined, and accused the West German government of "a shocking distortion of justice." Meanwhile, the OSI coldly announced that regardless of the West German decision, Arthur Rudolph would continue to be on a U.S. "watch list," and barred from entering the United States, because of his "war crimes!"

Congressman Bill Green (R-N.Y.) introduced a bill into Congress shortly after the West German action, which called for revoking Rudolph's Distinguished Service Medal, which he had earned for designing the Saturn rocket, because of Rudolph's "crimes." Green is also, notably, one of the most violent opponents of the SDI in the Congress, and has repeatedly denounced all U.S. funding for the x-ray laser. No doubt neither Mark Richard, nor Neil Sher, nor Green have voiced any objection to Moscow's recent launching of the 100-ton super-rocket, Energia, into space.

That rocket, modeled on Rudolph's Saturn, has put Moscow's own SDI into first place.

Elephants and Donkeys

by Kathleen Klenetsky

Dems search for conservative image

The Democratic leadership is desperately scrambling to find a presidential candidate free of the ultra-liberal taint which led to the party's defeats in 1980 and 1984. Needless to say, it won't be easy. Every one even considering running is on record pushing policies bordering on treason.

This was the central focus of a strategy meeting which the Eastern Regional Caucus of the Democratic National Committee held in Washington in mid-June. Caucus chairman Lanny J. Davis delivered a blunt message to the 100 party activists: The Democratic Party has a rotten image among the public, especially on national security issues. The most damaging popular perception, said Davis, is that the Democrats are soft on defense and unconcerned about the Soviet threat. In addition, he said, the population believes that the Democrats are anti-business and thus anti-growth.

Bernard Aronson, a former speechwriter for Jimmy Carter, amplified the anti-defense theme. Whereas in the 1940s and 1950s, and even under President John Kennedy, the Democrats were active interventionists who held that Soviet expansionism represented the greatest threat, today the party says the greatest threat is the arms race, and puts arms control, rather than

containment, as its top foreign policy priority.

This has cut tremendously into the party's traditional base of support, said Aronson, and unless the party is willing to change, it will continue its losing streak.

The same concerns were the focus of another important party meeting held in Atlanta June 22. It was sponsored by the Democratic Leadership Council (DLC), formed in 1984 by "centrist" elements of the party who thought they could avoid a replay of Mondale's wipe-out by giving the party a more conservative face.

The DLC has been the driving force behind the Super Tuesday primary March 8, where Democratic voters in 20 states, 14 of them in the South, will go to the polls.

The idea behind Super Tuesday was to give greater weight to the Southern—and more conservative—Democratic voters. This supposedly would help nominate a candidate who would have a better chance of getting elected.

DLC director Al From told attendees that the group is "trying to provide a counterpoint to pressures arising out of Iowa," where liberal organizations, like the UAW, exercise tight control over the caucus process "that if unchecked, will create a leftward tilt in the Democratic defense agenda."

Former DNC chairman Chuck Manatt proclaimed, "It's a different Mr. Wonderful we're looking for now. Super Tuesday has caused us to look more for someone progressive, centrist—someone strong on defense, for example."

This theme was reiterated by nearly every speaker. Chuck Robb, the former Virginia governor who, with Sen. Sam Nunn (D-Ga.), founded the DLC, told the 400-plus attendees, "We're looking for mainstream approaches to the issues. If you look at

the 1984 [Democratic presidential] debate, we were decidedly anti-defense and isolationist. That's changed now," he claimed.

And Sam Nunn—who is expected to throw his hat into the ring after Iowa and New Hampshire—said a lot of Democratic positions "are too far out for the average voter."

The big joke

It seems that some Democratic bigwigs have finally figured out that presidential candidates and party programs which toe the Moscow line on defense, and the views of the no-growth fanatics on the economy, simply don't hold water with the average American.

The real question now is what they intend to do about it. And here lies the rub: The hopes of the DLC and other centrists are pinned on Sam Nunn. Why? Because he's supposedly pro-defense. That's as big a joke as hearing Manatt—who, in 1984, steered the party into a grotesque propitiation of Moscow—promote a strong defense.

Nunn has certainly tried to make himself look like a serious-minded national security specialist. But once his record gets out, the DLC will have a hard time selling him as such.

After all, it was Nunn who proposed the withdrawal of U.S. troops from Western Europe back in 1984—a move which would have handed Europe to the Soviet Union.

Nunn has gotten worse as 1988 draws closer. This spring, he led the fight in Congress to retain the so-called "narrow interpretation" of the ABM Treaty, which would cripple the SDI. He has also fought consistently for defense-budget cuts.

How the Democrats intend to package this as "pro-defense" is the challenge of the century.



The 'LaRouche case': the bankruptcy seizure that wasn't one

Federal agents who seized the offices of three publishing concerns run by friends of Lyndon LaRouche in Leesburg, Virginia last April, ostensibly as part of a forced bankruptcy proceeding, appear instead to have been seeking information relevant to a Boston criminal proceeding, not inventorying property for bankruptcy liquidation. If so, the "bankruptcy raid" constituted a blatant violation of the rights of criminal-defendant "LaRouche companies" and their officers. The criminal case must be thrown out.

This conclusion inescapably emerges from a 45-minute videotape of the Virginia bankruptcy raid, a videotape made by federal agents themselves. Agents are overheard speaking of "valuable information"—irrelevant to any bankruptcy seizure of real property.

The videotaped statements of the federal agents are cited in a "Supplemental Memorandum of Defendants in Support of 'Motion to Stay Bankruptcy Proceeding or in the Alternative to Dismiss the Instant Case.'" The memorandum was filed on June 15 in federal court in Boston, in the case *United States of America v. The LaRouche Campaign, et al.*, by attorneys for The LaRouche Campaign, four other political and corporate organizations, and numerous individual defendants. The earlier motion to dismiss had asked that the case in Boston be thrown out because the bankrupting of the defendant companies violated their 4th, 5th, and 6th Amendment rights as defendants, or that the bankruptcy proceeding be voided to preserve those rights. The supplemental motion, introducing the videotape evidence for the first time, makes clear that the criminal case must be thrown out, regardless of determinations in the bankruptcy proceeding.

The related criminal and bankruptcy proceedings stem from the most extraordinary law-enforcement action in Justice Department history. At the end of the 1984 election campaign period, Boston U.S. Attorney William Weld launched a political witchhunt against presidential candidate Lyndon LaRouche. Despite an 18-month grand jury investigation, no evidence was turned up of "credit card fraud" or other criminal wrongdoing on the part of LaRouche or related individuals and organizations, and no indictments were handed down. However, in February 1986, Weld persuaded a Boston judge, David Mazzone, to levy an extraordinary \$16.5 million contempt of court fine on three of the companies under investigation, CDI, Inc., Campaigner Publications, and the non-profit Fusion Energy Foundation.

In September 1986, Weld became head of the Criminal Division at the Justice Department, and there followed the largest police raid in American history, on the offices of LaRouche associates in Virginia. The most to emerge from that 400-man, armored personnel carrier assault on the town of Leesburg was a few indictments for credit card fraud and "obstruction of justice" in the federal case, plus a series of state indictments, some representing double jeopardy in respect to the federal case. After millions of dollars and reams of newspaper copy charging "the LaRouche organization" with something criminal, Weld and friends were going to look ridiculous in court back in Boston.

However, to recall Judge David Mazzone's \$16.5 million fine: That was under appeal. Nevertheless, Weld and friends determined to use the fine to complete their witchhunt prior to trial. They proclaimed the federal government, under terms of the Mazzone fine, the "creditor" of the defendant companies, obtained an order in secret turning the defendant-companies over to federal bankruptcy trustees (in their zeal, overlooking even the requirements stipulated in the bankruptcy law), and thereupon, forced the defendants into Chapter 7 involuntary bankruptcy. A raid shutting down the defendant companies CDI, Campaigner, and Fusion Energy, followed on April 21, 1987.

Thus, three corporate defendants in criminal proceedings are being forced out of existence by the prosecutor in the proceeding—before they can come to trial—the prosecutor acting in his self-proclaimed capacity as "creditor" of the defendants. Equally astounding from the standpoint of constitutional law, the "creditor," that is, the "prosecutor," thereby came into possession of all legal documents relating to the intended defense in Boston, inasmuch as the closed offices included the legal offices for the joint defense of those three and other defendants.

Because of the clear threat to defendants' rights to due process and attorney-client privilege, Judge Robert E. Keeton promptly threatened to throw the Boston cases out unless the Justice Department successfully showed that it had built a "Chinese wall" between the criminal and bankruptcy actions.

But—the videotape cited in the defendants' supplemental memorandum not only indicates that the government took no care to keep criminal and bankruptcy matters separate. The two were one and the same. The videotaped statements of

federal agents overheard during the bankruptcy raid establish that the raid was conducted to aid the government's criminal prosecutions—not a bankruptcy seizure at all. The raid was conducted to obtain, for the criminal prosecution, information reserved by law for the defense. The bankruptcy action by the Justice Department thus constituted an irreversible invasion of attorney-client privilege.

Excerpts from that supplemental memorandum follow.

Introduction

This memorandum will discuss the necessity for holding an evidentiary hearing on the defendants' Motion to Dismiss based upon the bankruptcy seizure by the Government. As the Government has conceded in its filings, the key factual issues which must be resolved are whether there has been a breach of the attorney/client relationship between the defendants and their attorneys as a result of the bankruptcy seizure and whether there has been any Government wrongdoing or mis conduct as a result of the seizure.

The Court has before it a series of Affidavits from the Government and a series of Affidavits from the defendants. This memorandum will outline the factual disputes which must be resolved by way of evidentiary hearing in order to properly decide what relief, if any, is appropriate pursuant to this motion.

The [defense] Affidavit of Martha Quinde establishes that the area in the Traveller's Building [Leesburg] seized by the Government pursuant to the bankruptcy proceedings contained a large amount of attorney/client material. The Affidavits of Richard Reynold [federal marshall] make it clear that the legal materials were seized by the Government and held under its custody or control. This establishes a prima facie basis for inquiring as to whether the attorney/client relationship of the defendants was invaded by the Government.

The Government attempts to rebut that prima facie by way of Affidavits which purport to show that the seizure of legal documents was very narrowly designed to prevent the Government from having access to any documents, that a Chinese wall was established between the portions of the U.S. Government which seized the documents and the portions of the U.S. Government which are prosecuting this case and that two protective measures were used to guarantee the integrity of the process; the seizure was videotaped in its entirety, and the trustees supervised the seizure. As this memorandum will set out, there are substantial factual disputes as to each of the claims made by the Government in rebutting the defendants' prima facie case that the attorney/client relationship was invaded.

Factual Disputes as to the Procedure Followed in the Bankruptcy Proceeding

The Government claims initially that the agents who con-

ducted the search were "not interested in the contents of any paper files" (Affidavit of Richard Reynold, paragraph 3) and that they "had no interest in the papers since paper was not the sort of thing which was an item of value to the inventory" (Affidavit of John F. Clark, paragraph 6).

The videotape of the search which the Government has provided the defendants casts substantial doubt on the accuracy of these representations in the Affidavits of the marshalls. As set out in the [defense] Affidavit of Barbara Boyd, some Government Agent on the tape is heard during the search to indicate ". . . thirty-five percent of it is valuable information . . . (inaudible) . . . it's like walking through a gold mine" (Boyd Affidavit, paragraph 9). In the Traveller's Building, which was the location of the legal office, Ms. Boyd sets out that the tape contains the following language by Government Agents: "This is CDF [Constitutional Defense Fund], I know that. . . . If you have a moment, key in on this stuff on the bulletin board here . . . income . . . this is good." At a later point in the Traveller's Building, Miss Boyd quotes the tape as recording, "I like this . . . LaRouche for President . . . I can see why they didn't want us in here . . . look Fusion [magazine] subs . . . don't call people who gave more than \$200.00. . ." All of these quotes suggest that the marshalls conducting the search were clearly doing more than inventorying the physical real property in the location. They were conducting a substantive search of the area to be seized.

Additionally, the content of the videotape indicates that the concern of the Government was not simply to inventory real property. As the Court will see when it reviews the tape, it is not, as set out in the Government's response, a recording of the inventory method. It instead seems to be an attempt to preserve substantive evidence as to the operation of the various defendants. Throughout the tape, the operator continually focuses in on blackboards containing substantive information which would be irrelevant to any bankruptcy seizure of real property assets but extremely relative to the ongoing Government investigation into the financial structure of the defendant organizations.

A third piece of evidence which undercuts the Government's claim that the seizure was not seeking substantive information is the actions of Special Agent Huff of the Virginia State Police. He indicates that deputies brought to his attention an organizational chart of the defendant groups and address books with names and telephone numbers of what appear to be contacts of various persons within the Federal Government. He further indicates that he copied those documents and brought them back to the Virginia Bureau of Criminal Investigation and prepared an intelligence report which was forwarded to the Criminal Intelligence Division. This course of action makes it clear that the marshalls and the Virginia State Police were involved in more than simply inventorying physical property.

Herbert Hoover's vice president? The dilemma facing George Bush

by Paul Goldstein

To the average American voter, the perception that Vice President George Bush is a "wimp" is a constant refrain. Bush just seems to repeat his loyalty to the policies of President Reagan, never saying much of anything decisive or substantive for himself. It is Bush's lack of substance which the voters sense. No doubt the media in the nation's capital have repeatedly reinforced this view.

The media have also gone out of their way to implicate the vice president in the Iran-Contra affair. There are facts which support this view. For instance, there are links between Bush's national security adviser, Donald Gregg, and some of the identifiable players in the scandal. However, there is much more to even this part of the story than meets the eye. Gregg and a select group of advisers, which includes former top officials at the CIA, were not only informed about the activities of NSC renegade Lt. Col. Oliver North and ex-CIA operative Felix Rodríguez, but were more involved than the public and Congress have been informed. Although Bush has refused Gregg's resignation, some in the intelligence community would not be unhappy to see Gregg's departure.

To the broad-based intelligence community, especially the Central Intelligence Agency, Bush, once the agency's chief, is considered a skillful executive who not only acted to preserve a nearly decimated agency—the result of Watergate and 1970s Senate hearings—but who allowed the "old boy" apparatus the necessary leeway to save what was left of its capabilities. His relationship to the CIA is one of his most critical assets in the upcoming election campaign, not, of course, because the CIA will participate in a domestic election campaign, but rather because of his unique relationship to the remnants of the "old boy" network *outside* the official agency, which still maintains a great deal of influence in the intelligence community.

To the Republican Party stalwart, Bush is essentially a man who is willing to make political deals to the benefit of the local Republican constituency. He does not base himself on an ideological outlook, but a "pragmatic" one. This particular brand of pragmatic conservatism enrages the Reaganite hard-core and its New Right offspring, reflected in their

support for Rep. Jack Kemp and the gnostic evangelist Pat Robertson.

Most important, Bush is seen by the liberal Republican apparatus, the New England-based banking and insurance companies, as one of their own—not only a Yale graduate, but a select member of the secretive "Skull and Bones Society," a man to be counted on not to betray his family's closest friends, and who can be cajoled if necessary to play the strategic and financial game by their rules.

Although Bush has extensive ties to his Texas-based constituency, especially to the large independent oil producers and their banking allies, no one sees this as the primary source of his political or philosophical outlook. It is just another one of George Bush's constituencies, which he services by "making the right kind of political deal." In sum, the vice president can be considered a conservative version of a Rockefeller Republican—Nelson, not David.

The real paradox

Although this thumbnail sketch of some of Bush's political connections and constituencies shows some contradictions, this is not the core of "the dilemma facing George Bush." The real paradox is twofold. First, and most important, is the financial and economic crisis facing the United States and the Western world.

Ironically, it was George Bush who first attacked Ronald Reagan's "voodoo economics" during the 1980 presidential campaign. The nation, thanks to that "voodoo economics," is faced with the severest crisis since the 1930s Depression, when voters threw Herbert Hoover and his economic policies out of office. As Democratic presidential candidate LaRouche has asked, "Who remembers Herbert Hoover's vice president—and it certainly wasn't Franklin Delano Roosevelt."

Second, Bush's associates and circle of operatives have arrangements with political forces committed to destroying Lyndon LaRouche's presidential campaign, such as the Department of Justice's Criminal Division chief, William Weld. This has created a complex problem from which Bush might

not be able to extricate himself.

Certain circles around Bush's 1980 presidential campaign know all too well that it was the LaRouche campaign's attack on the Trilateral Commission and the Eastern Liberal Establishment's ties to Bush which became the decisive margin that enabled Ronald Reagan to beat Bush in the first 1980 primary in New Hampshire. According to sources working for Bush's campaign at the time, he winced more than once when watching the paid TV political advertisements of the LaRouche campaign, with their unrelenting attack on the Trilaterals: Bush at the time was a member; he belatedly tried to resign.

Adding to the complications of his campaign is the fact that his finance committee is comprised of people with extensive ties to the "dope lobby." Max Fisher, a Detroit "businessman," is one of the major fundraisers for Bush. In plain language, Fisher is a notorious mobster linked to the old "Purple Gang," representing one of the leading forces behind the effort to "get LaRouche." Fisher's closest associate, Gordon Sachs, a founder of the Republican-Jewish Coalition, has enjoyed intimate ties to Wall Street's Mr. Insider Trading, Ivan Boesky. Boesky, convicted for his shenanigans, is one of the key figures in the interface between Israeli intelligence and its U.S. intelligence community connections, mutually linked to the legendary mob figure Meyer Lansky's apparatus.

Some cynics within Bush's campaign organization refuse to see this series of complicating problems as a liability for Bush. However, it will be the force of historical circumstances centered on the strategic and financial crises which will actually determine whether George Bush survives. Can Bush, a Republican, be elected if and when the financial crisis erupts full blown? Without the LaRouche campaign, which is prepared to call for a campaign and government of national unity to save the United States, the only possible successful program is "eliminated" from the body politic.

In such circumstances, neither Bush nor his inner circle will have a snowball's chance to survive the campaign, despite the present disarray in the Democratic Party.

Public versus private

According to a well informed source in the Bush campaign apparatus, the vice president presents himself very differently in private than he does in public. At a recent campaign fundraiser, Bush's public posture was completely opposite to his private utterances. This source stated that Bush will publicly break with the President after Labor Day when the "official" campaign gets under way. The source added that Bush privately considers the debt crisis and a financial blowout the greatest threat to the United States, and that while campaigning, he will begin to address this issue. What he says, and what he will do exactly, the source did not elaborate. However, he made it clear that Bush knows it is a make-or-break situation.

This dichotomy was confirmed by sources in the U.S. intelligence community. One source told *EIR* that Bush is a hard-liner against the Gorbachov *glasnost* charade, and that Henry Kissinger's statement following President Reagan's Berlin Wall speech reflects Bush's outlook on that question. Kissinger appeared on ABC's "Good Morning America" to attack Gorbachov's *glasnost* as an attempt to make the Soviet Union stronger, not to democratize Soviet society.

The Bush stance on the issue will become more public as the summit between Reagan and Gorbachov draws nearer, according to U.S. intelligence sources. He is also going to play a prominent role in that summit process. He will be presented as the "successor" to Reagan, and the continuity of U.S. policy will be firmly established on such things as the Strategic Defense Initiative. These sources stated unequivocally that Bush and LaRouche are the only ones running in the election who can be counted on to continue the SDI.

However, *EIR* has learned to be cautious about assessments concerning Mr. Bush. The reason is a matter of knowing where some of the skeletons in Mr. Bush's closet lie. Whether these problems become a dominant factor in containing Mr. Bush's commitments remains to be seen.

The stature of incumbency?

Back in 1983, in late December, this writer received a briefing concerning problems with the President's health. At that time, I was told that Bush would likely become President before the fulfillment of Ronald Reagan's second term. This briefing aimed to establish the idea that the way George Bush was going to get elected in 1988 was by acquiring the stature of incumbency. This idea was bandied about during the President's cancer crisis, inducing those on the "inside" to believe that a Bush pre-election presidency was inevitable. Whether this was Bush's own idea matters little. The circle of intelligence people around Bush were circulating it. That typifies the problem.

Too often, a political game based upon intelligence methods or manipulation and deception is played, without any firm commitment being made on *policy*. Since the inner circle of Bush advisers has ties to the intelligence community, the manipulative outlook is endemic to them. For them, that's "how to play the game." This is especially infectious among the career intelligence officers who have latched on to Bush's political career. They are habituated to their manipulative methods of dealing with a crisis, usually resorting to "damage control" or other fallback operations—rather than a substantive policy change.

Therefore, they have consistently miscalculated on key strategic questions. The real motive here is their desire not to offend the "Establishment" or the prevailing line within leading circles.

This is the real dilemma Bush will have to overcome—a dependency upon those whose outlook and commitments do not necessarily reflect the interests of our nation.

Perle insults Europe at NATO Seminar

Former Assistant Secretary of Defense Richard Perle hurled a barrage of insults at European allies of the NATO alliance during a Capitol Hill forum, "NATO in the 1990s: A New Definition of the Transatlantic Bargain," June 23. Perle denounced the European partners of the Alliance for being unwilling to participate in out-of-area deployments, and to protect NATO's northern and southern flanks.

He justified growing American isolationism by pointing at the recent cases of military-related high technology transfers to the Soviets from Japan (the Toshiba case) and Norway. His cavalier remark about Norway drew a sharp rebuke and demand for an apology from Thor Knudsen, a representative of the Norwegian Conservative Party on the panel.

Perle attacked the Danes for "being in bed with the Canadians in expecting the U.S. to pay all the bills for NATO," and criticized Europe's own space program for "squandering resources" by engaging in "redundant activities already being carried out by the U.S."

Another panelist, West German Christian Democrat Manfred Abelein, lashed out at the Reagan administration's INF zero-option proposal during the forum, saying that it "pulls out a key element of the flexible response, and creates extremely negative psychological reactions in Europe." He accused Reagan of "forcing strategic agreements for the achievement of internal policies," and warned of the

strengthened role of Soviet conventional forces, including the use of new technologies such as "reactive" tank armor. He said the dangerous trend toward a nuclear-free Europe will encourage the Soviets to exploit the political environment toward "Finlandization."

Francois Fillon of the French Gaullist RPR party, also on the panel, warned that the zero-option proposal is a "fast bobsled to a de-nuclearized Europe."

'Zero option a Soviet trick'

"The zero-option is a trick by the Soviets. It is a great mistake to accept in its present form," warned Eugene Rostow, former director of the Arms Control and Disarmament Agency (ACDA), speaking at the "NATO in the 1990s" forum. He said that it is mandatory that the allies remedy the current situation by negotiating for a reduction in INF missiles to equal levels, but not to zero, and that this apply to missiles based both in Europe and Asia. He said that the INF treaty also must not be ratified until effective accords on ICBMs and defensive weapons are also ready.

Rostow warned that if a "secret agenda" of a U.S. disengagement from Europe lies behind the arms control proposals, then this will lead rapidly to a breakdown of the alliance, as well as of all non-proliferation agreements, as nations will begin scrambling to put together their own nuclear defenses as best they can.

Rostow said, "Our job is to convince our publics, on both sides of the Atlantic, that the cold war is still going on, that Soviet policy hasn't melted and it keeps getting worse."

Richard Burt, U.S. ambassador to West Germany, delivered his usual

threats to Europe, saying the European Union must "bite the bullet" to deal with political and economic problems to maintain the viability of the Atlantic Alliance.

Burt said he favored a "greater European defense identity" such as giving each nation in the alliance a particular strategic task within the Alliance.

Irving Kristol, editor of the *Public Interest* magazine, questioned the presence of Canada in the NATO alliance. In fact, he said he could not justify the presence of any of the "smaller nations" in the Alliance. The remark was so "off the wall" that even Burt has forced to denounce it as "irresponsible."

McFarlane says debt is gravest crisis

Former National Security Adviser to the President Robert McFarlane told me in an exclusive interview June 23 that the gravest strategic crisis facing the West is not military in nature, but is the looming international debt crisis. He said if this is not solved, the Soviets' ability to move with impunity in every major theater through political and irregular warfare means within the next three to four years they will be unstoppable.

This comment followed an analysis of a number of crisis spots around the globe. He expressed special alarm about exotic new technologies, such as reactive tank armor, that the Soviets are putting onto the battlefield. "It's things like that that really trouble you," he said. "You look up, and suddenly they have this new capability, and you say to yourself, 'Where the hell did that come from?'"

However, when asked which he felt was the single one posing the greatest strategic threat to the West right now, he said, "The debt."

Dole's AIDS bill seeks to cut costs of dying

Senate Minority Leader Robert Dole (R-Kan.) and 14 Republican co-sponsors introduced the AIDS Act of 1987 on June 16, S. 1374, which avoids the issue of testing for the AIDS virus, and seeks to lower the cost of caring for those dying of AIDS.

"There are some issues we are not yet prepared to address," Dole said in introducing the bill. "Notably left unresolved are those issues relating to testing, confidentiality, and nondiscrimination."

Republicans, in particular, are divided between those, like Dole, who emphasize the civil rights of the infected, and those who stress the rights of the uninfected, as represented in a bill introduced recently by Sen. Jesse Helms (R-N.C.).

One entire section of Dole's bill is devoted to cutting the cost of care for those dying of AIDS, by moving them into home rather than hospital care. Throughout the debate on AIDS, Dole has continually referred to budget constraints. "Our bill is based on what we know to date about how our resources can best be spent," is his favorite refrain.

"One particular area where education could do a great deal of good," Dole said, "would be in helping these [health-care] providers understand the value of non-institutional care. In the case of many afflicted with AIDS, the most appropriate and humane site of care is the home rather than the hospital." Funds are provided to states to encourage home-based care.

The Dole bill would declare AIDS a public-health emergency; establish an international AIDS data bank through the National Library of Medicine, and a virus and serum bank in

the National Institutes of Health to make all virus serotypes available to qualified researchers; expedite the FDA drug approval process; and fund AIDS education programs for health-care providers and the public.

Sen. William Cohen (R-Maine), a co-sponsor, said that "AIDS is nothing short of a disaster," and that "current trends portend that this disease could overwhelm our health care system." Yet, he and other co-sponsors are unwilling to back public-health measures such as a mass testing program.

Balanced Budget amendment introduced

Following President Reagan's call for a Balanced Budget amendment to the Constitution, Sen. Dennis DeConcini (D-Ariz.) in the Senate, and Rep. Charles Stenholm (D-Tex.) in the House, introduced identical bills to this effect on June 17.

The DeConcini-Stenholm bill, Sen. Joint Res. 161 and House Joint Res. 321, incorporates two new provisions. First, it would require that the President and the Congress reach agreement on a single revenue estimate. Second, even though Congress could decide to create a deficit, and similarly increase the debt limit, by a three-fifths vote in both House and Senate, this proposal provides for repayment of any such deficit in the following year.

In 1982 the House blocked a Balanced Budget amendment, and in 1986 the Senate defeated Sen. Joint Res. 225 by one vote (two-thirds being required for passage). Stenholm said that the new approach was designed to unite two slightly different approaches

that had been introduced in the last Congress, and introduced his bill with 233 co-sponsors. Backers are hoping to bring their bills to floor votes as early as this fall.

In motivating the bill, DeConcini expressed horror at the "downward mobility" which "the next generation may be the first in this century to experience." "Since 1970 the real per capita income for a young adult has declined by approximately one-fifth," he said. "Even the American dream of owning one's own home is being threatened."

But balanced budgets do not an economic recovery make, and the proposed amendment would only create further economic havoc. Supporters who recognize this admit that there would "have to be a transition" to a balanced budget. They argue that the amendment would put teeth back into the Gramm-Rudman-Hollings deficit-cutting effort.

Proxmire attacks push for megabanks

Senate Banking Committee chairman Sen. William Proxmire (D-Wis.) attacked plans to consolidate American banking into the hands of a few large banks, in a Senate floor speech on June 16 entitled, "Why America Doesn't Need Fewer and Bigger Banks."

"This country does not need just a few megabanks. We do not need bigger banks," Proxmire said. "No one can convince this senator that we can secure more competition if we reduce the number of banks and concentrate most of our financial resources in nine megabanks. Fewer banks means less competition. Yes, the big banks would be fatter, in fact much fatter. But would

they be more efficient? Not on the basis of the record."

Proxmire pointed to the fact that "our biggest banks have been among our weakest performers by the measure of the free market." Continental Illinois had to be bailed out, and Bank of America "discovered that there is a difference between bigness and success."

Proxmire said Treasury Undersecretary George Gould, an advocate of the megabank concept, "represents big money and big business at its very biggest." Nine of the 10 largest mergers in history took place last year, "but to Mr. Gould, the merger business is lagging." Now, "Gould would like Congress to promptly bring on nationwide branching, permit banks to get into the same securities, insurance, real estate businesses that have been denied American banks during the 50 years of the Glass-Steagall Act," Proxmire said. "But that is not enough. Gould also would like to push our biggest commercial and industrial firms into banking."

"Just think of it," Proxmire warned. "In this country, very big banks are not allowed to fail. . . . Does this mean the federal government will bail out Sears Roebuck and its banking subsidiary or American Express or Ford or General Motors?"

Airline safety: victim of deregulation

Sen. Frank Lautenberg (D-N.J.), the chairman of the Appropriations Subcommittee on Transportation, introduced S. Res. 230 on June 10, which seeks to reduce air-traffic volume this summer in an effort to avoid a catas-

trophe. The lack of airline safety is one of the major legacies of airline deregulation, and of the 1981 air traffic controllers' strike, which led to the sacking of thousands of skilled controllers.

Lautenberg said that the May 13 recommendations of the National Transportation Safety Board (NTSB) included that the Federal Aviation Administration (FAA) act to reduce the number of arrivals and departures at certain airports. He emphasized that the NTSB labeled this a "Class I, Urgent Action."

"The NTSB is flashing the red light. It's ringing the alarm. The warning could not be any louder," Lautenberg warned. "Class I, Urgent Action is the category the Board reserves for its highest priority concerns. It means that . . . an accident can occur at any time, unless preventive action is taken." He added that even control sectors which control planes in mid-journey cannot handle the load. "We face the risk of a catastrophic midair collision," he said.

Lautenberg said that the NTSB "found that what ails the air traffic system cannot be cured this summer with new technology, more runways, or additional controller candidates." "The issue isn't whether the air traffic system is foundering. It is. The issue isn't whether we can rebuild the system," Lautenberg said, "We can. But we can't overcome the effects of the 1981 strike and deregulation overnight." In its May 13 report, the NTSB also blamed deregulation for inordinate flight delays.

The air traffic system is currently being revamped and upgraded—roughly a \$16 billion program—but has been subject to several delays.

Transportation Secretary Eliza-

beth Dole recently decided to request an additional \$51.5 million for FY88 for 955 more air traffic controllers. The Department of Transportation had been claiming that there was adequate personnel for safety purposes.

Congress votes funds for 'Project Democracy'

Rep. John Conyers (D-Mich.) offered an amendment to the Department of State Authorization bill, to delete funding for the National Endowment for Democracy (NED), the overt side of the "Project Democracy" secret government—but the amendment went down to a 310-91 defeat on June 18.

"We need now to bring an end to the privatization of foreign policy, because it is a prescription for confusion and failure," Conyers said. "The NED takes upon itself to fund foreign political groups, foreign organizations, organizations for which we have little or no information, and groups that could embarrass our government and have embarrassed our government and made it the subject of puzzlement and ridicule."

Conyers complained, "We now have a covert division of NED in which we have secret grantees that cannot even be revealed to the Oversight Committee for audit." At the time of the oversight hearings, "88% of the grants from the NED was going to the organizations who were represented on its board."

Fewer than a dozen Republicans voted against NED this time, a fact which one Hill source attributed to the desire of the GOP to circle the wagons around the embattled President.

National News

Weinberger rips Zbig's troop pull-out plan

Defense Secretary Caspar Weinberger, in a commentary published on June 23 in the *Washington Post*, denounced former National Security Adviser Zbigniew Brzezinski's argument that the United States should redeploy 100,000 troops out of Western Europe to the Persian Gulf. "It is the very presence of our forces in NATO Europe that has ensured stability there and allowed critics to call it the 'least likely' threat area," Weinberger wrote. "Remove that strength and it becomes the 'most likely' area to be attacked.

"I doubt that a troop withdrawal would increase Europeans' incentives to do more for their own defense," he wrote. "It would convey a signal that the United States believed the Soviet threat in Europe was diminishing. It could only reinforce existing pressures to cut back on defense expenditures.

"Brzezinski's pronouncement that NATO has now condemned itself to the status of 'regional alliance' is curious. NATO has always been a regional alliance, avowedly and by treaty. This, while regrettable, is understandable, but it does not preclude cooperative effort in the Persian Gulf nor prevent us from continuing to work toward a greater share of responsibilities in the Gulf region by individual allies.

"To talk of weakening Europe's conventional strength at a time when we are about to remove part of Europe's nuclear deterrence seems to me to court the worst kind of danger."

Washington Post covers radio weapon 'zap gap'

After *EIR* broke the story of Soviet advances in radio-frequency weapons, other U.S. publications have begun to pursue this critical line of investigation into the technology that could make nuclear weapons obsolete.

The *Washington Post* on June 21 pub-

lished a full-page article, "The Modern-Day Death Ray," by former Cable News Network correspondent Chuck de Caro. "RF weapons can blow out computers, radios and anything else using microchips—leaving the weapon, vehicle or device useless," he writes.

The article quotes biophysicist James Fraser, who says that radio-frequency weapons are easy to construct, have enormous power, and could be "truck-size" soon. Fraser spent 10 years researching the biological effects of electromagnetic radiation for the Air Force, and proposed a battlefield RF system years ago. "You could make an antenna that could be carried by a helicopter and this could be expected to produce a wide variety of symptoms by humans who happened to be standing in the beam," he told the *Post*.

"Many scientists . . . believe that such technology is well within the realm of off-the-shelf reality and could be made into a truck-sized tactical system within a year," the *Post* concludes.

Village Voice: LaRouche target of FBI vendetta

In an unusual departure from the left-liberal media's customary lying coverage of Lyndon LaRouche, *Village Voice* columnist James Ridgeway on June 30 described the FBI's unconstitutional campaign against LaRouche and associates, as revealed in pre-trial motions filed by the defendants in the ongoing federal case in Boston, *U.S. v. The LaRouche Campaign, et al.*

The article is titled, "Col. North, Do You Have a License for Your Minkey?" It characterizes the government's actions as the work of "White House amateurs" running dirty tricks reminiscent of the bumbling film character Inspector Clouseau portrayed by actor Peter Sellers.

Quoting from documents obtained through the Freedom of Information Act (FOIA) and filed by the defendants, Ridgeway compares the unconstitutional actions of Lt. Col. Oliver North's Irangate network to the FBI's collaboration with Henry Kissinger and members of the President's For-

eign Intelligence Advisory Board to hoke up a criminal prosecution against LaRouche's associates.

Ridgeway reports the irony that, "During the early 1980s, while LaRouche was unaccountably being welcomed at the CIA and National Security Council as a purveyor of intelligence . . . the FBI thought that he might have been a representative of a hostile intelligence agency, and were seeking ways to prosecute him."

Grand jury abuses laid to Justice Dept.

"Ninety-nine percent of the time the grand jury brings back the indictment on the counts that the prosecutor wants because he is able to control and manipulate the grand jury," according to Lennox S. Hinds, a Manhattan lawyer who is chairman of the criminal justice department at Rutgers University. Hinds was quoted in a June 23 *New York Times* article by E.R. Shipp.

The Justice Department has recently been forced to drop indictments against former NASA administrator James Beggs, while former Labor Secretary Ray Donovan was acquitted by a jury of the corruption charges filed against him.

Shipp reports the arguments of the defense lawyers in the Donovan case, that Bronx, New York District Attorney Mario Merola "had manipulated the grand jury into bringing the charges to garner publicity for himself." Also quoted by Shipp is New York's Chief Judge Sol Wachtler: "A grand jury would indict 'a ham sandwich' if asked to do so by a prosecutor."

Bill would boost status of independent counsel

A Senate governmental affairs subcommittee has approved a bill to strengthen the law governing the status of an independent counsel, and make it permanent, reported the *Washington Post* on June 23. The nine-member committee was polled by letter, aft-

er the Justice Department had attacked the system of appointing special prosecutors. According to an incomplete tally, the legislation was endorsed 6-1.

The Justice Department and other Iran-gate principals are highly critical of Independent Counsel Lawrence Walsh, whose investigation of the Iran-Contra scandal is leaving no stone unturned.

The new bill includes a provision to protect an independent counsel from being removed if he refuses to obey a presidential order, if the order "would compromise the independence" of the investigation. Another feature would make past records of independent counsel investigations available under the Freedom of Information Act.

General Rogers, Shultz clash on zero option

Following a series of outspoken criticisms of the proposed "zero-option" arms-control deal by outgoing NATO Supreme Commander Gen. Bernard Rogers, Secretary of State George Shultz denounced Rogers as "way out of line" and called his statements "ridiculous" and "entirely incorrect." In remarks made during a visit to Australia, Shultz charged that Rogers had been in Europe too long to know what was going on in Washington, and said, "General Rogers can put that in his pipe and smoke it."

Rogers left his NATO post on June 25, to be replaced by Gen. John Galvin.

The attack from Shultz did not silence Rogers, who proceeded to give the following interviews, among others:

● To the *Times* of London June 19: "The cardinal principle under which we operate at SHAPE [Supreme Headquarters, Allied Powers Europe] is: accept no agreement which impacts on the credibility of our deterrent. And the fact is, that zero INF does reduce the credibility of our deterrent. . . . I just think that we have moved too damned fast without projecting forward what the consequences will be, and I think the United States has put too much pressure on the allies to get an agreement for agreement's sake."

● To the *New York Times* June 24: Rog-

ers said he now accepted an arms-control agreement as "inevitable," but a mistake. He said NATO could resist a Russian attack for "days, not weeks," without nuclear arms. NATO must resist "sliding any further down the slope of denuclearization," he said, and called for a halt in new nuclear disarmament negotiations while "we look at the long-term implications for Western Europe." "I'm convinced the Soviet Union is going for the denuclearization of Europe," Rogers said, adding that it would leave Western Europe vulnerable to "intimidation and blackmail" from the Warsaw Pact's superior conventional forces.

● To the *Frankfurter Allgemeine Zeitung* June 24: The zero option is "a severe flaw in security policy" that will expose Western Europe to Soviet blackmail. "The day will come, that the Soviet Union will test our will somewhere—in northern Norway, maybe, in eastern Turkey, in Hamburg or in Berlin, just to probe our reaction to that."

Pentagon raises budget for superconductivity

The Defense Department has increased its budget for research on the new principles of superconductivity, from \$3 million to \$12.5 million. The program will concentrate on developing new materials.

The Air Force has already developed and tested a very lightweight high-power-density superconducting generator to provide electrical power for an airborne laser. Providing that the new superconductors can be made radiation insensitive, the size of a nuclear submarine could be cut at least in half while doubling its speed, according to a report to the Congress.

Meanwhile physicists from the University of Houston and the University of California at Berkeley reported that they have developed materials showing signs of being superconductors of electricity near room temperature. They told an international conference in Berkeley on June 23 that they have solid evidence that some materials lose all resistance to electricity in the range of 65°F.

Briefly

● **LYNDON LAROUCHE** arrived in Rochester, New Hampshire on June 26, for his first speaking engagement there in the campaign for the 1988 presidential nomination. LaRouche is a native of the state. Organizers for the LaRouche Democratic Campaign have been active in New Hampshire for several months, building support for the candidate's programs on AIDS, defense, and the economy.

● **TOP REPUBLICAN** officials, including Sen. Robert Dole (Kan.), met with President Reagan in mid-June to communicate their opposition to the zero-option arms-control deal, according to U.S. intelligence sources. They reportedly told Reagan that there is a bloc of congressional votes opposed to the deal.

● **MS. MAGAZINE** has named Lyndon LaRouche number one on its list of the 15 "dumbest" men in America. Founded by Gloria Steinem and others, *Ms.* is a platform for radical lesbian-feminists and other perversions. LaRouche, described as "an extremist for all seasons who can't tell his left from his right," is followed by Gary Hart. Number three is Ronald Reagan.

● **A JUDGE** in Fresno, California ordered his courtroom closed June 19 for the arraignment of a woman, charged with prostitution, who was diagnosed as positive for AIDS-Related Complex. She has been accused of willfully spreading a disease. During the hearing, bailiffs wore rubber gloves, and the defendant a surgical mask. "It's my courtroom," said the judge, "and I have to protect the public."

● **THE HOUSE** adopted a \$1 trillion budget for FY88, which calls for \$19.3 billion in new taxes and freezes defense spending at near-current levels, unless the President agrees to further tax increases. The vote was 215-201, with only 3 Republicans voting for the budget, while 34 Democrats opposed it. The President has threatened to veto any budget which raises taxes.

Editorial

Independence from economic ruin

America goes into its July 4 celebrations with many complex problems, and its survival as a nation very much an open question. Presidential candidate Lyndon LaRouche went into New Hampshire on June 26, and told the press that these could effectively be reduced to a single problem: Will the United States of America continue to drift into a "post-industrial society"?

The "post-industrial society" policies of five successive Presidents since Johnson's 1966 turn have placed America, internationally, on the verge of strategic capitulation to the Soviet Union and the worst financial crash in history, and domestically, in a deepening morass of Sodom and Gomorrah.

The United States is "on its way to becoming another Hong Kong, a coolie-labor service economy in which everybody's serving hamburgers to each other," stated the candidate. You can't have a strong defense when you are letting your industry rot away. "The United States today could not defend itself from a small country like Cuba if it took more than three months. We'd run out of ammunition."

LaRouche spoke of the way Roosevelt's 1939-44 recovery worked, a crash program to produce so that a war could be fought and won. "We can do it again," LaRouche stated, without going to war. "It's not magic. Americans have inventiveness."

"But if you go to the President and say, there is no recovery, he says, 'Doomsayers! Get away from me!'"

Not so in Russia, where, one day before LaRouche spoke, Gorbachov unveiled a "revolutionary" economic reform to put the Soviet war economy on a "crash program" basis. In their own, less inventive way, the Soviets are now doing what the Americans did in 1939-44.

Gorbachov addressed the Central Committee plenum June 26, and outlined plans for a "radical *perestroika*" (restructuring). He outlined a "strategy for accelerating economic development based on scientific and technological progress." He repeatedly stressed "speeding up the tempo" of scientific and technological progress, and the "mechanisms of acceleration." "The

chief task of *perestroika* is acceleration."

Gorbachov finished by calling for "an in-depth, truly revolutionary transformation. . . . Now we are entering the most difficult phase. . . . the phase of practical action. . . . Nobody can stand aside in this process. Everyone must be involved."

Gorbachov blasted "conservative bureaucratic methods of economic management. . . . We are actually in the first wave of restructuring. This wave has sent ripples through stagnant water."

Among the 307 Central Committee members listening, nodding his approval, was Marshal Nikolai Ogarkov, architect of the Soviet buildup for war against the West.

The officials of the U.S. State Department are trying to deny that this means war build-up. "Instead of admitting that the Russians are man-eating tigers, they are trying to portray them as peace-loving vegetarians," as LaRouche aptly put it in New Hampshire.

The Soviets have a goal. They have a war plan, which is their economic reform plan. Ogarkov is giving lectures about this. The Soviets figure they have about four to five years to run their war economy before it collapses, because they are running everything at full speed and running it into the ground. Ogarkov knows that 1991-92 is the limit, when they either get the United States to surrender or go to war. Ogarkov won't start a war until they are ready, and they are not ready yet.

That gives the United States a short three to four years to turn around the decay of our economy, before we send up the white flag and renounce the independence, not just of the United States but of every free country, and end the aspirations to independence of nations such as Poland.

LaRouche has thrown out the challenge in New Hampshire. With Herbert Hoover's horsecollar hanging around the neck of every Republican presidential nominee, it is up to the Democrats to come up with a candidate who can reverse the post-industrial decline. LaRouche has a program to do so. Does anyone else have anything to say?

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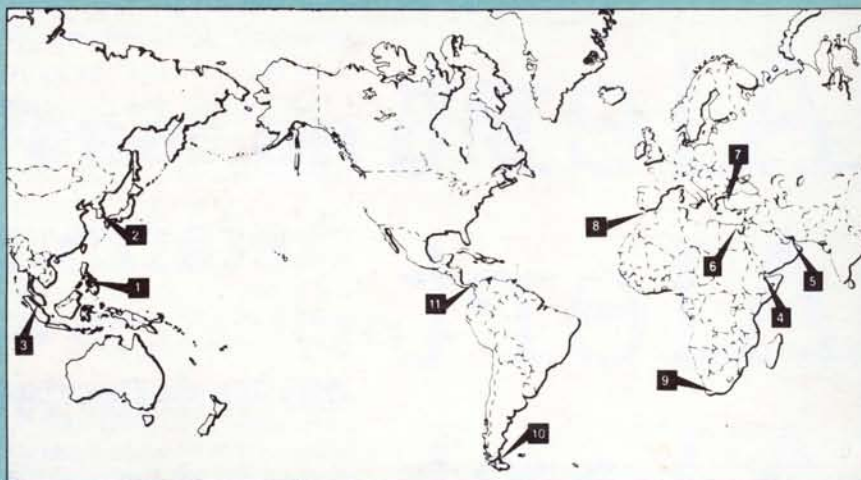
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Why this is the most controversial publication in the West

Strategic crisis



Executive Intelligence Review ran the above map titled, "The U.S. State Department's gifts to the Soviet Navy" in our March 7, 1986. The text reported: "The U.S. State Department's beginning of formal proceedings for the transfer of the Asia theater to the Soviet Union, the overthrow of the President of the Philippines, and the pending destabilization of South Korea, is treason. However, the State Department 'list' of nations slated for such treatment, or already in the throes of it, has another significance: It is the beginning of the biggest gift to the Soviet navy ever. Every country on the State Department list for destabilization is a strategic naval chokepoint in some part of the world."

Our map projected a State Department-backed campaign to overthrow President Chun of South Korea and to impose a banker's coup against the Panamanian Defense Forces and their chief General Noriega. Today, the strategic crisis is worsening and the Soviets are gaining control of the naval chokepoints, just as we warned 15 months ago.