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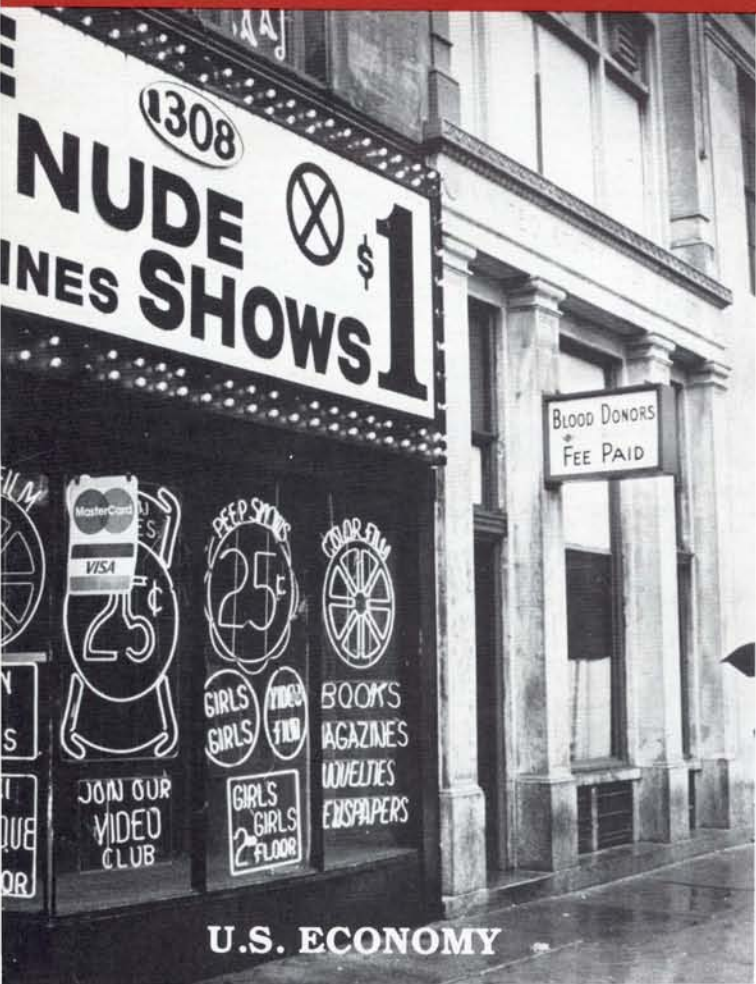
Executive Intelligence Review

August 7, 1987 • Vol. 14 No. 31

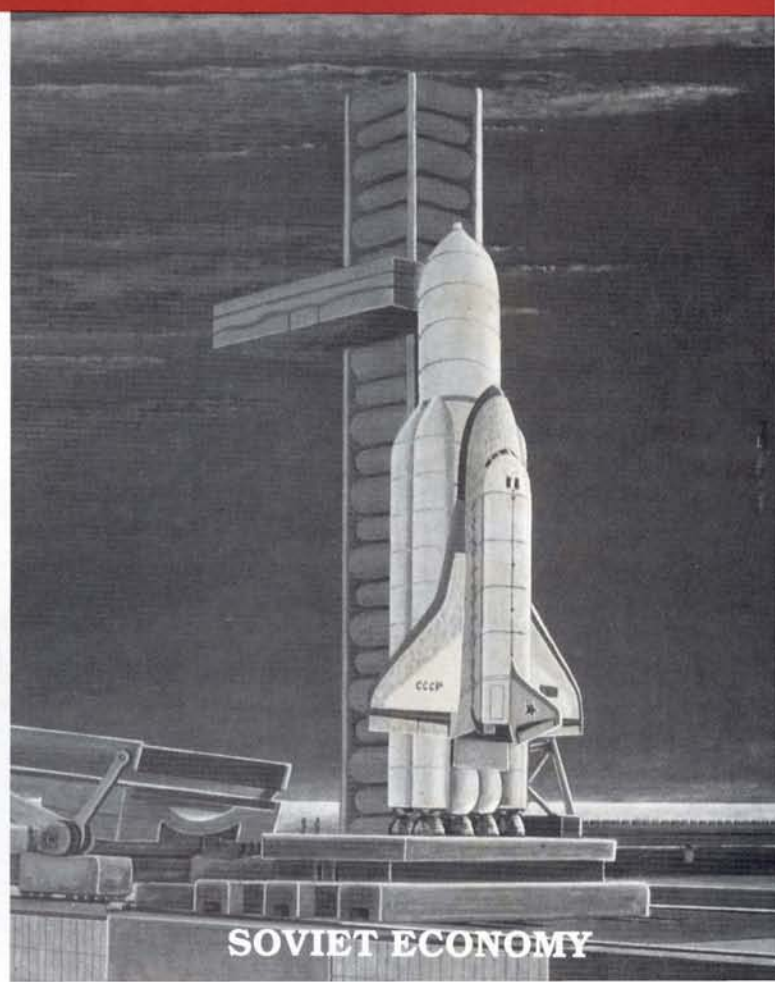
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Candidate LaRouche visits NATO ally Turkey
Alan García declares war on drug economy
The space-transport needs for colonizing Mars

**Gorbachov's 'perestroika'
as a plan for war**

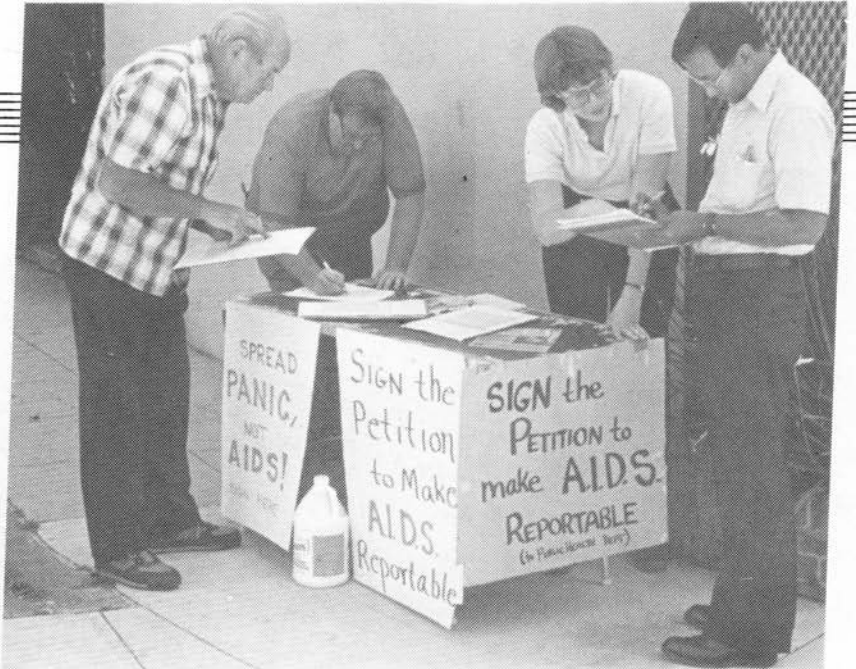


U.S. ECONOMY



SOVIET ECONOMY

AIDS WILL CHANGE THE WORLD'S ECONOMY, AND DRASTICALLY.



Surgeon General Koop and former White House Chief of Staff Donald Regan said fighting AIDS with anything more than condoms and dirty pictures given to school children was "cost-prohibitive." Now, the Everest-high cost of fighting AIDS is going to transform the economies of virtually every nation on Earth. It will be spent, because there is no choice but to spend it.

EIR QUARTERLY ECONOMIC REPORT

First
Quarter
1987

How to reverse the economic policy blunders that led to 'Irangate'

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- An international financial blow-out: the real story behind 'Irangate'
- The technology-driver of the new economic upsurge: the forty-year Mars-colonization project
- The explosive impact of AIDS on the world economy

EIR Quarterly Economic Report
\$1,000 annual subscription
\$250 single issue.

Make check or money order payable to:
Executive Intelligence Review
P.O. Box 17390
Washington, D.C. 20041-0390

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EIR/Executive Intelligence Review (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July and last week of December by New Solidarity International Press Service P.O. Box 65178, Washington, DC 20035 (202) 785-1347

European Headquarters: Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, Dotzheimerstrasse 166, D-6200 Wiesbaden, Federal Republic of Germany
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In Mexico: EIR, Francisco Días Covarrubias 54 A-3 Colonia San Rafael, Mexico DF. Tel: 705-1295.

Japan subscription sales: O.T.O. Research Corporation, Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160. Tel: (03) 208-7821.

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Postmaster: Send all address changes to *EIR*, P.O. Box 17390, Washington, D.C. 20041-0390. (202) 785-1347

From the Editor

Some people might say we have exaggerated in the cover graphic this week. After all, a porn shop flanked by a private blood bank in one of our decaying cities does not sum up the entirety of the U.S. economy skidding into the abyss of the AIDS pandemic.

Nor does the picture of the mammoth Soviet rocket booster (which lifted off this spring) with its future Shuttle attached, tell everything about the economy of the United States' major adversary, the Soviet Union.

But the shock effect of this juxtaposition does express the *direction* of the U.S. and Western economies at this point, as the lead articles in the *National* and *Economics* sections prove.

It is growing very late to stop the zero option deal by which the Liberal Establishment of the West would clear away all obstacles to the Soviets' plan for world domination. But it is not too late, and that is where *EIR's* crucial role comes in—and yours.

We have designed this week's *Feature* to counter the appeasement-minded ruling circles in the West which have deliberately or stupidly misled the public, and some elected officials, into thinking peace in our time will come from a disarmament deal with Gorbachov.

We are also reporting on the resistance from all corners of the globe to the "New Yalta" deal these appeasers want to make with the Soviet war machine—in order to preserve their financial and political power.

• **In Peru**, President Alan García has overturned the rules of the game and decreed powerful measures to protect his country's economic sovereignty—in the face of a Soviet-backed narcoterrorist army (page 42).

• **In Asia**, there is strong resistance to the World Health Organization's cover-up, do-nothing policy on AIDS—see our Bangkok correspondent's report on page 6.

• **Turkey's** leaders have telegraphed a strong signal that the West has to wake up and support this key NATO ally (page 40) by welcoming Lyndon LaRouche. More next week.

Nora Hamerman

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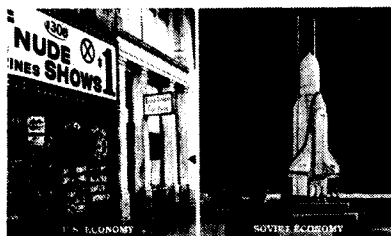
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Don Mallory; Department of Defense

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Secretary James Baker: 'Après moi, le déluge'

by David Goldman

The United States Treasury and congressional leaders July 29 announced a compromise agreement on what might be called the Louis XV Memorial Banking Bill, designed to postpone a global banking crisis until just beyond the 1988 elections. If Louis XV, to whom are attributed the words, "After me, the flood," had had advisers like Jim Baker, the French Revolution would have occurred a dozen years early.

Although the administration, faced with congressional power to override a presidential veto, was forced to withdraw its more extreme proposals for banking deregulation, the content of the bill is not much changed from Baker's conception: A federal government facing imminent bankruptcy will attempt to rescue a banking system, sections of which are already bankrupt, and the rest of which faces near-term bankruptcy, with the promise of additional borrowings from already-bankrupt federal agencies, which intend to foster stock market speculation in the paper of bankrupt institutions.

Who will bail out more than 500 "zombie" savings and loans with negative net worth and current losses? The Federal Savings and Loan Insurance Corporation, which has no cash in its coffers, and \$50 billion of unmet obligations to the depositors of bankrupt S&Ls.

Who will bail out the FSLIC?

Well, who will bail out the FSLIC? Not the federal government, which cannot persuade Congress to give it borrowing powers to meet next week's bills, without accepting scores of billions of dollars of spending cuts. The bankrupt FSLIC will issue \$12.5 billion in bonds on the open market, representing one-fourth of what it should, by normal regulatory standards, spend immediately, if the FSLIC can find anyone

stupid enough to buy these bonds.

Assuming that someone will buy the bonds, who will service them? The FSLIC will charge the savings and loans it regulates higher insurance premiums, for which reason the S&L industry association will attempt to sabotage the bill's passage. However, the industry as a whole has a 6.2% delinquency rate on its mortgage portfolio, three times its delinquency rate of two years ago, promising an accelerating loss rate for at least the next two years. In fact, the loss rate has only begun to worsen, as the combined effects of tax reform and foreclosure-related liquidation wipe out the commercial real estate market.

In fact, Mr. Baker appreciates the federal government's incapacity to bail out the S&Ls, and expects that while the government merely staves off the crisis with the scent of money, the big money-center financial institutions will take over the bankrupt regional institutions. For example, securities firms, i.e., Merrill Lynch or Salomon Brothers, may purchase thrifts under the proposed legislation. With more trouble, commercial banks may do the same thing.

Citibank's chairman, John Reed, actually believes that the big money-center banks will go on a buccaneering spree of regional takeovers. He also believes that Citibank will lead the repackaging of Third World debt into marketable securities. Regional bankers have worried about being taken over by Citibank et al. for some time. In fact, they have much bigger problems to worry about, e.g., who is going to bail out the commercial banks?

On Aug. 20, six months will have elapsed since Brazil ceased to pay interest on \$68 billion of bank debt, of which about \$25 billion is owed to American banks. A tiny fraction

of American commercial banks' collective \$10 billion loss during the second quarter reflects additional loan-loss reserves against Brazilian debt. Under the normal regulatory procedure, the banks will have to set aside reserves on more than \$20 billion of Brazilian loans.

That doesn't count all other categories of problems the banks might encounter. On the face of it, there seems no way that the banks might avoid a loss during the third quarter *twice as large* as their already-unprecedented losses of the second quarter, given Brazil's July 27-28 discussions with its banking creditors. Brazil told the banks that it will not consider lifting the moratorium unless the banks cough up \$7 billion in interest-free loans, either in the form of capitalization of old interest, or by some other means.

Banks already setting aside loan-loss reserves are hard pressed to find such new money. Worse, the American banks which cannot afford to write off their Brazilian loans face the additional problem, that Japanese and European banks which *can* afford to write them off, hold two-thirds of the debt.

For both reasons, the possibility of papering over the August deadline seems extremely remote. Developing-sector borrowers are getting no loans, whether they pay their interest or not. Although total international bank lending during the first three months of 1987 rose \$60 billion, compared with a rise of \$25 billion a year ago, only \$3 billion of this lending went to developing-sector borrowers.

In a July 24 editorial, West Germany's leading business paper, the *Frankfurter Allgemeine Zeitung*, argued that the continued accumulation of bank losses due to Third World lending raised the specter of a new 1929.

The plans of the Brazilian creditors' consortium do not seem less outlandish than the proposal of Drexel Burnham Lambert's junk bond king, Michael Milken, who told the *Washington Post* July 29, "Drexel hopes to capitalize on its research, sales, and trading expertise in the junk bond market to take a leading role in creating new financial instruments that could help to solve the Latin debt crisis. Drexel's edge in this market could be in structuring the new security so that its stable of investors who buy corporate junk bonds would also buy securities backed by Latin American debt." Milken has already spoken with the President of Mexico about this.

A greater danger

However, *EIR* has emphasized for some time that the Third World debt crisis, mortal as it might be for major American banks, does not represent the greatest danger to the system. Relevant is a July 29 report issued by the Bank for International Settlements, the central bankers' central bank in Basel, Switzerland. Noting that cross-border obligations among international banks had risen from \$1.3 trillion only two years ago, to \$2.2 trillion today, the BIS warned, "The market's potential for transmitting destabilizing influences across the world should not be underestimated."

Three generations of bankers have heard no warning so

harsh from that taciturn institution. The explosion of interbank obligations stems from foreign exchange speculation and securities trading, both major sources of commercial-bank income during the past two years. Both can turn into losses, and one bank's failure could provoke a chain-reaction of interbank defaults, crashing the system almost instantly.

What underlies the BIS's warning stands at the center of the London market's fears of the moment. Monday, Aug. 3, is an important settlement day in London, and some bankers fear that £6 billion (almost \$10 billion) will not be repaid. "People borrowed money to buy shares, securities, and other things; some share prices have gone down or some people shorted the market while the shares went up. The result is that they cannot repay—we question whether some of them ever intended to repay these loans. We could have something of a crash," resulting in a "domino effect" drawing in "some very good names," one banker warns privately. Whatever will have happened Aug. 3, the near-term potential for major trouble is evident.

"The equity position of some of these [money-center] banks, such as Bank of America and Manufacturers Hanover, is so thin that one major trading loss and they're in the tank. "You can't run a major institution without a cushion," Kenneth Cooper, a Touche Ross bank consultant, told the *Wall Street Journal* July 29. Most of the major U.S. banks' shareholders' equity has fallen to 2.5% of assets, from the 4% regulators generally insist on; and in the case of the banks mentioned, Brazilian loans still to be written off account for more than 2.5% of assets. Even if Brazil began paying on time, a major trading loss would wipe out these institutions notwithstanding.

So much for the commercial banks' capacity to bail out weaker regional institutions. The numbers don't compute: If the big banks do not have sufficient equity to operate safely, how are they expected to take over institutions with negative net worth? The notion that big institutions can absorb troubled smaller ones assumes an exchange of big-bank equity for "good will," i.e., established business presence, of the smaller institutions. That conundrum was the subject of the *Wall Street Journal's* lead article July 27, citing banking analysts to the effect that major banks would have trouble raising equity, let alone expanding into regional markets, although some of the larger regional banks with low overseas exposure might profit from deregulation of geographical barriers.

Baker's strategy amounts to a gamble that the promise that somebody will do something, will 1) convince pension funds to keep buying certificates of deposit in bankrupt S&Ls, 2) convince overseas depositors to keep their balances in American commercial banks, 3) convince everyone to keep buying common stocks, and, above all, 4) convince the Japanese to keep buying U.S. Treasury securities. There is no good reason for any individual component of his scheme to work, let alone the whole business.

World Health Organization fails to silence AIDS debate in Asia

by Sophie Tanapura

The performance of the World Health Organization (WHO) at its Sydney, Australia conference of 27 Asia-Pacific nations the week of July 20 will go a long way, one hopes, to finally destroying the WHO's stranglehold over international AIDS policy. Dr. Jonathan Mann, WHO's AIDS director, led the campaign at this conference to prevent governments from taking action against AIDS.

Dr. Mann applauded the decision taken there *not* to screen tourists traveling throughout Asia, and dedicated himself to the elimination of "myths," such as the belief that AIDS can be spread by insects. Mann cynically stated, "It would be a tragedy if people started using mosquito netting instead of condoms. It's not putting up mosquito netting, but what you do under the netting, that counts."

It has, of course, been *EIR*, and associates of *EIR* founder Lyndon LaRouche, who have insisted on the danger of insect transmission of AIDS. Mann described his efforts to dispel reality, as an "education" campaign.

The initial reaction in Thailand to the WHO conference has been total rejection. *The Nation*, one of the English-language dailies, stated in a July 24 editorial: "We are not happy with the conclusion of the ministerial meeting in Sydney, since Asia has the vast majority of the world's population, and if the disease spreads, the result will be cataclysmic." *The Nation*, in opposition to the WHO's refusal to test tourists, went on to cite the historical reality of international health standards, set decades ago, which mandated travelers to carry health certificates proving that they had been vaccinated against smallpox and inoculated against cholera. Why not, in a similar fashion, demand tests for AIDS? *The Nation* asked.

It was the absurdity of WHO statistics for Asia presented by Mann which drew the most ire from the press. He claimed only a handful of AIDS cases exist in Asia, excluding the 521 in Australia, 39 in New Zealand, and 38 in Japan. *The Nation* commented, "We cannot understand how such accurate figures were arrived at when the person suffering from AIDS will not know it himself nor will his doctor unless a

complicated and costly blood test is conducted." On insect transmission, the July 24 Thai-language *Daily News* stated: "If the report is true, we are facing a real danger here. There are mosquitoes everywhere in our country."

This attitude has not been limited to the press. Dr. Prasit Pitoonkija of the Thai Public Health and Environment Committee, citing overseas studies showing that mosquitoes are a carrier of AIDS, stated: "In one town in the U.S. where there are very few gays but a disproportionate number of AIDS cases, there are many mosquitoes. Tests confirm that mosquitoes carry the AIDS virus."

The House Public Health Committee submitted a proposal to Prime Minister Prem Tinsulanonda on July 24 recommending, among other measures, that:

- 1) An international agreement be required for travelers, including Thais, to have blood tests to confirm that they are AIDS-free. Tourists without AIDS-free certificates should be quarantined for blood tests.
- 2) Measures be taken to control AIDS patients from further spreading the disease to others.
- 3) More hospitals and clinics be set up for treatment.
- 4) AIDS patients at various stages be quickly discovered through a more efficient method of detection.
- 5) The government not encourage homosexuals by giving them prominent roles in society.

Bad times for bureaucrats

The last point undoubtedly refers to figures such as the self-proclaimed homosexual Dr. Seri Wongmontha, the Dean of Mass Communications at Bangkok's Thammasat University. He boldly claims, "My ambition is to be government spokesman, but I don't think that that is possible in my situation." *The Nation's* reporter, who interviewed Seri in April, responded to Seri's plans, saying that "one can never be sure that it is impossible. Public mores may change. After all, if a prophylactic pusher [Mechai Viravaidya] can become government spokesman, why can't Dr. Seri?"

Up to now AIDS policy in Thailand has been tightly controlled by the Director of Communicable Diseases, Dr. Vinij Asawasena. His attitude is best characterized by a remark he made in January: "We are concerned about the reaction of the Thai people. We do not want them to be afraid of something that has not happened, even though it could. We do not use mass education because it might cause the public to panic as has happened in the U.S."

While these brainwashed bureaucrats are hysterically maintaining the WHO line, responsible leaders are simply circumventing them. Symptomatic of this kind of mental disorder were the remarks made by the Permanent Secretary of the Health Ministry, Dr. Pirote Ningsanonda, on his way to Sydney: "To talk repeatedly about AIDS will cause the public to panic. And if there is panic, tourism will certainly be affected." Like Vinij, Pirote stresses that condoms are the best protection.

The Jimmy Carter twist

The strangest twist yet in the efforts of the condom and safe sex lobby, though, has been the sudden appearance in the Bangkok bar scene of a Mrs. Sommatra Troy. She emerged publicly in Thailand around the same time that Jimmy Carter arrived here representing the genocidal Global 2000 Foundation.

She spent the past 30 years in the United States, and as soon as she arrived in Bangkok she attempted to subvert the anti-AIDS campaign of the Schiller Institute. After her organization, "Emergency Home," received a \$40,000 contribution from Jimmy Carter, she began her campaign. Mrs. Troy described it in the following terms: "Fresh condoms must be made available everywhere for everyone. Needles should also be available free of charge for drug convicts [sic]." She claims she worked as an AIDS nurse in the United States. Her plans for the future include holding a conference allegedly to fight AIDS, which will feature Dr. Seri as the star speaker. The U.S. AID has just announced that it will donate 6 million condoms a year to Thailand's prostitutes.

In order to win the war against AIDS, it will be crucial to discredit this condom lobby in Thailand. The population has been inundated for years with the idea that condoms and other methods of birth control will be rewarded by government-sponsored incentives of all sorts. The entire infrastructure established by the World Bank and Mechai Viravaidya, the "Condom King," to implement zero population growth in Thailand, will simply be deployed to sabotage an effective program against AIDS.

However, even the Public Health Minister, Tirdpong Jayanandana, has been forced to respond to reality. After members of the House Committee on Public Health visited a hospitalized AIDS patient, Tirdpong stated his support for the conversion of an existing hospital to one for AIDS patients. Even he advocated the separation of AIDS victims from other patients. But then again it was difficult for him

It was the absurdity of WHO statistics for Asia presented by Mann which drew the most ire from the press. He claimed only a handful of AIDS cases exist in Asia, excluding the 521 in Australia, 39 in New Zealand, and 38 in Japan.

not to—after the Dean of Mahidol University's Public Health faculty said only a few days earlier, that over a million Thais (in a population of 60 million) risk contracting AIDS. Dr. Theppanom Muangmaen cited the following alarming statistics for Thailand: 200,000 homosexuals, 500-600,000 prostitutes, 500,000 drug addicts, 90,000 drug and homosexual prisoners.

Environmental cofactors: hepatitis B

The pool of potential victims of AIDS in Asia is much larger still than the so-called "high risk" groups. The widespread prevalence of AIDS "cofactors" which weaken the immune system such as tuberculosis, dengue fever, and hepatitis B (HBV) is the timebomb least identified by the WHO-controlled AIDS mafia. HBV is spread via infected blood and like AIDS, a carrier can spread it for years without knowing he has the disease. There are approximately 300 million HBV carriers in the world, of whom 225 million are Asian. About 50 million of the carriers die of HBV-induced liver disease.

According to studies done by Dr. R.P. Beasley, HBV-induced liver cancer and cirrhosis account for 20% of all deaths among middle-aged Taiwanese, with males three or four times more likely to die from these liver diseases than females. Ninety percent of Asians are exposed to hepatitis B, with between 10% and 15% becoming chronic carriers.

Doctors from the Paris-based Pasteur Institute recently touring Thailand and Indonesia warned of the threat of HBV and emphasized the availability of the vaccine Hevac B as the most effective preventive measure. An Indonesian expert has called for mass immunization against HBV. As early as 1985, Dr. Norman Murphy, a Hong Kong University psychology professor, warned of the danger of a rapid spread of AIDS through Asia, because of the population's susceptibility to HBV. He also cited the likelihood of saliva as a transmission route, since it is customary in Asia to eat food from a communal dish. This is, of course, above and beyond the fact that in Hong Kong, where homosexuality is illegal, there are an estimated 250-400,000 homosexuals out of a 5.4 million population. Most of the homosexuals marry due to in-

tense social pressure, as throughout Asia, to have a family.

Recent findings in Thailand reveal 65,000 existing tuberculosis victims in Bangkok alone, and a further 12,500 people who have just contracted the disease. According to the deputy governor of Bangkok, only 8-9,000 of these people have sought treatment at clinics and hospitals. Most of the patients are too poor to afford medical bills, he said. Likewise, there is currently a dengue fever epidemic, transmitted by mosquitoes, raging in Thailand. There are already 18,000 people infected, with the most serious drought the country has had in 10 years. Some officials worry that disease levels could reach those of 1985, when 80,000 people came down with dengue.

Indonesia under threat

Indonesia—which has recently been subjected to the infamous World Bank loan “conditionalities,” demanding 40% of its export income for debt payment—is also the scene of a growing opposition to the WHO-directed cover-up. Most significantly, the Indonesian Red Cross has demanded the obvious: the testing of all blood donors. The chairman of the International Blood Donors Conference at Jakarta, Dr. Masri Rustan, refused, insisting: “Such examinations would be too expensive for a developing country such as Indonesia. The danger of AIDS has been exaggerated by the mass media. It is just like syphilis at the time when penicillin had not been discovered.”

In 1985, Indonesian Health Minister Suwardjono Surjaningrat revealed his ignorance, insisting that because there were no homosexual relationships in his country of 168 million people, AIDS could not enter there! In February 1986, the chairman of the Indonesian Medical Association reported the first carriers. In late June, the *Indonesian Observer* editorialized: “It is time to act. Now.” They demanded, like the Thais, testing for all tourists, and identified the urgency of instituting some sort of isolation policy.

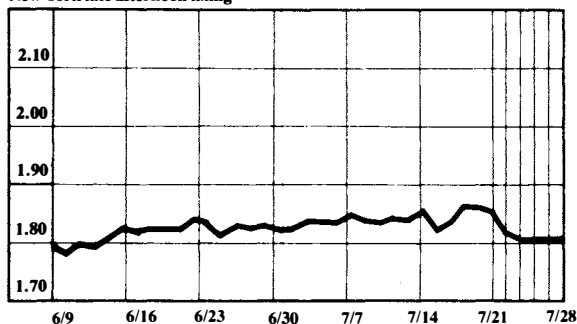
The *Observer* quoted the following comments made by an unnamed Australian doctor, speaking in Bali, Indonesia: “In authoritarian states they would put them in camps, but in democratic countries it will be more difficult. But it has to come, such as in the case of leprosy, if we don’t find a cure or vaccine soon.’ What may be more frightening is that the doctor feels we are not being told the whole truth about the spread of the disease by the experts.”

Finally, the Thai royal family has made public its concern in the form of a call by Her Royal Highness Princess Chulabhorn, a chemist, for intensified research efforts in the domain of genetic engineering to conquer AIDS. Speaking at the same Mahidol University of Dr. Theppanom on the topic of “Genetic Engineering and Scientific Progress,” she emphasized the commitment of scientific research workers, “If we are all scared of laboratory risks, we may end up being inflicted with AIDS and cancer without anyone having researched a way out.”

Currency Rates

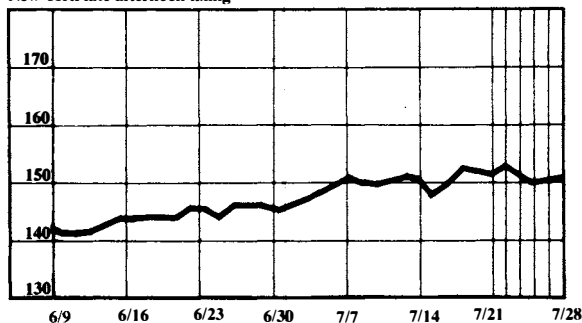
The dollar in deutschemarks

New York late afternoon fixing



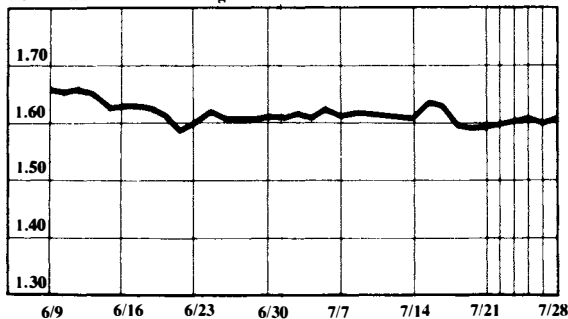
The dollar in yen

New York late afternoon fixing



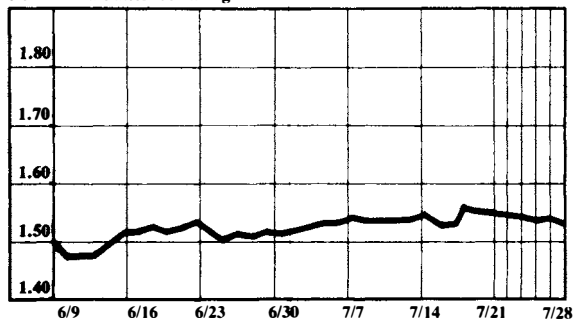
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Taiwan to buy U.S., cheap

If you thought the Japanese were aggressive buyers, get ready for serious bidding.

Taiwan recently made headlines by lifting martial law after 38 years, but another change, with even greater significance for the United States, took place recently. After nearly four decades, the government has lifted foreign exchange controls.

The lifting of martial law may be a sign of "democratic reform"—or who knows what—but there is no question what the lifting of foreign exchange controls will do. This move unleashes an investment fund in excess of \$62 billion, and that money will undoubtedly be heading for investments in the United States. Little Taipei is about to buy up whole chunks of the depressed U.S. economy.

The \$62 billion is the size of Taiwan's foreign exchange reserves, making it the third-richest reserves in the world, just behind Germany and Japan.

Taiwan's foreign-exchange reserves ballooned, starting in early 1986, as a result of speculative purchases of the "strong" Taiwan dollar, by investors fleeing the weak American dollar.

Taiwan concentrates on low-value-added consumer durables exports, of the kind which are most affected by price changes. Certain Japanese producers compensate for the pricing problems stemming from the rising yen, by shipping parts to Taiwan for assembly, and allowing Taiwan to ship them to the United States, priced in cheaper Taiwan dollars.

Dollars are not the island's only resource. There was a time when only approximately 15% of the Taiwanese students who went to the United States

to study returned home to work. Now, the figure is up to 30%, putting into graphic relief the grim reality of the job market in the United States. Even the Taiwanese computer engineers who had launched successful careers in California are returning in droves, along with many producers of hard disk drives.

While most other developing countries have been shackled with overwhelming debt situations, Taiwan has managed to accumulate a \$62 billion surplus, the highest foreign exchange reserves per person in the world.

This is due to the fact that a large part of the Taiwanese economy functions as an assembly plant for Japan. A high proportion of Taiwan's \$15 billion annual trade surplus with the United States represents a form of disguised Japanese exports, as the U.S. government has complained.

Taiwan concentrates on low-value-added consumer durables exports, of the kind which are most affected by price changes. Certain Japanese producers compensate for the pricing problems stemming from the rising yen, by shipping parts to Taiwan for assembly, and allowing Taiwan to ship them to the United States, priced in cheaper Taiwan dollars.

The Taiwan dollar has been the only one-way bet on the foreign exchange markets since late 1985, when it became obvious that the Taiwanese currency (linked to the U.S. dollar) could not continue to float downward against the Japanese yen indefinitely. Taiwan is highly integrated into the Japanese economy, for one, and the

U.S. Treasury would not stand for cheap pricing of Taiwanese exports, for another.

A breathtaking inflow of speculative capital made Taiwan the catchbasin for Asia's hot money. Officials have now noted that for the first half of this year, the flow of Hong Kong capital into Taiwan has increased more than 10 times. It is more than likely that much of the banking business that goes to Hong Kong now will be going to Taiwan.

Taiwan's emerging financial power will rankle the International Monetary Fund, which dropped the Republic of China's membership 10 years ago, when the People's Republic of China joined the world financial organization. Taiwan has not only had no policy input from the IMF, which controls the majority of developing-sector economies; it does not even have membership.

The United States became dependent on a handful of newly-industrialized countries for essential imports in the early 1980s, after the Volcker depression eliminated an entire tier of basic industry. The Asian economies operating in the Japanese sphere, particularly South Korea and Taiwan, have become irreplaceable suppliers of goods no longer produced in the U.S. home economy.

It is only a short step from the status of major supplier to major creditor. In a global market where more than \$2 trillion changes hands daily, the relative positions of the United States and the Republic of China have been pre-discounted, such that Taiwan built up a huge creditor position with respect to the United States almost overnight.

Now, Taiwan will take a relaxed vengeance upon a United States which denied it diplomatic relations, in favor of Henry Kissinger's "China Card," by purchasing whatever sections of the U.S. economy it pleases.

West Germany's crucial steel industry faces 'euthanasia program'

by Birgit Vitt

In the last few months, new horror stories have come out every day, giving the lie to all the chatter in Bonn about the good economic situation in West Germany. The steel industry, mining, machine-tool manufacturing, the construction industry, and the energy sector are all talking about choking off capacity, reducing orders, mass layoffs. As for nuclear energy, the word is that the most modern lines of development, such as the fast breeder or high-temperature reactors, will probably never go on line.

European Community decisions

On July 21, the European Community Commission put forward a new three-year program for "restructuring the steel industry." The main mover behind this "euthanasia program for steel" is EC vice-president Karl-Heinz Narjes. By 1990, steel production will be decreased by a further 30 million tons, through cutting of capacity; this will wipe out approximately 80,000 jobs in Europe.

After approval by the EC Council of the Economic and Industrial Ministry, this plan will go into effect on Jan. 1, 1988. In order to create an incentive to steel firms, premiums for shutting down capacity will be financed out of a compensation fund which is to be set up, analogous to unemployment insurance for the laid-off workers. The money for the fund comes from the firms themselves. Whoever produces over 70% of allotted amount will pay 20 EC units (approximately \$20) for every ton of steel produced.

The Maxhütte blast furnace plant example

On the same day, July 22, there were new protest actions to defend the 4,000 jobs at the Maxhütte Plant in the city of Sulzbach-Rosenberg. In one leaflet, the IG-Metall union called for a "march to the labor bureau," West Germany's equivalent of the unemployment office, where some days before, the bankruptcy trustee had proposed laying off all 4,305 plant and office workers. Virtually the entire city responded to the call.

The scenes now occurring in Sulzbach-Rosenberg take us back to 1980, when the entire city of Dortmund took to the streets to demand the construction of an oxygen-steel

plant, in order to prevent the elimination of approximately 5,000 jobs. The Dortmund model has been used again and again in the following years. Fathers, together with their wives and children, go out to fight for their jobs, supported in solidarity by the corner shopkeeper, the hairdresser, municipal employees, mayors, representatives of all parties and both churches, Catholic and Protestant, and, naturally, the unions. Actions ranging from large-scale demonstrations to women's actions and hunger strikes—not to omit the innumerable discussions with the "political officials"—belong to the standard repertory of such institutions.

So far, not one of these large-scale mobilizations has succeeded—that is, preserved the threatened jobs. What has occurred is, across-the-board capitulation to the "post-industrial society."

After the capitulation in Dortmund to the EC quota policy, and after the state of North Rhine-Westphalia built a gambling casino on Hohensyburg Mountain, rather than a steel mill, the further ruin of German industry was sealed. We have seen this spectacle repeated in 1987, first in Hattingen, then in Oberhausen and Duisburg-Reinhausen, and now in Sulzbach-Rosenberg.

In the Maxhütte Plant case, there was a nationwide solidarity action in the form of one- to two-hour warning strikes, even in Dusseldorf, at the Mannesmann Pipe Works, where 3,500-4,000 jobs are at stake.

In this climate of rage, despair, and lack of perspective, it is not surprising that German Communist Party recruiting groups are enjoying a certain popularity.

Mining

While the crisis in the steel industry continues to boil, the mining industry comes naturally next in line.

The head of the Ruhl coal union, Dr. Heinz Horn, painted a dismal picture for the future of mining in his annual report. The federal economics ministry has discussed a scenario for after the 100-year contract with the electrical industry runs out in 1995, in which hard-coal production is to be reduced by one-third, i.e., by 30 million tons, and subsidies for the export to other EC countries are to be totally eliminated. The

market for Ruhr coal, which has dropped by 6 million tons since the beginning of 1986, because of decreased orders from the steel industry, will fall by the end of 1987 to 51 million tons. That means that 9 million tons will be produced as surplus, at a cost to the companies of some \$200 million.

Much greater losses arise, however, from the low world market price of coal, \$75 per ton under the cost of Ruhr coal. Since the steel makers only pay the world price, each ton of coal will be subsidized at the rate of \$50. Even with this subsidy, the sale of 20 million tons of hard coal will lead to a loss of approximately \$500 million. The consequences for the workers are obvious. From the end of 1988 to 1995, about 25,000 jobs will be lost. These dismal prospects prompted the Miners Union to announce a "March on Bonn."

North Rhine-Westphalia faces financial ruin

Finance Minister Posser prefaced his announcement of the 1988 budget in July, with the statement that North Rhine-Westphalia, the most densely populated German state, is threatened with financial ruin, unless Bonn begins to help support the costs of coal and steel. The budget, which amounts to \$30 billion, will require new debts of \$2.8 billion, and thus the mountain of debt climbs to \$50 billion.

The cutbacks that Posser foresaw occurred in the elimination of 18,200 public sector jobs, especially in the schools. Hermann Heinemann's Ministry of Labor, Health, and Social Services, and the Ministry of Construction took the brunt of the cuts, at \$650 million.

This budget documents one thing emphatically: Although the Ruhr region is still the greatest industrial region of Europe, there is not enough real economic wealth produced to finance the state budget. It is revealing that it was precisely the Ministry of Labor, which is not only responsible for labor policy but also, with the Health Ministry, for dealing with problems such as AIDS and the war on drugs, that lost the funds.

Even the revenues from many gambling casinos in North Rhine-Westphalia could not fill the hole produced by the reduced taxes from productive activity.

The economics minister fired five years ago, Bäumer, has been driven by this emergency, as he terms it, to propose that all parties in the state legislature be incorporated into the state government, creating an all-party government for better crisis management.

'Environmental technology'

The lie of overproduction, be it in steel, coal, electricity, or even in agriculture, accepted by all existing political institutions, is what allows the EC to push through their quota dictates with relative ease.

The union, along with the Social Democracy and the Greens, has campaigned for restructuring the productive sector for production of so-called environmental technologies.

Take again the example of Maxhütte. Under contract from the Hans-Böckler Institute, the Munich Institute for

Media Research and Urbanistics (IMU) produced a recommendation for keeping the jobs at the plant. The centerpiece of the report was the creation of "future-oriented activity." What does this mean?

The production of environmental technologies counts as "future-oriented," as does the area of modern communications technologies. Thus, Maxhütte is not to produce steel in the future, but some sort of environmental products, as Hoesch had done with the dressing up of concrete protective sound barriers, that ruin the landscape. That this is hardly designed to produce tangible economic wealth is obvious.

Also, in the Ruhr, where the restructuring is already partially complete, the service sector has expanded so much that Dortmund today is the greatest insurance center of the Federal Republic, and there is also talk, in connection with the creation of substitute jobs, of the "environmental technology" and "communications" sectors. That is what the Social Democracy means by technological progress, when they speak of that at all.

Social Democratic Party leader Johannes Rau's latest project for the salvation of the steel region is called the Future Initiative: Mountain Region, or ZIM. In the framework of ZIM, \$100 million will be invested in 1988 to create new jobs that will all lie in the areas of improvement of the environmental situation, infrastructure, innovation, and technical progress.

These initiatives are accompanied by the political theatrics of the former Social Democratic chancellor candidate, Hans Jochen Vogel, who has called on the workers in the Ruhr to demonstrate more loudly, in order to put Bonn under more pressure since, if it could fork over money to the farmers, his argument runs, then the same could be possible for the steel industry.

The real solution

What is striking about the whole discussion, is that no one talks about how the export of high-quality industrial products can be started up again.

One in four jobs in the Federal Republic depends on exports. So what could be more obvious, with the worldwide underdevelopment and the international debt crisis, than to consider how the purchasing power of the Third World can be reestablished, The Third World that wants nothing more than to acquire the technological products in the industrial nations that those underdeveloped nations need so urgently for their own progress.

Instead of this, the lies of surplus are believed. Gigantic amounts of money are thrown down the drain by the EG and governments in order to destroy productive capacities, to support expensive social plans and an army of unemployed, rather than investing the money productively.

The slogan, German Technology for the World, is today more valid than ever. If the Federal Republic does not intend to accommodate itself to its demise as a progressive industrial nation, action must be taken immediately.

Congress tries to rescue FCS

But given its record on the debt ceiling crisis and S&L losses, don't believe it till it happens.

The week of July 27, leaders of the House Agriculture Committee announced new legislation to provide a multibillion-dollar line of credit to the giant Farm Credit System, now faltering after months of farm loan losses. The aid package calls for setting up a temporary assistance corporation, with representatives appointed by the Treasury Secretary, the Agriculture Secretary, and the Farm Credit Administration. This body could apply to the Treasury for multimillion-dollar interest-free loans to put into the FCS. Representatives of the FCS have variously estimated the need at \$6-10 billion in the near future.

The proposal also calls for creating a secondary market for farm real estate loans, backed by \$1.5 billion from the Treasury. The new aspect of the proposal is the stipulation of government-backing. The irony is that if the bill passes in August, it may become law just at the time that the government defaults on its Treasury bonds, thanks to the debt-ceiling squabble in Washington.

The measure has backing from House Speaker Jim Wright of Texas, where dozens of both thrift institutions and Farm Credit System lending agencies are in trouble. Wright and House Agriculture Committee leaders Kika de la Garza, also from Texas, and Ed Jones, Democrat from Tennessee, have expressed their commitment to quick passage.

However, given Congress's record in such things, only a "see-it-when-it-happens" attitude is realistic regarding the Farm Credit System.

The FCS has lost \$4.6 billion in the last two years. Without a bail-out, it is expected to lose another \$3.1 billion over this year and 1988. The FCS is the largest agricultural lending group in the nation, now accounting for about \$55 billion of total farm debt. It consists of a network of Federal Land Banks, Federal Intermediate Credit Banks, and Production Credit Associations. FCS is not a government agency. It is federally mandated, but is private, and raises money through public offerings.

For a limited period of time, before court action prevented it, the FCS took money from its districts in the black, and shunted it to other farm districts in deficit. However, the scope of the debt losses are now so great, and the farm economy so impoverished, that no similar maneuvers will work for long, even if legal.

Hearings were held on the shaky system in the spring, but Congress preferred to punt, and wait until the last minute before their anticipated August recess. Now, the crisis has worsened.

Thousands of farms continue to fail each month. Farmers are running their operations into the ground, making no equipment replacements, using too little fertilizer, and observing other "false economies" in desperate hopes of continuing until "help comes along." Meanwhile, the FCS and other lending agencies have foreclosed on thousands of farms, sold off a certain number, and written off the debt.

Nationally, U.S. agriculture debt has dropped from a high of about

\$205.4 billion in 1983, down to \$162.1 billion at present. This not only represents the draw-down of debt, but the liquidation of masses of independent family farmers.

Those financial quarters that want to impose even more austerity and shutdown on the nation are attempting to dissuade Congress from enacting any bail-out mechanism, implying that farmers can scrape by, and meet their debts. Timed with the FCS bail-out announcement by the House, the *Wall Street Journal* ran a prominent article called: "Growing Prudence—As Their Plight Eases, Farmers Pay Off Debt Rather Than Expand."

This viewpoint typically ignores the consequences. The productivity of even the best prairie soils, for example, will give out if fertilization is not provided periodically. There is talk among farmers still in operation throughout the Midwest, of how to "diversify" into some non-farm activity now, before it's too late, because there is no apparent future in traditional agriculture. Many are trying to set up some small manufacturing or processing plant—for example, producing alfalfa pellets.

Economist Neil Harl of Iowa State University refers to the present mood among farmers as "debt shock." They have had large debts, with no ongoing means to pay it. Only the \$25.6 billion worth of federal farm program payments—amounting to at least a third of all farmers' income this year, is keeping the agriculture sector afloat for another season. Under current conditions, if these payments are cut out—as the "free market" rhetoric in Washington implies—then the food supply sector of the country would cease to exist. The alternative to this scenario—taking economic emergency measures to restore both food output levels and revive world trade, is not even under discussion.

Boosting food output from Virginia can help meet world food needs

by Joyce Fredman

The fourth in a series of surveys of state-level production potentials, this EIR report summarizes the condition and potential of food output from Virginia.

The Commonwealth of Virginia is not part of the great United States farmbelt. The most famous crop from the state is what was known in early days as "the Virginia weed"—tobacco. Today this namesake crop is less and less in demand. However, the agricultural output potential of the state—if mobilized as part of a general revitalization of the national economy—has an important role to play in restoring U.S. per capita food supplies to their proper level of nutrition; and also in selectively exporting foodstuffs during a period of trade collaboration to upgrade nutrition for chosen points of need.

With its ocean-port location, Virginia can ship selected farm products, like feed corn, abroad, even though the state is not one of the high-producing cornbelt states. Virginia's potential to produce high-quality animal protein—milk, beef, lamb, and poultry—can be actualized, far more than at present, to upgrade the food supplies of the populous Eastern Seaboard region.

Number of farms declines

From 1978 to 1982, the number of farms dropped from approximately 57,000 to little more than 50,000 in Virginia. At last record, there are an estimated 51,829 farms, 2.3% of the total number in the United States. Conservative projections estimate that another 25,000 farms will be lost in the state by the year 2000, if the trend continues. In 1985, Virginia was second only to Texas in number of farm failures, while farm debt has been increasing at a slightly higher rate than nationally.

The plight of these farmers is getting worse daily. The Richmond Farm Credit Association has had 40 to 50 foreclosures and bankruptcies in the past eighteen months (June 1987). Records show Virginia farmers owed \$12.19 for every dollar they earned in 1985. A report by Virginia Polytechnic Institute and State University, one of the finest agricultural schools in the country, projects what the farm sector of Virginia will look like by the year 2000. (See **Table 1.**) However, if the national economic decline is not reversed, the Polytechnic projections will be unrealistically rosy. And if proper economic revitalization measures are taken, the projections will be far too negative.

TABLE 1
Summary of 1982 Virginia farm numbers and projections for 1986-98, by size class

Gross sales class (thousands of \$)	1982	1986	1990	1994	1998
<\$100	45,874.40	37,460.77	30,765.95	25,406.49	20,859.17
\$100-250	2,376.10	2,694.54	3,093.62	3,656.41	4,347.25
>\$250	1,098.90	1,320.18	1,591.77	2,012.50	2,606.75
Total	49,349.40	41,475.49	35,451.34	31,075.40	27,813.18
Percent of total					
<\$100	92.96%	90.32%	86.78%	81.76%	75.00%
\$100-250	4.81	6.50	8.73	11.77	15.63
>\$250	2.23	3.18	4.49	6.48	9.37
Total	100.00	100.00	100.00	100.00	100.00

Source: Virginia Polytechnic Institute.

What is required is to freeze and reschedule farm debt and then to offer low-interest production credits, originating with the Treasury Department, but channeled through rural banks and the Farm Credit Bureau, in order to rev up production. In coordination, export and other trade financing must ensure a destination for the output, so that parity-related prices for farmers can prevail.

Virginia's varied output potential

Virginia has a remarkable variety of output, for its mid-Atlantic location. The state is not a leader in any one crop—like Iowa, for example, in corn and hogs—but Virginia is significant for a variety of food products. **Table 2** shows the rank order of Virginia's output in selected crops, in comparison with the output of other leading producing states. The table also shows the percentage of national output Virginia produces of those products.

The state has an area of 40,817 square miles, (39,780 land and inland water) three fifths of which is forested. Over 37% of the land is currently used for farming. The soils are generally fertile and the climate mild. The state is one of the best located geographically from a farmer's viewpoint of marketing opportunities.

Over 400,000 people, more than 22% of the workforce, are employed in agriculture. The average farm size is 182 acres; however, 53% are between 1 and 99 acres. The five major production regions are shown on **Map 1**. The top five counties in agriculture are Rockingham and Augusta (in the Shenandoah Valley), Pittsylvania (in the Southern Pied-

TABLE 2

Rank of Virginia's crop production compared to other states—1985

	Rank among other states	Number of producing states	Va. as % of U.S.
Turkeys	5	32	6.56
Tobacco	5	16	6.02
Peanuts	5	9	6.88
Apples	6	35	4.97
Broiler chickens	10	50	3.56
Cattle & calves	20	50	1.57
Farm chickens	19	50	1.60
Hogs	19	50	.80

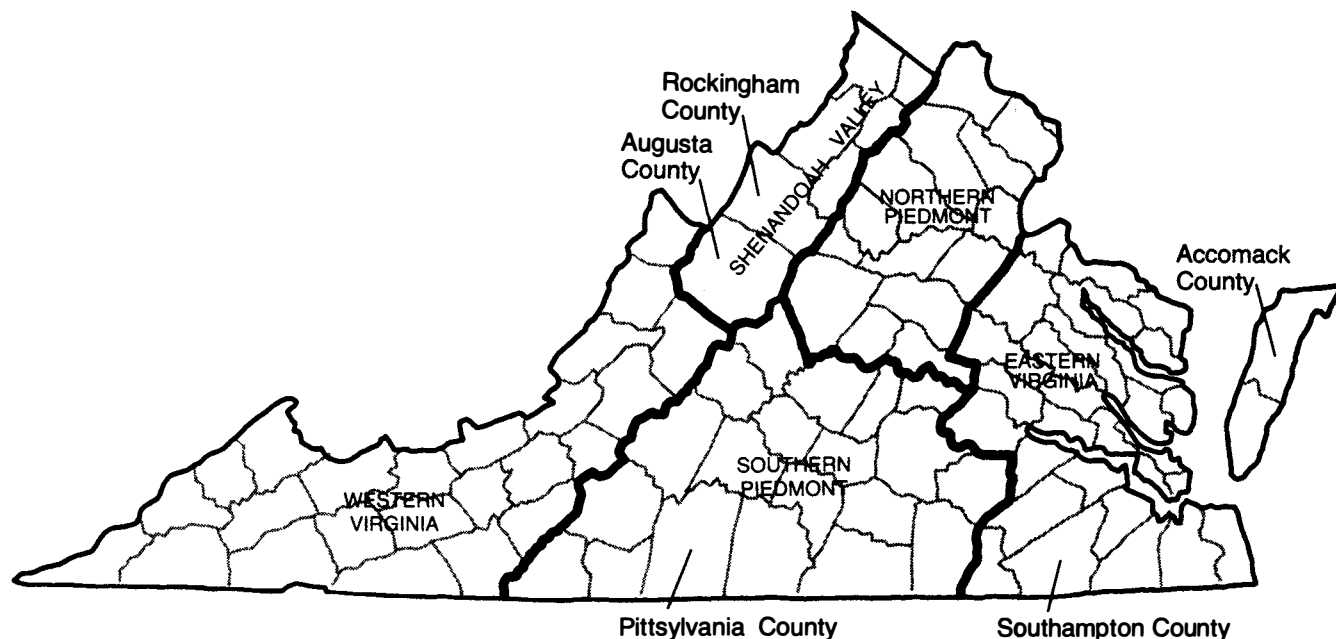
mont), Southampton (in Eastern Virginia), and Accomack (in the northern part of the Delmarva Peninsula).

Table 3 shows the state's chief farm products. On the Eastern Shore (the Delmarva Peninsula), truck farms produce vegetables and small fruits. For example, Taylor-Fulton, Inc., one of the nation's 10 largest tomato producers, is headquartered in Mappsville, on the Eastern Shore.

Inland from Norfolk, in the southern Virginia region, the major farm products are peanuts, soybeans, and hogs. The world's largest hot dog factory is located in Virginia, owned by the Gwaltney Co., which produces the famous-brand

MAP 1

Five agricultural production regions of Virginia



Smithfield ham products. Southside Virginia is also tobacco growing country. In recent years, tobacco growers have attempted to diversify by adding broccoli to their cropping, in order to make use of available labor and equipment at the off-time of the tobacco season.

The Shenandoah Valley is one of the nation's most important apple-growing regions. It also has significant poultry production. The giant Holly Farms company has operations in the Shenandoah Valley, and on the Eastern Shore as well.

Rich pasturage in the Appalachian Valley and in some counties in central Virginia is especially favorable for cattle raising. In the coastal plain, the tidal lowlands are usually covered with loam, a mixed soil rich in organic materials. To the west, sandy loams and clays predominate. In the Piedmont, clay and limestone soils dominate, and in the valley areas west of the Blue Ridge, limestone soils are found. There is no reason, then, with the proper economic program, that Virginia could not triple her beef cattle numbers, 2 million at present. The present number of dairy animals could be doubled in the state—instead of reduced by the federal Dairy Herd Termination program. Similar ratios could be used for hogs (now 350,000) and sheep, the other top meat animals.

Nationally, the inventory of meat animals has fallen drastically, relative to population growth. In absolute numbers, the national beef cattle inventory is at the same level as it was in the early 1960s. The same with swine.

Specialty crops won't solve crisis

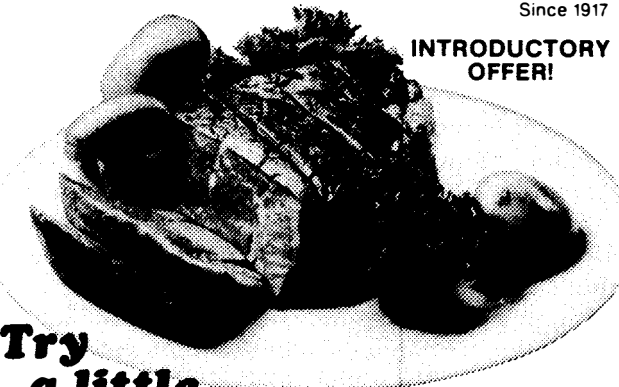
With a gear-up of the "meat and potatoes" side of farm output, there would be no problem in continuing the traditional Virginia "horse industry" activities of pleasure horse training and breeding. Other new Virginia farm activities—such as wine, and the new ever-bearing raspberry and small fruit cropping, could take their rightful place. The wine industry has grown from 286 planted acres in Virginia in 1979, to over 1,600 this past year. There are now 34 wineries in the state, with production going from 60,000 gallons in 1980 to approximately 280,000 gallons this past year. More than a few have produced medal winning wines.

The recent report on the "Future of Virginia Agriculture," commissioned by Gov. Gerald Baliles, and prepared by a team including experts from the Polytechnic occasionally, wrongly, implied that farmers in financial trouble can look for stabilization through such specialty diversification as wine grapes, vegetables, etc. Diversification into specialty crops has its role in some circumstances, but only sweeping emergency measures can restore Virginia's agriculture sector to its needed productive potential in animal product output, orchards, and other traditional basic food supplies.

With a mobilization to expand output in Virginia's traditional crop profile, credits can be advanced for farmers to immediately upgrade the living and working conditions of migrant and seasonal labor for the fruit, vegetable, and tobacco fields. In fall 1986, an interagency migrant worker policy committee was established by Gov. Gerald Baliles in

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response to the miserable farm labor conditions in the state. The committee has recently recommended that \$1-2 million be appropriated by the state for low-interest loans so local farmers can build or rehabilitate housing. The committee recommends another \$300,000-400,000 to restore education programs lost by cuts in federal funds. This is the minimal requirement. In the context of a national reinvigorated economy, more mechanization, and whole communities can be introduced to the orchard and truck gardening regions, to create the productivity needed for bountiful harvests, without degradation.

Because of its excellent ocean shipping capability in the Norfolk region, Virginia is uniquely situated to address the crying needs of the Third World for food exports. Virginia could show the way with record production, and then ship directly to Africa, the Caribbean or other points of need. Emergency measures required to facilitate this include anti-trust investigations and actions against the cartel companies that dominate over 90% of the world grain, dairy, and other trade flows.

For example, Cargill, the grain cartel giant that is based in Minneapolis, but run on behalf of private family "trust" interests in Europe, owns the large storage elevator facilities in the Hampton Roads region. Cargill has consistently underpaid U.S. farmers for their grain. At the same time, Car-

gill and the International Monetary Fund, have collaborated to deny food shipments to Africa, but to supply discount, U.S. government-subsidized food to the Soviet Union. Actions of Cargill, and the other world food cartel companies—Bunge, André/Garnac, Louis Dreyfus, ADM, Continental (which owns Wayne Feeds), Nestlé, Unilever, and so forth, have suppressed the food output of Virginia, just like that of farmers in every other state in the country, and in allied nations.


Fishing

The Atlantic Coast, Chesapeake Bay, and the large tidal rivers are a source of livelihood for 8,000 commercial fishermen. In 1985, Virginia ranked third in the nation in the tonnage of fish landed, despite the trend of declining prices. In 1984, 574 million pounds of shellfish and finfish were caught and valued at \$83 million; in 1985, 723 million pounds were caught and valued at only \$77 million. Seafood processing and wholesale operations employ approximately 5,600 people. With emergency economic measures enacted to assist the fishing and processing industries, plus low-interest credits for new methods of shell fish "cultivation" for the Chesapeake Bay, Virginia's catch could be vastly expanded, and add an invaluable source of protein for national and foreign consumption.

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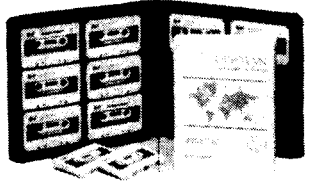
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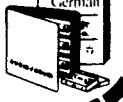
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Which government negotiates?

While Finance Minister Bresser offers the bankers "promises, promises," his own party has forbidden any sell-out deals.

Despite the obsequious bowing and scraping of Finance Minister Luiz Carlos Bresser Pereira during his first visit with the committee of creditor banks and authorities of the Reagan administration, no one believes that the minister has won any real concessions from the bankers.

In truth, the crafty bankers were mounting a public relations scenario to both hide the state of ruin in which they find themselves, and take advantage of the proffered services of Bresser, to demoralize the rest of the debtor countries by giving the appearance of having whipped into submission the proud country which has suspended its financial commitments.

The bankers never let up on their demand that Brazil sign a deal with the International Monetary Fund, while also making a symbolic payment of 20% of the overdue interest on the foreign debt--interest frozen since the moratorium decreed last February. Bankers hope that this will occur before Oct. 20, to avoid having to declare more bad loans, in particular, those from Brazil, which would mean admitting serious new losses for the quarter.

Meanwhile, Paul Volcker, outgoing chairman of the U.S. Federal Reserve, "suggested" that the World Bank be put in charge of monitoring the Brazilian economy ("a rose, by any other name . . ."), while James Baker warned Bresser not to even bother considering any other options; it's much easier to just pay, he said.

With the bankers busily mounting their own public relations shows

around the Brazil talks, the behavior of Finance Minister Bresser was all the more pathetic. The minister spent most of his time trying to convince the bankers of the nonexistent political power he wielded, while pledging that Brazil would submit to a model of savage looting through the export-oriented model Bresser himself presented in his disguised letter of intent, entitled the "Macro-Economic Plan." Bresser's plan has satisfied neither the World Bank nor the IMF, however. They complain that it doesn't slash public spending enough.

The reality is otherwise. While Bresser was submerged in his "pre-negotiations negotiations" in New York July 24, the national president of the ruling PMDB party, Ulysses Guimarães, publicly disavowed any effort to reach a deal with the International Monetary Fund: "The IMF has only harmed Brazil and the underdeveloped countries. Every time that entity has monitored our economy, it was a disaster," he declared upon leaving a meeting with the President.

Trying to recoup his losses, Bresser told the bankers July 27, "My party is against it, my President is also against it, but I will convince them [to go to the IMF]. . . . In making an agreement with the banks first, without going to the Fund, I [will] dilute the 'pari passu' [monitoring] clause which gives so much power to the IMF. And afterwards, I am going to need money from the Japanese banks . . . but they will only grant it if we make a deal with the Fund. Now, the members of my party are intelligent and

reasonable persons, and I am convinced they will understand that necessity. If I manage to get through the first phase now, I will be able to convince them afterwards."

All Guimarães was doing was ratifying the conclusions of the ruling party convention that ended in mid-July. By rising above the political manipulations to which it was subjected, the PMDB party by a huge majority approved a document on the economic situation which managed to reconcile--at least temporarily--the various party factions. The essential points of the document reiterated the commitment to support economic growth, reject the IMF, and defend national sovereignty.

On the debt itself, the PMDB conclusions were very specific, proposing to limit payment of interest to 2.5% of the Gross National Product, and vindicating the policy of former Finance Minister Dilson Funaro as ". . . the historic decision made in the last week of February to unilaterally suspend payment of interest due the private banks."

Vindicating Funaro also meant action on the part of several party leaders to defuse the corruption scandal being thrown at Funaro, the follow-up to the campaign to politically discredit him run by the U.S. State Department while he was still in office. According to the Brazilian press, President Sarney assured Ulysses at the same July 24 meeting that government investigations into 1986 imports fraud charges were not directed at Funaro.

Given that the majority party in power has rejected all negotiation with the IMF, it is only fair to ask which Brazilian government the banks and U.S. officials are negotiating with? Perhaps National Security Adviser Frank Carlucci, who met privately with Bresser at the White House July 2, has the answer.

Business Briefs

Agriculture

Polish Church to import farm equipment

Poland's Catholic Church has won government approval for a \$10 million, U.S.-funded program to help private-sector agriculture.

Reversing a position maintained during five years of previous negotiations with the Church, the Jaruzelski government granted a tax exemption and customs clearance in July that will allow a Church committee to import millions of dollars' worth of badly needed farm machinery and water-pumping equipment.

According to Church officials, senior Polish authorities also have indicated they could now permit the establishment of a formal, nonprofit foundation backed by the Church. The foundation would institutionalize the aid program and seek to perpetuate it with additional foreign donations as well as business activities inside Poland.

Joseph Cardinal Glemp had ordered the agricultural fund effort abandoned last September, saying five years of negotiations had showed the government unwilling to accept the initiative.

But since the Polish government delivered its bitter denunciations of the Pope at the close of his visit there, Church and state in Poland have appeared eager to move toward new agreements.

Industry

EC seeks to savage steel production again

The latest European Commission proposal to slash Europe steel capacities by 30 million tons is expected to be approved at a September Council of Ministers meeting, according to a senior Brussels source interviewed July 28.

"We have had crisis management for eight years," he stated. "We are making the proposal now because the crisis management is not justified anymore. 80,000 peo-

ple must go to unemployment."

The source privately admitted that the sharp downturn since 1985 in EC steel markets was significantly tied to the sharp decline in the dollar.

"The falling dollar, true, is forcing steel revenues to shrink. But we do not want to give this excuse to the steel producers. They must reduce. Is it not better for Europe to export cars than steel?"

Auto

Japanese outproduce U.S. . . . in U.S.

Japanese automobile plants in the United States are outproducing their American counterparts by 2 to 1, according to the July issue of *Automotive Industries*.

The national leaders were Honda's Marysville, Ohio plant and NUUMI, the General Motors-Toyota joint venture in Fremont, California, managed by Toyota.

One reason cited for the lower productivity in American companies, is that American companies have significantly more white-collar workers than their Japanese counterparts.

Debt

OAU members to limit foreign payments?

The Organization of African Unity will vote to limit member debt payments to 20% of export earnings, reports the London *Financial Times*.

The OAU's annual summit meeting in Addis Ababa, is reviewing a final draft resolution which reportedly will endorse the modified version of Peru's debt approach. The Garcia government there has limited debt payments to 10% of export earnings for more than two years now.

The OAU draft is considered a compromise, after a call by certain African countries for a complete moratorium on the re-

gion's \$200 billion in external debt.

African export earnings in the last several years fell from \$60 billion to \$44 billion in 1986, as commodity prices continued to drop on world markets.

AIDS

'Guerrilla clinics' springing up in U.S.

"Guerrilla clinics" for AIDS victims, which provide experimental drugs not sanctioned by the Food and Drug Administration, have sprung up all across the United States, the Reuter News Agency reports.

There are at least 45 clinics in cities nationwide, and more than 5,000 AIDS patients receive free treatment with DNCB (dinitrochlorobenzene), one of the non-FDA-sanctioned experimental drugs. Another widely-used non-sanctioned drug is AL-721, which can be made at home with egg yolk or soy lecithin, and is distributed in New York City by the "People With AIDS Coalition."

In San Francisco, "Project Inform" provides AIDS victims with two experimental drugs, ribavirin and isoprinosene, obtained from Mexico.

A "hot line" run by the "DNCB Guerrilla Clinics" in San Francisco provides contacts for clinics in cities ranging from Great Falls, Montana, to Manchester, Vermont. All of this activity is technically illegal, as the FDA has approved only one drug, AZT, for use in the treatment of AIDS to date.

Inflation

Mexican food prices up 123% in one year

According to a monthly report prepared by the Bank of Mexico on food prices, some basic food items there rose by as much as 296.3% between June 1986 and June 1987. Altogether, food prices rose 123.1%, 36.5% more than in the previous year.

The report notes that prices for clothing, shoes, and accessories rose 123.2%, while domestic gas costs rose 131%. Housing was up 89.8%, telephone service costs 148.6%, and "other services related to housing" 119.3%. Health care costs rose 151.8%.

The Mexican government of Miguel de la Madrid has been dutifully following the dictates of the International Monetary Fund, looting the economy and its labor force to maintain "credit-worthiness."

Fidel Velázquez, the powerful head of Mexico's CTM labor confederation, said in his regular Monday press conference July 27 that the government's pricing policy was unjust for all sectors of the population. He warned that a recent 23% wage hike had been "pulverized" by a recent hike in gasoline costs, which triggered the indiscriminate rise in prices of all basic consumer products. Apparently, he said, the federal government "needs economic resources to meet the demands it has acquired," i.e., debts.

Energy

Texas oil output down to 1944 levels

Texas oil production dropped to an average of 1.9 million barrels per day in May 1987, the first time since 1944 that production dropped below 2 million barrels per day. Texas Railroad Commissioner James Nugent said: "The loss of more than 20,000 producing wells last year to low oil prices and severe economic conditions in the oil patch was only the tip of the iceberg. Now the consequences of that devastating loss are being revealed."

He continued: "Between 1980 and 1985, Texas oil production declined an average of 3% a year, despite a record drilling year in 1981. Last year, the rate of decline doubled. We produced 6% less oil than in 1985. . . . Oil prices in the \$20 to \$22 a barrel range will help our stripper well operators hang on, but they won't come close to revitalizing the industry. . . . We can't sit around and wait for the OPEC-manipulated oil prices to rescue the oil industry. We've got to roll up our sleeves and help ourselves at both the

state and federal level. . . . We've got to be innovative. We've got to be bold."

The collapse of oil output in Texas brought with it a collapse in the state's revenues. The Texas legislature passed a record \$38.3 billion two-year budget, which included a tax increase of \$5.7 billion—the largest tax increase in the history of any state. Governor Clements, after months of fighting the needed tax increase, signed the bill into law July 21.

The bill raises the state sales tax from 5.25% to 6%, and adds a number of service-sector items and services to the tax rolls; it also imposes an occupation tax on state-licensed professions; retains a 15¢ per gallon "temporary" motor fuels tax; and boosts corporate-franchise, tobacco, hotel-motel, and insurance taxes. It took two special sessions in 1986, the January-May 1987 regular session, and a 30-day special session ending July 21, to balance the state's budget.

Steel

Bethlehem reports quarterly profit

Bethlehem Steel, the third largest steel company in the United States, reported a second-quarter net profit of \$46.8 million—its highest quarterly net profit in six years. This was Bethlehem's third consecutive profitable quarter.

Company spokesmen cited lower costs, in part because of new, more-efficient continuous slab casters for making steel at its plants in Burns Harbor, Indiana and Sparrows Point in Baltimore. Steel prices were up during the quarter, and shipment levels had increased.

Nevertheless, Walter F. Williams, Bethlehem's chairman, was quoted in the *New York Times* saying that there is further need for "restructuring and modernization of the domestic steel industry. . . . Worldwide excess steel capacity and increased quantities of imports being traded unfairly within the President's program also continue to be very troublesome."

In other words, the company is planning to produce less and less steel.

Briefly

● **THE WORLD WILDLIFE** Fund has entered the Third World debt market. At the end of July, the WWF, representing Europe's titled and other oligarchy, bought up some portion of Costa Rica's approximately \$3 billion foreign debt on the "secondary market," where Costa Rican debt can be bought for about 33¢ on the dollar. The Fund, working with other agencies, then returned the purchased IOUs to the Costa Rican government in exchange for the creation of a huge Guanacaste National Park in north-west Costa Rica.

● **THE PHILIPPINES** Congress has passed a resolution calling for a full inquiry into the nation's debt and the terms of its payment, in order to determine if some of the foreign debt should be repudiated. The Philippines Senate also passed a resolution ordering a review of the debt restructuring agreement with foreign creditors signed at the end of July by the Aquino government.

● **GABON** President Bongo met with President Reagan in Washington July 30. A senior administration official said that the leader of OPEC's smallest country is seeking U.S. investments in its oil and mineral resources. Speculation was that Bongo also brought a message on the debt crisis from the Organization of African Unity summit, whose first two days he attended.

● **THE PRODUCTION**, energy, and planning ministers of Angola were in Moscow in mid-July for meetings with Vladimir Kamentsev, deputy chairman of the U.S.S.R. Council of Ministers.

● **POLAND'S** strongman, General Jaruzelski, told the *Wall Street Journal* July 30 that he is determined to impose new economic policies on his country, featuring a national referendum on a severe austerity program which he called a "painful but imperative step." He also said Poland would need new Western credits to repay its existing debts.

The space transport needs for Mars colonization

Charles B. Stevens reviews the prospects of space transport with a view to achieving a permanent colony on Mars within 40 years. Part of an ongoing series on new methods of space propulsion.

It is the year 2015. A conical spaceship as wide as a football field hovers in orbit above Mars. Out of its blunt bow, a landing craft carries its human passengers slowly to the planet's surface.

—From *Interplanetary Propulsion Using Inertial Fusion* by Charles D. Orth et al., Livermore (UCRL-95275) (1987).

The following report reviews the current and future prospects of space transport with particular emphasis on achieving a permanent, significantly self-sustaining colony on Mars by approximately 2027 A.D. through both a technologically and economically feasible crash program. To establish a colony on Mars during the next four decades will require trillions of 1987 dollars. Therefore, to be economically practical, the permanent Mars colony must not only have a high pay-back following completion, but the scientific and technological spin-offs generated during its construction must produce a net operating benefit for terrestrial economies. This requires that the specific future and existing technologies, such as controlled thermonuclear fusion, utilized for the crash Mars program not only prove feasible, but are most efficient in producing productivity increases in the civilian economy.

Effective space transport in general requires extremely high units of power, efficiently delivered at high fluxes and energy densities over a wide range of values of the total energy spectrum. Happily, these same general features also characterize the general trends of advance for tools and machines most emphatically seen since the 16th century.

Existing power plant units, weighing tens of thousands

of tons, deliver on the order of 1 gigawatt of electric power with operational efficiencies of about 30%—i.e., about 70% of the throughput of the energy potential of the fuel must be removed from the power plant as waste heat. Rockets for Earth to Mars transport will require power units delivering a trillion watts of thrust at 99% operational efficiencies—i.e., the ratio of the waste heat that is absorbed by the rocket, and must be rejected, to the thrust energy must be on the order of 1 to 99.

The rocket engine achieving this level of performance would have a mass on the order of a few hundred tons; in other words, a 1,000-fold increase in gross output, a 50-fold increase in net operating efficiency, and 100,000-fold increase in overall operating power density—the power to mass ratio. The fuel utilized must be thousands of times cheaper and have thousands of times greater energy potentials per unit mass.

Obviously, the technology of the rocket engine attaining this level of performance would also make possible much more versatile, powerful, and economical terrestrial power plants. This generally means that development of such rocket engines will have to be based on advanced thermonuclear fusion energy technology.

Today, fusion energy research has been held back due to lack of funding. The Mars colonization effort will necessitate putting the fusion program back on track and gearing it up to achieve more advanced systems than those currently contemplated for terrestrial power plants.

General requirements

A key element in determining the technical performance requirements of interplanetary rockets for large-scale colo-

nization of Mars is the fact that human physiology demands that prolonged zero-gravity environments be avoided. It would, therefore, in general be required that rockets for human transport achieve high, constant accelerations approaching about 1 g—10 meters per second squared—about the same as that produced by the Earth's gravity at its surface. Interestingly enough, in terms of technical feasibility, a rocket was designed in the 1960s using existing, off-the-shelf technology which could achieve this constant acceleration and deliver upwards of several hundreds of thousands of tons payload. But this super-supertanker-scale spaceship would require using up the entire Soviet inventory of nuclear weapons for a single, one-way trip to Mars. This single, one-way trip in rocket fuel costs would consume on the order of 5% of the existing U.S. annual national economic output, and is therefore unacceptable.

To be fair, this gargantuan hydrogen bomb-powered rocket design put together in 1968 by Freeman Dyson, a scientist who worked in the U.S. pulsed nuclear rocket Orion Project (see Figure 1), was actually aimed at interstellar transport taking several decades of flight time. Its scale was not only a product of the technical requirements of high-performance hydrogen bomb-powered flight, but the design indicates one of the most feasible directions for attaining 1 g acceleration reaction rockets for Mars colonization within the coming decades: inertial confinement fusion (ICF).

In this case, micro fusion explosions, with millions of times lower yield than hydrogen bombs, could be set off by lasers and propel a much smaller and exceedingly more economical spaceship. Rocket fuel costs would be reduced several thousandfold.

In general the technical feasibility of acceptable transport to Mars depends on the three following areas of the existing frontier science and technology:

1) Plasma hydroelectrodynamics. This includes the production of dense ICF and magnetic fusion energy producing plasmas; ultra-strong, ultra-high energy flux hydromagnetic plasma configurations; multicomponent plasmas for maintaining and producing high-energy relativistic particle beams and energy storage systems; and high energy flux plasma environments for more efficient processing and fabrication of superalloys and advanced materials generally.

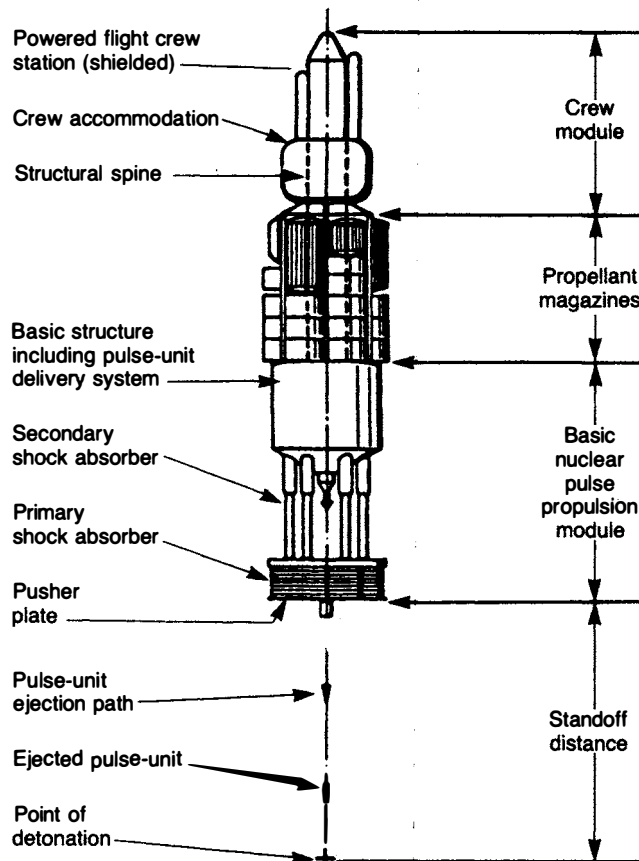
2) Coherent electromagnetic radiation. This includes pulsed, ultra-high-power lasers for ICF and continuous high output lasers for chemical and machine-tool-like processing of materials.

3) Advanced computing and control. Revolutionary in-progress developments here include: dedicated-application, "parallel processing" modules capable of terabit per second processing speeds; real-time control systems; optical analog devices for generating so-called non-linear solutions explicitly, holographically, by simulating constructive-geometric generations of Riemann surfaces and kindred functions. The development of optical/analog/digital hybrids with massive "parallel processing" capabilities, follows. These types of

devices are necessary for many applications already practicable as soon as such devices are available, and will be indispensable for instrumentation and diagnostics of controlled processes operating at ultra-high energy flux densities and ultra-short pulse increments.

Before proceeding to a more detailed technical review of these frontier areas and their existing and prospective future applications to Mars colonization, this report will outline the

FIGURE 1
Schematic of Orion vehicle



The above is a schematic of the declassified version of the Orion rocket developed under NASA contract NAS8-11053. Because of top secrecy, only a scaled-down version of Orion was made public. As Drs. A.R. Martin and A. Bond note in their 1979 Journal of the British Interplanetary Society review of Nuclear Pulse Propulsion: "We may therefore conclude that this vehicle represents the lower end of the spectrum in both scale and performance for external nuclear pulse rockets and that far superior results could be achieved." The scaled down module was 10 meters in diameter, 21 meters long, and designed to be compatible with the two stage variant of Saturn V, which at that time was envisaged as the main workhorse through the 1970s and into the 1980s. The basic propulsion module mass was about 91 tons, but at the time of orbital ignition, the stage would have a total mass of up to 1,143 tons for missions to Mars, including a 20 man crew and 150 tons of payload.

design and functioning of a recent ICF rocket design, raising important technical and scientific issues in this context, and then proceed to a brief history and review of nuclear pulsed rockets.

A laser fusion rocket for interplanetary propulsion

Before discussing the details of the Interplanetary Laser Fusion Rocket design, which was developed at Lawrence Livermore National Laboratory and presented by Roderick A. Hyde (leader of the Special Studies Group at Livermore that worked on it) to the 34th International Astronautical Federation held in October 1983, let us examine it *in operation*, in terms of a family moving to Mars in 2025.

Several weeks before leaving for Mars the family would pack up their furniture and belongings and send them on ahead. These would be taken on a robot-piloted Livermore rocket flight to Mars. The robot flights take 22.2 days to travel the 100 million kilometers (60 million miles) to Mars. This is a little more than twice the time it takes for passenger flights—9.4 days. But this longer travel time permits the ship to carry a 1,500-ton payload—30 times greater than the 50-ton payload of the 9.4-day passenger mode.

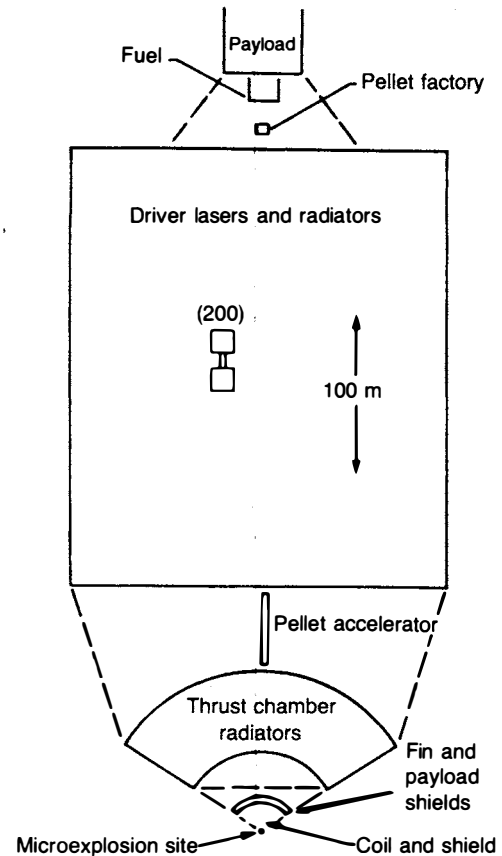
On the day that the family is to leave for Mars, they go out to the municipal airport and board a transatmospheric aerospace plane. These supersonic aircraft are currently under development and are projected to become operational before the year 2000. Their primary function is that of rapid air transportation around the world. (As President Reagan's science adviser, Dr. George "Jay" Keyworth, noted when he announced the national program to develop such supersonic aircraft in 1985, these transatmospheric vehicles will be capable of achieving 6 to 10 times the speed of sound and will therefore be able to go from New York to Tokyo in less than two hours by the 1990s.)

Slightly modified versions of the transatmospheric aerospace plane can and will be utilized as the follow-on to the Space Shuttle for the delivery of material to near Earth orbit. While the Livermore rocket carries a passenger load the same size as that of a contemporary jumbo jet, the accommodations are actually more like that of an ocean liner. This is because, weight, not volume is the only impediment to travel in space. The rocket passenger quarters can be quite large. In our case, the plane would rendezvous with the Livermore rocket in Earth orbit. This transfer takes less than two hours. Shortly thereafter, the rocket engages its engine and the trip begins.

The Livermore/Hyde rocket design utilizes a viable acceleration in order to achieve the most efficient trajectories. More advanced versions could achieve the more physiologically advantageous constant, near 1 g acceleration. At first, the acceleration of the ship is quite substantial—which is also the case at the end of the trip—almost one-tenth that experienced on Earth. At the midway point to Mars, the ship attains a maximum velocity of 165 kilometers per second—roughly 360,000 miles per hour. The ship then turns around

FIGURE 2

Vehicle layout of 1983 Hyde laser fusion rocket



and begins to use its engine to decelerate into an orbit around Mars. When Mars is reached after nine-and-a-half days, a transatmospheric plane makes a rendezvous in orbit with the rocket and transfers the passengers to a local Martian municipal airport.

Within a few days the family has fully recovered from the trip and begins life on Mars.

The Livermore rocket

Figure 2 and Table 1 show a crude cross section of the Livermore rocket design. The payload is carried at the front of the ship (top of diagram) and is connected to the rocket engine by a 20-ton truss. The payload compartment contains a small megawatt fission electric power reactor to meet housekeeping requirements. Between the two is a small, automated factory for making the small hydrogen fuel pellets—weighing less than a few ounces apiece. These are consumed by the engine at a rate of 100 pellets per second. The primary fusion fuel is deuterium, which currently costs less than 20¢ a milligram and is readily obtained from seawater. Fifteen milligrams of deuterium are burned in each

TABLE 1

Fusion rocket compartments

	Tons
Laser compartment	
200 KrF lasers.....	110
Heat rejection radiators.....	92
Optics, structure.....	18
Energy handling.....	42
Subtotal	262
Thrust chamber	
Coil, shield, li-blanket.....	126
Heat rejection.....	40
Subtotal	166
Payload and fuel compartments (empty)	
Payload shield.....	17
Fuel tank.....	16
Housekeeping reactor.....	5
Support truss.....	20
Subtotal	58
TOTAL	486

pellet at a cost of \$3 per pellet. The benign deuterium fusion fuel is carried next to the payload compartment. In fact, in the fast passenger mode, most of the large 1,500-ton cargo space would be taken up by deuterium fuel tanks and the cheap ballast material added to the fusion pellet to increase the exhaust mass of the rocket.

The rocket engine compartment begins with a 100-meter-long section containing 200 Krypton Fluoride (KrF) excimer laser modules. The lasers are spaced out over such a large area in order to enhance their radiant heat dissipation.

Heat dissipation is one of, if not the major problems of the design of a rocket engine. Not only must the rocket engine develop huge power thrust outputs with a small engine mass, but it must also do this at a high efficiency. If not, heat will build up in the rocket and cause it to melt.

Since there is no ambient material like air or water into which to dump waste heat in space, all of the waste heat must be radiated away. Effective radiation cooling calls for large surface areas, and high operating temperatures are required. If the rocket engine does develop significant amounts of waste heat, then a vicious circle develops. More mass is required in the form of heat radiators. This requires more engine power to propel the ship. The KrF laser was chosen as the "driver" for inertial confinement pellet fusion, because of its high output-to-weight potential and its high operating temperature which permits effective radiant cooling of its components.

Many of these characteristics needed for high-thrust rockets differ substantially from what is required for terrestrial

TABLE 2

Rocket versus power plant requirements

	Rocket	Power plant
Power to mass ratio	High	Low
Total mass	Low	High
Waste heat	Low	High
Radiation containment	Low	High
Output entropy	High	Low
Neutron output	Low	High
Driver efficiency	Highest	High
Volume to mass ratio	High	Low
Surface to volume ratio	High	Low
Rep rate	Highest	High

electric power plants. For example, it would be difficult to efficiently utilize a trillion watt output power plant today, except in locations of extremely high population density, such as Western Europe, Japan, or the eastern United States.

Terrestrial power plants can have large masses, low power-to-mass ratios, etc., while high-thrust rockets have the opposite requirements (see Table 2). For example, terrestrial power plants can utilize co-generation, where the "waste" heat is actually utilized to run some industrial and/or agricultural process. But, given the requirements of high-thrust space flight, fusion rocket R&D will lead to higher power density, more efficient terrestrial power plants at a rate faster than would otherwise be the case. Recent developments in high-temperature superconductors will provide the technology for efficiently transmitting large power outputs over great distances.

Each of the 200 KrF laser modules fires a 2-million-joule laser pulse once every 2 seconds. This results in 100 pulses a second, each capable of igniting one fusion pellet. The total weight of the laser modules, their radiators, optics, energy handling, and structural components is 262 tons.

Since 1983, the KrF laser has progressed far more rapidly than expected. This is primarily due to the SDI missile defense program. The technology already exists to build megajoule KrF lasers; techniques of pulse compression, such as beam stacking and multiplexing¹ and nonlinear Raman pulse compression² (which are needed to achieve the high power densities required for ignition of inertial confinement thermonuclear fusion) have been demonstrated in principle. In fact even the projected laser operating efficiencies have been almost doubled beyond the 6% assumed by the Livermore design to almost 11%. This would substantially reduce the required laser mass.

The thrust chamber

The final compartment of the rocket is the thrust chamber

which has a total mass of 166 tons. It is the business end of the rocket and is best described operationally. The following sequence of events occur 100 times per second.

First a deuterium fueled pellet weighing a few tens of grams is accelerated by a magnetic gun to a speed of 2 kilometers per second. (Ten-kilometer speeds have already been attained in such guns, which are currently being utilized to fuel fusion experiments.) The pellet proceeds through the thrust chamber radiators, which dissipate waste heat, through the fin and payload shields and the single-turn, 13-meter-diameter superconducting magnet coil and its shield.

Upon arriving at the appropriate point, the interactive optics,³ like those currently being utilized in laser-target tracking and pointing experiments, direct a 2-million-joule, 200-trillion-watt peak-power KrF laser-pulse onto the pellet. This intense pulse ablates the surface of the pellet and causes the fuel containing interior to be shock compressed to super densities and temperatures like those found in the centers of stars. At the kilogram per cubic centimeter and 100 million degree Celsius temperatures thus generated, most of the fuel undergoes nuclear fusion within a few billionths of a second.

This produces about 2,000 megajoules of fusion energy—a gain of 1,000 over that of the input laser energy. Of this fusion energy output, 1,280 megajoules is contained in the plasma debris of the pellet. This plasma pellet debris will generate the thrust to propel the rocket. Most of the 380 megajoules of neutrons and 330 megajoules of output in the form of x-rays generated is lost to space. Since the plasma debris will be directed away from the ship, the waste heat contained by it—all of the energy not going into a directed thrust—will simply be left behind and not affect or heat the ship in any way.

Magnetic nozzle

This is the key to the effectiveness of laser pellet fusion for powering rockets. Only a small percentage of the total fusion energy output, other than the directed thrust, intercepts the ship. The magnetic field interacts with the spherically expanding thermonuclear plasma to generate an asymmetrical jet. It is this "jet" which produces the rocket thrust. Waste heat and entropy are thrown out the rear end with the pellet debris in the plasma jet. Of the total fusion power output of 200 gigawatts (produced by one hundred 2,000-megajoule pellets per second), only 4.2 gigawatts ends up as waste heat—about a 98% effective operating efficiency. Still, 40 tons of the 166 tons of the thrust chamber mass are taken up by heat rejection radiators.

The superconducting magnetic coil provides the means of redirecting most of the pellet plasma debris out of the rear of the rocket and magnetically transferring the resulting thrust to the material rocket structure. The 13-meter diameter coil carries a current of 22 million amperes. This produces a magnetic field with a stored energy five times greater than that of the 1,280-mega-joule pellet debris plasma. The coil is made with a vanadium-gallium superconductor which oper-

ates at a temperature of 4.8° and a peak field of 158,000 gauss.

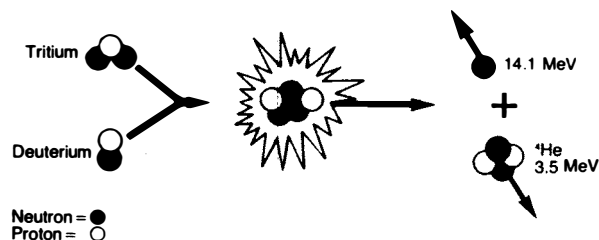
As the plasma pellet debris rapidly expands, it encounters the coil magnetic field. The dense plasma cannot penetrate the magnetic field, and thus compresses it. Given the greater stored energy of the magnetic field, the plasma is stopped before reaching the coil and redirected away from the rocket.

What is nuclear fusion?

The currently most likely form of nuclear fusion applicable to high-thrust rocket operation is inertial confinement fusion. This is the type of fusion already utilized in large, fission explosive-driven hydrogen bombs. Laboratory and power plant inertial confinement fusion (ICF) can also be achieved through substituting intense laser or particle beams as the driver. In this case, the energy is released as a microexplosion, as in a large internal combustion engine, with a total energy release millions of times less than the fission bomb-driven hydrogen bomb.

A second general approach is magnetic fusion, which would involve more continuous energy outputs and indirect rocket propulsion systems in which the fusion energy is converted into thrust through some intermediate process, such as particle beam or plasmoid accelerators. Powering electromagnetic rail-guns with magnetic fusion reactors is another possibility. The rail-gun output would produce the rocket thrust in this case. And while ICF is

FIGURE B1
The fusion process



Fusion is produced when the nuclei of elements fuse together, either under high pressure and density or confined by magnetic fields. The fusion fuel is a very hot, ionized gas (a plasma), and can be isotopes of hydrogen, helium, or potentially even heavier elements. Energy is produced as either fast-moving neutrons or as electrons and positively charged particles.

In this way, the momentum of the plasma debris is transferred to the rocket through the compressed magnetic field. The plasma thrust is shaped into a jet in the process. Thus, the coil also acts as a magnetic "nozzle" to increase the efficiency of converting plasma energy into thrust. The single-coil design achieves a nozzle efficiency of 65%—that is, 65% of the plasma momentum is transformed into thrust momentum.

(A small fraction of the plasma does escape toward the ship. This small, inward jet is directed away from the ship by a small magnet deflection coil.)

Rocket fuel

The Livermore rocket utilizes fusion pellets which contain some tritium fuel to spark deuterium fusion. The deuter-

technically more advanced today for application to high-thrust rockets, the possibilities of magnetic fusion-powered rockets should not be ignored.

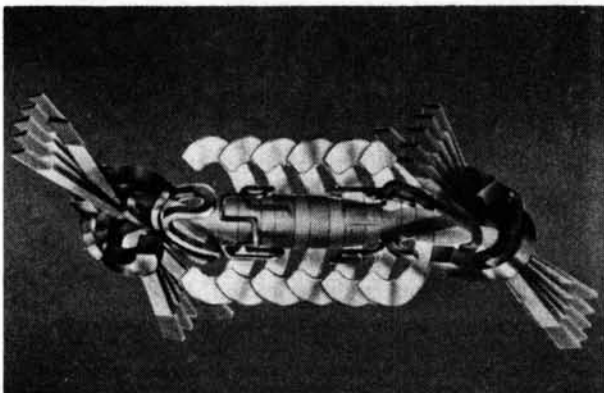
The laboratory ICF uses both the general approach of the hydrogen bomb design and a more direct approach. In the direct approach the intense laser or particle beams are symmetrically directed onto the surface of a small sphere of fusion fuel. These intense beams burn off a surface layer of the fuel pellet and further heat it. This ablation corona then acts like the exhaust of a rocket and implodes the remaining fuel to high densities and temperatures needed for igniting nuclear fusion. This, of course, would only occur if the beam deposition is highly symmetric since any deposition asymmetry leads to either an aspherical, incomplete compression of the remaining fuel pellet, or an entirely flawed action with no compression at all. This symmetric deposition is extremely difficult to achieve.

The hydrogen-bomb-based hohlraum design appears to be much more easily attained. In this case, the laser and/or particle beam energy is first transformed into x-rays and trapped in a cavity—the hohlraum. This trans-

forming and trapping process "naturally" leads to a very symmetric distribution of the radiant energy in the form of x-rays. A fusion pellet within the cavity is then driven by this trapped radiation to the high densities and temperatures needed for igniting thermonuclear fusion reactions.

In both cases, the driving radiation produces a rocket action. Both the energy gain and velocity multiplication modes of rocket drive can be found in ICF pellet designs. For example, in general, the objective in ICF is to efficiently obtain high compressions of the fusion fuel. This high density produces high $\rho \cdot r$'s and high burnups leading to high gains. ($\rho \cdot r$ is the product of the compressed fusion fuel pellet density and its radius. For ICF, $\rho \cdot r$ is the same as the Lawson density-confinement time product. Gain is the ratio of the fusion energy output to the laser energy input.) This efficient compression is obtained by utilizing the energy gain rocket mode. The laser energy must be efficiently absorbed by the surface layer of the fusion pellet at a rate which matches the exhaust velocity of the ablation corona to the velocity of implosion of the pellet surface.

FIGURE B2



One of the many fusion reactor designs under development is the Tandem Mirror. The fuel undergoing fusion is contained in the cylindrical section in the center while magnets at either end of the cylinder keep the plasma from leaking out. This particular design may be appropriate for a fusion propulsion system, because one of the ends could be left open to let the exhaust particles out.

FIGURE B3

A first-generation fusion propulsion design

Fuel	D-Helium-3
Power	1,000 MW of fusion energy
Weight of Reactor	500 tons
Acceleration	.01 Earth gravity
Trip time to Mars	80 days

The first-generation propulsion system proposed would produce 1,000 megawatts of fusion energy using deuterium and helium-3. About half of the weight of the power plant to produce the energy, as now envisioned, would be the huge magnets. With this kind of propulsion system, the spaceship could accelerate at between one-hundredth and one-thousandth Earth's gravity, and reach Mars in about two-and-one-half months. More advanced designs should take us to Mars in less than two days, while providing an artificial gravity from the constant acceleration. This would avoid the negative effects of zero gravity and the radiation hazards of a long flight.

ium-tritium fusion reaction ignites at temperatures 10 times lower than the deuterium-deuterium reaction. For Mars trips, the rocket will burn hundreds of tons of deuterium and only about 10 kilograms of tritium. (Deuterium and tritium are the heavy isotopes of hydrogen.)

The conservative nature of the Livermore rocket design can be seen by the fact that it incorporates, at a large heat and weight penalty, tritium production. Ordinarily, it would be expected that terrestrial fusion reactors based on D-T would breed tons of tritium and could be readily expected to supply the kilogram requirements. But in his 1983 paper on the Livermore rocket design, Dr. Roderick Hyde notes: "One might assume that tritium will be acquired from terrestrial Inertial Confinement Fusion reactors. However, this delays the advent of rockets relative to initial Inertial Confinement Fusion success by a time-scale characteristic of the utility industry rather than that of aerospace. The Inertial Fusion Rocket discussed here will be designed to produce its own tritium; this will be seen to have important implications concerning vehicle heating."

This decision to intercept fusion neutrons with a lithium-tritium breeding blanket surrounding the magnet coil costs about 100 tons of mass—an almost 25% increase in rocket weight and a 20% decrease in power-to-mass capability. The fusion neutrons impinge on the blanket surrounding the magnetic coil and react with lithium to produce tritium. This is then captured and added to the fusion pellets.

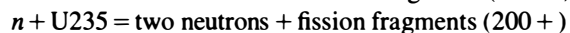
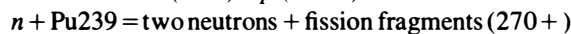
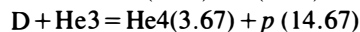
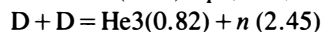
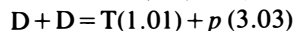
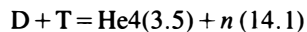
Thus, the Hyde design is quite conservative. With a more optimal energy profile, it should be possible to significantly enhance the thrust characteristics of the Hyde rocket. Making use of more innovative concepts, in addition, could increase the overall thrust performance by an order of magnitude, as discussed in Part II of this report.

Power supply

The electrical power needed to run the lasers—about 3.3 gigawatts—is readily extracted from the expanding pellet plasma debris. Since the plasma is changing the flux of the magnetic coil, a few small induction coils placed between the ship and the main magnetic coil can readily pick up the

Nuclear reactions for rockets

The following are some nuclear reactions of interest for space rockets:



Here, the numbers in parentheses are the product energies in millions of electron volts (MeV). One electron volt equals 1.6^{-19} joules. Deuterium is the heavy isotope of hydrogen, whose nucleus contains one neutron and one proton and is indicated by D. Tritium, T, is the heaviest hydrogen isotope with a nucleus containing two neutrons and one proton. The heavy isotope of helium is He4 with a nucleus containing 2 neutrons and 2 protons. A free neutron is represented by n , a free proton by p . The light isotope of helium is He3 whose nucleus contains one neutron and two protons. The fissile isotope of plutonium is Pu239. The fissile isotope of uranium is U235 which has 92 protons and 143 neutrons in its nucleus.

From these, there are three possible fusion fuels: DD, DT, and DHe3. The DT reaction ignites at the lowest temperature, and maintains the largest burn rate at all reasonable temperatures. Unfortunately, most of the en-

ergy is carried off by an energetic neutron.

The two DD reactions burn at similar rates to each other, but their sum is worse in ignition temperature and maximum burn rate than DT. While direct DD burn releases relatively little energy, it produces T and He3 which promptly burn with another D. It can be calculated that, in this case of simple reaction kinetics, the DD is more efficient than DT at energy generation per unit weight. More specifically, DD produces 1.024 times more energy than the DT per kilogram. The net result in energy per mass is essentially the same for all three fuels.

The DHe3 reaction burns roughly as well as DD; it's harder to ignite but burns faster once lit; both fuels are worse than DT. All the energy from DHe3 is in the form of charged particles, and is thus potentially useful. Of the three constituents, only D is reasonably inexpensive. It has a cost of about \$0.20/gm. By contrast, the cost of T is about \$7,000/gm. The standard source of He3 is currently the decay of T, leading to the same price, although this might be lowered if usefully large lodes of He4 with above natural He3 fractions could be mined. Plutonium costs upwards of \$50/gm., while pure U235 costs several thousand dollars/gm. (It should be noted that hybrid fusion-fission power plants, in which fusion neutrons are utilized to breed fissile fuel—Pu239 from U238, U233 from thorium-232—in blankets surrounding the fusion plasma, will be the first types of thermonuclear reactors to be brought into operation. This hybrid technology should substantially decrease the cost of fissile fuels in general, well below the current cost levels quoted.)

required power. A short-term energy storage system is incorporated into the ship to provide the engine startup and a backup in the case of extended misfires.

The VIP and cargo modes

The 500-ton rocket could operate in one of two modes. The first would consist of a fast trip VIP mode delivering 50-ton payloads. The second would consist of a cargo mode delivering 1,500-ton payloads. The overall ship mass would be about 2,600 tons. In the VIP mode, most of the 2,000-ton mass would be for deuterium fuel. In the cargo mode, only about 650 tons of fuel would be utilized at most (Table 3 and Table 4).

In terms of mission performance the rocket design was subjected to three levels of analysis of increasing sophistication. The first utilized the classical power-limited model, in which gravity and exhaust velocity limits are neglected. This case is easy to solve and gives an indication of the proper mission operating parameters. The next level of analysis

takes into account the limits and tradeoffs of acceleration of exhaust velocity.

While a large exhaust velocity will eventually achieve a high velocity, faster rates of acceleration are attained by degrading the potential fusion pellet exhaust velocity of tens of thousands of kilometers per second, to levels of a few hundred kilometers per second and less. This is readily achieved with the Livermore rocket by simply adding mass to the laser fusion pellets. The pellets actually have masses up to several hundred grams. The extra mass lowers the temperature of the pellet plasma produced after the fusion microexplosion. And this reduces the pellet-debris exhaust velocity.

The results of the second level of analysis were utilized as the baseline inputs for complex computer codes. The world's most powerful computers were then used to do a full study of mission profiles, including the full effects of gravitation and planetary orbits, and requirements and optimum operating parameters derived therefrom for the third and final level of analysis.

The potential energy content per kilogram of fuel is an important parameter determining its potential performance as a rocket fuel. Chemical reactions, in general, have specific energies ranging from a few million to a few tens of millions of joules per kilogram of fuel. Nuclear fuel specific energies are 10 million times greater, ranging from several tens of trillions to hundreds of trillions of joules per kilogram of fuel.

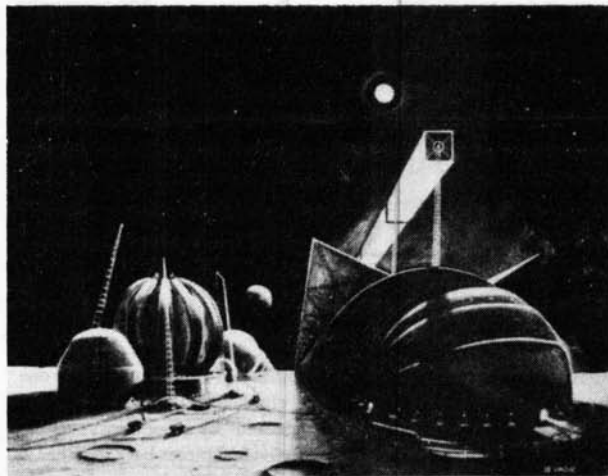
The velocity of the reaction products can be directly derived from their particle energies. The maximum reaction product velocity determines the maximum exhaust velocity that can be directly generated by a particular reaction—chemical or nuclear. The reaction product velocity is given by:

$$v = 9,790 \times \sqrt{E/A}$$

where v is the reaction product velocity in meters per second; E is the particle energy in electron volts; and A is the atomic weight of the reaction product. Chemical reaction products have energies of a few electron volts. This gives a reaction product velocity of about 540 meters per second when the product is a one electron volt water molecule. The proton generated in the D-He3 reaction has a velocity of about 35 million meters per second.

Nuclear fuels have exhaust velocities far in excess of what is generally needed for trips within the Solar System. For example, 1 g constant acceleration trips to Mars require maximum rocketship velocities in the range of hundreds of kilometers per second, while the nuclear fuel reaction products have the potential of reaching tens of thousands of kilometers per second.

FIGURE B4



Scientists at the University of Wisconsin have proposed using a fusion reaction of the hydrogen isotope deuterium combined with helium-3, a rare isotope of helium. Helium-3 is not found on Earth because Earth's atmosphere does not let the helium-3 from the solar wind reach the ground, but it is abundant on and near the surface of the Moon. This painting shows unmanned rovers, which are utilized to extract helium-3 from Moon soil, returning to base. The helium-3 is extracted in an on-board furnace, which heats the lunar soil to 600° C. The extracted helium-3 is then stored in tanks on the side, while the mined lunar soil is ejected. The helium-3 will be used as fuel to power fusion reactors to provide energy for spacecraft propulsion and industry on the Moon, as well as to meet the energy needs on Earth.

TABLE 3
Rocket missions

	Mars	Jupiter	Pluto
VIP trips (50-ton payload)			
Distance (100,000,000 km)	8	7.8	59.25
Trip time in days	9.4	39.8	153.9
Maximum velocity (km/sec)	165	339	667
Maximum acceleration (cm/sec ²)	81.1	39.5	20.1
Cargo Trips (1,500 ton payload)			
Distance	8	7.8	59.25
Trip time in days	22.2	93.6	363
Maximum velocity	70	144	284
Maximum acceleration	14.7	7.14	3.63

TABLE 4
Fusion pellet energy spectrum

Laser ("driver") energy	.2 megajoules
Laser peak power	200 terrawatts
Burned pellet plasma	1,280 megajoules
X-rays	330 megajoules
Gamma rays	.39 micromoles (about 10 megajoules)
Neutrons	380 megajoules (about 1.3 millimoles)
Deuterium burned	.15 milligrams
Tritium burned	0.1 milligrams

Notes

1) Beam stacking and multiplexing are utilized in combination with one another. A single laser pulse can be optically broken into several "pieces"—"multiplexed. These pieces can then be "stacked" by using mirrors whose physical separation is spaced to bring the individual pieces back together to form a single, more powerful pulse. The increase in the pulse energy density is simply given by the number of pieces into which the original pulse was broken up.

2) Nonlinear Raman pulse compression is a technique in which a laser pulse passes through a gas and as a result of an induced nonlinear change in the optical properties of the gas, the laser pulse is compressed to a much higher energy density. Usually, a second, lower-power laser pulse is used to induce the nonlinear change in the gas's optical properties. All of these technologies are being rapidly developed as part of the Strategic Defense Initiative missile defense program.

3) Interactive optics consist of reflecting surfaces whose optical properties change according to the nature of the incident light pulse—a sort of "rubber" mirror. As a result, interactive optics permits one to take out the "distortions" introduced into a laser pulse, such as the distortions produced while transiting the atmosphere.

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Power blackouts loom in New England

by Marjorie Mazel Hecht

When the lights go out in New England, Massachusetts Gov. Michael Dukakis can take full credit. The governor launched his 1988 presidential campaign boasting that he had presided over unprecedented growth in his state and ranting against nuclear power—which supplies 30% of the region's electricity—as unsafe. The problem is, that electricity from nuclear power is what helped make the economic growth possible, and that even given moderate growth rates in electricity demand, New England is going to run out of electric power in the near future. In fact, the predicted gap between demand and supply is so great, that even if the stalled Seabrook nuclear station in New Hampshire comes online immediately, there will still be an electricity shortfall.

Seabrook is a 1,150-megawatt nuclear plant located on the coast near the Massachusetts border and owned by a consortium of 12 nuclear utilities in New England. The largest share, 35.6%, is held by Public Service Company of New Hampshire, which has just announced a restructuring similar to a Chapter 11 bankruptcy. The plant has been ready to go online since summer 1986, but was stalled by Dukakis, who refused to process the emergency evacuation plan prepared by his own Civil Defense Department last September. The emergency plan is required by the Nuclear Regulatory Commission (NRC) for a 10-mile radius around the plant.

Dukakis's anti-nuclear maneuver, calculated to win him support for his campaign from solar-granola liberals nationally, is costing the Seabrook owners \$50 million per month—of which \$40 million is interest. The reason the utility is in financial trouble has nothing to do with the nuclear reactor per se; it simply reflects the success the anti-nuclear movement has had in its attempts to put the nuclear industry out of business. The total bill for Seabrook came to \$4.5 billion, of which \$3.6 billion is due to delays related to environmentalist challenges and regulatory changes.

The hard facts about New England's power supply shortfall have been put forward by three independent studies in the past two years. The Rudden Report, commissioned by the New England Governors' Conference and issued in June 1986, demonstrated that electrical capacity could fall below the necessary 20% reserve margin (a safety margin for emergencies such as storm damage or equipment failure) this year,

if the Seabrook plant were not online. Rudden Associates, the consulting firm that prepared the report, assumed a growth rate of 4% in demand—which is conservative, considering the fact that electricity in the region in the previous five years rose 120% faster than the demand increase nationwide and averaged nearly 5% in 1986.

As predicted, the shortfall arrived this summer. After a few days of hot weather, on July 24, there was a 5% voltage reduction and in Connecticut and Maine, the utilities asked customers to unplug their air conditioners. This was the first time in 14 years that the utilities had to institute voltage reductions.

Dukakis and his anti-nukes look at the shortfall figures and blithely say that they'll just use the reserve capacity if things get tough. But in the face of a demand surge, that option won't work. And what about the next few years, if the demand for power continues to grow, as predicted, at close to 5%?

The Rudden report predicted that New England would need an additional 2,000-7,000 megawatts by the year 2001, noting that reducing demand through conservation would not be enough to meet the shortfall. This figure assumed that an additional 690 megawatts would be available by 1990, from a power sharing arrangement with Hydro-Quebec, but last month the Canadian government nixed the agreement because Hydro-Quebec had not consulted with other Canadian provinces about their possible needs for power. So far, the New England governors have not come up with a solution, except to suggest that the region's utilities could build 14 new gas turbine plants in a hurry—a suggestion the utilities have don't see as feasible.

Demise of the nuclear industry?

Keeping the Seabrook plant out of operation could spell the demise of the nuclear industry nationally and a huge loss to the financial community, according to a recent analysis by Prudential-Bache.

Dukakis's fellow-traveler, Rep. Edward Markey, apparently invigorated by this prospect, added a rider to a congressional appropriations bill that would deny funds to the NRC to implement its proposed rule change that would allow the Seabrook plant (and the Shoreham plant in New York) to go to full power, as long as the utility had an acceptable emergency evacuation plan, even if the local government would not cooperate.

The NRC rules change, which would circumvent the Dukakis roadblock, was made public in the spring by the NRC. Public comment was invited, giving Dukakis and New York Gov. Mario Cuomo an opportunity to grandstand on the evils of nuclear technology. After the NRC staff reviews the comments, they will make recommendations to the NRC commissioners, who will then decide. Meanwhile, keeping Seabrook closed will continue to cost the utilities \$1.8 million a day.

Gorbachov's 'perestroika' as a plan for war

by Susan Welsh

Imagine for a moment that President Reagan were to fly in for a briefing from top rocket scientists at the White Sands missile-testing range, then announce to a national television audience that the United States was embarking upon a crash program of economic, scientific, and industrial mobilization, as prescribed by studies prepared by the Los Alamos and Livermore National Laboratories. Imagine that this mobilization were to scrap the zero-growth assumptions of the Gramm-Rudman bill, and to place the highest priority on the space program and the Strategic Defense Initiative, and on cranking up the industrial capacity which could allow such a build-up, without reliance on foreign imports.

Improbable? Yet this would be exactly the American counterpart of the great "restructuring" (*perestroika*) that General Secretary Mikhail Gorbachov has launched in the Soviet Union.

The very Western media and "authoritative opinion" which have hailed *perestroika* as heralding a "capitalist restoration" in the U.S.S.R., and Gorbachov's *glasnost* ("openness") as signifying the introduction of democracy, are the same which insist that the kind of military-industrial build-up we have described is impossible—even undesirable—in the United States. Under the sway of these "expert" advisers, President Reagan has been led to the tragically mistaken belief that a summit meeting with Gorbachov, leading to signing of the "zero-option" arms-control treaty, would deliver him from the persecution of the Irangate investigators, insure his presidency a lasting place in history, and guarantee the defeat of the Democrats in 1988.

And so the drumbeat for a summit continues. As is always the case when imperial tyrants are appeased, every U.S. concession to Moscow elicits new Soviet appetites. The Reykjavik summit last fall foundered when Gorbachov insisted that an agreement to reduce missiles in Europe would have to be linked to dismantling the SDI. Since then, the Soviets seemed so anxious to achieve the "zero-option" agreement, that they dropped that linkage, and the deal moved ahead. The U.S. side has even agreed to a Soviet demand to destroy the missiles removed from Europe. And now, the Soviet delegation at the Geneva strategic arms talks has put



forward a "new proposal," calling for a 50% reduction in strategic missiles, coupled with a ban on testing of ballistic missile defense systems in space.

Uniquely among the U.S. media, *EIR* has long insisted that Gorbachov's economic mobilization and internal housecleaning had one purpose: the implementation of Marshal Nikolai Ogarkov's plan for war-economy mobilization. Ogarkov and other Soviet military writers correctly maintain, that a future war will not give the Soviet Union the "luxury" of the gradual military build-up which Stalin was able to achieve. In the age of thermonuclear weapons, the initial phases of war are decisive, and that economy which can sustain the initial shocks of World War III and survive, is the one which will win the war.

This notion, which derives rigorously from classical military theory, was thrown out the window in the United States, with the "cost-accounting" and "limited war" doctrines of Defense Secretary Robert S. McNamara in the 1960s. The very idea that World War III was possible, was rejected in the United States—but never in the Soviet Union, despite some contrary propaganda from Georgi Arbatov's disinformation channels. U.S. doctrine reached its most absurd point under Defense Secretary James Schlesinger, who argued ex-

PLICITLY that industrial potential was irrelevant to modern warfare.

Since Gorbachov's assumption of power, the Soviet High Command has moved ruthlessly toward achieving the goal outlined by Ogarkov, wiping out those vested interests of the Brezhnev era which could not take the pace. Just in the last weeks, the Politburo took new actions in this direction:

- On July 17, a resolution was adopted prioritizing research in high-energy physics, and committing national resources to achieve this goal;
- On July 24, Gorbachov chaired a meeting at the Central Committee, to launch a new program for modernizing the machine-building sector.

EIR will soon release a new Special Report on the Soviet *Global Showdown*, which will document, more exhaustively than anything we have hitherto produced, the full extent of the Soviet war mobilization. Even the retired military officers and intelligence professionals who participated in assembling the data for this report, were shocked to see the extent of Western vulnerability at this time. Take, for example, the simple fact that, during 1986, 91 of the 103 successful world rocket launches were Russian—and you get a sense of the dimensions of the problem.

Soviet economy restructured for Marshal Ogarkov's war build-up

by Rachel Douglas

Contrary to almost every other publication in the West, *EIR* has insisted, since the inception of Mikhail Gorbachov's *perestroika*, that this top-down reorganization of the Soviet economy was no "liberalizing" reform, but rather the implementation of Marshal Nikolai Ogarkov's plan for a war-economy build-up. Recent developments in the Soviet space program, including the laser tracking of an ICBM from the MIR space station, underline the rapid pace of military technology advance under the new regime.

The case is so compelling, that one Europe-based observer of Soviet affairs, exasperated at his colleagues' fawning over the wonders of so-called liberalization under Gorbachov, exclaimed, "It's not Gorbachov's *perestroika*, it's Ogarkov's *perestroika*! The entire restructuring program was engineered by Ogarkov. His first priority is not the arms arsenal and military power *per se*; the scientific-technological base takes precedence. . . . Those in the West relying on 'Soviet technological backwardness' will be disappointed, sooner rather than later. Ogarkov is a technological chauvinist. According to him, no technological dependence can be tolerated."

Marshal Kulikov, the commander of Warsaw Pact forces, offered his reading of the matter, in an interview to *Izvestia* on May 9, 1987: "*Perestroika* . . . has actually touched all areas of our life. It is going on in the Armed Forces, too. *For military people, perestroika is above all brought to life in new approaches to solving the tasks of strengthening the armed forces and raising their combat readiness.*" (Emphasis added.)

Directly confronted, even Soviet spokesmen abroad will not deny the essential nature of *perestroika*. At a forum in Mexico in June 1987, *EIR* submitted a written question to the speaker, Vladimir Davydov of the Soviet Academy of Sciences: "Marshal Ogarkov defines *perestroika* as a process to subject the civilian economy to a pace of technical advance, which gives it the capability for a lightning attack against the West. Are the *perestroikas* of Ogarkov and Gorbachov the same?" The audience of academics and government bureaucrats tittered when the question was read out, but Davydov

didn't smile. "I want to be a realist with you," he replied, "To a certain degree, *perestroika* is a defense measure. . . . We have external enemies."

A general staff for the economy

During a June 8-9, 1987 Central Committee conference on economic *perestroika*, Academician Oleg Bogomolov averred, that "there is one crucial question which I think we are avoiding somewhat coyly. This is the matter of the market under socialism, the regulated market of course. We talk about commodity-money relations and wholesale trade, but the word market is used mostly in a pejorative sense."

Seeing the reaction in the West three weeks later, when the June 25-26 plenary session of the Central Committee adopted "Basic Provisions for Radical Restructuring of Economic Management," we have to conclude, that Bogomolov was playing to the crowd abroad. Scores of pundits and policymakers agreed with the *New York Times*, that in Gorbachov's Russia, "The momentum is with the values of freedom, and against all forms of tyranny."

At that, the duty officer at General Lobov's putative directorate for strategic sneakiness no doubt chalked up another plus on the blackboard, chuckling the Russian equivalent of, "There's a sucker born every minute."

In reality, the increased freedom for private enterprise in agriculture and the service sector and the enhanced prerogatives for local management in industry, instituted by the 1986 Law on Individual Enterprise and the Law on State Enterprise that goes into effect on Jan. 1, 1988, have been designed to increase performance and efficiency throughout the economy, in the context of an upgrade of centrally directed crash programs in science and industry.

What this will mean, is the creation of a kind of general staff function in the economy, with greater flexibility for local units, but with such initiatives subject to the requirements of Ogarkov's top-down mobilization.

Back in 1985, *Izvestia*'s economics commentator Otto Latsis wrote on how the delegation of authority to plant managers, under *perestroika*, would affect central planning:

Is this system compatible with centralized, planned management? Yes, it is. And it is even more compatible than the present system. If we render unto the factory what is the factory's and render unto Gosplan what belongs to Gosplan, then centralized planning will not weaken, but grow more strong. . . . In our huge economy, much has to be decided right at the center. The BAM [Baikal-Amur Mainline, the second Transiberian Railway—ed.] couldn't be built by some cooperative. To master the oil and gas deposits of West Siberia without national decisions and resources is unthinkable. But it is in precisely those areas, that the deficit of coherent planning will be particularly felt. And the problems that have arisen here are from pseudo-centralism of the institutional sort and from a lack of centralism in planning. Nor can we do without centralized decisions in the allocation of expenditures for basic science and the determination of the strategy of scientific and technical progress.

The Central Committee resolution of June 26, 1987, "Basic Provisions for Radical Restructuring of Economic Management," mandated "a fundamental reorganization of the centralized management of the economy and raising of its qualitative level, concentration on the main processes determining the strategy, rates and ratios of development of the national economy as a whole. . . ." At the Central Committee conference of June 8-9, 1987, Central Committee Secretary Nikolai Slyunkov, the former chief of the State Planning Commission (Gosplan) who was subsequently elevated to full membership in the Politburo, spelled this concept out in more detail:

The main thing is to find an optimal correlation between centralized planning and the independence of enterprises. . . . From being a simple executor of plan targets handed down from above, which regulate its every step, the enterprise is transformed into an active player in planning. It is not the ministry that will determine and prescribe the entire production program as an injunction, but the enterprise itself. It will be guided by stable economic normatives, by state orders, and by control figures. . . . But there are no rights without obligations. An enterprise must not sponge off the state. It must also, from the earnings of its own activity, maintain not only itself, but the state. . . .

Above all, what is necessary is the radical restructuring of the activity of the ministries. So far, they are coping unsatisfactorily with the tasks of management, they carry out long-term planning badly, state budget resources are utilized inefficiently, as are the centralized funds for the creation of new capacities. . . . For the radical improvement of the activity of the ministries, it is proposed that they be relieved

of the function of operational management of enterprises, and that the erroneous practice of redistributing assets from highly efficient enterprises to inefficient and loss-making ones be terminated. *Ministries must in fact become the scientific-technical and planning and economic headquarters of sectors. . . .*

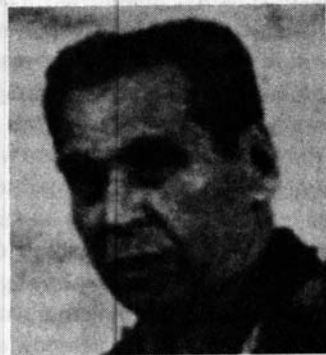
The sharp rise of the role and responsibility of enterprises in planning, creates real conditions for the U.S.S.R. Gosplan to really become the country's economic headquarters. [Emphasis added.]

This definition of a general staff function in the national economy, tells us how to investigate the Soviets' *perestroika*. We must start not with the interminable debates over the enterprise manager's balance of independence and accountability, but with Soviet military doctrine.

Soviet doctrine on the war-economy

In our 1985 report, *Global Showdown*, we reported that Soviet military strategy, extending back to Marshal V.D. Sokolovsky's 1962 book *Military Strategy*, prescribes that there can be no strategy for war without a strategy for a war economy. The emphasis on the economy and economic mo-

"The beginning and the course of World War II introduced further changes in the concept of mobilization, and to an even greater extent revealed the direct link which connected the mobilization and deployment of the armed forces with the transition of the entire economy to a war



footing and the reorganization of the political, social, scientific, and other institutions of the state. . . . The element of surprise played a definite role already in the Second World War. But today it has become a factor of utmost strategic significance. The question of the early and rapid transition of the armed forces and the entire national economy onto a war footing, as well as that of their mobilization on short notice, has become a considerably more urgent matter."

—Marshal Nikolai Ogarkov, in *Always Ready to Defend the Fatherland*, 1982

bilization capability was one of the foundations not only of Sokolovsky's work, but of Soviet strategy today, as expounded by Marshal Ogarkov.

In Ogarkov's most extensive public version of his war strategy, the 1982 pamphlet entitled *Vsegda v gotovnosti k zashchite Otechestva (Always Ready to Defend the Fatherland)*, he identified the following dilemma for the Soviet planners of offensive war in the modern period. In World War II, only a tiny fraction—as little as 10%—of all the economic resources expended in combat had been produced before the war started. The other 90% was produced by the monumental economic mobilization carried out *during the course of the war*.

But that was World War II. Today, argued Ogarkov, there will be no time to make up for what is lacking, for what is not already in place and deployable *before* the war ever breaks out. It is obvious, therefore, that the side which is capable of the maximum pre-war economic mobilization will have enormous advantages over its adversary. Yet, a maximum war mobilization—when “the entire country has been transformed into a single camp of war, where everything and everybody goes for victory”—is a state that cannot be maintained indefinitely. The dilemma is how to mobilize as much and as far as possible in peacetime, without over-extending the mobilization so as to undermine the very basis of the economy and society.

Ogarkov's approach to this problem, we showed, is based on the work of the founder of the modern Soviet doctrine of the war economy, Sokolovsky's collaborator A.N. Lagovsky. Then-General Major Ogarkov and then-Col. Semyon Kurkotkin, the future chief of rear services for the Soviet armed forces, were in the first two graduating classes to take Lagovsky's course at the General Staff Academy, in 1958 and 1959. The textbook they used was *Strategiya i ekonomika (Strategy and the Economy)*, written by Lagovsky and published in 1957, when he was appointed to the General Staff economy planning. The economic development of Siberia is planned for autonomy, just as High Command Far East is supposed to be able to function with a high degree of independence, if cut off from Moscow during a war.

Gorbachov met with scientists in Vladivostok, for discussion of mineral resource development.

In a televised TV address from Khabarovsk, an inland Far East city, Gorbachov warned party officials, that the drive for *perestroika* amounted to a revolution, in which interference would not be tolerated. He invoked the support of *perestroika* by ordinary citizens, against officials who give lip service to the new measures, but keep behaving as before. “They have dug themselves down in the trenches. We will leave them there and go forward,” he said, adding that factory managers who turn out shoddy products year after year should lose their jobs.

In June, Zaikov visited Irkutsk, the main town in the area

of Lake Baikal and a center of nonferrous metals production, power engineering, heavy machine-building, radio technology, and the paper industry, which is “assigned a big role in the present five year plan.” On a tour of scientific institutes Academy's new Department of War Economy.

Lagovsky's book discussed: 1) how the military high command (“strategy”) has to take control of the economy and economic planning, 2) what must be done in peacetime to prepare for war, 3) an array of measures to protect the Soviets' own economy, such as building strategic reserves, duplication of industries, construction of underground plants, etc., and 4) how the high command must thoroughly *map out the U.S. economy*, its weak and strong points, to determine which industries can be influenced (destroyed) in peacetime, which ones will be prime nuclear targets, and which ones should be saved for later use by victorious Soviet forces.

In the 1980s, Ogarkov was following these basic principles. In *Always Ready to Defend the Fatherland*:

As we know, it is inefficient to maintain armed forces in peacetime in the same fully deployed conditions as will be required in the event of war. Economically, no state can afford to do this, nor is there any particular need to do so. For this reason, in our country under conditions of peaceful construction . . . a certain portion of the armed forces are kept in a constant state of readiness, i.e., they have a full complement of personnel and military hardware, while the rest are ready for rapid mobilization. Hence, a high degree of combat-readiness of the troops is inconceivable without well-organized mobilization training, aimed at ensuring that they can be quickly converted from a peacetime to a war footing. . . . The task of constant readiness for immediate mobilization of the troops, and early transition of the armed forces and the entire national economy from a peacetime to a war footing, are of special and urgent importance to the state.

This passage continued, with the words quoted above, about how the ability to put the entire economy on a wartime footing on short notice “has become a considerably more urgent matter.” This, concluded Ogarkov, “dictate[s] the necessity of carrying out clear-cut, well-planned measures already in peacetime. . . . The full and qualitative fulfillment of all these measures will to a great extent determine the success of the organized entry of the armed forces into the war and the utter defeat of the aggressor.”

The science and technology conferences

We shall now see, how closely Gorbachov's economic measures fit the prescriptions of Ogarkov.

On Dec. 11, 1984, then-Central Committee Secretary Gorbachov—rather than General Secretary Konstantin Cher-

nenko—delivered the main speech at an “All-Union Scientific-Technical Conference on Implementing the Resolutions of the June 1983 Central Committee Plenum.” There, Gorbachov announced that the new Soviet goal was to “lead the world” in science, technology, and advanced industry, so as “to enter the next millennium fittingly, as a great and prosperous power.”

Six months later, already in power as general secretary, Gorbachov convened another such conference, on the theme of introducing scientific and technical progress into the Soviet economy. He announced that the draft Five Year Plan for 1986-90, just submitted by Gosplan, was inadequate and would be returned for improvement. In his keynote speech, Gorbachov put the urgency of modernizing and restructuring the economy in the context of the military-strategic situation:

What is at issue, is a new quality of our development, rapid progress in the strategically important directions, a restructuring of production, a transition to intensive methods and effective forms of management, and a more comprehensive solution to social problems. . . . The need to accelerate socioeconomic development is determined by our internal requirements. . . . At the same time, *the need to accelerate socioeconomic development stems from external circumstances*. We are forced to invest the necessary funds for the country's defense. [Emphasis added.]

Looking ahead to the next year's 27th Congress of the Communist Party of the Soviet Union, Gorbachov said that in the preparation of its programmatic documents, “it is important to realize that we cannot do without accelerating scientific and technological progress. Therefore, all of these documents . . . must contain new approaches to ensure a sharp turn toward the intensification of the economy.”

Also addressing this conference was L.A. Voronin, a Gosplan official with a background in the defense industry, whom Gorbachov would soon promote to be a deputy prime minister of the Soviet Union. He reported that the new Gosplan draft would devote “special attention . . . to the selection of those directions of scientific and technical progress, which give the greatest effect in the framework of the entire national economy. . . . In the long term, the increase in efficiency of production is connected with the creation and widespread utilization of fundamentally new technologies—laser, plasma, radiation, membrane, biotechnical and others.”

Another speaker was Abel Aganbegyan, director of the Institute of the Economics and Organization of Industrial Production—the institute at the Novosibirsk-based Siberian Division of the Academy, where in 1983, economists had circulated a controversial call for the overhaul of planning and the elimination of the middle layer of the bureaucracy. The significance of the prominence of the Siberian econo-

mists and scientists in the design of *perestroika*, is that Novosibirsk has been a command center for Soviet scientific programs, central to the defense build-up. State Committee for Science and Technology chairman G.A. Marchuk, former head of the Novosibirsk complex, took the floor to advocate “through-and-through planning, from the scientific research work to the broad-scale assimilation of advanced technology and serial production of new technology.” Vitali Vorotnikov, prime minister of the Russian Republic, hailed “the fruitful activity of the Siberian Division of the U.S.S.R. Academy of Sciences.” In order that the Soviet Union may occupy “the most forward scientific and technical positions in the world,” declared Vorotnikov, “fundamental shifts in the economy, on the basis of the modern achievements of science and technology, are an objective necessity.”

In the wake of these deliberations, the party and government on Aug. 5, 1985 promulgated a major resolution on economic *perestroika*. It gave the green light for the managers of enterprises in machine-building, consumer goods production, and services to assume broader decision-making powers. They acquired the right to allocate profits for the refurbishment and updating of equipment; by the end of the next five-year plan (1990), they would also be allowed to use their own funds to build workers' housing and ancillary buildings, at which time it would become more difficult to obtain money from the state for such projects. On the model of a pilot program run in five ministries, the heightened autonomy of the companies was linked to a demand that they show results in labor productivity and the level of technology. On this, financial rewards would now depend: a 5% bonus on the price of a product if it met certain standards, but a 5% cut if not.

In a related decision on July 17, the regime decreed pay bonuses of up to 50% for scientists, technicians, or engineers who make a significant contribution toward the modernization of industry. But this decree also empowered local enterprises, within limits, to raise or cut the salaries of the technical experts they employ, according to their productivity. From these measures, it was plain that *perestroika* was giving the managers the freedom to deliver—or else.

When Gorbachov returned from vacation in August 1985, he hurried to a meeting on the economy with government ministers and communist party Central Committee functionaries. For the second time in less than three months, Gorbachov threw the draft 12th Five Year Plan back onto the Gosplan drawing board for further work.

A new government

From the summer, into the fall of 1985, Gorbachov shook the Soviet bureaucracy to its roots. His shake-up of the managerial layers on top of the civilian economy assumed mammoth proportions, like nothing the Soviet Union had seen since the fall of Nikita Khrushchov. An old Soviet joke iden-

tified the hordes of functionaries of the economic bureaucracy as the most "awesome destructive force" ever produced by the U.S.S.R.; without exaggeration, we can say today, that it is the only one that Moscow is genuinely intending to disarm!

A Russian commentator described the process as "a replacement of ranking personnel in all components of the national economy." Central Committee Secretary and Politburo member Yegor Ligachov told a July 26 session of party officials that the "report and election campaign" in the party, until the 27th Party Congress, would have to "center on the fundamental problems of national economic management, scientific and technical progress, and the quality of output. . . . Urgent cadre questions must be resolved, when necessary."

Throughout most of 1985, the Gorbachov team sacked government ministers at the rate of two per month, and provincial party bosses at about four per month.

In the September-November period, he put together the new core of the Council of Ministers, the Soviet government.

On Sept. 27, 80-year-old Prime Minister Nikolai Tikhonov, an old crony of Leonid Brezhnev, was encouraged to retire, and did. He was replaced by Nikolai Ryzhkov, an engineer from the heavy-industry center of Sverdlovsk, who was formerly first deputy minister of Heavy and Transport Machine-building. Then, on Oct. 15, a Central Committee plenum dumped Nikolai Baibakov, the head of Gosplan for 20 years, in favor of a Gorbachov man. Nikolai Talyzin, 56, was also promoted to first deputy prime minister and made a candidate member of the Politburo. In November, there came three more new deputy prime ministers—Silayev, Voronin and Maslyukov, all of them with a background in the defense industries.

In the meantime, Gosplan had finally produced a draft for the five year plan, that Gorbachov would accept. In his speech at the October plenum, the general secretary underlined the need for "accelerating economic growth and fulfilling such strategic tasks as maintaining the country's defense might at a proper level." After this plenum, more industrial ministers were replaced and five agriculture-related ministries were merged into a single new unit (*Gosagroprom*, short for State Agro-industrial Administration, in Russian). Also, Moscow set up a main directorate for the development and use of space technology in the national economy and scientific research—*Glavkosmos*.

The 27th Congress of the CPSU

How to force breakthroughs, made in science and technology, into the economy at large dominated the lead-up to the February-March 1987 27th Congress of the Communist Party of the Soviet Union.

In *Izvestia* of Dec. 17, 1985, science commentator B. Konovalov interviewed the ex-Siberian scientist Marchuk, now chairman of the U.S.S.R. State Committee on Science and Technology, on a new form of scientific research orga-

nization, the Inter-branch Scientific-Technical Complex (Russian acronym—MNTK). By that time, there were 16 of these programs, organized around industrial technologies or areas of scientific research, which are of importance for more than one industry. They included the laser program, fiber optics, robotics, and biological engineering. On Nov. 11, Konovalov had reported on how scientists from the Academy's Institute of High Temperatures and from Novosibirsk had finally gotten permission to set up an Inter-agency Scientific-Technical Center with the Ministry of the Power Industry and Electrification, to develop the Soviets' unique magnetohydrodynamics (MHD) generator program for wider application in industry.

Marchuk attacked the "inert" attitude of ministries to this innovation. The support from the military, however, was clear: The March 1986 issue of the monthly *Voyenny Vestnik* (*Military Herald*) featured an article by MNTK advocate K.V. Frolov, a vice president of the Academy of Sciences and director of the Institute of Machine Science (not to be confused with Academician Ivan Frolov, a Soviet member of the Club of Rome). In the context of a general discussion, about how much importance "the party attributes to science" for the solution of problems in machine-building, Frolov predicted that "a new, powerful impulse" would come from the ability of the MNTKs to "unite efforts and eliminate disassociation among the branches."

At a Feb. 17 press conference, on the eve of the party congress, the physicist Academician Yevgeni Velikhov briefed Soviet and foreign journalists that Soviet science work related to the solution of "fundamental questions which determine progress in electronics, automatization, biotechnology and other areas," would be stepped up. The same week, *Izvestia* reported, "On the eve of the 27th Party Congress, the Laser Center of the U.S.S.R. Academy of Sciences has opened a new scientific-experimental and experimental-industrial base" in the city of Shatur. It would become the country's first "model industry in the production of technical lasers" on a mass scale.

For anybody who had followed Gorbachov's main policy statements during his first year in power, without being blinded by the pyrotechnics around *perestroika* as a great liberalization of socialist strictures, his keynote at the 27th Congress contained no real surprises. He placed top priority on the modernization of the Soviet economy, emphasizing the military considerations behind this. He announced that during the current Five Year Plan (1986-90), investments earmarked for the modernization of industrial plant and equipment would double the amount invested in the past 10 years.

The way out, as we see it, lies in the thorough reconstruction of the economy, on the basis of the latest achievements of science and technology, breakthroughs in vanguard areas of scientific and technological progress, and the restructuring of the economic mechanism and the system of management. . . . A

big step forward is to be made . . . in the current five-year plan. It is intended to allocate upwards of 200 billion rubles of capital investments—more than during the past 10 years—for modernizing and technically re-equipping production. . . .

Large-scale introduction of computers and overall automation of production will have a tremendous influence on the rate of technical modernization. . . .

The only person added to the Politburo at the 27th Congress was Lev Zaikov, the former party chief in Leningrad, which is an important center for science and technology and a bastion of the military-industrial complex in the Soviet Union. Zaikov, who began his rise to the top after having worked as director of a major defense-linked electronics firm in Leningrad, is the Central Committee secretary responsible for military-industrial production in the whole country. By adding membership in the Politburo to his portfolio, Zaikov became the number-three man in the party hierarchy, after Gorbachov and Yegor Ligachov.

Into 1987: lift-off for 'perestroika'

After the party congress, 1986 was a year of more assaults by Gorbachov and his team, on the party and economic bureaucracy. At a Central Committee plenum on June 16, where Gorbachov used his keynote as an opportunity to make another big splash with arms reduction proposals, the main matter under review was the obstacles thrown up by the bureaucracy, against *perestroika*. The party boss was clearly dissatisfied with the sluggishness of the party, government, and economic management apparatus, to act on the demands set forth by the Politburo since early 1985.

"Everything standing in the way of reorganizing the economy must be swept aside," Gorbachov proclaimed, "*Perestroika* of the economy is proceeding only slowly so far." Denouncing what he termed "braking factors," Gorbachov concluded, "A reorganization is not possible, without changing the work style of the party. . . . At all levels, the party must free itself of bureaucratic elements. That holds true . . . from the base up to the Central Committee apparatus."

Even the Chernobyl disaster played into the Gorbachov purge. Here, it could be demonstrated, that not even the privileged military-industrial complex was exempt from the wartime mobilization pace of *perestroika*. "Removed from their posts for major mistakes and shortcomings in their work, which led to this accident with serious consequences," were several strong-men of the power industry, all of them appointed *after* the end of the Brezhnev era.

In the spring and summer, Gorbachov and his henchmen visited outlying parts of the country, as he had the West Siberian oil region and Kazakhstan's grain belt in September 1985. A few weeks after the 27th Party Congress, he was in the major industrial town of Kuibyshev, where the stress was all on science, technology are discipline: "Today, discipline and order should be better and technology must be improved and modernized. What was good enough for us yesterday is

not good enough for today."

At the end of July, the party chief was in Transbaikalia and the Soviet Far East. He enunciated a new Soviet foreign policy doctrine for Asia and met with commanders of High Command Far East, then toured industrial facilities in the region. Already in June 1985, Gorbachov had declared, "The state will stint no money on the development of Siberia." The huge area's role as a bulwark of "fortress Russia" was inherited from the strategic program of Dostoevsky and the Slavophiles, and is fully incorporated into Soviet war in Irkutsk, Zaikov demanded that they catch up with other scientific centers in Siberia (like Novosibirsk) in the development of pilot projects for utilizing scientific discoveries in industrial production.

The Academy of Sciences launched an expansion program in Siberia and the Far East during 1986. A working session of the Academy presidium was held "on the road" in Vladivostok, on Nov. 26. In attendance were the key scientists working on the economic mobilization: Velikhov, K. V. Frolov and Marchuk—who by now had become President of the Academy of Sciences. Marchuk announced preparation to set up a Far East Scientific Center of the Academy of Sciences, on the model of the Siberia Section in Novosibirsk. The Academy also founded an Ural Section. The three new divisions, taken together, Marchuk promised, would be "serving the most dynamic *oblasti* [provinces] and regions of the Russian Federation in the east of our country."

The Baikonur model

Sandwiched between another Central Committee plenum in January 1987, at which Gorbachov acknowledged that "the renewal process has been slower than expected," and the June 1987 plenum on the economy, there transpired the next, most important foray by Gorbachov into the hinterland. This was his mid-May 1987 visit to the Soviet space center at Baikonur, in Kazakhstan.

Accompanied by Zaikov, Defense Minister Sokolov and KGB chief Viktor Chebrikov, Gorbachov met with the space scientists and inspected the just-completed giant new booster rocket *Energiya*, which was launched at the conclusion of his visit. At Baikonur, Gorbachov left no doubt about his conception of *perestroika*, that it works best, when the methods of the military are employed. Omitting practically any ritual phrases about "the peaceful exploitation of space," Gorbachov hailed Baikonur as a showcase of Soviet military-industrial prowess.

All of us Soviet people have always pronounced the word Baikonur, with special emotion. It has become a symbol of our Motherland's greatest exploit—a triumph of Soviet science and the great potential of the socialist social system. . . . It was from here, that mankind first stepped into outer space, opening a new page in the history of civilization. It was from here, that the first artificial earth satellite—a symbol of rev-

olutionary science and technology—was put into orbit. . . . There are great landmarks in the development of Soviet science and technology.

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

. . . Everything here at the space center . . . has been produced by us in the U.S.S.R. It is all high-quality and state-of-the-art technology. . . .

Once again, a simple but very important question comes to mind: Why do we at times try to acquire even simple items from abroad, if we are today capable of solving such vast, large-scale and complex tasks. . . . There is no reason for us to go abroad, hat in hand, in this way. No embargoes, no ban . . . on selling us technology and equipment will slow down the development of our country or the implementation of the great social and economic plans connected with *perestroika* and the acceleration of our economy. . . .

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

Certain other singular occurrences at the beginning of 1987 made the military face of *perestroika* more and more visible.

The December 1986 release of Academician Andrei Sakharov and his wife, Yelena Bonner, from their seven years of exile in the city of Gorky, was no victory for "human rights" lobbying on his behalf. The Soviet regime readmitted Sakharov to society at the most opportune moment for itself. Gorbachov's phone call to Sakharov, when the party chief invited the scientist to return to "patriotic work" at the Academy, was not window-dressing. Nor was the two-hour visit paid Sakharov by Marchuk. Sakharov was slated to take a leading role in Soviet physics, which is vital to the military-dictated mobilization of the Soviet economy.

Also in the realm of tapping every already-available resource, comes the Soviets' renewed economic offensive among the satellite countries in Eastern Europe. In early 1987, Moscow presented Eastern Europe with an array of offers—offers they couldn't refuse—for the increased integration of their economies into the Soviet war machine.

Delivering the April 22, 1987 Lenin Day speech, Prime Minister Ryzhkov defined "the deepening of Council for Economic Mutual Assistance (Comecon) integration" as a priority for economic policy, since "no one country, big or small, can master the heights of the scientific-technological revolution, without an intensive exchange of scientific developments." When Gorbachov traveled to Czechoslovakia that month, he informed Prague, that the Comecon would greatly step up the creation of supra-national "joint enterprises"—practically speaking, a replica of the "joint-stock companies" by means of which Stalin's U.S.S.R. looted the economics of Eastern Europe after World War II. These arrangements are for the purpose of harnessing East German and Czechoslovak, in particular, industrial and technological achievements for Soviet purposes.

Finally, Gorbachov scheduled his major Central Committee plenum on the economy, for June. On June 8-9, with the plenum still not convened and speculation running rife that Gorbachov was running into serious political opposition, he held a pre-meeting at the Central Committee, with Zai-kov, Ligachov, Ryzhkov, Slyunkov, Talyzin, and his appointee to the Moscow party organization, Boris Yeltsin, on the dais. A large number of the participants at this session, which previewed the topics of the plenum, were from key defense-related industries: B.I. Fomin, director of the power machinery factory *Elektrosila*, in Leningrad; V.P. Mosakalenko of the Sumy machine-building scientific-production association; A.I. Buzhinsky, deputy director of the famous ZIL auto plant in Moscow; Minister of Chemical and Petroleum Machine-building V.M. Lukyanenko; V.P. Kabaidze, director of the Ivanovo machine-tool plant; Minister of Ferrous Metallurgy S.V. Kolpakov; Minister of Instrument-making, Automation Equipment and Control Systems M.S. Shkabardnya; among others.

At the June 25-26 plenum, Gorbachov reported that the 4.4% industrial growth rate in 1985-86 represented no laurels to rest upon. "We are now essentially only on the first wave of *perestroika*," he said, "This wave has stirred up the stagnant water." He faulted Talyzin and Voronin for allowing the unusually cold weather and storms at the beginning of the year to paralyze transportation and many industries. He proceeded to take more than a dozen ministers and other top officials to task, including more of his own appointees:

We have, for example, a program for modernizing Soviet machine-building. This is a major task. . . . But it must be said bluntly, that we are worried by the situation in machine-tool manufacture and in the ministries of Heavy and Transport Machine Building, the Electrical Equipment Industry. . . . We are still far from achieving a breakthrough in instrument-making.

With reference to the West German plane that landed in Red Square, Gorbachov complained of "the periodic recurrence of major emergencies" resulting from "lax disci-

pline and lack of proper order," in the military as in other parts of Soviet society. In a very rare public formulation for a general secretary, Gorbachov stressed he was speaking "on behalf of the Politburo and of the Defense Council"—the supreme political-military body.

The plenum elevated three of Gorbachov's close associates: Slyunkov, Agriculture Secretary Nikonov, and foreign policy adviser Aleksandr Yakovlev to full membership on the Politburo.

Having presented in detail the new package of rights and obligations for enterprises, Gorbachov announced that the 19th All-Union Conference of the CPSU—just short of an out-of-turn party congress—would be held on June 28, 1988.

The investment debate

If the Soviet industrial ministries and Gosplan are assuming a general staff function in the Soviet war economy, one of their central concerns is investment policy. This focus has been apparent, from the very beginning of *perestroika*, and developments of the past year show how the policy is moving in the direction of the scientific and technological breakthroughs which the Soviet elite is demanding.

On May 12, 1987, for example, Academician M. Markov presented on the pages of *Izvestia*, a case for launching crash projects for the development of new technologies, including those based on new physical principles—as the General Staff would put it. The writer is secretary of the Nuclear Physics Section of the U.S.S.R. Academy of Sciences.

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

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

Markov's recommendations were formalized by the Soviet Politburo, which, according to *Izvestia* on July 18, decided upon a national commitment to strengthen research in high-energy physics, and to allocate the resources for that on a priority basis.

GLOBAL SHOWDOWN

The Russian Imperial War Plan for 1988

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Price: **\$250**

Candidate LaRouche visits NATO ally Turkey

From July 28 to July 30, 1987, Democratic presidential hopeful Lyndon H. LaRouche, Jr., visited Ankara, Turkey, where he had meetings with Prime Minister Turgut Ozal, Foreign Minister Vahit Halefoglu, and Defense Minister Zaki Yavuzturk, among others. The candidate's visit took place immediately after the disastrous visit of the State Department's Michael Armacost, who, according to official statements, explained to the Turkish government the reasons why the State Department is unable to honor Ankara's defense and economic assistance requests.

Following his meetings with the Turkish officials, Mr. LaRouche held a press conference at Ankara's Grand Hotel, which was attended by most Western and Turkish correspondents in the Turkish capital.

In his opening statement during that press conference, LaRouche dwelt at some length on the subject of Greek Prime Minister Andreas Papandreou; he also occasioned a good deal of speculation with his observation that throughout the entire postwar period, Greek governments tend to fall or otherwise be replaced, in conjunction with eruptions of the Cyprus crisis, eruptions of the kind LaRouche said he is anticipating for

Following is the text of Mr. LaRouche's opening statement. Ozal, the foreign minister or the defense minister or in some private meetings. It would not be proper for me to discuss the contents of them. But the circumstances under which I am here, I can discuss and shall discuss.

"But I would like to say first of all one thing, which I think, many of you will understand, and I shall speak with as

much delicacy . . . on the internal affairs of this country, for I do not want to meddle in the relations of this country's government to my State Department. However, as a presidential candidate, I am free to say some things and I should say them. You understand me.

"On the subject of Prime Minister Andreas Papandreou: I have a dossier, which includes material on Andreas Papandreou, which covers a period of about 50 years. The name of this dossier is the name of one Michel Raptis, R-A-P-T-I-S, also known as Michel Pablo. Michel Pablo was for some time and still is supposed to be a leader of an international Trotskyist organization. He met Trotsky on the boat, coming out of Russia from exile in 1930. He has been the controller of Andreas Papandreou since the 1930s. Raptis comes from Alexandria, Egypt, where George Papandreou was a British agent; Andreas is of a different nature.

"In 1967, as you recall, as it always happens in postwar history of Greece, there was a Cyprus crisis. The way you change the government of Greece, is to have a Cyprus crisis. This led to the junta. Andreas Papandreou was left in Canada, sucking on whiskey bottles, which were temporarily full, at the time when he began sucking on them. The whiskey bottles were provided by Mr. Raptis and his organization. Mr. Raptis's organization was then known as the Greek Communist Party of the exterior, the KKE. This included people like George Votsis, the Arsenis brothers, Theodorakis, the actress Melina Mercouri, and others, who are now featured in the government of Mr. Papandreou. I knew at the time, that this organization, Mr. Papandreou's organization, was con-

trolled by the Soviet KGB.

“Thus we know, that the government of Mr. Papandreou in Greece is controlled by the Soviet KGB, by a certain section. I don’t want to go into technical details. We know, that we are now in the process of another round of attempted destabilization of the entire eastern Mediterranean, which includes the prospects of certain powers’ attempts to create incidents, which would destabilize Cyprus as a part of a chain reaction in the Middle East. We also know, the same powers are involved in efforts to escalate a destabilization of Yugoslavia to create a new Balkan crisis. At this time, therefore, with a crisis in the Persian Gulf, Turkey is in the middle of a very dangerous situation in the Middle East. I thought it very important, particularly because of the confusion which temporarily exists in my own government, that presidential candidates of the United States who put great value on the continued cooperation between Turkey and the United States, should if possible be present in Turkey to demonstrate, that there are some people who may be shaping the future foreign policy of the United States, who are committed to a close relationship to Turkey.

“That’s the reason I’m here. I wish other presidential candidates, who also believe in that policy, would also be here, to demonstrate the friendship of the future government of the United States to Turkey.”

A lively exchange between Mr. LaRouche and the press corps followed, which included the following highlights:

BBC: It has been alleged that the Greek Prime Minister has been a Trotskyist; is he now still a communist?

LaRouche: He was at one time.

We use these labels much too simplistically. We say, for example, “communist Russia,” which is really very stupid, particularly in a country like Turkey, where Turkey understands that that’s all nonsense. We have the Bolshevik dynasty of the Russian empire. The Russian empire always had communism—it was called the *mir*. You know, I disagree with Bertrand Russell on almost everything he ever did or said in his entire life, except one thing he said: He said that you would expect Russia to be governed by characters out of a Dostoevsky novel.

These labels like “Trotskyist” or so, are like brand-labels on merchandise these days; they generally misrepresent the content, more than they represent it. Mr. Papandreou is a representative of a cultural tendency in the world, which belongs to the same general variety, or species, that we associate with Maxim Gorky or with Aleister Crowley or Bertrand Russell, Friedrich Nietzsche or Fyodor Dostoevsky. In that process, Mr. Papandreou, whose father used to be a British agent, has become in large part a Soviet-type agent, whose proper generic term, if you know it, is Trust. Mr. Papandrou is a Trust-type of agent, as opposed to a strictly Soviet agent—these are like the Communist International types, as opposed to the Russian types, like right-opposition

or left-opposition types. That’s where Mr. Papandreou floats. Sometimes, he floats on a bottle of whiskey. . . .

BBC: Where does this put the Greek Lobby in the United States, which is very powerful in the Congress?

LaRouche: Let’s destroy the myth of the Greek Lobby in the United States, because that’s the myth that some people in the State Department are spreading in Turkey. When people say that Turkey has a problem with the Greek Lobby in the U.S. Congress, that is the Executive Branch of government telling a lot of lies. It is the Executive Branch of government that is responsible for the difficulties that Turkey is having in reaching agreements with the Executive Branch, not the Congress. As for the so-called Greek Lobby in the U.S., the cream of it is Sen. Edward Kennedy. The form of the Greek Lobby is called AHEPA, which is the U.S. branch of the Greek free masonic association. AHEPA is under the special patronage and control of the family of Sen. Edward Kennedy. So the Greek Lobby in the United States is called Kennedy, who owns Greek politicians such as Sarbanes, who owned the former senator of Massachusetts, who is just recently retired. Kennedy owns the governor of Massachusetts, Dukakis, who is running as a surrogate for Kennedy in the presidential primary campaign. So there is no Greek Lobby in the United States except that owned by Mr. Kennedy. There are Greeks in the United States with whom I am close, who may or may not be associated with AHEPA by accident, because people tend to join the nearest freemasonic association as a honey bee looks for flowers, they think it’s advantageous to do so. But these are conservative Greek-Americans, the type who think that all that is going on here in the Middle East, in the Cyprus conflict and so forth, is a kind of insanity. I think, as Mr. Kyprianou would say, it is the work of the “magicians,” the old Magi at work again.

But there is no Greek Lobby as such, except what Mr. Kennedy owns. So if somebody talks of the Greek Lobby, they are talking of Kennedy or at least his family. Ted is like Mr. Papandreou: To find out what he thinks, you have to take the bottle out of his mouth first, and then you might find out.

Anatolian News Agency: . . . You said you were the guest of a sovereign state. Are you on an official visit here?

LaRouche: No, it’s a private visit. There are some people in the ruling party, the government party here, who are known to me, and I am known to them. As you can imagine, I am well known to the government. I had them informed that I thought I would be willing to appear here if the government so desired, saying what I said today. I thought it would be good to have an American presidential candidate standing up in Ankara saying that the future government of the United States, if I am it, is going to have a solid relationship with Turkey. I thought that was a good thing to do. Some people in the governing party apparently thought that was a good thing to do, and said, “Let’s have some fun.” And we had some fun.

Peruvian President Alan García declares war on the drug economy

by Sara Madueño

In a July 28 message to the Peruvian nation, celebrating the 166th anniversary of national independence, President Alan García announced the immediate intervention by the state into the country's financial institutions, for a 120-day period. During that time, Peru's Congress, a majority of which has already voiced its support for the measure, is expected to approve the President's proposal for nationalization of the banks.

García also announced his determination to establish a strict regimen of exchange controls, and to shut down street sales in dollars. The measures, made in the spirit of protecting industrial investment and doing away with the usury of the international financial system—which far from being a distributor of credit for productive use has become a huge laundry of drug dollars and conduit for flight capital—bring to mind the spirit of the founding fathers of the American System, who premised themselves on the same ethical principle, through which it was possible to turn the United States into a powerful industrial republic.

"From now on, only the banks will buy and sell dollars for permissible legal uses," said the President. "The financial system in Peru today is the most powerful instrument of concentrated economic power, and therefore of political influence, and the greatest obstacle to the democratization of production and the accumulation of surplus. . . . I propose to leave all credit, financial and insurance activities to the state, as the first step toward the real democratization of our economy," García said.

He continued: "The state should be the only allocator of credit and of liquidity, because this is a form of planning. . . ." The sovereign state "should be able to organize the financial system and place it at the service of growth, of industrial restructuring, and of economic decentralization. By proceeding in this way, the state fulfills an essentially democratizing function, because it opens up credit and liquidity to all those economic forces which . . . were systematically discriminated against by the private financial system. . . . The new public financial system, if the Congress

approves this bill, should thus become an instrument of development for all economic forces, and will extend its credit throughout the country, but especially to the poorest rural zones of the country," President García said.

With these measures, which have already won the backing of the vast majority of Peruvians, and of the Catholic Church of Peru and of other Ibero-American nations, García is answering the economic and narco-terrorist war which the international financial powers and the Soviets have declared against Peru. García's administration represents the only national model which, by basing itself on the Christian principle that "the economy is at the service of man, and not the reverse," achieved a record economic growth rate on the order of 8.5% for 1986.

Total support from the Church

The day following announcement of the bank nationalization and the other measures, Cardinal Juan Landázuri Riquet expressed the Church's backing for García's initiative, emphasizing that the announcements by the President on economic matters are "very important points, for their social content and because they place emphasis on justice and morality."

According to a UPI wire, several Latin American prelates gathered in Bogota for the meeting of the Latin American Bishops Conference (CELAM), similarly expressed their full support, not only for the new measures taken by the García government, but in general for the President's economic policy, derived from his inauguration pledge to limit payment of the foreign debt to 10% of export earnings.

Particularly striking are the statements of the secretary of the Peruvian Bishops Conference, Monsignor Augusto Vargas Alzamora, who in backing the decision to nationalize Peru's banks, indicated that this measure would permit the proper administration of money. Vargas Alzamora also praised those governments which, like Peru, have sought an immediate solution to their foreign debt problem on the basis of "First live, then pay!"

The Brazilian bishop of San Luis, Dominico Pablo Eduardo de Andrade, also endorsed the Peruvian government initiative, energetically adding, "We must call a thief a thief, and we think that the creditor banks [holding] our enormous foreign debts are usurers." The bishop of Zacatecas, Mexico, Javier Lozano, spoke in similar terms, describing as "usurious" the international financial system, because "the collectors of the international debt service are usurers."

Leaders of different lay organizations as well as political personalities have given their backing to García's bold move. Such, for example, is the case of the organization of small and medium industrialists in Peru, who offered their unrestrained endorsement of the nationalization of the financial system, saying, "Democratizing credit awards productive efforts."

An EFE wire reported on other support from abroad, including the statements of the dean of Ecuador's central university, who said that García's measures "are a lesson in sovereignty, that require the unity of political forces favorable to more nationalist and progressive proposals."

Drug-bankers wounded

The only ones really hurting from García's decision are, obviously, the drug traffickers, who suddenly find shut down those financial channels which, under the banking liberalization laws of "the man from the Bahamas," Manuel Ulloa, when he was finance minister, were turned into drug-money laundromats. In no way do García's measures affect small, medium, or large industries since, for the first time, they are now guaranteed access to productive credit.

On July 30, Channel 7 television—a state-owned station—broadcast an editorial replying to the attacks against García's measures pouring from shady bankers and "businessmen" who lie that the measures are unconstitutional. The editorial simply described the case of the Banco de Crédito, a private bank which, through merely one of its branches in the jungle city of Uchita—the recent scene of a bloody assault on the part of the Sendero Luminoso narco-terrorists—"deposited \$600,000 a day from the drug trade, the same dollars that went on to the Grand Cayman Islands."

The London-based *Andean Report*, in April 1985, had already commented on "a surge in prices and export of coca paste from the Upper Huallaga valley. The world's top producing region looks set to further boost bank profits in Lima and to bolster the country's international reserves during a particularly tricky period. . . ."

"A manager at the Banco de Crédito, the Huallaga's most aggressive bank, reported that as of the beginning of March its purchasing had 'dried up.' In Lima the Crédito also said that as of the beginning of March it was no longer exporting the substantial quantities of cash dollars back to the United States that it had been sending, at the rate, staffers say, of between US\$3 million and US\$5 million a week for the previous three or four months. Management says the amounts

were much less: Official figures don't exist as no reporting on this as in most dollar dealing is required. . . ."

The "commercial banks compete for coca-dollars and have been opening and expanding their operations along the Huallaga in one-horse towns like Tocache, Uchiza, Aucayacu, Progreso, and Juanjui where, today, the only bankable business is coca paste. . . ."

"The Crédito, Peru's biggest bank, with its expanding network of associates, branches, and subsidiaries in New York, California, Nassau, the Cayman Islands, and Panama—where the bank opened a branch in March—has about half the banking market in the Upper Huallaga, its figures indicate."

It is thus clear why President García's repeated appeals for productive investment fell on deaf ears, since the same powerful bankers whose institutions functioned as the pin-striped fronts for the drug czars, are part of that small number of businessmen who, disguised as friends, had conditioned their support for the García government on being allowed to operate with impunity. When the García government finally moved to clip their wings, they surfaced with cries and groans, revealing who they really worked for. In fact, the word on the streets of Lima today is that "whoever protests the bank nationalization, surely has interests with the drug trade," an allusion to the popular refrain, "Tell me who you travel with and I'll tell you who you are."

The chairman of the Peruvian banking association, Francisco Pardo Mesones, declared July 30 that the bankers "are deeply disappointed by the proposal of nationalization of the private banks, and are in total disagreement with the measure of intervention in the banks. . . . Therefore, we will fight with all the legitimate means at our disposal to prevent the nationalization from being consummated."

The National Association of Financial Companies announced, for its part, that it would be seeking a writ of habeas corpus from the courts, to halt the government's decision to nationalize the banks.

The president of the Confederation of Private Businesses and Institutions, Ricardo Vega, announced that his institution rejected and protested the "arrogant and arbitrary" intervention of the government against banking, financial, and insurance companies. Dionisio Romero, one of the majority stockholders of the notorious Banco de Crédito, threatened to leave the country, while Ernesto Lanata, majority stockholder in the obscure Banco Mercantil, could only stutter with rage in response, according to the Ulloa-owned newspaper *Expreso*.

Within the APRA ruling party itself, there are some who have opposed the measure, such as the octogenarian vice president of Peru, Luis Alberto Sánchez, who was a lone voice telling the television media, "I don't think the moment was the most propitious" for García's measures. Sánchez added that while García's nationalization proposal, as such, was constitutional, it might not remain so if rejected by Congress.

What García said

Excerpts from Peruvian President Alan García's July 28 speech to the nation:

Had we no historical ambition for change, we would lose the direction of our path. Our identity has a great goal in the future: the emancipation of man and society from all domination and misery. Thus I ratify as the government's first objective the strengthening of the nation's economic and political sovereignty, as we assert its independent development with social justice. . . .

We know things are changing in the world. Other countries are halting or limiting debt payments. The world's major banks now concede they've lost their loans to countries rich and poor, and are beginning to understand, little by little, that solutions will have to come through political dialogue. We cannot lower the flag of anti-imperialism in this matter. We will not lower it. Anything can happen, but the IMF and its starvation policies . . . shall not happen.

There are politicians who say that you cannot grow without foreign loans. We recall that during recent years, the dollars that have left the country have exceeded those that have come in. In other words, the rich countries haven't been the lenders; Peru was a capital lender and exporter.

The government establishes from this moment forward, as a sovereign decision, a strict regimen of exchange controls, declaring that the use of foreign exchange should have a social purpose and should be decided upon solely by the state. Therefore, the government decrees the immediate and definitive closing of the exchange houses, the suspension and severe penalization of street dollar sales, and establishes that from now on, only the banks can buy and sell dollars for permissible legal uses. This decision is necessary and unavoidable, to be able to put an end to the outflow of surplus and resources which belong to all of Peru, and especially to the poorest, and to prevent those who should invest, from comparing the speculative profits from buying dollars, with what they might earn from an investment inside Peru, where it was obtained.

The government defends the wages of the majorities, the government defends productive investment, of patriotic industrialists, but cannot and should not protect speculative rentierism. Neither, as some have proposed in defense of that

rentierism, can we offer greater interest rate profits in national currency, to convince those who want to buy dollars not to do so, because this would be to use resources created by the efforts of all Peruvians, granting excessive benefits to privileged minority groups.

One of these mechanisms, the most important, is the financial system, still to a large degree in private hands. The financial system in Peru today is the most powerful instrument of concentrated economic power, and therefore of political influence, and the greatest obstacle to the democratization of production and the accumulation of surplus. Therefore, at this time, I propose to Congress its nationalization and statization. I propose to leave all credit, financial, and insurance activities to the state, as the first step toward the real democratization of our economy.

According to our thinking . . . the state should be the only allocator of credit and of liquidity, because this is a form of planning, and therefore, in use of its sovereignty, [the state] should be able to organize the financial system and place it at the service of growth, of industrial restructuring and of economic decentralization. By proceeding in this way, the state fulfills an essentially democratizing function, because it opens up credit and liquidity to all those economic forces which . . . were systematically discriminated against by the private financial system. . . . The new public financial system, if the Congress approves this bill, should thus become an instrument of development for all the economic forces, and will extend its credit throughout the country, but especially to the poorest rural zones of the country.

President García was interviewed on Mexican TV by Jacobo Zaludovsky on July 31. In response to a question as to whether some of the interests affected by his measures might run a plot to destabilize him, he said:

Of course. It is clear that many things have to be feared, and he who stops fearing the consequences of his acts is irresponsible; but he who limits himself to fearing those consequences is only a wimp. So, you have to be able to balance the need to act and the need to foresee what could happen.

Clearly, a great journalistic campaign has already been prepared to say we are communists, that we have harmed the interests of the international banks because we are communists. They are also preparing a series of business or juridical arguments to block this decision a bit. And, I am sure, that in a less public way some products will be hidden. They will have to put the government up against the wall. . . .

Peru and its people should know that there are consequences to taking essential measures for justice. If we want to pay the price of those consequences, we have the right to be free. If we don't want to pay the consequences and pass through headaches and problems, we will remain chained to the International Monetary Fund, we will keep paying the foreign debt, we will remain submissive to great power groups inside the country. We will remain submissive to injustice and domination.

The Catholic Church warns 'total war' imminent in Colombia

by Valerie Rush

In mid-July, Colombia's Catholic bishops met to consider the fact that, in their own words, a full 80% of the national territory was now penetrated by narco-terrorists, and one step away from "total war." As one of the few remaining institutions in the country which has retained any moral authority to pronounce on the matter, the Colombian Episcopal Conference issued a concluding document, an "alarum" to the Colombian citizenry, which denounced the degraded political leadership in the country for "turning public service into electoral recompense," and for allowing "the banners of social change to be left in the hands of subversion."

"The institution of Cain has taken hold of so many that they already make up an organized and salaried criminal class. The worst of our situation is having become anesthetized to the situation, which has been left to the responsibility of the authorities, and that society—perplexed, stunned, and intimidated—does not see its duty to defend itself as a legitimate strategy of defense," warned the bishops.

The Catholic Church in Colombia is responding to President Virgilio Barco's increasing capitulation to political forces—both at home and abroad—which want to see drugs and subversion take over in the region, forces which have made major inroads against the country's judicial system, are demanding reforms of the 1886 Colombian constitution which threaten to undermine the power of the presidency, are on the verge of seizing control of the national economy, and are sponsoring reform of the government-Vatican "Concordat" which provides the moral underpinnings for this very Catholic nation.

Should Colombia, at the gateway between South and Central America, fall to these combined assaults, the bloody chaos that is Central America today will rapidly spread southward—with Moscow and its narco-terrorist allies ready to reap the fruits.

Under pressure from the drug mafia's political godfather,

former Liberal President Alfonso López Michelsen, and from the degenerate five-man *lopista* directorate of the ruling Liberal Party, a paralyzed President Barco has permitted the dismantling of the Colombian justice system by the drug-traffickers and their "narco-terrorist" army:

- In February of 1987, the terrorized Supreme Court overturned an emergency decree placing trial of drug-traffickers under military jurisdiction.

- On June 25, 1987, the Supreme Court overturned the 1979 U.S.-Colombian extradition treaty, which had been identified by the country's number-one anti-drug specialist, Col. Jaime Ramírez Gómez, just before his assassination by the mafia, as the litmus test of the nation's commitment to fighting drugs.

- On July 23, 1987, the Justice Ministry revoked outstanding arrest warrants against the fugitive chieftains of the infamous Medellín Cartel of drug traffickers—warrants premised on U.S. extradition petitions—giving them *carte blanche* to return to their "business activities" unimpeded.

- Several days later, a corrupt judge in the city of Cali absolved of drug-trafficking charges, and freed from jail, Gilberto Rodríguez Orejuela, a leading executive of the Medellín Cartel, who has been identified by the U.S. authorities as head of the world's largest drug-trafficking network.

A special agent of the Colombian Attorney General's office, Fernando Navas Talero, responded to Rodríguez's release with the warning that natural law had been abandoned, and that the legal system had instead been converted into "a discipline which admits all kinds of accommodating interpretations . . . according to the criteria of the judge."

- Secretary to the presidency Germán Montoya has been publicly accused by the leadership of the opposition Conservative Party not only of rampant corruption through his influential office, but of business links to narco Rodríguez Orejuela. Congressional investigations are being called for.

Descent into colonialism

Under pressure from the international creditor banks—which make much of their profits from the international drug trade—and from such bankers' agents in his cabinet as Interior Minister Gaviria, President Barco has also agreed to turn the nation's natural and productive wealth into a vast looting preserve for foreign investors.

- On July 10, the Barco government issued decree 1265, which eliminated all restrictions on foreign investment, and now permits up to 100% participation in any and all sectors of the economy. The decree included permission for foreign investors to remit as much as 25% of their profits abroad.

According to Planning Minister María Mercedes Cuéllar, the government would concentrate its investment in the "social sector," leaving it to private interests to develop industry and such activities as petroleum, gold, and coal exploitation. The only private interests with sufficient funds for such investments are foreign or the drug mafia.

- On July 17, ex-President López Michelsen told a high-level audience, including cabinet ministers and ex-Presidents, that "such Pharaonic projects as a new inter-oceanic canal" were unnecessary, too costly, and impractical, and that government funds would be better spent fighting "absolute poverty," precisely the "basic needs" viewpoint of the IMF/World Bank.

- On July 19, all the Colombian press reported on creditor bank approval of a jumbo loan of slightly more than \$1 billion. The conditions for that loan include *weekly* monitoring of the Colombian economy by the IMF, supremacy of New York and London law over Colombian in any legal disputes regarding the loan, and agreement to promote debt-for-equity exchanges, with special emphasis on mining and financial sectors. Repayment arrangements on Colombia's now \$16 billion foreign debt comprise 47% of annual export earnings.

The Church has not been silent on the debt crisis either. The opening presentation of Colombian Monsignor Darío Castrillón at the first general assembly of the Latin American Episcopal Conference (CELAM), in Bogotá, continued the attack on the moral decadence of today's political leadership. Castrillón pledged that the Church would remain "neither angels nor cherubim" while society "self-destructs." He insisted that "there are persons in Colombia who want to put wings on the bishops so that, like little angels, they will fly over this scene and not see the assassinations, the dead people in the garbage dumps, the exploitation of men and women who work for 60 years and afterward remain in the same misery as the day they began to work, and a little more. . . ."

"That would be very pretty, but we leave that to other religious groups, as the Romans did with the pagans. . . . We are very different. We want transformation and we are illuminating it, and that illumination necessarily has political repercussions, because it reveals social problems."

With the continental debt crisis being a major focus of the Church's concern, the monsignor announced the convocation of a special CELAM-sponsored meeting to consider the "politics of usury." He said that solutions proposed at the meeting would be neither "populist fantasies" nor suffer from "the coldness of the International Monetary Fund, which is capable of asphyxiating our people and subjecting them to a regimen of misery under the pretext of providing a solution that enables payment to the creditors. . . ."

The 'Cain' of the Americas

The warning of the Colombian Episcopal Conference that the "institution of Cain" was taking hold in the country is not without special significance for Colombians. During the period of the Malvinas War between Argentina and England, Colombia was the only country on the continent to oppose Argentina's sovereign claim to the contested territory, earning it the epithet of "Cain" from its brother nations.

Today, when countries throughout Ibero-America are up against the twin evils of economic and narco-terrorist warfare, the Barco government's submission to the enemy has drawn an unprecedented warning from the country's moral leaders. The Colombian bishops' document quotes Pope Paul VI, from his August 1968 trip to Colombia, where he declared: "Don't forget that certain major crises in history would have gone in other directions, if the necessary reforms would have—with brave sacrifice—prevented the explosive revolutions of desperation."

The only temporal forces in the country which have taken up Monsignor Castrillón's challenge to "give responses and execute solutions" have been those around former labor minister and veteran trade unionist Jorge Carrillo Rojas, currently the president of the Unified Workers Confederation (CUT) of Colombia. The CUT was formed in 1986, by Carrillo, to provide an alternative to the drug mafia-infested union federations that dominated the country's organized labor.

The CUT's program, formulated by Carrillo and designed to serve as an intervention into the Colombian political process, not only advocates a Peruvian-style approach to the debt problem—that is, imposing a 10% limit on allocation of export revenue to pay the debt—but also proposes the adoption of a "great projects" approach to solving the problem of economic and social collapse. In particular, Carrillo is associated in Colombia with his proposal for constructing a second inter-oceanic canal, using PNEs (peaceful nuclear explosions), through the undeveloped department of Choco, just below Panama.

It is not accidental that both of these issues—the debt and the canal—are currently at the center of a raging polemic among Colombian political circles, who are fighting over whether the country is to become a cocaine plantation under IMF auspices, or a sovereign republic. The decision of the Church leadership in Colombia to employ its moral force to intervene in this battle could well tip the balance.

Bishops demand national unity

In the second week of July, the Colombian Bishops Conference issued a pastoral document on the narco-terrorist offensive threatening that country. Below are excerpts.

Climate of violence

We are living with such calamity, that one further step would be total war. The institution of Cain has seized hold of so many, that they have already become an organized and salaried criminal class. The most serious aspect of our situation is our having become anesthetized to a phenomenon that has been handed over to the responsibility of the authorities, and before which society—perplexed, stunned, and intimidated—does not see its defensive duty as a legitimate strategy of defense.

We see a climate of violence. . . subversion is daily arming itself and sowing insecurity across the land; the drug traffickers impose their power through bloodshed and money. . . . If we reflect well, we are all responsible for this unhappy situation; some as actors, others by omission, cowardice, or inertia.

Drug traffic

It is one of the worst calamities in human history. . . . With reason the Pontiff exclaimed in Cartagena: "Today. . . the lust for money has seized the hearts of many persons and turned them, through the drug trade, into traffickers in the freedom of their brothers." "Death trade" it has been called at times, and in truth it is an insane business that includes all manner of crime. . . .

As forces of evil seek to complement each other, so those up in arms have allied themselves with the drug traffickers, for mutual benefit. The one contributes the dirty money of the drug trade to provide weapons to the villains, and these lend their strategic support to protect the criminals of the drug trade.

The government

It is the serious and unavoidable duty of every official, both individually according to his position, and all together and in solidarity, to offer social guarantees to the citizenry. As a single authority lacks sufficiently broad power to be in

all places and all situations, it should convoke the citizenry, without distinction or condition, to total solidarity, especially when the situation becomes critical, and is threatening public power.

Therefore, today more than ever, all branches of public power must rescue the principle of authority, act in harmony and total convergence, such that they join their energies and capacity to respond to the call for salvation of the nation. The lack of coordination, even contradiction, that we have seen [among powers] must not be repeated, since it weakens the power required for responding to the clamorous, almost desperate call of public welfare. The executive power, without vacillation or delay, must call on all the forces and institutions of peace and order . . . to lead Colombia out of the dilemma posed by the violent ones and the criminals. . . .

The political parties

The traditional parties have written brilliant and meritorious pages on national history. But as early as 1981, we were already raising this voice of alarm: "In general terms, the Colombian people are severely disillusioned by their rulers, the national institutions and the political class. . . . Public service turned into electoral recompense is the maximum degradation of power."

. . . This is the moment to repeat to Colombian politicians the severe admonition of Paul VI to Colombia's leaders: "Don't forget that certain major crises in history would have taken other directions, if the necessary reforms had—by brave sacrifice—prevented the explosive revolutions of desperation." (Aug. 23, 1968). . . .

Economic powers

The economic vacuum that annually removes more than \$2 billion, to accumulate in banks of powerful foreigners, is dramatically expanding the absolute poverty of our people; leaving a population without land and without jobs, delivered without hope to the informal economy. . . .

National convocation

Today, when the ferocious alternatives of terrorist violence, the drug trade, and totalitarian and Marxist despotism conspire to humble Colombia, we must have an alliance, a pact, a convergence, a union of all healthy and constructive minds and wills to save the nation, rescue the values and rights of the human individual, make of Colombia a real home for all, reorganize the economy to function for all . . . with a state, government, and politicians at the service of society.

The country can no longer tolerate the injustice of having a legitimate government, and at the same time vast territories ruled by the guerrillas; having a double army, one that defends the institutions and one that seeks to overturn them; a double justice, one that administers the law, and then a death penalty imposed by the guerrillas and the drug trade.

Stakes go up in the Panama crisis

by Carlos Potes

On July 31, 200,000 Panamanians marched in Panama City in support of the government and the Commander of the Panamanian Defense Forces, Gen. Manuel Antonio Noriega, who has been invited into exile by the U.S. government. The Reagan administration is determined to overthrow the present government of Panama, dismantle the Defense Forces, and hand power to what the *Miami Herald* characterized as the "BMW" oligarchic resistance movement.

The mass demonstration was in commemoration of the anniversary of the death of General Omar Torrijos, who took power from the Panamanian oligarchy in a 1968 coup, and left behind a popular national movement that General Noriega now leads. But the Reagan administration has determined that the bankers' revolution has already all but won.

Foreign intervention

On July 28, a week after the U.S. had cut off all military and economic aid to Panama, State Department spokesman Charles Redman called on "all Panamanians, and particularly government security officials, to avoid the use of force and violence," and the Reagan administration demanded that Panama "end all interruption or censorship of press reporting immediately."

The Panamanian government responded by characterizing such actions as "foreign intervention" in its internal affairs, and threatened to expel all U.S. diplomatic personnel, including Ambassador Arthur Davis, under the non-intervention clauses of the Vienna Convention.

General Noriega also threw the book at U.S. military forces in the Canal Zone, where satellite communications facilities have been installed without the authorization of the Congress and ratification of the President of Panama, as required by the Carter-Torrijos treaty of 1978, which mandates Panamanian sovereignty over the canal and all of its territory and facilities by the year 2000. The unauthorized installations have to go, announced the Panamanian government, and special privileges normally granted U.S. military

personnel in the Canal Zone were also suspended.

The present destabilization of Panama is run by the same crew that engineered the ousting of the Shah of Iran and, later, of President Ferdinand Marcos of the Philippines, where strong U.S. allies against Soviet expansionism were sacrificed for the sake of quick deals with strange political bedfellows. Both "quickies" were run by the U.S. social democrats' "Project Democracy," or "parallel government," of Iran-Contragate fame; both gave Moscow strategic opportunities it could only have dreamed for.

'This is not the Philippines'

Apparently the U.S. government has reached the consensus that it can and must force General Noriega to resign, because it has been unable to bend him into compliance with its Contra antics in Central America and fears he may soon break away from the administration's insane economic policy. Since bankers and middle-class housewives have taken to the streets on the State Department's anti-Noriega cue, Washington is deluded that there is a growing popular movement against him in Panama. But, as Noriega himself pointed out only weeks ago, "This is not the Philippines, and I'm not Marcos."

Last July 22 Noriega told the Mexican daily *El Dia* that Panama "has not escaped the classic pattern of destabilization." The Project Democracy crowd in Washington has targeted him, he said, "because they want to destroy [the] Contadora [Group]. Panama has a policy of countering violence with dialogue, of seeking" a political solution in Central America "through the Contadora negotiating table, together with Mexico, Colombia, and Venezuela. . . . They cannot accept Panama, a small and dependent country, having so much dignity and self-reliance."

On Panamanian TV July 19, Noriega said that "every time Panama makes a positive move in the search for peace, every time it does not align itself with certain directives, the country is attacked and its leaders must withstand disturbances. All this operates in unison. Insult precedes plotting. Had we been a silent country, if Panama had not been a member of Contadora, and if its leaders had been yes-men, its leaders and people would not encounter difficulties."

Noriega was referring to pressures by such Project Democracy operatives as ex-National Security Adviser Adm. John Poindexter, and Assistant Secretary of State Elliott Abrams, both of whom used Lt. Col. Oliver North for their insane dirty work in Central America. Abrams flew to Mexico and Colombia during the week of July 20, to seek support against Noriega, because of the latter's insistence that the Central American military help design a peace strategy for the region. It was Poindexter who first demanded that Noriega—an obstacle to U.S.-Soviet plans for a Thirty Years War in Central America—disappear. Though Poindexter is out and may go to jail, his criminal policy toward Panama is now hegemonic in the U.S.

The 'Peru syndrome'

Perhaps an even more important reason, however, to oust Noriega and the Panamanian government is the Project Democracy crowd's fear that Noriega, with support of the black and Indian majorities, could lead the country with the highest per capita foreign debt in Ibero-America to adopt bold unilateral solutions to the debt problem, such as Peru's Alan García called for two years ago when he said that Panama should be the focal point for creating a regional "debtors' club." Noriega's potential to do that is one of the reasons the bankers who now run Washington are so desperate to remove him from the scene.

Noriega said already, in his July 22 *El Dia* interview, that "what's going on in Panama is economic asphyxiation . . . within whatever dissatisfaction there is in the countries of Latin America, and I say this specifically about Panama, the largest component is the foreign debt. . . . The economic situation is always a factor of asphyxiation, fuel for political conflagration. . . . Panama is dependent on the United States, as far as debt is concerned. . . . The solution is to seek a methodology to arrange, adjust, stretch out everything related to the foreign debt."

At the same time the ruling Democratic Revolutionary Party has called for reversing the austerity policies of the last two years, which have been dictated by the World Bank and which the Reagan administration insists on adhering to, together with its absurd Contra policy. The recent nationalization by Peru of all banks and insurance companies further feeds bankers' fears that Panama may be the next Ibero-American country to join the growing consensus for a break with the creditor banks—mostly U.S. banks.

Díaz Herrera rants no more

All the latest efforts to stir up the "bankers' revolution" against the Panamanian government (the loudest voices in the Panamanian "opposition" belong to the speculators' ring that has made Panama a haven for drug-money launderers) have hinged on incoherent denunciations by psychotic Col. Roberto Díaz Herrera, a follower of Indian-Argentinian gnostic guru Sathi Sai Baba. Díaz Herrera has been accusing Noriega for some two months now of conspiring to kill former Panamanian leader Omar Torrijos, among other alleged crimes, because "Torrijos's ghost" told him so.

On July 27, 7 a.m., special forces of the Panamanian police went to Col. Díaz Herrera's home, to bring him in for questioning on his accusations against Noriega. Three weeks earlier the U.S. government had demanded that Panamanian President Eric Delvalle investigate Díaz Herrera's wild charges, but when the Attorney General was finally ordered to do so, the mad colonel refused to testify. After quickly subduing Díaz Herrera's well-armed private army, the police carried the colonel off to the Attorney General's office, where he finally stated, at 9 a.m.: "I can produce no proof whatsoever."

Oddly enough the U.S. press, previously so quick to open its pages to Díaz Herrera's ravings, took several days to report his latest confession. What the colonel did tell the Attorney General, however, according to the daily *La Estrella de Panama*, is that Torrijos's murder had been ordered by President Reagan and Vice-President Bush, and carried out by Gen. Wallace Nutting of the U.S. Army Southern Command, who used Cuban exiles on the CIA payroll for the "job." Now the Reagan administration, which long acted as if Díaz Herrera were the only source of truth in Panama, seems to want him to shut up. Following weeks of building Díaz Herrera's credibility, *The Washington Post* suddenly turned on him by reporting the opinion of "impartial diplomats" that he is "mentally unstable."

Wishful thinking

The biggest delusion fed by Washington's own propaganda mill is that General Noriega is "acting tough" out of desperation at an opposition supposedly spreading throughout Panamanian society. Even so, the *Christian Science Monitor* opined, July 29: "When the going gets tough, sometimes the tough just get tougher."

The Washington Post inquired, "Is Gen. Manuel Antonio Noriega losing his grip? The Panamanian strongman, unable to intimidate his restive, democracy-seeking countrymen, has put on a new display of muscle. . . . The revelations of Colonel Díaz, however, seem to have uncorked a heretofore untapped well of democratic sentiment. . . . A military leader with a strong sense of duty would be considering retirement. General Noriega however, appears to lack a strong sense of duty. Meanwhile, the Panamanian people are showing a readiness to keep the pressure on."

Notwithstanding the *Post's* wishful thinking, the leaders of the business lockout which had shut most of the country's stores, banks, and industries for 48 hours, ended their "civic strike" and told the *Washington Times* that they were going into hiding. National Civic Crusade President Roberto Brines boasted they had forced Noriega into a repressive mode. Panama "is no longer a quasi-democracy, but a full-fledged military dictatorship," he fed back to eager ears in Washington.

Yet the Defense Forces which the U.S. government wants to send "back to the barracks" are, according to General Noriega, "an active participant in the people's labors; they are not apart from the economic, social, and political conditions of the people where they operate. We have made them developmentalist, popular, and creative, in the sense that our men do not stay in the barracks playing war games. Rather they go to the fields to work with the peasants, to work with the workers; they have a social concept of bearing arms."

This may be why all efforts to split the military from the Panamanian people have been unsuccessful so far; it is also why, if successful, they would dash any hope of preventing the "Vietnamization" of Central America.

Book Reviews

Burning issue of our time: What's at stake in modern music?

by David Goldman

Music, Mysticism, and Magic: A Sourcebook

by Joscelyn Godwin

Routledge & Kegan Paul, New York 1986
349 pp., clothbound \$62.50, paperbound \$14.95.

Attention, enraged concert-goers: If you ever suspected that modern music was a plot by devil-worshipping maniacs, plotting to overthrow Western civilization, Professor Godwin has written the book for you.

Early in 1985, the reviewer spent a weird winter's evening in Vienna, listening to a contrabassoonist play an original composition, accompanied by a recording of humpback whale songs. The contrabassoonist-composer taught at the Vienna Conservatory, home to a coven of strange mystics with ties to various freemasonic, Anthroposophic, Theosophic, and related cultists, with a special predilection toward number-magic. Chief of the little group is Prof. Rudolf Haase, a pleasant and scholarly old gentleman who, despite his serious contributions to Leibniz research, believes what he writes of secret numerological formulas known to the ancients, at the inner reaches of human consciousness—and perhaps much else, that he does not write about. Haase referred the reviewer to his principal English-speaking collaborator, the British-born Joscelyn Godwin, now at Colgate University; the reference was filed, until Godwin's book drew passing praise from a *New York Times* music reviewer.

In fact, Godwin has done a considerable favor to any future Inquisition against Satanist tendencies in modern culture, by including in his new *Sourcebook* the widest variety of Theosophical cranks, speaking of their inner visions of music. Joseph Cardinal Ratzinger, the Catholic Church's chief theologian and head of the office once known as the Inquisition, rankled some when he charged in a November 1985 speech, that modern music, rock in particular, revives the old Dionysian cult-ritual. Satan is merely the Semitic name for Dionysus, and Cardinal Ratzinger's charge implied that the musical avante-garde is a form of Satan-worship. By

letting the musical avante-garde speak for itself, in continuity with its forebears, Godwin has demonstrated that the Vatican has exercised the extreme of forbearance in handling the modernists, who are asking to be burned.

The book itself will disgust beyond words, any musician who has undertaken the rigors of mental organization and physical training required to perform classical music well. Its worst crime is to include a suspect source's (Bettina v. Arnim's) alleged conversation with Beethoven, and read into Beethoven's supposed remarks, agreement with crackpots who believe music brings them into contact with Madame Blavatsky's higher beings from the Astral Plane.

Godwin has published 61 brief excerpts of mystical writings, beginning with the ancient Greeks, and concluding with the dean of modern de-composers, Karl-Heinz Stockhausen. As what it purports to be, a source book, the work is incompetent, even fraudulent. Western music has been the subject of a bitter contest between musicians allied to the scientist-philosophers who created the well-tempered system, and the Dark Ages mystics who seek to throw music back to the moans of monkish chant or "natural" forms of folk-music. That is still the position of the Benedictines in the modern Church, who want to level the edifice of Western music, leaving nothing behind but the Gregorian chant or its popular equivalent.

Cardinal Nicolaus of Cusa's follower, Franchino Gafforius, Leibniz's protégé Johann Sebastian Bach, and Friedrich Schiller's admirer Ludwig van Beethoven belonged to the first group; the Venetian school of Monteverdi, the French Rameau, the Italian Padre Martini, the 19th-century Romantics Liszt and Wagner, to the latter.

Unlike Haase, who has sought in his own books (not available in English translation) to adduce a specifically Pythagorean numerological current from the history of music (and other art forms), Godwin takes lunacy as his starting point. He has flung together whatever refers to dreams, madness, visions, and fits, from literature, correspondence, or diaries of musicians, or early Greek, Judaic, and Arabic writings. The most enraging of his inclusions comes from Clara Schumann's diaries, recording the descent into mad-

ness of her husband, Robert Schumann, no doubt from syphilis, which destroyed his body months after it destroyed his mind. Schumann's tragic death, coinciding with those of his great friends and colleagues, Mendelssohn and Chopin, extinguished the last generation of great composers, leaving the young Brahms alone, to stand powerless against the tide of Wagnerian irrationalism.

Godwin writes of Schumann's terrible last moments, "The musical hallucinations described here are so close to those of our visionary and mystical writers that one wonders whether Schumann had not penetrated, against his will, into realms with which he was not psychologically equipped to deal. Such experiences are quite common under the influence of hallucinogenic drugs, but to enter them without artificial assistance is the mark either of 'a certain ineffable divinity,' such as Pythagoras is said to have possessed, or of a loosening of the *doors of perception* which keep most people safely shut up in the world of the senses."

Aldous Huxley's drug-culture manifesto, *The Doors of Perception*, founded the hallucinogenic drug movement, and was adopted by the "progressive" rock bands of the 1960s, including the one which took its name from the book's title. Is there no lightning in heaven, that the spirits of Beethoven and Schumann might avenge the comparison to—Jim Morrison and Jerry Garcia?

Otherwise, the "sources" for Godwin's book include the leading lights of the past century's Satanist cults, including Rudolf Steiner, founder of the periodical *Lucifer* and the Anthroposophic movement; George Ivanovich Gurdjieff, guru to the mystical-religious current in Bolshevism; and assorted Theosophists of the Blavatsky stripe. It even contains detailed instructions (from a 19th-century French author) for the construction of a magical talisman.

Stockhausen's contribution, the last in the volume, is a real howler, and the one item that makes the book worth having. Along with Pierre Boulez, the 50-year-old German composer has dominated the postwar avante-garde of musical de-composition; and in the transcript of his rambling lecture to a Dutch cultural group printed by Godwin, he profiles himself as a New Age lunatic:

"Around 1950 one great world-age [the "Age of Pisces," or Christ] ended . . . and a new one [the "Age of Aquarius," or Lucifer] began. I am an artist who must play his role exactly on this borderline. . . .

"I also no longer practice religion in an orthodox way, and have left the Catholic Church. What I want to say is this: One sees the end of the traditional religions, and music used to be imbedded, everywhere in the world, in religion."

What replaced Stockhausen's Catholicism? "I have a sexual center, three vital centers, two mental centers, and a suprapersonal center," he reports. "If I can perceive that, I have come far enough to have awoken seven different centers in myself. And with different things I can bring each center into vibration. I can set my sexual center in vibration with a

certain sort of music, but with another music I can set my supranatural center in vibration."

In the excerpt, Stockhausen refers to his 1969 work *Stimmung*, in which (Godwin notes) "six singers, seated in a circle, sing with subtle variations the notes of a harmonic chord, interspersed with Divine Names from all cultures and with two erotic poems."

Otherwise, Godwin's scholarship, even in his own Astral terms, shows unacceptable holes. What of the Theosophist Wassily Kandinski, creator of abstract painting, and briefly the Bolshevik Culture Minister, and his decisive influence on Arnold Schoenberg, founder of atonal music? What of Igor Stravinsky's membership in Serge Diaghilev's circle of Parisian hashish-and-black-mass decadents? Or Bela Bartok's

Western music has been the subject of a bitter contest between musicians allied to the scientist-philosophers who created the well-tempered system, and the Dark Ages mystics who seek to throw music back to the moans of monkish chant or "natural" forms of folk-music.

musical numerology? Or Hindemith's mystical obsessions? The story of 20th-century music, namely, its takeover by devil-worshipping, chicken-sacrificing, spirit-summoning madmen, has yet to be assembled in one place, from published, documentary sources.

As noted, Godwin's book will be of use to future inquisitors. It also raises a troubling problem for the Church. A companion volume to the present work, *Cosmic Music: Three Musical Keys to the Interpretation of Reality* (West Stockbridge, Mass., Lindisfarne Press, 1986), includes the work not only of the Viennese Haase, but of the University of Cologne "anthro-musicologist," Marius Schneider; to my knowledge, Godwin is the only writer to make Schneider's work available in English translation. An explicit Dionysian in Ratzinger's use of the term, Schneider is also the dominant music-theoretical influence in the Benedictine Order; the Benedictines' most prominent music theoretician, Father Pellegrino Ernetti, has done little more in a series of mysticist volumes, than to popularize Schneider's work. Now that the Satanists are publishing their own manifestos, more or less in their own name, tolerance for the Benedictine version of the same thing is harder to understand.

Soviets unnerved by LaRouche again

The Soviet foreign-circulation magazine *New Times* devoted six pages of its July 20, 1987 issue to attempting to refute a lawsuit filed against it in Paris by Lyndon H. LaRouche, Jr. and the European Labor Party. Laughably, the journal's conclusion after this diatribe, was to insist that, really, LaRouche is not that important. "Let us add," wrote *New Times*, "that we do not propose to identify the anti-Soviet action of Mr. LaRouche and the EWP either with French public opinion or with the position of government bodies. The very modest place occupied by the EWP in the spectrum of French domestic politics is well known. Hence we do not want to exaggerate the importance of the LaRouche affair."

Yet the virulence of *New Times'* latest attack, makes it clear that LaRouche is "public enemy number one" in Moscow. The timing of the new attack is significant, a signal to the Reagan administration that LaRouche must be silenced,

if superpower arms-control negotiations are to proceed.

On Sept. 15, 1986, less than a month before the Oct. 11-12 Reykjavik summit meeting between President Reagan and General Secretary Gorbachov, *New Times* published a five-page blast against LaRouche and associates, under the headline, "Nazis Without the Swastikas." (The headline is taken from a pamphlet by Dennis King, the drug lobby scribbler, formerly of *High Times* magazine, who has made a career of writing lies about LaRouche.) That formulation was repeated, in a more oblique manner, by Gorbachov himself, in an Oct. 3 speech. Three days later, the U.S. Justice Department ordered a massive raid on companies associated with LaRouche in Virginia, and indicted numerous of his associates.

To Moscow's astonishment, LaRouche sued *New Times*, the authors of the article, the magazine's French distributor, and Aeroflot airline—something no foreigner has ever done. As *New Times* writes, "Hearings in a libel action against *New Times* opened in the Palais de Justice in Paris on July 1. This is the first time legal proceedings have ever been instituted against our journal." When the editors received the "bulky envelope" containing the LaRouche complaint, "some of us were inclined to treat it as a joke in poor taste. But experts on French law took a different view—the case had to be taken seriously. . . . The fact remains that the complaint had been filed and accepted for consideration by the highest judicial authority in Paris, which has its seat at No. 1 Bld. Palais—the famous Palais de Justice."

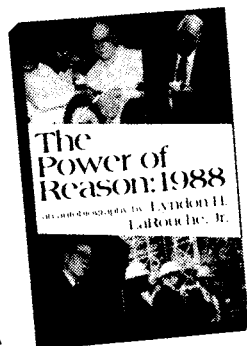
As *New Times* correctly states, the case was scheduled to go to trial on July 1—the day before an indictment against LaRouche was unsealed in a Boston federal court. This "coincidence" was noted by LaRouche, in a statement issued the day of the Paris hearing.

"This time, William Weld's Criminal Division has moved to attempt to bail Moscow out of a trial which began today, in a Paris, France court. I am the co-plaintiff in a libel suit brought against the Soviet government. Weld has acted to attempt to force me to leave Europe during this trial."

New Times focuses particular fire against LaRouche for his role in the Strategic Defense Initiative, and the latest article is replete with photos showing pro-SDI literature circulated by LaRouche's associates in the Federal Republic of Germany. Given the importance which Moscow places upon breaking the German-American alliance, the Soviet publication betrays particular concern over the influence of the Patriots for Germany—an organization headed by Helga Zepp-LaRouche. A major sub-section in the article focuses

FED UP WITH WASHINGTON POLITICIANS?

Then
Throw
The Book
At Them
(but read it first)



THE POWER OF REASON: 1988

An Autobiography by Lyndon H. LaRouche, Jr.

Published by Executive Intelligence Review
Order from Ben Franklin Booksellers, 27 South King St., Leesburg, VA 22075. \$10 plus shipping (\$1.50 for first copy, .50 for each additional copy). Bulk rates available.

LaRouche and the Paris trial

by Ralph de Toledano
Copley News Service

WASHINGTON—Question: What do the Democrats and New York Governor Mario Cuomo, the Republican Justice Dept., and the national media have in common with the KGB's disinformation apparatus and the Soviet propaganda machine?

Answer: A passionate hatred of Lyndon LaRouche, the movement he started, and the publications and services that his movement has engendered.

This may sound frivolous, but I have watched the national media, Democratic bigwigs at the highest levels, and the Justice Department pursuing an unholy vendetta against the LaRoucheites and what they stand for. This has led me to a little private investigating.

I must confess that there is some truth to the charges of LaRoucheite subversion. In Leesburg, Virginia, where they are quartered, the LaRoucheites offer free concerts of the dangerous music of Mozart and Beethoven, and encourage members to play such instruments as the violin and the fortepiano so that they can participate. (Did you know that, gasp, Mozart was a Freemason?)

They also publish newspapers and magazines, do their best to broadcast their political views, and (Lord help us) even run a candidate or two for public office. Their views may upset or even offend some Americans, and because of this they are being dragged through the courts on charges either of no reasonable validity or clearly trumped. For this, too, Americans who have said only that whatever we may think about the movement it has the same constitutional rights as others, have been dealt up a gratuitous kick in the gluteus maximus.

One national newspaper has blasted the LaRouche movement as being a creature of the Kremlin (McCarthyism?). The Anti-Defamation League and other did-

dlers of fact have called Lyndon LaRouche and his movement Nazi. Both hint at a satanic nature. And the media has limited itself only to reporting what publicity-minded D.A.s hand out. Anything good about the movement will never get on the AP or the UPI budget.

Which gives me a golden opportunity to report what has been studiously kept out of the newspapers—namely that the LaRouche movement, through its Parti Ouvrier Europeen (European Workers Party, or POE) is suing the Soviet Union and various of its disinformation and propaganda branches for libel. The Kremlin has for years libeled whom it would with utter impunity—but Lyndon LaRouche has bearded the behemoth.

The Kremlin made the mistake of taking out after the POE for its alleged involvement in the assassination of Olaf Palme, the prime minister of Sweden. There is not one iota of evidence to back this up, and in fact the Swedish government has given the POE a clean bill of health. But the Kremlin tends to forget that it's easier to get convictions when manufactured evidence is presented to Soviet courts, as in the Moscow Trials.

In its response to the plaintiff's brief, the Kremlin has argued only that the POE is buddy-buddy with the CIA, that it supports the Strategic Defense Initiative, and that it has called on the French military to stand up to the U.S.S.R. I looked for but could not find any allegation that the POE liked apple pie.

It is chilling to note, however, that our Justice Department joined the KGB's game by turning over to the Swedish government the notebook of investigative researches into the assassination compiled by staffers of the LaRouche newspaper. The notebook had been illegally seized in a raid on the paper—and would have been as incriminating as my notes on the Kennedy assassination. That the Justice Department should have made itself a party to so obvious a Soviet ploy makes me wonder.

The wheels have begun to grind in the case. The Soviets have no defense at all and are hoping that a French judge will throw it out on a technicality. But wouldn't it be odd? If the POE wins a judgment against the Soviets, it will be correct to say that Moscow money helps finance its operations.

Ralph de Toledano is a Washington, D.C.-based author and conservative political columnist.

on the Patriots' campaign to torpedo the "zero-option" sellout, and their warnings that Russia has "come dangerously close to the attainment of its main goal—the establishment of its hegemony over West Germany and thereby over the whole of Western Europe." Moscow notes ominously that the Patriots have "succeeded in winning the support in the F.R.G. of some retired ultra-right military men," naming

Patriots vice-chairman Brig. Gen. (ret.) Friedrich Grunewald and Brig. (ret.) Friedrich-August Freiherr von der Heydte.

One photo in the article sums up the reasons for Moscow's ire: It shows a demonstration of the European Labor Party in Bonn, West Germany, on behalf of the German-American alliance, replete with American flags, and a figure dressed as the Statue of Liberty.

'We must reconsider what we're doing'

On July 26, Gen. (ret.) Bernard W. Rogers appeared in a live interview on the NBC "One-on-One" show, and reiterated his recent warnings about the proposed agreement for withdrawing intermediate-range nuclear missiles from Europe. Before leaving his position as supreme commander of NATO in July of this year, Rogers gave numerous speeches and interviews from Europe, opposing the agreement as a step toward "decoupling" Europe and the United States. Within three days of this latest interview, the Soviet Union issued new bargaining terms for the "zero-zero option," which make Rogers's warnings even more urgent. The following report summarizes the analysis presented by General Rogers, who was interviewed by John McLaughlin.

"The mission we have set ourselves in NATO is deterrence," explained General Rogers. He stressed that if the weapons are removed, there will be no credible or actual deterrence. "The vital interests of this country are linked to Europe. Therefore, we need to keep our forces credible."

Rogers said that the two rationalizations given to justify the zero-zero option are wrong: first, that there can be 4,000 nuclear-type weapons left in Western Europe, and that this will be an effective deterrent. He pointed out that many of these have no significant range and have other potential drawbacks: maritime depth charges have zero range, field artillery pieces have a 1,500-kilometer range; dual-capable-aircraft weapons have a 200-250-km range, but only if they can penetrate enemy territory, which only the F-111s can do, and they're unavailable.

In any case, "It's not the numbers that count. Do we have the weapons platforms, the systems, the infrastructure . . . to give them pain? That's what we're giving up."

Second, the argument is bogus that the Soviets are going to be giving up a great deal. "If we continue to move down the slope of de-nuclearization" and into "the valley of de-nuclearization," then we will accelerate the Soviet ability to intimidate, coerce, neutralize, and blackmail Western Europe without ever firing a shot. "Deterrence is in the mind of the beholder. Russia must understand that "she will get great-

er pain than gain," if she moves. "There is no evidence that I have seen that would lead one to believe that they have changed their goal from expansionism."

Rogers reported that "top-ranking people in Europe, almost without exception," agree with him. "The greatest moral imperative of a nation is to keep people alive and free," which requires a credible military deterrence. Substituting "political credibility" will not work. The problem is that there has been an insistence on talk of nuclear weapons elimination since 1981. Political leaders have been "selling it to their populations," so that "there is no way you can walk that cat back into the sack." But we need to keep our forces credible.

As to why President Reagan is pursuing an agreement so strenuously, "I'm not sure what the logic is. You would have to ask the President." Rogers stressed that he himself is for giving up nuclear weapons, but only so long as that does not jeopardize deterrence. That the President must be pursuing the zero-zero option to take the spotlight off the Iran-Contra affair, and so to establish his credibility. This is how it is viewed by leaders in Europe, almost without exception.

When asked about the Iran-Contra affair, and the testimony of Adm. (ret.) John Poindexter that Poindexter had withheld information, Rogers replied that whatever he could say would be "hypothetical." He explained that, "I've been involved in covert operations," but he kept his immediate superiors informed. "What bothers me about this whole thing: When is it that a person can take it unto himself to lie, to mislead, to falsify, to misinform . . . ?" Operations have become covert to whom? "Covert to Congress and covert to the American people." What kind of "perception of foreign policy" does this imply? A person can lie, he can cheat. "You have to decide when you give up your honor. It can't be taken away for you."

The information war

Those who say that Gorbachov is running ahead by a big margin, as a peacemaker, are wrong, Rogers said. "The Soviets are winning the information battle in Europe." Gorbachov may be a "reformer in his own country," but the peace that he wants is "peace under his own terms." The Soviets are so bent on expansionism that they are "obsessed with using intimidation, coercion, neutralization, and blackmail, without taking the troops out of the barracks."

"I don't want greater Soviet influence" in the Persian Gulf. It is right that Reagan has not met with Gorbachov over the issue of the Gulf, Rogers said. President Reagan believes that the U.N. can handle it. Rogers's concern was whether the U.S. forces there have been authorized to use "proper rules of enforcement." The point at stake in the Gulf is, "freedom of navigation of the seas." In response to those who ask, "No matter where or what the cost?" Rogers's reply is, Yes. "We put our ships at the Black Sea . . . near shorelines of the Soviet Union" to make the point. And we send ships into the Gulf of Sidra, to rein in Qaddafi.

Caught in the Persian Gulf trap

The West German government's sympathies for the Teheran regime will cause diplomatic disaster.

Foreign Minister Hans-Dietrich Genscher's tilt toward Iran in the current Persian Gulf conflict, is setting up the Bonn government for a policy disaster of far-reaching consequences.

The situation is comparable to that of 1965, when Chancellor Ludwig Erhard, giving in to blackmail from the Zionist lobby, hastened to establish diplomatic relations with Israel. The ham-handed way in which this was done, wrecked relations between Germany and 17 Arab countries—moderate and radical alike. Trade ties and billions of deutschemarks worth of prospective contracts were lost in this diplomatic brawl, and it took Germany about 10 years to repair the damage.

This time, the German foreign ministry's siding with the Teheran regime will create tensions not only with the moderate Arab countries that are threatened with war by Teheran, but also with France and the United States.

Genscher has been under attack by the governments of Iraq and Turkey, among others, for some time, for his pro-Iranian policy. Baghdad charged that Bonn has been withholding export guarantees for German industrial deals with Iraq, while promoting German-Iranian deals.

In December 1986, Turkey's President Kenan Evren charged Genscher with allowing an Iranian-run extremist sought by the Turkish authorities, Cemalettin Kaplan, to build a network of anti-Turkish terrorists on West German territory.

The French government also criticized lack of action in Bonn against networks of Islamic terrorists on Ger-

man soil, which have been operating against France.

Diplomatic tensions escalated after Genscher's scandalous official meeting with Iran's Foreign Minister Ali Akbar Velayati in Bonn on July 23, discussing "improvement of relations between Bonn and Teheran." French government circles expressed "profound shock" at this gesture, at a time when France was heading for open conflict with Iran, after the decision in Paris to cut relations with Khomeini's regime. French Foreign Minister Jean-Bernard Raimond found "absolutely no time" to meet Genscher in Paris on July 29.

On July 24, Genscher stated in a radio interview that Iraq was to blame for "this terrible war" in the Gulf. He also criticized Iraq's use of chemical weapons against Iran.

Genscher's remarks are particularly hypocritical, because he never said any critical word on Iran's role in this war. Genscher has refused to sign the International Convention for the Protection of Children, although his ministry was presented with documentation that Khomeini is sending tens of thousands of Iranian children to the most embattled frontlines with Iraq.

Genscher's July 24 interview caused a furious response from the Iraqi government. On July 26, the official news agency INA declared that "Genscher received his payoff from the mullahs for doing longtime services for them." The official Baghdad daily *Al Djum'uria* pointed out that Genscher was "the first Western diplomat to officially recognize the mul-

lah regime in Teheran," when he visited Iran in 1984.

A meeting of the German-Iraqi Economic Commission, which was to take place in Bonn August 4-5, was canceled by the Iraqis. Next, talks on a \$520 million contract with the Mannesmann Corporation, for delivery of steel pipes for a new oil pipeline through Saudi Arabia, were called off. Another German company, Strabag Corporation, lost a contract for construction of roads and port facilities worth \$250 million. Talks with other companies on projects in Iraq were called off as well.

Rumors have it that many of these contracts will go to Turkish companies now. Turkey is at odds not only with Genscher's Mideast policy, but also with Bonn's support for the recent European Parliament resolution blaming the "Armenian genocide of 1915" on the current Turkish government.

Ankara also has complaints about the refusal of the Bonn government to give export credit guarantees for German industrial deals with Turkey. The repercussions to be expected will not be confined to economic relations. Apparently, not much attention is being paid by Genscher's arrogant diplomats to the fact that Turkey and Iraq have a common enemy which is supported both by Iran (with weapons and instructions) and Germany (with "moral" back-up): Kurdish terrorists of the PKK and other groups.

Bonn's support for Iran will only encourage Khomeini's regime to proceed with its war and terrorism against moderate Arab nations. Very soon, this will mobilize a significant section of the Arab world against the unsavory alliance between Bonn and Teheran. Unless Genscher and his policy are replaced in Bonn, German Mideast policy will not escape the Gulf War trap.

Porfirio Díaz reincarnated?

A new book intervenes in the Mexican presidential race to prevent a return to Mexico's worst era.

A book just published by the Mexican Labor Party (PLM) contains a devastating exposé of the secret government imposed on Mexico by the Trilateral Commission, since Miguel de la Madrid's 1982 accession to the presidency.

The book, entitled "The Salinases and Manceras Reincarnate Porfirio Díaz," reflects the sentiment of the majority of the Mexican people, who have undergone five years of brutal austerity under the joint administration of Budget and Planning Minister Salinas de Gortari, and Miguel Mancera Aguayo, director of the Bank of Mexico. That austerity regimen is only comparable to that of dictator Porfirio Díaz (1880-1910), against whom the Mexican revolution was unleashed.

In the book's introduction, PLM secretary general Marivilia Carrasco observes that "the worst tragedy that could befall the country in the 1988 presidential succession would be if President Miguel de la Madrid—obsessed with not going down in history as the 'Attila' of the Mexican economy—were to insist on appointing as his successor Carlos Salinas de Gortari, one of the principal authors of the destruction of the nation's productive plant."

Carrasco goes on to accuse the "magnates of the exchange houses and the bosses of speculation," favored by the policies of Salinas and Mancera, of trying to convince the president that "continuing the current policies would, under a Salinas presidency, lead the country to the brand-new recovery so

long and wishfully awaited under this government, which supposedly would enable President de la Madrid to save his historic image."

Carrasco notes that "The great historic tragedies, so brilliantly described in the classical works of Shakespeare, Schiller, Cervantes, and Aeschylus, occur when men with the power to change the course of events, under unique circumstances, fail to identify the source of their errors, and become obsessed with supposed solutions that end up aggravating the very errors they seek to correct."

The PLM book demonstrates with an abundance of evidence that Salinas and Mancera are not merely creatures of the Trilateral Commission inside the present Mexican government, but are direct descendants of the families of the "Porfirio aristocracy," associated with the mafia of Teddy Roosevelt and the Anglo-Soviet Trust.

In 1929, these families imposed "a kind of coup d'état," carried out by Plutarco Elias Calles, President from 1924 through 1928, under whose administration the so-called "Mexican political system" was founded. The objective of that system, reveals Carrasco, was to "keep at arm's length the nationalist revolutionary forces" committed to industrializing the country.

But the key to this battle was, and remains to this day, the fight for control of credit as an instrument of national sovereignty. "With the exception of the patriotic and brilliant moment of the bank nationalization, in September of 1982, and of previous

... frustrated ... efforts, the Bank of Mexico has been a stronghold of the imperialist occupation forces."

De la Madrid's error "lies in believing that, were it not for the fall in oil prices, the international increase in interest rates, and the 'unforeseen' financial chaos abroad, Salinas's 'structural change' program would have led the country to economic recovery, at the latest by 1986. ... Salinas de Gortari has pursued since the beginning of his ministry, the principle of "controlled disintegration" of the Mexican economy, to drag the country toward fascism, with the objective of submerging Mexico. ... For Salinas and his group, the crisis triggered by the International Monetary Fund's 'conditionalities'—a veritable passage to hell—is a blessing that opens up the new phase."

Mexico's Presidents who have dared to break the rules of the "system's" game, according to Carrasco, "came face to face with the small but powerful Calles machine and its followers."

In conclusion, asserts Carrasco, "The great dramatist Friedrich Schiller defines as a 'punctum saliens' that moment of great decision, beyond which the unfolding of events which define history becomes irreversible. It would seem obvious that the 'punctum saliens' that will determine the next fifty years of Mexican history, is the selection of the PRI presidential candidate for the next period of government. [But] this will only be a decision, subsumed by the truly crucial one: a break with the economic policy of Calles-Alemanism, a break that should begin with the firing of Miguel Mancera at the Bank of Mexico.

"Such a decision will win the President no applause from the oligarchy, but there is no doubt that it will put him back on the road of historic recovery."

The greening of Bolivia

Bolivia's "debt for nature" swap is the most dangerous colonialist precedent yet set in the debt crisis.

Bolivia swapped land for debt July 13. A Washington, D.C. environmentalist operation called Conservation International had Citicorp buy \$650,000 worth of Bolivian debt from another bank for \$100,000. It then ripped up the debt. In return, Bolivia agreed to give Conservation International perpetual management rights over 4 million acres of tropical rain forest in its Beni province.

On the surface, the deal looks favorable, Bolivia can forget a fragment of its \$4 billion foreign debt. The natural habitats of more species of birds than in all of North America will be protected from the ravages of forest-stripping which is taking place in every nation being squeezed by its creditors. Bolivia's officials say they were planning eventually to make the land into a forest reserve anyway.

But the point is, Bolivia's officials didn't make it into a forest reserve. Bolivia's officials gave away a part of Bolivia. Under pressure from usurious creditors, Bolivia's officials set the most dangerous, *colonialist* precedent yet in the shenanigans surrounding the international debt crisis.

Conservation International head Peter Seligmann stressed the precedent in announcing the arrangement. He said, "This new debt-for-nature swap will encourage future negotiations of this kind that confront the debt crisis worldwide with workable, long-term alternatives." Other Conservation International officials wrote in the *New York Times*, July 28, it is "now up to corporations, philanthropies and public agencies, notably the World Bank, to implement similar plans on a

larger scale." They specifically target heavily indebted Brazil, Mexico, and Peru.

Rep. John E. Porter (R-Ill.) is preparing legislation to force the World Bank into the "debt-for-nature" business. The Inter-American Development Bank already will not lend a penny for any project which does not fit into environmentalist molds. Senate environmentalists are pushing laws to give special tax credits to banks which get an environmental *quid pro quo* from creditor nations for uncollectable debts which they would have to had to write off anyway.

Back in November 1982, *EIR* published the private views of World Wildlife Fund director Roger Stone, that the bankruptcy of Third World nations was a favorable development, since it would force an end to great development projects and permit the imposition of environmental constraints on them.

Stone was vice president of one of the New York insurance giants which manage the fortunes of the European oligarchy. These families were already planning to ride out the collapse of the American and European economies by gaining control over vast proportions of the Earth's land and underground natural resources. For families which think in terms of centuries, there is no more secure form of wealth. Today's debt-for-land schemes and related debt-for-equity swindles provide for precisely that.

Bolivia is a good place to start. It has not been able to pay a penny of interest since 1983 and its debt sells on secondary markets for 8-15¢ on the

dollar, making it mighty cheap for international speculators to secure control over assets.

Hard in the wake of the Conservation International deal, the Italian Pragma company formally offered to buy and burn \$50 million in face value of Bolivian debt in return for some local currency and rights to invest \$20 million refurbishing 18 small gold mines. The mines would provide Pragma with an annual return of 8 tons of gold, worth \$30 million.

Because it provided a model for relinquishing of sovereignty through debt-for-equity swaps, Bolivia was rewarded by the Paris Club of creditor nations with a pardoning of its overdue interest and a 10-year extension of its debts. Its 139 private creditors are excited about selling Bolivia part of its unpayable debt paper at the same 8-15¢ on the dollar they trade with other banks. Bankrupt Bolivia will apparently use funds contributed by U.S. and European taxpayers for fighting the narcotics trade to retire the debt.

Bolivia submitted a letter of intent to the International Monetary Fund July 23, committing itself to continue the draconian austerity which has seen the firing of 75% of state-employed miners and the reduction of wages for the remainder to a miserable 75¢ per day. Bolivia has deregulated banking, foreign exchange, and prices, making itself into the kind of free-market paradise in which cocaine traffickers can function unimpeded.

There are no longer any obstacles to foreign interests taking over national assets. Bolivian ambassador to Washington Fernando Illanes denied July 13 that Conservation International could "pressure" Bolivia for "only \$650,000." But he was only half joking when he declared, "Perhaps if somebody showed up with \$4 billion, we could give them half the country."

International Intelligence

Weinberger: No moderate elements in Iran

"I did not and still do not believe there is any 'moderate' element in Iran that is still alive," U.S. Defense Secretary Caspar Weinberger testified to the congressional Iran-Contra committee on July 31, explaining his longstanding opposition to the sale of arms to Iran.

Weinberger explained that the intelligence assessment presented to him first in May 1985, justifying an overture toward "moderate" elements in the Iranian government, contradicted numerous intelligence readings he had received up to that time from both the CIA and the Defense Intelligence Agency. He said he had argued against the initiative on numerous occasions.

Weinberger added that the late CIA director William Casey was motivated to support the initiative out of concern for his kidnapped Lebanese station chief, William Buckley, and because he felt the initiative would achieve "intelligence gains" inside Iran.

'Nazi-hunters' now target Britain

The Simon Wiesenthal Center (SWC) in Los Angeles has declared war against Britain as part of an alleged quest for Nazi war criminals. According to *Jerusalem Post* correspondent David Horowitz, "There has never been a Nazi war crimes trial in Britain, and no alleged Nazi has ever been investigated by the British government."

The SWC last year compiled a list of 17 alleged war criminals in Britain. Simultaneously—some believe by no accident—the Soviet Union has named 34 other "Nazi criminals" it says are in Britain. The Polish government claims that as many as 5,200 alleged Nazis fled to Britain after the war.

Among those being sought for extradition to Israel is the Lithuanian Antanas Gecas. According to *Jerusalem Post* writer Efraim Zuroff, the British government will now launch its own investigation of Gecas, a retired mining engineer living in Edinburgh.

The *Jerusalem Post* says that Israel has formally requested his extradition, after submitting to the British government a hefty dossier on Gecas, accused of murdering Lithuanian Jews during the war. A delegation from the SWC is scheduled to visit Israel soon to discuss the case.

General Galvin hails zero option

NATO'S new supreme commander in Europe, Gen. John Galvin, arrived in Bonn for an official visit on July 28, to confer with Defense Minister Manfred Wörner and the inspector-general of the West German Armed Forces, Adm. Dieter Wellershoff.

The trip to Bonn, the first official act by Galvin in his new function, was officially intended to underline that NATO considers West Germany its most important ally in Europe.

But General Galvin's first statement was to announce his support for the zero-option arms-control treaty, which his predecessor, Gen. Bernard Rogers, had so vociferously opposed. NATO strategy will not be jeopardized by a treaty to withdraw intermediate-range nuclear missiles, he said. The threat to Western Europe posed by the Soviet SS-20s and other missiles would be reduced, and the West should take "compensatory measures"—principally conventional weapons—to fill the void left by the elimination of the Pershing II and cruise missiles, he added.

The German government is particularly concerned that the withdrawal of American missiles will leave Germany defenseless in the face of overwhelming Soviet conventional superiority.

Germany's Genscher intercedes for Iranian

West German Foreign Minister Hans-Dietrich Genscher has personally interceded with a court in Dusseldorf to have an outstanding arrest warrant against Iranian drug-runner and terrorist controller Sadegh Tabatabai dropped.

Tabatabai, a son-in-law of the Ayatollah Khomeini, was arrested with illegal drugs in his "diplomatic pouch" at Dusseldorf Airport in January 1983, but was permitted to leave the country without trial, at the insistence of the foreign ministry. But despite Genscher's protection for him then, the warrant for his arrest had he re-entered Germany had remained in effect until now.

In having the warrant dropped, Genscher, who has been heavily criticized for his pro-Iranian policy, argued that Tabatabai must be able to move freely in and out of Germany to help mediate negotiations over German hostages in Lebanon. The foreign ministry and the mullahcracy in Teheran recently agreed to make Tabatabai a special envoy for this purpose.

German citizens Rudolf Cordes and Alfred Schmidt are currently being held hostage by Iranian-controlled Hezbollah terrorists in Lebanon.

Tabatabai was named in the Tower Commission's April report on the Iran-Contra affair as a go-between for many surreptitious dealings between Iran, Germany, Switzerland, and the United States.

Demjanjuk denies he is 'Ivan the Terrible'

John Demjanjuk, the retired Detroit auto-worker on trial in Israel as Nazi war criminal "Ivan the Terrible," solely on the basis of Soviet-supplied evidence, took the stand July 26 for the first time.

Demjanjuk testified that he was not the "Ivan" of the Treblinka death camp, and that he had never been at Treblinka during the war.

Demjanjuk's Israeli attorney, Yoram Sheftel, denounced the charges against his client as being solely based on a fraudulent ID card manufactured by the Soviet KGB. Sheftel also denounced the U.S. Justice Department's Office of Special Investigations as willfully suppressing evidence proving that the evidence against Demjanjuk is a KGB fraud.

The OSI was also responsible for the deportation to the Soviet Union of U.S. citizen Karl Linnas, without any judicial due

Briefly

● A 'MOST WANTED' West German terrorist is living in Damascus, Syria, according to a leak from the German Federal Prosecutor's office. Susanne Albrecht is wanted in the assassination of Jürgen Ponto, President of Dresdner Bank, on July 30, 1977. She now works with an Islamic terrorist group.

● INDIAN POLICE went on full alert July 30 in anticipation of more communal violence, after the assassination of two leaders of the right-wing Hindu chauvinist RSS organization in New Delhi. The murders are being attributed to Sikh extremists.

● AN AIDS DRUG is being tested in space by the Soviet Union, according to *Jane's Space Flight Directory*. Work on producing "super-pure" medicines is being conducted aboard the Mir permanent space station. Many drugs, including Thymosin, with application to treatment of the immune system for AIDS, can only be produced on Earth with impurities.

● LOTHAR SPAETH, the Minister President of Baden-Württemberg, is acting like he will be the next Chancellor of West Germany. He met with Czech Foreign Minister Chnoupek and party officials in Prague July 27, before official meetings in Budapest. Earlier, Spaeth toured East Germany "privately." On Aug. 25-26, Spaeth will host India's Prime Minister Rajiv Gandhi. Gandhi will see Spaeth before he sees Chancellor Helmut Kohl.

● EUGENE METHVEN, the author of a slander of Lyndon LaRouche which appeared in the *Readers' Digest* last summer, is reported to have been in Peru for the past month, working on plans to destabilize the government of President Alan García. Methven, an associate of High Frontier's Lt. Gen. (ret.) Danny Graham, is a co-director of the Nathan Hale Institute.

process in the United States, solely on Soviet insistence that he was war criminal.

Sheftel's charges against the OSI have received wide play in Israel, as have the rantings of former OSI director Allan Ryan, now in Israel, defending the integrity of the OSI.

IBM's Watson in dealings with Moscow

Thomas Watson, the former head of IBM who was Jimmy Carter's ambassador to Moscow, has worked out an agreement for collaboration between Brown University's Center for Foreign Policy Development and Georgi Arbatov's U.S.A.-Canada Institute in Moscow. Watson serves as chairman of the Brown think tank.

Under the agreement with top Soviet "America handler" Arbatov, the two institutions will co-sponsor two conferences a year focusing on relations between the superpowers. They may also sponsor a TV satellite hookup.

Watson visited the Soviet capital on July 10 to sign the agreement, and was received by Soviet President Andrei Gromyko, with Arbatov present.

The visit was part of a special plane flight Watson was making to "remind the public of cooperation with the Soviet Union in defeating fascism during World War II". Watson helped organize the transport of military and other cargoes from the United States to the Soviet Union via Alaska during the war. His current flight will take him across Siberia to Alaska.

Gromyko wished him well, said *Pravda*.

Nicaraguan delegation visits Teheran

A large delegation from the Nicaraguan Council of State (parliament) arrived in Teheran, Iran on July 23, beginning a tour of the Middle East. The delegation was led by Carlos Nuñez Tellez, president of the council.

Talks were held with Iran President

Khamenei and Speaker of Parliament Hashemi Rafsanjani, and reportedly focused on the Iran-Contra affair. A joint statement described the scandal as a "miserable American plot which has backfired and irreparably damaged the Reagan administration."

Rafsanjani claimed that when he found out that the money Iran was paying for U.S. arms went to the Contras, some \$15 million in payments due was withheld.

Among the Nicaraguan delegation was "Padre" Ernesto Cardenal, who announced that "revolutionary Muslims and Christians have to integrate under the leadership of Imam Khomeini and "inflict a heavy blow on imperialism and reactionaries here and there, throughout the world."

Cardenal was a Jesuit priest until the Vatican defrocked him for refusing to resign from the Nicaraguan government.

Germany won't send ships to Gulf, but. . .

West Germany will not dispatch any of its naval fleet to the Persian Gulf, but it will may act to make that task easier for the United States, France, and Britain, all of whom have deployed task forces into the Gulf to protect shipping against Iranian attacks.

"It can be ruled out that German vessels will be deployed to the Persian Gulf," said Horst Prayon, spokesman for the West German defense ministry. He had been asked at a press conference about the possible deployment of German minesweepers to Middle East waters.

But neither Prayon nor Kurt Würzbach, undersecretary of defense, would rule out a different kind of useful role for the German navy. Germany may, they indicated, deploy vessels into the North Atlantic, for example, to relieve the United States and Britain of tasks there, thus enabling the allies to send more vessels to the Gulf.

"There is no decision on that question yet," said Würzbach.

Defense Minister Manfred Wörner is expected to discuss this matter with U.S. Defense Secretary Caspar Weinberger during his visit to the United States in early August.

Federal bankruptcy haunts Capitol Hill

by David Goldman

It is said that America is governed not by men, but by law. And that isn't any old law, but, specifically, Murphy's Law. Anything that might have gone wrong in the federal debt ceiling debate, did, and apparently will, up through the final budget reconciliation debate at the end of September. A constitutional crisis that neither side wants, is now accumulating out of petty acts of fear, malice, and venality, placing the threat of federal bankruptcy in permanent number-one status on the nation's political agenda.

After the pundits announced that the President had come unscathed through the Irangate hearings, Democratic presidential candidate Lyndon H. LaRouche, Jr. warned that the original motivation for constitutional crisis—the collapse of the administration's economic policies—would force its way through to the surface, in ways that no one at the time (the beginning of July) could predict with precision. Reality has begun to overtake precisely those institutions (the administration and Congress) least inclined to accept it, with results that remind the observer of the ocean-crossing scenes of the Marx Brothers' "A Night at the Opera," re-set on the Titanic.

At *EIR*'s deadline July 31, both Houses of Congress had agreed to extend the federal debt ceiling, which had expired July 17, to August 6, while Congress sought to hammer out an agreement to reduce the deficit, in return for an extension of the Treasury's approval to borrow.

The debt-ceiling extension enables the Treasury to mail out August's Social Security checks, and redeem Treasury bills coming due in the first week of August, thereby avoiding a default on obligations to both pensioners and creditors; the Treasury will be able to operate until roughly Aug. 15, the

16th anniversary of the great dollar crash of 1971, with the short-term extension.

Gramm-Rudman-Hollings charged through Congress after the last great debt-ceiling crisis in November 1985, when Congress refused to extend the debt ceiling until the administration accepted a spending straitjacket. However, the Supreme Court removed Gramm-Rudman's teeth by throwing out "automatic sequestration" by Congress, which in effect gave Congress the powers of the Executive, to effect across-the-board spending cuts should the deficit hit a pre-specified trigger. Now that the depressed economy has generated a deficit scores of billions of dollars above the original Gramm-Rudman targets, the same congressional leaders are demanding a "fix" for Gramm-Rudman, in the form of a "constitutionally acceptable" form of automatic sequestration, in return for approval of the debt ceiling.

Reality versus the OMB

The Treasury has asked for a \$300 billion increase in the federal debt ceiling through November 1988, i.e., during the next 15 months. Although the normal debt-ceiling request runs ahead of projected borrowing requirements, that figure more closely approximates reality than the administration's spending projections.

The current Office of Management and Budget/Congressional Budget Office "consensus" forecast for the Fiscal Year 1988 deficit stands at \$186 billion. Senate sources indicate that the CBO figure may come down to \$179 billion, by figuring in Gross National Product revisions to include higher video-cassette rentals and so forth, and a projection of lower

interest rates. However, senior staff at the Senate Budget Committee worry that a series of financial mines now just below the surface may detonate at any moment, putting an additional \$50-100 billion of emergency spending on the congressional agenda.

These include the \$50 billion backlog at the Federal Savings and Loan Insurance Corporation, now postponed through what regulators call a "federally sponsored Ponzi game" (see *EIR*, July 31, 1987); some \$20 billion in emergency credits to the Farm Credit System; some \$5-10 billion in bailout money for the exhausted Pension Benefit Guaranty Board; and an incalculable amount of support for the federally guaranteed mortgage-issuance agencies, including the Federal National Mortgage Association and the Government National Mortgage Association.

That will knock the currently proposed \$150 billion spending limit for FY 1988 out of the ballpark.

Between now and next week, the Democratic-controlled House and Senate will wrangle with the White House over who takes the blame for the economic disaster to come. Astute Capitol Hill observers explain that the majority of both Houses holds a position which might be characterized as aggressive indecisiveness. The Democrats, above all, do not want to take the blame for automatic spending cuts under a strengthened Gramm-Rudman-Hollings bill, which will butcher the interests of their constituencies. Speaker Jim Wright, who holds this view, prefers tax increases, in the old liberal-Democratic formula.

Not only will President Reagan veto tax increases, for strongly held ideological reasons, but he will eviscerate anyone supporting them, given that the voters distrust Congress even more than they dislike tax increases. His problem, as some House Democrats point out bitterly, is that the administration does not want what is presented as the alternative, namely, automatic spending cuts, no matter how loudly the President proclaims his support for constitutional and similar spending limits. Here, the President's position is pure hypocrisy, to the rage of those Democrats who actually want to impose spending limits with teeth, in order to force cuts in military spending.

The current compromise in the Senate Budget Committee, where the first action must be taken, raises the Gramm-Rudman deficit target for Fiscal Year 1988 (beginning Sept. 30) from the \$108 billion previously agreed (remember Reagan's "108 in '88" slogan?), to \$150 billion. Barring some last-minute fiddling of estimates by the Congressional Budget Office, that implies \$36 billion in spending cuts, including \$18 billion of defense cuts, which the administration cannot afford. (The actual cuts required to limit spending to \$150 billion would likely be several times that, as shown below.) Even less can the administration accept a straitjacket, at a point where its spending flexibility will be the only prop to the nation's financial system.

Strange bedfellow

This state of affairs leaves the administration and its supporters in the Senate, principally Pete Domenici (R-N.M.), the Budget Committee's ranking Republican, in a strange alliance with House Speaker Jim Wright, who wants to wreck the spending limit precisely in order to force the administration to do what it least wants, namely to raise taxes. In between Wright and the White House, who share an unprincipled agreement against spending limits, are Republicans Gramm and Rudman, and their Democratic allies, e.g., Senate Budget Committee Chairman Lawton Chiles (D.-Fla.), and his allies in the House, including Buddy MacKay (D.-Fla.).

These labile mixtures could shift at any moment, with unpredictable consequences. There are important differences between the Republican and Democratic approaches for automatic sequestration; the Republicans would leave it in the hands of the Office of Management and Budget, while the Democratic plans would give Congress a direct role in instructing the administration when and how to cut, bordering on the constitutional problems contained in the old Gramm-Rudman-Hollings bill. However, the house-fly trajectory of the Senate leadership has nothing to do with the contents of the plans as such.

On Friday, July 24, an unnerving sequence of events took place on the Senate floor. Domenici (Democratic staffers complain) "outfoxed" his Budget Committee colleague Lawton Chiles, who assumed the chairmanship after the Republicans lost the Senate last November, by forcing his plan for "automatic sequestration" onto the floor of the Senate prematurely. Senate Republicans leaked a copy of the Chiles plan to Chiles' Democratic adversary in the House, Speaker Wright, in time for Wright to make sufficient phone calls to Senate colleagues, urging them to humiliate his fellow Democrat's budget plan. Wright succeeded, and the Senate rejected the Budget Committee chairman's plan, 79-21.

Domenici then brought his *own* plan for automatic sequestration to the floor, but as a *procedural* motion, requiring a 60-vote majority. The Senate voted 49-47 for the Domenici plan, short of the 60 votes required, defeating it as well. Democratic proponents of a "fixed" Gramm-Rudman bill fumed that Domenici was fronting for the White House, which wanted to avoid the automatic sequestration business altogether. They are now threatening to hold up extension of the debt ceiling when the temporary provision expires Aug. 6, a day before Congress is scheduled to leave on its summer recess, and force a special session—which Wright is dead set against.

Sources close to Domenici defend their action, warning that "the Democrats are only interested in attacking the President when he is down." That is strictly true, and the constituency pressure on Congress to "do something about the deficit" should not be underestimated. Nonetheless, Chiles and

his budget-cutting friends on the House side are less interested in ensuring that the President takes the blame for the budgetary disaster emerging for the 1988 election year, than in taking the opportunity to assert congressional control over economic policy for all time. Representative MacKay and his Republican ally Rod Chandler (R-Wash.) have a hundred members' signatures on a letter demanding an economic summit meeting to take matters out of the hands of the administration.

By July 29, Chiles and Domenici had announced agreement on a joint plan for automatic sequestration. By this time, the financial community lobby groups who had led the charge for automatic sequestration, were beginning to worry that the process had run out of control. Domenici's staff has been warning throughout that no compromise on automatic sequestration will be possible by Aug. 6, despite the announced deal with Chiles, given to the press with much fanfare the evening of July 29.

One lobbyist who attended a breakfast meeting of 65 representatives the morning of July 29 complained, "All discussion centered around the 1988 election. They know that spending cuts will cause grief, and they want this grief to come under Reagan, and make sure that a Democratic President and a Democratic House are elected in 1988. They also know that they aren't going to do anything next year, so whatever they do has to be done now. The problem is that they are split all across the board. They are vainly searching for an agreement among themselves, and they haven't found it. [House Ways and Means Committee Chairman] Rostenkowski (D-Ill.) is still split from Speaker Wright, and the Democrats are totally at odds among themselves."

A quiet campaign is under way to persuade the White House to rein in Domenici, and push through automatic sequestration. "From the White House standpoint, it's not so bad," argued one lobbyist. "All right, they have to cut \$18 billion from defense this year, but that would still leave a 5.2% real growth in defense spending over the Reagan administration's term of office. And it would enable them to cut domestic programs that they would never be able to cut any other way."

But even if the White House makes a serious push for automatic sequestration, that might give Jim Wright the support he needs to destroy the measure in the House. Rostenkowski now backs automatic sequestration, but positions of this type may mean nothing important when the votes are counted. Literally anything might happen on Aug. 6, when the slightly postponed debt ceiling expires. The constitutional crisis just under the surface may erupt into view; it might be postponed until the budget debate reaches its climax at the end of September; or some third, unforeseeable sequence of events may emerge. The only thing clear in this situation is that the old rules of behavior lead to insoluble impasses, dictated by economic reality.

Inside the 'secret Irangate' mystery

by Herbert Quinde

Roy Godson, a nefarious intelligence community privateer of the Project Democracy "secret government" and a long-time "LaRouche watcher," is being investigated by Irangate independent counsel Lawrence Walsh. The Georgetown University professor is the focus of attention because of his suspected role as the previously undetected manager of a network of money-laundering entities used by the secret government in renegade covert operations ultimately beneficial to Soviet strategic policy, among which were aiding the Contras.

If the probe results in Godson's indictment and conviction, the United States will be a big step closer to taking apart the unconstitutional apparatus that is blackmailing Ronald Reagan over the Iran-Contra mess and which has disrupted the functioning of the U.S. intelligence community.

Attacks on LaRouche

Godson's role in the conspiracy also sheds light on the attacks by the secret government against Democratic presidential candidate Lyndon LaRouche and his associates. Godson who is the product of a "neo-conservative" network of "ex-communists" and "ex-Trotskyists" associated with the AFL-CIO, has been a "LaRouche watcher" since 1968 at Columbia University. In 1975, he was already circulating the lie that LaRouche and his associates were Soviet assets who represented a secret Soviet terrorist capability. Godson, along with Tom Kahn, head of the AFL-CIO International Department, met with FBI officials in early 1976 to encourage them to continue their illegal "Cointelpro" operations against LaRouche's organization.

The Godson line that LaRouche is "KGB" became the rationale for running covert operations against LaRouche and his associates under Executive Order 12333, starting in 1982.

Documents made available through the Freedom of Information Act demonstrate how Godson disrupted the policy input provided by LaRouche to the Reagan administration.

government': man Roy Godson

From the beginning of the Reagan administration, LaRouche and associates participated in formulating defense and national security policies which, in part, contributed to President Reagan's Strategic Defense Initiative and the War on Drugs.

The "smoking gun" is a document written in 1982 by then FBI counterintelligence chief James E. Nolan. The document is an internal report about the activities of *EIR*, LaRouche, and an affiliated philosophical association, the National Caucus of Labor Committees (NCLC). At that time, there was no ongoing official or legal investigation by the FBI to warrant such a report. The document states, in part:

"We would like to reiterate our conclusion that, while many of the harassment activities of the NCLC and the themes promoted by the NCLC publications, such as *EIR*, are often propitious to Soviet disinformation and propaganda interests, there is no firm evidence that the Soviets are directing or funding LaRouche or his organization. It is entirely plausible, however, that the Soviets have developed or may be developing sources within the NCLC who are in a position to interject Soviet-inspired views into NCLC activities and publications."

Sources indicate that Nolan's wild speculation originated from his participation in an extragovernmental network of intelligence community specialists directed by Godson and sponsored by the National Strategy Information Center (NSIC).

The secret government conspires

Godson has long been, behind the scenes, a Rasputin figure in creating the "secret government." Through his direction of the Consortium for the Study of Intelligence (CSI), Godson from 1979 to 1982 staged private conferences on intelligence policy and operations to convince President Reagan to sign Executive Order 12333, the 1981 order that enabled the secret government to run amok. Sponsored by the

NSIC, the CSI conferences assembled U.S. officials and intelligence privateers who have figured in the Iran-Contra affair.

FBI official Nolan attended an April 24-26, 1980, CSI conference on counterintelligence. Some of the other participants were:

- Theodore Shackley—the man to first make contact with Israeli agent and Iranian businessman Manucher Ghorbanifar and discuss an arms-for-hostage exchange. Shackley is the alleged "godfather" of the logistics complex that facilitated delivery of arms to the Ayatollah Khomeini and East bloc weapons to the Contras.
- John Norton Moore, the international law consultant to the Intelligence Oversight Board who Colonel North testified had advised him that no laws were being violated by covertly arming the Contras.
- Major General Schlomo Gazit—the former director of Israeli Military Intelligence who, according to the Tower Commission Report, became National Security Consultant Michael Ledeen's secret liaison to the Israeli government.
- Kenneth de Graffenreid, Director of Intelligence Programs at the National Security Council, now infiltrated deep in the Pentagon bureaucracy, from whose office Colonel North and Fawn Hall obtained the documents that were shredded.
- Dr. Angelo Codevilla, a member of Reagan's Intelligence Transition Team, now at the Hoover Institute, who with De Graffenreid were the authors of the secret government's mandate, Executive Order 12333.
- Herbert Romerstein—presently, a "Soviet disinformation" specialist with the U.S. Information Agency (USIA) who is implicated with Godson in the Iran-contra funding scandal.
- W. Raymond Wannall, former FBI assistant director and sponsor of John Rees, a Moonie-connected professional intelligence "snitch," suspected by some in the intelligence community of being a "mole."

Other CSI conferences, during the 1980s, assembled key "social democratic" operatives of Project Democracy, including:

- Midge Decter, director of the Committee for the Free World, the umbrella group of neo-conservatives who led the charge in support of the no-win Contra policy. Decter, assisted by Moonie editor Arnaud de Borchgrave, set up the first public effort to finance the Contras through private donations. She is also Elliott Abrams's mother-in-law.
- Cord Meyer: syndicated columnist and former CIA operative who is a close friend of James Nolan. He was one of the intellectual founders of the American Institute for Free Labor Development (AIFLD). An AFL-CIO and State Department-financed entity, AIFLD has participated in the destabilizations of governments friendly to the U.S. in Ibero-America and implicated in the region's narcotics trafficking

networks.

● Penn Kemble, founder of Prodemca, an abbreviation for Project Democracy, Central America which was heavily funded by the National Endowment for Democracy, the overt side of Project Democracy financed by Congress.

Money laundromats

Revelations by Lt. Col. Oliver North and Admiral Poindecker and documents released by the congressional Irangate panel, confirm that Godson was a key conspirator in laundering money to support the discredited Contras. North testified that in 1985 he, Godson, then-National Security Adviser Robert McFarlane, and a fourth man met at the White House; there Godson agreed to help North in "fundraising efforts" to support Project Democracy's Central American activities.

On July 15, the *Pittsburgh Post Gazette* reported that the fourth man at the 1985 White House meeting was Clyde H. "Terry" Slease III, formerly a lawyer for Richard Mellon Scaife, Eastern Establishment financial angel to New Right causes. Slease and Godson solicited from Pittsburgh businessman John Donahue a \$100,000 contribution which was laundered through the Heritage Foundation and given to the Institute for North South Issues (INSI)—the latter run by indicted Contra fundraiser Richard Miller.

Miller next transferred \$80,000 to a Cayman Island ac-

count called I.C., Inc. (Intel Co-Operation Inc.) which had been set up at North's request. A balance sheet of the account at Barclay's Bank, released by the congressional panel, indicates \$7,300 was sent to Richard Secord's Lake Resources account in Switzerland.

The evidence points to Godson's role as ringleader in a conspiracy to violate federal tax statutes, similar to the violations that led independent counsel Walsh to issue his first indictments. Miller and conservative homosexual fundraiser "Spitz" Channell have pleaded guilty of conspiracy to solicit tax-free contributions that went to support the Contras.

Godson himself, according to Bob Havel, press spokesman for the House Select Committee on Irangate, has been under investigation since March of this year, and has been deposed by House investigators.

Meantime, the Gannett News Service reported earlier this year, Godson's leading role in orchestrating a 1985 International Youth Conference in Kingston, Jamaica. The article shows that at the time, Godson was a clandestine operative in illegal covert operations for the "secret government."

While a paid consultant to the National Security Council, Godson coordinated the financing for creation of the Jamaica-based International Youth Commission which hosted the 1985 conference. The International Youth Commission and the Institute for North South Issues appear on a flowchart of Project Democracy fronts found in Colonel North's safe, with "INTL YOUTH COMM" connected to "FDN," the Adolfo Calero-led Contra group. Sources believe that the conference was used as a cover to conduit money to the Contras.

Godson coordinated the financing for the operation and worked with Walter Raymond, NSC Director of International Communications, now with USIA. Godson, Raymond, and North were regularly seen at IYYC meetings up to 1985. Sources report that Herbert Romerstein and Robert Reilly were also part of the scheme. Reilly, a USIA official was a key propaganda operative for the disastrous Central American policy of the administration. He is now an official at the U.S. embassy in Switzerland.

The International Youth Commission got at least \$2 million of publicly documentable funds. The NED kicked in \$107,000, and the Agency for International Development \$1 million. West Germany's Konrad Adenauer Foundation, an original supporter of the conference, gave \$150,000. The Labor Committee for Transatlantic Understanding, based in London, for which the late father of Godson was an operative, is also under investigation as part of the web of money-laundering fronts.

Godson also edits *Disinformation*, a newsletter reputedly concerned with countering Soviet active measures. It serves an opposite purpose, as implied by its board of directors: Social Democratic operative Sidney Hook; Mossad-linked Uri Ra'an, former teacher of Soviet/Israeli spy Jonathan Pollard; and many self-styled Soviet defectors.

When a guy who runs guns to Khomeini looks downright patriotic compared to Congress and the media—you know America needs . . .



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North's 'Berlin Wall' on Mexican border

by D.E. Pettingell

The major U.S. media, after wasting hundreds of hours in television time on the congressional Iran-Contra hearings, opted to black out an astonishing scenario for the invasion of Mexico and Central America laid out by Lt. Col. Oliver North during his July 13 testimony.

"The consolidation of the communist regime in Managua will result in the spread of that revolution," North stated. ". . . You will see democracy perish in the rest of Central America, a flood of refugees crossing the American borders, and potentially, the construction of a Berlin-type wall across along the Rio Grande to keep people out. . . . You are talking about something in the neighborhood of 10 million refugees, the potential for drawing on NATO support in order to defend our own southern border. And ultimately, with the consolidation of communism in Central America, the commitment of American troops. . . ."

Whether North knows it or not, his scenario conforms to the Soviet plan to use the "communist threat" in the Western Hemisphere as the bait for Moscow's Washington-based agents to push through a policy of withdrawing troops from Western Europe, Moscow's strategic target. As long as the Reagan administration is blindly committed to the Contra policy, the secret government behind North can pursue this scenario.

Twenty-four hours before North's testimony, the *Miami Herald* exposed a plan to suspend the American Constitution and impose martial law in the U.S. in the event of a Soviet nuclear attack or the U.S. military invasion of a foreign nation. North helped draw up the plan. North's resignation and that of his boss, NSC head John Poindexter in November 1986, did not mean the end of the "secret government" nor the elimination of the plan revealed by the Florida newspaper.

Genocide

In fact, shutting down the U.S.-Mexican border is a policy which has been in the process of consolidating since the 1970s. The Simpson-Rodino Immigration and Naturalization Law enacted this year strengthens, from a juridical standpoint, the closing of the border.

In 1975 Lyndon H. LaRouche denounced on national television the genocide policy later spelled out by North.

LaRouche's warnings were called "extremist" at the time. He exposed George Ball, former undersecretary of state, for whom Mexico's "demographic explosion is like acid rain. . . . Close down the border and let them scream." Ball's crony, self-confessed genocidal agronomist William Paddock, had called for eliminating 30 million Mexicans through the "usual means: epidemics, hunger and war."

The scenes of Mexicans recently roasted alive inside box-cars in Texas or dehydrated in the deserts of Arizona, are not taken from Dante's *Inferno* but come from the pages of *Global 2000*, the current depopulation policy followed by the State Department that Ball and Paddock helped put together during the Carter administration.

Following North's theatrical performance, convicted drug-runner George Morales, a naturalized U.S. citizen of Colombian origin, delivered testimony on July 15 which, while less dramatic than North's, had more content. Before the Senate Subcommittee on Terrorism and Narcotics, chaired by Sen. John Kerry (D-Mass.), Morales testified that Contra leaders Popo Chamorro, Marcos Aguado, and Octaviano Cesar approached him in 1984 and proposed help him out in his legal troubles, if Morales would make them partners in the drug business.

They became partners, and for over a year, the three Nicaraguans, presenting themselves as CIA agents, protected Morales's drug-laden planes as they were unloaded in the middle of the day in some of Florida's busiest commercial airports. Morales testified that Custom and Immigration officials never stopped him or tried to check his planes. Morales's fleet would depart carrying arms and return from Central America, via Cuba and the Bahamas, loaded with marijuana or cocaine. "The CIA covered for my operation," he insisted.

Morales said his connections in Cuba gave him access to the codes that enabled him to use Cuban airspace and land for his flights, and opened to him Cuban money-laundering facilities, to run drugs for North's Contras.

In light of the massive complicity by American law enforcement authorities, CIA agents, and Cuba in the drug business, Morales proposed to simply legalize drug production and consumption. The audience giggled nervously.

A number of independent research groups in Washington, as well as elements in the Department of Justice and Congress, have amassed extensive files on the Contra drug-running. The joint Committee on the Iran-Contra affair, however, has opted to cover it up. To acknowledge that the Contras are nothing but a gang of mercenaries running drugs for the political benefit of Moscow, would have political and strategic implications that the committee members are not willing to touch.

No wonder that when North bitterly denied that the Contras or his private supply networks were involved in drug-trafficking, not one Congressman—Democrat or Republican—dared to contradict him or object to his assertion.

What Hitler could not do, New Jersey did

by Linda Everett

By honoring a family's request to starve to death a brain-damaged 32-year-old patient from Boonton, New Jersey, the United States' courts and legal machinery have accomplished in a few weeks, in full public view, what Hitler had elaborately guarded as secret—a system for mass destruction of lives deemed not worthy to be lived. German citizens then would not have tolerated what Americans today accept as a daily occurrence—the legalization of euthanasia by our laws and courts.

In fact, on July 29, the Constitutional Court of West Germany ruled that euthanasia could not be revived under any pretense, in the most recent case brought by neo-Nazi doctor Julius Hackethal. Hackethal had attempted to carry out the poisoning of a cancer victim, allegedly at the patient's request. But he was stopped by public protest, including that by the Club of Life, and forced to go into the courts to challenge the laws against euthanasia. Fortunately, the courts upheld the Judeo-Christian ethic and said no.

But at the end of June, the New Jersey Supreme Court ruled that patients whose relatives claimed that they would want to die, could be starved to death. And, despite appeals to several different courts, all the way up to the Supreme Court of the United States, that decision has been upheld.

The most flagrant demonstration that the decision to allow removal of food and water from a patient is nothing but Nazi-style murder, is evident in the case of Nancy Ellen Jobes. Jobes is currently under death sentence, thanks to the court decision, and could be killed any day.

The Jobes case

In 1980, Nancy Ellen Jobes suffered brain damage during surgery. Since then, the Lincoln Park Nursing Home in Morris County, N.J. has cared for her. The home and its medical staff adamantly refused the family's request to remove the small plastic feeding tube in Mrs. Jobes's small intestine providing her sustenance.

Although the family gave its permission in June 1985 to reinsert the dislodged tube, the legal right to remove it was a major battle of the euthanasia lobby and the family from May

1985. Their intentions to change the law became clear by that October, when Jobes's father announced that 100,000 comatose patients nationally are being held in limbo because the law did not address the starvation issue.

In April 1986, claiming that Jobes was an irreversible vegetable, the Morris County Superior Court ruled to stop her food and water. Judge Stein ignored the fact that Mrs. Jobes was not terminally ill, not in pain, and never asked to die. He labeled the substantial testimony of nationally known neurologists and medical personnel, who described the patient's considerable responses, as "tainted" because, he said, they were biased in favor of saving the patient!

What was, and is, the condition of Nancy Jobes? She is not brain dead, not in a vegetative state, nor even in a coma. In fact, she responds immediately to over 50% of the commands to move her toes, stick out her tongue, lift her right leg, and more. Not only does she follow nurses with her eyes, lifting her head when they are out of view, but she cries after family visits, responds to the slightest sound, smiles when touched, and helps the staff when they wash her hair.

Lincoln Park appealed Stein's appalling decision. The New Jersey Supreme Court ruled June 24 that families have the right to snuff out the lives of healthy, unconscious, or disabled patients like Jobes.

Court-ordered murder

U.S. courts have supported the murderous decision in a ghastly chorus one after another, each time the nursing home's attorney, Richard Traynor, appealed to save Jobes's life. The N.J. Supreme Court and N.J. Supreme Court Justice Robert Clifford, in separate decisions, refused to reconsider the June 24 ruling. Clifford also ruled the patient be moved to the Morristown Memorial Hospital, which is set to remove the life-sustaining tube.

U.S. Supreme Court Justice White refused to grant a stay on the state court order. In a separate decision, the full U.S. Supreme Court, without comment or recorded dissent, also refused to grant a stay. A federal district judge, and lastly, a three-judge panel of the U.S. 3rd Circuit Court of Appeals in Philadelphia unanimously refused to intervene with a stay of the murder ruling.

The direction in which these decisions are going is evident in the national debate and discussion about AIDS patients. There is no question but that the health establishment of the United States has decided that it is not willing to pay for the treatment of AIDS patients, any more than it will willingly pay to prevent the disease from spreading. Euthanasia is thus being promoted, not only for the elderly, but also for young people who are considered "beyond help."

Starvation, once a crime of genocide in Nazi camps and Stalin's targeted hinterlands, has now become, through the nation's courts, a respectable tool and a simple medical procedure, to be wielded against lives the United States deems not worthy to be saved.

Reagan's contradiction on superconductivity

White House spokesman Marlin Fitzwater conceded that there is a glaring contradiction in the administration's new policy on superconductivity technology, in his press briefing here July 29. On the one hand, the administration professes a desire to assist U.S. industry in exploiting the limitless commercial, military, and scientific potentials of superconductivity. On the other hand, it proposes to restrict public access to results of superconductivity research achieved in government labs, supposedly to prevent foreigners from getting access to it.

A huge, two-day conference, "Superconductivity: Challenge for the Future," was sponsored by agencies of the executive branch, drawing almost 2,000 researchers and executives of leading U.S. corporations to spur them on to exploit the incredible breakthroughs in superconductivity achieved during the past year. Reagan addressed the conference himself.

However, the administration's three-part legislative package aimed at expediting development of the technology includes tightening the Freedom of Information Act law to make access to government data on the technology more difficult.

When I asked Fitzwater about this contradiction, he conceded it was a profound problem. He said it was based on the need to keep U.S. industries competitive. He said, "How do

you provide incentives for U.S. industries, and at the same time not give away their competitive advantage? We do not have an answer."

U.S. media loves Gorbachov, 'glasnost'

Seventy percent of the stories generated by the major U.S. news media on the subject of the "new" Soviet policy of *glasnost*, or "openness," have "treated *glasnost* as genuine reform," according to S. Robert Lichter of the Center for Media and Public Affairs. He spoke at an American Enterprise Institute forum here July 29 on "Taking Glasnost Seriously."

Lichter, author of the new book, *The Media Elite*, added that a survey of major U.S. media also shows that 90% present Soviet General Secretary Gorbachov in a "favorable light" compared to his predecessors. As a result, he said, polls in the U.S. now show that the American people think Gorbachov is doing a better job as a leader than President Reagan.

He cited a survey of *Pravda*, during the same period the U.S. media has been writing favorably about *glasnost* and Gorbachov. It published an average of five-six articles on the United States per day, he said, and has never deviated from its policy of characterizing the U.S. as "an imperialist warmonger seeking global domination," run by its "military-industrial complex" (a term so common in the Soviet press that its acronym, MIC, is often used).

Speaking at the same AEI forum, AEI weasel Michael Novak said that while *glasnost* may be a Soviet deception operation in the international arena (this notion is so widely accepted in Washington that even Novak can't deny it), it can be "exploited" to "pry loose concessions in the area of human rights."

'War on drugs' caving in

"The production and availability of illicit drugs continues to grow despite international concern over their adverse effects," stated Joseph Kelley of the Government Accounting Office in testimony to the House Foreign Affairs Task Force on International Narcotics Affairs here July 29.

He said that while statistics indicate Americans' use of marijuana decreased by 4% between 1982 and 1985, their use of cocaine grew at a staggering rate. Cocaine consumed in the U.S. is imported, and that all the cocaine used in the U.S. comes from three Ibero-American countries: Bolivia, Peru, and Colombia. A preliminary review of U.S. anti-drug efforts in cooperation with the governments of those countries, he said, has shown a failing effort.

In Bolivia, for example, he cited lack of progress following U.S. cooperation in "Operational Blast Furnace" that destroyed cocaine labs buried deep in the Amazon forests in 1986. He blamed a "failure of the Bolivian government to capture or imprison known major traffickers," combined with "reported corruption at all levels within the country and public apathy towards the efforts to curb narcotics production."

He did not mention the urgent appeal made by Bolivian government officials who came to Washington following "Operation Blast Furnace" seeking essential support for follow-up efforts. He did not mention that they were sent home from Washington empty-handed.

In the case of Colombia, he was more willing to blame the U.S. for failure to maintain spare parts and repairs on aircraft loaned to the Colombian government for detection and spraying programs, as well as lack of U.S. follow-up monitoring efforts.

He did not mention Peru.

Elderly shouldered with AIDS costs

The catastrophic health care bill, H.R. 2470, which the House passed on July 22, will end up placing a great deal of the cost of AZT and other drugs for AIDS victims upon the shoulders of the nation's elderly.

Rep. William Dannemeyer (R-Calif.) led the fight to delete this provision from the bill. "While I recognize that someone must bear the health care costs of these unfortunate victims, I do not believe that the elderly should be targeted for that role," Dannemeyer said.

H.R. 2470 provides benefits under Medicare for the cost of drugs minus a yearly \$500 deductible. Those under 65 can apply for Social Security Income benefits and after 24 months can receive Medicare benefits. Backers of the provision argued that most AIDS victims are dead by this period of time.

But Dannemeyer pointed out that with the life-prolonging drugs such as AZT, and if those who have ARC (AIDS Related Complex) are covered by the bill, then "the elderly could be faced with subsidizing the drug needs of up to 3 million AIDS victims at a cost of \$300 billion."

"This is not just an idle threat that I am talking about today," Dannemeyer said. "Four thousand people currently have AIDS drawing SSI. When they have survived 24 months they are eligible for drugs. . . . There is little doubt that this category will expand dramatically as persons afflicted with AIDS qualify.

"We are creating a catastrophic bill here to cover those kinds of obligations," Rep. Ed Madigan (R-Ill.) said. "It is the AIDS patients rather than the senior citizens who are going to be incurring those kinds of obligations. But it is the senior citizens through the

surtax in the Democratic legislation who are going to be picking up the bill for those catastrophic obligations."

Because of the rule under which H.R. 2470 was considered, there was no separate vote on the drug benefit provision. Rep. Robert Michel's (R-Ill.) substitute, which provided drug benefits only for the medically indigent, lost on a vote of 190 to 242.

Conyers, Ford push grand jury reform

Reps. John Conyers (D-Mich.), chairman of the House Judiciary Subcommittee on Criminal Justice, and Harold Ford (D-Tenn.), have both introduced legislation to reform grand jury investigations.

Conyers's bill is more modest in scope and seeks to allow a witness appearing before a grand jury to have his lawyer present with him for purposes of consultation. A witness is subject to self-incrimination and imprisonment for contempt, and may also inadvertently lose right to claim a privilege by operation of the doctrine of waiver, Conyers pointed out. "The complex and important legal issues which confront a witness testifying before the grand jury makes the presence of defense counsel critical," Conyers said.

Currently, if a witness wishes to consult with counsel, he must ask the prosecutor's permission, repeat the question to his attorney, return and try to remember the attorney's instructions. "This process is inefficient and ineffective, as well as prejudicial to the witness," Conyers said. "It annoys grand jurors and raises speculation in their minds regarding the purpose of the consultation," he added.

Conyers said that "requiring a witness to get up and go outside the grand jury room to consult with counsel is so prejudicial to grand jury witnesses that it undermines one of the primary functions of the grand jury, to shield persons from unwarranted prosecutions."

Ford, who was recently indicted, for allegedly receiving \$350,000 from a bank run by the Butcher brothers through a sham corporation by a Knoxville grand jury after a lengthy investigation by a Memphis grand jury brought no indictment, has introduced a bill modeled more on his case.

The Ford bill would allow the target of a grand jury to appear before the grand jury if he requested. The target would also have the right to administer polygraph tests to any witness who is a convicted felon or a party to a plea bargain agreement. Also, exculpatory evidence unearthed by a previous grand jury would also have to be presented to any current grand jury.

Contra debate heats up in Congress

Dozens of supporters and opponents of further funding for the Contras took to the floor of the House to argue their case on July 23, intensifying a debate which is expected to peak later this year.

Contra supporters, buoyed by the public sentiment for Lt. Col. Oliver North, organized a series of statements around the slides which North used for fundraising for the Contras, but was not allowed to present before the Iran-Contra joint congressional committee.

While supporters made a serious case for Soviet and Cuban military activity, and the military buildup in Nicaragua, which threatens U.S. inter-

ests, there was little case made for the military effectiveness of the Contras themselves.

Contra opponents, mainly Democrats, largely complained that the Contras' victims were innocent Nicaraguan civilians.

Rep. David Bonior (D-Mich.), however, focused in on the military effectiveness of the Contras. After six years, Bonior noted, they have not been able to capture a single town or piece of territory. The Contras kill more civilians than soldiers, usually women and children, and seem more interested in seizing food and personal property than military bases. "The only targets the Contras have had any success at destroying are 'soft' economic targets that are difficult to defend, targets such as electric pylons or grain cooperatives. Even health clinics have been torched by the Contras.

"How can the Contras ever hope to win the hearts and minds of the Nicaraguan people if they continue to use tactics such as these?"

Surprisingly, a liberal opponent of the Contras, Sen. John Melcher (D-Mont.), said that the administration should concentrate on cutting off the flow of Soviet and Cuban arms into Nicaragua.

Allegations of Contra involvement in drug-running are meanwhile gaining a wider audience on Capitol Hill. The House Select Committee on Narcotics held hearings and reported that evidence gathered by the Committee shows that known drug-traffickers were involved in the effort to funnel supplies to the Contras. "There were flights going down with goods and guns, and there were flights coming back with drugs," Rep. James Traficant, Jr. (D-Ohio) said. "I don't know how it could occur without someone in this country knowing what's going

on." This investigation will "be continued by the House Judiciary Crime Subcommittee chaired by Rep. William Hughes (D-N.J.). Contra supporters claimed a victory of sorts in that no evidence has yet implicated the Contra leadership in drug-running.

Congress keeps heat on Turkey over Cyprus

No fewer than 36 congressmen and senators spoke out against Turkey on July 21, the 13th anniversary of the Turkish invasion of Cyprus.

The immediate legislative focus of these political attacks is to bolster bills that have been reported out of both the House Foreign Affairs and Senate Foreign Relations Committees which will bar the use of any U.S. military assistance to Turkey on the island of Cyprus. The Senate Committee "believes that Turkey's use of U.S. military assistance to upgrade its forces on Cyprus is inconsistent with its NATO obligations, the clear intent of existing U.S. law and the administration's stated justification for the assistance."

Opponents of Turkey's occupation of Cyprus cite the recent Turkish military build-up on the island, 60,000 Turks brought in as settlers, the establishment of a Turkish-backed government in the occupation zone, and the looting of religious and cultural artifacts in Greek-Cypriot areas, as evidence that the United States must exert pressure on Turkey.

Rep. Michael Bilirakis (R-Fla.), who organized the effort, went so far as to try and paint Turkey as a questionable U.S. ally, or friend of the Soviets.

But strong NATO defenders and defenders of Turkey's role in NATO, such as Reps. Gerald Solomon (R-

N.Y.) and Thomas Bliley (R-Va.) joined in. "Turkey needs to be helped and supported in its ability to resist any military or political moves by the Soviet Union," Bliley said. But "Turkey's continued occupation of Cyprus breaks the spirit of the NATO alliance as well as heightens tensions with our other NATO ally, Greece."

Moynihan welfare reform targets child support 'cheats'

Sen. Daniel Moynihan (D-N.Y.) along with 23 Senators introduced S. 1511, the Family Security Act, on July 21, designed to replace the principal welfare program, Aid to Families with Dependent Children.

As Moynihan explains, the main purpose of his bill is to get after the parents who cheat on child support. "The Family Security Act enforces the principle that child support must in the first instance come from parents, and only thereafter from the community," Moynihan said.

Moynihan argued that the "key to the success of collecting child support payments is the timely establishment of paternity." States will be required to establish paternity and report a Social Security number for both parents at the time of birth. States will also be required to implement automatic wage withholding by employers upon notice of a court order of child support.

States are given wide latitude in the bill to set up job, education, and training opportunities, but welfare mothers "must try to earn income." Participation requirements are waived when the individual's youngest child is under three years of age, but states will be given the option to lower that age to one.

National News

Weld targets defense, hits Meese on Irangate

William Weld, the chief of the Criminal Division of the Justice Department, complained about the difficulty of prosecuting Defense Department employees, in testimony before the Energy and Commerce investigations subcommittee July 30. "In the absence of fraudulent intent," Weld said, "the resulting overcharges [involved in DoD cost overruns] may not be prosecutable or even recoverable."

"In many investigations we have found, rather than venal or improper acquiescence on the part of government officials, a merging and mutual reinforcement of interests—profit motive on the part of defense contractors and a desire to accomplish the mission on the part of the military," Weld complained that two cases against General Dynamics and one against Pratt and Whitney had been abandoned because no fraud had been intended.

Concerning the Irangate scandal, Weld said, in a deposition given July 16, that he had urged Attorney General Edwin Meese and other Justice Department officials to bring the Criminal Division into the investigation, but was rebuffed.

According to a report in the *New York Times*, Weld was involved at the time in investigating the arms-smuggling case of Israeli Gen. Avraham Bar-Am, which featured shipment of arms to Iran.

When Weld was appointed to head the Criminal Division, *EIR* warned Meese that the snake would go after him. It looks like we were right.

House panel cuts aid to Pakistan

The House Appropriations subcommittee on foreign operations has approved a \$13.2 billion foreign aid package for fiscal year 1988 that includes the withholding of \$290 mil-

lion in foreign military sales credits and \$250 million in economic assistance from Pakistan until Jan. 15, 1988, at which time President Reagan would have to determine whether to resume the aid.

State Department spokesman Charles Redman expressed "regret" at the move, saying, "While we seek a more satisfactory understanding on the nuclear issue [allegations that Pakistan is acquiring a nuclear weapons capability—ed.], we also wish to maintain the continuity of our crucial cooperation with Pakistan."

The aid package also earmarks military and economic aid of \$3 billion for Israel; \$2.1 billion for Egypt; \$540 million for Pakistan; and \$284 million for the Philippines.

LaRouche: 'The U.S. government is in chaos'

In a campaign statement issued July 27, Lyndon LaRouche wrote that the budget crisis of the previous week brought the world "right up to the edge of the financial precipice," and neither the Congress nor the President has shown any inclination to face reality and reverse the economic collapse.

"Congress was so obsessed with its efforts to blackmail a weakened President Reagan," he wrote, "that it seemed not to care that its actions might even set off a worldwide financial crash. On his side, the President was so obsessed with trying to ram through more of his failed 'economic agenda,' and to get an early summit with Moscow's General Secretary Gorbachov, that he, too, paid no attention to the risk of plunging the world economy into chaos."

The recent bungling, he said, is typical of the way entire financial systems or even empires sometimes fall. "The threat of a financial crash worries me; but, what worries me much more, and should worry all of you, is the fact that our government is in chaos, with no one really in control of the situation. The President has his head up in Cloud Nine, and most of the Congress is acting like a bunch of drunks working themselves up for a late night bar-room brawl."

Reviewing the measures he has pro-

posed to launch a high-technology industrial build-up, LaRouche compared his own role to that of Lazare Carnot in saving the French nation from the follies committed during the Revolution.

The problem today, he wrote, is that Washington officials refuse to abandon "the usual way of doing things," and therefore are afraid to implement the solutions which will work. Further, many of those who know LaRouche is right, still fear to support his candidacy until he has received such broadly visible support, that they can afford to stick their necks out.

Jones tours India with LaRouche policies

Sheila Jones, Midwest coordinator of the National Democratic Policy Committee (NDPC), is on tour of India Aug. 1-15, speaking on behalf of Lyndon LaRouche and Helga Zepp-LaRouche. She was invited by attorney S.C. Birla, of the Supreme Court of India and the Commission to Investigate Human Rights Violations in the United States.

Mrs. Jones was a candidate for mayor of Chicago this year, and gained national attention following the victory of two LaRouche associates in the March 1986 Democratic primary. As coordinator of their campaigns, she became famous for the humorous and combative manner in which she dealt with a generally hostile press corps, often winning their grudging admiration. Accomplished in poetry and classical music, she is also a former school teacher.

Mrs. Jones will speak before meetings of the All-India Lawyers Federation, an organization formed last year by Birla to represent the broad interests of Indian attorneys. She will speak in New Delhi, Poona, Bangalore, Cochin, and Goa, focusing on LaRouche's policies for global economic development, and discussing the political witchhunt launched against LaRouche by the Soviets and the "secret government" in the United States.

A cultural program has also been

planned, with a group of Indian poets.

Senators ask indefinite halt in aid to Panama

Eight senators have sent a letter to Secretary of State George Shultz, asking him to continue the freeze on economic and military aid to Panama indefinitely. Led by Christopher Dodd (D-Conn.), chairman of the Senate Foreign Relations subcommittee on Western Hemisphere Affairs, the group asked Shultz to consider other measures, in addition to the aid cutoff, "to evidence our firm opposition to the control of the government of Panama by its military forces."

Other signers included the subcommittee's ranking Republican, Richard Lugar (Ind.), Foreign Relations Committee chairman Claiborne Pell (D-R.I.), Armed Services Committee chairman Sam Nunn (D-Ga.), and Daniel Inouye (D-Hawaii), chairman of the Appropriations Subcommittee on Foreign Operations and of the Irangate investigating committee. The letter said that continuing the freeze would "make it clear to the people of Panama that we stand with them in their quest for the establishment and growth of democratic institutions."

Koop: no AIDS tests for pregnant women

Surgeon General C. Everett Koop came out against mandatory AIDS testing of pregnant women, during testimony before the House Select Committee on Narcotics Abuse and Control on July 27. The committee held a hearing at Harlem Hospital in New York City.

Koop argued that testing would force the women "underground." Admitting that New York City figures among pregnant women "forecast a staggering number of pediatric AIDS cases in the future," Koop maintained that education remained the best weapon

against AIDS, even though prospective mothers who are at risk are difficult to reach because they "have low socioeconomic status, a low educational level . . . [are] unemployed or work as prostitutes."

Mayor Ed Koch agreed with Koop, saying: "After you have mandatory testing, what do you get? You can't do anything for these people. You've branded them." He doubted that most of those found infected would change their behavior.

Bush lashes out against LaRouche

Vice President George Bush, at a campaign rally in Shelton, Iowa July 31, was asked whether he agreed with Democratic presidential candidate Lyndon LaRouche that Executive Orders 12333 and 12334 should be revoked. Bush replied: "I don't know what they are. I haven't heard about them. Tell me more." After being told that these orders legalized dirty tricks by the "secret government," undermining the rule of law and the Constitution, Bush said, "Well, I wrote an executive order that made intelligence accountable to the appropriate institutions. Maybe this order has been amended. But, in any case, if Lyndon LaRouche is for it, I'd be very, very wary."

Bush was asked to comment on opposition to the "zero option" arms-control deal by Gen. Bernard Rogers and on LaRouche's ongoing visit to Turkey. Answering the second question first, Bush said: "I don't know what to make of the LaRouche visit, and I assume the Turkish prime minister doesn't know what to make of it either. . . . I don't like the things LaRouche does. . . . He's bilked people out of lots of money and misrepresented what causes the money was going to. LaRouche is in a lot of trouble and deserves to be in a lot of trouble."

On the zero option, Bush said: "It's true that Rogers expressed opposition to the zero option, because he thought it would be bad for Europe. But General Galvin approves of the zero option, and I agree with Galvin." Galvin has replaced Rogers as NATO supreme commander.

Briefly

● **ROBERT DOLE**, during a recent visit to Birmingham, Alabama, proposed that all presidential candidates sign a statement pledging not to discuss the issue of AIDS during the 1988 campaign. He did not say who will deal with the AIDS crisis, if the next President of the United States will not.

● **JESSE JACKSON** is getting narco-dollars from Cuba, according to a report in the London Sunday *Express* July 26. The paper cites an unnamed Justice Department official who alleges that Jackson has been getting funds from Havana to finance his U.S. political activities. Federal investigators have reportedly interrogated Miami-based Cubans about the alleged drug money link.

● **PAT ROBERTSON** said at the National Press Club on July 24 that he believes the United States should withdraw its troops from Western Europe. "I am probably going to get blasted for this," he said, "but I am going to say it anyway. We can't permit Europe to take a free ride on America. There is going to be a phase-out of U.S. involvement. The party's over for Europe. Europe is going to have to rise up to the challenge, itself."

● **CASPAR WEINBERGER** told the Iran-Contra hearings on July 31 that the real objective of Moscow in Central America is to induce the United States to divert military forces from Europe and decouple the NATO alliance.

● **A FEDERAL APPEALS** court in St. Louis upheld the assault convictions of AIDS victim David Kazenbach, who attacked three guards, biting one at the U.S. Medical Center for Prisoners in Springfield, Missouri. Assistant U.S. Attorney David Jones said he did not know whether the guard bitten by Kazenbach would contract AIDS, but that the bite had drawn blood. The guard will undergo testing for the disease for seven years.

Bush campaigns against LaRouche

Vice President George Bush was considerably worried on July 31 in Iowa, right after his rival Lyndon LaRouche's visit with the prime minister, defense minister, and foreign minister of Turkey. In fact, Bush, the leading Republican candidate—if polls are to be believed—for the first time in this presidential campaign, got up on his hind legs and attacked LaRouche, the only Democratic Party candidate he considers sufficiently threatening to his 1988 chances to give the “name recognition” of an attack.

“I don't like the things that LaRouche does,” the Republican candidate is reported to have said, reacting to LaRouche's call for revoking Executive Order 12333 and his visit to Turkey.

Ironically, the “leading” Republican candidate for President in 1988, and all the Democrats agree on one thing—they don't like what LaRouche is doing. In this, as the latest outburst in the Soviet *New Times* shows once again, they are on Moscow's line.

Following his address to a campaign meeting in Shelton, Iowa, Bush was asked whether he agreed with LaRouche that Executive Orders 12333 and 12334 should be revoked. Bush replied: “I don't know what they are. I haven't heard about them. Tell me more.” After it was explained that the two orders have made possible the mushrooming of the “secret government,” Bush said: “Well, I wrote an executive order that made intelligence accountable to the appropriate institutions. Maybe this order has been amended. But, in any case, if Lyndon LaRouche is for it [revoking E.O. 12333 and 12334] I'd be very, very wary.”

Later, Bush was asked to comment on General Rogers and the “zero option” and on LaRouche's visit to Turkey. Answering the second question first, Bush said: “I don't know what to make of the LaRouche visit and I assume the Turkish prime minister doesn't know what to make of it either. . . . I don't like the things LaRouche does. . . . He's bilked people out of lots of money and misrepresented what causes the money was going to.”

Asked whether he approved of the trumped-up political indictments against LaRouche, Bush said:

“LaRouche is in a lot of trouble and deserves to be in a lot of trouble.”

Bush then got to the strategic point: “It's true that Rogers expressed opposition to the zero option, because he thought it would be bad for Europe. But General Galvin approves of the zero option and I agree with Galvin.”

Bush's defense of the policy of decoupling of the alliance by means of the zero option, and his insults of the Turkish government, our biggest military partner in NATO, simply illustrate what the problem is, in the shipwrecked Republican administration in which George Bush is still serving. While the vice president was campaigning against LaRouche in Iowa, Gen. John Galvin, who replaced Bernard Rogers as Supreme Allied Commander in Europe, issued his first statement in complete support of the treacherous zero option, which his predecessor had so gallantly opposed. The State Department announced that there will be a three-day meeting on Sept. 15-17 between George Shultz and Eduard Shevardnadze, to discuss the zero option deal, “regional matters,” and, of course, a Reagan-Gorbachov summit this year.

Lyndon LaRouche in Ankara made it perfectly clear that his presidential campaign is about rallying the forces of the Western Alliance to organize resistance to the Soviet imperial drive for world conquest. His is the only presidential campaign doing this. Every one of the Democratic seven dwarfs paid his homage to Moscow a long time ago.

Vice President Bush in Iowa showed for the first time that he squarely supports the policy of capitulation to Moscow. Wittingly or not, he, too, paid homage to Moscow with his uncalled-for personal attack against LaRouche, the man Moscow considers its main adversary. Moscow has two “unconditional demands” for a “successful summit this year”: Moscow wants the Reagan administration to silence LaRouche and to smother the Strategic Defense Initiative program.

Bush's outburst also underscored that those two issues are in fact one. Without LaRouche there will be no SDI—and after 1989, no United States.

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



**"Dirty, dirty
magazine."**

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

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

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

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

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

- *EIR* issued a *Special Report* in 1983 on how beam-weapons technologies would transform the civilian economy and start a real worldwide recovery. Since 1983, *EIR* brought together political and industrial leaders in Paris, Rome, Stockholm, Tokyo, Bonn, and elsewhere in major conferences on the SDI. The Russians called these meetings "gatherings of cavemen" in their press!

- Now that the Russians have made their big propaganda play for the "zero option" to eliminate nuclear missiles from Europe, they're reviving the Reykjavik demand that the U.S. won't get *any* arms deal without giving up the SDI! Reagan's under more pressure than ever to capitulate.

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