

# EIR

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Pavlov is a Russian soldier's weak flank  
'Project Democracy' defends drug banks in Peru  
Radio frequency waves and living systems

**U.S. industrial base  
—unfit for duty**



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## From the Editor

The cover story exposes the dangerous implications for national security of the “post-industrial” collapse of the American economy at a point when Russian intentions to win world domination have never been clearer. Not since the War of 1812, when a stupid economic policy left the United States vulnerable to the British Navy and very nearly brought our republic to an end, has the decay of the American defense industrial base been so dramatic.

We also draw attention to the still-existent, immense resources of Western civilization that can be used to turn the situation around, if the political will be mobilized. Lyndon LaRouche inaugurates a new section—*EIR Books*—with a piece that goes far beyond a “book review” to take its place among the author’s well-known Strategic Studies. Under examination is what he calls the “compulsive offensiveness” of Russian culture. LaRouche unveils a truth known to military specialists, but hidden from the general public—that Soviet Russian military doctrine has been from the outset an offensive doctrine, of aggressive expansion—not an offensive capability within a defensive posture. That includes the 1939-45 war against Germany. LaRouche stresses, “ ‘Defense’ is not a concept which exists in the Muscovite mind, especially not the Russian mind under Bolshevik cultural conditioning.”

To find out why LaRouche sees this “incurable offensiveness” as a potential great advantage to the West, please turn to page 32.

I would like to make a special recommendation for this week’s science section as well. Starting on page 26, it is an exciting *tour d’horizon* of the many little-known fields of bioelectromagnetics, by an individual long involved in laboratory research in this area.

With the Bicentennial of the September 1787 end of the U.S. Constitutional Convention just ahead, the eyes of the world are riveted on the most important test for whether that Constitution, and our civilization can survive: the “Lyndon LaRouche case.” On pages 61-66 we report on the activities of the international Commission investigating human rights violations in this clamorous case, which will be holding major hearings in Washington and Paris this month, and we continue our coverage of the motions entered on Mr. LaRouche’s behalf in the Boston court.

*Nora Hamerman*

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**Correction:** The editors regret the headline which was placed on the Agriculture column on page 11 in the Aug. 28 issue (Vol. 14, No. 34). In no case do we regard the death of a human being as cause for mirth, as the slang language of the headline implied.

## Boom or bust? Debate ignores real economy

by Chris White

A number of highly placed, even authoritative, so-called "experts" have warned of late of the looming dangers of a blow-out of U.S. equity markets. Such warnings are indicative that something is up. Nonetheless, they are all flawed in the same basic way, as regards their implicit assumptions about the relationship between the physical economy, and the monetary side of economic processes.

Chief among such evaluations issued has been that of Guido Carli, a former governor of Italy's central bank, the Banca d'Italia, and a member of David Rockefeller's anti-capitalist Trilateral Commission. Carli speaks for those higher circles of international finance, who decided at the last meeting of the Basel Switzerland-based Bank for International Settlements in early August, to begin to pull the plug on the international speculative financial bubble, which, they themselves decided to create in the first place.

The decision to so pull the plug was followed in short order by major shake-outs on the London Stock Exchange, and on the Bourse in Milan, Italy. In both these cases, the local central bank, acting to tighten the availability of credit, helped to trigger a stock liquidation in the order of more than 10% of the total of either market.

Those actions were the warning that the now five-year-old speculative bubble, centered on the so-called "creative," or "innovative" methods, of Wall Street, like securitization, off-balance-sheet financial operations, and the notorious junk bond sales, are slated to be wiped out, in a general, central bank-promoted deflation of speculative paper values.

### Re-run of the John Law swindle

The central bankers' scheme is a rerun of one of the greatest documented swindles of all time, John Law's "South

Sea Company" bubble of the early 18th century. Touted proceeds of the company's activities were used to suck in investment funds in a British version of the scam, and a French version. Realization that there would be no such proceeds forthcoming resulted in the wipe-out of the suckers who had put up their funds, while the financial powerbrokers who promoted Law and his schemes, were able to take over liquidated suckers, and national finances in the two countries alike.

So it is now. The liquidation in London and Milan is being pushed to fuel one more run-up in the New York markets, the better to pull in the suckers before the coming day of reckoning. Then, the scheming goes, discounted assets will be bought up cheap, and financial and thus political power concentrated in the hands of those interests for whom the cited Guido Carli talks.

The assumptions that such financial insider circles, including Carli, employ to arrive at their arguments in favor of a deflationary plug-pulling, ignore the real world of physical economy. They assume the immutability of "boom-bust" cycles in the creation and liquidation of the paper instruments which reflect physical-economic processes. Thus they essentially argue that the present "boom" phase of the cycle has turned into a speculative frenzy, which should be deflated via a bust, such that the appreciation of paper instruments can begin all over again.

To substantiate such assertions, it is argued that the growth of the face values of stocks and so on, combined with the increase in volume of markets, has outstripped the capacity of corporations to generate earnings to support such values. Thus, it is said, if face values and volumes are deflated, the underlying earnings would be reasserted under changed con-

ditions, and the process could begin again.

In short, it is assumed by the "experts" that the financial side of economic processes can operate actually without respect to the performance of the physical economy as a whole. By the criteria thus put forward for the financial system, it is indeed possible to make a strong case that the stock market in the United States has been collapsing, even while the Dow Jones Index has risen from the 800 level of 1982 to 2700 of today, and while the volume of stocks traded has doubled and tripled.

### **Fraud of the bull market**

The increase need simply be set against the more than comparable declines in earnings of major corporations quoted, such as the airlines, the oil companies, the aerospace sector, and so on. It does not take much effort to demonstrate that a dollar invested in 1982 is actually worth something less than an old-fashioned wooden nickel in the ripened "bull market" of the summer of 1987.

Thus it is relatively easy to imagine the power-hungry denizens of the top circles of international finance, eagerly contemplating their shopping lists of what purchases can be made of United States assets under nickel-on-the-dollar terms, or worse.

There are even circles in the United States who have done similar such calculations. Among them the *Wall Street Journal*, whose coverage of the Fifth Anniversary of the Great Bull Market, which began Aug. 13, 1982, drew the ire of Jude Wanniski and the other supply-side architects of the so-called Reagan revolution. From the standpoint of Carli and the *Wall Street Journal*, Wanniski and his friends, including the President, are out of the real world. From the standpoint of the real world, so too are Carli and the *Wall Street Journal*.

For example, "earnings" ought to be related to the production of net profit, economically defined. The U.S. economy, contrary to the illusions of Carli and the *Wall Street Journal*, has been functioning below the breakeven level, that is, without net profit, since the interval 1979-82. Those were the years of Paul Volcker's high interest rate economic warfare against the United States. Of course, parallel with the bull market, the Great Recovery, the most sustained surge of economic growth since the end of World War II, also began in the year 1982-83. But the Great Recovery never actually happened.

There was no recovery of the U.S. economy from below breakeven conditions. There was no return to profitability for the United States in any economic terms. Some costs of economic functioning were shed, as the economy ratcheted downward, for example, machine tools or shipbuilding, other costs of economic functioning were turned into net liabilities through the increase in imports that partly disguised how bad things had become, while helping to support the tremendous increase in degraded coolie labor, service sector jobs that were created.

Without economic profitability, earnings that are reported as earnings, are as much of a fiction as any other paper claim to bull-market riches. That is to say that speculative paper gains, from real estate speculation, foreign exchange swindles and so forth have replaced economic profitability on the earnings side of the so-called price earnings ratio. Then the economy, as measured by its capacity to produce at levels of late 1960s market basket outputs for producers and consumers alike, spirals downward, while the speculative and usurious claims against the economy, spiral out of control, fed by the tripling of on- and off-balance-sheet debt of all borrowers, since 1982.

The bubble takes off, without reference to the constraints of physical economy that underlie the generation of paper values. The bubble is maintained by the inflow of foreign funds, legitimate and illegal at a level of \$150-180 billion per annum. Remove the foreign funds and the bubble collapses. Collapse the bubble and underlying reality is reasserted, but it's not the reality of Guido Carli and his friends. They will not simply be able to buy up the United States cheap and divert the resultant earnings stream, in the form of interest, rent, and usury to their own account.

Without the generation of real profit in the economy, a deflation of paper values, will constrict credit throughout the economy, and send what is left of the wreckage of the once great U.S. economy into not simply a deflationary bust phase so-called, but into an economic breakdown crisis without parallel in human history, but comparable to the breakdown of Europe over the 50 years leading into the Black Death of 1348. Without reorganizing the bankrupt credit and financial system to permit wealth, and thus profit, to be produced, the capacity of the economy to bounce back from the kind of deflation the European insider circles plan on implementing is pretty much nonexistent.

It can therefore be confidently said that the proponents of deflating the great bubble of the 1980s are deluding themselves if they think they can survive what they seem to have decided to unleash. Financially, the crash cannot be directed toward the outcome they demand. Economically, with the virus AIDS loose, and with the Russians on the march, their plans have all the character of the tawdriest self-serving fantasies.

Yet the speculative bubble will come down, at some point, whether the financial insiders decide to help it on its way, or not. Simply because it cannot be supported, without destroying the host economy on which it rapaciously feeds.

Therefore it isn't good enough to simply say, bring the bubble down, and start again with a clean deck. There won't be a deck. Needed then are new policies, which will permit the reorganization of the bankrupt financial structures, while fostering the kind of economic revival on which real wealth generation depends. Clearly that is not something which central bankers, and their financial insider circle friends are capable of doing.

# U.S. Treasury Department: Save wildlife, starve people

by Marjorie Mazel Hecht

In a shocking affirmation of malthusianism, the U.S. Treasury Department Aug. 18 abstained from voting on a loan proposal to the southern African nation of Botswana to build a cattle slaughterhouse, because of its alleged potential harm to the Botswanan wildlife. The African Development Bank, of which the United States is a member, approved the \$7 million loan anyway, despite claims by the Treasury Department that the Botswanan livestock policies give preference to beef cattle and take land away from the country's bountiful wildlife.

A Treasury spokesman said that the abstention on environmental grounds—a first—was based on the provision of the 1987 Foreign Assistance Appropriation Act that mandates the Treasury Department to take into consideration “the environmental impact” of any development project being considered for funding by one of the multilateral development banks. There are now 36 projects on a “watch list,” monitored by the U.S. Agency for International Development, including major dams and other development proposals such as Brazil's giant Gran Carajas iron-mining project.

Whatever the rhetoric about “saving” the land and preserving nature, the Treasury Department spells genocide for a continent whose people are already dying. The Treasury Department, the world's banks, and most definitely the environmentalists, if they really wanted to “save” anything in Africa, would back a massive program of infrastructure and industry that would green the deserts and make Africa a food producer for the world. Instead, the sovereignty of the nation whose development is at stake must defer to the whims and fancies—and the brutal population control policies—of U.S. and European environmentalists. In Africa, U.S. foreign aid policy is now being determined by those who prefer to hunt wild game in a pristine environment than to fund the modern agriculture systems that could save the population of a continent from starvation and disease.

The decision to abstain on the Botswana vote, in fact, was personally ordered by Treasury Secretary James Baker, an amateur wild-game hunter and cattleman. In an arrogance

typical of the oligarchs in Prince Phillip's World Wildlife Fund, the Treasury Department instructed its representative at the African Development Bank in the Ivory Coast to state clearly at the bank meeting that “the only reason I am not voting ‘no’ on this project” is the willingness of Botswana to “engage conservation organizations constructively on this crucial issue of placement of fences to avoid adverse effects on wildlife.” (The government has erected several hundred miles of fencing to prevent the spread of hoof-and-mouth disease from the wildlife to the cattle.)

The department's instructions to its representative continue, “Unfortunately, the sectoral policies we see in place at the present time appear to favor a commercialized form of cattle management which includes as a side consequence the absorption of increasing grazing land by the commercial sector and denial of land resources to wildlife populations.”

## Malthusian experts only

The Treasury Department admitted that since it had no environmental scientists on its staff to advise them of “environmental impact,” it relied on the environmentalist lobby and the World Bank to supply the experts. In the Botswana case there were no less than nine environmentalist groups involved in coming up with an evaluation, including the United Kingdom's World Wildlife Fund, the U.S. Natural Resources Defense Council (NRDC), and the Kalahari Conservation Society.

When asked whether any “pro-growth” or “pro-development” group was consulted, the Treasury Department spokesman seemed startled. He then volunteered that he had been apprehensive four years ago about what the environmentalists were up to, but he now saw that they were actually concerned about “development.” What form this concern takes can be seen from the comments in a press release supporting the Treasury Department's action by the Natural Resources Defense Council's senior project attorney, David A. Wirth:

“Actions like the U.S. vote are necessary to assure that



development aid projects are not ticking time bombs, threatening to shatter the resource base in Africa. More than 85% of the rangelands in Africa have already been, or [are] at risk of being, turned to desert. Overgrazing is the biggest environmental problem in Botswana, where there are nearly three head of cattle per person—one of the highest ratios of livestock to human beings on Earth.

"This project still has absolutely no conditions designed to reform the environmentally devastating cattle situation in Botswana," said Wirth. "The African Bank has not included even minimal safeguards to assure that the project does not backfire and produce runaway increases in cattle numbers."

As for development, Wirth said in an interview, "We're concerned about sustainable development; sensible development, not willy-nilly."

The word "sustainable" is key here. It refers to the hideous concept developed by the United Nations of "carrying capacity"—how many people a piece of unimproved land can support. For the malthusians, Africa is "overpopulated" because the land can't support them—that is, unless agriculture is modernized and infrastructure upgraded, at which point so-called carrying capacity can improve dramatically. In other words, the problem is not the land or depleted resources but the refusal to invest—or let the sovereign nations involved invest—in improving the productivity of the land through irrigation, fertilization, and modern machinery. Had this Treasury Department philosophy prevailed in California, there would be no San Joaquin Valley; the most productive agriculture area in the world would be a desolate desert haven for insects, beasts, and of course, environmentalists.

In this context, it is most appropriate to note that the NRDC made its name in the early 1970s by lying about DDT and getting the United States to ban its production, based not on scientific evidence but on "public perception." At the time, DDT was responsible for saving millions of lives throughout the world. Its loss as a pesticide, along with subsequent anti-pesticide activities by the U.S. environmentalist lobby, is responsible, directly and indirectly, for the deaths of 100 million people worldwide, according to a conservative estimate by entomologist J. Gordon Edwards.

### **Life vs. wildlife**

To most people, an increase in beef cattle in a continent with pitifully small protein consumption and massive malnutrition sounds like a good idea. In Botswana, cattle are the main livelihood for a great number of the population, and cattle are second only to diamonds in the export market.

According to the World Bank's Southern Africa Programs Division, Botswana probably has proportionately more land reserved for wildlife than any other country, with even more land scheduled to be earmarked.

In fact, the government adopted a wildlife conservation policy in July 1986 that lays out in great detail how it intends

to preserve its "important national resource." As the report notes: "Botswana, unlike most countries in the world, still possesses many species of wildlife in considerable numbers . . . largely because of the earlier decisions of Government to recognize wildlife as an important national resource that must be conserved. As a consequence, National Parks and Game Reserves covering about 17% of Botswana's total land area were established at independence."

The government policy paper outlines an ambitious plan to develop the wildlife industry, with activities that range from supplying watering points and protection to wildlife, establishing rules for wildlife ranching and exports, to research into the transmissibility of hoof-and-mouth disease from wildlife to cattle. One objective of the plan is to reduce the number of rural dwellers who rely on subsistence hunting of wildlife, by providing new jobs.

### **The cattle industry**

As a former colony, Botswana has preferential access to the European markets, with a quota of 19,000 tons of export beef to the European Community, as well as the market available in neighboring South Africa. The Natural Resources Defense Council bemoans this fact, crying that Europe has a glut of beef and now exports it at "a third of the price paid for imports from Botswana." "All the incentives are there to increase cattle production," complained the NRDC's Wirth, who was particularly angry that the government was subsidizing the cattle industry, which he said was benefiting only an elite in the country. "The public at large are financing handouts," he said.

When asked whether the new slaughterhouse could not in fact help kill off the herds faster, thus alleviating the grazing problem, Wirth said, "Yes, it could have that effect . . . but the worst possible case—encouraging explosive growth—is not that unlikely."

Is overgrazing a problem? It does not have to be, with proper infrastructural inputs, especially water. It is only a problem when one has already written off a continent's population. Ironically, even the World Bank, not noted for its humanitarian policies, commented that all the NRDC's complaints about Botswana ignore the fact that the country has had a devastating drought for the past five years, which "has done incalculably more damage to the environment than any combination of policies or practices."

According to the NRDC's Wirth, the Treasury Department's stand on Botswana and its \$25 million slaughterhouse project is not simply about Botswana, but represents a "high-level" decision to "reform the economic policies of the multilateral banks." If this is the kind of reform the U.S. Treasury Department wants, Americans beware: The beef you are eating just might come from cattle grazing on land that the Treasury Department wants to reserve for an endangered species.

# AIDS sweeps unchecked throughout Africa

by Mary Lalevéé

"The costs of testing one person for AIDS, are in many countries higher than the amount spent annually on health per capita," said Jon Tinker, head of the Panos Institute, a London-based research facility which recently published a report on AIDS in the Third World. In Africa, governments' spending on health care has been drastically cut over the last 10 years, thanks to falling export prices, growing foreign debt payments, and austerity measures imposed by the International Monetary Fund.

Speaking at the recent UNCTAD meeting in Geneva, the deputy executive director of the U.N. Children's Educational Fund (UNICEF), Richard Jolly, euphemistically described "the neglect of human factors" (i.e., severe economic adjustment policies) leading to a reversal of social progress in about half of the developing countries. "Nutritional status and/or school enrollment had deteriorated in at least 35 countries and had slowed down in perhaps half of the developing countries. In Africa and Latin America, rates of infant and child survival, which had slowly but steadily improved during the 1960s and 1970s, actually declined in a smaller but still relevant number of countries in the 1980s."

Given this situation, it is hardly surprising that the AIDS virus is sweeping almost unchecked through the continent, particularly hitting the urban populations. The Organization of African Unity foreign ministers meeting in Addis Ababa at the end of July, called for "effective and coordinated action" against the epidemic. They called for the creation of "special teams" in collaboration with the World Health Organization "to fight the plague." They also called on member governments to take "legislative and other steps" to control and limit AIDS' spread.

Actions by African governments so far have been limited to introducing checks on the blood supply, where possible, and "education campaigns" designed by the World Health Organization, promoting condoms.

While figures for the total number of infected are not available, the WHO estimate of 5 million on the continent (Africa's population south of the Sahara is approximately 350 million) is certainly a vast underestimate. Some recent figures give a hint of the degree of the spread of the disease:

● In Zimbabwe, a report by a local insurance company said, "It is possible that in just over 6 years, an estimated

70% of Zimbabwe's urban population could be carriers of AIDS. . . . By 1993, experts have estimated that it is possible that over 1.5 million people may be carriers of AIDS in the urban areas of Zimbabwe alone, with nearly 17,000 terminal cases amongst both men and women."

● In South Africa, there has been a meteoric rise in the number of cases reported. In 1986, the government reported less than 20 cases, all white men. According to South African Minister of National Health Dr. Wille van Niekerk, speaking in parliament on July 28, the latest figures showed that 2,234 AIDS carriers had been identified in the country. Of these, 1,140 were white, 1,093 black (946 of them miners), 31 coloreds, three Asians, and 57 unknown. An anonymous confidential register is kept at the South African Institute for Medical Research. The figures among black miners may be far higher, according to a survey done by the South African Chamber of Mines. After having tested only 10% of the miners, 1,000 infected people have been found. Black miners generally are obliged to live in all-male hostels near the mines, where prostitution, homosexuality, and drug-use are rife.

● In Zambia, the number of reported AIDS patients has almost doubled from 207 in March to 395 in July, said the assistant director of medical services, Dr. Sam Nhawa, speaking after a four-day tour of the Copperbelt, the industrial heart of Zambia. He said the Copperbelt alone accounted for 46% of all cases, with the capital Lusaka accounting for 18%. About 80% of the AIDS patients are between the ages of 20 and 40 years. He also announced that all 33 blood-screening centers in the country are operational, and that it is now safe to have blood transfusions without fear of contracting AIDS. It is estimated that 6,000 babies with AIDS will be born this year.

● In Uganda, the government has estimated that 10% of the country's 14 million inhabitants are infected. An educational campaign has begun, costing \$20 million. The Panos Institute estimates that 15% of the "sexually active population" in the capital city, Kampala, are infected. In the border towns of Malaba and Busia, as many as 80% of women and 30% of the male population are infected with AIDS, according to the head of the Ugandan health authority, Eakoja Jjegwe.

● In Zaire, figures are not available, but the situation is known to be very bad. The Rockefeller Foundation has financed the free distribution of condoms.

● In Ruanda, the government reports that 20% of the urban population is infected.

● In Niger, the government has set up an AIDS control committee, and has defined an emergency program to follow the development of the epidemic. So far, only 10 cases have been detected in the largely desert country.

In sum, many nations face extinction in the decades immediately ahead. Clearly, far more must be done to check the spread of the plague than distribute condoms.

# The Hamburg mafia and 'Irangate' deals

by Mark Burdman

On Aug. 24, the chairman of Britain's Lonrho conglomerate, former Tory parliamentarian Sir Edward Du Cann, issued a call for Britain to take the lead in opening friendly ties to Iran and to distance itself from U.S. military actions in the Gulf. Du Cann was quoted in the Aug. 25 *Daily Mail*: "You only have to be in Iran for a few hours to appreciate the popularity of the ruling Shi'ite Muslim regime. Its leadership may strike us in the West as, at best, eccentric and, at worst, fanatic, but the odds are that it is here to stay. The lesson is clear. We have to come to terms with it."

In Iran "for a few hours"? Du Cann, in the company of Lonrho's chief executive, Tiny Rowland, had been in Iran, for at least three days, sometime during mid-August. While this voyage is shrouded in mystery, all evidence points to it ushering in a new phase in Western commercial deals with Iran, as blackmail payment for hostages taken by Iranian terrorist assets throughout the Middle East.

Rowland would, then, be the new "back channel" for deals with Iran, and he is somebody well-equipped and well-connected for the job. He is an asset of a powerful faction of the British oligarchy, having been given his first promotions in Lonrho, during the 1960s, by Mr. Angus Ogilvy, a member of the British Royal Family.

At the same time, Rowland has solid ties to the U.S. State Department, to the U.S. branch of the Trilateral Commission, and to the Israeli Mossad. In Israel, he maintains intimate ties with Irangate protagonist David Kimche, former director-general of the Israeli Foreign Ministry, dating from the days when Kimche was Mossad station chief in Africa and Rowland was building his Africa business empire.

But what most comes into play in the recent Rowland-Du Cann diplomacy, is what is becoming known as "The Hamburg Connection" to Irangate.

In the Tower Commission report on Irangate, one point of emphasis, is the role played by Hamburg in some of the early wheeling-and-dealing that led to the complex of Iran-Israel-U.S. arms deals. Before there was an "Irangate," *EIR* had pointed to Hamburg as a key point of support for the Khomeini coup, because of the close ties of Hamburg Mosque head Ayatollah Beheshti to the inner circles of Hamburg freemasonry. That Hamburg mosque, today, is a center for Iranian terror networks in Europe.

Reliable reports are that Rowland is seeking to buy a

temporarily out-of-use Mobil Oil refinery in Wilhelmshaven, in northern Germany, in order to expedite the refining and marketing of Iranian oil in Europe. Reportedly Rowland's partner in these negotiations is the Hamburg-based Marimpex company, a subsidiary of which, German Oil, had in the past been refining Iranian oil.

At the same time, the complex of institutions in Hamburg that deals with the Middle East/Gulf, is in full mobilization to open negotiations with the Khomeini regime. A central role is being played in this by the Deutsche Orient Institut of Hamburg, headed by Prof. Udo Steinbach, adviser to West Germany's Iran-allied Foreign Minister Hans-Dietrich Genscher. Steinbach has revealed that, in the first half of 1986, he was deeply involved in policy probes toward Iran, to some extent on behalf of U.S. interests. All was going quite well, he says, until Irangate struck. Now, however, that process is being revived, with the aim of West Germany establishing itself as the "arbiter" for the West with Iran.

Steinbach is creating a new "German-Iranian roundtable." On Aug. 31, at the offices of the Hamburg-based German-Iranian Chamber of Commerce, Steinbach was to present his ideas before an audience including the West German ambassador to Teheran, Jens Petersen. On Oct. 21, he will make another presentation at the Hamburg "Haus Rissen" think tank at a conference co-sponsored by the Deutsche Orient Institut and the Hamburg-based Near and Middle East Association.

Steinbach and the Institut are among the hands and feet of "The Hamburg Trust," the complex of banking, trading, and shipping families who have established an international power base in this centuries-old port city.

The *primus inter pares* of these families is the Warburgs, whose financial base, today, is in the merchant bank Warburg, Brinckmann and Wirtz. The Brinckmann scion, Christian Brinckmann, is the president of the German-Iranian Chamber of Commerce, an institution which his father founded in the 1930s.

Under the Warburgs, one finds other families like the Toepfers (key in commodity trading, grain, shipping, banking), the Muenchmeyers (banking, centered in the scandal-ridden Muenchmeyer, Schroeder and Hengst Bank), and others.

Aside from short-term business deals, Tiny Rowland has solid Hamburg connections. Lonrho wholly owns the Hamburg-based Kuehne and Nagel freight-transport company, which is one of the companies which funds and supports the work of the Near and Middle East Association.

An intriguing point is that "Rowland" is not his real name. Tiny was born in Germany. His original name was "Fuhrhop." One London source reports to *EIR* that there is a persistent rumor in Britain, that the 70-year-old Rowland was a Nazi sympathizer during World War II. That would certainly help explain the great sympathy felt by Du Cann and himself for the "popularity" of the Nazi-like Khomeini regime.

# The Japanese launch an Asian development offensive

by Sophie Tanapura

The nation of Japan is faced with a U.S. ally bent on committing economic suicide, and insisting that the Japanese also commit *hara-kiri* to support the American "recovery." But Japan is following a different path, turning to Southeast Asia to open up new markets for its exports, building up the economies of Asia, to thereby preserve and advance Japan.

Japan's refusal to accept U.S. Agriculture Secretary Richard Lyng's and Special Trade Representative, the Trilateral Mr. Clayton Yeutter's, demands that it eliminate rice subsidies is a case in point.

A comparison of the agriculture sector in Japan (Table 1), by far the most efficient in Asia, with other nations in the region reveals the capital-intensive method that Japan has used to develop rice self-sufficiency. This is what Lyng and Yeutter would destroy.

Whereas the U.S. approach to its Japanese ally is based on the premise that, "to be fair," Japan must drag its own economy down to the same miserable levels the "post-industrial" United States has fallen to, Japan's approach to its neighbors is based on the premise that, to continue Japan's economic development, Japan must help its neighbors to develop.

## A threat to the World Bank

The Japanese have announced a foreign assistance program that is, accordingly, the exact opposite of the approach taken by the World Bank and the International Monetary Fund. Whereas the World Bank and IMF typically demand cancellation of development projects as a condition for loans—loans which are tantamount to debt rollovers and, thus, pure usury—Japan has proposed that the member-countries of the Association of Southeast Asian Nations (ASEAN: Indonesia, Thailand, Philippines, Malaysia, Singapore, and Brunei) identify specific development projects they want undertaken in their countries. In return for specification of such development projects, the projects would be potential recipients of credits from an emergency fund of as much as \$30 billion established by Japan. Japan has promoted the idea as a productive way to recycle its balance of trade surplus, to the benefit of the entire developing sector.

This program was first made official at an ASEAN conference in June in Singapore. In late June, Ambassador Kiuchi called on Thailand, a major recipient of Japanese financing in the past, to act on the program: "I would like Thailand to be able to come up with really concrete projects to make use of this surplus fund, or else it would be a great pity that this country couldn't take advantage of the recycling of Japan's surplus fund."

For years, Japan has been in process of taking over credit extension in East and Southeast Asia from the World Bank, the U.S. Agency for International Development (AID), and the Asian Development Bank (ADB). Contrary to the World Bank, Japan's Overseas Economic Cooperation Fund (OECF), established in 1961, has not demanded that aid recipients devalue their currency, eliminate subsidies, or reduce capital-goods expenditures in order to receive credit. In recent years, according to a study by *Bangkok Post* reporter Boonsong Kositchothana, the OECF has provided about half as much in loans for the region as the World Bank. In 1984, for example, the Japanese extended \$1.6 billion to East and Southeast Asian nations, compared to the World Bank's \$3.3 billion.

Excluding the most recent \$30 billion special fund Japan has proposed, referred to by some as a new Marshall Plan, Japan plans to lend \$40 billion through its Official Development Assistance program, the conduit for OECF money, by 1992.

Asian nations will receive 77% of these credits. The softest loans extended by the OECF charge 1.25% interest, with a 30-year repayment schedule and a 10-year grace period. The most stringent loans carry a 5.75% interest, a 15-year repayment period, and a 5-year grace period. Thailand currently pays 3.5% and is negotiating with Japan to reduce that for a major fertilizer project.

By comparison, the World Bank charges 8.5-9%. The poorest nations, however, do have access to 0.75% interest, but with draconian conditionalities that have led to riots and threatened coups in many parts of the world. Because of the arbitrary classification policy of the World Bank, many countries in Asia have been elevated above the "poorest" nation

TABLE 1

### Inventory per 100 hectares of arable land in selected Asian countries

	Pumps	Power tiller	4-wheel tractor	Sprayer	Hand thresher	Power thresher	Reaper	Corn sheller
Japan	—	50.4	26.9	—	—	55.5	29.6	16.2
Taiwan	19.3	7.3	0.3	334.4	17.9	6.6	0.6	1
Korea	9	11.4	0.1	41.3	13.2	9.7	0.6	0.02
Philippines	1.1	0.9	0.3	3.8	0.03	0.16	—	—
Thailand	2	1.4	0.3	5.9	—	0.03	—	—
Indonesia	0.03	0.02	0.01	2.1	0.01	0.009	—	—

Source: *The Growth and Impact of Small Farm Mechanization in Asia*, by K. Adulavidhaya and B. Duff.

status, and therefore, are not entitled to the lower interest rates.

### Will Thailand act?

Thailand is currently the second largest recipient of OECF loans after Indonesia. From 1966 to March 1986, Thailand received 528 billion yen or 9% of global OECF lending. Over the same period Indonesia received 21.2% of worldwide lending.

The Japanese Ambassador to Thailand, Mr. Akitane Kiuchi, in a May interview with Thai media, was asked about the long-delayed plan to establish a national fertilizer industry in Thailand, 70% of whose population lives by labor-intensive agriculture:

"Personally, I believe that a fertilizer plant is very necessary for Thailand. This is because you are a big country. In 10 years' time, your population will be more than 65 million, if not 70 million. It would be no use to promote agriculture in arid land such as the Sahara. But here, you have plenty of water and sun, and your farmers are very competent. You already have all the resources to turn Thailand into a major agricultural nation. Agro-industry has started off well here. If you want to boost agricultural productivity, it's not by expanding the arable land. There are limitations. One option is a better control system on the use of water, and the other is fertilizer.

"You must think about the future—Thailand will be the center geographically to assist the region in agriculture.

"By that time, if Thailand doesn't have a single fertilizer plant, that would be very strange and unfortunate. The fertilizer project here was conceived in 1981 and decided upon in 1982. This has taken five to six years. And don't forget that it may take 10 years before you really have the plant. Don't forget that oil prices have also been on the rise. It was only \$8 per barrel about six months ago. Today, it has hit nearly \$19 per barrel in New York. It may not rise much higher, but in a few years, it could go up to \$25. So, if you leave your agriculture totally dependent on outside factors, you wouldn't be in a position to really promote agriculture.

"This is again my personal view, but the government must help. No private company can deal with farmers. When farming business has to be dealt with, the state must come in. I don't care if the money comes from the United States or West Germany or Japan, but I do sincerely believe that Thailand should have a fertilizer plant of its own. This is for the sake of the national interest."

Unfortunately, lack of decisiveness in the fertilizer project has been typical of Thai Prime Minister Prem's administration. Likewise, despite recommendations by the Electricity Generating Authority of Thailand (EGAT), the construction of the Nam Choan Dam has been indefinitely postponed since its initial planning in 1981.

The World Bank had originally been involved in financing the dam, but then pulled out when the World Wildlife Fund launched an opposition campaign. Now, only Japan is left as a major outside source of financing.

### Common Market for ASEAN?

These Japanese development initiatives could not be more timely, for at the same time, a debate has broken out among ASEAN members as to whether or not some form of Common Market should be instituted. Although at this point, there is a tremendous amount of trepidation, especially on the part of Indonesia, in forming such an economic security pact, bilateral trade among ASEAN nations, in particular, barter deals, will increase as individual nations are able to diversify out of raw materials-oriented production. This is precisely the point of Japanese intervention, to nurture the development of the skilled and semi-skilled workforce and manufacturing infrastructure necessary for ASEAN to break out of the "Third World."

The paradox faced by such nations as Thailand is epitomized by the current debate as to whether the country should extend the mandatory years of education from grade six to grade nine. The problem of peasant families who depend upon their children to work their plot of land is very real. A fertilizer industry and labor-saving devices of the sort employed in Japanese agriculture, are the proper subject for

ASEAN-Japanese cooperation. Indeed, Japanese businesses which have begun to relocate in Thailand to escape high costs in Japan due to the overvalued yen and to take advantage of cheap Thai labor, are confronted with the same problem. There is simply not a sufficient proportion of the population with the necessary education and skills (only 1% of the Thai population have a university education and only 5% have finished high school) to provide the manpower to meet the needs of a manufacturing nation.

Compare Thai expenditures for education to debt service. In 1982, debt service appropriations were 18.5% of government revenues; today it is 30.3%. In this fiscal year, only 18.1% of total expenditures have been allocated for education. In relative terms, this is less than in 1986 and 1985.

The most recent Japanese industries to relocate to Thailand provide the best possible opportunities for transforming the workforce. For example, Nippon Steel, the world's largest, will establish a production base in Thailand in partnership with Italthai, Thailand's biggest construction group. The new company will produce oil and gas-drilling and production platforms for domestic use and export. It will also manufacture steel structures for high-rise buildings, bridges, and pressure vessels. With the support of Italthai, which has secured many of the construction contracts in Thailand, the new company will have a substantial impact on the domestic economy.

When this reporter suggested to Ambassador Kiuchi the construction of the Kra Canal through the southern isthmus of Thailand as the kind of concrete proposal Japan was requesting from ASEAN members for the \$30 billion fund, he insisted that there was too much controversy over the project. There is no doubt that Japan is waiting to see more active interest by the Thai government before they promote the project themselves. However, since Japan has become a partner with the United States in the SDI, they certainly are not too concerned about "controversy."

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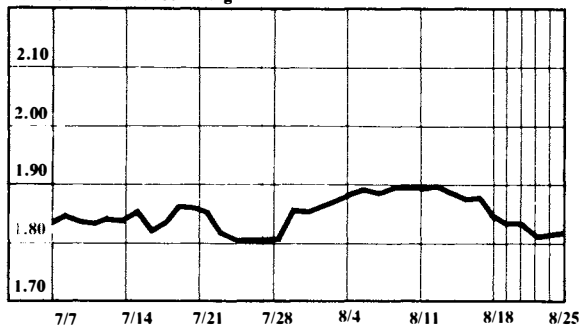
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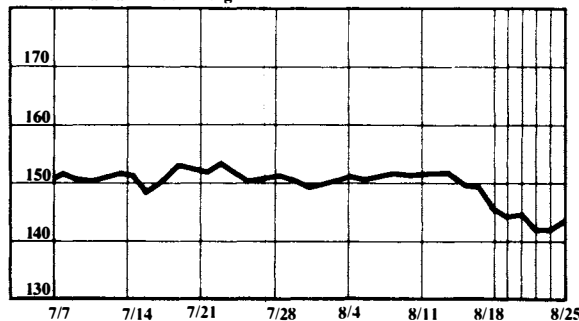
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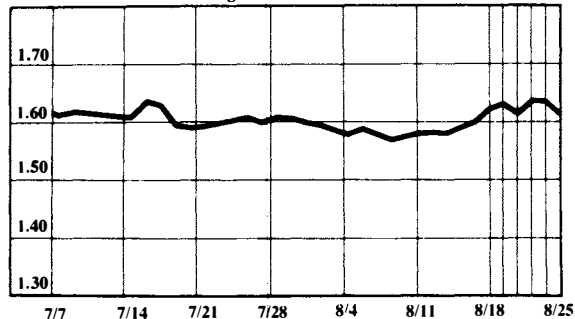
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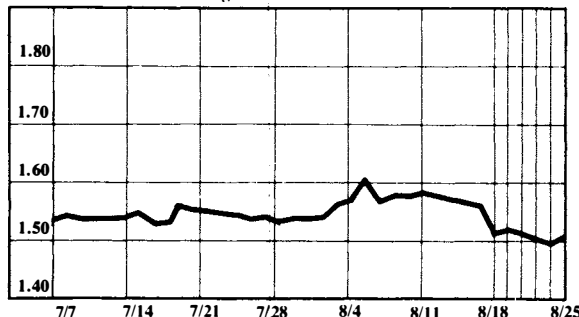
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### The dollar in Swiss francs

New York late afternoon fixing



## Time of reckoning for the dollar

*All options close off to prevent a disastrous fall of the U.S. currency.*

Numerous analysts, including Irving Trust's Philip Braverman and Citibank's foreign exchange department, now project the U.S. July trade deficit at \$16.5 billion or higher, i.e., an annual rate of \$188 billion or more. That will crush the last flicker of credibility in the Reagan administration's prediction that the trade deficit will improve.

Huge amounts of central bank intervention have kept the dollar just above the yen 140 level (as of our deadline on Aug. 28), where it had fallen from over yen 152 only two weeks earlier. Japanese Finance Minister Miyazawa was quoted to the effect that the February "Versailles agreement" among the seven big monetary powers remained in effect, i.e., that central banks would cooperate to stabilize the dollar.

How long the central banks can maintain even the current dollar level, is uncertain. Their previous intervention this year generated a monetary bubble without precedent in the post-war period, for the simple reason that foreign central banks' support operations consist of printing their own currency, and using it to buy unwanted dollars in the market.

The result of the central banks' exercise in money-printing was a global boom in stock and related markets, spinning off the inflationary credit-bubble in the dollar sector. That is, in order to stall the collapse of the dollar's value, the other central banks had to debase their currency as well, and the debased, inflated currency flowed

into speculative games in the London, Tokyo, and other stock markets.

Between December 1986 and July 1987, U.S. money supply (M2) rose at a 3% annual rate. But Japan's money growth rate stood at 10.5%; West Germany's at 7.2%; and Britain's at an incredible 26.1%. That corresponds to a \$25 billion increase in Japan's dollar holdings during the first four months of 1987, corresponding to an equivalent amount of yen creation; and a corresponding \$10 billion increase in West Germany's dollar holdings during the same period.

Some monetarists have argued that the differential rate of money growth explains the dollar's stability as of the second quarter of this year. That is nonsense; the differential money growth rates are the result of a cold-blooded decision by foreign central banks to inflate their own currencies, in order to approach the worthlessness of the United States dollar!

U.S. long-term Treasury bonds now yield 9.1%, the highest level in more than two years, a good index of the suspicion with which overseas investors view all but the shortest-term speculative dollar securities.

During the past several weeks, the central banks of Japan, West Germany, Britain, and Italy have all taken measures to halt the dilution of their own currencies and suppress the corresponding speculative bubbles in their home securities markets. They have no choice but to do this, if they want to protect their banking systems from the effects of a general American se-

curities-market collapse.

Their decision has produced howls of protest from some Wall Street pundits, who complain that the central banks' protective action threatens the dollar's stability. The opposite, in fact, is true: The dollar's sham stability threatens *them*.

One such protest appeared Aug. 27 in the *Wall Street Journal*, from Morgan Stanley's James Fralick. He writes:

"The [West German] Bundesbank and the Bank of Japan—facing rapid money growth—have shown renewed interest in targeting the monetary aggregates. This attention on the money stock represents a major break from the recent past, when officials tolerated above-target monetary expansion because of good news on inflation and the need to support the dollar. And the dollar is suffering now as a result."

Fralick writes as if these central banks were directed by academic ideologues, who noticed, by chance, that money supply was growing out of bounds, and reacted according to the monetarist dogma.

That is complete nonsense. The point is not money supply growth, but the intentional debasement of other national currencies in favor of the dollar, and the consequences for national banking systems.

The dollar's recent tumble shows that the point has been reached, at which foreign central banks must leave the U.S. currency to its fate, as a matter of short-term self-preservation. Japan's central bank intervention of this week runs up against the same central bank's commitment to safeguard the Japanese banking system. It cannot go back to the massive intervention of the first and second quarters. Even if the Treasury attempts to hold the dollar firm, it is not likely that it can, even in the short run.

# Business Briefs

## **'The Recovery'**

### **Unemployment rises in Brazilian industry**

Contrary to the Brazilian government's claims of a "consumer-led recovery," newly released statistics show large-scale layoffs, particularly in industry.

In June, 75,500 jobs were lost in manufacturing, 7,800 in commerce, and 6,000 in construction. The job market had been practically stagnant from March to May, following growth which continued through February. The first half of the year saw the creation of 119,000 new jobs, but jobs in manufacturing fell by 38,800.

The electric power industry has cut production by 40-60%. Auto parts production is 40% below April—with a 26% increase in exports in the first half of the year.

Nicolau Jeha, a planning staffer for the Sao Paulo businessmen's association, FIESP, told the press: "The government should not worry about [excessive] demand, but about unemployment. The Bresser Plan reached its basic objectives: lower inflation and big trade surpluses. Now the government must make room for economic growth."

According to FIESP, prices have been fixed at a level 38-40% below the level at which companies can turn a profit. As a result, many industrial firms are being forced to lay off workers and shut down production. Output is "weak, below April—a deceleration of the economy which is getting deeper."

## **Strategic Minerals**

### **U.S. dependence on U.S.S.R. grows**

The U.S. decision to impose economic sanctions on South Africa has led to enormous increases in purchases of strategic materials from the Soviet Union, according to an editorial in *Barron's* weekly published Aug. 3.

U.S. imports of chrome ore from the U.S.S.R. have reached 6,440 gross tons per month, over the previous average of 479 gross tons between 1981 and 1985.

Imports of antimony, essential to bullet, computer, sonar, and radar manufacture, have risen 98 times since 1981.

Congresswoman Helen Bentley (R-Md.), who raised this issue on the floor of the House of Representatives on Aug. 3, declared, "All of this, of course, is because we have imposed sanctions upon South Africa, and today we perceive South Africa to be a greater enemy than Russia. And I think that we had better decide who the real enemy is, and do it quickly."

Sen. Steven Symms (R-Id.) brought the matter to the attention of the Senate on Aug. 5, pointing out that under the Anti-Apartheid Act passed by Congress, the President is authorized to lift any provision of the bill that would increase U.S. dependence on the Soviet Union or East bloc countries.

"Who has benefited from these sanctions?" he asked. "Who have we helped? Certainly it is not the blacks in South Africa, whom the legislation was intended to help. Many black South Africans have lost their jobs because of the United States business disinvestment. The people we have assisted are the Communist dictators, the ones with the slave camps."

## **Banking**

### **FDIC chairman seeks more deregulation**

L. William Seidman, the chairman of the U.S. Federal Deposit Insurance Corporation, told a conference on restructuring the nation's financial system in Jackson Hole, Wyoming on Aug. 21, that an FDIC staff study has concluded that many current restrictions on bank ownership and activities could be eliminated without jeopardizing the banks' soundness. The conference was sponsored by the Kansas City Federal Reserve Bank.

Seidman said the study concludes that, with a small increase in the number of bank

examiners and some new legal authority to audit, commercial corporations could safely be allowed to own banks, and banks could have new powers such as handling securities transactions. If regulators could "build an effective supervisory wall around the bank, no matter who owns it . . . direct regulatory or supervisory authority over non-banking affiliates or even bank owners is not necessary," he said.

Officials of the American Bankers Association expressed support for the plan.

## **The Debt Bomb**

### **Philippine protests mount, Aquino gives in**

Philippines President Corazon Aquino bowed to pressure on Aug. 25 and rolled back by 8% a 20% oil price increase. Demonstrators opposing the hike had blocked a highway, while striking workers crippled public transport in four Philippine provinces on Aug. 24. The protests have been the broadest show of public dissatisfaction with the performance of the 18-month Aquino presidency to date.

Despite this announcement, the May First Movement (KMU), linked to the communist New People's Army, called a general strike for Aug. 26. While it failed to turn out the 2 million supporters promised, schools were closed and many offices and factories in urban areas were reportedly operating at half strength.

The price increase decision is said to have been agreed to by the Aquino cabinet in March, but its announcement was delayed until after the May legislative elections.

On Aug. 14, Aquino said that a ceiling on debt service or a limit on public funds used to pay foreign loans would be a "positive" answer to the country's debt crisis. She vowed to give priority to safeguarding the people's welfare and the economy's growth, over payment of the debts, according to a report in the *Manila Chronicle* on Aug. 15.

She appealed to the country's foreign creditors "to appreciate what our problems are. The very survival of the Filipino people



depends on better terms for the nation's debt-restructuring program."

### **Ecological Holocaust**

## **New herpes virus is similar to AIDS**

Reports in the Aug. 15 issue of the British journal *Lancet* indicate that a newly discovered herpes virus, which has been shown to infect B lymphocytes, can also grow in, and destroy, T-cells, as does the AIDS virus. Two isolates of this virus were reported from Uganda and one from Gambia.

This virus, originally called Human B-cell Lymphotropic Virus (HBLV), has been named as a potential cause of chronic mononucleosis syndrome. In light of its ability to infect T-cells, the authors propose to call it Lymphotropic Human Herpesvirus (LHV).

This follows a recent report of a T-cell lymphotropic herpes virus isolated from two AIDS cases in South Africa, one of whom had no evidence of infection with HIV, the usual AIDS virus. It would thus appear that in addition to HIV, the widely prevalent herpes viruses are acquiring the ability to produce increasingly severe disease among immunosuppressed populations, and represent a significant potential for epidemics of immune deficiency and nervous system disease.

### **International Credit**

## **North Korea is first country to default**

In the first formal default by any nation since the advent of the world debt crisis in 1982, two Western banking syndicates led by Morgan Grenfell and the Australian ANZ banking group have notified communist North Korea that it is in default and that it could soon face legal proceedings to seize

some of its property abroad.

The amount of money involved is relatively small—in the range of \$770 million, according to a report in the *New York Times* on Aug. 23. In their search for assets to seize, the creditors say they have located offices in Paris and Vienna of North Korean firms, adding that ships passing through Western ports might also be vulnerable.

### **Health**

## **Soviets set penalties for spreading AIDS**

The Supreme Soviet of the U.S.S.R. on Aug. 26 announced the world's strictest anti-AIDS law, mandating stiff penalties, including jail sentences, for anyone knowingly spreading the virus.

According to Radio Moscow's report, "The decree provides for compulsory examination in some cases and . . . up to eight years in prison for those who have AIDS and knowingly transmit it." It provides for mandatory testing of Soviet citizens, foreigners, and "stateless persons living or staying in the territory of the U.S.S.R.," when there are "grounds for assuming that they are infected with the AIDS virus." If suspected carriers dodge voluntary testing, they "may be brought to medical institutions by health authorities with the assistance, if necessary, of authorities from the interior ministry."

Radio Moscow added, "An international convention is needed against AIDS, along the lines of the International Convention Against Drug Use."

The broadcast claimed that there are 130 cases of AIDS in the U.S.S.R. and "only 19" are Soviet citizens. "Despite these low figures, the U.S.S.R. is taking decisive measures against this plague. Experts are working on special drugs and vaccines. Centers for anonymous tests have been opened. The Supreme Soviet has asked the government to take necessary measures in international cooperation to stop AIDS and to take quarantine measures if needed."

## **Briefly**

● **THE U.S.S.R.** will boost its investments in the Soviet Far East, according to Anatoly Reut, first deputy chairman of the state planning agency Gosplan, in an interview published in *Pravda*. New factories will be built from Lake Baikal to the Pacific Ocean to process mineral wealth; the fish industry will be transferred to the Far East; oil and gas deposits on Sakhalin Island will be developed. The aim is to make the Far East self-sufficient in energy and most agricultural products by the year 2000.

● **FRENCH AGRICULTURE** Minister François Guillaume toured Africa at the end of August to promote his "Marshall Plan" proposal for developing agriculture. His itinerary included Mali, Ivory Coast, and Chad. On Aug. 25, his plan was endorsed by Ivory Coast President Houphouët Boigny.

● **PERUVIAN POLICE** on Aug. 21 raided three clandestine cocaine-processing labs and captured 6,000 kilograms of basic cocaine paste. This was the largest drug seizure since President García came into office two years ago. The raid was part of "Operation Lightning Strike," which began on July 15.

● **BRITISH FIRMS** have spent \$18 billion in acquiring American companies so far this year, compared to \$13 billion in all of 1986. They intend to take advantage of the deregulation and regionalization of American banking.

● **ZAMBIAN PRESIDENT** Kenneth Kaunda rejected pressures from the International Monetary Fund, in an interview with the Italian newspaper *Il Giornale* published Aug. 23. "We cannot shoot at our population," he said. "We already devalued our currency 900%. The result has been that people are starving and planned investments have never taken place. . . . We are on the brink of economic catastrophe, but we will not accept the dictates of the IMF."

## The United States industrial base— unfit for duty

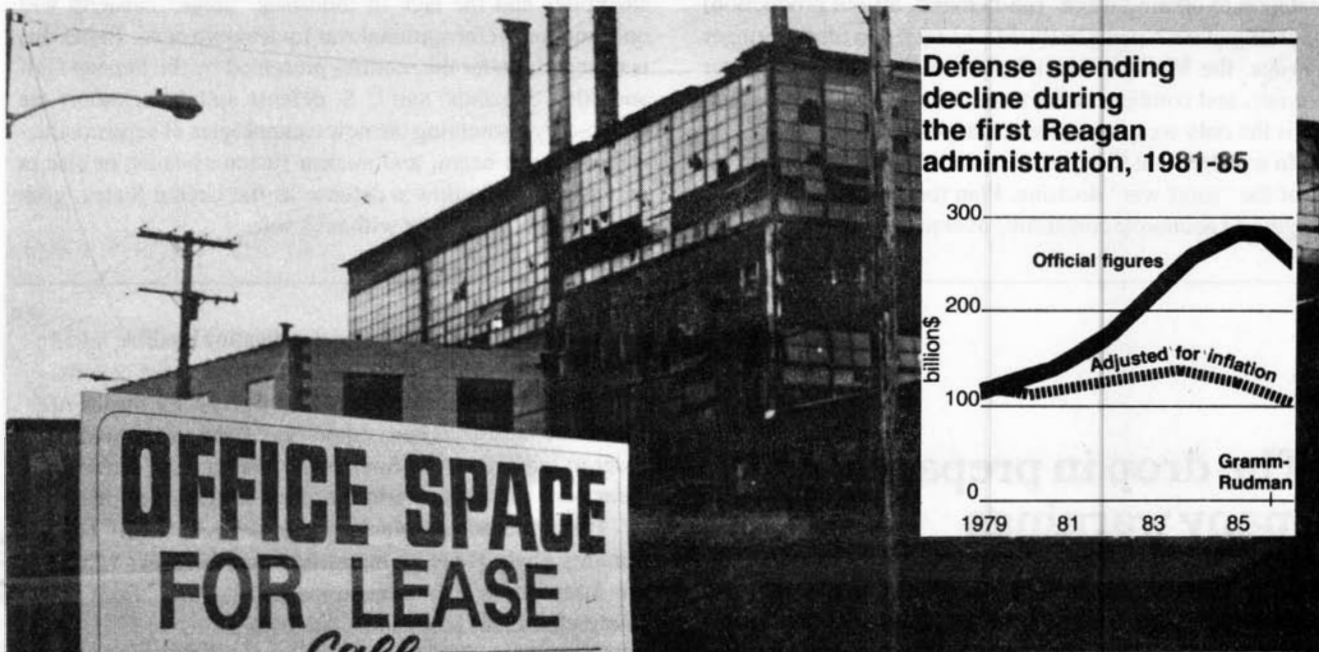
by Marcia Merry

Ten years ago, the Defense Department's Defense Science Board issued a warning report on the U.S. industrial base, stating that our "industrial preparedness could be used as an effective element in support of the nation's deterrent posture but it is not." Recommendations were made on how to intervene to renew the technological and production capacity of the country. (1976: "Industrial Readiness Plans and Programs.") But during the Carter administration, almost no proposals were implemented.

In 1980, the Defense Science Board conducted another warning survey report. (January 1981: "Summer Study on Industrial Responsiveness.") But during the new Reagan administration, almost no proposals were implemented. The Reagan campaign rhetoric had promised programs for a strong defense, but, in real dollar terms, defense spending stagnated, then declined after 1982. By the beginning of the second Reagan term of office, it was estimated that the Soviet Union was spending at the rate of \$25 billion a month on defense—constituting preparations for actual war—yet the U.S. rate of defense spending, adjusted for inflation, had sunk to \$13 billion a month in real dollar terms. As of 1982-83, the percent of the U.S. workforce engaged in some form of manufacturing fell to 46% of the workforce, down from 66% in 1967, and 76% in 1947.

The historic announcement on March 23, 1983 by President Reagan of the commitment to the Strategic Defense Initiative, marked a potential turning point to reverse the decline of the U.S. industrial base, by initiating a mobilization for advanced energy beam technologies that would spread through, and revive, the entire economy. But the persistent underfunding of the program has contained its vast spin-off potential. In May 1987, Secretary of Defense Caspar Weinberger released a report on the scientific progress of the SDI program, and its potential spin-offs, but with no effect on Congress.

Today, no special survey by the Defense Department is required to demonstrate the depth of erosion of the industrial base of the country. Every day headline news stories document the military-related results of the general industrial decline, including the decline of the "high-tech" end of manufacturing:



An abandoned factory in Pennsylvania. Officials warn, the capacity for "surge production" in event of war-time emergency is no longer there.

- As of Aug. 24, one-third of the completed MX missiles lacked their electronic guidance systems because of delays in their production. Northrop Corp., the major contractor, cannot deliver them until sometime next year. The MX missiles cannot be deployed without their guidance systems. Of the precision electronics needed for guided missiles, 2% are imported. During the 1980s, the Department of Defense has come to obtain 80-90% of its semiconductors from abroad.

- The M-60 tank, the B-1 bomber and lesser vehicles and weapons systems are now found to be jeopardized by faulty fasteners—nuts, bolts, and screws—used in their construction. Out of 10,000 tanks, weak bolts have immobilized 1,220. Almost all the steel nuts and bolts used by the military are imported, and a high percentage of the specialty-metals fasteners are also imported.

- Of the 54 B-1 bombers in the B-1 fleet today, only one is on alert, because of the volume of technical and repair problems. Air Force officials say it will be 1990 before 30% of the new strategic bombers can be kept on alert. Air Force technicians have resorted to cannibalization of grounded planes to obtain needed spare parts.

The most dramatic example of the lack of U.S. industrial-military depth is the challenge posed by the deployment needs of the U.S. military presence in the Persian Gulf. The minesweepers now being towed to the Gulf (they could not be relied upon to get there under their own steam) date from the Korean War. The two U.S. oil tankers soon to be flagged in Kuwait for strategic reasons, constitute a significant percentage of the total reserve U.S. tanker and dry cargo fleet—merchant or naval—because of the drastic decline in the U.S. merchant marine and shipyard capacity. The present-day U.S.

merchant fleet numbers only about 400 vessels, and the mothball fleet is down in numbers and condition.

Should the United States need to deploy forces in another strategic conflict zone—a likelihood under present world conditions—the strain on reserve marine capacity would be overwhelming.

In contrast, the Soviet "merchant marine" numbers about 3,000 vessels—almost all built to military specifications.

The typical response of Congress to the deteriorated condition of the military-industrial base of the country is to call for more scrutiny of the process of procurement and contracts, and ignore the emerging economic disaster. Congress heard testimony on the industrial base crisis as recently as July this year, but refused to initiate any action. They instead concurred on a FY 1988 defense budget that is an absolute reduction, given inflation, over last year. The sum of \$296 billion has been agreed upon between both houses, subject to a tax increase clause. Meantime, the Senate and House are haggling over how much to slash the SDI and other critical budget categories. Republicans in the Senate are filibustering the budget to protest the Democrats' demand to limit weapons testing in deference to the Soviets. The fiscal year may end Sept. 30 with no approved budget, and, under a continuing budget resolution, the FY 1987 funding levels will obtain, at \$289 billion annually.

On July 28, Gen. Richard H. Thompson (USA-ret.) testified to the House Subcommittee on Economic Stabilization that today's Army would run out of supplies after only a few months of intense fighting because there is no national production base to support it. Thompson pointed out that in FY 1986 and 1987, Congress deleted funding requests by the

Pentagon to obtain "surge" (on-demand, all-out production) capability of such items as the M1A1 tank gun tubes, Stinger missiles, the Multiple Launch Rocket System, Sidewinder missiles, and combined effects munitions. The TOW II missile is the only weapons system funded for surge.

In reality, what Congress demands is the strategic insanity of the "short war" doctrine: Plan for a short war because budget and economic constraints over many years dictate that

stockpiles and the lack of industrial "surge" capacity will only support a conventional war for a month or so. Either this is changed, under the realities presented by the Persian Gulf and other demands, and U.S. defense and the economy are restored by harnessing the new technologies of superconductivity, energy beam, and nuclear fusion systems; or else, a nation with as hollow a defense as the United States, goes down to defeat, with or without a war.

## The drop in preparedness: many warnings

**1976:** "Industrial Readiness Plans and Programs" study by the Defense Science Board (DSB) Task Force:

"The Task Force also questioned whether the defense industrial base is capable of accelerating the production of weapons (e.g., tanks, artillery, tactical aircraft, helicopters, etc.) and many critical consumables and spares beyond peacetime delivery rates within acceptable time frames. The response time for many major weapons systems is on the order of 18 months to two years or more for the first additional delivery over the peacetime rate. Insufficient money is being spent each fiscal year on Industrial Preparedness Measures (IPM) and Industrial Preparedness Planning (IPP) to bring the defense industrial base to the point where it can contribute increased production in support of the forces in the time needed to support possible conflicts. Present and expected War Reserve Matériel (WRM) stocks are inadequate to support certain conflicts of short duration, and the defense industrial base is incapable of accelerating production rates rapidly enough to make the offsetting contribution in that time.

"... For these and other reasons developed during the study, the Task Force has concluded that the time has come to reenergize our national planning in order to use our position as the preeminent industrial and technological nation in the world to adequately support our national security objectives. Industrial preparedness could be used as an effective element in support of the Nation's deterrent posture but it is not. Warning signals of enemy intent can frequently be discerned long before strategic or tactical warning can be perceived. The U.S. has essentially three strategic options available to it: 1) to deter strategic war, 2) to deter a theater war with conventional or nuclear weapons, and 3) to conduct military R&D programs which will enable us to maintain a dynamic deterrent. The industrial and economic resources of the U.S. could be em-

ployed as an additional means of indicating credible intent to the Soviets and thereby inhibit their threatened actions. At present, there are no plans or programs by means of which the industrial base could be caused to respond in order to indicate to the Soviets our intention of deterring them from exercising various of their strategic options."

**1981.** "Report of the Defense Science Board 1980 Summer Study Panel on Industrial Responsiveness." From the information memorandum, Feb. 2, 1981, from the Board chairman, Norman R. Augustine:

"The objective of the study was to investigate the state of industrial responsiveness to support current acquisition needs. An added task involved an investigation into inflation factors in weapon systems; this was more thoroughly addressed in a follow-on effort, the findings of which validate conclusions in the attached DSB report.

"The Task Force's principal finding is that since this area was last reviewed by a DSB panel (Nov. 1976) it has been given little effective attention by the DoD and Congress. Meanwhile, the ability of industry to respond to defense needs has deteriorated and costs continue to increase. Other findings are that the instability in programs has often made Defense business less attractive to industry than commercial work, and many disincentives exist which discourage the capital investments needed to reduce costs, improve productivity and enhance industrial responsiveness.

"This DSB effort became the subject of testimony before the House Armed Services Committee (HASC) and led to the formation of a special Defense Industrial Base Panel chaired by Congressman Ichord. The HASC report is entitled 'The Ailing Defense Industrial Base: Unready for Crisis.' "

**1987.** July 28, hearing in the House Subcommittee on Economic Stabilization, testimony from William G. Phillips, vice president of the National Council to Preserve the U.S. Industrial Base:

"We still lack for an effective industrial preparedness strategy and policy capable of being implemented by the government departments and U.S. industry. . . . [There has been] a dangerous weakening of the U.S. defense industrial base, particularly at the second and third tier subcontractor levels."

# How the United States' marine industrial base has declined

by Joyce Fredman

Perhaps the most overwhelming evidence of how a country can erode one of its most necessary capabilities lies in the destruction of the merchant marine. Since 1946, the United States Merchant Marine has dropped from more than 3,000 ships actively engaged in U.S. oceanborne foreign trade to a mere 470 today, of which 100 are inactive. Only 5% of America's trade is currently carried on U.S. flag ships.

This is not simply a question of our economy: America's ability to move thousands of troops and many millions of tons of military matériel in crisis or war, while also sustaining critical economic shipping, is seriously jeopardized. The country's policy was made explicit in the Merchant Marine Acts of 1920 and 1936. The imperative for a "National Defense" was stated. The United States must have a merchant marine that is:

"sufficient to carry United States domestic cargo and a substantial amount of its export/import cargo and to provide shipping service for maintaining domestic and foreign waterborne commerce at all times;

"capable of serving as a naval and military auxiliary in time of war or national emergency;

"owned and operated under the United States flag by citizens of the United States;

"manned with a trained and efficient citizen personnel."

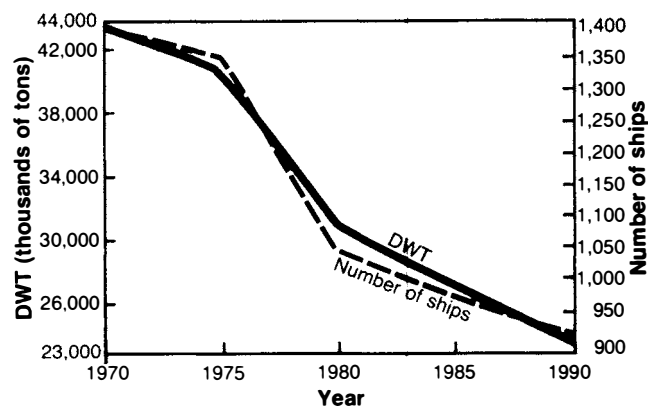
At the end of World War II, the United States possessed the world's largest merchant fleet, comprising more than 3,000 active ships and employing more than 200,000 experienced merchant mariners. The United States now ranks 16th in number of ships, carries 5% of U.S. waterborne foreign trade, and employs fewer than 30,000 active seafarers. (See box on page 21.)

The problems this poses have not been lost on the military. "The continuing threat of entry into the trade by subsidized tankers [foreign flagged] has had a debilitating effect," said Assistant Secretary of the Navy for Shipbuilding and Logistics, Everett Pyatt. "The domestic tanker trade is the primary source of commercial tankers that would be used for carriage of military petroleum in wartime. When that trade is healthy, it provides the Defense Department with tankers for

use in wartime. When that trade is depressed, we must find alternate sources of tanker tonnage. . . . We expect to be buying 20 or more tankers over the next few years at a cost of more than \$200 million, to meet the requirements that cannot be covered by the U.S.-flag commercial fleet. Independent estimates of the future of the U.S.-flag commercial tanker fleet indicate that we might have to increase our tanker procurement significantly."

In May 1986, Vice Adm. Thomas J. Hughes, DCNO (logistics) admitted that under current assumptions all government sources of shipping will be able to provide only about 536,000 short tons of lift capacity for surge deployment. The balance, then, of approximately 434,000 tons, would have to be lifted by commercial U.S. flag and U.S.-controlled foreign-flag ships. However, by 1992, unless some drastic measures are taken, the total commercial lift capacity will be at best 334,000 tons. This means a shortfall of 100,000

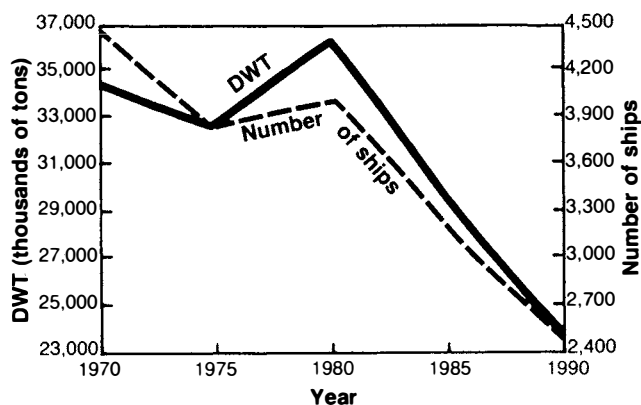
FIGURE 1  
**Decline in NATO flag fleet  
militarily useful tankers**  
( $\geq 2,000$  dwt and  $\leq 100,000$  dwt)



Source: Strategic Sealift Division, U.S. Navy.

FIGURE 2

### Decline in NATO flag fleet militarily useful dry cargo ships



Source: Strategic Sealift Division, U.S. Navy.

tons, hardly inconsequential in time of war.

There are other shortfalls equally as disturbing. In 1977, the U.S. government announced its intention to store 750 million barrels of crude oil in salt domes along the Gulf Coast as a Strategic Petroleum Reserve. The figures as of the end of 1985 were 493 million barrels stored—under two-thirds of the stated 1977 goal.

As of 1984, the Soviet merchant fleet outnumbered the U.S. merchant fleet better than five to one. That was when our commercial vessels numbered 574. As ours have been depleted, the Soviets have increased theirs. Now the ratio is close to 10 to 1 (see Table 1).

### The Ready Reserve Force

For reasons of national security, the Maritime Administration of the Department of Transportation maintains the National Defense Reserve Fleet (NDRF) (see Table 2) as a ready source of vessels for use during national emergencies or times of crisis—the so-called mothball fleet. It also assists the U.S. maritime industry in fulfilling its traditional role as the country's fifth arm of defense in logistically supporting the military if needed.

The Ready Reserve Force (RRF) is a select component of the NDRF consisting of vessels which can be activated for sealift operations with 5 to 10 days' notice, as opposed to other NDRF vessels which assume a 30 to 60 day period for activation. As of Sept. 30, 1986, the RRF consisted of only 77 ships, and approximately 140 of the NDRF vessels were over 40 years old.

### Shipbuilding

Yet despite the clear and present need for more vessels, the shipyards are disappearing from the country. During the

past four years, one-third of all shipyards has been lost, and the rate is increasing. Todd Shipyards, based in Jersey City, New Jersey, and once the largest builder of military ships in the United States, recently filed for Chapter 11 bankruptcy. One of its antecedents constructed the ironclad warship *Monitor* of the Civil War. During World War II alone, it produced more than 6 million tons of shipping, including 444 "Libertyship" freighters, 29 tankers, 46 destroyers, 56 escort aircraft carriers and 350 landing craft. As recently as 1983, Todd completed construction of 31 guided missile frigates valued at \$3 billion for the Navy.

The General Dynamics Corporation shipyards at Quincy, Massachusetts, which were shut down in 1986, have just been sold to the Massachusetts Water Resources Authority for \$49 million. The irony of their fate is telling. The once great shipyards are to become a staging area for the EPA-mandated Boston Harbor cleanup, including possibly being turned into a sludge burning plant for the city.

The famous Bethlehem Steel yards are another example of our deindustrialization. Their shipyards once numbered 16 and are now down to 2. David Klinges of Bethlehem Steel gave a graphic picture of this decline: "Fortunately for the United States, Congress enacted the Merchant Marine Act of 1936 which was designed to rebuild the merchant marine and the shipyard mobilization base. To meet the requirements of

TABLE 1

### Merchant fleets of the world by rank July 1986

(oceangoing merchant ships of  $\geq 1,000$  gross tons)

Country	# of ships	Rank by # of ships	DWT	
			(thousands of tons)	Rank by DWT
Liberia	1,783	3	113,856	1
Panama	3,611	1	70,379	2
Japan	1,572	5	59,394	3
Greece	1,756	4	57,524	4
U.S.S.R.	2,531	2	25,151	5
United States	468	13	20,790	6
United Kingdom	527	9	19,557	7
Norway (priv. owned)	387	17	17,116	8
British colonies	468	14	16,814	9
Cyprus	747	7	16,463	10
People's Rep. of China	1,048	6	15,989	11
Italy	573	8	12,557	12
France	260	24	11,887	13
Rep. of Korea	487	10	11,150	14
Singapore	472	12	11,052	15

Source: Department of Transportation Marad '86: The Annual Report of the Maritime Administration for Fiscal Year 1986, June 1987.

## Mariners needed for emergency

"The Merchant Marine . . . as a resource of defense . . . will admit neither neglect nor forbearance . . . this can only be done by possessing a respectable body of citizen seaman."—*Thomas Jefferson*

The importance of a national merchant marine was recognized from the beginning of this country's founding. Yankee shipowners satisfied the need for a "home fleet" that could be counted on when the mother country's ships couldn't. Legislation for the benefit of shipping dates to the first Congress, which passed laws permitting lower duties on imports carried by U.S. citizen-owned vessels. Later, under President Jefferson, whose intentions were good, but whose grasp of economics was weak, Aaron Burr and other traitors in the administration succeeded in undermining U.S. naval strength prior to the War of 1812. Despite this, the new nation mustered the ships and seamen needed to defeat the British a second time.

The Navigation Act of 1817 made cabotage, the reservation of the domestic, coastwide trade to U.S. flag ships, a critical aspect of policy. Historically, there has been a clear appreciation of the importance of a strong and



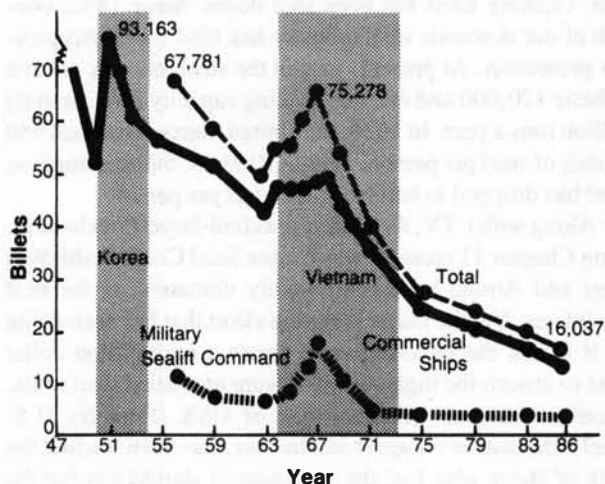
secure shipping industry.

That appreciation has declined over the years. At the end of World War II, the United States employed more than 200,000 experienced merchant mariners. Now, there are fewer than 30,000 active seafarers. From 1981 to 1986 the drop was 40%. Projections at this rate show only 20,000 seafarers by the early 1990s! As well there has been a concomitant fall in the number of seafaring billets, some 79% since 1968. (See Figure 3.) What does this mean for our national security?

In the surge phase of a military contingency, all RRF and other early readiness ships must be fully manned and ready for loadout within 4 to 20 days of the decision to deploy. In addition, an estimated minimum of 25% of the billets aboard 54 militarily useful Effective U.S.-Controlled (EUSC) ships may need to be filled by U.S. citizen merchant seamen within 20-30 days.

The cumulative manpower requirement for military surge shipping for the first 30 days would be about 6,000 additional billets, of which approximately 75% must be filled within the first 10 days. If only 75% of the active seafarers respond, then the surge shipping shortfall will be on the order of 6,000 people! Needless to say, this shortfall is increasing steadily with the closing of the shipyards. Extrapolations have been done by the Transportation Institute show that by 1992 we will be left with an available seafarer pool of about 21,400 versus a total wartime requirement of about 31,000. This translates to a predictable shortfall of between 9,000 and 10,000, or higher, depending on how many answer the call! Again, if one assumes a 75% rate of answer, the shortfall could be as much as 15,000.

FIGURE 3  
U.S.-flag oceangoing civilian  
billets decline precipitously, 1947-86



Source: Maritime Administration.

TABLE 2

**National defense reserve fleet (1945-85)**

Fiscal year	Ships
1945	5
1950	2,277
1955	2,068
1960	2,000
1965	1,594
1970	1,027
1975	419
1980	303
1985	300

Source: Department of Transportation *Marad '86: The Annual Report of the Maritime Administration for Fiscal Year 1986*, June 1987.

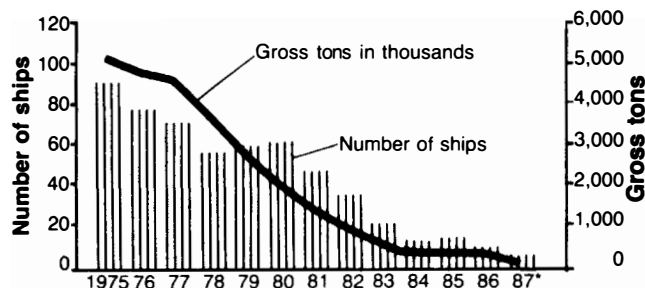
the Merchant Marine Act, a long-range shipbuilding program was initiated in 1938.

"Contracts for 50 merchant vessels were placed that year to initiate a 10-year program anticipating the construction of 50 vessels a year. From this base, the program grew in 1939 to 150 ships per year and further to 200 ships a year in August 1940. Clearly, the running start that the American shipyards got on the most ambitious shipbuilding program in history saved this nation from likely military defeat. The vessels built under this program supported our forces abroad in the face of the devastating U-boat packs encountered in the early years of the war.

"This program permitted Bethlehem to enter World War II operating 10 shipyards which provided the base of facilities, manpower and technical resources to expand the number

FIGURE 4  
**Merchant vessels building or on order in U.S. shipyards, Jan. 1, 1986**

(ships of 1,000 gross tons and over)



Source: Maritime Administration.

\*Forecast

of yards to 16—10 repair yards and 6 for new construction from which the 1,136 ships were delivered. Also, during this period, 42,542 vessels were repaired and reconditioned, aggregating over 300 million deadweight tons. This is an interesting figure when you realize that the total world fleet today aggregates some 656.3 million deadweight tons." Bethlehem now has fewer than 2,000 workers.

Under operating conditions in which our top yards are filing Chapter 11 with increasing frequency, the companies have more and more been underbidding, out of desperation for contracts; hence, accelerating their own demise. One of the major losses that Todd Shipyards had failed to withstand was \$40 million from one contract. The conversion of a roll-on, roll-off automobile cargo ship had a 25% cost overrun. They admitted they had vastly underbid.

In contrast, the Soviet Union over the past 15 years has constructed 4 new shipyards and modernized 24 others.

In the United States, the last order for a good-sized commercial vessel—1,000 gross tons or over—was in October 1984! (See Figure 4.) At that time, three container ships were ordered for delivery in 1987. Those vessels, being built in Sturgeon Bay, Wisconsin by the Bay Shipbuilding Corporation will be the last merchant vessels delivered in the entire United States.

## Steel

Along with shipbuilding and other heavy users of basic metals, the steel-making capacity itself has joined the ranks of militarily critical industry in America that is being shut down. Soon after Sept. 7 when Congress returns to Washington, Sen. John Heinz (R-Pa.) is expected to introduce, at the behest of the steel industry, a bill which basically asks the government to foot the bill for the shutdown of steel.

With the high interest rates introduced by Paul Volcker in 1979, steelmaking was at 50% of capacity by 1980. Since then, capacity itself has been shut down. Since 1982, one-fifth of our domestic steel industry has filed for bankruptcy-law protection. At present, jobs in the steel industry are at a pathetic 170,000 and our steelmaking capacity is down to 80 million tons a year. In 1976, the United States consumed 950 pounds of steel per person. Within 10 years, the consumption level has dropped to barely 700 pounds per person.

Along with LTV, the nation's second-largest steelmaker, filing Chapter 11 recently was Kaiser Steel Corp. Bethlehem Steel and Armco have been widely discussed as the next candidates. Yet the major lobbying effort that has been going on is to ask the government to create a multibillion-dollar fund to absorb the high cost of closing unneeded steel mills. Thomas Graham, vice chairman of USX (formerly U.S. Steel), the nation's largest steelmaker, has been leading the pack of those who feel the government should pay for the steel companies' burial.

Any sort of war mobilization, then, that were to be instituted, would find this great superpower ill-equipped indeed.



# A proposal for the semiconductor crisis

by Marcia Merry

In February this year, the Defense Science Board called for the creation of a new Pentagon-backed consortium of semiconductor manufacturers, to advance the technologies and production levels needed to assure the industry will not fail to meet defense needs. The manufacturing base of the industry is shrinking at such a rapid rate, and simultaneously, the United States is falling behind so fast in technological leadership in the field, that the situation requires special government intervention for both the defense and civilian economy. The Defense Science Board recommendations came after a 10-month study of the industry, in relation to military and general economic needs.

This situation is dramatized by the late August news headlines about the MX missile. Half of the complement of missiles now complete, are missing their electronic guidance systems, contracted by Northrop Corp. These systems—without which the missiles cannot be guided—will not be ready until sometime next year. Congress is once again self-righteously condemning the “defense industry,” but they are blind to the fact that all of industry, defense included, is in an emergency state of disintegration. National government intervention is required. The Defense Science Board proposal for the semiconductor industry is applicable across the board.

Under the concept of the proposed semiconductor consortium, private companies would put in about \$250 million into a capital pool, supported by \$200 million a year in Defense Department contracts. The Semiconductor Manufacturing Technology Institute would use this for research, and for practical development of the technology base for manufacturing advanced semiconductor devices; and would provide the production facilities for the selected devices required by the Defense Department. The consortium would work for high-volume, low-cost manufacturing methods, and it would offer for sale certain quantities of the advanced products on the competitive market.

The initial priority would be to develop a 64-megabit dynamic random access memory (DRAM) chip, with 64 times the capacity of the present-day 1 megabit DRAM chip. Developing and utilizing the potential of the new discoveries in superconductivity could usher in incredible productivities.

Ten years ago, the United States had a virtual monopoly on DRAM chip production. Now U.S. manufacturers supply

only about 10% of the market, and defense procurement has been relegated to a relatively insignificant place in the beleaguered U.S. industry.

As of the 1980 Defense Science Board task force review of semiconductor support of military programs, coordinated by Jerry Junkins of Texas Instruments, the military semiconductor market was about 7% of the total semiconductor market. This has dwindled to around 5%. However, his review reported that, as of 1980, “some 80-90% of military semiconductors are assembled outside the United States, primarily in the Far East—Singapore, Korea, Hong Kong, Taiwan, Malaysia.” In addition, Japan makes most of the ceramic packages and a significant number of lead frames used in U.S. commercial production lines, in which military products are also run, which later receive special testing. The category of “type A” devices—JAN, JAN TX, etc.—must be assembled in the United States, and the profits on these are very low.

## Defense electronics is key

The Defense Science Board’s February report emphasized that defense electronics is key to improving the performance and survivability of weapons systems. “Electronics technology is the foundation upon which much of our defense strategy and capabilities are built.” With their consortium proposal, they stressed, “electronics is the technology that can be leveraged most highly.”

Defense electronics spending is projected to increase over the next decade, even under the drastic cuts planned by the current Congress. However, the computer and electronics industry is deteriorating so rapidly that this alone cannot compensate for the absence of the inducements that would exist under a sound economy with proper government tax policies.

Under current projections, electronics’ share of the DoD research, development, test, and evaluation (RDT&E) budget will grow from 49% in 1987 to 54% in 1996, according to the Electronics Industry Association. They predict that electronics will take from 35% to 40% of the defense procurement over this time period. There needs to be increased use of electro-optics, lasers, fiber optics and infrared for countermeasures, as well as for target location, communications, and guidance. Larger capacity computers and processors are required for battle management and information. Most of all, radio frequency hardware needs to be developed for defense, weapons, and communications.

In the face of these demands, the computer and electronics industry is in financial and technological disarray. For the industry as a whole, 1986 was a “no-growth year,” characterized by mergers and shutdown of capacity. The semiconductor industry lost an estimated \$800 million during the year. AMD, Texas Instruments and Intel all reported large write-downs. The Commerce Department intervened to order Japan to refrain from selling its chips in the United States at

prices below "fair market value." Meantime, Motorola announced plans to build a joint plant with Toshiba in Japan, and exchange chip and microprocessor technology. Eaton and Varian announced cutbacks because of the lack of chip sales.

To cope with what Wall Street calls "overcapacity" in semiconductor production, companies are cutting capital outlays, at a time when the economy and defense needs require more technology and capital improvements. To make matters worse, Reagan's "tax reform," means accelerated depreciation will now be canceled out by the loss of the investment tax credit.

The median earnings per share in the semiconductor industry last year were - 35.3%. Their five-year average earnings per share were - 4.2%. The combined computer, electronics, and semiconductor all-industry median earnings per share fell 0.9% as an average over the past five years. Over this period, of the top semiconductor suppliers to the Defense Department, Motorola (39th in the list of 100 largest defense contractors) had a - 10.6% five-year average earnings per share. Motorola's 1986 earnings per share were up 8.5%; the company is characterized by very low earnings stability.

So far the Pentagon—heavily involved in battles with Congress on the overall budget, the Persian Gulf deployment, and the SDI funding—has not acted on the recommendation of the Defense Science Board for the semiconductor consortium. However, Robert B. Costello, assistant secretary of defense for acquisition and logistics, has expressed support for the proposal. Many logistics experts have testified to Congress this summer on the need for expanding the board's recommendations to the rest of the defense industry. This, in turn, would lead to overall defense procurement cost reductions and supply guarantees, instead of high costs, bottlenecks, and the risks entailed in foreign source supplies.

Adm. Bobby Inman (ret.), former director of naval intelligence, CIA deputy director, and now chief executive officer of Microelectronics and Computer Technology Corp. has repeatedly stressed the need for ending the 1960s "cost-effectiveness" approach to Defense Department procurement, and instead, working with industry to further a broad base of high-technology applications in the economy. Inman predicts, for example, that the emerging very high speed integrated circuits being developed by the Japanese, will be far more affordable than those being developed by U.S. companies expressly for the Defense Department. He says that investment must go into Pentagon-sponsored research, and to university and industry research, but there must be the broadest possible applications of the results in the general economy. This implies a growing economy.

According to Inman, "If we don't have viable marketplaces for much of the technology, the cost to defense is going to be astronomical. We can buy a lot of chips and stockpile them. But we can't stockpile manufacturing capability."

## Security emergency in fastener sector

by Joyce Fredman

Early in July, officials of the Pentagon announced that the Armed Forces are so short of spare parts that they are being forced to cannibalize existing machinery. In addition, cheaply made, imported fasteners (nuts, bolts, screws, and rivets) have been found to be defective on a wide scale and now threaten the capacity of some of the military's most important weaponry.

Evidence of industrial sabotage has recently beset the B1 bomber, a principal strategic weapon already besieged by a year of parts difficulties. The problems of the decline in U.S. military industrial readiness are made apparent by the fall in U.S. exports. U.S. military sales to other countries fell from \$14.8 billion in 1980 to \$7.1 billion last year.

Production capacity not utilized for export is being shut down, rather than converted to meet U.S. normal or "surge" requirements. During 1981-82 alone, close to 40 major fastener manufacturing plants shut down. The situation has taken on such dramatic proportions as to bring into the limelight a sector of industry badly in need of attention. These disasters may be a blessing in disguise if they force a reversal of a heretofore suicidal policy.

### Cannibalism

The practice of cannibalizing for parts is something that is normally only done in combat circumstances. Now, it is commonly used, and even worse, on multimillion-dollar advanced items, as opposed to cheaper hardware that is less advanced technologically. Not only does this practice erode military readiness, but it is a blatant waste of energy, money, and time. The reason it is occurring reveals much about the nature of the U.S. "recovery."

In 1982, Defense Secretary Caspar Weinberger attempted to alert this country to the consequences of its deindustrialization. He wrote in a letter to the late Commerce Secretary Malcolm Baldrige:

"Most of our critical weapons systems, equipment, support items, and industrial production facilities require large quantities of various types of fasteners. There are currently significant import penetrations (over 50%) for items produced by the U.S. industry. . . . We must not be placed in a sole source foreign dependency situation for our mobilization

production needs.”

Congress had a different idea. Since 1982, the operations and maintenance budget (which pays for spare parts) has only increased 18.5%, or \$81.6 billion annually. Not only do spare parts suffer under this completely inadequate budget, but so do stockpiles of ammunition and other wartime supplies, to improve combat medical care and to provide enough sea and air transportation to support forces abroad. Now that growth in the military budget has halted altogether, officials predict even more of this phenomenon.

This is occurring in every branch of the Armed Services. Navy officers have stated that most aircraft carriers at sea, as well as anti-submarine squadrons, routinely have aircraft cannibalized.

### **The case of the B1 bomber**

One piece of strategic equipment that has fallen victim to this process, the B1 bomber, has a number of other problems as well. Three new bombers, each costing \$200 million, are sitting immobilized at Dyess Air Force Base, near Abilene, Texas because parts have been taken from them to be installed in several other B1 bombers on the base.

But that's the least of the dilemmas concerning the B1. Air Force officials say it will be 1990 before 30% of the new U.S. strategic bombers can be kept on alert, which is the standard percentage for quick response. Out of 54 bombers in the force today, only one plane is on alert! The problems have ranged from faulty flight controls to malfunctioning computerized maintenance systems. The result is that the technical difficulties have delayed crew training and sharply restricted the number of bombers the Strategic Air Command has available.

Recently, an even deadlier problem has arisen. *Aviation Week and Space Technology* reported that Rockwell Security officials at its Palmdale, California plant, where the new B1 bomber is being produced, are investigating acts of apparent sabotage. The incidents included severed wires in cockpit electrical harnesses and in cables between test equipment and aircraft being tested, as well as razor blades taped to the underside of handrails on workstands positioned to injure anyone grabbing the handrail.

In one incident, a penny was taped to the aircraft's fuselage just aft of the engine inlets and spray-painted to match the color of the fuselage.

Three times in the past month cables connecting an aircraft to test equipment have been cut. Investigations are ongoing into all incidents in the past year, which number 75 for the B1-B production line alone.

### **Down to the nuts and bolts**

The difficulty, however, in determining the extent of sabotage lies in the vulnerability of the American economy itself. Imports now account for approximately 70% of all fasteners used in the United States. For standard nuts, bolts,

and large screws, it is well over 90%.

One type of fastener is called the Grade 8.0 automotive bolt and is used by the Department of Defense in approximately 500 different weapons systems. In one agency alone, a random survey showed 29% of its inventory to be counterfeit bolts. That comes to 8-10 million substandard Grade 8.0 bolts simply in that inventory! When five defense contractors were asked to sample their inventories, they discovered 50% of their Grade 8.0 bolts to be counterfeit.

Other problems have included substandard plating, suppliers coating the bolts with zinc rather than the required cadmium, and improper threading of bolts. One defense depot did tests that revealed 60% of one type was defective.

One of the Army's main battle tanks is the M-60. Out of 10,000 tanks, 1,220 have been crippled by weak bolts. The problem is so prevalent that the Army has begun to alert allies who have bought some of the tanks. The Navy has had problems with engine bolts for minesweepers, and now howitzers are having to be repaired for faulty bolts.

“The magnitude of this problem is staggering,” said one congressman after reviewing the faulty parts alone. That could be the understatement of the year.

The Department of Defense has procured so much of its fastener supply abroad for simple reasons of apparent price-savings, under intense budget pressures. However, apart from “counterfeit-ordnance” and other breaches of contract, the strength specifications of the metals themselves are frequently inadequate.

The Defense Science Board has repeatedly called attention to the need for secure supplies of both basic steel and special alloy metals, and other specialty elements. The United States imports some of its most vital military materials, including asbestos, chromium, manganese, mercury, potassium, nickel, and titanium.

Another difficulty has arisen because of the scandals surrounding the defense industry. The first major contract for pontoon causeways, or lighterage, was in 1984 with Wedtech, which is now under investigation for charges that the company paid kickbacks to federal officials.

The pontoon causeways are portable bridges whose main purpose is to support instream off-load ship-to-shore movement and over-the-beach movement of military cargo. Although some of the hardware goes back to World War II, the basic concept (including the water jet propulsion) was developed in the mid-1970s. Their usefulness was demonstrated by England, who used them with great success during the Malvinas War.

In a functioning good shipyard (which is fast becoming extinct in the United States) these could be produced at a rate of 3 powered per month and 12 nonpowered per month. Since the Wedtech scandal, the U.S. inventory is jeopardized, as all orders have been suspended. For security reasons, information is scant, but any deals for more are shaky if existent at all.

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## How radio frequency waves interact with living systems

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*Some observations on bioelectromagnetics by J.W. Frazer, professor of Pharmacology at the University of Texas Health Science Center at San Antonio, and J.E. Frazer.*

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One unstated, but important, objective of bioelectromagnetic research in both the U.S. and East bloc countries has been for many years the possibility of weapons use. Serious biological research has had scientifically unusual fits, starts, abrupt endings, and a lack of coherence for many years. Applications seemed remote, except for common microwave ovens, and the understanding of electromagnetic interaction with matter has been less than complete.

At the same time, there has been considerable public concern about biological effects that may be produced by constant, low-level radiation from the many radio frequency emitters in our environment, both at home and at the workplace.

These concerns motivated U.S. federal agencies in the 1950s to undertake serious investigation of the biological effects of microwaves, a series of efforts extending to the present. Programs have changed, participating agencies have changed, funding levels have changed precipitously. In the aggregate, U.S. federal agencies have invested more than \$300 million in this study over the past 35 years.

It cannot be said that the biological effects of electromagnetic radiation are uninvestigated or that little is known about them. A considerable amount of this information is contained in the book *Biological Effects of Electromagnetic Radiation*, (edited by John Osepchuk, IEEE Press, New York). The National Telecommunications Information Agency, Department of Commerce, and the Office of Naval Research (ONR) have summaries of other recent research on the subject.

These programs have investigated the electromagnetic

(EM) properties of tissue in some detail, and have defined the distribution of fields inside the body both practically and theoretically. The practical definition of field distribution uses methodology developed by Dr. A.W. Guy's group at the University of Washington; the theoretical approach uses programs developed by Dr. H. Schwann (Moore School of Engineering), Drs. Durney and Ghandi (University of Utah), and many other extremely competent individuals.

Biological responses to these EM fields have been measured by investigators, such as Dr. Saul Michaelson (University of Rochester School of Veterinary Medicine), Dr. W.R. Adey (Jerry Pettis Memorial VA Hospital, Loma Linda, California), and many others of good scientific repute. The sophistication used in measuring bioresponses has increased as the sophistication of biosciences themselves has exploded in the past 40 years.

This constant increase in theoretical sophistication, engineering practice, and particularly in the biosciences has made it necessary to constantly reevaluate the evidence for electromagnetic bioeffects, particularly at low field levels using modulated fields, and in relatively long-term experiments with a large variety of experimental animals.

Anyone who has put food in a microwave oven knows that the food can come out well cooked in a short time. If they observe the power setting/time trade-off, they notice that higher power cooks more rapidly, but the cooking may appear somewhat uneven.

We now know it is possible to manipulate "hot spots" within objects. When the wavelength of the radio frequency

field relative to the size of the object is controlled, correlated with the ratio of electric and magnetic vectors immediately around the object, surface reflections are not so likely to occur. Variations of electric/magnetic (E/H) ratio are commonly found in the "near field" or Fresnel zone of a transmitting antenna, thus area power absorption, resultant heating, and distribution of heat within the body can vary markedly.

Why does heat occur? Heat occurs primarily because water molecules (which form about 60% of humans) absorb RF energy. At frequencies less than 1 GHz, conductive ions add to energy absorption. Other cellular molecules also absorb energy, but are present in smaller quantity or in lower concentration. Herein is the source of an argument that is still pursued. Namely, "Does this relatively small proportion of total energy absorption produce bioeffects that cannot be explained simply by local heating?"

### **Development of the brain inactivators for small animals**

During one of the programs analyzing RF bioeffects, it became necessary to know whether RF fields could cause a perturbation of the neurotransmitters known at the time. The turnover rate of these neurotransmitters was known to be very fast, one-half times of milliseconds, so that times taken for ordinary dissection and isolation procedures were simply inadequate to do quantitative comparison between animals or between specific brain areas.

A microwave brain inactivator was built, using some of the principles of field impedance matching which had been learned from previous development of a Near Field Synthesizer, a machine built to intentionally alter field impedance surrounding experimental animals. The brain inactivator in its present form can completely inactivate ( $T > 85^{\circ}\text{C}$ ) mouse, rat, or guinea pig brains in about 150 msec, allowing independent determination of neurotransmitter contents of 1 mg portions of specific brain areas. It has also been used to determine total vascular volume of the brain after a variety of pharmacological treatments. This instrument caused an immediate increase in the accepted concentrations of neurotransmitters and phosphonucleotides occurring in the brain, concentrations which compare well with more recent determinations made with *in vivo* nuclear magnetic resonance.

After developing the instrument and measuring the distribution of power in the brain, the instrument was used to measure a few of the performance effects on animals. These showed that a high-intensity pulse could cause performance degradation paralleling a gradual fall in choline acetyl transferase activity, still decreasing at the longest time measured. This is the enzyme which resynthesizes acetylcholine, which is one of the important neurotransmitters.

So why is this important? We usually think of brain

functions as a series of electrical signals, and yet we also know that there are a myriad of molecular activities that are the basis of brain functions.

Because the measurement technique uses electrodes which convert ion activities or concentrations to electrical signals, we have confused the measurement technique with the event. Underlying the changes in ionic mobilities, sodium and potassium in particular, are alterations in nerve cell membranes that allow alterations in ionic activity.

The real nerve signals are these molecular orientations. The molecular orientations at synaptic junctions, i.e., the spaces between neurons, are initiated by chemical substances called neurotransmitters, which are released from one neuron directly to a second neuron and are the basis for neural communication.

Activation of the receiving neuron causes molecular orientation shifts which allow potassium to leak out after sodium has leaked in and allows release of calcium ion, but also causes the formation of cyclic nucleotides which in turn activate phosphoproteins, which control molecular access to both RNA and DNA. The energy to reform the parent condition of the membranes is supplied by the biological coin of the realm, adenosine triphosphate, which then is reformed by a mechanism known as oxidative phosphorylation, which forms ATP at the expense of glucose.

Other types of cells in the brain form columns around active neurons. These cells transfer metabolites from the bloodstream to active neuronal cells. Thus these cells, which measure blood concentrations and control energy delivery are an important part of the neural feedback loop. The data concerning performance effects of microwave pulses was published in 1981, but doesn't seem to have excited any interest in further experimentation. We still do not know whether the fall in enzyme activity is a result of cessation of nuclear genome expression or whether some activation of degradative activity has occurred resulting in a net loss of enzyme. Gene expression results in production of proteins by coding ribosomes in the cytoplasm and initiating protein synthesis. It is possible that neuroglial damage was produced, as suggested by the data of Kholodov in the proceedings of an international conference on microwave bioeffects in Pushkino, U.S.S.R., 1980, or any of a legion of other effects.

This is a very important question, since we know that application of neurotransmitters, or conversely their pharmacological blocking, can alter the expression and coding capability of neuronal DNA. Many workers believe the pattern code of DNA distributed through several cells is the molecular basis of human memory.

There has been a gradual acceptance of the fact that single neurons may contain many different neurotransmitters—up to 100, including several polypeptides, which have distinctly different effects on postsynaptic cells and switch-

ing of protein production from DNA codes. Exactly how this type of system produces a visual, auditory, and sensory memory is, of course, still unknown. Certainly, it forms one of the highest-level targets of experiment of which we are capable.

### Parallels in other systems

Since we know that production of at least one very important enzyme is altered by very short pulses of high-intensity fields, but do not know the exact mechanism, perhaps parallels can be found in other systems more amenable to experimental attack and support. For some time a comparison has been made between the molecular memory systems of the brain and that present in the immune system. Perhaps the clearest demonstration of molecular influences of RF fields is on the coordinate expression of genes on several chromosomes at once to produce antibody molecules, much of which follows a standard pattern with a given species, but which have hypervariable regions depending on the challenging antigen.

The total immune response is distributed among many cell types, apparently as a result of passage of information between cell types, so that T-cells can become NK or natural killer cells, B-cells can secrete circulating antibodies with T-cell collaboration, and macrophages can be activated as a result of T-cell secretions. This very complex system thus depends on multiple chromosome responses in single cells, and information transfer between several types of cells depending on whole sets of secretions (lymphokines, interleukins, etc.) that seem to act in a way analogous to that of neurotransmitters in the central nervous system.

The effects of hyperthermia on T-cells have already been mentioned. In experiments with high-strength HF band fields, it was found that lymphocytes were suppressed, replaced by neutrophils, then lymphocytes returned within 24 hours. After returning, the response to standard plant lectins was markedly altered, yielding an increased division response. Plant lectins are used as ways of discriminating different kinds of lymphocytes, for instance T-cells respond to a bean protein extract and B-cells respond to a pokeweed protein extract. The experiment was run at three frequencies, only one of which caused hyperthermia as measured by rectal temperature measurement in rhesus monkeys.

A more complete set of experiments was run in another laboratory, showing that response to several other lectins was also altered. The effect appeared distributed through the memory systems of several components of the immune system.

It appears, then, that moderately high-strength fields can alter components of the memory system of the immune system that may have counterparts in the central nervous system, but there is a sad lack of data at this point. Recently, experiments done in Italy have shown that moderately low-strength

magnetic fields operating at 50 kHz can produce very similar effects on tritiated thymidine incorporation into lymphocyte nuclei, reinforcing the idea of a response involving synthesis of genetic material. No hyperthermia was expected or measured in those experiments. Those particular experiments are marked by the fact that more than 1,000 animals were exposed and examined, leading to very high statistical confidence levels.

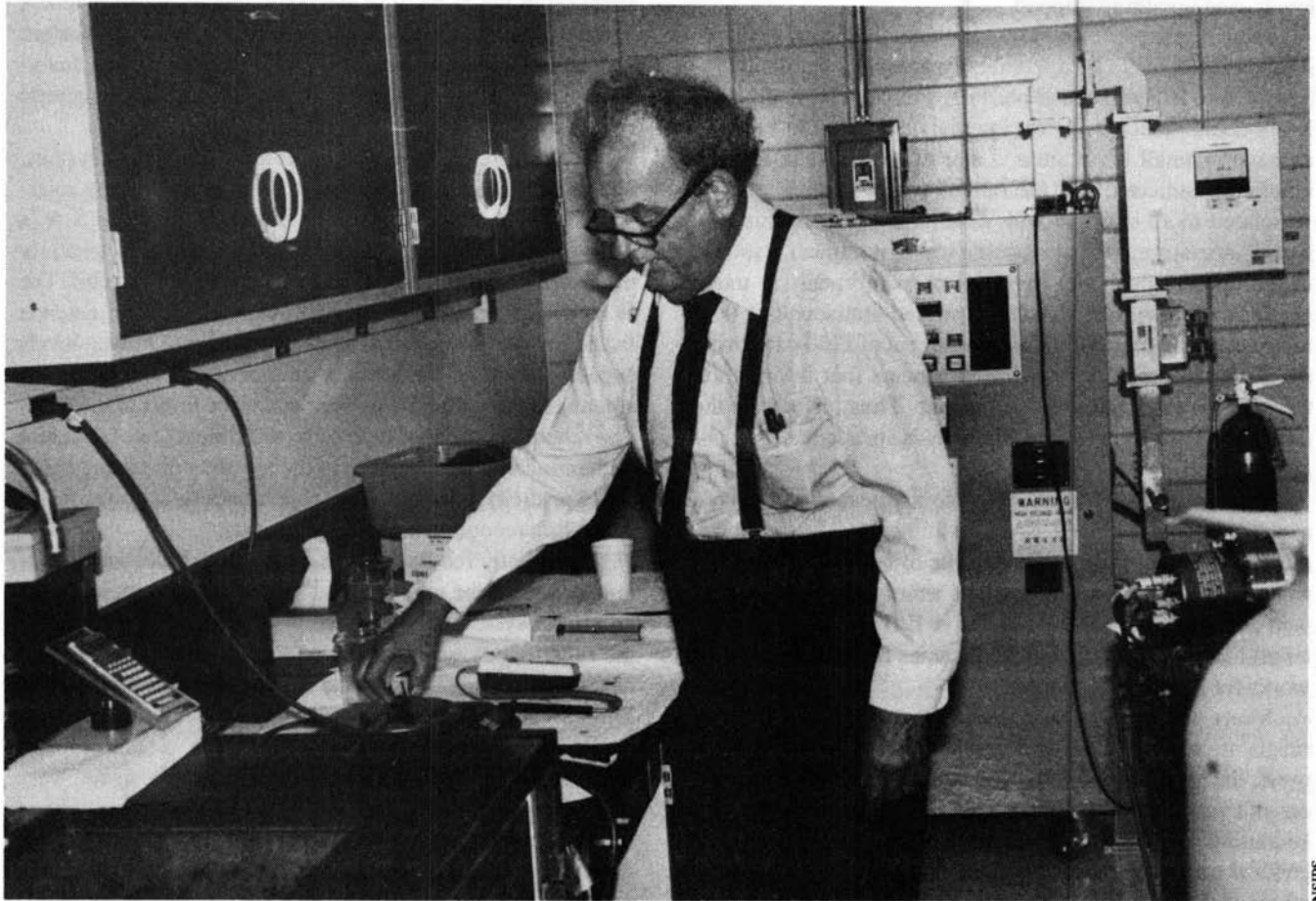
Many people, very well-qualified scientists, object to the thesis that there can be any form of direct field interaction with macromolecules in biological systems that does not involve hyperthermia. As mentioned above, this has been an argument of nearly 80 years' standing. A good deal of skepticism is warranted. Use of electric lines was followed by many complaints of ills caused by them in the early 20th century, which have largely been shown to be without basis.

The charlatans of the early 20th century foisted a legion of products on an unsophisticated public, promising all manner of health cures on the basis of mystical electrical emanations which, in many cases at least, simply did not exist. The early enthusiasm for diathermy applicators, useful as a muscle relaxant in some cases, might have gone on to fairly useful treatment of infections in the 1930s, were it not for the much greater efficacy and scientific base for the sulfa drugs and later antibiotics. As recently as 1952, however, hyperthermia induced by intentional infection with malaria was still used for treatment of neurosyphilis; some of this occurred because of undertreatment with penicillin when it was first introduced. Fortunately, the practice has largely ceased. A plethora of electrical equipment was simply not as effective as a pharmacologic approach to the treatment of human disease.

In recent years, hyperthermia has been used in the treatment of various types of cancer, so that some work with radio frequency-induced hyperthermia has appeared. This is a reincarnation of the first public use of radio frequency generators by D'Arsonval about 1900. The power generator constructed by D'Arsonval's group was used for induction therapy of tumors, then became the first power transmitter for Radio Paris. Obviously, if the treatment were remarkably successful, it wouldn't have fallen into early disuse.

Part of the problem then, as now, was lack of control of internal distribution of RF fields, consequently the hyperthermia they induce. From the research effort generated by this interest has come some appreciation of the importance of field control. Perhaps better results will be obtained in the future.

On the other hand, the dawn of molecular biology is some 30 years back, and the information now becoming available allows determination of chromosomal locations of some tumorigenic responses. Really modern work is aimed at deriving antibodies to these aberrant cells. It now seems fairly certain, however, that genetic subsets of tumorigenic cells are fairly common in single tumors which confer some sort



*Coauthor James W. Fraser in his laboratory.*

of immunity to metastasizing cells, i.e., tumor cells that can utilize a variety of paths to invade surrounding tissues. Often it is possible to treat a primary tumor successfully, only to have patients die from the effects of the metastasizing sub-population of cells. A variety of antibodies, antibody-producing cells, lymphokines, or other biological agents may be necessary to control these processes. The fond dream of many workers in biological therapy is to harness the survival capabilities of these metastasizing cells to the survival of the entire organism. First things first, though. We have to find out how to control them.

The situation, then, is somewhat analogous to the introduction of antibiotics in that research efforts are directed into the "new" molecular biology of tumor cells and away from the "old" concept of hyperthermia as an adequate treatment tool for cancer.

While we now have some experience in directing internal field distribution so that better field management with visual control is becoming possible, even to the formation of internal elliptic waves, it now seems that major investigative

support for such activities has vanished in favor of the investigation of fundamental properties of immunogenetics. The sobering thought is that the two approaches are not mutually exclusive, but should be done together, since we already know of direct field effects on cell fusion and local macrophage activity.

### **Direct effects on neural function**

During the early 1970s, a microwave brain inactivator was built for purposes of measuring high turnover neurotransmitter intermediates in anatomically specific brain regions. The instrument caused an immediate reevaluation of neurotransmitter concentrations in the brain and their movement between brain regions as noted above.

Absorbed power levels below that required to thermally inactivate the brain were capable of disturbing behavior and learning patterns.

Exposure of experimental animals to an inhomogeneous field resulted in inactivation of the medulla near the foramen magnum (at the base of the skull), requiring fairly low power

levels, and breathing stopped.

From this experience, it was apparent that lethal or debilitating effects could be intentionally produced by manipulation of field E/H ratios and phasing. Frequencies and power levels could induce sufficient internal field strengths to cause damage in small brain areas. Later experiments in another laboratory indicated that the rate of power application was correlated more strongly with debilitating effects than was final temperature, indicating some sort of nonlinear response to the applied fields. In longer-term experiments at much lower power levels, it was demonstrated that adequate field modulation could produce an entrainment of EEG patterns in monkeys. In other experiments it appears that information transfer can take place in this manner. Thus, effects on the living brain can be produced when fields are adequately managed.

One can think of many possible applications of such a capability. The simplest is an instrument of warfare. Required is a set of transmitters capable of relatively long (100 msec) pulse emission at high-pulse average power (1 megawatt at least), with control of relative E/H and phasing at the target location. At different frequencies the same basic idea works for flying insect control.

Many people have long averred that the power requirements are too high, the specificity of target location is too great, the chances of appropriate interaction are too low, and on and on. The simple fact is that gyrotron emitters are becoming available together with antenna systems which could do the job, especially with several different types of target location devices. No one says the system would be simple, since each element has to have rapid, computer-controlled acquisition and control—but if all the elements were put together, it could be a most efficient system.

That type of system would also be remarkably efficient at destroying computer controls in other weapon systems, using a variety of mechanisms, many of which are already well known in conventional electronic warfare. Whether or not such a system should be built, is largely a question of its practical capability in comparison with other weapon systems. At least one system ought to be crafted so that some practical experience could be gained. We may need it.

### **Crafty East bloc thinking**

In this respect, East bloc emphasis on accelerator design, which led to “gyrotron” developments, an admitted technological surprise to Western manufacturers, is a “can’t lose” effort. The technology can be used for accelerators, nuclear pulse generation, magnetic confinement design, or simply high-power radar emitters, with power and phase coherence not easily approached with other methodologies.

Used as an optical “pump” for laser drives, another type of weapon system, which uses both optical and microwaves, becomes possible which doesn’t seem to have received much

attention in the West. The East bloc scientists and planners must be congratulated for some very crafty thinking. Western planners preoccupied with computer interfacing and analysis, could face nasty surprises in the vulnerability of central systems.

Given the capabilities of an orbiting microwave system, one reflects on the capabilities inherent in an orbiting solar-powered system such as the one examined by the U.S.A.’s National Academy of Sciences, a few years ago. Apparently the East bloc is preparing to place such a station in orbit. The U.S. design used a microwave beam focused on antenna farms on the ground for power generation. Power levels expected were in the vicinity of 100 milliwatt/cm<sup>2</sup> in the antenna farm, with little power outside the limits of the farm. The scheme was placed on hold by the United States, because of the concern about stability of the radiating platform, which could result in radiation of the general public at power levels exceeding recommended safety limits.

Apparently the East bloc has chosen to build such a system in a stepwise manner. The military capabilities of such an orbital system are worth very serious consideration. On the other hand, such a system could present isolated areas near the Arctic Circle in Russia with sufficient power to allow limited wintertime agriculture, a fact of great importance to the Russian economy. The development then, is another “can’t lose” effort by Soviet scientists and planners, again, very crafty thinking.

The crafty thinking repeatedly alluded to is an indirect indictment of those who consistently downplay East bloc scientific capability and practice. The attitude is unwarranted and dangerous.

There is another side to the radio frequency problem which is not as obvious as the brute force systems alluded to above.

We have already mentioned the evidence for direct field effects on immunoreactivity and the similarity of some immunoreactivity to much more rapid events in cerebral neurons, known effects of properly modulated fields on neuronal behavior, and known effects on genome encoding systems.

We already know some information can be transferred by direct field effects, but very little research effort has been expended, with properly engineered fields, on the extent to which such information transfer might be possible. We already know that animals exposed to fairly high field strengths show signs of anxiety (maybe associated with hyperthermia), but know little else. The “clicking” sound of high-intensity pulse fields can be coded for information transfer, perhaps as an auditory code. What then of an entire population exposed to a properly designed field?

One would think the actions of modulated fields at frequencies and impedances known to affect different regions of the brain would be fairly high priority for investigation, but this appears not to be the case in the Western world. It



has been a longstanding investigation in the East bloc. Perhaps we are in for another technological surprise.

There really should be no uncertainty as to whether electromagnetic fields have predictable actions on biological systems at the present state of knowledge. The uncertainty grows from lack of appreciation of the importance of supramolecular organization of cells and tissues where forces not necessarily related to chemical bonding forces come into play.

One example of a way to analyze such forces is the polarization transfer experiments done with nuclear magnetic resonance which measures nuclear Overhauser magnetic coupling through space, not necessarily dependent on chemical bonding. This single type of measurement is adequate demonstration of coupling in molecules beyond the usual electrostatics of conventional biophysics when applied to macromolecules and whole cells or tissues. This coupling also indicates the possibility of field interactions directly on such a coupled ensemble, but even theoreticians pause at the possible implications. This level of electromagnetic field interaction remains little investigated except with the resonant spectroscopies.

We know that hyperthermia by itself can have many effects on our slow, internal chemical communication system (the endocrine system). This system includes the pituitary output and, directly or indirectly through pituitary release, also controls adrenal steroid secretion, pancreatic, thyroid, and sex hormone function, and controls the action of pituitary growth factors.

Therefore, we must understand that no conscientious scientist could aver that there are no effects of RF radiation on humans if the field strengths are sufficient to produce regional or general hyperthermia. Endocrine responses to such field applications have been measured, perhaps not as extensively as we all would wish, but enough to have formed part of the rationale for the present American National Standards Institute Recommended Safety Standard of 1 mw/cm as a tolerable level of RF field exposure for the general public.

According to EPA measurements, most environments outside the immediate vicinity of RF transmitters are far below this recommended limit.

Other effects which can be triggered by adrenal corticoid release include suppression of large parts of the immune system. We have learned to be fascinated by this type of action as a result of the AIDS problem, but have not found such suppression a significant factor at the recommended safe field levels.

### **The effects of frequency modulation**

Dr. Adey's group has been examining modulated fields since the late 1960s. They initially found that fields modulated at frequencies near ordinary biorhythms (7-30 Hz) had dramatic effects on the release of calcium from cerebral tissues in the intact cat and in chick cerebral hemispheres. The

experiments were repeated in EPA labs using very sophisticated equipment. It was found there was a "window" in field amplitudes during which the effect occurred.

This finding fueled heated debate as to the biological significance and validity of such an event at a time when the extreme sophistication of calcium's action in biological systems was still developing (as it still is) in independent scientific inquiries. Now we know that calcium is required at nearly every step, from transcribing external perturbations, to expression of genetic sequences. There are still gaps in our knowledge, but that which we know bespeaks an order of cell molecular and supramolecular organization unsuspected 20 years ago, and still eluding the grasp of all but the extremely astute.

More recent experiments have demonstrated effects on lymphocyte capping following lectin interaction, fibroblast mobilization, and protein secretion, showing that appropriate low-level modulations do indeed have actions on a very sophisticated system in isolation. The biological significance of such actions in an intact organism are still subject to some doubt. They are, however, clinically useful, as shown in Becker's work on healing of resistant bone fractures. This work, furthered at Columbia University, is commercially available.

An extension of such phenomena is the work of Zimmermann at Würzburg showing that radio frequency polarization of cells (similar to the "pearl chain" effect from the 1930s), followed by DC pulse can result in genetic fusion of cells in culture. Some of our own work indicates this type of phenomenon can also operate on bacteriophage insertion in bacteria and perhaps cells *in situ* with particular types of field applicators. It must be emphasized that these are high-intensity fields, more than  $5 \times 10^5$  V/meter, much more intense than those found in any environment other than well-designed laboratory enclosures.

Research programs are extant now to study some of the biological interactions, some of them at the level of molecular systems. The old bromides about no effect on macromolecules are largely laid to rest by developments of field-focusing electrophoretic apparatus.

It is puzzling, however, that dielectric measurements of molecules is hard put to detect this interaction, though optical studies (Raman spectra and polarization studies) pick it up. Very strange. Several experiments combining field applications together with optical and resonant mode spectroscopies on whole tissues and highly selected molecular systems are required.

There are no obvious programs extant concerning weapons development. This is a very mysterious lack, perhaps relating to the prohibitions in the SALT agreements, but we suspect more related to the engineering idea of impossibility. Impossible things are potent sources of technological and political surprise.

## Pavlov is a Russian soldier's weak flank

by Lyndon H. LaRouche, Jr.

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**Spetsnaz, the Story Behind the Soviet SAS**  
by Viktor Suvorov, translated by Hamish Hamilton and David Lloyd  
Hamish Hamilton, London, 1987.  
213 pp., clothbound. with appendices and general index, £12.95.

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This recent book from a former Soviet military intelligence officer is perhaps the best introduction to the subject of Soviet military special-purpose forces so far available to the general public. The layman will find the brisk literary style convenient, all the more so because it conveys the modern Russian mind-set and its prejudices with shocking clarity and directness.

The military specialist will recognize most of the book's content from the extensive briefings on this subject-matter already widely circulated within Western commands. A specialist might quibble that the book does not take into account the radical changes, now in progress, in the Soviet order of battle for assault against Western Europe; but that does not impair the book's success as a background briefing for the concerned layman.

For me, the most startling feature of the book is two subtopics, casually worked into the text, which stand out as going way beyond the scope of the layman's competencies, matters bearing directly on crucial features of Western strategic planning. It is those two special features of the text which prompt my undertaking this review.

The first is that author's conceptually accurate refutation of the doctrine which Marshal Nikolai Ogarkov has derived from critical analysis of Josef Stalin's military policy dur-

ing the 1935-41 Soviet preparations for assault against Germany.

The second of these topics is the emphasis which Suvorov places upon the intensity of the application of Soviet Academician I.P. Pavlov's famous methods of "conditioned reflex" to the selection and training of Soviet spetsnaz.

I shall turn now to the first of these points, and then show how the Pavlovian training of Soviet military personnel bears upon that point in a way of utmost relevance to Western strategic planners today.

### The 'theory of the offensive'

The most important of L.D. Trotsky's military writings, is his attack on the Soviet military command's adoption of French Marshal Foch's 1920s version of the so-called "theory of the offensive." This "theory of the offensive" formed the doctrinal basis for what became known as "the Tukachevsky Plan," and is the underlying theme of the plan of assault within the current Soviet war plan, the so-called "Ogarkov Plan."

If Suvorov's facts given in this connection are correct, and there is overwhelming preponderance of evidence to suggest so, then Suvorov has pointed to the same kind of potentially fatal flaw within current Soviet doctrine which led to the Red Army's initial, massive defeats by the Wehrmacht onslaught.

Suvorov introduces his facts bearing upon this, first, in the second chapter of the book, "A History of Spetsnaz," where the most directly relevant passages are located on pp. 20-24. He returns to stress the governing role of the "theory of the offensive" within Chapter 12, "Control and Combined Operations," over the span of pp. 150-155.

I go directly to the part which will most shock popular opinion on the subject of World War II. I excerpt the most relevant passages from the text and footnotes on pp. 23-24:

"It is easy to understand why Hitler took the decision in . . . July 1940, to prepare for war against the U.S.S.R. . . . Hitler guessed rightly what Stalin's plans were, as is apparent from his letter to Mussolini of 21 June 1941."

Suvorov cites the following excerpt from that letter:

I cannot take responsibility for the waiting any longer, because I cannot see any way that the danger will disappear. . . . The concentration of Soviet force is enormous. . . . All available Soviet armed forces are now on our border. . . . It is quite possible that Russia will try to destroy the Rumanian oilfields.

Suvorov quotes Stalin on this, from (*Moscow Pravda*) of March 11, 1939. Suvorov's argument is subject to criticism, but his argument is fully relevant, as I shall indicate:

in his speech at the 18th Congress of the Soviet Communist Party, Stalin has this to say about Britain and France: "In their policy of non-intervention can be detected an attempt and a desire both to prevent the aggressors from doing their dirty work . . . not to prevent, let us say, Germany getting bogged down in European affairs and involved in a war . . . to let all the participants in the war get stuck deep in the mud of battle, to encourage them to do this on the quiet, to let them weaken and exhaust each other and then, when they are sufficiently weakened, to enter the arena with fresh forces, acting of course 'in the interests of peace,' and to dictate their own conditions to the crippled participants in the war." Once again, he [Stalin] was attributing to others motives which impelled him in his ambitions. Stalin wanted Europe to exhaust itself.

Before continuing Suvorov's argument, let us pause over this characterization of Chamberlain's, Daladier's, and Stalin's motives at that (March 1939) juncture. Stalin's cited remarks did not represent, at that time, up-to-date knowledge of the British position.

During 1939, very highly placed anti-Hitler forces in Germany had caused Britain to be informed of Dr. Otto Hahn's discovery of proof of principle for the feasibility of constructing fission weapons. The British, in turn, caused this to be leaked to President Franklin Roosevelt, via Albert Einstein et al. Whereas, the informed Western perspective up through 1938, was to support Hitler and Mussolini for a war against Russia, once London and Washington's highest circles knew of Otto Hahn's results, the Anglo-American command was committed to war against Hitler. (Hence, Winston Churchill never attacked Neville Chamberlain personally over the issue of the 1938 Munich Pact with Hitler.)

The motives which Stalin could have attributed to 1938

London did reappear in slightly altered circumstances over the issue of launching the "Second Front" in Western Europe in 1943, or 1944, and also in such forms as Gen. George Patton's quarrels with Field Marshal Montgomery and Eisenhower's command over U.S. military policy in Germany. There was an intent to bleed Germany to the utmost before opening a "Second Front," and to prevent the German military from succeeding in their plans to overthrow Hitler, so that the dismemberment of Germany might proceed as intended, hoping also to drain Russia sufficiently with protracted warfare that a postwar Stalin might be more malleable. (As Churchill discovered, reluctantly, not long after the Potsdam agreements, Stalin was by no means malleable.)

With that important qualification, Stalin's strategic estimate of Anglo-French policy was sound; and Suvorov, who, to his credit, is apparently not privy to the relevant archive material, might thus imagine wrongly that Stalin was merely projecting his own motives on London. Nonetheless, Suvorov's reading of Stalin's own policy is correct.

Then, Suvorov comes to what we should adopt as the crux of our present-day concern in this historical lesson:

Hitler managed to upset Stalin's plans by starting the war first. The huge forces intended for the "liberation" of Russia's neighbors were quite unnecessary in the war of defense against Germany. The airborne corps were used as ordinary infantry against advancing German tanks. . . .

I shall elaborate upon this with particular emphasis.

The reshaping of the whole philosophy of the Red Army, which had been taught to conduct an offensive war on other people's territory, was very painful but relatively short. Six months later the Red Army had learned to defend itself and in another year it had gone over to offensive operations. From that moment everything fell into place and the Red Army, created only for offensive operations, became once again victorious.

Then, on pp. 150-155, Suvorov returns to the more recent evidence bearing upon continuation of "the theory of the offensive." One citation is sufficient for our purposes here:

In other armies different criteria are applied to measure a commander's success. . . . In the Soviet army [such other criteria are] of secondary importance, and may be of no importance at all, because a commander's value is judged by one criterion only: the speed with which his troops advance.

He provides rather detailed explanation of what this signifies in tactical practice, and cites examples from battles.

There is no doubt that the purge of Tukachevsky et al. did not change Stalin's military strategy in the slightest. The

Red Army's pre-war deployments of 1939-41 represented a continued build-up consistent with the Soviet war planning of Tukachevsky earlier. This could have had no military purpose, but that of launching a Soviet offensive into Germany not many months after the time "Barbarossa" was launched, perhaps, indeed, at the point Hitler might have been engaged in an attempted conquest of Britain.

Whether the Red Army's logistics, especially supplies of ammunition, were at the level required for launching of this Soviet offensive, is another important matter. However the Red Army's logistical condition is assessed, the Red Army posture on Russia's Western front was totally offensive, rather including an offensive capability within a defensive one.

This fact is well known to Western specialists, although not the general public. The policy motives for the long-standing suppression of this evidence are not difficult to locate: the World War II myth of our "brave Soviet ally, defending itself against a surprise attack by foreign aggression," the political rationale of the Teheran, Yalta, and Potsdam conferences, and the Eisenhower-Zhukov sentimentality of the 1950s, demanded that the charge of "planning and preparation of aggressive warfare" be attributed solely to the Axis Powers. For the sake of the official myth, Stalin's own plans for "aggressive warfare" were delicately kept from public attention.

Hitler's Nazis were the evil that they were, and the end of their rule over Germany and Germany's forces to be sought by the earliest and most efficient means—even prior to 1938, when prominent forces in London and New York were still sympathetic to the Nazis'; and Mussolini's continued rule. We might consider, also, that had the German invasion of the Russian empire been totally under Wehrmacht control, without meddling from Nazi butchers and bunglers, the German invaders would have continued to be received as liberators in the Ukraine and among other oppressed minorities of Moscow's dictatorship, and Moscow so defeated. There are these and other matters to be considered in their proper location.

In this location, we are looking simply at the question of whether the Red Army posture of the pre-war 1939-41 interval was overwhelmingly a deployment for an offensive into central Europe, rather than a defense of Soviet borders. The fact is: It was entirely a preparation for launching of an unprovoked attack into Central Europe, and, naturally, westernmost Europe as well.

In serious matters of strategy and history, we must look the relevant facts square in the eye, whether or not those facts are popular ones.

For technical reasons which ought to be obvious enough, I doubt strongly, personally, that Adolf Hitler made the crucial war planning decisions leading to his adoption of "Operation Barbarossa." Anybody of the Wehrmacht general staff, working from classical 19th-century German military tradition, with the special function of modern armored

columns taken into account, would have stated that the only proper way to deal with a Red Army massing for assault according to the Russian "theory of the offensive," was that this must be treated by a preemptive strategic assault. Hitler's role was to adopt expert strategic assessments in this matter, and, obviously, as head of state of his dictatorship, to make the decision to act upon that expert assessment.

The technical point is, that the classical principle of warfare requires an integrated capability for tactical defense and strategic offensive. A military force lacking either competent capabilities of tactical defense, or appropriate forms of capability for strategic offense, has a fatal vulnerability waiting for its exploitation by a well-matched adversary.

In 1940, the lack of an Anglo-French-Belgian strategic offensive capability developed and deployed, led to the collapse of the defense, as de Gaulle and Guderian understood, and as most of the French command did not: the example of the kind of catastrophes inherent in a defense without adequate matching offensive potential. In the state of affairs on Germany's 1940-41 Russian front, the opposite case prevailed.

Once the Red Army launched its prepared offensive against Germany, the Wehrmacht was in serious difficulty, because the full capability of the Russian forces would be deployed according to their design. However, for reason of lack of adequate defensive preparations on the Russian side, but for the effective, improvised defenses of Leningrad, Moscow, and, later, Stalingrad, the initial shattering of the Red Army's main forces in the Western region would have led to Germany's rapid rout of all Russian regular forces. It was the improvised, desperately successful defense of those cities which permitted the Red Army, as Suvorov stresses, to resume the mode of offensive warfare for which it had been shaped.

### **Soviet offensive dogma today**

The same potentially fatal flaw exists in the Soviet strategic posture as a whole today. This shows in the cases of Chad's counteroffensive against invading Libyan forces, and the Franco-American-British posture in the theater of the Persian Gulf. These two developments, involving avoidance of any direct clash with Moscow's own forces, have effectively flanked the entire Soviet strategic position globally. If the diplomats and nervous nellys of other varieties are kept out of the conduct of policy in these two theaters, and present military policy conducted for effective fulfillment of the specific military mission in both cases, the entire Soviet strategic thrust is thrown off-balance politically.

At first glance, it may appear to some that I have switched gears here. I was directing my attention entirely to the military side of the strategic equations. Then, by introducing the cases of Chad and the Persian Gulf, I seem to have switched to the domain in which cultural and political factors predominate, rather than simply military ones. This is not only intentional, but entirely sound reasoning.

Even in regular warfare the total effort deployed to secure victory is approximately 80% expended in cultural, economic, and political measures of support for military action. Although military capability is a decisive factor in forms of conflict short of regular war-fighting, military action is but a sometimes indispensable extension of combined non-military forms of cultural-economic-political action. The essence of strategy is cultural, economic, and political, and military force merely a special way of expressing the development of the combined cultural, economic, and political potential of the respective forces.

My point is, that not only is Soviet military philosophy dominated by the "theory of the offensive." All aspects of Soviet strategy—cultural, economic, political, and military—are so shaped. Thus, the same defects which exist in Soviet military philosophy, exist with more or less equal force, and vulnerability, in all combined aspects of Soviet strategic conflict.

The accelerating tendency for error in Western strategy has been the replacement of classical strategic thinking by the dogmas of Metternichian "crisis management." This means, that since the wartime "summits" at Teheran, Yalta, and Potsdam, and in all "crisis management" dealings with Moscow since, the Western governments have bargained over the amount of offensive advance Moscow will be permitted to enjoy. Moscow has rarely been thrown on the strategic defensive.

The two most notable exceptions to this pattern of "crisis management" retreat in face of Moscow's offensive have been, the March 23, 1983 announcement of the U.S. Strategic Defense Initiative, and the recent interactions between the Chad counteroffensive and military containment, under rules of military engagement, of Khomeini's aggression into the Gulf region.

Although, even before March 1983, Moscow was already moving at relatively maximum speed to deploy its own version of "SDI," the U.S. adoption of a policy matching the Soviets' in this dimension, had the effect of the West's setting the agenda of the East-West strategic conflict. Only the slowing of the pace of the U.S. SDI to about 10-20% the level projected for this in early 1983, gave Moscow the ability to recover the strategic initiative globally.

Chad is the strategic center of Africa; whoever controls Chad controls implicitly all of Africa. The crushing defeat of Moscow's surrogate, Qaddafi, in this quarter, threatened the Soviet strategic flanks in Africa and the Mediterranean—especially if Qaddafi were to fall, no matter what replaced him. The successes of the Chad counteroffensive made possible the allied cooperation achieved thus far in the Persian Gulf, and the two actions interact strategically to produce a combined effect much greater than the sum total of the two actions each occurring independently of the existence of the other.

It is doubtful that Moscow's commitment to Iran would tend to go beyond measured, simultaneous and alternating

doses of political and other support for both Iran and sundry Sunni forces. Iran's value to Moscow is the factor of spreading chaos which the mere existence of the Khomeinist regime represents for the Islamic world as a whole. Moscow will do all possible to avoid being placed in the position of aligning with Iran in opposition to the Sunni world generally!

Yet, if the United States and its partners absolutely humiliate Khomeini by military actions excluding a land war in Asia by Western forces, the discredit to the cause of Khomeini and his imitators has effects throughout not only the Middle East and Islamic world generally, but in Africa, Asia, and Central and South America generally. The West's military force, deployed with that precise form of sophistication, represents the conquering power of reason in arms, as a lesson to irrationalism everywhere.

This cuts through the essence of Soviet cultural-political-economic strategy: the combined forces of international narcoterrorism and fanatical irrationalisms, Moscow's first echelon of strategic assault, as the instrument for eroding the West's stability in its own nations and spheres of influence.

Moscow's general strategy is based on the assumption that the West will continue to be self-duped into pursuing measures of "crisis management" including the utterly futile "arms control" negotiations. Once that factor of folly is removed, once classical standards of reason govern Western responses to conflict, Moscow is thrown on the strategic defensive, and its capabilities for effective offensive action are forced to adapt to those defensive postures for which they are ill-suited by their development.

### Ogarkov's argument for 'perestroika'

The inclusion of a pre-war economic mobilization, called *perestroika*, in the Red Army's plans for preparing to launch World War III, has been based on a convergence of two leading lines of argument.

The first line of argument, is the insistence, by Ogarkov and others, that Stalin caused the unnecessary loss of 20 million Soviet lives during World War II. It is charged, that by his economic policies of the 1935-41 period, Stalin failed to develop adequately the logistics required for military needs. So, *perestroika* is an up-to-date Soviet military-planning version of that which Ogarkov, the Voroshilov Academy, and others agree should have been Stalin's economic war drive during the 1935-41 pre-war interval.

The second line of argument, is the simple fact, that the destructive power of today's strategic assault weapons is such that all nations will suffer devastating losses of economic depth during the first hours of general warfare. Thus, no postwar military build-up is possible, except in the imagination of those wishful fools who tell us of the depth of forces which will be mobilized during the first two weeks after the outbreak of warfare—possibly after the war has been won by the side who does not believe such fairy-tale planning.

So, *perestroika* is a build-up to a maximum intensity of war economy, a level of mobilization for total warfare to be

reached prior to launching the general assault.

Marshal Ogarkov's argument is obviously sound war planning, within the limits of certain assumptions. The chief assumption is, that since Moscow will start the war with its launching of its prepared offensive, the only defense Moscow will require will be a combination of general air defense and strategic ballistic missile defense—both measures Ogarkov et al. are planning to have fully deployed, under *perestroika*, by about 1992. Moscow is still operating on the same general "theory of the offensive" on which Trotsky focused his attention over 60 years ago.

As I have noted, this "offensive" doctrine governs not only military posture and planning, but also cultural, economic, and political conflict actions. In all these dimensions, Moscow is repeating the same potentially devastating error it committed during 1935-41. Ogarkov has addressed a significant aspect of Stalin's policy errors, but has overlooked the most fundamental of those errors.

Moscow's predicament, in seeking to discover an effective response to the unblemished persistence of the present U.S. military policies for Chad and the Persian Gulf theater of operations, is symptomatic of that crucial vulnerability in Soviet strategic planning and operations.

### The effects of Pavlovian conditioning

The general flaw in Suvorov's book is that he is a Russian who thinks like a Russian; he is a Russian military intelligence specialist, who wears his old Soviet officer's uniform with pride, as he writes to advise his former adversary today.

Although he has come over to the opposing side, he effuses the greatest, Russian veteran's admiration for the qualities of the Soviet military intelligence's (GRU) spetsnaz (special forces) troops. The impressionable layman might almost reach for his telephone, to warn President Reagan to surrender at any price, rather than subject the United States to invasion by these terrifying Soviet supermen, the spetsnaz as Suvorov describes them.

From Suvorov's own description of the training of those spetsnaz, I draw a different estimate of their capabilities than he does.

In short, any victim of present Muscovite culture—Dostoevsky-Gorky culture, whose training is conducted according to brutishly Pavlovian rules, is intrinsically inferior as a human being to the normal officer or infantryman of the West. He can be very clever, and a very effectively trained killer, but he can not think in the real sense of the term. He has a resemblance to those military dogs which Suvorov says the Red Army uses so abundantly.

Pavlovian, or Skinnerian conditioning is not good training for dogs, either; a dog will do better for love of its master, if the master recognizes what this involves, than a dog tortured into a specifically conditioned response.

The rules for dealing with the spetsnaz problem are chiefly two. 1) Do not allow the legalized proliferation of those "radical counterculture" strata on which the Red Army today depends chiefly for inserting spetsnaz infiltrators and their prepared bases in the West. Dry out the sea in which the spetsnaz are trained to swim like fish; cut the available water

## The offensive culture of the Rodina

*On August 21, the Soviet daily Pravda carried a full-page tract by Vera Tkachenko, entitled "The Motherland Is Given to Us Only Once and to the Very Death." Rodina may be translated Motherland, Homeland, or Birthland.*

A person is born into the world and inherits, with life, perhaps his most priceless wealth: the Rodina.

The Rodina is a given. She is not chosen according to one's taste and desire—just as one doesn't choose one's own mother. . . . The Rodina, like the birth mother, is your fate, bestowed on you for joy and for grief. . . .

In reality, for us, a multinational people, there is one common Rodina, stretching its boundless reach from the Barents Sea to the Pacific Ocean. But each of us—the Russian, the Ukrainian, the Byelorussian, or the Kazakh—preserves in the depths of his soul the image also

of his little Rodina . . . the village where he was born and ran as a barefoot boy in the morning dew. . . . And when, in 1941, the hour struck and the Rodina called him to the battlefield, he fought above all for the Fatherland, for the freedom and independence of his Soviet people. . . . And very far from last in his mind, more likely foremost in his mind, for his home, his family, and the quiet little stream he remembered. . . . The big Rodina, the Country of the Soviets, took no offense for the "preference" given to the little Rodina, and did not grudge her sons the soldier's love for his native patch of earth. . . .

Why does the heart of an emigré . . . yearn, in the twilight of his life, for his native place. . . . For only one thing not only pulls him, but torments him with consuming longing—the thirst for forgiveness and something more, to breathe with all his chest the air of the Rodina, before he closes his eyes. . . . Such is the magic of the Rodina . . . irrepressibly, with magnetic force attracting her sons to herself. From the first cry of the newborn to the last, difficult old man's breath, the umbilical cord binding a person with the mother-Rodina is not torn. And woe unto him, who tears it by his own will.

of that sort down to a few scattered pools. 2) Do not play the game of strategic conflict according to rules acceptable to Moscow; by rejecting those rules, one destroys the circumstances in which spetsnaz are specifically conditioned to operate most effectively.

Never gamble against the house! Play the game in the way the Soviets consider acceptable, by the rules they negotiate with us, and we are gambling the existence of our civilization on their tables. Play by Russian rules, and none of the inherent inferiorities of the trained spetsnaz will appear as a significant factor in the situation. Rather, devise rules of the game which exploit to the maximum the blind side of the spetsnaz mind, a potentially crippling flaw which is inherent in the spetsnaz because of his Dostoevskian culture and Pavlovian conditioning.

For example, Suvorov insists that spetsnaz are, psychologically, Russian wolfpacks, and hence terrified of that beast they esteem themselves to imitate. I would read Suvorov's insistence on this point, as an implied recommendation that we besiege them with what they would interpret in their minds as really terrifying wolves. There are perhaps a few dozen specialists of a certain sort in the United States who will recognize immediately one of the workable ideas which come to my mind. Let me keep my list of ideas a mystery otherwise, for the moment; the best way to deal with a Pavlovian mind, is to surprise it. You may be certain that my proposals will be known in the right quarters.

On this strategically crucial, cultural aspect of the matter, I am perhaps a leading specialist today. Our modern sociologists, anthropologists, and psychologists have popularized notions of "culture," which, if tolerated, tend to obscure to modern minds principles of cultural warfare considered elementary prior to the rise of Romantic irrationalism and the so-called "new (social) sciences" during the course of the last century. Since my views are premised upon the classical standpoint, I recognize "handles" to be pulled where most modern academics would not recognize such a "factor to be played."

More specifically, my own leading professional work, in economic science, is focused upon the feasibility of intelligible representation of what can be defined rigorously as creative mental productivity, as distinguished from uncreative thinking such as "logical thinking." Although my work has been concentrated on the production of technological progress (and the causal relationship between this and physical economic growth per capita and per hectare), the kinds of implicitly measurable mental processes which generate scientific discoveries, and enable others to assimilate them, are the same mental processes which generate true creativity in classical art, and so forth.

Consequently, my important contributions to finding solutions to policy problems, where other experts may fail to find them, generally lie in recognizing the existence and practical relevance of the kinds of distinctions in mental

processes associated with greater or lesser potentials for scientific and technological progress.

Since current Russian ideology prohibits even the most expert Soviet specialists from recognizing Russian cultural inferiority to Western civilization, it has been increasingly clear to me that even the most perfected strategies of the Russian empire's Bolshevik dynasty must contain a built-in vulnerability determined in just this way. In the language of the layman, I emphasize the importance of defining the specific kinds of Russian cultural weaknesses and blind spots which occur because of the Russian's cultural flaw. We must devise the rules of conflict in such a way, that the conflict always situates the weak point in Soviet culture vis-à-vis the strong points of our own.

Suvorov's book is useful for my work on this point in several ways. First, he elaborates the Pavlovian conditioning program of spetsnaz training. Aha! I respond; here is a weak spot which we can surely find a way to exploit. Second, he reveals much of the mind of my Russian adversary in his expression of his own anti-intellectual prejudices. Let us identify those prejudices.

There is a marked similarity on this point between the typical Russian I have studied, and the typical leftist I have known in the United States, Western Europe, and elsewhere. Any serious thinker I know abhors our typical U.S. leftist as a disgusting "philistine." By serious thinker, I mean the kind of thinking associated with rigorous scientific work. Personally, over the 45-odd years I have known leftists, I seethed in anger at merely being in their presence, even persons I found likable apart from this obnoxious trait. Not only were they all intellectually mediocre; it was a matter of ideological pride for them to insist upon being nothing else. In some of the weirder circles, this sort of banality was called "the proletarian world-outlook."

This does not come from "Marxism." Official Marxism merely puts a point on it. The most disgusting examples of this are typified by that boorish Friedrich Engels's insistence that the higher mental life of the human species is an epiphenomenon of "the opposable thumb." It is, Marxism aside, populism at its lowest extreme of banality.

The leftist places the highest moral value on "practical knowledge," such as that gained in a skilled trade; he does this to the point of making a mystical cult dogma of such "practical knowledge." He does this to the degree of being anti-intellectual to the point of something akin to "racism." He bitterly regrets that some "scientific workers" may have been necessary. That is Suvorov's self-portrait to a tee.

This sort of mind is incapable of any genuine creative thinking, and thus can not solve problems whose solutions depend upon rigorous development of habits of creative thinking.

To defeat this sort of mind in strategic conflict, and in tactics, I propose two general conditions be imposed upon the circumstances of conflict:

1) Let warfare and other aspects of conflict be dominated by the highest possible rate of technological attrition we can introduce, thus creating a situation with which his mind can not keep pace.

2) Introduce those rapid alterations in underlying policy premises which are efficient service of our national mission, but which defy formal-logical consistency. Under those conditions, a vulgar materialist, and also mystical Russian, especially a Pavlovian zombie of this type, is a fish out of water.

### Summary: why Muscovites are incurably offensive

Trotsky's criticism of "the theory of the offensive," was technically apt in parts, but was fundamentally in error as a critique addressed to his Russian comrades. Their predilection for being "offensive" is not simply some induced military fad to which they have become habituated. It was adopted and persists, because it is the only sort of strategic doctrine which fits the Russian character.

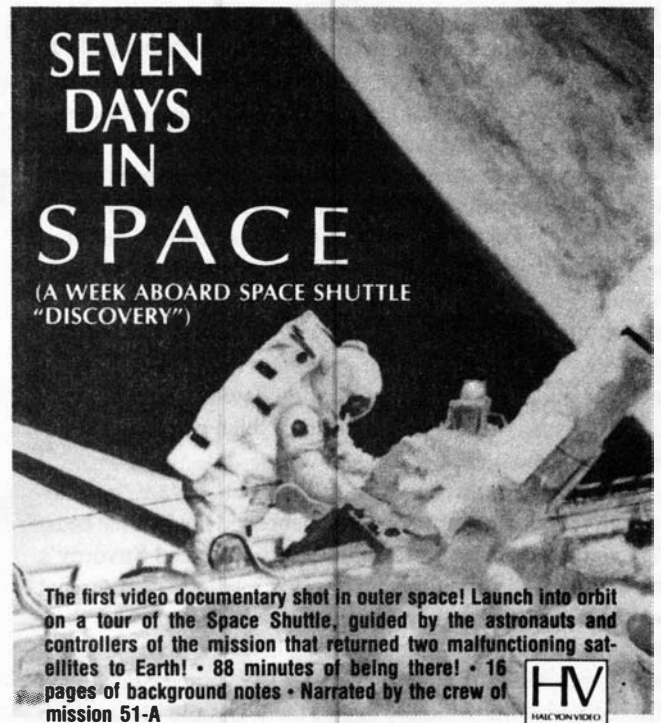
"Peace-loving Bolsheviks" exist only in the pacifist delusions of those sorts whom Lenin aptly described as "useful fools." The compelling thrust of Muscovite culture, for more than five centuries, has been world conquest; with the rise of the Bolsheviks, that impulse has been reheated to the fury it once knew in the breast of Ivan the Terrible. "Defense" is not a concept which exists in the Muscovite mind, especially not the Russian mind under Bolshevik cultural conditioning; what we in the West signify by the word "defense" is not translatable into those Russian usages.

You can not induce such a mind to desire either "peace" or "defense." You might induce him to understand that it is imprudent for him to conduct war, but he would never love any peace but the *Pax Rus* of a world securely under Moscow's imperial domination forever. If anyone says I am wrong on this point, that critic is either a fool, or a Bolshevik liar engaging in his ritual exercise of *maskirovka*.

The only purpose of Soviet strategic forces and Soviet diplomacy, is to prepare and to conduct the offensive. A Russian is not happy with the defense of his own territory; he is not happy unless he is grabbing someone else's territory, preferably in very large chunks. That has been the consistent behavior of Moscow since the middle of the 15th century; the Bolsheviks are only more fanatical about this than any of the Czars before them.

Do not mistake me. I am not selecting defensible insults against Russians. On the contrary. Strategically, I do not object to such compulsive offensiveness in our Muscovite foe. I do not object, because I recognize this as his potentially fatal weakness, which I intend to exploit as fully as possible for the sake of defending civilization.

Otherwise, notwithstanding Viktor Suvorov's enthusiastic admiration of the superman-like, "Rambo"-like capabilities of his former spetsnaz comrades, the spetsnaz are not unbeatable, but have vulnerabilities well worth exploiting.



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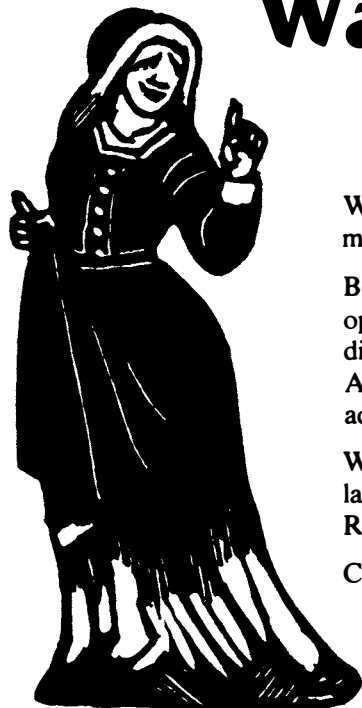
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# Fiction highlights NATO-Soviet conflict

by Anthony K. Wikrent

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## **The Hunt for Red October**

by Tom Clancy

Naval Institute Press, Annapolis, 1984  
469 pages, hardbound, \$14.95

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## **Red Storm Rising**

by Tom Clancy

G.P. Putnam's Sons, New York, 1986  
652 pages, hardbound, \$19.95

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Anywhere you go in Washington, D.C. this summer, you will spy somebody carrying a copy of one of Tom Clancy's three novels (the third being the recently released *Patriot Games*) with an unusually high incidence of sightings of *Red Storm Rising*—just out in paperback—around the Pentagon and the Executive Office Buildings where the National Security Council is housed. Clancy has apparently found a way to appeal to the yuppie American *apparatchiki*, and well he might. Both *The Hunt for Red October* and *Red Storm Rising* are notable for their ability to transport the reader from the stultifying world of mundane paper-pushing jobs and soap operas, into the highly secret, but far more real, world of national intelligence collection and analysis, and the front-line military units which stand guard minutes or even seconds this side of the line from the Apocalypse.

Clancy affords us a rare glimpse into that bone-chilling world, largely ignored by the major news media, where the two superpowers unceasingly watch each other with the utmost care, while jockeying for the best position should the situation “go live” and actual shooting begin.

Clancy achieved notoriety with his first novel, *Red October*, which details how the American military scrambles to surveil, contain, and stop the Soviet Navy just miles off the American coast, as the Russians desperately attempt to locate

and destroy a Soviet Navy captain who is implementing his methodically planned defection to the United States—bringing with him an entire, brand-new Soviet ballistic missile submarine, complete with nuclear-tipped missiles and a revolutionary new propulsion system.

*The Hunt for Red October* is one of a handful of novels that have been published by the stodgy Naval Institute Press, and it immediately touched off speculation among American intelligence insiders as to the source or sources of Clancy's information. After all, other than being a war-gaming enthusiast, the suburban Maryland insurance agent had no professional military background. Perhaps to wheedle some hints out of him, Clancy was invited to speak to the National War College. But, the fact was, that all of the information on submarine and surface warfare, and related technologies, contained in *Red October* is available in the open literature; Clancy only did a superb job of pulling it all together in a novel with a credible plot, thus making it possible to familiarize landlubbers with the complexities, and simplicities, of the tactics of modern naval warfare.

For instance, the reader will learn that modern weapons platforms very rarely use their active radars or sonars, for these are more likely to give away their own position before they reveal that of the enemy. The importance of such things as ocean surveillance satellites, and the anti-satellite weapons needed to negate them (which the U.S. Congress itself seems intent on “negating”) is made clear. As Defense Secretary Caspar Weinberger wrote, in a review of *Patriot Games* he recently penned for *The Wall Street Journal*, “The real hero in *Red October* was our naval technology and our capability to locate and track Soviet submarines.”

Clancy makes you feel “as if you are there,” in the sonar room of an American attack sub, straining to listen to the stealthy approach of a Russian Typhoon, or in the cockpit of an American A-10 attack aircraft as it races a scant hundred feet above the waves to deliver a “message” to the powerful Russian flagship *Kirov*.

## **Assault on West Germany**

Clancy's second novel is much more ambitious: *Red Storm Rising* describes, all too credibly, the course of a sudden Soviet assault into West Germany. But, unlike the technological *tour de force* of *Red October*, to make *Red Storm Rising* usefully instructive, not just merely entertaining, the reader must note the various assumptions Clancy has built into his war scenario.

First of all, Clancy places the Russian military under the tight control of the Soviet Communist Party (as he also does in *Red October*). The reality of today is that the Soviet Union is ruled by an iron-fisted group of Dostoevskian fanatics around Marshal Nikolai Ogarkov, who are committed to making Moscow the seat of a “Third and Final Roman” Empire. Worse, these Great Russian zealots are masters at *maskirovka*, strategic deception.

In Clancy's novel, the *maskirovka* does not work: NATO clearly sees that the war is coming, though NATO cannot answer the crucial question "Why?" The Russian loss of strategic surprise is the second assumption. The reality of Soviet military doctrine today is reflected in the words of Clancy's imaginary General Alekseyev, who, upon being informed of the party's decision to begin the assault only after four months of intense training and preparation, objects, and argues for an immediate attack: "Four months! Four months in which we may be detected, four months in which we may lose all the elements of surprise. Then what may happen? No, we have a plan already for this: Zhukov-4! Instant mobilization! We can all be back at our command posts in six hours. If we are going to conduct a surprise attack, then let us make it one no one can detect in time—72 hours from now!" Alekseyev's plea goes unheeded.

In a third assumption closely related to the second, NATO uses its tactical prescience to "do something right for a change," and get in the first punch—with U.S. Air Force Stealth fighters knocking out the Russian AWACS, giving NATO air superiority in the opening minutes of the war, and allowing NATO fighter-bombers to race in and decimate the second and third echelons of the Russian assault.

The intelligence coup that convinces otherwise irresolute NATO governments that the incantations of the diplomats have failed, is the fortuitous capture of a Russian spetsnaz unit commander, who falls into West German hands when he is run down by an automobile in an accident, just after picking up his operational orders. This gives the unwilling West German chancellor incontrovertible evidence that "the Russians are coming."

The United States may or may not have already deployed Stealth fighters—I seriously doubt it, given the catastrophic budget limitations imposed on the Pentagon for the past three years—but one should definitely not count on receiving so nicely packaged a warning as Clancy provides NATO in his novel.

Finally, in Clancy's novel, the Russians defer to the squeamishness of their East German political comrades, and decide not to use any nuclear, biological, and chemical (NBC) weapons. Now, it is a fair possibility that when and if the Russians actually do come crashing across the inter-German border, they will not use any NBC weapons, but not because one of their East European allies found a soft spot in the heart of Matushka Rus. As *EIR* has been alone in emphasizing, Marshal Ogarkov's war plan depends on the West continuing its economic self-stupification, allowing the backward economy of Holy Mother Russia to catch up to and surpass the West, and bestow technological supremacy on the Russian military—in the form of new weapons of mass destruction: radio frequency weapons—by default.

Radio frequency (RF) weapons operate by tuning into and interrupting the electromagnetic radiation that regulates living processes at the level of the cell. Thus, RF weapons

are able to kill incredibly large numbers of people, without the problem of collateral damage to surrounding economic infrastructure caused by nuclear weapons, or the contamination of the immediate and surrounding areas caused by NBC weapons. Russian research institutes have been working on RF weapons for over 15 years; Western scientists working on similar technologies are just now achieving power levels at efficiencies comparable to those achieved by the Russians nine or ten years ago. Marshal Ogarkov and his cohorts at the Voroshilov Academy envision a Russian attack against NATO that begins with spetsnaz troops using RF weapons against all key NATO installations, obliterating all means of resistance while keeping Western Europe's physical economic capacity largely intact for Matushka Rus. This is why, despite a clear and growing margin of Soviet superiority in both nuclear and conventional armaments, Marshal Ogarkov has stayed his hand so far.

*Red Storm Rising* ends pretty much as one would expect, given all these assumptions that so clearly favor NATO. (The only "surprises" are a successful Russian invasion of Iceland that seriously disrupts NATO defenses against Russian submarines, and a successful feint by Soviet naval aviation that leads to the disabling of the *USS Nimütz*.) With the momentum of the Russian offensive stalled, the hardliners in the Politburo press for escalation to nuclear weapons, but are overthrown in an internal coup by the moderates, who had opposed the war to begin with.

The real question is: Is this fiction or fact? The answer is: Both. The war itself, of course, is a work of fiction. But, as *EIR* has warned since the publication of the Special Report *Global Showdown: The Soviet Imperial War Plan for 1988*, in July 1985, the Soviet Union is presently engaged in a pre-war mobilization of its military potential, in anticipation of either forcing the West to capitulate, or of simply annihilating the West in the years immediately ahead. So, if the reader were to dismiss the above assumptions, retain Clancy's power of description, and let the imagination spin out various conclusions, the result is sobering. Suppose NATO were taken by surprise: Would the Russian assault, with its second and third echelons intact, have succeeded? What if the Soviets had used, even selectively, NBC weapons—or RF weapons—at the very beginning, or some other point of their assault? What if the Federal Republic of Germany were ruled by a Hans-Dietrich Genscher, and had chosen to surrender rather than fight?

Now, the line separating fact from fiction becomes very blurred indeed. By replacing Clancy's assumptions with the unmitigated and unforgiving reality that *EIR* has strived to bring to the attention of the public, *Red Storm Rising* becomes a primer for understanding the monstrous threat that now confronts our republic. It is a sad commentary when novels more accurately reflect reality than the National Intelligence Estimates and other pablum that makes the rounds in the corridors of power.

# Intoxicated with its own lies

by Dana S. Scanlon

## The Media Elite, America's New Powerbrokers

by S. Robert Lichter, Stanley Rothman, Linda S. Lichter  
Adler and Adler Publishers, Bethesda, Md.  
Clothbound, 342 pages, \$19.95.

For anyone serious about understanding the phenomenon sometimes known as "the Eastern Establishment media," this book is definitely worth the time. It is not the fast-moving, easy reading of a thriller. It details the results of a painstaking years long research project, involving hundreds of interviews of journalists, and massive computerized cross-gridding of how the Eastern Establishment media covered stories on nuclear power safety, busing, and the oil industry, comparing that with the views taken by professionals and experts in those fields.

The study's conclusion, after all this, is that "it is not conscious intentions but common assumptions that quietly direct news coverage toward the dominant perspectives of the newsroom," that "routine news judgments . . . daily decisions repeated over the course of several years" have a profound impact in shaping the way the "news" is handed

down to the public. For example: Most students at the elite Columbia University School of Journalism gave Fidel Castro a higher positive rating, as a world leader, than Ronald Reagan. Wouldn't such a perception in the newsroom have a powerful effect in shaping future coverage of issues pertaining to, say, Central America?

Then you have the results from the hundreds of actual journalists interviewed (from the ranks of the *New York Times*, *Wall Street Journal*, *Washington Post*, *Time*, *Newsweek*, *U.S. News and World Report*, as well as ABC, CBS, NBC, and PBS). Twenty-eight percent said they felt that "all political systems are repressive." Seventy-five percent see no problem with homosexuality.

Not surprisingly, the psychological tests which the journalists participated in, resulted in a composite picture of the journalist as overwhelmingly narcissistic and concerned with achieving power.

One issue on which the journalists were not polled, an omission which is somewhat to the detriment of this study, was in the area of views concerning drug use. That certainly would have been an eye-opener.

Presidential candidate Lyndon LaRouche last year told a standing-room only crowd of some 200 journalists that "the media is intoxicated with its own lies." This book shows precisely how that can work.

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## Books Received

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## Moscow forgets 'glasnost,' defends Hitler-Stalin Pact

by Luba George and Konstantin George

The Soviet Union has now gone on public record saying that it considers the re-drawing of the map of Europe under the secret provisions of the 1939 Hitler-Stalin Pact still valid under international law. This was announced by the Soviet media and press on Aug. 23, the 48th anniversary of the Hitler-Stalin Pact, and in the media's denunciations of anti-Soviet demonstrations held in the capitals of the Baltic Republics of Estonia, Latvia, and Lithuania.

Moscow's defense of the Hitler-Stalin Pact was explicit. The Soviet government denounced the demonstrations for "questioning the legality of the 1939 German-Soviet non-aggression treaty." These words have forever wrecked the carefully developed *glasnost* image of Gorbachov, the "liberal" and "reformist." The Bolshevik dynasty of the Russian empire remains what it was, the "Third Rome" ideological twin of Nazism.

The response makes public what Soviet officials had underscored in private earlier this year. An unpublished Soviet declaration adhering to the Hitler-Stalin Pact came in replies to an inquiry on that matter by Lyndon LaRouche. Officials of the Soviet foreign ministry were asked by *EIR* correspondents whether the Soviet leadership under Gorbachov was considering a formal repudiation of the infamous Pact. The response was a firm, *nyet*.

LaRouche had devised a clever trap which the Soviets could not help but fall into. Moscow can never put itself in a position of renouncing the 1939 treaty with Nazi Germany. A look at the map comparing the Soviet Union's western border of 1938 with those of 1940 shows why not.

The three Baltic Republics were part of a vast territory awarded to Stalin under the secret clauses of the Aug. 23, 1939 pact. In addition to allowing the Soviets to annex Estonia, Latvia, and Lithuania, Poland was partitioned, with Russia acquiring 40% of pre-war Poland; the U.S.S.R. seized the pre-war Romanian provinces of northern Bukovina and Bessarabia. The Pact awarded Finland to the Russian sphere

of influence, and there followed Stalin's autumn 1939 invasion and subsequent annexation of the Karelian and Arctic coast of Finland. Every Soviet territorial expansion that occurred under provisions of the Pact was retained after World War II.

### The Baltic demonstrations

The Baltic demonstrators, according to eyewitnesses, totaled more than 20,000. They called for the abrogation of the Pact and its results. The demonstrators also demanded the erection of monuments to the victims of Stalin in the three Baltic Republics and an end to the forced Russification of the region.

Under Stalin, hundreds of thousands of Baltic citizens were murdered or deported to forced labor camps, from which few ever returned. As a consequence of Russian rule, the ethnic populations of Latvia and Estonia have yet to reach their 1938 levels. The Latvians are already a minority in Latvia, and Estonians make up only about 60% of their republic's population.

In the Latvian capital of Riga, a crowd of 5-10,000 demonstrated before the central war memorial at noon Sunday, Aug. 23, shouting the slogan, "Publish the Facts About the Hitler-Stalin Pact." Some in the crowd called for "Freedom and Independence" for Latvia and other Baltic states. Contingents of KGB agents and police cordoned off the Latvian Independence Monument to which the crowd tried to march to lay flowers. While no other direct police intervention occurred, the next day, in Riga, police and KGB arrested 11 organizers of the demonstrations.

In Vilnius, the capital of Catholic Lithuania, a crowd of over 1,000 defied warnings by the authorities. Many wore black arm bands to commemorate the hundreds of thousands of Lithuanians who fell victim to the Russians, and to honor the Lithuanian-born Adam Mickiewicz, the Polish "poet of freedom" and contemporary of Frederic Chopin. This partic-

ular demonstration marked a pointed display of solidarity by captive Catholic Lithuania with Catholic Poland. Lithuania and Poland in the past have existed as a united kingdom and Vilnius, the current capital of Lithuania, was part of the pre-war Polish Republic (1918-39) destroyed by the Hitler-Stalin Pact.

Along with the Baltic nationalities, the main victims of the Hitler-Stalin Pact were Poles and Ukrainians. At the time of the demonstrations, the Polish Catholic weekly *Przegląd Katolicki* of the Warsaw Archdiocese was prevented from publishing an article on the Hitler-Stalin Pact and its partition of Poland. Instead, there appeared an empty page and a short note on censorship. The article was authored by journalist Wojciech Ziembinski and described the September 1939-June 1941 Soviet occupation; the Soviet deportation and murder of 4,000 army officers in the Katyn Forest of eastern Poland; the disappearance of 11,000 other Polish officers; and the deportation of 1 million Poles to slave-labor camps in Siberia.

Undoubtedly a Vatican move, this article represents the first time in postwar Polish history that anyone has attempted to print the truth on Russian policy in Poland.

The Vatican has also inspired the beginnings of open resistance in the Western Ukraine to the atrocities committed by Stalin and subsequent Soviet governments against the Uniate (Catholic) Church. In August 1987, for the first time since 1946, when Stalin banned the Uniate Church and slaughtered its clergy, 2 Uniate Bishops and 23 Uniate priests emerged from the underground and drafted an open letter to Gorbachov demanding the right to reconstitute the church in the Ukraine. A copy was sent to Pope John Paul II.

## Moscow blames the West

The Soviet media, before, during, and after the Aug. 23 demonstrations, ran a spate of articles justifying the Hitler-Stalin pact as "protecting the interests of the Soviet Union"—and the Baltic states as well! *Sovetskaya Rossiya* insisted that the strategically important Baltic states "joined" the Soviet Union "of their own free will." The Balts, "threatened by the Nazis," chose the Soviet Union as their "guarantee of survival." TASS denounced "Western sources" for claiming that the countries were coerced. It denounced the "anti-Soviet hate rallies" as "Western-inspired," and accused the West and Western radio stations, Vatican Radio, Voice of America, BBC, and Radio Free Europe, of having repeatedly broadcast the news of the planned demonstrations to mass audiences in Estonia, Latvia, and Lithuania.

Mikhail Gorbachov toured the Baltic states in February of this year, asserting that "historically" the Baltic Republics "joined" the Soviet Union "on their own." In the Latvian capital of Riga, Gorbachov had delivered a speech hailing the historical role of the Russians as "soldier-liberators" in the Baltic.

Then, in early August, a Soviet media campaign took off.

The line could be summed up as follows: 1) The Baltic republics "voluntarily" asked to "again become part of the Soviet Union." Note the use of the word "again." 2) When the Baltic Republics "joined the Revolution in Russia in 1917," they became Soviet territory until 1918, when "foreign troops," first from "Kaiser Germany," and later Britain, established a "puppet bourgeois nationalist regime . . . against the will of the people." 3) The Baltic states were "historically part of the Tsarist Russia," and, therefore, "clearly are part of the Soviet Union."

These arguments are more than lies and distortions of history. That a territory contested by the Red Army during the period 1918-20 is "historically part of tsarist Russia" is a statement of no less import than Moscow's defense of the Hitler-Stalin Pact. The implications extend far beyond the Baltic republics. The Bolsheviks, 1918-20, were also successfully expelled from Poland and Finland, both of which had also been "historically part of tsarist Russia," in fact, for about the same length of time as the Baltic states. What is now Estonia was annexed to the Russian Empire in 1721, along with the Livland (Riga) Province of Latvia. The rest of Latvia, together with Lithuania and Poland, came under Russian rule during the infamous partitions of Poland between 1772 and 1793.

Soon after that, in 1809, the Russian Empire annexed Finland. As can be seen from this, the Soviet doctrine asserting that "lands of the tsarist empire are part of the Soviet Union" cannot only be extended to Poland, but to nominally neutral Finland as well.

Contrary to Soviet mythology, the 1940 seizure of the Baltic states occurred in the same manner as the tsarist conquest of the Baltic in the late 18th century, both times via a partition of Poland.

Therefore, Soviet policy statements regarding the Baltic states, and Moscow's interpretation of the Baltic region's history, have direct bearing on Soviet policy toward Poland and the Vatican. Moscow's carefully chosen formulations on the Baltic states are a not very subtle warning directed at Poland and Pope John Paul II. The Pope, and the Poles, are being put on notice that Moscow reserves for itself the "right" to reestablish in Poland the direct colonial rule that existed under the tsars.

Another warning came in the form of Soviet authorities' refusal to allow the Pope to visit the 600th anniversary celebrations of the Christianization of Lithuania. The chairman of the Soviet Council of Religious Affairs, Konstantin Kharchev, explained: "We are ready for dialogue with all religious organizations, but it is well known to everyone that the Vatican does not recognize the frontiers of our country and constantly emphasizes this."

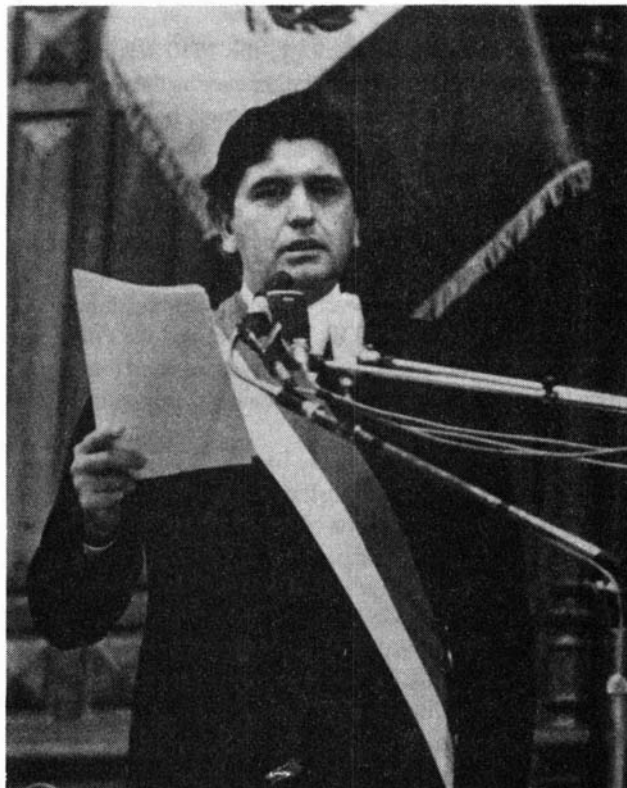
Indeed, some of the Vatican's diocesan boundaries have not been altered since 1939. Yes, the Vatican does not recognize the Hitler-Stalin Pact's creation of "the frontiers" of the U.S.S.R.

# Project Democracy's frontmen defend drug bankers in Peru

by Gretchen Small

The international narcotics legalization lobby has taken up the lead in organizing a "bankers' insurrection" against the government of Alan García in Peru, in defense of the self-proclaimed "right" of Western banks to launder drug monies with impunity. Although "narco-bankers" have plenty of their own money, U.S. taxpayers' monies, channeled through the National Endowment for Democracy (NED), are footing part of the bill.

The NED was created in 1984, as the public arm of the bankers' secret government in the United States, which Oliver North called "Project Democracy."



*President of Peru Alan García on July 28, 1987, when he moved to shut down the drug-money banks.*

Found at the head of the bankers' "civic resistance," is Peru's Liberty and Democracy Institute (ILD), the leading institution in the Western Hemisphere promoting the legalization of the black market, through which the narcotics trade is organized and financed. The NED has financed the ILD to the tune of hundreds of thousands of dollars, and promotes the ILD's economic strategy, as a way to pay Ibero-America's foreign debt—by legalizing drug monies.

ILD board member and propagandist, Mario Vargas Llosa, is hailed as the "new star" of the bankers' revolution. Standing by his side in every rally and press conference, is the ILD's founder, the Peruvian-Swiss banker, Hernando de Soto. ILD board member Ricardo Vega Llona, who heads the Peruvian businessmen's association, Confiep, has threatened that businessmen will withhold their investments, and launch an economic boycott, until the government returns the banks to their previous owners.

The parallels to the situation in Panama—in policy and personnel—are startling. International bankers put together a movement called "Civic Crusade" to overthrow the government, after Panama's military collaborated last May with U.S. anti-narcotics officials, to shut down 18 bank accounts which had been used for laundering narcotics proceeds. The National Endowment for Democracy is backing leading operatives of the Civic Crusade, including Project Democracy's favorite Panamanian banker, Nicolás Ardito Barletta, the man who set up Panama's offshore banking center to be "more secret than Switzerland."

Vargas Llosa and Ardito Barletta have more in common than NED financing. Both are members of Sol Linowitz' Inter-American Dialogue, the informal policy body which has quietly worked since its founding in 1982, to set the Western Hemisphere's political agenda in the manner sought by the U.S. Eastern Establishment. Both support the Dialogue's call for legalization of the narcotics trade (see box).

## **Freedom to launder drugs**

On July 28, President García shut down all non-bank monetary transactions, and nationalized Peru's banking system, in order to ensure that the buying and selling of dollars



in the country will be only for "permissible legal uses." García charged that the private banks had been refusing to finance productive investment inside Peru, preferring to make their profits by trading billions in "dollars from the black market, the majority of which come from the drug trade."

Peruvian officials charged that the banks had been laundering some \$3 billion a year in narcotics money. In an Aug. 21 exclusive, *EIR* published documents, gathered during a 1982-83 investigation by Peru's Attorney General's office, which demonstrate how Peru's largest bank, Banco de Crédito, had laundered millions of dollars a day in drug money, at its branches in small coca-growing jungle towns such as Tocache.

Private bankers went to the courts, to try and stop the nationalization. García presented the nationalization bill to Congress, urging its rapid passage. The bill passed the Chamber of Deputies, but bankers' agents in the Senate, from both the right and left, have undertaken every action possible to stall its passage, to buy time to build their insurrection in the streets.

On Aug. 14, the bankers' lobby called their first rally.

The middle class protesters, many of them bank employees, chanted "He will fall; García will fall." Speakers denounced the government for "economic totalitarianism." The head of the Popular Christian Party, Luis Bedoya, told the crowd it was "the people's right . . . to rise up in insurrection."

The media, most owned by Peru's leading oligarchical families, built up the atmosphere of rebellion. The Aug. 14 rally was broadcast live for three hours by six of Lima's seven television stations.

Two days later, former President Gen. Morales Bermúdez (under whose 1975-80 regime the cocaine boom took off) repeated Bedoya's threat: "Our Constitution gives people the right of insurrection. . . . If the banks fall, democracy falls, too," he told *El Comercio*.

Sen. Javier Silva Ruete, Morales Bermúdez's former economics minister, joined the protest, resigning from his post as head of the Senate Economics Committee. An independent who ran on the governing APRA party ticket, Silva Ruete is a member of the Inter-American Dialogue.

On Aug. 21, a "Civic Meeting for Liberty" was called for Lima's San Martín Plaza, gathering some 80,000 middle-

## Profile of a drug legalizer

Mario Vargas Llosa, the "new star" of the bankers, is best known internationally as a novelist. In the past year, however, he has been groomed by the Trilateral Commission as Project Democracy's candidate for President of Peru—perhaps before the scheduled 1990 elections.

A libertarian and follower of fascist philosopher Nietzsche, Vargas Llosa has dedicated his life to combating religion and morality as an "oppression" of individual "rights."

Vargas Llosa was a founding member of the Liberty and Democracy Institute (ILD) in Peru. That institution's stated goal of promoting "a new cultural identity" for Spanish-speaking America, replacing Catholicism which is denounced as a "pillar of the old order," fits his Nietzschean outlook.

He is an outspoken defender of the illegal economy, praised by ILD members as the "inspiration" of the ILD's book, *The Other Path*, heralded by Project Democracy as the bible of the "new revolution" in Ibero-America. In his introduction to that book, Vargas Llosa attacks the majority of "legal businessmen" for standing in the way of the underground economy, which he calls "more authentically hardworking and creative than that which usurps the title of 'legitimate.'" The *New York Times Magazine* published excerpts from the introduction on Feb. 22, 1987, entitled, "In Defense of the Black Market."

Vargas Llosa apparently opposes "repression" of narcotics also, as a violation of "freedom." A member of the Inter-American Dialogue (along with the likes of Cyrus Vance, McGeorge Bundy, and Robert McNamara), he signed its *1986 Report*, which announced the time has come to discuss legalizing drugs. Each member was given the opportunity to specify which of the *Report's* conclusions they disagreed with; none of them opposed the conclusions on narcotics. The Dialogue's *Report* argues:

"Waging war on drugs costs money. . . . More important, it will inevitably result in the loss of jobs, income, and *foreign exchange* that the drug trade provides. . . . To curtail drug production is to destroy the livelihoods of tens of thousands of people, to cripple local economies, and to foment political opposition. Moreover, although only a small fraction of drug profits return to producing countries in Latin America, *the amounts are substantial for strapped economies carrying large burdens of external debt*. In Peru, repatriated drug profits of an estimated \$600 million represent 20% of official export earnings.

"The war against narcotics in the Hemisphere will be long and difficult. . . . Readiness to explore fresh approaches, including some not now on the political agenda [is needed]. . . . Because narcotics is such a formidable problem, the widest range of alternative approaches must be examined, including *selective legalization*. . . .

"The illegality of drugs . . . makes the damage greater for both the addicts and the societies of the Americas. . . . If selective legalization could reduce the enormous profits derived from drug trafficking, it would decrease vice and corruption. . . ." (emphasis added).

## The ILD's strategy: 'freedom' to be poor

Project Democracy's networks have spent millions in publicity this past year, promoting the Liberty and Democracy Institute's (ILD) book, *El otro sendero (The Other Path)*, as the solution to Ibero-America's economic crisis. The largest source of untapped wealth in the region, lies in the "informal economy," *The Other Path* argues, a term they note for what is "called in other places the black, hidden, or marginal economy." If this underground economy be legalized, Ibero-America can both "grow," and pay its foreign debts, they argue.

"An ever greater portion of the traditionally formal population has been escaping from the oppressive world of legality," Hernando de Soto proclaims in *The Other Path*. "Informal institutions and the protected space which they have created, now permit anyone to confront the mercantilist State, instead of succumbing to its yoke."

Indeed, Ibero-America's "independent" street vendors, artisans, and one-family businesses—promoted as the "creative entrepreneurship" of the informal economy—have been targeted as the prime recruitment population for the Soviet-run narco-terrorist insurgencies across the continent. Behind such "informal economy" advocates as Hernando de Soto in Peru, or Ernesto Samper

Pizano in Colombia, can be found the financial oligarchy which runs drugs, and narco-terrorism.

Antonio Navarro Wolf, a leader and spokesman for Colombia's M-19 narco-guerrillas, revealed the actual intent of such informal economy "theoreticians," in a December 1985 interview to the Mexican publication *Cuadernos Políticos*:

That enormous layer of Colombians who are the urban marginalized, are those who best receive the mobilizing message of the guerrilla. . . . 55% of the population in the large cities are underemployed, or unemployed, that is, marginalized. . . .

Today we are absolutely convinced that what yields the most in the cities is . . . work in the poor and marginal *barrios*. The street vendor, the salaried worker of a very small business, the shoe repairman, the policeman, the artisan, the thief, he who lives by 'hustling' (an occupation in which the line between what is legal and illegal is very tenuous), lives there.

For example, in the [guerrilla] camps, we worked with 'gamins,' abandoned children who do not have parents and live in the streets; thousands of children of 10, 14, 16 years; these are the worst of human marginality, because they are marginalized from childhood. Organized in the camps, these children become a factor of tremendous dynamism in the popular struggle. . . . For all these

class protesters. The star of the rally was Vargas Llosa. If the bank nationalization goes through, we will go to the international courts at The Hague, and throw people in the streets to protest "totalitarianism," he promised.

The next rally of the "civic resistance" is set for Arequipa, Peru's second largest city, in population and industrial activity. Arequipa has been a center of regionalist separatist activity since the founding of the Peruvian republic. Many of the ILD's board members, including both De Soto and Vargas Llosa, are from Arequipa.

Joining the oligarchy in preparing for the rally, is Arequipa's mayor, Luis Caceres Velásquez, a member of the mafia-linked Caceres family, whose financial, "business" and political power in the south has made them known as the "owners" of Puno, the southern department which borders both Arequipa and Bolivia. Luis's brother, Roger, the senator from Puno for the United Left party, has often been cited as the top controller of coca production in the southern region.

Vargas Llosa and Roger Caceres are pictured walking together arm and arm, on the cover of the Lima weekly,

*Caretas*, on Aug. 24.

### Terrorist offensive

"Civic resistance" is not the only method employed in the bankers' war against the government.

*EIR*'s Lima bureau received a death threat on Aug. 12, after the bureau announced that it would hold a press conference the next day, to release *EIR*'s documentation of drug-money laundering by the banks. "We will kill you," a caller warned. Every leading newspaper and television channel attended the conference the next day, but not a word has been published on it.

*EIR* reported that the first leads for the Attorney General's investigation into bank laundering of narcotics profits were provided by "collaborators inside the Banco de Crédito and other banks operating in the Upper Huallaga jungle region." On Aug. 21, terrorists kidnaped, tortured, and then burned alive, a bank employee who had worked at a bank in Tocache, located in the heart of the Upper Huallaga Valley.

Terrorism in the city of Lima escalated. Three car bombs exploded between Aug. 24 and 25, including one in the

people, the future is with the triumph of the revolution. The rest is hunger, marginality, desperation, death—nothing else. . . .

The theoreticians must make a theory out of all this experience. It is up to them to reflect, for example, on the role of Latin American marginality in the revolutionary process. In Latin America, we have to write our own theory of revolution.

The Catholic Church of Colombia, in a mid-July pastoral document issued by the annual meeting of its bishops council, warned that nations would fall apart, unless the "informal economy" be ended:

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. This inexorably generates oppressive social injustice, and . . . encourages conflicts promoted by ideologies that dissolve the bonds of nationality.

The false premises of the informal economy theorists were identified by Mexican economist Manuel Aguilera Gómez. On June 3, 1987, he wrote a commentary for the Mexican daily *Excelsior* which described the ILD book *El Otro Sendero* as "an imperial project," which "by interpreting the spread of the informal economy as

the solution to the social problems of our countries, is a fallacy, an assault on reason and intelligence." Continued Aguilera, "It is a poor concept of freedom that encourages the freedom of poverty."

Equally scathing was a commentary by a leader of the Colombian small industrialists association, Juan Alfredo Pinto, who, at an Aug. 14 seminar on "Reviving the Social Ethic in Colombia," denounced those "true masters of euphemism, who call contraband 'marginal informality,' who call political or fiscal pimping, 'amnesty,' and who call vice and crime 'organized delinquency.' "

Pinto knows whereof he speaks. Colombia's small business associations have been the constant targets of a campaign headed by Ernesto Samper Pizano, a top collaborator of the ILD in Colombia, to recruit them to the informal economy. Like Mario Vargas Llosa, Samper hopes to become President, by organizing a political base from among the "marginalized" sectors of the population.

Samper, from one of Colombia's oldest oligarchic families, got his start during the 1970s as the financial adviser to narco-banker Jaime Michelsen Uribe, currently a fugitive from Colombian justice. Samper headed Michelsen's "think tank" ANIF (National Association of Financial Institutes), a well-financed lobby for drug legalization. Samper went on to become treasurer for the reelection campaign of former President Alfonso López Michelsen, Jaime Michelsen's cousin and the political "godfather" of the Colombian drug trade.

basement of the Sheraton Hotel, a bomb placed at the Citibank branch in downtown Lima gravely wounded two people, and terrorists blew up the railroad linking the capital with the agricultural and mining centers of the Central Sierra.

The United Left party (IU) has joined the bankers, demanding that the government pass an amnesty law which would free 130 of their members now jailed on charges of terrorism, before the bank nationalization bill is discussed. IU parliamentarians, including Communist Party Secretary General Jorge Del Prado, began a hunger strike, until the amnesty goes through.

ILD collaborator and former Economics Minister Manuel Ulloa, responsible for the last government's laws which assured "investors" they could bring in dollars, "no questions asked," announced on Aug. 25 that he, too, supports the demand for amnesty for the terrorists.

### **Calls for sanity**

The bankers do not enjoy an open field, however, despite the image created by their control of the mass media. President Alan García has been speaking non-stop to rallies of

thousands, in Lima and around the country, sometimes as much as three hours in one day. By nationalizing Peru's credit system, we have challenged "the greatest empires of power, to whom sacrifice of human life for economic policies meant nothing," he explains each time. We are not penalizing businessmen who wish to invest, but those who have only "bought dollars on the black market to send out of the country."

His remarks at a rally in the Comas district of Lima on Aug. 19 summarize the current standoff between the bankers, the narcoterrorists, and the popular support still enjoyed by his government. "They make money, we make history. They have their dollars and gold; I have this impressive and huge treasure, which is the Peruvian people," García said.

Supporting the President in his battle against usury is the Catholic Church, whose leaders in Peru have been reminding Peruvians that "capital and labor are to be at the service of man," first and foremost. As Monseñor August Vargas Alzamora, Secretary General of the Catholic Bishops Council, has warned, fomenting divisions between Peruvians is especially dangerous today, when a sector "has chosen the terrorist path to impose its ideas."

## The end of the truce

*Soviet narco-terrorism seeks to spread Central American chaos southward, starting with a vulnerable Colombia.*

To all except the politically ingenious, it has become obvious that the Colombian government's truce with the Moscow-run FARC guerrillas is dead. President Barco's peace adviser, Carlos Ossa Escobar, the man charged with keeping the truce going these many months, told *Semana* magazine Aug. 18, "Unfortunately, recent events are proving that the FARC doesn't want the cease-fire. . . . The FARC today is taking a clearly offensive stance. . . . They are going to have to bear responsibility before the country."

It is no coincidence that the collapse of the truce comes at the same time that the FARC, along with its narco-terrorist brethren in the M-19, ELN, etc., has announced plans to forge a unified "Bolivarian national movement," with the intention of seizing power and then spreading across the continent.

Whether the narco-terrorists, already many thousands strong and better equipped than the Colombian armed forces, can pull off such a plan is less immediately relevant than the impact on Colombia—and therefore on the entire crucial "Andean spine"—of drug-financed terrorism. As M-19 leader Navarro Wolf has publicly stated, this region "will be the new lungs of the Latin American revolution. Through here the solution to the stalemate of the revolution in Central America will be found."

The same issue of *Semana* magazine revealed the existence of a document prepared at a recent meeting between guerrilla leaders Jacobo Arenas

and Alfonso Cano of the FARC, and two M-19ers representing the umbrella National Guerrilla Coordinator (CNG). The CNG is made up of the narco-terrorist gangs ELN, EPL, Patria Libre, PRT, and Quintín Lamé. According to the document, the new movement has set out to forge so-called "Bolivarian nuclei," for the purpose of infiltrating key sectors of Colombian political, economic, and cultural life. The warfare would also extend beyond national borders, "to establish the basis for the future United States of Latin America, the dream of the Liberator" Bolívar.

Ossa Escobar described the scenario as "more like the delirious proposals of the M-19 than the prudent pronouncements that have always characterized the FARC," but admitted that FARC leader Cano had recently bragged to a reporter, "Power is just around the corner."

The "prudence" of the FARC was also less than evident in an interview given by the renowned FARC chieftain, "Commander Sureshot" (*Tirofijo*) to French television in April 1985, where he elaborated a two-stage approach to the seizure of power. The first phase would be the capture, with some 40,000 men, of part of Colombian national territory, to form a "provisional government." The second phase would be the forging of a 100,000-man army which, "with the support of the people," would go for the "definitive overthrow of the system."

With increased flows of cocaine pouring out of Colombia and into the

United States, the narco-terrorists are better financed than ever, and the violence is consequently escalating. Political assassinations on the local, regional, and national levels are now a daily occurrence. On Aug. 20, the Colombian press reported front-page on a series of terrorist attacks against the nation's infrastructure: electricity towers, petroleum installations, etc.

In a mid-August forum on "Reviving the Social Ethic" in Colombia, a leader of Colombia's small industrialists' association (ACOPÍ) defined the opposition to the state as "incarnate today in the drug trade and subversion which, joined with the cadre of Soviet expansionism, are three distinct persons and one single enemy." At that same meeting, *El Espectador* director José Salgar furiously denounced complicity with the enemy at the highest levels of government, and insisted that only a war on drugs could restore the morality of the family, and the nation. Salgar is the son-in-law of Don Guillermo Cano, the director of *El Espectador*, murdered by the mafia last December for his anti-drug views.

In its Aug. 21 editorial, the daily denounced those who would advise a strategy of passive defense, with the Colombian armed forces forced to await the next ambush "as if the development of the armed movements were not a constant mobilization."

In the same edition, columnist Ramiro de la Espriella spelled out what is on everyone's mind. Asserting that Colombia is "surrounded" on all its borders, de la Espriella writes, "We cannot continue to lie to ourselves and deny that Colombia is at war. Every armed confrontation requires a war mentality. . . . What the country needs now, undoubtedly and before it is too late, is a real war cabinet, in which all parties and serious ideological groupings participate."

# Soviet brass is worried over SDI

by Rachel Douglas

For all the fastidious juggling of missile and warhead balances in Europe and Asia, practiced by Soviet arms negotiators in order to entice the United States into accepting the so-called Double-Zero Option for reduction of intermediate-range systems, one great obstacle remains: Moscow's demand that the United States' Strategic Defense Initiative be scrapped for good.

On Aug. 19, the Soviet weekly *Literaturnaya Gazeta* devoted nearly a whole page to the SDI. The format was an interview conducted by Igor Belyayev, a *Lit Gaz* journalist who is also a top adviser to the Soviet leadership on Mideast and Africa policy, with General Colonel V.N. Lobov. First Deputy Chief of the General Staff Lobov is the rapidly rising military officer profiled by *EIR* in our Aug. 14 issue.

Attacking the SDI, Lobov delved into the broader question of "qualitatively new weapons." This is a matter of great interest to Lobov, whose colleagues at the General Staff and its Academy are working overtime on what they call "weapons based on new physical principles." Indeed, one of the reasons Moscow is so breezy about removing its own nuclear-armed missiles from the U.S.S.R.'s Western regions (aside from the fact that the current generation of Soviet missiles, all mobile, can be hidden just about anywhere, so that any claimed elimination is intrinsically unverifiable), is that the General Staff teams anticipate being able to compensate by means of fundamentally new systems, like radio frequency weapons, in combination with *spetsnaz* terrorist deployments and other techniques of irregular warfare.

In view of this known concentration of Lobov and his cohorts, we may usefully read his article in a mirror, and glean from what he says about the U.S. SDI program, more evidence of the military technologies Moscow most seeks to acquire. Belyayev already manages to suggest the "mirror" reading, in his title: "Behind the glasnost about the SDI is a lie!" Glasnost, of course, is the much-ballyhooed Soviet policy of "openness."

## Who's 'sneaky'?

Lobov also, at the outset, characterizes the SDI as "a deeply conspiratorial, sneaky to the point of perfidy, policy of American imperialism . . . having the goal of misleading gullible simpletons." For "sneaky," Lobov uses the Russian word *khitry*—the very same notion of "cunning," to which

he, Lobov, has told Soviet strategists to pay more attention.

"In any competitive struggle, organically characteristic of capitalism," he intones, "there has always been and there is today a curtain of secrecy and an intentional deception of one's adversaries, as a condition of attaining future victory over them." (Lobov, in a March 1987 article, declared that this was a classical principle for all successful commanders, and called on Soviet military theorists to work up the concept of *khitrost*, or cunning: "The history of wars testifies, that military commanders throughout all time, have attributed great significance to military cunning. They strove to encumber the enemy with false impressions . . . and thus to create more favorable conditions for victory.")

Turning to the question of what the U.S. is doing in secret today, Lobov alluded to the Soviets' great fear—that the SDI might actually be carried out at the pace of a Manhattan or Apollo project, in which case the West would run circles of scientific excellence around the Russian empire. He warns, "The classical example of secrecy in the creation of weapons that are new in principle, was the execution of the so-called Manhattan Project in the United States."

As the military applications of science were developed in the postwar period, Lobov reports, it reached the point where one specialist in strategy could say, "The new theory of military power is based to a larger degree on scientific and technical, than on military or economic potentials. The ability to develop military innovations (new types of weapons, new tactics, new forms of organization; or a combination of these) . . . is probably the decisive factor in military power today." But for Lobov, the economy remains paramount: "Historical experience shows, that secrecy respecting the strategic directions of economic policy and the achievements of science and technology pursues the goal of achieving the effect of surprise, both in the competitive struggle, and in the antagonism of the two systems." Socialism and capitalism, that is, or—more accurately—East and West.

A more precise description of Moscow's economic *perestroika* (restructuring), and the pretty wrappings in which it has been presented to the West, could not be found, than the one Lobov provides there.

In conclusion, Lobov sums up the impact of a crash program for development of new military technologies: "In the design of the SDI ideologues, the whole complex of long-range scientific research programs, conducted under its cover, will lead to achievements not only, and not so much, in 'space' technologies, as to a qualitative technological breakout. And this, in turn, should bring about the development of new types of weaponry on a different technological basis, on different technological principles, i.e., ensure 'technological breakout.' Not only in space weapons; but in weapons systems on Earth. This is the essence of the SDI. . . . I want to repeat and especially underscore: The main thing in 'operation SDI' is to cover up the development of qualitatively new weaponry."

# Gulf: U.S. 'one step ahead of Soviet'

by Jeffrey Steinberg

With the arrival of the formidable battleship *USS Missouri* in the Persian Gulf on Aug. 24, and the anticipated addition of the *USS Iowa* and Italian and West German minesweepers to the already operational British and French naval contingents, the Persian Gulf has become such a priority theater of operations for NATO forces that some high-level Washington sources are now referring to it as the "European Gulf."

More significant, however, than the military tonnage deployed to secure Gulf shipping lanes against Khomeinac attack, is the fact that a deepening political alliance between Washington and moderate Arab capitals is delivering a strategic blow to Moscow's imperial goals in the region. Even as the added naval forces were steaming into the Gulf, the United States was signing a bilateral friendship agreement with the government of Iraq. The Reagan administration also announced that Defense Secretary Caspar Weinberger, the architect of the dramatic turnabout in American policy toward the Middle East, will soon go to Cairo in what is being billed as a major state visit. The United States, Egypt, and Jordan have been engaged in a series of joint maneuvers over the month of August—coincidentally bringing additional large contingents of American forces into the area.

Furthermore, Saudi Arabia has followed through on its initial tough response to the Iranian plot to overthrow the House of Saud through last month's Mecca riots. Riyadh delivered an unequivocal threat to the Khomeini regime: Any further "sabotage and any aggression" against Saudi Arabia will be considered a *casus belli*, declared Saudi Interior Minister Prince Nayif Ibn Aboulaziz at a press conference in Riyadh on Aug. 25.

High-level sources in Washington have told *EIR* that the success of the Reagan administration and allied Gulf deployment has put the United States into a position of being "one step ahead of the Russians" for perhaps the first time in 30 years. This, the sources emphasize, has far-reaching implications for America's posture in all dealings with the Soviet regime.

As the result, these sources say, the Reagan administration—under the direction of Secretary Weinberger—is in the

process of effecting a fundamental shift in strategic doctrine. At the heart of this shift is a repudiation of "crisis management" and a reemphasis on the necessity for sustained military commitments on a global scale.

Moreover, for the first time in decades, the concept of a "just war" is being actively debated in the context of appropriate American response to the Khomeini regime's bellicose stand. Not only has the Khomeini government formally declared itself at war with the United States. After an unsuccessful "diplomatic" trip to the United States in mid-August by Iranian Deputy Foreign Minister Larijani (whom U.S. sources have identified as a Soviet agent within the Khomeini regime), Iranian Prime Minister Hussein Moussavi declared on Aug. 27, in an IRNA Iranian News Service release, that Iran will never agree to the United Nations ceasefire proposal.

## Hot pursuit

Democratic Party presidential candidate Lyndon H. LaRouche, Jr. has called on the Reagan administration to pursue a policy of "hot pursuit" against any acts of Iranian aggression in the Gulf. By hot pursuit, LaRouche specifically means that defensive actions by American forces must include the taking out of both Iranian military forces responsible for acts of aggression as well as the Iranian resources that those forces are deployed to protect. Such a bold unequivocal policy by the United States would bring about the rapid collapse of the Islamic republic and lay the basis for a sane, pro-Western regime to return to power in that strategically vital nation.

In a radio broadcast aired on stations throughout the United States on Aug. 26, LaRouche elaborated on his policy toward Iran:

"I have recommended to our government that it is not necessary for us to issue a formal declaration of war on Khomeini. We must recognize simply that Khomeini's government has declared war on us. . . .

"Together, the allies, United States, France and other cooperating nations have overwhelmingly superior military force facing Khomeini's forces in the Persian Gulf. . . . Nothing should or need be done to cause the United States to become involved in a war against the people of Iran. The overwhelming majority of those people were friends of the United States before Khomeini came to power, and will be again, as soon as the Khomeiniacs are thrown out of power.

"Our object is to obliterate the Khomeiniacs' credibility throughout the Islamic world and inside Iran itself. The time has come and passed to draw the line. Our patience is exhausted with Khomeini's terrorism. We are going to bottle him up inside Iran, and destroy his ability to launch military actions in and beyond the Persian Gulf, and we are going to wipe out his terrorists wherever they come within our reach. We are going to free the people of Iran and throughout the Islamic populations of the world from all belief in Khomeini's mystical powers; we are going to humiliate him and what he stands for before the entire world."

# New ambassador to oust Pakistan's Zia?

by Allen Douglas

As the riots in Teheran approached a crescendo in late 1978, the Shah of Iran turned to U.S. Ambassador William Sullivan to ask if the United States and Soviet Union had agreed upon his overthrow. As Sullivan recounts in his autobiography, *Obbligato: Notes on a Foreign Service Career*, the Shah asked, "Had we and the Soviets reached some grand design to divide up Iran between ourselves as part of an overall division of power throughout the world?" Too late, the Shah had put his finger on the "New Yalta" deal to which he was, in fact, sacrificed.

From all indications—leaks from the U.S. intelligence community, the orchestrated flap over Pakistan's nuclear program, congressional moves to cut off U.S. aid to Pakistan, and the intensifying drumbeat in the U.S. media—Pakistani President Zia ul-Haq and his nation are being set up for the "Iran treatment." It is not surprising, therefore, that the new U.S. ambassador to Pakistan, Arnold Raphel, was a key figure in the State Department Policy Planning Group's Iran and Persian Gulf section during late 1978, which provided the political/logistical support for the operation Sullivan ran.

In *Obbligato*, Sullivan emphasized that this overthrow of a longtime U.S. ally, and similar actions elsewhere were being conducted by a "cadre of centurions," concerned "to find and develop worthy heirs to handle those elements of our hegemony we no longer wished to dominate." Chief among the centurions, said Sullivan, were the "career foreign service officers" such as himself. All available evidence marks the new U.S. ambassador to Pakistan, Arnold Raphel, as one of Sullivan's centurions. As one of his cronies who has just left the State Department emphasized, when questioned on Raphel's outlook during and after the Iran years, "He was in the policy loop during the whole period. Our policy was his policy, and his policy was our policy."

Born in New York in 1943, Raphel graduated from the Syracuse, New York, Maxwell School of Diplomacy in 1966 and immediately joined the State Department. He served in 1967-71 in Iran, spent the years 1972-75 at the State Department, and was already marked then, according to another colleague's recent account, as "one of the best and the brightest." After several years spent as political officer at the U.S. embassy in Islamabad, Raphel, now a highly touted "area specialist" with expertise in Shi'ism, in the second half of 1978, took up his post in the State Department unit overseeing the Iranian revolution.

In January 1979, as the Carter administration delivered an ultimatum to the Shah to leave Iran, Raphel was appointed senior special assistant to the Secretary of State. In 1982 he was named number two in the Bureau for Political-Military Affairs. In May 1984, he became number two in the Bureau of Near East and South Asian Affairs to Assistant Secretary of State Richard Murphy, a leading figure in State's New Yalta deals.

On Jan. 21, 1987 Murphy's protégé Raphel was nominated as the new ambassador to Pakistan, a nomination held up for several months by Senators Gordon Humphrey (R-Vt.) and Jesse Helms (R-N.C.). Congressional sources report this was due to Raphel's "softness on Afghanistan," i.e., his catering to Soviet demands that Pakistan stop supporting the Afghan rebels. The nomination was finally pushed through, reportedly with help from the organized crime-linked American Israeli Public Affairs Committee (AIPAC).

## The 'Shultz doctrine'

The State Department's attitude toward Pakistan is not exactly a secret. The previous U.S. ambassador in Islamabad, Deane Hinton, last fall astounded knowledgeable Pakistan watchers when he proclaimed that Benazir Bhutto, the Soviet and Chinese-tied co-chairman of the opposition Pakistan People's Party, had a "very good chance" to take power in the country. A Pakistan expert at a top U.S. university, with extensive opposition contacts, commented, "Those of us who talk to people in Pakistan hadn't gotten that from anybody. . . . I asked some of her people about this and they all feel that she has no hope of coming to power, even if there would be elections."

Hinton was predicting nothing but State Department intentions, which intelligence sources now stress are operational. State and its AIPAC friends in Congress, such as Rep. Stephen Solarz, Sen. Alan Cranston and others, are attempting to use the issue of alleged Pakistani smuggling of nuclear-related material as an excuse to suspend or cut off aid. In the predictable ensuing outburst of anti-Americanism, the pro-U.S. Zia government would be dramatically weakened.

State's real intentions—eliminating the Zia government—were hinted at in an Aug. 19 Evans and Novak column, "The 'Shultz Doctrine?'" Shultz's grand plan, said the columnists, was for an INF missile agreement in Europe linked to a series of "regional matters" accords between the U.S. and the Soviets. It was State's desire for a deal with Moscow over Afghanistan, they said, not "non-proliferation" issues, which motivated the attacks on Zia.

Some fools in the CIA and Pentagon have reportedly agreed to the plan to replace Zia with a Bhutto-led coalition, with the remarkable logic that since "the KGB is picking off the opposition," we should put the opposition in power. Such actions will lead, not to a stable opposition government, but to the near-term splintering of Pakistan into tribal entities, with which the Soviets' ethnologists are also deeply involved.

## U.S.-Soviet minuet at Erice

*The SDI is a plot to "bankrupt the U.S.S.R.," in the eyes of Gorbachov's top science adviser.*

**P**rof. Antonino Zichichi, the Italian physicist who each August hosts in Erice, Sicily, the international conference on "nuclear war" of the Ettore Majorana Institute, was beaming this time: The same conference hall which last year witnessed a clash between American and Soviet scientists on the SDI, the disappearance of Soviet scientist Alexandrov, accused of "speaking too much with Western journalists," and scary reports on "nuclear winter," saw on Aug. 19-23 a five-day "minuet" between the American and Soviet delegations.

*EIR* observers on hand noted the artificially friendly atmosphere, apparently in honor of the ongoing Soviet-American negotiations on disarmament. Edward Teller, one of the main scientific spokesmen for the SDI in the United States, was often seen in amiable conversation with Yevgenii Velikhov, vice president of the Soviet Academy of Sciences and Gorbachov's scientific adviser.

When Teller asked him why the Soviets don't release information on their secret scientific work, Velikhov demonstratively gave him a stack of documents, certainly not the ones which refer to the Soviet secret deployment of an anti-missile system, or their research on radio frequency weapons, but enough to give the impression that there are "no more secrets."

The Erice conference agenda did not include the SDI or nuclear war, as it had in the last three years, but was this time on high-temperature superconductivity, fusion energy, magnetic

resonance-based technologies, supercomputers, and the creation of Zichichi's "World Laboratories" in the Soviet Union, China, and in any Western country ready to open one. "SDI is now in the hands of the militaries and not of the scientists," explained Velikhov. "Now it's time to have international scientific cooperation with no secrets, which is the ideal of your Zichichi."

When Edward Teller spoke of the "World Lab spirit as the only way to follow," Velikhov's prompt answer was, "I agree 100% with what Teller just said, and I think this year in Erice a big step was taken toward a fuller cooperation between my country and the United States."

Back in Rome, Gorbachov's scientific adviser specified in a press conference at the Soviet embassy that this cooperation will only be possible in non-military areas, such as the "Archimedes" project on earthquake forecasting, or the tokamak project on fusion energy, which could make a first functioning fusion reactor possible "by 1996-97."

"The problem," said Velikhov, "is research aimed at military use. If we do not reach an agreement on disarmament, it is useless to speak of labs open to anybody. Fifty percent of scientific research is for military aims. I think it is best to identify sectors where there are no secrecy problems and work together there. Gorbachov also said so, speaking of disarmament. But we need an answer from the United States."

Asked by *EIR* correspondent Gal-

liano Maria Speri why the Soviets do not accept Reagan's offer to cooperate on the SDI, if they are so willing to exchange information, Velikhov said: "I have known *EIR* very well for many years. As a man and as a scientist, I do not think the SDI is feasible, and I consider it an attempt to bankrupt the Soviet Union by forcing it to make investments."

**EIR:** You have already made investments, for example, in the Energia rocket, or in your secret SDI project.

**Velikhov:** We are doing all the scientific technological research necessary to guarantee our security, without leaving anything out.

**EIR:** But the United States is not threatening you, and with SDI, you are doing the same as with radio frequency weapons. . . .

**Velikhov:** What?

**EIR:** Radio frequency weapons, you work on them, but you deny it.

**Velikhov:** Radio frequencies have a wavelength which is so low that it is impossible for scientists to focus them.

**EIR:** You also have to consider the fact that in 1988 the U.S. might have a President, such as LaRouche, who wants peace but from a position of strength, and who will not accept the erosion of the West.

**Velikhov:** There was already someone in this century who wanted peace through strength. . . .

Velikhov's loudest proposal in Erice, in the context of the Archimedes project, was that "powerful electromagnetic waves be used to check the Earth's crust 100 km deep," the Italian Communist daily *Unità* reported Aug. 23. "The power necessary to produce such waves," said Velikhov, "can be derived from the propulsion systems of nuclear missiles after they have been dismantled thanks to an agreement on nuclear weapons."



## Banks' spies puzzled by summit

*From the meeting of Sarney and Mexico's de la Madrid, it seems a Presidents' Club may be created for defense from creditors.*

**B**razilian President José Sarney ended his Aug. 17-20 visit to Mexico with an agreement "to create a system of mutual support in case creditor banks exert pressure on either country," according to an exclusive report in the São Paulo daily *Folha* Aug. 21.

*Folha* said they would set up a "red phone" link to mobilize each other in case of emergencies and that their idea was to bring the Presidents of all eight major democracies into the system at their Nov. 27-28 summit meeting in Mexico.

The formal communiqué signed by Sarney and Mexican President Miguel de la Madrid endorsed "a permanent mechanism of political consultation and harmonization," which would hold "periodic meetings of chiefs of state." The presidential summit is the fruit of the commitment expressed by Peruvian President Alan García at his inauguration on July 28, 1985.

García observed the irony that European leaders meet regularly, but Ibero-American Presidents had only met twice, both times at the behest of the United States.

Strong personal ties between the region's Presidents did not exist in 1982, when Argentina was struck by the British in the Malvinas and Mexico was besieged by creditors after nationalizing its banks. Regional rulers have been forced together by the Reagan administration's "Financial Malvinas" against them on behalf of Wall Street banks and by the absurdities of its Central American policy.

The eight Presidents to meet in

November are precisely the members of Contadora and its support group. Their eight foreign ministers announced the unprecedented summit after an Aug. 11 meeting here in Brasília.

They denied they planned a "debtors cartel." Peru's foreign minister, Allan Wagner, explained that the Presidents' club was for "political solidarity so that there would be effective collaboration measures in case of emergency." Peru successfully lobbied for the first meeting to be in Mexico, rather than in Uruguay.

By November, the next Mexican President will have been named; and he may not be as submissive to the International Monetary Fund (IMF) as the current one. Uruguay's foreign minister, Enrique Iglesias, on the other hand, leads the anti-technology "developmentist" mafia of the United Nations Economic Commission for Latin America.

Observers in both Rio and Mexico are skeptical, however, about whether Sarney and de la Madrid will go beyond words and actually *act* in coordinated fashion on the debt. Both Presidents have so far preferred to make concession after concession to the IMF, rather than follow Peru's tough anti-IMF stance. This reality was also visible through the rhetoric in Mexico City.

In greeting Sarney, Mexico's ruler proclaimed, "We will not condemn our peoples to drag the chains of unilateral adjustments which mutilate their just demands for development and well-

being." Yet he swore the two nations "do not want to provoke an economic war in the world" by taking joint action to force a change in debt policies.

Out of the limelight, Brazilian Finance Minister Luiz Carlos Bresser Pereira was meeting with Mexican officials in his hotel suite. With him was Brazil's ambassador to Washington, banker Marcílio Marques Moreira, Rubens "Rasputin" Ricupero, and Sarney's private secretary, Jorge Murad.

This team spent all day Aug. 17 closeted with Mexican Finance Minister Gustavo Petricoli and central bank head Miguel Mancera. According to the daily *Gazeta Mercantil*, the Brazilians were discussing debt strategy with their hosts and trying to find out how the Mexicans had managed to cut the incomes of workers and peasants in half without triggering a social explosion.

Before returning to Brazil, Bresser told the press that Argentina, Mexico, and the Philippines decided to negotiate their debts by way of the IMF and are now "very dissatisfied, since their problems were not solved and they are going to have great difficulties." His candor was not appreciated in Mexico, but he was on his way back to Brazil, leaving Sarney to make diplomatic amends.

Although real unity on debt and integration policies will not be reached without a major effort, there is a will toward political unity. That was expressed in the Mexican-Brazilian appeal that Colombia and Venezuela peacefully solve their border conflict so as not to interrupt "joint action to find solutions of integration for the countries of the area."

The Brazilian President delivered the message on his way home. Sarney expressed it succinctly on Aug. 18: "Brazil believes Latin America is capable of resolving its own problems."

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# International Intelligence

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## ***Soviets destroy legal files of Great Purges***

Soviet legal files are being destroyed at the rate of 5,000 dossiers a month, on the pretext that there "is no room" to keep them, according to an article in the dissident newspaper *Glasnost* which was monitored by AFP. The files on millions of Soviet victims of Stalin's purges are stored in the archives of the Military College (Tribunal) and the Supreme Court.

The article reports that for several years, two presidents of the Supreme Court managed "to save the files from destruction." But "when the minister of justice, Vladimir Terebilov, became president of the Supreme Court, with Sergei Gusev as his first deputy, the 'ditching' of the files suddenly began," and has continued for two years during the Gorbachov regime. The incineration was originally being done at the Supreme Court, but this reportedly created such a thick cloud of smoke over Moscow, that the location was moved.

"At the moment," *Glasnost* reports, "filing clerks at the Military College are getting rid of the dossiers from 1940, those at the Supreme Court, the dossiers from 1948-49. Some of the files are transferred to the archives of the KGB despite rules banning the transfer of the files from one department to another." They are being incinerated outside Moscow.

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## ***Colombian labor leader threatened by death squad***

The name of Colombian labor leader Jorge Carrillo Rojas appeared on the hit-list of an unknown death squad, according to the Aug. 27 edition of the Bogota daily *El Espectador*. Carrillo, who was labor minister in 1985-86, is today the president of Colombia's largest labor federation, the Unified Workers' Confederation (CUT), which he helped found in 1986.

Carrillo is known for his strong stance

against the austerity policies of the International Monetary Fund (IMF) in the developing sector, and the support he has given to Peruvian President Alan García's "10% solution" to the debt crisis, which Carrillo has championed in international forums as well as in the Colombian labor movement.

According to *El Espectador*, account, Attorney General Carlos Mauro Hoyos presented the hit-list to President Virgilio Barco Aug. 26 during a meeting of the Council of Ministers, and urged the President to provide security protection for the targeted individuals. Carrillo's name is number 15 on the death squad's list of 22 assassination targets. Number 12 on the list is Liberal Party leader Héctor Abad Gómez, murdered by a death squad the week before as he attended the funeral of CUT regional leader Luis Felipe Vélez, who had been assassinated.

Scores of political and labor leaders have been killed in Colombia in recent weeks. Carrillo is slanderously characterized by the death squad as a man "with extremist ideas, and a saboteur of democratic trade-unionism." At press time, he has not been granted security protection by the government.

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## ***Socialists map strategy toward Ibero-America***

The Socialist International will be holding an international conference in Brussels Oct. 8-9, to discuss "current Socialist International behavior" toward Ibero-America, and "new strategies" toward the continent, according to a European Socialist source.

A key theme will be how the Socialist International "might enforce, support, and/or coordinate the new 'people's' movements," based on small communities dealing with their immediate local problems," which are developing in Argentina, Uruguay, Brazil, and, to some extent, Bolivia. These four countries, plus Central America, will be the main foci of the meeting.

Keynote speakers are to include France's Claude Cheysson, Spain's Alfonso Guerra, and Guatemala's Francesco Villagrán. The

Dutch branch of the Socialist International is playing a key role in coordinating the conference.

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## ***Committee whitewashes Contras' dope connection***

The Iran-Contra investigative committee of the U.S. Congress found "no evidence" to support allegations that the Contras were involved in cocaine trafficking, according to a July 23 memo written by Robert A. Birmingham.

"There was no information developed indicating any U.S. government agency or organization condoned drug trafficking by the Contras or anyone else," the memo states. Birmingham suggested that in any further investigation of this matter, the committee should defer to parallel investigations that are being carried out by independent counsel Lawrence Walsh, the Senate Foreign Relations Committee, and the House Judiciary Committee's crime subcommittee.

The committee's report covers up the massive evidence of Contra drug-running, as presented in *EIR*'s Special Report, "Project Democracy: the parallel government behind the Iran-Contra affair." Not only have Honduran police found marijuana farms run by Contra intelligence officers, next to Contra military camps; the entire logistical apparatus for the Contras' drug operations is coordinated by the Medellín Cartel of Colombia, through Robert Vesco, the exiled U.S. financier living in Havana under the protection of Fidel Castro.

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## ***Philippine senators reject nuclear weapons***

Half the Philippine Senate on Aug. 20 voiced support for a measure that would ban the storage or transit of nuclear weapons in or through the Philippines or its airspace. According to President Corazon Aquino's press secretary, she was not consulted by the bill's author, leftist Sen. Wigberto Tanada, or any

## Briefly

of its co-sponsors, among whom are five former members of Aquino's cabinet and the President's brother-in-law, Sen. Agapito Aquino.

The number of co-sponsors, 12, is sufficient to guarantee passage in the 24-member Senate under the new Filipino Constitution. Sen. Neptali Gonzales, vice-chairman of the Foreign Relations Committee, says enactment of the measure would probably result in the withdrawal of U.S. bases from the Philippines.

However, backers of the measure argue that it will not adversely effect relations with the United States. Sen. Heherson Alvarez says, "It's not my intention to vote against the bases. . . . Most Filipinos would prefer to keep the bases." Senator Alvarez argued that the nuclear ban could be used as leverage to negotiate favorable terms for the renewal of U.S. basing rights.

### ***AIDS issue raised in U.S.-Philippine dispute***

AIDS "will be a very important issue" in the upcoming negotiations concerning the future of the two U.S. military bases in the Philippines, according to Richard Walden, an attorney representing a military doctor in an AIDS-related court-martial proceeding in Manila.

According to the *Los Angeles Times*, a two-year study by defendant Lt. Cmdr. Thomas O'Rourke and several Philippine Health Department officials indicates that the U.S. military bases are primarily responsible for spreading AIDS into the Philippines.

The U.S. Navy on Aug. 21 announced that it had filed court-martial charges against O'Rourke, in part for refusal to identify prostitutes carrying the AIDS virus. This is the first case in American jurisprudence of a doctor being prosecuted for protecting the anonymity of AIDS carriers, according to lawyer Walden. O'Rourke is also charged with unauthorized absence, falsification of documents, illegal distribution of controlled drugs, and theft of drugs.

His lawyer claims that the Navy was harassing O'Rourke because his research blames American sailors for the spread of AIDS.

### ***Germany's Späth leans toward Social Democrats***

Lothar Späth, the Christian Democratic governor of the West German state of Baden-Württemberg, hinted in an interview with the daily *Süddeutsche Zeitung* published Aug. 22, that all is not well with the economic policy of the government of Chancellor Helmut Kohl. Späth is seen as the most likely candidate to replace Kohl, in a "grand coalition" government that would include the opposition Social Democratic Party (SPD).

Späth said that he does not rule out a "major conjunctural downturn." Pointing to imbalances in the Bonn government's tax reform plans, which would further reduce the state's annual tax revenue, Späth recommended a policy of building budgetary reserves "in case of a considerable downturn."

This is the first time that a prominent member of Kohl's party has even hinted at the possibility of trouble ahead; the official line in Germany, as in the United States, is that the "recovery" is taking hold.

Späth also reiterated his recent attacks on Kohl's Free Democratic Party coalition partner, urging the Christian Democrats to distance themselves from the FDP.

The Social Democrats, too, are pressing Kohl on the issue of tax reform. Hans Apel, the deputy head of the SPD's parliamentary group, said Aug. 19 that his party is "certain there is not only broad opposition in the population against this tax reform, but also inside the Christian Democracy." Apel expressed confidence that "these Christian Democrats" would vote "with the SPD, against their own chancellor," if it came to "a moment of truth in the Parliament."

The issue may come to a vote by the end of September or early October, which could mark the end of the Kohl administration.

● **SAUDI ARABIA** charged Iran with orchestrating the recent riots in Mecca, at a press conference of the Saudi ambassador to Bonn on Aug. 27. The Saudi authorities pointed to the role of Hojatolislam Charrubi, private secretary to Khomeini, in planning the "pilgrim riots." Charrubi was arrested and expelled from Saudi Arabia a few days before.

● **ARGENTINE PRESIDENT** Raúl Alfonsín praised Soviet leader Gorbachov, in a television interview Aug. 25. "Gorbachov is making a Revolution in Russia; he is consolidating his power; he is an example to be imitated," Alfonsín said.

● **MANFRED WÖRNER**, the West German defense minister, has been officially proposed as the next NATO secretary-general, German Chancellor Helmut Kohl announced Aug. 25. Britain's Lord Carrington, the current secretary-general, is scheduled to step down in 1988. Also in the running are Kaare Willoch of Norway, Giulio Andreotti of Italy, and Leo Tindemans of Belgium.

● **PANAMA'S PRESIDENT** Eric Delvalle has appointed Juan Sosa as the next ambassador to the United States. Sosa is a member of the *Modelho* group, which opposes Gen. Manuel Noriega, the chief of the Panama Defense Forces. Noriega would have preferred that roving ambassador Aquilino Boyd be named to the critical post.

● **"I DO NOT TRUST** Gorbachov's *glasnost*," said Cardinal Lubachinsky, exiled primate of Ukrainian Catholics, to the Italian daily *La Repubblica* on Aug. 21. "I fear that Ukrainians living in the Soviet Union will undergo even more persecutions now," he said. "The much publicized *glasnost* is only a means to confuse ideas in Western countries, and actually the present Soviet leader is a communist as much as his predecessors." Lubachinsky has been living in Rome for 30 years.

## Moscow wonders: ambiguity or chaos in Washington?

by Criton Zoakos

On Wednesday, Aug. 26, President Reagan addressed via satellite television, the Third Annual U.S.-Soviet Chautauqua Conference, in which, among other things, he accused the Soviet Union of having reneged on its obligations under the 1945 Yalta agreements.

The President's speech was delivered three days after mass demonstrations in Lithuania, Latvia, and Estonia protested the 1939 Hitler-Stalin Pact, to this day the only "legal" instrument on which the Russian occupation of the Baltic republics is based.

It remains a mystery whether the demonstrations and the theme of Reagan's speech coincided by accident or by design.

Also a mystery, and not only to the casual observer, is the present direction of United States foreign policy overall. If most Washington observers wonder what the Reagan administration's present foreign policy posture is, they are not alone.

Moscow also wonders: If Kremlin strategists look at U.S. military deployments in the Gulf, they draw one set of, mostly alarmed, conclusions; if they look at U.S. diplomatic deployments in Western Europe, especially around the disastrous, and, by all appearances imminent "zero-zero" agreement on intermediate nuclear forces (INF), they must be very pleased with the progress they are making toward decoupling Western Europe from the United States.

If Moscow looks at the Pentagon, it gets displeased; if at the State Department, pleased; if at the White House, both pleased and displeased—as well as confused. It is interesting to note that President Reagan's Aug. 26 speech was preceded

by an informational background briefing from a senior Reagan administration official, and by an announcement from West German Chancellor Helmut Kohl of his intention to retire his 72 Pershing-IA missiles if certain preconditions are met.

As the official explained in his background briefing, Helmut Kohl's decision had been preceded by two days of close consultations and discussions between the Chancellor's Office and the White House. As a result of these consultations, Chancellor Kohl announced four preconditions under which he would remove his Pershing missiles:

- 1) That both the U.S.A. and the Soviet Union agree on *global* elimination of all intermediate range weapons.
- 2) That all disputes over verification procedures be resolved.
- 3) That the INF treaty be both *ratified* and take effect.
- 4) That both superpowers actually complete carrying out an agreed upon schedule of elimination of these weapons.

"In that case," Chancellor Kohl declared, "I am prepared to declare already today, that with the final removal of all Soviet and American intermediate range missiles, the Pershing-IAs will not be modernized, but, instead, will be removed."

Indicative of the perplexity in Moscow, is the fact that it took the Soviet leaders 48 hours before they responded with guarded satisfaction. Their first reaction was in a TASS release which said, "Kohl is trying to shift the blame for the possible failure of the talks from West Germany to the Soviet Union."

Otherwise, President Reagan's speech was centered on

two themes: First, that the Strategic Defense Initiative is the centerpiece of the American defense and diplomatic posture; second, that the United States will challenge Soviet hegemony in Eastern Europe. This, in turn, was in stark contrast to a speech, two days later, by Deputy Secretary of State John C. Whitehead at the U.S.-Soviet conference in Chautauqua, New York. In it, Whitehead, after praising Gorbachov's *glasnost* as the equivalent of the U.S. Bill of Rights, went on to portray his vision of a future in which "all Americans and Soviets would have a chance to experience Mother Earth, an Earth at peace and in harmony with herself."

Which one is the real Reagan administration policy? Maybe we shall know when we discover the real reasons why Sen. Sam Nunn abandoned the attempt to run for President.

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## Documentation

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### The President's Speech

*The following are excerpts from President Reagan's speech on Wednesday, Aug. 26 in Los Angeles.*

#### Yalta meeting

In February of 1945, as he first began meeting with Roosevelt and Stalin at Yalta, much the same purpose preoccupied Winston Churchill. He felt a great sense of urgency and said to his daughter, "I do not suppose that at any moment in history has the agony of the world been so great or widespread. Tonight the sun goes down on more suffering than ever before in the world."

It was not just the misery of World War II that appalled him. Churchill said he also harbored a great fear that "new struggles may arise out of those that we are successfully ending." About the Great Powers meeting in Yalta, he added, "If we quarrel, our children are undone."

Well, we know now the Great Powers did agree at Yalta; difficult issues were raised and resolved; agreements were reached. In a narrow sense, the summit conference was successful; the meeting produced tangible diplomatic results. And among these was an endorsement of the rights upheld in the Atlantic Charter, rights that would "afford assurance that all men in all the lands may live out their lives in freedom from fear and want."

And so, too, the right of self-determination of Eastern European nations, like Poland were, at least on paper, guaranteed. But in a matter of months, Churchill's worst fears were realized; the Yalta guarantees of freedom and human rights in Eastern Europe became undone; and, as democracy died in Poland, the era of Allied cooperation ended. . . .

### Strategic Defense Initiative

In addition to opening negotiations to reduce arms in several categories, we did something more revolutionary in order to end nuclear fear. We launched a new program of research into defensive means of preventing ballistic missile attack. And by doing so, we attempted to maintain deterrence while seeking to move away from the concept of mutual assured destruction—to render it obsolete, to take the advantage out of building more and more offensive missiles and more and more warheads, at last to remove from the world the specter of military powers holding each other hostage to nuclear retaliation. In short, we sought to establish the feasibility of a defensive shield that would render the use of ballistic missiles fruitless.

This was the meaning of our decision to move forward with SDI, and I believe it was the right decision at the right time.

### Foreign policy

But while we sought arms reduction and defensive deterrence, we never lost sight of the fact that nations do not disagree because they are armed; they are armed because they disagree on very important matters of human life and liberty. The fundamental differences between totalitarianism and democratic rule remained; we could not gloss over them, nor could we be content anymore with accepted spheres of influence, a world only half-free. That is why we sought to advance the cause of personal freedom wherever opportunities existed to do so. Sometimes this meant support for liberalization; sometimes support for liberation. . . .

And finally, undergirding all of this was our commitment to public candor about the nature of totalitarian rule and about the ultimate objective of United States foreign policy: peace, yes, but world freedom, as well. We refused to believe that it was somehow an act of belligerence to proclaim publicly the crucial moral distinctions between democracy and totalitarianism. . . .

Our foreign policy, then, has been an attempt both to reassert the traditional elements of America's postwar strategy, while at the same time moving beyond the doctrines of mutual assured destruction or containment. Our goal has been to break the deadlock of the past, to seek a forward strategy; a forward strategy for world peace; a forward strategy for world freedom. We have not forsaken deterrence or containment; but working with our allies, we have sought something even beyond these doctrines. We have sought the elimination of the threat of nuclear weapons and an end to the threat of totalitarianism.

Today, we see this strategy—the strategy of hope—at work. We are moving toward reductions in nuclear arms. SDI is now under way; our offer to share the benefits of strategic defense remains open to all, including the Soviet Union. . . .

For two years we've been asking the Soviets to join in

discussing a cooperative approach towards a transition to defensive deterrence that threatens no one. . . .

## Glasnost—military matters

. . . We also need to see more openness, a departure from the habits of secrecy that have so long applied to Soviet military affairs.

I say to the Soviet leadership, it's time to show some *glasnost* in your military expenditures—just as we do. Second, reveal to the Soviet people and the world the size and composition of the Soviet armed forces. Third, open for debate in your Supreme Soviet the big issues of military policy and weapons—just as we do. These steps would contribute to greater understanding between us, and also to the good sense of your own decisions on the grave matters of armaments and military posture. . . .

We have also repeatedly pointed out that the last-minute demand by the Soviets concerning West German Pershing-IA missiles was without foundation. Well, earlier today, Chancellor Kohl removed even this artificial obstacle from consideration. We are therefore hopeful that the Soviet Union will demonstrate that there is substance behind the rhetoric they have repeated so often of late—that they genuinely want a stabilizing INF agreement. And if so, they will move to meet our proposals constructively rather than erect additional barriers to agreement. . . .

## The background briefing

*Remarks of a senior administration official, previewing Reagan's Los Angeles speech:*

Let me just make a couple of points about the President's speech, and then get on to today's developments. What the speech tried to do is to state the President's continuing political philosophy for the conduct of East-West relations, pursuit of peace, strong defense, expansion of freedom. It reflects both continuity with staff policies and the innovations of the Reagan administration, the SDI, the so-called Reagan Doctrine, real nuclear reductions, challenges on human rights, people-to-people contact in our bilateral relationships. The President's four-part agenda is all operational, and all parts are important for a general improvement in relations. But we don't hold one part hostage to improvements in the others.

The version of a far-reaching improvement in relations—and that's what the speech tries to convey—depends basically on Soviet respect for democracy, both abroad and at home. It is very clear that new things are happening in the U.S.S.R., that the system is trying to develop reforms that strengthen and preserve Communist rule. Only if there is a fundamental liberalization of the regime can internal developments lead to a fundamental transformation of the basic relationship away from competition and conflicts. That's possible, but at this stage, we can't count on it, and we can only hope for it. And that's inherent in the President's message. In the meantime, we find Gorbachov's foreign policies more active and more challenging in their tactics.

Historically, I might note, reformist regimes in the U.S.S.R. have been assertive and aggressive, such as Khrushchov, and we have to be alert to that. On the other hand, it does appear that Gorbachov wants some kind of a breathing space so that he can accomplish his internal changes, and this does, it seems to us, offer opportunities in the arms reduction field, specifically INF and START.

In regional conflicts, what the President is saying is that the Soviets are pursuing their traditional goals with increased skill and flexibility. While they make a lot of statements about Afghanistan, we don't see any fundamental changes in their policy. Indeed, we see continuing pressure on Pakistan, which denotes no let up in places like Angola, Nicaragua, Ethiopia. There is, of course, a parallel interest in ending the Iran-Iraq war, but we should not read a lot into this because it does not really disguise a conflict of aims in that region.

In the human rights area, there have been some positive developments. There have been some 150 political prisoners released, immigration is up, and there is clearly freer discussion in the press, but much more in our judgment needs to be done. Many more political prisoners are still jailed, religious dissenters still suffer, and *glasnost* is far from a free press.

In bilateral relations, there have been some promising developments in the people to people exchanges, such as the Chautauqua series that is currently going on.

In the arms control area, as you're aware, we are moving forward on an INF agreement, but we want to press just as hard as we can on a START agreement, because this ought to be looked upon in its total context. With regard to the developments in Germany today, the President . . . well, let me read it. "There are still issues to be worked out. Our delegation in Geneva has already pointed the way to simplifying verification requirements now that we've agreed to the total elimination of U.S. and Soviet missiles. We've also repeatedly pointed out that the last minute demand by the Soviets concerning West German Pershing-IA missiles was without foundation. Earlier today, Chancellor Kohl . . . [see Reagan speech excerpts.]

If so, they will move to meet our proposals constructively, rather than erect additional barriers to agreement. We will have a statement . . . by the time we end this session.

*Questioned on extent of cooperation between Bonn and Washington on Kohl offer:*

There was contact between Bonn and Washington, between the Chancellor and the President, during the course of the day and evening yesterday. The Chancellor did send the President a letter, and the President responded. And our statement will say that we strongly support Kohl's statement that the Pershing-IA's have not been and should not be included in the Geneva negotiations. We also understand and support his statement on what he intends to do with the IAs; that is to say, non-modernization and dismantling after certain conditions are met. It goes on to make reference to the Reykjavik agreement with regard to the under 500 kilometers. But you'll have the statement.

## Rights group to hear 'the LaRouche case'

The Fact-Finding Committee of the international Commission to Investigate Human Rights Violations in the United States has announced that it will hold hearings on "the LaRouche case" Sept. 9-11, in the Washington, D.C. area.

The committee of attorneys and distinguished public figures is investigating the unprecedented pattern of jailings, raids, indictments, electronic surveillance, harassment of supporters, and defamatory publicity which has targeted U.S. presidential contender Lyndon H. LaRouche and his associates. According to the press release announcing the hearings, their purpose is "to determine whether these incidents constitute fundamental violations of the U.S. Constitution and the human rights it guarantees to citizens."

### Former Austrian justice minister joins

The group further announced that Prof. Dr. Hans Klecatsky, former justice minister of the Federal Republic of Austria, professor of law at the University of Innsbruck, and director of that university's Institute for Public Law and Political Sciences, is joining the Commission. Professor Klecatsky declared that he has officially cosigned the statement of Prof. F. A. Freiherr von der Heydte, issued April 28, which condemns the illegality and unconstitutionality of steps taken by U.S. authorities against various companies and organizations associated with LaRouche.

Professor Klecatsky's statement further details the violations of basic rights which have been committed by the U.S. Justice Department, by putting Kurt Waldheim, President of Austria, on the "Watch List," and banning his entry to the United States. Waldheim was accused of being a Nazi war criminal, on the basis of unsubstantiated charges and "evidence" presented by East bloc intelligence services, which was never verified by any U.S. court.

In a personal meeting with representatives of the Commission, Professor Klecatsky expressed the view that this kind of lawlessness has been made possible only by the establishment of a secret "parallel government" in the United States. The influence of these circles upon U.S. foreign policy has had disastrous consequences. The U.S. government, for example, not only fell into the trap of disastrous support

for the Contras, but sold out the rights of other sovereign states, as shown by the U.S.-Soviet deal to extradite Karl Linnas and others. Linnas, charged with "war crimes," was tried and convicted *in absentia* in the U.S.S.R.; he was deported without benefit of an American trial, and died in a Soviet prison hospital earlier this year.

### LaRouche vs. the 'secret government'

These policy issues will be the central focus of the Fact-Finding Committee's hearings. A first round of hearings was conducted on May 26-27 in Washington, D.C. At that time, the Committee heard testimony on the role of the "secret government" in directing actions against LaRouche. The new, second round of hearings will examine recent revelations, that under Executive Orders 12333 and 12334, signed by President Reagan in 1981, the extraordinary actions targeting LaRouche were given legal cover.

The Committee will hear evidence on the role of the Soviet intelligence services, working in tandem with the U.S. "secret government," to destroy LaRouche and the policies associated with him, notably the Strategic Defense Initiative and the "Operation Juárez" plan for solving the Third World debt crisis. Featured in this testimony will be a report to the Committee on the trial of *LaRouche v. New Times*, LaRouche's libel suit against the Soviet magazine, which will be decided in a Paris court on Sept. 30. The Soviet government has officially responded as defendant in this unprecedented legal action.

To understand why LaRouche has been thus targeted, the Committee has also invited witnesses to testify about policy contributions LaRouche and his associates have made worldwide. Witnesses from Ibero-America, Asia, Europe, and the United States will document the support for LaRouche's policy proposals among nations and leaders of the world who are seeking solutions to the pressing problems of the economic collapse, narco-terrorism, the spread of disease, and the development of a cultured and educated republican citizenry. Also presenting testimony will be supporters and associates of LaRouche, who have personally been the victims of harassment because of their political beliefs and associations.

The Commission is headquartered in Paris, France. At the end of September, it will hold an international conference there, to release the conclusions of the Fact-Finding Committee, and to organize international support for the Commission's efforts.

The members of the Fact-Finding Committee, all attorneys, are: Don Victor Girauta y Armada (Spain, chairman); Dr. Edwin Vieira (United States, secretary); Subhash C. Birla (advocate at Supreme Court, India); Lennart Hane (Sweden); Larry Lopez-Alexander (former judge, United States); Nathalie Milsztein (France); Dr. Frederick Wills (former minister of foreign affairs, Guyana). Committee counsel is Kenneth Richardson (Queen's counsel, former chief prosecutor, Old Bailey, England); assistant counsel is Jill Gort (England).



## U.S. human rights crusader warmly welcomed by India

*Sheila Jones is a well-known political leader in Illinois. A former candidate for the Democratic Party's Senate nomination, she ran in 1987 for mayor of Chicago and was campaign manager for Janice Hart and Mark Fairchild, the two LaRouche Democrats who won upset victories in the March 1986 Democratic primary for statewide office. She was interviewed by Ortrun Cramer of EIR's Wiesbaden bureau on Aug. 26.*

**EIR:** You just returned from a two-week tour through India. What can you tell us about the background of the trip?

**Jones:** Mrs. Helga Zepp-LaRouche, founder of the Schiller Institute and chairman of the Patriots for Germany, proposed a most important challenge to me at the close of July. It concerned an invitation extended by Mr. S.C. Birla, a member of the Fact-Finding Commission of the international Commission to Investigate Human Rights Violations in the United States, to bring the case of the persecution of Democratic presidential candidate, Mr. Lyndon H. LaRouche, Jr. before the nation of India, with the hope of enlisting the heirs and followers of the Indian freedom movement, most clearly known through Mahatma Gandhi and Nehru's battle for the liberation of India.

Because India under Prime Minister Nehru was the impetus for the Non-Aligned Movement, and at the time of her brutal assassination, our beloved Indira Gandhi was the new head of the Non-Aligned Movement, I was convinced that, had she lived, she certainly would have joined the rallying movement to defend the Third World's inalienable right to development, led by a Lyndon LaRouche administration in the White House. Therefore, given the atrocities being meted out to Mr. Lyndon H. LaRouche, Jr., by the very financial oligarchy which has a battleplan to destroy the sovereignty of republics across this globe, to the point of doing the bidding of Moscow, I accepted this very trying mission. I resolved to do whatever I could, in two weeks, to plead the case for justice for not only Mr. LaRouche and his persecuted supporters, but also that of the entire American population.

**EIR:** Where did you go, and who were the people you met

with during your travels?

**Jones:** I began my tour in New Delhi, the capital, and then flew south by Air India, over the Rajasthan Desert, to Auran-gabad, for one day. The next day I went to Bombay, the next day to Cochine, then to Bangalore, and back up to Delhi. From Delhi I took the train to Agra, the home of the Taj Mahal, and then back to Delhi, after one day.

My schedule varied from 5:00 a.m. to midnight each day, averaging approximately 10 meetings per day. These meetings included one-on-one briefings, debates, discussions with Members of Parliament and former Members, top advocates of the Supreme Court, the High Court, attorneys general, trade and commerce commissioners, trade union organizers, farm organizers, schoolteachers, doctors, scientists, professors of law, economics, science, as well as university students and elementary school children. Receptions were constantly spontaneously organized in the lobby of my hotels, and in living rooms and restaurants.

There were many special and endearing experiences in these meetings which capture the flavor of the unprecedented success of this tour. One was my discovery that lawyers in India are not like lawyers in the United States. I met a very important High Court advocate in Aurangabad, who defends poor and landless farmers. At the door of his house-office, tens of people were outside waiting to meet with him into the night. I soon discovered that he was a caring man, more profound than any lawyer I had ever met in the United States. He ran a school for the poor, which consisted of 500 of the most precious children I, in all my years of teaching, had ever seen. I addressed these little children on the issue of true freedom. Present at this meeting were about 30 politicians and trade union organizers who had traveled across the state to see me. When I asked these children to hold onto hope, and the best way to do this is to commit themselves to journeying to conquer the stars and to promise to join me on Mars, the children applauded with smiles and joy. This was a most moving confirmation for me, as an American supporter of Lyndon LaRouche, that the economic, cultural, and technological optimism to which he has dedicated his whole life must and can succeed. This also underscored for all



present the reason Mr. LaRouche is being persecuted by the financial oligarchy.

When I addressed the entire high court in Bangalore, which consisted of over 250 lawyers and judges for the state, I was so moved, by the thirst of the representatives of the population, for Mr. LaRouche's just New World Economic Order, that I recited Abraham Lincoln's *Gettysburg Address*, only to discover, that as I finished through tears, the assembled gathering were, too, in tears, as they nodded, recalling the power of Abraham Lincoln's words.

In discussions regarding the violations of Mr. LaRouche and his supporters, all were shocked that in America, free speech is not insured. They were shocked that the right to life and the pursuit of the welfare of the individual are not insured. The question which ended all meetings, was: "What is to be done? What do your Mr. LaRouche and you want us to do? That is what we must know, for from your discussion, time is of the essence!"

**EIR:** What was the response of the people you met with? If you compare them to the usual response of Americans to the same problems, do you see any differences?

**Jones:** Besides shock, I saw pain, agony, and sorrow, as the people I spoke to began to slowly realize that what happens with the U.S. Project Democracy's violations of Mr. LaRouche and his supporters, was directly tied to the future of the developing sector, given the genocidal policies of the World Bank and IMF, which the United States is supporting and implementing, not only against the Third World, but against the United States' own population and allies.

When I met with the former President of India, Zail Singh, he told me: "India must cease to be a nation concerned with only her borders. . . . She must become a nation concerned with the entire world!" This is a major difference from politicians in the United States, I think. I found this sentiment to be rather general. Unlike the pragmatic, chauvinistic American citizen—I now can say without feeling personally insulted—I never was asked: "What does this have to do with me . . . with India . . . I can't be bothered with your problems, we have our own!" To a political organizer, like myself, this was quite a powerful statement of the character of the Indian people.

**EIR:** Besides the work on behalf of the Human Rights Commission, what has impressed you most during the two weeks in India?

**Jones:** Lyndon LaRouche has often stated that we should view poverty as an opportunity—an opportunity for improvements, growth, progress. What impressed me most, was the sense of optimism in the population. This most concretely hit me in a profound way, on two occasions. One was when I saw Nehru's planetarium, in which there is an incredible monument to India's great scientific potential, living and breathing in the hearts of many Indians. Nehru built this

planetarium, to give India a future and goal which would steer the nation from poverty to progress. I saw the model of the space rocket India launched, as well as the actual manned satellite India and Russia launched together. When I saw this, I said: "My God! I know that we can win and end the misery of this globe of ours, because I've seen it!"

This was further underscored by Indira Gandhi's statements on science and the need to eliminate superstition and backwardness:

"Science fights superstition. The notion that some races or religions or castes are superior to others is superstition. The unquestioning of reverences of everything old is superstition. The belief that a system of thought appropriate to one historical situation is of universal validity is a superstition. Science, on the other hand, is attuned to change. For various reasons, superstition is entrenching itself and finding new supporters. Without the help of science, I see little hope of checking the virus of religious hatred. Scientists and technologists should make it their mission to spread the scientific temper so that our forward march is not blocked by obstacles of superstition."

**EIR:** What is the message you are bringing back to your own country?

**Jones:** I simply want to say to my country: The hearts and minds of so many depend on the American population being greater than its own destiny . . . a destiny now which will eliminate all that the Founding Fathers held dear in their ruthless fight to establish a republic to be the beacon of liberty to the rest of the world. The great thing that we have done in establishing this republic, is on the verge of becoming a dim shadow of a memory, unless we can develop the sense of the *punctum saliens*. Deep in my heart I do believe that we can only overcome, if Lyndon LaRouche's right to wage a campaign for a New Just World Economic Order, as only he can do, is ensured and respected.

On the future work of the Human Rights Commission in India, a rapid follow-up process has begun to get scores of testimonies on behalf of Mr. LaRouche, to be read at the upcoming September Washington and Paris Human Rights Commission hearings and conferences. In India, also, there is complete openness, from the people I have met, to organize educational chapters for Mr. LaRouche's economic and cultural policies, as well as the openness for establishing a Schiller Institute. Also, there exist several opportunities to build children's choruses and orchestras.

I am holding very select and targeted press conferences in the campaign states of Mr. LaRouche's presidential campaign, as well as in Washington, D.C. and Boston, Massachusetts. Also forums and classes on the work in India. I see my mission in India as a potential major turning point for the U.S. LaRouche campaign workers and supporters to get a more sensuous view of what Mr. LaRouche means to the developing world.

# How the government created 'complaints' against LaRouche

*In our last issue, EIR printed extensive excerpts of the motions to dismiss filed by attorneys for Lyndon H. LaRouche, Jr. in Boston federal court. Those excerpts supported LaRouche's contention that his indictment on one count of "conspiracy to obstruct justice" was the result of an attempt by government officials to eliminate a political opponent from the scene, by unconstitutional means.*

*The following excerpt was part of the same motion. It documents illegal government activities involved in the creation of the charge of credit card fraud, which was the government's pretext for carrying out the "investigation" that led to the indictment of LaRouche and more than a dozen of his associates.*

## **B.—THE WIRE AND MAIL FRAUD CHARGES**

As set forth above, defendant and his associates were subjects of government investigation involving legally questionable and intrusive techniques prior to the period the mail and wire fraud alleged in the indictment occurred. LaRouche sets forth the following facts concerning the alleged mail and wire fraud transactions in the indictment:

1.—Based on representations made by the government in this case, defendant believes that the bank accounts of The LaRouche Campaign and Independent Democrats for LaRouche were "monitored" by the government during the period of the presidential election campaign. The government has thus far refused to provide any information to the defendants concerning the circumstances of that monitoring pursuant to criminal discovery procedures.

2.—There is evidence of unsolicited FBI contacts with contributors to the campaign committees and instructions by the FBI to contributors concerning the disposition of disputed credit card charges, substantially *prior* to the date the FBI states it initiated its investigation. This is contrary to the FBI's position, expressed by Special Agent Richard Egan, that the instigation of the investigation was based upon its *receipt* of complaints *from* contributors in late October of 1984.

3.—There is evidence of contacts of contributors to the campaign committees by political adversaries of defendants who have functioned as informants to the FBI, substantially prior to the date FBI Agent Richard Egan testified the FBI spontaneously "received complaints" concerning unauthorized charges from contributors and initiated its investigations following such individual complaints to the FBI. These contacts were designed to and did suggest to political contributors that their political association with defendants was somehow illicit. These contacts involved active solicitation of complaints against defendants and the campaign committees.

4.—There is evidence that contributors were told by bank security officials that it was illegal to make contributions by credit card to a propaganda group, that campaign contributions by credit card are forbidden by law, that loans to political campaigns by credit card are forbidden by law, or that their contributions or loans to the campaign committees were otherwise illegal. The appropriate remedy for involvement in such illegalities by the contributor, according to bank officials, was to write bank fraud departments and state that the credit card charge was unauthorized. There is further evidence that there was extensive contact between these bank security officials and the FBI and/or Secret Service Agents involved in the investigation.

5.—There is evidence that contributors who disputed credit card charges were told by bank security officers that the amount could be charged back in exchange for an agreement to testify for the government in its case against the campaign committees.

6.—There are cases where the campaign committee and the contributor show an authorized credit card charge for a specified amount on a certain date, and the cardholder subsequently received a bill from his credit card company for a much larger amount of money. The larger amount of money billed to the contributor was never credited or known to the campaign committees. The credit card companies and the banks were unable to explain this occurrence to the campaign committees.

7.—In one exemplary case of an alleged credit card victim specified in the second superseding indictment, the “victim” has stated to investigators that he told the FBI he never had any problem with his credit card transactions with the campaign committees and that the FBI agent never told him he was investigating a criminal matter. According to the alleged victim, the FBI agent told him that the FBI was gathering evidence concerning a civil suit for federal election campaign matching fund monies which the FBI anticipated would be brought by the campaign committees.

8.—There was a persistent national pattern in the campaign committee accounts of the credit card authorization center, National Data Corporation of Atlanta, Georgia, authorizing credit card charges over a cardholders’ credit card limit. The typical case involved a cardholder telling a campaign volunteer that he or she wished to make a contribution in an amount of \$500-\$1,000.00. The volunteer would then call the authorization center to authorize that amount. In the normal course, the authorization center would decline the charge if the charge would drive the cardholder over his or her credit limit. In the pattern specified above, the authorization center authorized charges above the cardholder’s credit limit. Such charges resulted in an immediate notice to the cardholder stating that their credit card was subject to immediate termination as a result of the campaign committee charges. There were also cases where banks falsely stated to cardholders that their authorized credit card charges to the campaign committees had taken them over their credit card limit and arbitrarily subjected their cards to cancellation.

9.—There is evidence that the campaign committee accounts were designated “fraud merchant” accounts without justification and following consultation with the FBI, allowing circumvention of normal credit card dispute procedures and resulting in repeated statements and suggestions to contributors that the campaign committees were engaged in fraud by bank security officials. Additionally, designation as a “fraud account” allowed banks, upon information and belief, to automatically charge back credit card transactions without notification from or to the cardholder or to the campaign committee.

10.—In the credit card chargeback allegations recounted in the indictment, some of the cases involved a cardholder claiming an unauthorized charge and immediately seeking restitution from the campaign or from the cardholder’s bank. The majority of the cases involved chargebacks after a campaign loan became due and had not been repaid, that is, 3 to 6 months after appearance of the charge on the customer’s bill, or a claim of an unauthorized charge, apparently made to the FBI, with no claim to the bank or the credit card company concerning the charge.

11.—The facts set forth in (1)-(10) above suggest a campaign of government “inducement” of the fraud claims specified in the indictment.

12.—The most visible element of such a campaign by

the government is the nexus between the Justice Department and NBC Television and other news outlets at the instigation of the credit card investigation and subsequently.

13.—The government’s credit card investigation of the defendant campaign committees was published initially by the government through WBZ-TV, an NBC affiliate in Boston, on October 29th, 1984. The broadcast alleged one instance of non-repayment of campaign loans and four claims of unauthorized credit card charges. The limited nature of these complaints was stressed contemporaneously by William Fish, Board Chairman of Baybank Credit Corporation. Fish stated that the number of customer generated complaints was “extremely limited.”

14.—However, by November 1, 1984, wire stories circulated throughout the United States quoting U.S. Attorney William Weld that the campaign committees were under Justice Department investigation based upon the WBZ allegations. The FBI itself took to the airways in San Francisco, California on November 9th, to urge contributors to contact them concerning any unauthorized campaign contributions. This ABC television report cited five complaints in the San Francisco Bay Area and 12 complaints in Boston. The FBI participated in a similar news story on WPXI, the Pittsburgh NBC affiliate in January of 1985.

15.—FBI documents received under the Freedom of Information Act (Exhibit 10) quote U.S. Attorney Weld as follows:

On October 31, 1984, United States Attorney William F. Weld, Boston, advised that he wished to move expeditiously in this matter since it affected the integrity of the presidential election process.

16.—Justice Department policy in effect at the time of Weld’s actions required extensive pre-clearance procedures for any grand jury or field investigation of political campaign committees with the Public Integrity Section of the United States Department of Justice. This is particularly true where enforcement jurisdiction between the Federal Election Commission and the Department of Justice may overlap and the investigation involves potential criminal violations of the Federal Election Campaign Act.

17.—On October 31, 1984, Boston FBI Agent Richard Egan contacted First National State Bank of New Jersey (“FNSB”) concerning grand jury subpoenas to be issued to the bank for the records of the campaign committees. As a proximate result of the Egan telephone call, the campaign committees’ credit card accounts were terminated at FNSB, resulting in the cancellation of a planned national election eve CBS broadcast by candidate LaRouche. New Jersey Federal Judge Harold Ackerman subsequently ruled that the termination of the campaign accounts by the Bank was improper.

18.—From the period November 1984-January 1985, campaign committee accounts and bank accounts of pub-

lishing organizations associated with defendant LaRouche were subjected to subpoena and inquiry as part of the grand jury investigation. The accounts were systematically shut down by the banks as a result of these actions and the media stories accompanying the "investigation." The result for the campaign committees and defendant organizations was complete financial chaos and disruption. The campaign committees were unable to meet obligations, particularly to contributors who loaned money to the campaign. Defendant contends that the FBI knew this would be the result of its "investigative" activities and undertook this course of action to insure that outstanding loans to contributors could not be repaid promptly. The pattern of FBI interference and disruption of the financing of defendant corporations and entities, under the "pretext" of investigation, has been continuous from November 1984 to date. An internal government memorandum in February 1986 (Exhibit 10) demonstrated their fixation and intent in this regard when it indicated, in an effort to generate additional activities that, "It is obvious that the fundraising continues!"

19.—At the time of the WBZ-TV broadcasts in Boston, LaRouche was completing the trial of his libel suit against NBC-TV for a broadcast in which NBC, *inter alia*, had endeavored to "expose" LaRouche's connections to the Reagan administration, especially the National Security Council and the Central Intelligence Agency, and had additionally made allegations of financial improprieties regarding the

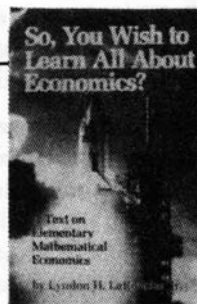
defendants in this case. As referenced previously, the First Camera broadcast at issue in the NBC case was aired in March of 1984 and was designed to cause maximum damage to defendant's 1984 presidential campaign.

20.—While Weld and the Boston NBC affiliate, WBZ-TV, were collaborating in actions against the LaRouche campaign committees, NBC's trial attorney, Thomas Kavalier, in his closing argument, was appealing to the jury in Alexandria to put LaRouche out of the campaign business:

Money, I submit, may stop him. How much money? . . . What will stop Lyndon LaRouche?

Let's look at his organization. He says he takes in two to four million dollars a year. He told us yesterday quite proudly his campaign raised five million dollars this year. Awful lot of people to fool. Maybe if we put him out of the campaign business for one year, maybe that will stop him. Maybe we have to take him off the airwaves for two years. . . . Let's take Lyndon off the air for two years.

An examination of the facts set forth above leads to the conclusion that it was the intent and result of the government's methodology to construct an appearance of credit card fraud and to strike at the heart of the fundraising activities associated with Lyndon H. LaRouche, particularly those activities which would support his 1988 Presidential Campaign.



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## Reagan recalls a 1976 conversation

This past month during his vacation in Santa Barbara, President Reagan confirmed to me his recollection of an extraordinary conversation we had aboard a commercial flight days before the 1976 election.

I was acting as a volunteer for Lyndon LaRouche's first presidential campaign at the time, and Reagan, having barely lost the Republican nomination, was campaigning for Gerry Ford.

The LaRouche campaign was scrambling at the last minute to buy an election-eve half-hour TV spot on NBC. It was suggested to propose to Reagan that the time be shared with him, to give both him and LaRouche an opportunity to warn the American population against the grave consequences of electing Jimmy Carter.

A friend called me early one morning about four days before the election and told me he had learned Reagan was going to be on a flight stopping in San Francisco, where I lived at the time, in about an hour. I raced to the airport, and bought a ticket for the commuter flight. There was open seating.

Boarding the plane, I spotted Reagan sitting beside Michael Deaver. I wasted no time slipping into the seat directly in front of Reagan, strapped myself in, and waited until the plane was aloft and the seat-belt sign was turned off.

Then I rose up and leaned back over my seat, staring right into the face of a surprised Reagan. "I am Nick Benton, and I represent Lyndon LaRouche," I announced.

Deaver grumbled, "You guys never give up, do you?"

Reagan looked amazed, but curious. I proceeded to explain LaRouche's plans and to offer him the opportunity to share the half-hour spot on national TV the night before the election, should we succeed in securing it. I explained to him why LaRouche considered buying that time so important, and the great issues at stake for the nation and the world in the election.

Reagan was about to engage in the conversation, but Deaver nudged him and he stopped. But he continued to listen. I made my point as strongly as I could, and then concluded. Reagan said he would take the offer under serious consideration, and I thanked him, turned back around and sat down as the plane landed in Los Angeles.

As Reagan left the plane, he again assured me he would let the LaRouche campaign know his answer, and would consider it seriously.

Reagan did not accept the offer, but the LaRouche campaign succeeded, anyway, in raising the funds to buy the TV spot. LaRouche went on national TV and delivered a historic, half-hour election eve address that was his introduction to millions of Americans. It probably succeeded in preventing Carter from winning the election, but Ford was unwilling to act on massive evidence of vote fraud, and conceded the election the next day.

Two years later, I met Reagan again, introduced by a common friend. The friend showed Reagan a copy of *EIR* and asked Reagan if he read it. Reagan leafed through it and said, "Yes, I get this." Then the friend introduced me as a representative of *EIR*. I asked Reagan if he remembered our conversation on the plane in 1976.

Reagan stared at me a moment, and then said, "By golly, I remember that!"

I added, "And you remember that we succeeded in getting that TV spot on election eve?"

He responded, "Yes, I remember that, too."

I said, "And that Carter won just as we were afraid he would, and has been a disaster, just as I said?"

"Yes," he said.

Reagan directly encountered the seemingly impossible battle and success of the LaRouche campaign in 1976 to put its candidate on national TV for a full half hour the night before the election.

Then, he read the *EIR*, and had a personal exchange with LaRouche, himself, in front of a room full of people at a candidate's night during the New Hampshire primary campaign in early 1980.

Whether Reagan was directly aware of it or not, LaRouche shaped the political atmosphere in Washington, D.C. for the adoption of the Strategic Defense Initiative policy, with a major address there on that subject over a year before the President's historic March 23, 1983 speech embracing the policy.

Then, a year ago, during a press conference in Chicago, a reporter confronted Reagan with the stunning upset victories of two Democrats associated with LaRouche in the Illinois state primary that Spring. Reagan's comment was, "I am not here to do battle with LaRouche."

Now, as the storm-clouds of strategic and economic crises gather, the question is whether or not Reagan will learn from the past 11 years of experience with LaRouche's credibility in time to adopt LaRouche's proposals to save the country, or whether he will repeat the mistake he made in 1976 when he mistakenly believed then that LaRouche's idea of trying to get on national TV on election eve was "just too extreme."

## Troop pullouts from Europe mooted again

The issue of pulling U.S. troops out of Europe has been revived by at least two prominent members of the House, Reps. Lee Hamilton (D-Ind.), chairman of the Europe and Mideast Subcommittee of the House Foreign Affairs Committee, and Robert Michel (R-Ill.), the House Minority Leader.

The issue of U.S. troop pullouts was dormant earlier this year as the House considered the Defense bill. Pullout advocates were trying to reassure the Europeans in order to secure their acquiescence to an INF agreement and the withdrawal of U.S. medium-range nuclear weapons from Europe. Now, with the Senate yet to consider the Defense bill, and an INF agreement apparently imminent, the troop pull-out issue is being revived.

Michel raised the issue by asking "Was 'Ike Right' About NATO?" in the July 28 *Congressional Record*. Michel submitted an article by James Chace from the August *Atlantic Monthly* that argued that "the so-called Finlandization of Europe is imaginary," and that "American economic weakness. . . [and] an unwillingness to change the structure of alliances in a way that would honestly reflect a mature America's diminished role in the world," were the greatest threats to U.S. security. Chace urged that a European commander be appointed supreme NATO commander, and questioned the U.S.-British special relationship, as ways to increase inter-European cooperation.

While claiming he did not subscribe to the Chace view, Michel said he thought "our colleagues should at least see that the subject is one which can't be dismissed or ignored." On July 29, Rep. Tom Tauke (R-Iowa) entered an editorial from the *Economist* of London on the need for Europe

to shoulder more of the defense burden.

Hamilton joined the debate with a commentary in the *Christian Science Monitor* on Aug. 24. The debate is a "positive development," Hamilton argues. The Europeans recognize the need to do more themselves, but "whether troop reductions would spur the Europeans to do more, or less, for their own defense is unclear."

"It is time to stop the view that it is dangerous to raise the issue of troop reductions and thus open a Pandora's box," Hamilton claims. "Congress is not demanding that the troops come home; it is merely inquiring why they must continue to stay."

## Brown proposes national capital banking system

Rep. George Brown (D-Calif.) proposed the creation of a national capital banking system to ensure greater emphasis on long-term investment in the U.S. economy, in a speech on science and economics delivered to a Brookings Institution conference and which he entered into the July 27 *Congressional Record*.

"The time has come," Brown said, "to establish a national capital banking system which segregates the money supply for daily commerce and short-term working capital from the money supply for long-term capital investment. These two money supplies should be managed separately according to their differing needs. Long-term monetary policy and capital supplies should be managed with special attention to investment in new industry, technological development, education, and public works that may be needed at least 10 years in the future."

Brown said that in order to increase the supply and lower the cost

of long-term capital, the Federal Reserve Board "should establish lower cash reserve requirements [reserve ratios] on loans made by member banks for long-term industrial development and public capital investment." Analysis of the effects of its decisions on long-term investment would be incorporated in all Fed reports to Congress.

The second thrust of Brown's proposal would be to integrate science advisers into various government economic agencies such as the Fed, the Council of Economic Advisers, etc., since "new technology is estimated to have produced nearly half the economic growth of our country over the last century."

The third area that Brown addresses is to increase capital for long-term investment by creating a National Retirement Account (NRA) with the power to make investments in both the public and private sector. The NRA would be capitalized by surpluses in the Social Security OASDI trust funds that are estimated to total \$2.2 trillion 30 years from now, instead of these funds going exclusively to buy up government debt.

Brown motivated his proposal as necessary to "move beyond the facile solutions of trade protection and currency controls to address the underlying causes of our problems."

While a positive economic proposal, a weakness could be the content of the "science" that Brown would interject. An advocate of environmentalism, low technology, etc., Brown would like to see such investments tackle "long-term global environmental problems" such as climatic changes.

## House keeps nuclear industry alive—maybe

The House approved two pieces of

legislation important to the future of nuclear power, the Price Anderson Act H.R. 1414, which was approved by a vote of 396 to 17 on July 30, and the Nuclear Regulatory Commission authorization H.R. 1315, approved by a vote of 389 to 20 on Aug. 5. The Senate is expected to consider both bills shortly after returning from the August recess.

While the worst anti-nuclear amendments were defeated, both bills place significant monetary burdens on nuclear power which, as Rep. Manuel Lujan (R-N.M.) and other opponents of these provisions noted, will end up as higher burdens on rate-payers.

Price Anderson limited the liability for nuclear accidents off-site to \$700 million per accident, which was raised to \$7 billion. Lujan attacked the bill on several points. "Rate-payers of this country are asked to increase their payments for electricity for this particular item by twelve and a half times," Lujan noted, which raised the per reactor cost from \$5 to \$63 million. Lujan noted that there was no limit to the liability placed on accidents that result from nuclear waste activity.

An amendment by Rep. Ed Markey (D-Mass.) to the NRC Authorization sought to prohibit the licensing of the Seabrook or Shoreham nuclear power plants for full power operation unless emergency evacuation plans were agreed to by the local states, was solidly rejected on a 160-261 vote. Opponents of Markey argued convincingly that nuclear energy was a national security question not to be vetoed by states. "By adopting the Markey Amendment, we are playing into the hands of the Ayatollah, who," Rep. Norman Lent (R-N.Y.) warned, "I am sure, is glued to C-SPAN right now, rooting for the passage of the Markey Amendment. That is how bad it is."

At the same time, the NRC was

authorized by an amendment sponsored by Rep. Jim Slattery (D-Kan.) to increase the percentage of its annual budget which it could collect by user fees from 33 to 100%, boosting per reactor costs from \$840,000 to roughly \$2.9 million.

## **D**ebt threatens U.S. power

A study prepared by the Joint Economic Committee and released Aug. 5, has warned that mounting international debt threatens the U.S. role as a major world power, and that restoring the United States to a net creditor position "will require a fundamental reorientation in economic policy."

"A debtor must strive to accommodate its creditors for fear that needed financing might stop," warns the report. "No country has ever managed to be a great power and a great debtor at the same time, and two great powers, Britain in this century and Spain in the 16th century, lost their stature as world leaders when they moved from creditor to debtor status. . . . We cannot continue to go ever deeper into debt and still retain our status as a world leader."

Prepared under JEC Chairman Sen. Paul Sarbanes (D-Md.), the report seems to be oriented to the 1988 presidential election campaign, but is correct in stating that to end debtor status, trade deficits will have to be turned into surpluses.

Among the key areas requiring a fundamental change in policies, the report says that the Third World debt crisis must be resolved so that "import demand growth" is resumed in the debt-burdened countries. Also, in addition to tackling the budget deficit, the report calls for seeking "appropriate budget priorities." For example, "too much of our nation's basic phys-

ical plant is worn out and deteriorating to the point where it inhibits the efficient production and movement of goods. Rebuilding the ports, railroads, bridges, and roads over which goods move is essential if we are to expand our role as a major exporter."

## **B**anking panel to review defense industrial base

The Economic Stabilization Subcommittee of the House Banking Committee chaired by Rep. Mary Rose Oakar (D-Ohio), held hearings on July 8 and 28, and announced "extensive hearings on the present state and future viability of America's defense industrial base" to begin after the August recess. The subcommittee is considering the DoD's proposal on the industrial base which would help create certain vital national industries.

Vociferous advocates of trade protectionism are among those taking the strongest interest in this issue, including Reps. Marcy Kaptur (D-Ohio) and Helen Bentley (R-Md.).

Oakar said that "some startling facts" had already been uncovered in the first two hearings. "The DoD has concluded that American industry very possibly cannot respond to defense surge requirements in the case of emergency," she said.

"Existing military supplies are inadequate to meet defense needs," Oakar added. "There is a substantial shortfall of supplies which could last until U.S. industry was converted from peacetime to emergency production capability." Also noted was the "alarming degree of fragmentation of responsibility" in government planning.

On trade, Oakar noted that "there has been a steadily increasing procurement of weapons subsystems and components from overseas."

# National News

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## Congressman: Airlines are a national disgrace

Congressman Dan Burton (R-Ind.) called for reregulating the airline industry, in a statement before the House of Representatives on July 28.

"The airline system in the United States is a national disgrace, a tragedy, an abomination," he said. "It is goofy and in need of immediate change.

"If what we have now is a result of deregulation, then I am for reregulation. As a conservative Republican, I have long believed that government intervention should be held to an absolute minimum, that the best government governs least, but after sitting on runways for over four hours, having flight after flight delayed or canceled, after circling over Washington, D.C., Indianapolis, and countless other cities for hours on end, I can tell the Members it is time for a change.

"Congress must act. Even Congress cannot mess it up any worse than it is."

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## Fahrenkopf hit on fundraising technique

Sen. Warren Rudman (R-N.H.), blasted RNC chairman Frank Fahrenkopf for his endorsement of Lt. Col. Oliver North in a recent fundraising letter. "I deeply regret the message that your letter carried," Senator Rudman wrote to Fahrenkopf.

The Fahrenkopf letter appealed for funds for a lobbying effort to renew funding to the Nicaraguan Contras. "If you're like me you're very proud of Oliver North," Fahrenkopf wrote. "Through six days of grueling interrogation by some of Washington's most self-serving liberal politicians and lawyers, Col. North held his ground, brilliantly argued the case for freedom in our hemisphere, and eloquently defended President Reagan's Central American policy."

"I hope I am not one of these self-serving liberal politicians and lawyers that you refer to," Rudman wrote Fahrenkopf.

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## Burger, LaRouche oppose constitutional convention

Former Chief Justice Warren Burger said Aug. 21 that he fears a constitutional convention on a balanced budget amendment would start tinkering with the Constitution itself. A convention would be a "grand waste of time, not to say money," Burger said.

A day earlier, presidential candidate Lyndon LaRouche also attacked a convention as a "plot to rip up the Constitution."

Said Burger: "If you have the best automobile in the world, you don't throw it away if the carburetor is not working. You fix it. The same is true of the Constitution. That's what the amendment process is all about."

LaRouche, in one of his weekly five-minute radio spots, reported:

"Some years back, Mrs. Pamela Churchill Harriman launched an organization for the purpose of organizing a constitutional convention. She said that her purpose was, to rip up the U.S. Constitution, and impose upon us a government modeled upon the British parliamentary system. . . .

"Behind this, there is a plan for replacing our present system with what some liberals have praised as 'democratic fascism,' or 'fascism with a democratic face.'

". . . The defenders of this proposal say their idea is not like Hitler's fascism; they say it is good fascism, because people are allowed to impose suffering upon themselves democratically, rather than having suffering forced upon them by a dictator. . . .

"I was not surprised that Pamela Harriman should be involved in trying to destroy our form of government. After all, she married into the Churchill family, before marrying the late Averell Harriman, and naturally prefers the British parliamentary system to our Constitution.

"If you prize our constitutional liberties as much as I do, you will probably agree with me, that the time has come for us to stand up for our Constitution—before it is too late. . . .

"We do not need a new Constitution. What we need, is to force our federal government to return to the original clear intent of the language of that Constitution, including the Bill of Rights."

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## Brainwashing behind 'blind terrorism'?

High-level sources tell *EIR* that Pentagon counter-terrorism specialists are now looking at the recent "blind terrorism" incidents involving Dwain Wallace and Ralph William Myers as signals that President Reagan and Defense Secretary Weinberger have been targeted for possible assassination.

Wallace was shot dead when he rushed past a Pentagon security checkpoint brandishing a pistol. Myers is the California pilot who buzzed President Reagan's helicopter.

In 1981, after John Hinckley attempted to assassinate President Reagan, *EIR* charged that he was in all likelihood a "Manchurian candidate," i.e., the product of the brainwashing capabilities of a psychiatric network. A similar evaluation may hold for the cases of Wallace and Myers.

Meanwhile, high-level law enforcement circles are looking at a pattern over the month of August that suggests Soviet spetsnaz pre-combat deployments in the United States, utilizing both long-term "sleepers" and recent emigrés, sources tell *EIR*. The deployment involves sabotage of industry and industrial infrastructure, as well as airports, trains, and the destruction of equipment and telephone systems.

Evidence was released in late August of widespread sabotage at the Rockwell Aircraft B1-B Bomber plant in Palmdale, California (see *Feature*). It has also been reported by Associated Press that seven emergency or unscheduled landings of civilian aircraft occurred on Aug. 20 and 21 alone.



Causes cited included evidence in flight of smoke in the cockpit, fuel leaks, and potentially dangerous conditions.

## North must cooperate with Walsh, or face jail

Lt. Col. Oliver North has been given the choice of cooperating with Special Prosecutor Lawrence Walsh's investigation into the Iran-Contra affair, or going to jail for many months, by a ruling of the U.S. Circuit Court of Appeals Aug. 22. The court upheld his contempt conviction for refusal to cooperate with the special prosecutor's investigation. The court also upheld Walsh's authority to investigate the entire Iran-Contra scandal, including North's role in it.

North was held in contempt by U.S. District Judge Aubrey Robinson for his resistance to a request for a handwriting sample. Under federal law, North could be held in jail up to 18 months. He now has recourse only to the Supreme Court.

The Circuit Court unanimously ruled that the March 5 "backup appointment" by Attorney General Meese had given Walsh full authority—and virtually complete independence—to run the probe. The court, while giving a clear-cut endorsement of Walsh's authority, said it was only allowing North to challenge one specific order—the one requiring him to produce a handwriting sample—and was not permitting a wholesale challenge to any other tactics Walsh or the grand jury might use in their investigation.

But Walsh, who has said that North's popularity will not save him from prosecution should the evidence warrant, has now pushed back plans to seek major indictments in the Iran-Contra scandal at least until October, because of delays in obtaining crucial bank records from Switzerland. The Aug. 22 *Wall Street Journal* said Walsh is concerned that administrative delays in Switzerland and last-minute legal maneuvers by attorneys for some potential defendants could keep him from getting the bank records for

at least several more weeks.

On Aug. 20, Switzerland's highest court ruled that Walsh will be able to examine confidential Swiss banking records. Their release had been challenged by Irangate figures Richard Secord, Albert Hakim, and Manucher Ghorbanifar.

## Du Pont petitions Pa. Supreme Court

The attorney for Lewis du Pont Smith petitioned the Pennsylvania Supreme Court to reverse the lower court decisions, rendered by the Court of Common Pleas and affirmed on appeal by the Superior Court, declaring Smith mentally incompetent to manage his estate.

Smith, a supporter of Democratic presidential candidate Lyndon LaRouche, is the first U.S. citizen to be declared mentally incompetent solely on grounds of his political beliefs and activities. The Smith petition was filed Aug. 20.

For over two years, the family of Lewis du Pont Smith has tied up his financial estate, interfered with his right to marry, and impeded his right to vote and make political contributions. The sole basis for this is the family's opposition to the political outlook and policies of LaRouche and his associates.

The Smith petition contends that "[u]nder the guise of benevolent, paternalistic concern the family has, in essence, attempted to 'cure' Lewis of his political beliefs by attaching the label of 'mental illness' to his seriously held and well-reasoned political beliefs" and that "in this, the Bicentennial year of our Constitution, two courts of this Commonwealth have acquiesced in this attempt."

The application to Pennsylvania's highest court says the du Pont Smith case "sends a very real message to the public and particularly the electorate: be careful about generous political campaign contributions." Under the du Pont Smith precedent, any politically hostile relative can use the courts to deprive any American citizen of his or her most basic constitutional freedoms.

## Briefly

● **THE FREE ELECTRON** laser, a highly promising Strategic Defense Initiative program, could be cancelled as a result of congressional budget cuts. The SDI office at the Pentagon recently completed a "preliminary assessment" of the effects of Congress's refusal to fully fund the \$5.2 billion requested for SDI in FY 1988. The Senate has approved only \$4.12 billion, and the House a billion less. Among programs that might be cancelled is the FEL.

● **SEVEN** 1988 presidential candidates—four Republicans and three Democrats—have now been certified for matching funds by the Federal Election Commission. The Democrats are Rep. Richard Gephardt, former Arizona Gov. Bruce Babbitt, and Sen. Albert Gore, Jr. On the GOP side: former Delaware Gov. Pete du Pont, Vice President George Bush, Sen. Robert Dole, and Rep. Jack Kemp. Lyndon LaRouche is expected to file for matching funds during the month of September.

● **THREE HEMOPHILIAC** brothers infected with AIDS returned to their school in Arcadia, Florida under court order and police guard Aug. 24. A boycott of the school, which last year barred the three boys, saw only 337 of a projected 632 pupils in attendance.

● **THE MX** missile "is the finest missile system ever built by man, anywhere in the world," said Brig. Gen. Charles A. May, Jr., head of the MX program. He was responding to a House Armed Services Committee report critical of the program. May called the report erroneous, and said the missile's accuracy exceeds design specifications, even though in the last five test firings, the missiles landed outside the target range.

● **THE PENTAGON** is reportedly pushing for the President to appoint Edward Rowley the new head of the Arms Control and Disarmament Agency. Such conservative senators as James McClure and Steve Symms are also backing the nomination.

### *In defense of Jorge Carrillo*

Colombian death squads have placed on their list of targets for assassination the name of Jorge Carrillo, the former labor minister of Colombia, and an outstanding fighter for a new and just world economic order. The defense of Carrillo is in the interest, not only of the workers of Colombia, but of anyone who believes in the inalienable right all men and nations to economic progress and cultural and scientific advance.

Carrillo exemplifies the poet Friedrich Schiller's ideal of the patriot and world citizen: While working to raise the living standards of his own constituents—in collaboration with the industrialists of Colombia—he has participated in efforts on a global scale to defeat the usurious financial and economic policies of the International Monetary Fund and similar institutions.

It is this which has won him the fury of the international bankers' faction and allied drug mafias.

Carrillo was sworn in as labor minister on Sept. 2, 1985, in the last year of the government of President Belisario Betancur. He served until July 1986, when Betancur was replaced by Virgilio Barco. Carrillo was the first labor minister of Colombia who had actually been a worker. Before becoming labor minister, he was vice-president of the Colombian Workers Union (UTC) and president of the Workers Union of Bogota and Cundinamarca (Utraboc); after leaving the government, he became the head of the Unified Confederation of Workers (CUT), Colombia's new, and largest, trade-union federation.

During Carrillo's tenure at the labor ministry, the Betancur government achieved unprecedented labor peace, as well as real wage increases for the workforce, even in the face of massive efforts by the narco-terrorists to destabilize the country.

How was this achieved? Carrillo is known throughout Ibero-America as a proponent of the doctrine of "harmony of interests" between labor and industrial capital, as put forward in the writings of Abraham Lincoln's economic adviser, Henry Carey. This is the "American System" of political economy, virtually un-

known in the United States today—and certainly unknown to the leadership of the AFL-CIO and the Socialist International.

In his swearing-in ceremony at the presidential palace in Bogota in 1985, Carrillo stressed that he represented not only labor, but all Colombians who want to help build the nation. The key to his program would be great infrastructure projects, like the Atrato-Truandó interoceanic canal, railroads, highways, and ports. These projects would mobilize the resources of the country—including its unemployed workers—for the benefit of the region as a whole. "Only in the minds of a very few can a deadly confrontation between labor and capital be conceived," he said. "Neither the workers nor this ministry see an enemy in capital invested to create jobs in our country. The only enemy of labor is speculation, which destroys labor while it makes productive capital investment impossible."

Since the end of the Betancur administration in 1986, Carrillo has campaigned internationally in support of the "García solution" to the Third World debt crisis. Peruvian President García has limited payments on the debt to 10% of the nation's foreign-exchange earnings, in order to make sure that the development of the nation was not destroyed by usurious banking practices and the drug bankers.

These efforts have been strenuously countered by the U.S. State Department, the International Department of the AFL-CIO, and the American Institute for Free Labor Development (AIFLD). Not only have these institutions rejected Carrillo's policies, but they have also backed the minority of trade unionists in Colombia who are openly collaborating with the drug-running mafias.

Contrary to the State Department and company, Carrillo's program is in the interests of all Americans, North and South. The defense of Carrillo is a defense of Western civilization as a whole, against the zero-growthers, the malthusians, and the destabilizers of left and right.

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# Why this is the most controversial publication in the West

## Soviets and AIDS

The news was the front-page lead in the *Washington Post* on Aug. 26: The U.S.S.R. is officially cracking down on the AIDS pandemic and has decreed a penalty of five years in jail for any AIDS patient who knowingly spreads the disease.

*EIR* reported in our April 10, 1987 issue—**over four months ago**—that there had been a turn in Soviet policy on AIDS, and that Moscow was suddenly admitting a widespread problem, where previously they claimed none existed. On May 8, we reported that the Soviets had launched mass AIDS testing programs. In last week's issue, just before the Aug. 25 Soviet announcement, we revealed that the Soviets were on a "war mobilization" to stop AIDS.

*EIR* has not only exclusively covered the Soviet moves, we have been alone in proposing what the U.S. policy stance must be on this crucial issue.

Since October 1986, we have campaigned for President Reagan to limit his negotiations with Soviet leader Gorbachov to two leading topics: continued pressure on Moscow to accept the offer on SDI which the President first publicized on March 23, 1983; and, the setting up of a special liaison agency for U.S.-Soviet cooperation in launching an "Apollo-style crash program" against the AIDS pandemic.

## 'New Yalta' roots

In our June 26, 1987 issue, we pointed out in the editorial: "Readers will be surprised to learn that the Soviet Union refuses, to this day, to repudiate formally the Hitler-Stalin Pact. From all inquiries undertaken by *EIR* on this matter, Soviet diplomats appear to be under instructions **not to repudiate** the Hitler-Stalin Pact. . . . The reason is the secret protocols of the Pact: In them, Adolf Hitler bequeathed a 'sphere of influence' in Europe which was later codified in the **Potsdam and Yalta Agreements.**"

Two months later, the results of our investigation proved to be utterly correct when Radio Moscow openly attacked demonstrators in the Baltic republics of Latvia, Estonia, and Lithuania, for trying to "contest" the legality of the 1939 German-Soviet agreement—better known as the **Hitler-Stalin Pact.**

**EIR: Knowledge is leadership.**