

# EIR

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## From the Editor

In a small box in our recent "1987 in Review" issue, we pointed out that 1988 will see a most unusual conjuncture of three major presidential elections. Voters in the United States, which elects its President for a four-year term; in France, which elects its President for the next seven years; and in Mexico, which elects its President for six years, will all be going to the polls in 1988 to choose their next chief of state.

Mexico's outgoing President, Miguel de la Madrid, has been an unmitigated disaster for his country. The official nominee of the ruling PRI party to succeed him, Carlos Salinas de Gortari, shares responsibility for the economic policies which have brought Mexico to financial bankruptcy and the collapse of its productive capacities. The *Feature*, mainly written by members of our Mexico City bureau, shows that a government in the grip of the obsession of pleasing the international banks has written the death sentence for a great nation—a sentence which only a radical and rapid reversal of policy can stay.

The lesson ought not to be lost on the United States. Not only because the U.S. presidential candidates who have won "recognition" from the media have the same subservient attitudes about debt as the De la Madrid government in Mexico; but also because the mistakes in Mexico were undeniably prompted, encouraged, and enforced by official Washington.

Democratic presidential candidate Michael Dukakis of Massachusetts has been hit broadside by a major scandal, with the New Hampshire primary only one month away (see page 65). George Bush's biggest liability right now may be the Brady Report on the Oct. 19 stock market crash (page 4), but see also pages 54 and 64.

In the wake of the INF Treaty, the crowd that picks the presidential candidates and dictates their policies, has come out with what they call a "long-term strategy" (see article, page 56). They flaunt their plans for withdrawing what remains of the U.S. defense of Western Europe, and sending the troops to the Pacific Rim and elsewhere, presumably to enforce debt collection in countries like Mexico. *EIR* and its contributing editor, Lyndon LaRouche, the one original thinker running for U.S. President this year, will have much more to say on this in future issues.

*Nora Hamerman*

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## Brady Report proposes hyperinflation machine

by Chris White

The Establishment's hysterical refusal to face up to the reality of the developing financial crisis, is underlined, once more, by the recently issued report of "The Presidential Task Force on Market Mechanisms." That mouthful is the official name for the body, under Bush-league banker and Yale Nicholas Brady, called into existence by President Reagan, in the aftermath of the "Black Monday" market melt-down, and given 60 days to produce the official cover-story.

The recommendations center on the creation of a hyperinflation machine, which once set into motion, will wreck the shards of the disintegrating financial system faster than anything else can. What is now afoot in Mexico ought to be seen as the model for those who propose to go down this route to protect the sacred integrity of their bankrupt financial system. The core recommendations are to put the Greenspan Federal Reserve in position as the liquidity spigot for banks, investment houses, and brokerage firms who would otherwise expect to be wiped out when the next wave of market shocks hit. The inflation of worthless paper will accomplish the same thing, perhaps more quickly. In short, the report proposes to make the "band-aid" patchwork, of Oct. 20 and subsequent days, the operating practice for the market from here on in.

This is how the commission proposes to deal with the "technical factors" which are supposed to be responsible for market chaos.

### Narrow focus

The task force's major conclusions follow strictly from the mandate by which the body was brought into existence, "to focus on those factors which transformed this downward pressure into the alarming events of the stock market decline

and to recommend measures to ensure, as far as possible, that future market fluctuations are not of the extreme and potentially destructive nature witnessed in October 1987."

Since that's how the commission described its mandate, it was kind of dishonest for the President, in his recent Cleveland speech, to trumpet the conclusion that the report found that there isn't "a crisis," and that "internal market mechanisms" alone can account for the melt-down. The commission didn't find what it wasn't told to look for. It did acknowledge, which the President didn't in the cited Cleveland speech, that the "fundamental causes of the recent market decline should not, of course, be ignored. To the extent that existing imbalances in the budget, foreign transactions, savings, corporate asset positions, and other fundamental factors are perceived to be problems, they merit attention."

And, in the first of the more detailed studies, which back-up the report's summary conclusions, entitled "The Global Bull Market," including subsections such as "The Levitating Stock Market: Defying Natural Forces" and "End of August to October 19th: Living on Borrowed Time," Section V. "Bursting the Bubble: October 1987," begins, "Eventually all things, good or bad, must come to an end, and the worldwide bull market did so with a vengeance in October 1987. In the U.S., the stock market collapsed under the combined weight of fundamental, technical, and socio-political problems."

Probably the President didn't read that far into the hefty document. It seems, though, that while the narrow focus of the commission's mandate produced the result intended, the broader thinking of those who put the document together is at variance with the pollyanna-ish rerun of Herbert Hoover scripts practiced by the outgoing President and his friends.

## Where was Citicorpse?

Among those who worked with Brady and his fellow commissioners, at their own expense, to produce the summary and appended detailed studies were the following Wall Street luminaries: E.F. Hutton, Inc., First Boston Corporation, Goldman, Sachs and Co., J.P. Morgan, Inc., Kidder Peabody and Co., Inc., Merrill Lynch Capital Markets, Morgan Stanley, Salomon Brothers, and Shearson Lehman Brothers, Inc. Is there a significance to the fact that the big money center commercial banks, Chase, Citicorpse, Manny Hanny, were not involved? Maybe.

Despite the differences with the President and his team over the existence or nonexistence of a broader financial crisis, the Wall Street financiers do, of course, have their own obsessional fixations to air. And that's where the institutionalization of the hyperinflation machine comes in. While Monday, the 19th, the day the Dow fell 500 points, was the day the crash shockwave hit, what the bankers who donated their services, *pro bono*, to the commission, are much more concerned about, is what nearly happened on Tuesday, the 20th.

On page 41 of the report, one finds, "Although Monday was the day of the dramatic stock market decline, it was midday Tuesday that the securities markets and the financial system approached breakdown. First, the ability of the securities markets to price equities was in question. The futures and the stock markets were disconnected. There were few buyers in either market and individual stocks ceased to trade. Investors began to question the value of equity assets. Second, and more serious, a widespread credit breakdown seemed for a period of time quite possible."

And on page 53, "By midday Tuesday, October 20th, it appeared possible that a continuing steep decline could have reduced the capital of certain market makers to a level at which they could not obtain sufficient additional funds to continue their participation in the market." Or, on page 52, "Bankers were also concerned that the clearinghouses would be unable to collect all their margin calls and would be unable to pay in full the balances owed to their clearinghouse members. These concerns apparently resulted in the withdrawal of some uncommitted lines of credit to some market participants, restrictions on new loans to some clearinghouse members and a general concern on the part of bankers over extending credit to cover Tuesday morning margin calls."

The concerns identified in the quotations cited above are what motivated the commission's recommendations. Much play has been made in the press, including the financial press, about subsidiary features of the recommendations put forward. These have included what Bush-leaguer Brady called "circuit breakers." The circuit breakers are supposed to be imposed halts in trading, cooling-off periods, when price movements, or trading begin to get out of hand, and, the imposition of daily limits on price movements for stocks, as now prevails in certain commodity markets. Played up with

these has been the recommendation to force futures' markets to adopt the same margin requirements on trading as in the stock markets. In the press, this has been subsumed under the demand for Federal Reserve regulation of the system as a whole.

## Why the Fed?

The press has been less than forthcoming about why the commission recommends that the Fed take over the regulation of the trading system as a whole. As the report says on page 64, the crisis conditions that prevailed on Tuesday 20th October "raised the specter of a full-scale financial system breakdown and required the Federal Reserve system to provide liquidity and confidence. The complexity of the clearing and credit mechanisms, rather than a substantive problem of solvency, was at fault. What is needed is a unified clearing with stocks, stock index futures, and stock options all cleared through a single mechanism. Unified clearing facilitates the smooth settlement of intermarket transactions, which is the linchpin of these markets. It clarifies the credit risk of lending to participants engaged in intermarket transactions. This would reduce the chance of financial gridlock and the attendant risk to the financial system."

The speciousness of the commission's report as a whole is contained in the sentence, "The complexity of the clearing and credit mechanisms, rather than the substantive problem of solvency, was at fault."

If that had been true, there would, presumably have been no need for the famous Federal Reserve announcement of 9:00 a.m., Tuesday, Oct. 20. "The Federal Reserve Bank affirms its readiness to serve as a source of liquidity to support the economic and financial system." Nor would there have been any need for the massive pumping of funds into the banking system to cover exposed clearinghouse and brokerage positions, and back up major banks' and corporations' stock repurchase operations.

## Defending the indefensible

The fact of the matter is that, financially, "the system" is actually insolvent, and worse bankrupted by the proliferation of indebtedness which financed the expansion of the biggest bubble in history, known as the "Great Bull Market of 1982-87." To pretend now, after the events of October, that such is not the case is to continue to insanely exclude the one set of measures, overall financial and economic reorganization under Executive Branch direction, which could bring some order back into the spreading chaos. To set out to defend a bankrupt system is to set out to defend the indefensible.

Brady might think it will help improve George Bush's election chances, for the moment, but the next time around, the mechanisms now proposed will be recipes for absolute disaster. But, if that's what Brady and his *pro bono* assistants insist on, it will certainly be what they are going to get. And they will have no one to blame but themselves.

# For the first time since the Czars, Russians test Western bond markets

by William Engdahl

During the early days of January, the European bond market greeted the initial flotation of a Swiss franc 100 million offering that was a booming success—in a period when European markets have been in prolonged depression. The offering was remarkable for another reason: It marked the first time since the Czars, actually since 1910, that Western banks had agreed to float a bond issue for Russia.

The offering was made through a consortium led by the Zurich-based Bank für Kredit und Aussenhandel AG (BKA Bank). The Russian borrower was the Foreign Trade Bank of Moscow. The face amount, some \$75 million, is by no means large by present market standards. Nor are the terms the best. "Moscow has gained the same terms that a Class-A or -BBB borrower, say Spain, would get," stated one London trading source. "It got 5% for a 10-year bond. The best rate possible today is about 4¾% for prime borrowers."

Why did Moscow go to the trouble for such a seemingly small amount?

## Testing the waters

"Moscow is playing Western capital markets very cleverly," said a senior West German source close to the Bonn government. "They are testing the market. They know that the Western banks have seen a drastic decline in bond business in the last two years. The banks need new bond markets badly." Indeed, according to *Euromoney Bondware* in London, total Eurobond issuance last year plunged 24% to \$135 billion, from \$178 billion in 1986.

Bonds are the traditional heart of Western capital markets. Borrowers rated "top-grade" are able to obtain the most inexpensive medium- to long-term capital funds available. Little known outside financial markets is the fact that it was the growing crisis in this bond sector in New York, London, Frankfurt, and elsewhere that triggered the Oct. 19 stock market crashes. Since the world depression debacle of the 1930s when flimsy bond schemes for Argentina, Bolivia, Brazil, and other Ibero-American countries were forced into default, those countries have been forced to rely on more expensive commercial bank loans, usually "floating-interest rate" Eurodollar borrowings, whose repayments were adjusted up as interest rates soared to levels of 20% or higher in the early 1980s.

While the Soviet borrowings from Western capital mar-

kets have been reduced since the early 1980s, until Jan. 6, they too have been forced to rely on Western bank loans at relatively unfavorable terms.

"The new Russian move to tap Western bond markets should be seen in connection with their decision in 1986 to clean up the old Czarist Russia bond default, as well as their recent request to become full members of the General Agreement on Tariffs and Trade (GATT), and their efforts to negotiate a full recognition by the European Community for the Comecon," a well placed West German expert stressed. In 1986, Soviet Foreign Minister Shevardnadze caught Western financial circles by surprise when he announced during a London visit that Moscow was prepared to settle the 1917 default on old Czarist bonds.

The Russian debt repudiation by the Lenin regime in 1917 was not easily forgotten by Western financiers. As late as 1967, the leading London bankers' weekly, *The Economist*, noted that, "The City of London has never been quite the same since the Russian revolution; the experience of 50 years back has burnt deep."

The bankers' mouthpiece pointed out some 20 years ago, as the Bretton Woods monetary order was then entering its initial breakdown phase, that the leading creditors to Czarist Russia in 1917 "could not grasp that an undeveloped country could develop, albeit at enormous cost, on its own, and thus retain its independence during an industrial revolution. And this inability has had profound consequences on capitalist attitudes toward emerging countries ever since. Before 1917, it had been assumed that no government could repudiate debts and develop, or even survive. . . . The fact that the Bolsheviks repudiated—and survived—was the beginning of the drying up of the flow of capital toward developing countries."

Ironically, now Russia has come back to the bankers of London, and the West, some 70 years later, to offer repayment of the old Czarist bond debt, for a matter of pennies in terms of today's markets. This token, in the context of collapsing Western financial markets, has been deemed sufficient to reopen for Moscow the hallowed sanctuary of Western bond markets, despite the complete police-state control and censorship over economic data by the Russian regime. As the Jan. 6 issue in Zurich demonstrated, Western banks are falling over themselves to grab a piece of what they see as a prime untapped market.



## Playing its German card

The BKA Bank which led the bond offering syndication is a subsidiary of the West Länder Bank, one of West Germany's largest, based in Dusseldorf and tied to the regional government of Social Democrat Johannes Rau. It is also the German bank most intimately involved in financing East German trade. "The Russians wanted to make their first attempt in Switzerland. That's the toughest market for testing something exotic like this, and once they succeed there, they can go into any market," a leading London bond expert told *EIR*. "But the real intent is to tap the West German deutschemark capital market," the *Frankfurter Allgemeine Zeitung* reported.

Discussions are under way to float a second issue, this to be denominated in deutschemarks, for a hefty amount of perhaps DM 500 million. That will be floated from the German "offshore" center called Luxembourg, allowing Russia to take even lower credit terms than the Bonn government because of tax laws. German economic circles report that this second issue will be syndicated by Dresdner Bank, one of Germany's "Big Three" and a bank that has long done business in the East, especially during the financing of the huge and controversial Siberian natural gas pipeline in the late 1970s.

Moscow is targeting the West German economic market, not the United States. But, report well informed senior intelligence circles in Germany, they will deliberately downplay this fact until they have secured ratification of the INF Treaty in Washington. In the meantime, they will take advantage of the eagerness of Western bankers to set the stage for later purchase of large and "cheap" volumes of superior West German engineering and machine tool products in coming months.

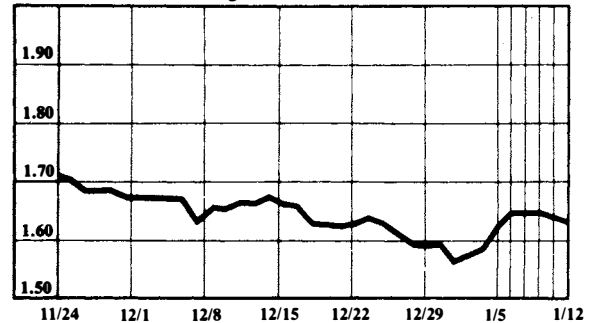
"The Russians are aware that German industry is under pressure and pressuring Bonn because their trade with Eastern markets is sharply down," said one West German economist. Exports from West Germany have been devastated by the high cost of the deutschemark. "Russia earns some 80% of its hard-currency reserves by exports of oil and gas. This is priced in dollars by convention," the expert added. "This means that, relatively, their cost to buy West German goods has gone up more than 100% in the last two years of dollar fall." German exports to the Soviet market as a result are down sharply, with the 1987 preliminary estimate being a decline of 20%, following a similar decline the prior year.

So, Moscow is now smiling as one after another historic barrier into the West breaks down. While their needs are considerable, especially for the most advanced Western machine tool and computer technologies to modernize certain military-industrial capacities, the Soviets will take advantage of what they clearly see to be growing desperation among Western bankers scrambling for new markets. This is the deeper importance of the otherwise little-noticed offering of Jan. 6 in Switzerland by Germany's BKA Bank.

## Currency Rates

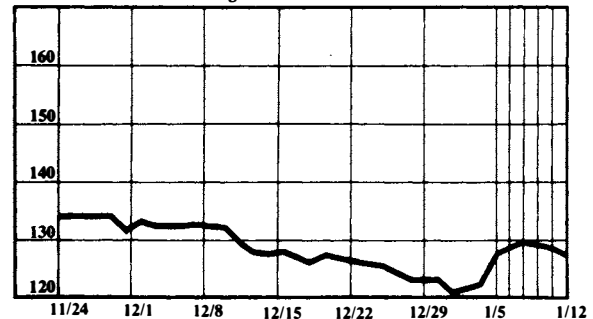
### The dollar in deutschemarks

New York late afternoon fixing



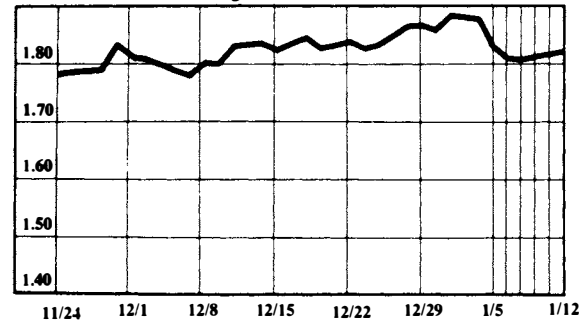
### The dollar in yen

New York late afternoon fixing



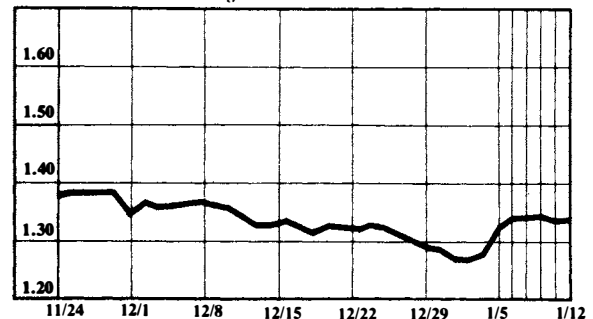
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# Soviet infant deaths at Third World level

by Luba George

Statistics published by the Soviet government late in 1987 on infant mortality rates expose the "white race" versus "ban-tustan" differential between the European U.S.S.R., and the Transcaucasus and the Muslim-Turkic Republics of Central Asia. Besides underscoring the racist reality of the multi-national Soviet Union—whose propaganda organs never tire of branding the Western countries as racist—the statistics on infant mortality expose the scandalous condition of health care in the U.S.S.R. Contrary to propaganda, Soviet infant mortality on average is worse than in some developing nations, and in the Muslim republics is at appalling Third World levels.

The situation in the Transcaucasus and Central Asia became so critical that, in the summer of 1987, some 1,500 doctors and nurses were dispatched from Moscow and other Russian cities to these regions.

The danger that wretched health conditions in Central Asia could accelerate the rate at which AIDS will spread in the entire U.S.S.R., spurred the Kremlin to send Health Minister Yevgenii Chazov on a tour last August of the regions, and to begin to publicize the true situation and take action.

In February 1987, the Communist Party daily *Pravda* broke the official silence on conditions tolerated for decades. *Pravda* described the situation in Uzbekistan as "appalling," citing the figure of 55 infant deaths per 1,000 live births for the Surkhandaya Oblast as an example, and disclosing that the true number of infant deaths was four times higher than that registered in hospitals. Then *Moskovskaya Novosti* (No. 28, 1987) reported that every second infant death in the U.S.S.R. occurs in Central Asia. Other Soviet press items cited unsanitary living conditions, polluted drinking water, overcrowded maternity wards, and the low skill level of local medical personnel, as among the main reasons for the high infant mortality rate.

A July 1987 resolution of the Central Committee of the Georgian Communist Party criticized the overall situation in

the republic, highlighting one particularly shocking case in which two newborn infants, left without medical supervision, were mauled by rats.

## Cover-up exposed

These claims have been substantiated by Soviet pediatrician Dr. Vyacheslav Tabolin, a member of the U.S.S.R. Academy of Medical Sciences, who declared that the Soviet Union ranks 50th in the world in combatting infant mortality, when interviewed by *Sovetskaya Rossiya* on Oct. 23, 1987. Dr. Tabolin also revealed that official statistics on infant mortality are "doctored." The U.S.S.R. admits to an official rate of 25.6 deaths per 1,000—scandalous enough, as this puts the superpower U.S.S.R. on a par with Paraguay and Thailand. According to Dr. Tabolin, the actual rate in the U.S.S.R. is at least 30 per 1,000. One way the statistics are changed is by recording the deaths of infants 10 and 11 months old as being children of "13 months," i.e., over one year of age, and thus appearing in the non-infant category.

The Third World health care standards in the Muslim Central Asian republics, reflecting Russian racist policies, is evident from the October-November 1987 infant mortality figures issued by the U.S.S.R. State Committee for Statistics (Goskomstat), made available by the Munich-based Radio Liberty research staff (Table 1).

One additional point should be mentioned regarding the sampling from the table issued by Goskomstat: The figures for the relevant Muslim ethnic groups are much worse, not only because of the cited cover-up, but because the figures shown are averages for the entire republic, including the Russian minority living there.

Meanwhile, in total accord with the campaign of Prince

TABLE 1  
Infant mortality in the U.S.S.R.  
by union republic

(number of deaths within a year per 1,000 live births)

	1970	1980	1985	1986
R.S.F.S.R.	23.0	22.1	20.7	19.5
Ukrainian S.S.R.	17.2	16.6	15.7	14.8
Lithuanian S.S.R.	19.4	14.5	14.2	11.6
Uzbek S.S.R.	31.0	47.0	45.3	46.2
Georgian S.S.R.	25.3	25.4	24.0	25.5
Tajik S.S.R.	45.9	58.1	46.8	46.8
Kirgiz S.S.R.	45.4	43.3	41.9	38.2
Azerbaijan S.S.R.	34.8	30.4	29.4	30.5
Turmen S.S.R.	46.1	53.6	52.4	58.2
U.S.S.R. (average)	24.7	27.3	26.0	25.4

Philip of Britain and his co-thinkers to stop population growth among the world's non-white peoples, Soviet authorities have launched a massive campaign to reduce the "exceptionally high birth rates" among the indigenous nationalities of Central Asia and the Transcaucasus, creating "healthy family" services (*sluzhba zdorovoi semyi*) to push "family planning" and encourage relocation of populations into other parts of the U.S.S.R. Anti-natal policy is especially strong in Tajikistan and Uzbekistan.

The Kremlin's selective demography policy has targeted in several *samizdat* (unofficial "self-published") publications accusing Soviet authorities of practicing "biological genocide" against these nations.

### Growing incidence of infectious disease

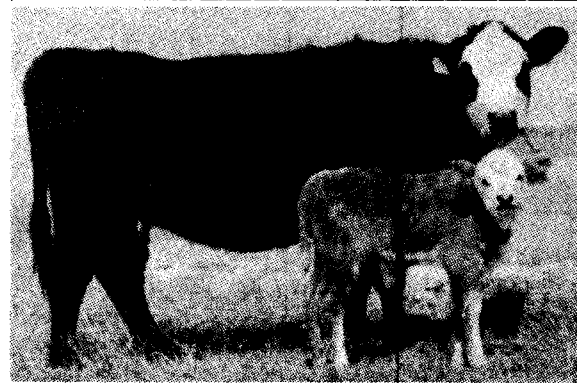
During and after Health Minister Chazov's "fact-finding" tour of the Transcaucasus and Central Asia regions, numerous articles appeared revealing previously unpublished data on the increase in infant mortality and death in childbirth, plus a growing, and rather alarming, incidence of certain infectious diseases.

In his meetings with regional party leaders, according to local and regional press reports, Chazov complained about the inadequacies in the public health system of "prophylactic screening . . . particularly in rural areas . . . which had given rise to a high incidence of TB among children and adolescents." He noted, for example, that in the Soviet Georgia, the incidence of "viral hepatitis" was higher than the rest of the U.S.S.R. More recently, articles stressed the imperative to increase the supply of disposable syringes, as the incidence of hepatitis B (transmitted by unsterilized syringes) in Georgia "has almost reached the dimensions of a national problem."

The Georgian party paper *Zarya Vostoka* on Sept. 15, 1987 reported that the incidence of venereal disease in Georgia was the highest in the U.S.S.R. Of the population as a whole, 21.5% are said to be infected (compared to 7.6% of the total Soviet population.) The problem was further stressed by Georgian party first secretary Patiashvili, who said that the incidence of various sexually transmitted diseases in the Georgian republic had increased between 26.1% and 47% in 1986, compared to the previous year. AIDS was not mentioned, but the VD statistics and prevalence of drug addiction in Georgia make it an obvious concern.

Soviet officials admit "about 130 people infected with the AIDS virus," most of whom are "foreigners." This is clearly an understatement, noted researcher Valeri Konovalov in West Germany. The Deputy Minister of the Health Service in Georgia, I. Pagava, in his interview with *Zarya Vostoka* on Sept. 15, 1987, warned about the spread of AIDS in the area. He said that among those tested in Georgia, some proved positive—inhabitants of Tbilisi, Sukhumi, Gori, Kaspi, Marheuli, Rustavi, Gardabani, and also inmates of the penal labor colonies.

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# Little progress in Japan-U.S. summit

by Nicholas F. Benton

Japan's new prime minister, Noburu Takeshita, made his first visit to Washington since assuming his post two months ago. Despite a veneer of cordiality that characterized his meetings with President Reagan and other government leaders, he left perplexed by the continued U.S. effort to push the Japanese economy over the brink.

While Takeshita did his best to support Reagan's efforts to stem the tide of protectionism in the U.S. Congress, the U.S. side did not reciprocate. Instead, administration officials walked away from the visit complaining that the Japanese were still not doing enough. U.S. Trade Representative Clayton Yeutter griped that Takeshita's proposal to allow U.S. contractors into the massive Japanese domestic public works program was "not good enough." Nor, he said, was Japan's promise to reduce its \$82 billion trade surplus by \$10 billion this year.

In addition, the United States refused to budge on the trade sanctions that continue to exist against Japanese semi-conductors. And, in a direct insult, the administration withdrew its effort to honor Takeshita's request to address a joint session of the Congress.

For his part, Takeshita made a strong impression during his one public appearance, an address to the National Press Club Jan. 14. Speaking through an interpreter (so that viewers in Japan, watching on live television, could follow his remarks without difficulty), he displayed a forceful and articulate style, and his carefully crafted address gave an overview of the way the Japanese see everything from East-West relations to monetary policy and Third World development issues.

Takeshita affirmed the importance of exchange rate stability, especially for the dollar. Such stability, he said, "is the very basis for stability and growth of the world economy." He added, "President Reagan and I have made clear our common recognition that further decline of the dollar could be counterproductive. We have established that adequate implementing resources are available in the currency markets" to stabilize the dollar. This was apparently a reference to new agreements worked out, according to a senior administration official who briefed reporters at the White House, that would allow, for example, the United States to substitute SDRs ("special drawing rights" notes issued by the International Monetary Fund) for yen in buying dollars.

Takeshita went on to talk about Japan's Fiscal Year 1988

budget, which, he said, will further U.S. interests because of its emphasis on stimulating domestic demand. These stimulants include \$54 billion for public works (an increase of 20% over FY87), tax reform, and lower interest rates. He also promised that the \$10 billion Japanese budget surplus would be reduced. This is all supposed to have the effect of encouraging Japanese consumers to shift from savings to consumption, which will absorb more Japanese-produced goods and goods from the United States, helping to remedy the record trade imbalance between the two countries.

In fact, Takeshita pointed to evidence that this trend was already under way, noting that in the first 11 months of 1987, manufactured imports rose 23.7% over the same period of the previous year, accounting for 44% of Japan's total imports. He also noted that the Japanese FY88 budget will show a 5.2% increase in defense spending to a \$27 billion level, as well as further expenditures to support U.S. forces based in Japan which are suffering from the appreciated value of the yen.

All of these developments are designed to comply with U.S. demands that the Japanese economy be dragged down the same sinkhole that is wrecking the U.S. economy. So is the Japanese commitment to pour \$30 billion into Third World development, since most of it is targeted at refinancing debts owed to the New York banks.

## Some promising features

However, there is also an independent element in Japan's commitment to the Third World, which led to Takeshita's remark that "we are embarking on this course upon our own will and initiative, and not merely responding to the requests of others." He expressed particular concern that "the least developed countries and the heavily indebted nations are faced with serious problems, and much remains to be done to improve the welfare and livelihood of the people in those countries."

He said that Japan would expand its "official development assistance," which has already committed more than \$30 billion in official and private funds over three years. Over \$4 billion has been earmarked for Central and South America, and Takeshita said he committed over \$2 billion to the ASEAN countries of Southeast Asia when he met with their leaders in Manila recently. Five hundred million dollars has been committed to Africa.

Takeshita's other promising topic involved U.S.-Japanese science and technology cooperation. He said that his government has sponsored visits to Japan of over 2,000 foreign researchers a year, and that this will increase 10% in the new budget. In addition, a new "U.S.-Japan Science Fellowship" is being launched, with a \$4.4 million start-up budget.

Finally, Takeshita reminded his audience that Japanese investment in the United States has created over 200,000 jobs for American workers, and noted that U.S. investment in Japan was increasing.

## What kind of new monetary system?

*French policy is contradictory; what could work, would be a combination of the European Monetary System and Guillaume's Africa plan.*

France's Economics Minister Edouard Balladur and Prime Minister Jacques Chirac have recently proposed the accelerated creation of a European monetary structure, by means of a European Central Bank which would become the center of an "ECU zone," named for the European Currency Unit, based on a basket of European currencies.

This is not the first time it has been suggested that the way to stabilize the international monetary order is by diversifying out of the dollar-reserve system and creating an ECU zone and a yen zone. Last year, former President Valéry Giscard d'Estaing set himself up with former German Chancellor Helmut Schmidt as the high priests of an international financial reorganization around this very proposal.

Unfortunately, Schmidt, who created the Inter-Action Council to promote this scheme, would like to see the Soviet Union as a full partner in his new world monetary order. Also unfortunately, Schmidt wants to make the economic policy of his new system a savage commitment to end economics, by stopping population growth.

Nor is this any wonder: From the moment that Schmidt and Giscard d'Estaing created the European Monetary System in the late 1970s, then-French President Giscard wanted to bring the ultra-malthusian Club of Rome in on the ground floor of his economic "Dialogue," which was to be combined Arab capital and advanced-sector technology to relaunch investment in the Third World.

Giscard and Schmidt resurfaced

these options before the ink had dried on the INF Treaty that would hand the Russians military supremacy over Europe. And who should show up in France, but the East German Erich Honecker, boss of the East bloc's biggest economic power, offering tantalizing deals, to move to the economic phase of the "new Munich"?

Any European monetary reform must be conceived as the beginning of an international monetary reorganization, since it is the whole system that has to be rebuilt. Moreover, it is pure illusion to think that one can reform the system while keeping the monetary and economic-policy institutions that have plunged us into this crisis.

French policy is contradictory, as seen not only in Mr. Balladur's recent proposals, but also in the outlook presented by Minister of Cooperation Michel Aurillac in a Jan. 7 press conference.

Responding to a question concerning France's willingness to offer an alternative to International Monetary Fund conditions in Africa, Aurillac was unambiguous: France is in no way thinking in terms of alternatives, but only to better the current system by expanding its financing capability. According to Aurillac, increasing IMF and World Bank financing will allow these institutions to soften the conditions they impose on developing nations.

Aurillac foolishly applauded the recent Franco-African summit in Antibes, where the African countries adopted a much more conciliatory tone on the debt problem and dropped all

threats of debt moratorium.

Where the destruction of productive capacity is being felt by the French government, is when it hits African countries whose leaders are pressing the French presidency for aid in the face of catastrophe, and where it hits farm production in France, which is also in disastrous shape. Agriculture Minister François Guillaume's proposal to launch a "Marshall Plan" for Africa is most important in this regard, since it is the only attempt by a Western government to deal with the real crisis in productive capacity.

Some of Aurillac's statements at the press conference better illustrate the French concerns in this regard. Asked about the Guillaume plan, he gave the idea his total support, stressing that the policy of the big European and U.S. grain cartel companies, which consists of selling at very low prices, is ruining both advanced- and developing-sector farmers. He cited Senegal's purchase in 1987 of 100,000 tons of wheat from the cartel, paying 34 francs per kilo, while Mali cannot export its millet to Senegal at less than 94 francs per kilo—without counting transport costs, which are paid by French aid!

Aurillac reported that French policy is to lead to a floor price which guarantees an adequate selling price to the farmer. Aurillac underlined that such a policy cannot be enacted without U.S. assent, which has not been forthcoming. He concluded on a "Machiavellian" note, appealing to the American black community to lobby in the United States for the Guillaume Plan.

If we join the idea of relaunching real production embedded in the "Marshall Plan," to the European seed-crystal of a new international monetary system to replace existing institutions, we have the needed elements to weather the financial storms ahead.

## The battle for the Ruhr

*Communist agitators, seeking to capitalize on unrest over steel shutdowns, met an unexpected obstacle to their plans.*

Since the beginning of December, the Ruhr region—Germany's industrial heartland—has been the center of labor unrest and riots. Workers have marched from one factory to another, blocking roads and demanding that the planned foreclosure of the Krupp plant at Duisburg-Rheinhausen—employer of 5,500 steelworkers—be called off.

The conflict goes far beyond the Rheinhausen case. The Bonn government and the European Commission in Brussels have plans to "phase out" some 40,000 steel workers, plus 30,000 jobs in coal-mining and 40-50,000 in construction. By far the most of these will be laid off in the Ruhr. Multiply that by a factor of 2.5, to estimate how many jobs will be lost additionally in the feeder industries that depend on these three industrial sectors.

Altogether, some 220,000 Ruhr jobs will be "phased out," if the government and the Euro-Commission have their way. This will turn cities like Duisburg, Dortmund, and Bochum—which all have an official jobless rate of over 15% already—into slums.

Besides deep penetration by "post-industrial" ideologues of the administration of the state of North Rhine-Westphalia, where the Ruhr region is situated, and of the Bonn government itself, unabashed austerity is behind this decision to "phase out." The NRW state and the federal government alike believe that 63,000 deutschemarks of annual state subsidy for each industrial job in the Ruhr is an expendable luxury.

They also believe that the task of

the labor unions is to convince their members of this "necessity." Predictably enough, labor's response has been a militant explosion. But this militance lacks a program, an alternative to the demoralizing situation.

The Ruhr region, home of 25% of the German population and of 30% of industrial labor, has a decisive impact on German politics. At several crucial points in postwar German history, string-pullers used the Ruhr as a lever for changes in Bonn. In 1965-66, labor unrest helped to topple the Christian Democratic-Liberal government and install a federal Grand Coalition austerity government of Social Democrats and Christian Democrats. In 1968-69, a wave of wildcat strikes contributed to the end of the Grand Coalition and its replacement by a Social Democratic-Liberal coalition.

The current labor unrest is intended to install another multi-party Grand Coalition government, to implement austerity and to open the door to closer cooperation with the Soviet Union.

Predictably enough, the German Communist Party (DKP) is stirring up the unrest in the Ruhr, with 20,000 cadre deployed to steer the "steel riots," under the slogan, "If we perish, we'll go down fighting." The DKP's executive committee has announced plans to shift the party's substantial resources to the Ruhr, leaving its agents and flunkies in the "peace movement" to fend for themselves for the time being.

Moscow's plan is to create in the Ruhr the kind of "irregular warfare" conditions that have previously emerged from riots in Frankfurt,

Wackersdorf, Berlin, Hamburg, and other cities. Police report that anarchist-terrorists have been spotted in the Ruhr, and that they fear occupations like that in the Hafenstrasse district of Hamburg, where anarchists in 1987 forced the city government to give them free rein in the "liberated zone."

The Communists' plans have run up against opposition from the Patriots for Germany party, whose head is Helga Zepp-LaRouche. Through the simple tactic of issuing a leaflet and a sticker—"Steel for the World, Work for Us"—the Patriots have sparked widespread interest in their program, and incurred the fury of the Communist organizers. The youth organization of the DKP smeared the walls of a hall where the Patriots were planning to hold a meeting, with graffiti that read, "LaRouche—Nazi Pig" and "Destroy the Patriots-Nazis."

The Patriots' leaflet describes how a program of industrial exports for the Third World could solve the crisis in the Ruhr. A Patriot organizer overheard a discussion about it between members of the DKP and members of the factory council at Krupp Rheinhausen: "They've gained influence with their idea of producing steel for Africa," said one. "We have to discredit them. Three years ago they demanded steel factories for the Third World, and now they want us to export steel to them." Said another, "The only problem with that sticker, is that it was produced by the Patriots. Why didn't we think of it?"

Seeking to coopt the idea, a Communist factory councilor gave an interview to the Communist newspaper *Volkszeitung*, calling for railroads to be produced for export to . . . Nicaragua! This same individual was quoted in the *Westdeutsche Allgemeine Zeitung*, the largest newspaper in the Ruhr, denouncing the Patriots as "fascists."

## Eleven million poor in Italy

*Some sociologists have the gall to flaunt the fact that the so-called consumption boom is just reviving the feudal oligarchy!*

Two years ago, then-Prime Minister Bettino Craxi set up a commission on poverty, headed by Prof. Giovanni Sarpellon, who produced an initial report showing that about 19% of Italians, roughly 11 million people, live in indigence. Naturally, given the pervasive optimistic rhetoric, such figures were not to be paraded before public opinion. Hence, after its first report, Professor Sarpellon's commission did not receive the minimal funds to keep operating, and will probably soon be dissolved.

But poverty certainly did not disappear in the meantime. The Censis research institute, inspired by the sociologist Giuseppe De Rita, has conducted studies on the basis of which it states, although without quantification, that some one-third of Italians live in poverty—a lot more than 11 million.

The most recent figures, which have been kept tightly under wraps, are those put together by a commission on wages chaired by former labor leader Pierre Carniti, and set up by Ermanno Gorrieri, when he was labor minister under the recent Fanfani government.

Between "leaks" from the commission's soon-to-be-published report, and statements by ex-Minister Gorrieri, a more defined picture starts to emerge. Gorrieri says that the poor person is one who has \$310 a month at his disposal, or \$517 for a couple. This category would also include a family of four, which is still very common in Italy, earning \$843 a month.

In Italy, several million workers have an annual income of \$13-15,000, which after various deductions, ends up being only slightly more than \$833 per month.

Given that this is not a very pretty statistic, it is preferred to bandy about the figure of the over \$1 million which spendthrift Italians burned up during the Christmas holidays, to vaunt an opulence which undoubtedly exists, but can not be generalized to the entire population. A department store clerk earns \$750 per month, while a hospital orderly does not even make \$833. If the orderly has three children, his wife must work to support them, and if she cannot, that family will go hungry.

With such low wages, no couple can support more than a few children. The present average is 1.3 children per family, marking a tendency toward the shrinking of the society and a rise in the average age.

As for the elderly, the minimum Inps payment (the Italian equivalent of Social Security) at the end of 1986, it was \$329 per month, and the average was \$575. Some 4 million people are in this category, and therefore fall below the poverty line. In the big cities, where the weakened urban fabric has destroyed the solidarity structure of rural villages, things are much worse, because those expelled from the labor market who do not find a new job, are swelling the ranks of the hoboes who sleep in the train stations covered with rugs.

Besides actual misery, there is another level of poverty which the statis-

tics do not even consider: the poverty of the worker or grade-school teacher with four children to support who can still buy a winter coat for the children at the used-clothing stands, and cook a roast on Sunday, but has no money to buy a book or attend a concert.

There also is a poverty we could call "social," exemplified by the collapse of services and infrastructure. The same money buys a lower and lower quality of public service. This has led the more well-to-do layers to use private chauffeurs, private clinics, and couriers. Those who cannot afford these extra expenses have to put up with being squashed in overcrowded buses or hospitalized in public institutions that may take out your appendix but leave the patient with a "present" of viral hepatitis.

Institutes like the Censis admit that one-third of Italians are poor, but also speak of an unprecedented boom in private consumption. To justify this, sociologist Giuseppe De Rita coined the term "composite family income," which include "the first job of the head of the household, his second job, the son's part-time job, the wife's job, the grandfather's pension, etc." In other words, the worker who earns \$833 a month and must support four kids is not poor, according to De Rita, but must simply learn to make do—maybe by sending grandpa out to hawk contraband cigarettes.

The only truth in Censis's analysis is its admission that these trends are creating a financial and political "oligarchy." Journalist Giuseppe Turani, writing on the Censis study in Count Caracciolo's *Espresso* weekly, finds it most advantageous that "in a certain respect, the oligarchy brings about well defined responsibilities. . . . The oligarch always has the problem of having to admit new members and hence to concede to these a certain protection to carry out their activities."

# Business Briefs

## Space

### Fletcher noncommittal on NASA'S future

NASA administrator Dr. James Fletcher punted at his press conference in Washington Jan. 11 when asked by *EIR*'s Nick Benton to comment on the implications of administration support for a privately funded space station, and of Soviet efforts to beat the United States to Mars.

On the former, a joint venture between Westinghouse, Boeing, and some former NASA employees, Fletcher said only that he was worried about the demand by the private group that 75% of its space station be leased by the U.S. government over an extended period. "That might commit us for too long a period into the future," he commented.

As to the Soviet Mars project, his response was, "They are trying to accomplish what we did in 1976, which is to land on Mars. We have chosen a different objective since doing that, which is to explore planets farther out in the solar system with our Magellan, Galileo, and Ulysses probes."

## Environmentalism

### New Jersey may ban irradiated foods

New Jersey will ban irradiated foods, if the governor signs a bill approved by an overwhelming majority of both houses of the state legislature in early January. Maine and Vermont have already enacted such bans.

Gov. Thomas Kean said he would not sign the bill before asking the state health department for a recommendation.

Irradiation, only recently approved for certain foods by the Food and Drug Administration, destroys bacteria in treated foods, vastly increasing their shelf-life, with no deleterious effects on taste or nutritional value. It is deemed an especially important technology for transport-poor Third World countries. Nevertheless, kook environmen-

talists and malthusian genocide advocates have opposed the technology, exploiting fears of "radiation."

Among those telling Governor Kean not to sign the New Jersey bill is B.P. Sonnenblick, one of the nation's top experts on the biological effects of low doses of radiation and the author of New Jersey's radiation protection law. He scoffs at the contention of what he calls the "crackpots" from the anti-nuclear and environmentalist groups, that USDA approval of food irradiation was "hurried."

Sonnenblick informed the governor that 30 years of testing on animals found no ill effects. He characterizes the environmentalist groups as "Luddites, similar to the anti-science mob which burned the house of physicist Priestley."

## Financial Policy

### Will Europe, Japan force changes on U.S.?

Tensions over financial policy between the United States, on the one side, and Europe and Japan on the other, could lead Europe and Japan to use threats not to purchase U.S. Treasury Bills as a lever to force American financial reform, an aide to the former Chancellor of West Germany, Helmut Schmidt, told a caller Jan. 11.

"The question will be, one: How could the international community *oblige* the U.S. to behave more reasonably . . . cutting the budget deficit, cutting the current account deficit, stopping the import of foreign capital, and increasing taxes."

One way, he suggested, would be to impose European Community regulatory measures forbidding the export of capital to the United States.

Western financial markets' enthusiasm over the Soviets' flotation of a bond issue on Swiss markets in early January, he said, could be interpreted as a sign that certain financial groups in Europe were "getting nervous" over their participation in the U.S. Treasury market, and were showing they could "recycle money somewhere else."

This whole topic, he said, would be discussed in Moscow in May at a meeting of the Inter-Action Council, an elite group founded by Schmidt, essentially to find ways to smoothly adapt the Western democracies to life in a Soviet-dominated world.

## AIDS

### Infant infections high in New York

One baby in every 61 in New York City is infected with the AIDS virus, according to the results of testing just concluded by New York State health officials.

In a statewide program, the blood of every infant born during a month-long period, beginning in late November, was tested for AIDS antibodies. The blood tests were performed on 19,157 infants. Of 9,047 born in New York City, 148 carried antibodies to the AIDS virus—a sign that their mothers were also infected.

Results throughout the state varied from 1 in 43 babies infected in the Bronx to 1 in 749 infected in Upstate New York.

In a related study, city health officials said that tests on anonymous blood samples from nearly 4,000 pregnant women who had their babies or aborted showed about the same proportion of women infected as babies who tested positive for the antibodies.

State Health Commissioner Dr. David Axelrod called the results of the baby study "alarming," and wrote physicians in the state that "the implications of these findings warrant immediate attention."

## Infrastructure

### Security Pacific writes off Third World loans

Security Pacific Bank has become the first of the top 10 U.S. banks to officially set its Third World loan loss reserves at over 50%, which amounts to a technical admission that



the bank's management believes that at least this percentage of its Third World loans will never be repaid. As the *Wall Street Journal* noted, the action puts pressure on other large money-center banks to follow suit.

Several small bank holding companies had already increased their reserves to the 50% range.

Of the large banks, "two other Top 10 lenders, First Interstate Bancorp and Wells Fargo and Co., can also readily afford a reserve of 50% or more. But some, including BankAmerica Corp. and Manny Hanny [Manufacturers Hanover Trust], have too little capital to support such a reserve increase now. Others, including Citicorp, may be reluctant to emulate Security Pacific because of the potential damage to earnings and equity capital."

### ***The Debt Bomb***

## **Wild new scheme on Brazilian debt**

"Lend us the collateral for your own holdings of our bonds," is the brilliant "new idea" of the new Brazilian finance minister, Mailson de Nobrega, to permit foreign-exchange poor Brazil to reach an accord with its creditors not unlike that obtained by Mexico through Morgan Bank and the U.S. Treasury.

Morgan's Mexico scheme, primarily a public relations stunt, ostensibly aims to ease the Mexican debt service burden by having creditors exchange \$20 billion in debt for \$10 billion in U.S. Treasury-guaranteed bonds. For creditors, it amounts to a 50% write-off, and in the end, it would only save Mexico 2% of its annual debt service.

Nobrega explained his "new idea" this way: "Our idea is to make viable, through access to official and multilateral financing sources, accumulation of enough reserves to let Brazil obtain exactly the same scheme. I believe we are going to have the understanding of the industrialized countries so that Brazil could fulfill the conditions to go on accumulating reserves, acquire a zero-coupon bond from the U.S. government, and use that as collateral to guarantee Bra-

zilian bonds to the banks." The bonds would be exchanged at a hefty discount for the bank loans to Brazil.

In other words, Brazil is asking to borrow both money, and the collateral to back up that borrowing—and to make the banks eat a 50% discount into the bargain.

### ***Austerity***

## **Romanian measures may require repression**

Nicolai Ceausescu's Romania, which experienced severe riots in several cities at the close of 1987, has continued to reduce its foreign debt by rationing both food and electricity. Observers both inside and outside the country are now bracing for a new social explosion.

Electricity rationing consists of allowing only one 40-watt bulb per apartment, and a room temperature not exceeding 57°F. This, as Romania enters what will probably be its coldest winter in years.

The national conference of the Romanian Communist Party, nevertheless, recently concluded by hailing its own leadership of the country "along a difficult and unpaved road toward the highest peaks of civilization—communism."

"One expected a certain relaxation of the harsh economic measures in food and electricity supplies to the population," commented Yugoslavia's *Politika*, "particularly after the mass demonstrations of workers in Brasov and the publicly expressed dissatisfaction in some other big cities, but this did not happen." The conference closed by announcing merely that there would be a 10% increase in food products available on public markets.

Former Romanian ambassador to the United States, Prof. Silviu Brucan, told foreign correspondents that he believed that the leadership of the country faces a choice: "Either mass repressions . . . or a sincere effort to meet the workers' justified complaints." He added, "Repression may result only in total isolation, this time not only from the West, but also from the East."

## **Briefly**

● **JAPAN** has completed rail links among its four main islands, a network of tunnels and bridges connecting some 12,000 miles of railroad. A train did the first test run through the Seikan tunnel between Honshu and Hokkaido on Jan. 11. It is the world's longest passenger tunnel at 32.3 miles.

● **COLOMBIA** finally obtained approval for a \$1.06 billion "jumbo" loan which an international banking consortium had first promised in 1986. Some \$560 million will go to the government, \$260 million to the Cerrejón coal project, and \$200 million to the electricity sector. Each of these sectors, however, has enormous foreign debt, with combined debt service payments exceeding the loan. In effect, the loan is merely a rollover of that debt.

● **GRAIN STOCKS** in the European Community are at a record low. According to the latest figures from the EC Commission, there are now 7.5 million tons of grain stored as "intervention stocks," about half the stocks of 1986. Large sales of wheat to the East bloc and rye to Japan and Korea account for the present low stocks, say EC sources.

● **MILTON FRIEDMAN** has called for the Federal Reserve to remove its restrictions on monetary growth. Unless this happens, Friedman warned, there will be a recession that will not be reversible before the 1988 elections, hurting the chances of any Republican to be elected.

● **A.G. AGANBEGYAN**, Mikhail Gorbachov's chief economic adviser, is coming to the United States on Feb. 21. The visit will be hosted by the Esalen Soviet-American Exchange. He will visit New York, Pittsburgh, Washington, and Los Angeles, in the company of "Timur Timofeyev," the son of a leading California Communist Party member. His real name is Tim Dennis.

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## Prospects for treating AIDS infection with radio waves

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*Robert Gallagher and John Grauerholz, M.D. summarize a pioneering study recently presented to a conference of the Engineering in Medicine and Biology Society.*

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*Last year Robert Gallagher, John Grauerholz, and Warren Hamerman of the EIR Research division, submitted a paper, "On the Use of Electromagnetic Radiation to Prevent the Onset of Clinical Acquired Immune Deficiency Syndrome (AIDS) in Individuals Infected with Human Immunodeficiency Virus," for presentation at the Ninth Annual Conference of the Engineering in Medicine and Biology Society of the Institute of Electrical and Electronics Engineers. The paper was scheduled as the lead presentation in a conference session on "bioelectromagnetics," the study of the effects of electromagnetic radiation and fields on living organisms, and was also printed in the Proceedings of the conference.*

*The authors decided that the most important task to accomplish at the conference was to educate scientists and engineers on the nature of AIDS and on the possibilities for investigating nonlinear effects of radiation on living organisms that may lead to discovering means to treat infection with the AIDS virus. Dr. Grauerholz presented the paper on Nov. 15, 1987 at the conference at the Boston Park Plaza Hotel. Afterwards, a Japanese physician commented that the paper was "the best discussion of AIDS" he had ever heard. The article below elaborates the conference presentation for a wider audience.*

Experimental results reported by German and Russian scientists over the past 15 years indicate that low-intensity microwaves and other radio frequency radiation can selectively control the expression of the genetic material that regulates processes in the living cell. The effects depend on the frequency of the radiation applied.

These results are of particular importance because the

development of the Acquired Immune Deficiency Syndrome (AIDS) following infection with the Human Immunodeficiency Virus (HIV), results from a problem in genetic expression within cells infected with the virus.

Research results indicate that with adequate funding, biophysicists may eventually be able to discover a combination of frequencies of radiation that can be used to treat the infection and postpone the onset of AIDS, or even "cure" the infected individual. By no means is this goal in sight. However, based on a review of existing results we can say that development of a treatment for AIDS infection is feasible. To make an analogy, we are now at a state of research similar to that which laser chemistry was in just after the laser was invented in 1960. Scientists knew laser chemistry was feasible, but exactly how to go about it was not yet known. However, research into the biological effects of radio waves is losing support. The budget for research in this area has declined 24% in real dollars since 1980 (see **Table 1**).

This article will review some important results on the selective nonlinear action of low-intensity microwaves on living organisms, potentially relevant to AIDS research. We first summarize some of the characteristics of the biggest public health threat to mankind today—the action of the HIV virus, and how it induces the human immune system to destroy itself.

### **How AIDS infection destroys the immune system**

Acquired Immune Deficiency Syndrome is a disease process which unfolds in stages over time, and not simply an infection by an external agent that can easily be removed

from the organism with the help of an antibiotic. Once infected with HIV, an individual is infected for life. HIV "hides out" in nerve cells and other organs in a latent form, even after the human physiology produces antibodies against the virus and virus proteins.

When HIV infects a cell, the genetic material of the virus is transcribed into a DNA "provirus" which is incorporated into the cell chromosomes in the nucleus, or persists in the nucleus outside the chromosomes in the form of "extrachromosomal DNA." The viral DNA may lie dormant across many cell divisions before the viral genetic sequence is "turned on," and the virus expresses itself, inducing the cell to produce virus and virus proteins, thereby turning the cell into a virus factory. What is in the nature of cellular reproduction that permits HIV-infected cells to express this deadly viral genetic material? How do healthy cells divide, as opposed to diseased cells? In either case, it is thought that electromagnetic radiation plays a critical role in cell division.

Each cell in the body is thought to contain the same total genetic sequence. In the cycle of cellular reproduction, in which one cell grows and divides into two daughter cells, the genetic material (DNA) of the parent cell is replicated to provide the genetic material for the daughter cells. It is thought that in this process of cellular reproduction, electromagnetic radiation, or "signals," within the cell, determine which genetic sequences are activated and which are not, in other words, how the cell differentiates. If an AIDS-infected cell can be sent the right "signal," perhaps expression of the AIDS proviral DNA can be prevented.

Research with millimeter waves indicate that it may be found that they could be used, to intervene directly to deactivate viral expression. Although millimeter waves don't penetrate deeply into living organisms, they could be trans-

ported to the sites of actual infection in the nervous system, or elsewhere in the whole organism, as a "chirp" on lower frequency waves (e.g., 200 MHz). In this way, they would be able to propagate through tissue that they usually would not be able to penetrate.

A form of treatment similar to renal dialysis may also provide some benefit, by passing the patient's blood outside the whole body environment to subject it to irradiation at specific frequencies and low enough powers so that the functioning of healthy cells in the blood is not impaired.

The research we summarize below, provides examples of how microwaves have been found to act "nonlinearly" to affect the expression of extrachromosomal or chromosomal DNA. First, we discuss some of the requirements that therapeutic techniques based on radio waves must meet.

### Linear and nonlinear types of action

For radiation treatment to be effective therapy against viral infections, we must find frequencies of radiation that only affect the disease process, and do not disturb the healthy functioning of the physiology. The intensity of the radiation must be below levels at which it would begin to heat (and destroy) healthy living tissue; its action must be nonthermal. This requires that the action of the radiation upon the physiology be "nonlinear." That means it must be frequency-specific and independent of intensity.

Prior to some of the work that we will discuss below, it was almost universally believed in the West that nonlinear effects of radio frequency waves were not possible. Recently, the prestigious Max Planck Institute in the Federal Republic of Germany has declared after intensive study that nonlinear biological effects of radio frequency waves exist, and the phenomenon is gaining wider acceptance.

### Effects of radio waves on genetic expression

Experimental results that show that externally applied microwaves can activate genetic sequences that are dormant in the healthy organism, were reported at the Scientific Session of the Division of General Physics and Astronomy of the U.S.S.R. Academy of Sciences in January 1973. A.Z. Smolyanskaya and R.L. Vilenskaya reported that irradiation of strains of human intestinal *E. coli* bacteria with specific wavelengths of microwaves, activated a portion of normally inactive extrachromosomal DNA that then induced the synthesis of a colicin, a protein that is poisonous to bacteria, within the cells. The *E. coli* died.

The colicins, also known as "bacteriocins," are a family of proteins, which kill bacteria by interfering with the energy systems of the cell, inactivating protein synthesis or degrading DNA and RNA function.

Smolyanskaya and Vilenskaya found that microwave-induced colicin synthesis, occurred at several wavelengths and only required a radiation intensity of 0.01 milliwatts per

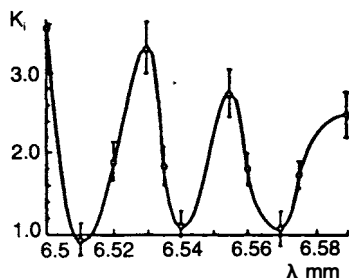
TABLE 1  
**Funding for research in biological effects of radio waves ("bioelectromagnetics") has declined 24% since 1980**

Fiscal year	Amount (thousands of 1980 dollars)
1980	\$16,269
1981	\$14,455
1982	\$14,924
1983	\$12,152
1984	\$11,633
1985	\$12,828
1986	\$12,365

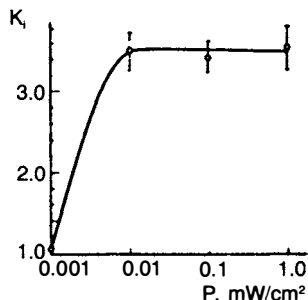
Source: Figures from *Bioelectromagnetics Society Newsletter*, May-June 1986, deflated with consumer price index.

FIGURE 1

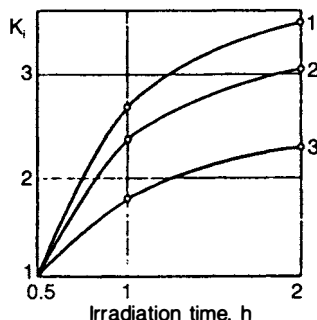
### Specific frequencies of low-power microwaves induce bacteria to poison themselves



1a) Russian scientists have reported that microwaves have induced expression of genetic material in bacteria that results in the synthesis of a poison, colicin, that killed the bacteria. The appearance of this effect, and its size, depended on the wavelength of the microwaves used. The figure shows the value of the coefficient of induction of colicin synthesis,  $K_i$ , as a function of wavelength.



1b) The effect on genetic expression occurred only after the power density at which the microwaves irradiated the bacteria had exceeded 0.01 milliwatts per centimeter squared of surface area. After the power density had exceeded this threshold, the effect did not change with further increases in power. Because the effect depends on frequency and not on power density, it is called "nonlinear."



1c) The time necessary to irradiate the bacteria to produce the effect also depended on the wavelength of the microwaves. The figure shows that the amount of colicin synthesized after 1 or 2 hours of irradiation varied by wavelength. Out of the three cases shown in the figure, microwaves 6.5 millimeters in length were most effective (curve 1), then waves 5.8 millimeters (curve 2), and then waves 7.1 millimeters (curve 3).

$\text{cm}^2$  with an irradiation time of one to two hours. Smolyanskaya and Vilenskaya wrote:

Up to the present time, the ability of various agents (both physical and chemical) to induce the colicin synthesis which is lethal to the bacterial cell, has been linked basically to the ability of these agents to disintegrate DNA or block its synthesis. . . . From this point of view, millimeter-band radiation can be regarded as a fundamentally new agent that disturbs the functional regulatory mechanism of genetic elements in the cell, and extrachromosomal elements in particular, without causing direct damage to the DNA molecules.

Fig. 1a from their 1973 paper shows how colicin synthesis varied dramatically with the wavelength of the microwaves. The intensity of 0.01 milliwatts per  $\text{cm}^2$  was a threshold for producing lethal colicin synthesis; below this intensity, the effect did not occur; above it, it did not grow in magnitude (see Fig. 1b). Thus the effect was nonthermal: It did not grow with intensity. The effect was nonlinear: It occurred only at specific frequencies and above a specific threshold of intensity. The magnitude of the rate of colicin synthesis varied with wavelength, not intensity (see Fig. 1c). Smolyanskaya and Vilenskaya wrote:

That the effect does not depend on power is another weighty argument in favor of the nonthermal effects of millimeter waves, since all thermal effects depend primarily on flux intensity.

If microwaves can induce the expression of genetic material of *E. coli* bacteria, it is certainly conceivable that the appropriate frequency or mix of frequencies could prevent expression of the AIDS virus in cells infected with it.

### Microwave effects on chromosomal DNA

The experiments with *E. coli* show that microwaves can regulate the expression of DNA outside the chromosomes (extrachromosomal DNA). Can the function of chromosomal DNA also be affected by microwaves?

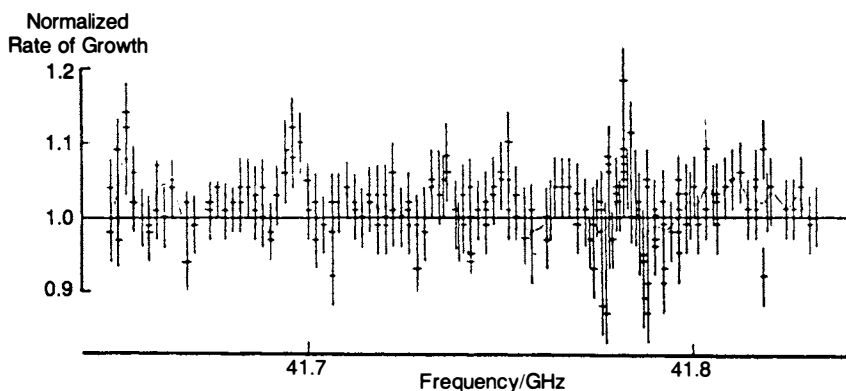
Experiments conducted in the Federal Republic of Germany by Werner Grundler of the Gesellschaft für Strahlen- und Umweltforschung and by Fritz Keilmann of the Max-Planck Institut für Festkörperforschung, have shown that specific frequencies of low-intensity microwaves can alter the rate of cell division in cell cultures of yeast. The rate of cell division and metabolism is regulated by chromosomal DNA, the genetic material in the chromosomes. Underlying a change in the rate of cell division or metabolism, must be a change in genetic expression of chromosomal DNA.

The results reported by Grundler and Keilmann were the result of a collaborative effort between three prestigious German research organizations—the Deutsche Forschungsgemeinschaft, the Gesellschaft für Strahlen- und Umweltforschung, and the Max-Planck Institut für

Source: Soviet Physics-Uspokhi, Vol. 16, January-February 1974.

FIGURE 2

## Microwaves can control growth rate of cell cultures



A West German research team has been able to vary the rate of yeast cell culture growth by varying the frequency of microwaves they use to irradiate the cells. The figure shows the response to the microwaves as a proportion of normal growth (1.0) over a spectrum of frequencies around 41.7 Gigahertz. Each point of the curve is an average of three experimental data points.

Source: *Physik in unserer Zeit*, 1985.

### Festkörperforschung.

In *Physical Review Letters* in 1983, Grundler and Keilmann reported that the rate of cellular reproduction increased or decreased as much as 10% depending on the frequency of the microwaves used to irradiate the cell culture (see Fig. 2). In other words, cellular metabolism and reproduction “resonate” with specific wavelengths of microwaves. The effect was greatest at 41.78 billion hertz.

In an article in the German magazine, *Physik in unserer Zeit* (*Physics in Our Time*), Keilmann estimated that the radiation intensity required to produce this effect was only 0.1 milliwatts per  $\text{cm}^2$ , a level of intensity far below the level of 1-10 milliwatts per  $\text{cm}^2$  traditionally expected in the West to be required to produce any significant effect at all. The probability that the spectrum of frequency-specific responses shown in Fig. 2, was the result of mere chance was calculated to be less than 0.0002.

These early experiments confirmed work on yeast reported by N.D. Devyatkov at the 1973 Session of the the U.S.S.R. Academy of Sciences and thus gave credence within the West to other Russian work presented at that conference, such as the results with *E. coli* described above.

In more recent experiments, Grundler and Keilmann have attempted to isolate just where in the cell cycle the microwaves act. The latest results provide further evidence that microwaves act on cellular genetic material. They investigated the effects of low-intensity microwaves on individual yeast cells over several cell divisions that produce a “micro-colony” of four to eight cells. The results will appear in *Biological Coherence and Response to External Stimuli*, edited by H. Frölich, which is scheduled for publication over the next year by Springer-Verlag publishing house, Berlin. *EIR* obtained a pre-publication copy of the report in which the authors are Grundler, Keilmann, Udo Jentsch, and Vera Putterlik.

### Effects on specific phases of cellular reproduction

The yeast cells used in these experiments were “synchronized” with respect to the phase of cellular reproduction that they were in. Each cell had been stored at 4° centigrade in a stationary state in the “G1” or first growth phase of the cell reproduction cycle, the phase in which the cell grows in size prior to synthesizing the genetic material (DNA) required for the daughter cells in the “S” or “synthesis” phase of the cycle. The experimentalists then followed the course of cellular division in response to continuous microwave exposure over at least two full generations (see Fig. 3).

The purpose of these experiments was to investigate whether the response was related in any way to a specific phase of the cell cycle, or was expressed only after a specific number of cell divisions following the onset of irradiation. Did the effect occur during all cell divisions of a parent into two daughter cells, or only after a “threshold” number of generations?

In the experiments, Grundler and Keilmann examined the variation in cellular reproduction in response to microwaves over the frequency spectrum from 41,760 to 41,800 megahertz, where the strongest effects had been found earlier. They found that almost the entire effect of the microwaves in increasing (or decreasing) the rate of cell division, occurred after the first generation. After at least two cells were present—forming a “micro-colony,” then effects of the microwaves appeared in the rate of reproduction of these daughter cells in the second cell division (known as the “F2” division of a cell-line). The effect on the first cell division was very small (see Fig. 4).

The new Grundler-Keilmann results are consistent with the “F2 hypothesis” circulating within the biophysics community. That hypothesis holds that the effects of radio frequency electromagnetic radiation are expressed in the second

cell division, after the radiation intervenes in the normal synthesis of DNA in the S-phase of the first cell division. Grundler and Keilmann conservatively state that the microwaves in their experiments are affecting metabolic processes, and pass over the fact that changes in metabolism are probably due to changes in the genetic regulation of metabolism. How is it possible for microwaves to interfere with the synthesis of DNA in the S-phase? We will propose an answer to this question below.

### Do microwaves affect higher organisms nonlinearly?

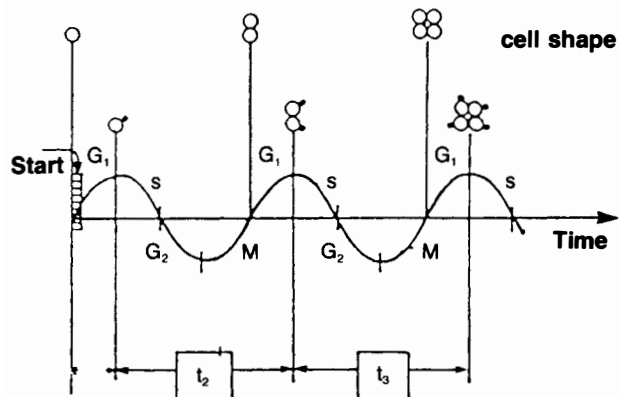
Successful demonstrations that resonant microwave effects upon expression of cellular genetic material exist within laboratory cell cultures of yeast and *E. coli* bacteria, is encouraging for the prospects of the therapeutic application of radio waves to the sort of disorders in genetic expression found in AIDS, but other important criteria must be met.

1) Have any nonlinear effects of radio waves on biological processes been found in irradiation of more highly organized mammalian cells?

2) Do the effects persist *in vivo*, that is, when the intact whole organism is exposed to low-intensity radio waves?

These are important questions for the development of any low-intensity radio-therapy. Higher organisms are more resistant to intrusion from the external environment. If low-

FIGURE 3  
Experimental plan for investigating rate of cell division



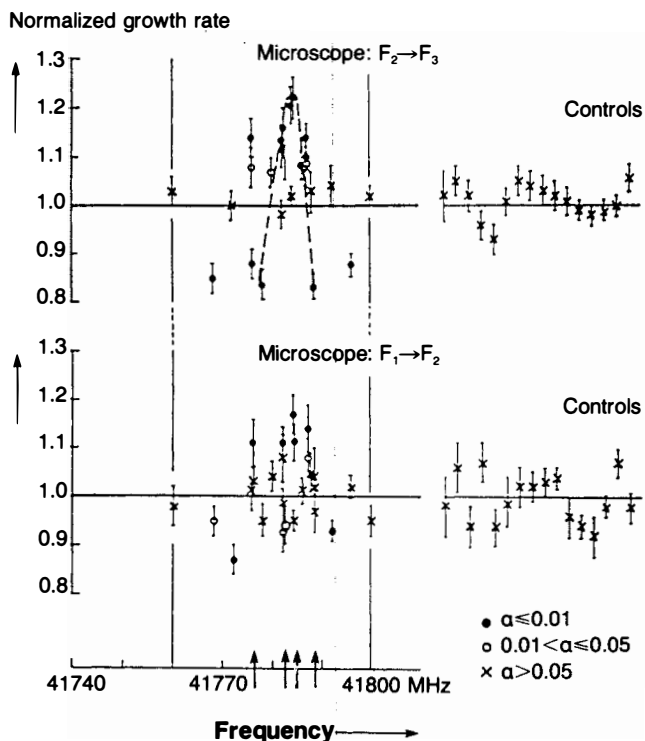
The German research team studied the effect of microwaves on the speed of cell division from single yeast cells. They studied the formation of a microcolony of four cells from one over two cycles of cell division, using the appearance of the "bud" in the first growth phase of cellular reproduction (the G<sub>1</sub> phase) as an event to mark the time (t) from division to division.

Source: W. Grundler et al., "Resonant Cellular Effects of Low Intensity Microwaves," Fig. 9, preprint of paper to appear in *Biological Coherence and Response to External Stimuli*, ed. by H. Fröhlich, Springer-Verlag, Berlin, 1987/88.

intensity radio frequency electromagnetic radiation does not affect their cellular processes resonantly, prospects for therapeutic treatment become dim. However, if the effect were resonant, this would confirm that the mechanism of action of microwaves upon the intracellular environment is coherent with fundamental electromagnetic interactions critical to cellular reproduction; if this radiation were not consistent with the intracellular environment, it would quite probably be screened out.

L.A. Sevastyanova and R.L. Vilenskaya reported in 1973 on experiments that demonstrate that resonant microwave effects occur in mammals *in vivo*, such as in the bone marrow of living mice. *In vivo* exposure of mouse bone marrow to

FIGURE 4  
Effects of microwaves only appear after the first cell division



The German research team discovered that the effect of microwaves in increasing the rate of yeast cell division, shows up primarily in the second full cycle of cell division after the cells are exposed to the radiation. The figure shows the growth rate relative to the average growth rate of cells not radiated (1.0, the "controls" at left). The bottom figure shows how the frequency of microwaves influences the relative speed of the first full cell division; the top figure shows how the frequency of microwaves influences the relative speed of the second full cell division.

Source: W. Grundler et al., "Resonant Cellular Effects of Low Intensity Microwaves," Fig. 10.

microwaves by irradiation through the skin prior to exposure to x-rays had a therapeutic effect, and this effect was resonant with specific frequencies of microwaves. They found that microwave irradiation of the intact left pelvis at specific frequencies, decreased the amount of damage to the marrow induced by the subsequent x-ray irradiation. The authors wrote: "The dependence of the effects of exposure on frequency is of an acutely resonant nature." This result is particularly interesting since immune system cells arise from bone marrow. The ability to selectively act on bone marrow, is encouraging for the prospects of acting selectively on a diseased immune system.

In addition to finding a resonant effect in the cellular processes of a live mammalian organism, Sevastyanova and Vilenskaya discovered that above a threshold of 10 milliwatts per cm<sup>2</sup>, the effect was independent of intensity. Below a power density of 10 milliwatts per cm<sup>2</sup>, the protective effect induced by microwaves did not occur; at that intensity and above it, the effect was always the same: Once the threshold of 10 milliwatts per cm<sup>2</sup> was exceeded, the effect was independent of intensity. After 60 minutes of pre-treatment with microwaves, x-ray irradiation decreased the number of bone

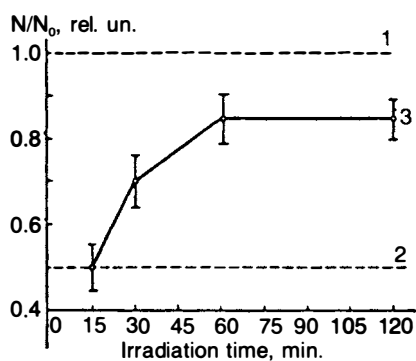
marrow cells by only about 20% (see Fig. 5a), versus the 50% decrease measured in the absence of therapeutic pre-treatment with microwaves.

In the experiment, the microwaves were applied to the intact organism; bone marrow was not irradiated directly. Indeed, millimeter waves barely penetrate the skin of the organism. In a discussion of these experiments, Grundler estimated that 70% of the power applied to the organism was absorbed by the skin. Only a small fraction of the power, less than 3 milliwatts per cm<sup>2</sup>, penetrates into the underlying tissue, and even less into bone itself. Thus although the applied power density (10 mW/cm<sup>2</sup>) is at the level of microwave thermal effects, the effective power density was much lower; the effect on the bone marrow itself was nonthermal, resonant, and nonlinear. The fact that the effect remained the same for intensities from 10 to 80 milliwatts per cm<sup>2</sup> (see Fig. 5b), and occurred only at specific wavelengths of microwaves (see Fig. 5c), demonstrates this.

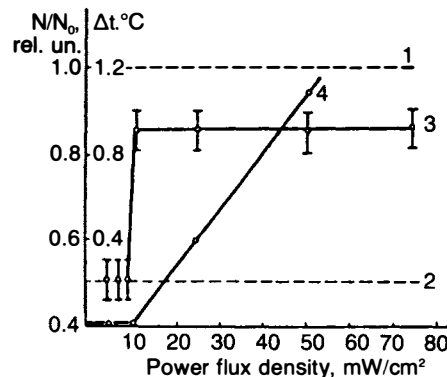
### Effects on viruses in cell cultures

Other work presented at the 1973 Lebedev conference, discussed the use of millimeter waves to decrease the infec-

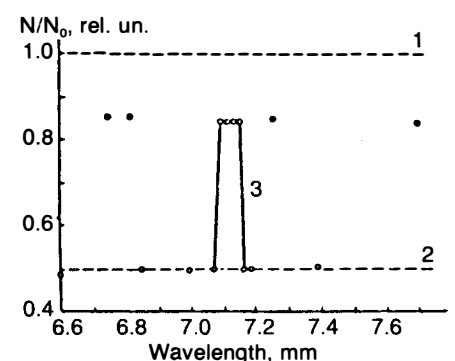
FIGURE 5  
Microwaves protect bone marrow from effects of x-rays



**5a)** Russian scientists have reported that irradiation of live mice with microwaves, protects their bone marrow cells from the damaging effects of x-ray radiation. After 60 minutes of pretreatment with microwaves, x-ray radiation reduced the number of bone marrow cells by only 18% (curve 3) from normal (curve 1). Without pretreatment with microwaves, the x-ray dosage used reduced the number of cells by 50% (curve 2). The data is shown in units relative to the normal number of cells.



**5b)** This therapeutic effect of microwaves appeared only after the power of the microwaves applied exceeded a threshold radiation intensity of 10 milliwatts per centimeter squared of surface area. If the power density was increased above this level, the protective effect still existed, but it did not change in magnitude. The number of cells protected did not increase (curve 3). The only effect of higher power densities was to increase the skin temperature of the mice (curve 4). Curve 1 shows the number of bone marrow cells without any radiation; curve 2 shows the number of bone marrow cells after x-ray dosage only.



**5c)** The appearance of the protective effect depended dramatically on the wavelength of microwaves used in the experiments. The small circles in the figure mark the wavelengths used in the experiments. Only specific wavelengths produced the protective effect (curve 3). Others produced no effect (curve 2).

Source: *Soviet Physics-Uspeski*, Vol. 16, January-February 1974, p. 140, Figs. 1, 2, and 3.

tiousness of viruses in cell cultures. R.I. Kiselev and N.P. Zalyubovskaya reported that:

Millimeter-wave irradiation of various viruses (adenoviruses, measles virus, vesicular stomatitis virus, and others) resulted in a quantitative reduction of the virus particles (on radiation of the whole virus) by a factor of 2-3. Lowered infectious activity of irradiated adenoviruses and measles virus was manifested in a delay of the cytopathogenic effect on a tissue culture.

A decrease in infectious activity was observed after irradiation of virus DNA preparations (isolated from adenoviruses) as compared to unirradiated specimens. . . .

The data obtained may serve as a basis for the use of millimeter-band electromagnetic waves in experiments toward controlled modification of viruses and other microbes.

### How do radio waves act on living organisms?

We have reviewed experimental results that show that low-intensity radio waves can affect genetic expression and other processes in living organisms in a manner that is specific to the frequency of the radiation applied. All in all, they demonstrate that the feasibility of a research program to develop means of using radio frequency electromagnetic radiation to treat AIDS infection is well established. Much research remains to be done. We require a "Biological Strategic Defense Initiative" in biophysical research to blaze the path toward a viable form of treatment of infection with the deadly AIDS virus. Research on nonlinear radio frequency bio-effects must proceed along a broad front, while more specialized research programs with the AIDS virus and AIDS-infected cell cultures are conducted in high-security laboratories.

In order to guide research in the area of nonlinear effects of radio waves so that future research will result in the fastest progress toward mastering these phenomena for medical applications, it is important to formulate hypotheses about what biophysical characteristics might be making the nonlinear effects of radio waves possible. The following questions must be addressed.

1) How can microwaves affect the processes of cells whose dimensions are thousands of times smaller than their wavelength? In the yeast experiments of Grundler and Keilmann, the cells used were about 30 cubic micrometers, roughly a few micrometers across. The wavelength of the microwaves used was about 7,180 micrometers (7.18 millimeters), roughly 2,400 times the width of the yeast cells. Obviously there is more to radio frequency wave effects than the mere spatial interaction of the radiation with cellular material.

2) How can radiation with an energy that is tremendously lower than that required to break chemical bonds, and even

lower than the thermal energy attributed to molecules in living organisms, affect cellular processes? The elementary unit of electromagnetic radiation is the "photon"—a unit of an electromagnetic radiation equal to one full rotation of an electromagnetic wave. High-energy ultraviolet photons are required to break chemical bonds. They have an energy of several "electron volts." By comparison, microwaves have an energy less than 0.001 electron volts, yet they are capable of inducing frequency resonant changes in cell function.

3) The intensity of "random" thermally induced collisions assumed to occur inside a living cell at 27° centigrade, is 25 times greater than the energy of the most energetic microwaves. Statistical thermodynamics holds that this thermal excitation is 0.025 electron volts in energy, and that it would smear out of existence any effects of lower energy forms of action; the experiments discussed here show that this concept doesn't hold for living systems.

4) The spectra of frequencies that dead biological material absorbs do not show the sharp "resonance lines" observed in the experiments with living cells or whole organisms. In the yeast experiments, if the frequency of the microwaves used was changed only a few megahertz from 41,780 MHz, where the growth effect was maximal, the effect completely disappeared. The width of the frequency band over which the effect occurred was 8 MHz. Resonances in dead tissue are tremendously broader—making selective action by microwaves practically impossible. What produces this qualitative difference in the frequency spectra between living things and dead tissue?

In developing hypotheses to explain radio wave effects, we will find the results of work in nonlinear laser chemistry very useful. In laser chemistry and chemical physics, coherent radiation of wavelengths resonant with the "quantum transitions" of molecules we seek to act upon, is used to excite the molecules into different "energy states" where they will react chemically with other molecules in a different way than they would otherwise. The molecule is said to absorb a photon of the electromagnetic radiation, to be "excited" into a different energy or quantum state in which it becomes capable of participating in reactions it otherwise could not.

Quantum states of molecules are distinguished by the arrangement and behavior of their electrons or atoms. A transition, from one quantum state to another, is said to be an *electronic* transition, when it involves some rearrangement or loss of the molecule's electrons. Most electronic transitions in molecules or atoms are high-energy transitions, requiring absorption of photons of light in the ultraviolet portions of the electromagnetic spectrum. Since the energy of a photon decreases with the frequency of radiation, radio frequency electromagnetic radiation is not ordinarily expected to produce electronic transitions in molecules. There are, however, low-frequency electronic transitions of molecules among what are called their "multiplet" states—conditions



of molecules that differ by the orbital motion of their electrons. These are produced by an effect of the magnetic field generated by the molecule itself. Because it is a magnetic effect, it is effective at even low intensities. Keilmann has put forward a hypothesis to explain the sharp resonant action of microwaves that his lab discovered in yeast, based on transitions among multiplet states.

Multiplet states are quantized, that is, there is always an integral number of possible states of the electrons' orbital motion; technically speaking, this means there is always an integral number of possible values to their total orbital angular momentum. If there are three possible values of the electrons' total orbital angular momentum, the molecule is said to be a "triplet" molecule. Quantum transitions among triplet states in many organic molecules are produced by frequencies of electromagnetic radiation as low as 3 gigahertz in the microwave portion of the radio frequency spectrum.

Transitions among triplet states are known to play a role in photochemistry and laser physics. V.S. Letokhov of the Institute of Spectroscopy of the U.S.S.R. Academy of Sciences wrote in *Nonlinear Laser Chemistry* that: "The excitation to a singlet state and the subsequent transition to a longer-lived triplet state forms the basis of most photochemical reactions in solution." Depending on various factors, subsequent excitation to another triplet state can occur. "Such singlet-singlet and triplet-triplet transitions are well known in quantum electronics," Letokhov adds, "for example, in the solutions of dyes used in some [dye] lasers."

For transitions involving triplet states, many organic dye compounds, such as those used in dye lasers, have a high quantum yield, that is, the proportion of light they radiate to the light they absorb is high. For acridine orange, the triplet yield is as high as 10%. Acridine orange is one of the organic dyes that has been found to induce the coiled DNA helix to unwind and rewind itself. Perhaps this action is related to the dye's electromagnetic characteristics as a triplet molecule. This would certainly be consistent with the "F2 hypothesis," that microwaves effect cellular processes by intervening in DNA synthesis in the S-phase of cellular reproduction.

In a paper published in 1986 in *Zeitschrift für Naturforschung*, Keilmann concluded:

Nonthermal populations quite generally appear when triplet molecules are formed. . . . Since the overall chemical reactivity of a molecule depends on its [multiplet] substate, the result [of changing it] is an overall change of the molecule's reaction rate which may cause further changes in the biochemical pathway . . . the experimental resonance frequency should be apt to serve as a fingerprint to identify the target molecule . . . it might turn out that resonant microwaves provide the selectivity necessary to pinpoint specific target molecules or sites in complex *in vivo* systems.

We have said little so far about the resonant, nonlinear action upon cellular processes of radio waves with frequencies lower than microwaves. For the moment, we note that hypotheses regarding triplet states may be of some value here as well. The frequency of action of radiation required to excite a molecule from one multiplet state to another, varies with the magnitude of externally applied magnetic or electric fields. Slowly varying extremely low frequency (ELF) radio waves, produce transient electromagnetic fields that would effect the "size" of a triplet-triplet quantum transition so that effects achieved with millimeter waves, could be accomplished with ELF waves modulated in the long microwave or megahertz portions of the radio frequency spectrum.

The questions we have discussed here are at the frontiers of research in optical biophysics, the investigation of the electromagnetic properties of life. The wonderful thing about this subject is that there are many more questions than there are answers. Posing the right questions is the first step in fundamental research. For example, what electromagnetically, distinguishes the nature of healthy biological processes from diseased ones? In answering this, we will go a long way toward finding a treatment or cure for AIDS infection.



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## Mexico's ruin began with Miguel de la Madrid

by Carlos Cota Meza

"We lost a battle but not the war," said President Miguel de la Madrid at the end of 1987, implicitly recognizing the fiasco of his economic policy of the last five years. The assertion starts from the premise that his program is perfect, and that the Mexican economy is the ideal place to apply it. As to the mere detail that the program is a dismal failure, the President blames this on "exogenous elements" or faults in the implementation, but he insists that the program is right.

With the Economic Solidarity Pact, put into effect on Dec. 15, 1987 as a response to the trade unions' demands for wage increases, the government decided to dig even deeper into its erroneous ways, but now with a new and ominous twist. On Jan. 8, in his New Year's message to the nation, President De la Madrid stated: "It is illegitimate to incite the citizens to civil rebellion or to resistance against the laws and authority."

That warning takes on great relevance, given that there is in the country a sharp and growing process of opposition to the President's economic policy, in particular since the Economic Solidarity Pact. Most serious of all, this opposition is coming mainly from groupings which belong to the ruling Revolutionary Institutional Party (PRI), such as the powerful Mexican Confederation of Workers (CTM), the oil workers' union, STPRM, and rural organizations belonging to the National Peasant Confederation (CNC). The call for a general strike to demand an emergency wage increase in the face of the recent devaluation of the peso was put out by the Labor Congress, which has 10 million members, and whose institutional existence is written into the Constitution.

The fact is, that despite all the pious denials and euphemisms to the contrary, Miguel de la Madrid's government handed Mexico over to the dictates of the International Monetary Fund (IMF) from the day it took office.

In August 1982, the government of then-President José López Portillo declared the country in noncompliance on payments of its foreign debt. Months afterward, on Dec. 1, Miguel de la Madrid took office as the new President of Mexico. During the transition from August to December, the presidential palace of "Los Pinos" was descended upon by predatory delegations of David and Rodman Rockefeller,



*Mexican trade unionists rally for "a Latin American debtors' front," during the March 1987 visit to Mexico City of Peruvian President Alan García. President de la Madrid rejected the García program, in favor of the IMF's austerity.*

of Chase Manhattan Bank; Henry Kissinger, of Kissinger Associates and the Ditchley Group; and Walter Wriston, of Citibank. As time went by, the circling of these vultures became more and more frequent.

In short, what the supranational banking clique, the Ronald Reagan administration, and the IMF bureaucracy imposed on Mexico were the genocidal "conditionalities" of the IMF. They ordered Mexico to: a) devalue the peso drastically with the target of reducing vital imports for the internal economy, while increasing the cost of foreign debt service payments; b) pay this debt service by exporting manufactures, raw materials, and food at the expense of the domestic economy; c) eliminate productive investment, including wiping out entire industrial sectors, and earmark the "savings" obtained for foreign debt payments. This was exactly what the Miguel de la Madrid government started to do in December 1982.

As **Figure 1** shows, this model—in Mexico called the "de-petrolization of the economy," or the "structural change"—will culminate in total debacle in 1988, leaving Mexico on the edge of starvation.

### How the economy was bled

Mexico became an oil-exporting power during the six-year presidential term of José López Portillo (1976-82), after his predecessor, President Luis Echeverría Álvarez (1970-76) had made the biggest investments in the sector since President Lázaro Cárdenas nationalized the petroleum industry in 1938.

From 1982 forward, despite the drop in the international oil price, and with the same level of exports, with "IMF recipes" Mexico maintained its hard currency reserves at a constant level. This was possible thanks to a savage 50%

reduction in imports in 1983. From then on, with slight variations, imports have stayed at the level of 1975.

As **Figure 1** shows, exports (as a percentage of Gross Domestic Product) have been declining throughout the Miguel de la Madrid government, but reserves have held steady. The way the government has accomplished this was explained by the director of the Bank of Mexico, Miguel Mancera Aguayo, in an interview with Dow Jones wire service last September: "We have been capable of servicing the debt without resorting to foreign credits in net terms, thanks to the fact that we have an enormous surplus of exports over imports." Such an exploit was possible, Mancera boasted, "thanks to the policy of devaluing the peso, which keeps it artificially undervalued by 25% with respect to the dollar. . . . We have to export twice as much [as in 1982] with the aim of importing half" as much as was imported in that year.

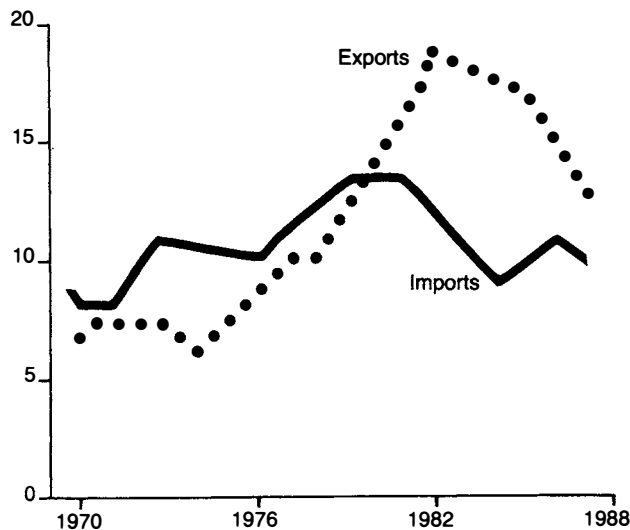
Aside from petroleum (whose share, in dollars, has diminished), Mexico, the new "exporting power," has added nothing in new exportable production. The exportable "surplus" has been pure national wealth which was formerly consumed internally and which was literally ripped out of the hands or the mouths of Mexicans, with the aim of "creating currency" to pay the debts.

The form in which the surplus was generated was by making wages disappear, as an "economic variable," in the planning of the looting spree. **Figure 2** shows the collapse of wages since 1982. Present-day purchasing power has been reduced to the level of 25 years ago.

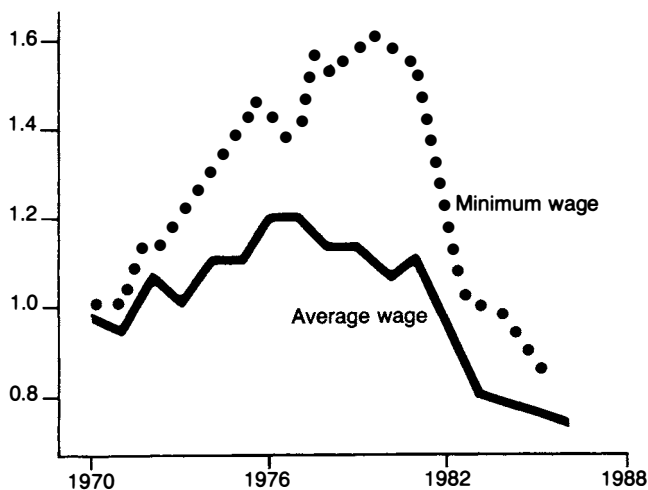
Given the exhaustion of the real physical economy, 1988 will be the year in which this model touches bottom. With the Economic Solidarity Pact the government has "discovered" that the national market registers acute shortages. But

it does not blame this on the absence of production. This, the government says, is the fault of the shopkeepers' hoarding and speculation. And in order to combat this "voracity," the Mexican government has allocated \$1.1 billion for emergency imports in a broad spectrum of consumer articles. With this figure, the government will raise imports to \$13.2 million per year.

**FIGURE 1**  
**Imports and exports of goods and services**  
(% del GNP)



**FIGURE 2**  
**Wages**  
(Index 1970 = 1)



On the other hand, export prospects hardly look favorable, given the deep recession of the U.S. economy—Mexico's major customer—and forecasts of an abrupt fall in the world oil price. Thus, it will not be so much because of an increase in imports, but because of the drop in exports, that Mexico will again show a deficit in its balance of trade. Theoretically, one can say that when the two lines of Figure 1 cross, the moment of the economic and social explosion will have arrived. The reason for this is that, as a trade union leader recently put it, "We used to be a country with no money but with food, and now we will be without money and without food."

**Whole industrial sectors vanish**

For the sixth year in a row, the total expendable budget of the Mexican federal republic—56.08% of which goes straight to pay foreign debt—has been cut in every non-debt category. With the new 1988 cutbacks, not only will public investment be affected in all the top-priority sectors, but entire sectors in food production and the construction of basic infrastructure will go up in smoke. For years, the construction sector had been thought of as the motor of expansion of the national economy.

In real terms, the amount of public investment to be allocated this year will be half that deployed in 1982. As a percentage, it will fall from 16.2% of the budget in 1982, to 9.6% in 1988.

- **Steel.** A halt will be called to SICARTSA II, the second part of Mexico's largest steel project, located in the south, as well as to bringing on line direct-reduction plants, steel processing, electric-arc furnaces, and continuous casting plants. At the same time, the Altos Hornos steel plant will reduce its production.

- **Communications and transport.** The budget will eliminate many projects and "reduce the rate of implementation" for others, such as the Querétaro-Guadalajara-San Luis Potosí highway and the Coatzacoalcos-Villahermosa highway. Also to be set back are the transverse railway from Monterrey to Guadalajara and the double track Mexico-Veracruz rail line. All airport investments will be suspended.

- **Agriculture.** One of the hardest-hit sectors by the budget cuts, the Agriculture and Water Resources Secretariat, will give up 24 water projects, among the most outstanding of which is the promising Fuerte-Mayo Canal, in the state of Sonora, with a great potential for making new arable land available for food production. No agricultural machinery will be purchased at all, nor will any new firms be set up in this sector.

Twenty-eight thousand hectares of unirrigated land had been slated to become cropland, a figure which will not be reached, and in the irrigated zones it had been expected that 60,700 new hectares would come under cultivation (this figure itself is less than 40% of the land recovered in 1981). Meanwhile, Banrural—the Mexican government's rural credit institution—will only channel loans to upgrade 7.2 million

hectares, the same as in 1987. This will have repercussions in the form of a drastic shortage in domestic production and need for further imports, which in the basic cereals sector already makes up 40% of national consumption.

● **Energy.** This is the sector most affected by the budget cuts. Petroléos Mexicanos, the national oil company, will slow down construction of the second phase of its Tula refinery, and has eliminated the Reynosa Profundo project, the which will lead to a drastic reduction in the supply of fuel to the economy. The designers of the new budget argue cynically that this reduction will be compensated by a lower demand, because of the increases in the selling price of fuels.

In the electrical sector, the elimination of projects has not been spelled out; the only announcement has been that the Federal Electricity Commission "will decrease the commercialization of electrical energy from 85,092 megawatts to 83,022 megawatts." The Central Light and Power Company will impose "greater slowness" on the implementation of its projects.

The explanation of the drastic cuts is that the company "has a cushion of four years" to supply the demand, but according to labor leaders in the electrical sector, "blackouts will be inevitable," principally because of the budget cuts in maintenance.

Together with the agricultural sector, the cuts in the electricity sector pose the greatest dangers of cannibalizing of the national economy. A study by the Federal Electricity Commission's construction department, established that to meet demand between now and the year 2000, Mexico needs a diversification of power sources. They have to build, and bring on line, coal-powered plants, nuclear plants, geothermal plants, and hydroelectric plants. These projects were drawn up with a view toward expectations of increased demand, which in 1983 were at 6.9% per year for the period 1982-2000. In 1987, that projection was reduced to 5.5% per year, and for 1988 it was set at 4%. With the minimal projection of 4% for the next 20 years, the National Energy Program is eight years behind where it needs to be to meet demand.

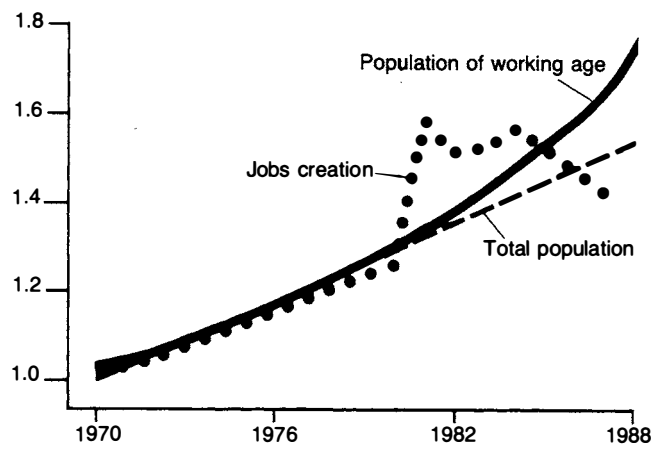
### Social time bomb

In the short term, the worst danger is the potential for an imminent social upheaval. The state and semi-state sectors of the economy have not only been historically the motor for Mexican economic expansion, but they are also the most important generator of potentially well-paying jobs, jobs which, according to the Labor Congress, now number 2.5 million. With the cuts in public investment for 1988, most of these 2.5 million workers will be laid off.

But unemployment in Mexico is already a ticking time bomb. In **Figure 3**, we see that before the Miguel de la Madrid administration, the government was making an effort to create jobs faster than the rate of growth of the population. Today, the relative demographic growth rate is higher than the creation of new jobs.

With the Economic Solidarity Pact (which in reality forms

FIGURE 3  
**Jobs creation**  
(Index 1970 = 1)



part of the new accord for restructuring the foreign debt, controlled by Morgan Guaranty Trust bank), unemployment will increase by leaps and bounds. The layoffs from the public sector, provoked by the cuts in the investment budget, will be made worse by layoffs in the private sector, as private businesses are forced to shrink operations because of runaway interest rates and the higher banking reserve requirements, which have already provoked a 90-day ban on commercial loans. Another large number of people will be jobless because their employers went bankrupt after the government lifted import barriers in the name of "fighting inflation."

The rumor that 150,000-250,000 public employees will be soon be out on the streets, is becoming more persistent. Most municipal workers in the country have not even finished getting their Christmas bonuses. The leader of the state and municipalities public workers union stated that "the specter of unemployment is upon us."

The presidential elections are only months away, in July, and the group of those who warn of the threat of a "great social explosion," of "authoritarianism," "militarization," and "perhaps even a coup d'état" is becoming larger by the day. These fears are growing because of the warning, already alluded to above, by President Miguel de la Madrid in his New Year's message.

For Mexico, 1988 will be the year it defines itself. Either the sentence of the entire country to submission to IMF "conditionalities" will be executed, after five years of progressively making its economy and institutions fascist; or, a moratorium will be declared on the foreign debt. It was the failure to declare such a moratorium in 1982 that doomed the country to all these sufferings, which were neither necessary nor inevitable.

# Poverty, death are cost of Mexican 'solidarity pact' with Wall Street

by D.E. Pettingell

Placing debt service as Mexico's number-one national priority and embracing for five consecutive years "free trade" looting schemes as Mexico's economic goal, have had devastating effects on the Mexican population's standard of living. If the current policies of the de la Madrid administration are not reversed this year, the United States will soon wake up to realize that its debt-collecting policies have been fostering African-style genocide just south of the border—with the ensuing political consequences.

On Dec. 15, the Mexican government imposed upon the population an unprecedented series of draconian austerity measures known in Mexico by the euphemism of "Economic Solidarity Pact." In the three weeks since the signing of the "pact," 10,000 Mexican workers have been laid off in Mexico City alone. Most of the layoffs are from small and medium-sized firms. Private sources believe that in 1988, 82% of companies with 10 or fewer employees will be forced to close down. The government plans to fire 250,000 more in 1988, a year when at least 1 million Mexicans will be entering the job market.

According to labor figures, there are currently 11 million, or 40.74%, of the 27 million economically active Mexicans employed in the "formal" economy. In 1986, there were 8.77 million unemployed, and from January to September of 1987, another 64,000 joined the ranks of the unemployed. Labor sources are warning the Mexican government that unemployment is already the greatest problem facing Mexico.

The new austerity scheme, indeed a "solidarity pact" but with Wall Street, came as the straw that broke the camel's back. Mexico, as one commentator put it, is about to join Bolivia in becoming, from the standpoint of its per capita consumption levels, part of the "Fourth World."

I recently returned from my native Mexico, and the poverty, hunger, and anxiety that I saw people live in goes beyond anything experienced in the past in a country with two decades of steady economic growth. Seventy-one out of 1,000 children die before the age of five from diseases that can be cured, such as intestinal infections, respiratory illness, and malnutrition. Children are not being vaccinated or fed. In some parts of Mexico, one can already see the African

scene of the starving mother trying to breast-feed a dead child.

This is happening when farmers in Sonora and Coahuila are sacrificing high-yield Holstein dairy cows, to sell the meat and cover investment costs. Dairy producers in Sonora told me that milk production is being wiped out and farmers are going bankrupt, forced to destroy what they have built up over years. Today, national production of milk is 7.4 million liters a day; at the end of 1985 it was 12.5 million liters a day.

"We are going from bad to worse. Never, since I was born, do I remember in these areas a crisis such as we are living through. To produce milk is a great risk. Earlier, things had turned into a fight to maintain the cows; now, although production is good, they must go to slaughter to make solvent the expenses of the stable," a desperate farmer said. In Coahuila's Laguna region, the number one milk producing region, 250,000 milk cows were slaughtered in 1987, leaving only 80,000.

The "death pact" was imposed on a loyalist and suicidal organized labor movement which, although it protested and complained, accepted it as "necessary" to overcome the crisis. Business organizations such as Coparmex were among the few groups that welcomed the "pact," since it gives them a free hand to increase prices at their caprice.

The "pact" was presented to the public as necessary to "cut the budget deficit" and defeat the inflationary spiral. But all it will do is starve and kill more people. The prices of 75 basic goods and services went up. Tortillas, the poor's main food staple, increased by 37.5% and bread rolls 26%. Gasoline, diesel, combustible and liquid gas: 85%; telephone: 85%; sugar: 81%; fertilizers: 79%; airlines: 55%; railroad travel: 17.2%. Beverages, health products, and school supplies are also included in the 75 basic goods.

People live in constant fear that an endless cycle of massive and constant price increases is just beginning. In the aftermath of the Christmas holidays, housewives stormed into supermarkets, buying goods to stock up their supplies before prices go up again. Speculation and rumors that the peso will reach 3,000 to the dollar by the end of January were

rampant throughout the country.

Even the perennial shoeshine boy at the corner has increased the price of his work. Asked why, he replied, "Because the dollar went up." "What do you have to do with that?" I asked. He had no answer.

The Mexican government announced Jan. 3 that severe sanctions would be imposed upon those government officials who resist budget cuts or refuse to comply with the "austerity decree."

### **Meat, a luxury**

The buying power of the Mexican worker plummeted between January and October of 1987 by 45.6%, according to the Technical Division of the National Commission on Minimum Salaries, Mexico's tripartite commission representing workers, business, and government. The minimum wage has fallen by 53.3% since 1977, and 10% in just the past year, according to Mexican private academic sources. The daily minimum wage in the south of Mexico is about \$1.85 at the early January rate. In order to buy 1 kilo (2.2 pounds) of meat, a worker has to work 7 hours and 26 minutes. In 1982, a kilo of meat required 2 hours and 8 minutes of labor.

In addition, the government admitted its failure to fight pollution in Mexico City; instead of spending money in an effective anti-pollution program, it opted for a ludicrous measure. As of Jan. 4, school hours in the entire Mexico City area were changed. Now children up to junior high school are not due in school until 10 a.m., by which time, the Secretary of Education believes, the rush hour is over and there is less pollution in the air that could affect children's health. The new schedule has been met with bitter anger by mothers who now face the threat of losing their jobs because their schedule does not fit their children's.

The north does not have the problem of pollution, but has others. Although in the border states, such as Baja California, the minimum wage is a little higher, \$2.45 or 5,645 pesos, there is an abysmal difference between wages on the Mexican side of the border and those on the U.S. side. In the United States, undocumented workers earn 73,600 pesos for an 8-hour day, or \$32; legal workers earn 161,000 pesos a day, or 29 times more than on the Mexican side of the border.

I found that middle-class housewives in the northern states leave their families alone for several weeks, or even months, to get temporary jobs baby-sitting or cooking for American families in the United States. They earn more than if they had worked full time for the entire year in Mexico in a more highly skilled job.

Equally striking, is to see retail stores flooded with foreign-made products from the United States, West Germany, and Japan. Mexico's joining the free market looting treaty known as GATT during the de la Madrid administration has practically destroyed Mexico's consumer goods industry. Braun or Krups German-made automatic coffeemakers are



*A scene in Mexico City.*

all over Mexico, as well as American-made household appliances at prices sometimes equal to those in the United States.

As a result of this goods dumping, Mexican energy consumption fell by 1% a year from 1982-86, as measured in kilocalories, for an overall percentage fall of 3.5%. On a per capita basis, the fall in four years has been 12.5%. That it was not worse, is due to the fact that most of Mexico's manufacturing industry turned to exporting in order to survive, rather than shut down.

These indicators of the high social cost that the Mexican people have been forced to pay for the de la Madrid administration's conciliatory policies to Wall Street, is being denounced by increasing numbers of Mexican patriots as genocide and treason.

Will the Mexican people continue to tolerate in 1988 a government that steals from the mouth of the population 57 centavos of every peso to cover the service on both internal and foreign debt? I came back with the impression that it will not. There is a sense throughout the population that 1988 ought to be the turning point, that things cannot go on for much longer. The question is whether changes in Mexico will be peaceful and for the better, or not.

# The Economic Solidarity Pact: another still-born program

by Carlos Valdez

The latest economic program of Mexico's Miguel de la Madrid government, the so-called Economic Solidarity Pact, was a failure before it got started. The previous four programs of the government, the National Development Plan, PND; the Immediate Plan for Economic Reordering, PIRE; the Extended Plan for Economic Reordering, PERE; and the Plan for Promotion and Growth, PACAC, as well as its more than 14 sector programs, were also still-born. The cause of death of each of these programs is the same: the way in which financing the budget deficit was undertaken.

Since the beginning of his administration on Dec. 1, 1982, De la Madrid's government has financed its budget deficit with other people's money, that is, money taken from the "investing public" by soliciting speculation in a half-dozen financial instruments issued by the government itself. The most famous of these are the Treasury Certificates, known as CETES. Then there are the Pagafes (Government Promissory Notes), Petrobonds, CAPs (Certificates of Patrimonial Contribution), bankers' acceptances, etc.

At the beginning of this administration, a scandal was fabricated around the fact that former President José López Portillo left a budget deficit that was 18% of the Gross National Product. This was blamed as the principal cause of the nation's debt crisis. What was never stated was that the López Portillo budget deficit, as with all previous governments, was the result of contracting debt to provide for the government's spending requirements: public investment, operating expenses, and contributions to the municipalities and states.

Under the technocrats of the de la Madrid government, this changed. Debt was incurred to pay off debt. They proceeded, under the supervision of the International Monetary Fund (IMF), to try to lower the budget deficit by eliminating allocations for "programmable" expenses, everything in the budget *except* debt service. From 1982 to 1986, as a percentage of Gross National Product, the net expendable budget was reduced from 28.2% to 22.1%. In 1987, they were 22%. Public investment fell from 7.7% in 1982 to 4.3% in 1987 (see Figure 1).

Believe it or not, President De la Madrid has always known that the deficit could never be reduced by this route. In his Fifth Report to the Nation, on Sept. 1, 1987, the President said: "The rise in the cost of money has made servicing the internal public debt more expensive and has raised the financial deficit." At the same time, he offered as

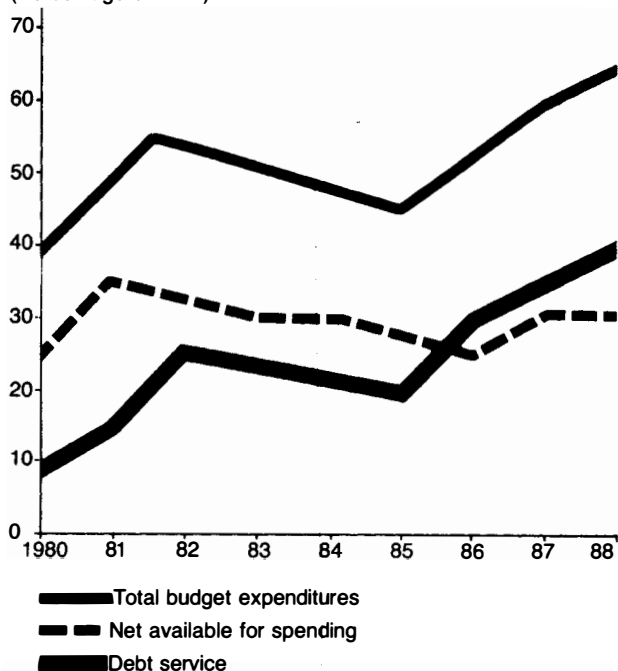
an achievement of his government the fact that for the fifth consecutive year, there had been an "operational surplus" (that is, greater income than expenditures, *before* servicing the debt). Such a "surplus" rose from 2.5% of the GNP in 1982 to 6.5% in 1987.

As the President indicated, it was the "cost of money," the policy of financing oneself with other people's money, which has prevented a reduction of the deficit. The percentage of the GNP represented by interest payments for the 1983-85 period was 11.6%. That leaped to approximately 21% in 1987. While foreign interest costs remained at a level of between 5% and 5.5%, internal interest rates rose from 6% to nearly 14% for the same period. In 1988, it is bound to jump even more sharply, as interest rates are already 130% higher than in 1987, and will surely rise much further yet.

FIGURE 1

## Mexico spends more for debt service than all other categories of the budget

(Percentage of GNP)





In terms of the federal budget, this meant that in 1986, 35% of the budget would be allocated to pay interest; in 1987, this figure was 44.5%; and in 1988, it will represent a whopping 54.4% of the total budget. In 1980, for each peso spent by the state, 25 centavos were used in servicing the debt (which represented 10% of the GNP). In 1988, of each peso spent by the state, 54.4 centavos will go to servicing the debt. And this calculation was made before the latest 47% increase in interest rates announced in early January.

### **The internal debt bomb**

There is much more behind the numbers—the political coldness of a technocratic government.

Despite the proposal of 109 federal congressmen belonging to the ruling PRI party, that cutbacks in the 1988 budget be made in the area of payments on the foreign debt, three congressmen—representatives of PRI presidential candidate Carlos Salinas de Gortari—imposed a new cutback in the budget line for programmable expenses, from 22% to 20.5% of the budget. They also established a hypothetical reduction of payments on the internal debt, by means of an (again, hypothetical) reduction in inflation for this year. As we shall see, this will not occur.

The government's policy of financing itself with other people's money is about to explode into a thousand pieces. In January, interest rates on the government's financial instruments were hiked sharply, 32 points for CETES, and 25 points for promissory notes. The 28-day CETE is the most coveted, paying 158.7% a year. If its monthly yield is compounded, the annual interest rates actually surpass 360 points, one point per day for 365 days of the year, a rate which has no precedent in the nation's history.

Various analysts writing in the financial pages of the nation's dailies have offered the following estimates: The finance ministry recently reported that the public internal debt was 30 trillion pesos (13.3 billion dollars, at present exchange rates). This means that for each point that interest rates rise, annual payment on interest increases by 300 billion pesos. If one multiplies this amount by 25 points, one comes up with 7.5 trillion pesos, a figure higher than the 7.3 trillion pesos that were cut out of the 1988 budget.

Apart from these projections, which raise the internal debt and government budget deficit to unimaginable heights, there exists another, infinitely more dangerous dynamic that is on the verge of exploding.

Traditionally, the CETES were issued for 90 days, 60 days, and 28 days. As always, the government's preferred tonic was to issue new, more attractive issues to pay for the old. Ever since "Black Monday" on the Mexican stock exchange last Oct. 19, the government has repeatedly opted for interest rate hikes to prevent a disinvestment in CETES and a rush to gold, dollars, or other "more secure" investments. Despite this, the government has still been unable to avoid an avalanche toward the dollar—which forced the "maxi-devaluation" of Nov. 18.

However, the government has not abandoned its stupidity; rather, given that very few investors are buying the new bond issues, it has opted for the "innovative practice" of issuing 7-day, 14-day, and 21-day CETES. With the enhanced terms on these government instruments, the Mexican financial market has become an inferno, where buying and selling of government paper can be measured in mere hours.

It is here that the ticking of the internal debt bomb can be heard. The government has reached the point that it requires astronomical amounts each week merely to recycle existing

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*If the government opts for deflation, the rush into the dollar will be such as to annihilate what remains of foreign reserves. But if the government opts to maintain the hyperinflationary policy of "recycling" internal debt, where do they think they will obtain the liquid funds from to continue to pay interest?*

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CETES and pay part of the interest. At any point in which the new issues find no buyers, the government will face "zero hour": The recycling will come to a grinding halt and there will be no more income to pay interest.

### **And they think they can reduce inflation**

Any serious analyst calls this simple madness. But his astonishment increases when he hears from the government itself, that all this is a step toward reducing inflation. Despite nominal interest rates already reaching 159%, even they are negative with respect to inflation, which annualized, will hit 191%.

It is very difficult to put oneself in the shoes of a fascist, but it is not so hard to know how one thinks. The reasoning (if it can be called such) of Miguel Mancera Aguayo, director of the Bank of Mexico, and Pedro Aspe Armella, secretary of planning and budget—a veritable budgetary, and at times political, Gestapo—is more or less the following:

If we reduce the next expendable budget from 28.2% in 1982 to 24.3% in 1983, to 23.4% in 1984, to 23% in 1985, to 21.1% in 1986, to 22.0% in 1987 and to 20.5% in 1988; if private investment is paralyzed because of the effects of the soaring prices and contraction of credit, and the free importation of goods, which will increase the average capacity utilization from 50% to 70%; if wages stay frozen; then there

will be no problem if we introduce a deflationary policy toward the speculative bubble of the internal debt, exactly as occurred in the Mexican stock market.

These are the teachings of one Mr. Sanjines who is hidden in the Autonomous Technological Institute of Mexico (ITAM), and who advises Aspe Armella and Mancera Aguaya. The credentials of said Mr. Sanjines are that he "advised" the Bolivian government in the application of its "heterodox program," which "stabilized inflation."

According to reliable sources, the only thing that is worrisome about these programs of Mr. Sanjines, is "the political consequences against democracy." What this Mr. Sanjines doesn't say in his "advice" is what is now recognized in Bolivia itself: that 80% of the GNP of the Bolivian economy comes from drug trafficking.

If deflation is opted for, the rush into the dollar will be such as to annihilate what remains of foreign reserves. If the government opts to maintain the hyperinflationary policy of "recycling" internal debt, where do they think they will obtain the liquid funds from to continue to pay interest?

The real root of this entire financial and economic crisis, is that, faced with such a high mortality rate for their programs, the technocrats of the regime are out to spread the infection, and want to kill democracy.

## Mexican state heads for bankruptcy

by Peter Rush

Sharp increases in interest rates on government treasury certificates called CETES, and the announcement that the government is coming out with 7-day and 14-day CETES, signal the impending bankruptcy of the Mexican state. The point is emphasized by the persistent rumor that the Bank of Mexico is heavily supporting the peso in the face of renewed strong capital flight into the dollar.

The government's latest "program," the Economic Solidarity Pact, is helping to bring the crisis on, by further destroying the country's physical economy. And the farcical "zero bond" plan concocted with Morgan Bank in New York, primarily intended as a public relations trick in any case, is already coming apart.

Interest rates and pressure on the peso are the crucial issues at present. The Nov. 7 increase of CETES rates by a nominal 32 points, from 127% to 159%, represents a real increase, on a compound basis, of 111% a year, from 234% to 345%. Reportedly, even the 159% rate was a compromise, with prospective investors initially demanding 200% (535%

compounded annually).

Explaining why the upward pressure on interest rates was so severe, columnist Luis Soto explained in *El Financiero* Jan. 7 that these rates "make one think that the Bank of Mexico is willing to pay what it must to savers and investors, such that they will invest in peso instruments." The government must pay whatever rate the "market" demands, just to roll over the CETES that come due—or face immediate bankruptcy—plus it must market new CETES to pay the growing interest costs on the old. The government is hostage to whatever the so-called "investors" demand.

The other motive for the interest rate increases is to keep pesos from fleeing into dollars. Soto commented, "Everything indicates that dollarization is growing daily, before a strong demand, despite the efforts of the authorities to supply dollars to the market to control the price."

Agustín Rodríguez Trejo, the *Excelsior* columnist, reported, "A strong rumor exists that the outflow of dollars has alarmingly reduced the much-defended monetary reserves of the Bank of Mexico," although no one is willing to estimate the magnitude of their depletion since the devaluation of mid-November. But can any rate of interest keep pesos from fleeing into dollars? Soto quotes Bank of Mexico head Miguel Mancera, suggesting that the answer may be no: "There is no rate of interest that buys off fear." The announcement Jan. 8 that the government is now to issue even shorter-term CETES, of 14 days, and even 7 days, is an indication of how short a fuse remains on the financial bomb. Still, no analyst has yet appeared to draw the only possible conclusion, and utter the dread word: bankruptcy.

### Foreign debt payments strangle the country

The Mexican government has been living a terrible illusion for five years, the illusion that it has managed to pay its debt service, and survive. It has not survived. Like a cancer that expands unnoticed before bursting forth in a late stage, when death is near, the effects of paying foreign debt service at the expense of the domestic economy, are only now manifest, as the government faces utter financial collapse.

For five years, the de la Madrid administration and its finance minister, Salinas de Gortari, the prospective next President, paid the debt on demand from New York, by looting living standards, looting production for the domestic market, and looting the government treasury. Domestic production has fallen by 25-30% or more. The government has thus destroyed its own tax base. Falling revenues and ever higher costs of paying foreign debt service thanks to repeated devaluations of the peso, constantly increased the government's deficit, despite brutal cuts in expenditures for services and investment. High interest rates, large government deficits, and falling purchasing power caused inflation to keep rising.

By 1987, the stock market was for many companies the only place to make a profit. Reportedly, banks even advised

their corporate clients to enter the stock market, in order to earn the means of repaying them. High interest rates, the excessive prices of imported capital goods due to the overpriced dollar, and plummeting demand all but eliminated investment except in a few export industries.

The bubble burst with the stock market crash, producing a wave of bankruptcies and flight capital. The last incentive holding capital in the country evaporated. The government is caught between a bottomless collapse of the peso and hyperinflation. So far, it has tried each in turn. The Nov. 19 devaluation finished off what confidence anyone had in Mexican economic policy. The central bank was reportedly forced to intervene to prevent a fall below the devalued level. The "free" peso has held steadier than the "official" peso ever since, supporting widespread speculation that the central bank has been intervening heavily to prevent another Nov. 19 shock. At what cost to the famous Mexican reserves is being kept a state secret.

Since Nov. 19, hyperinflation has become a frequently used word, even issuing from the mouth of the President himself. But it has not been properly understood. Hyperinflation is not the result of incremental growth of inflation. Brazil and Argentina have sustained long periods with inflation higher than Mexico's without it becoming hyperinflation. Hyperinflation is caused when national governments, in the last stages of trying to stave off bankruptcy, print money, or what amounts to the same thing, and borrow ever more money at ever-higher rates.

Hiking interest rates, shortening the term of the CETES, and the pressure on the peso prove that nothing the government can do can hold pesos in Mexico. Another maxi-devaluation is inevitable, and more traumatic than that of Nov. 19. The hour is fast approaching when Mexico will be unable to sell the CETES it needs to roll over the issues coming due, and the government will be, legally, bankrupt, unable to pay its debts.

### **Government response: games and genocide**

In response, the government has turned to genocide against its own population. The Economic Solidarity Pact is intended to cut average incomes by at least one-third in two months. December's inflation rate (if it can be believed) was 15%, wiping out the entirety of the 15% wage increase granted in the pact. The 20% January increase in the minimum wage was no more than what had been scheduled before the devaluation to make up for earlier real wage declines. But officially, as explained by Finance Secretary Gustavo Petricioli, it is expected, as part of the pact, that inflation will rise very strongly in January and February. If inflation only rises at December's probably falsified 15%, it will rise by 32.3% before March, when wages are to start being indexed to inflation. But since wages will be indexed to a forecast of inflation, not its past performance, wages are almost certain to continue falling behind inflation.

On top of the cuts of 40-60% in income levels from 1982, a further 33-50% over the coming months is mass murder. Malnutrition afflicts a majority of Mexicans; hundreds of thousands are now dying of preventable diseases caused by poor nutrition and poverty. Mexico's death rate has reportedly risen to almost the level of Bolivia's. Further cuts on the scale officially announced and implied in the pact, will bring millions of Mexicans to Ethiopian levels.

The collapses in incomes and lost government expenditures spells bankruptcy for most industrial firms still servicing the national economy. Already, 10,000 layoffs from middle-sized and small companies have been reported since the pact.

### **No bread, but circuses: enter Morgan**

Facing this reality, the Mexican government announced to an incredulous public on Dec. 29 that it had concocted a scheme to transfer \$2 billion from its precious reserves to the U.S. Treasury, in exchange for promised savings in debt service costs that will be realized starting in 1993.

In the first announcements, Morgan made it appear that Mexico would exchange \$20 billion of its government debt for \$10 billion in government bonds, backed by the famous "zero-bonds" of the U.S. Treasury that Mexico would buy. Mexico would thus save 50¢ on the dollar, or \$900 million a year in debt service. Petricioli has now corrected that falsehood, admitting that from the beginning, Mexico and Morgan had agreed that 60¢ on the dollar would be appropriate, so that only \$16.667 billion would be exchanged for \$10 billion. This would "save" \$550 million a year in interest costs. But since Mexico is paying \$2 billion up front, it will be four years before this "savings" will compensate for the \$2 billion—not to mention interest on the \$2 billion lost to Mexico.

As Prof. Jorge Castañeda, among other commentators, has noted, why all the hoopla about a \$550 million saving against a \$10-12 billion annual interest payment, barely 5% savings, which would be wiped out by a 1% rise in interest rates, or a \$1 a barrel fall in oil prices.

Worse, most U.S. banks won't settle for less than 70¢ on the dollar, and "many bankers reportedly would like to get 75¢ or 80¢," the *New York Times* reported Jan. 11. At 70¢ on the dollar, Mexico's "savings" would be only \$300 million a year, and at 80¢, only \$145 million. Moreover, none of the larger U.S. banks are interested in the scheme at all.

Much less than \$10 billion may be subscribed. According to an analyst for Prudential-Bache Securities, "There is a reasonable probability that the value of debt exchanged will be low because of a large difference of opinion between the Mexican government and the banks regarding the losses to be taken in the exchange," reports the *Times*.

More and more observers are saying that Mexico may have no choice but to declare a moratorium on its foreign debt, or drastically limit debt payments.

## Kalmanowich affair shows KGB-Israeli mafia link

by Thierry Lalevée and Joseph Brewda

On Dec. 23, 1987, Israeli businessman Shabtai Kalmanowich was arrested by Israeli authorities on charges of being "a spy for the Soviet Union." Since his emigration from Lithuania in 1971, Kalmanowich had become a leading figure in the Israeli political and business establishment, directing a far-flung diamond, gold, gambling, prostitution, and arms-trafficking empire, based in Africa, West Germany, and New York City. When Israeli authorities announced Kalmanowich's arrest on Jan. 10, however, they failed to mention the fact that millionaire Kalmanowich was also an officer in the Israeli foreign intelligence service, the Mossad.

Kalmanowich was something of the late CIA director Bill Casey's ideal intelligence officer: He made a fortune as he carried out espionage.

Kalmanowich is certainly not the first Soviet Jewish emigré caught as a spy; there have been four or five over recent years. Analyzing this phenomenon, a former head of Israeli military intelligence reported on Israeli television that there are two kinds of spies among the emigrés: those who are blackmailed because their families have remained behind, and those who are ideologically committed to Soviet communism. Kalmanowich belonged to the second category.

### The KGB and the Sharon mafia

Despite such self-justifying accounts, the Kalmanowich case is not an example of simple hostile penetration of one agency by another. Rather, the case highlights the fact that *a powerful faction of the Israeli intelligence establishment is aligned with the Soviet KGB.*

The type of cynical arrangement illustrated by shared KGB-Mossad asset Kalmanowich, exemplifies the core of Israeli policy toward Moscow, and, in a far different sense, toward Washington.

Following his emigration to Israel in 1971, Kalmanowich

immediately became an activist in a variety of Israeli Labour Party organizations promoting Soviet Jewish emigration to Israel. Kalmanowich used these organizations, which operated under the sanction of Armand Hammer and former U.S. Secretary of State Henry Kissinger, to forward an unknown number of Soviet moles to such places as Israel, Los Angeles, and Brooklyn. After establishing a lucrative diamond business front, Kalmanowich shifted into financing and promoting the Likud bloc in Israel, beginning in the mid-1970s, and became the Knesset secretary to Israeli mobster Samuel Flatto-Sharon. A well known funder of kooky Israeli expansionist groups like the Gush Emunim and other elements of the Israeli "new right," Flatto-Sharon has been a fugitive from French justice for financial crimes for the past 25 years, escaping extradition only by winning—i.e., buying—a seat in the Knesset.

During the same period, Kalmanowich emerged as a Mossad agent. He arranged a 1978 three-way spy swap between Israel, the United States, and the U.S.S.R., with the cooperation of the famous East German Stasi operative, Wolfgang Vogel.

During the same year that he arranged these spy exchanges, Kalmanowich integrated his diamond and gold empire into Mossad, and Soviet, intelligence operations, becoming the Israeli commercial representative to the South African "homeland" of Bophuthatswana, just outside Pretoria. This homeland is, for all intents and purposes, a gigantic whorehouse, gambling casino, and smuggling depot, under the control of "Sun International," directed by South African mobster Sol Kirzner and the Israeli mafia. Yet, this criminal empire, integrated into prostitution and drug networks based out of such places as Cannes, France; Frankfurt, West Germany; and Brooklyn, New York, is primarily a cover for Israeli and Soviet intelligence operations.

## The case of Liat

Just how such mafia operations serve as a front for espionage is indicated by one of Kalmanowich's firms, Liat. Liat runs casinos in Bophuthatswana, exacts its cut of the Republic of South Africa gold trade, traffics in arms throughout Africa, and is otherwise building small airports throughout the continent for purposes any criminal investigator would understand.

Far from representing merely the dregs of Israeli society, Liat's directors and employees include: David Tamari, the former deputy director of Israeli military intelligence; Yoram Aridur, the former secretary general of the Likud bloc and former finance minister; Ya'acov Meridor, the Likud architect of the Mossad's arms-trafficking policy; and literally dozens of "retired" Shin Beth, Mossad, and Israeli military intelligence employees.

In short, Kalmanowich's integration of criminal, business, and intelligence operations is no aberration, but a common method of Soviet and Israeli agencies. Lifelong Soviet "Trust" operative Armand Hammer is only among the more famous Soviet operatives who parlayed covertly funded Soviet business fronts into a vehicle for infiltrating Western intelligence services.

A typical, and disturbing example of Liat's operations, is Kalmanowich's oversight of the 1985 Sierra Leone coup which brought Joseph Momoh to power. Following the coup, Kalmanowich took over the country's diamond and gold export industry, and, more important, reorganized Sierra Leone intelligence. Some indication of the nature of Liat's caper is shown by the fact that Momoh's inauguration ceremonies saw not only Kalmanowich and Gen. Moshe Dayan's widow representing Israel, but also Nabih Berri, leader of the Lebanese Shi'ite Amal militia, representing Lebanon.

According to some Middle East sources, Kalmanowich's coup was intended to facilitate the creation of a "Southern Shi'ite Lebanese Republic," as part of a Syrian-Iranian-Israeli scheme to dismember Lebanon. Reportedly, Israel's Lebanese hand, Uri Lubroni, has held several meetings with Lebanese Shi'ite leaders to put this plan into effect. Whether or not these reports are accurate, Sierra Leone's wealthy Lebanese Shi'ite community leaders, like Jamil Said Mohammed, continue to fund Amal, with the apparent cooperation of the Mossad.

Freetown, Sierra Leone otherwise remains the Iranian intelligence station for West Africa. Immediately after coming to power, Joseph Momoh, who only weeks earlier had toured Israel as a guest of Kalmanowich, called for an improvement in Sierra Leone-Iranian ties. The recent tour of a Soviet Communist Party Central Committee delegation to Freetown also highlights the results of Kalmanowich's schemes.

In 1986, during the height of the now famous U.S.-Israeli scheme to arm the Iranians and the Contras, the French coast guard captured the British ship *Silver Sea*, full of weapons, and 13 mercenaries, and bound for Sierra Leone. While French

authorities first assumed they had uncovered a British intelligence plot to overthrow Israeli puppet Momoh, subsequent investigation revealed that the arms were actually bound for the Nicaraguan Contras, with Sierra Leone the transshipment point.

## U.S. capers

Another side of Kalmanowich's operations has come to light: his curious relations with the National Bank of North Carolina. In early 1987, it was discovered that he had laundered \$2 million in fraudulent Merrill Lynch securities through the bank. The fraud is subject to ongoing litigation. Questions of a falling out among thieves aside, U.S. intelligence sources report that the Mossad had used NCNB as its primary means of laundering funds into the 1982 campaign war chest of North Carolina's Sen. Jesse Helms, then facing a tough electoral race. Following receipt of these funds, Baptist preacher Helms made a dramatic conversion to militant Zionism, and became the closest of friends with Ariel Sharon.

According to these intelligence reports, Kalmanowich laundered these funds through the Brooklyn-based Russian-Jewish mafia he controls. Among these Kalmanowich mafiosi is Avigdor Eskin, who emigrated to Israel after publishing the Russian translation of Meyer Kahane's *Never Again!* in the Soviet Union! Like Kalmanowich, Eskin became an aide to a Likud Knesset member, and a Gush Emunim crazy who advocated blowing up the Al Aksa Mosque on the Temple Mount in Jerusalem to spark a holy war. Still later, he became an unpaid aide to Helms.

Among the curious facts brought out by the Kalmanowich arrest is the identity of his U.S. lawyer, one Nathan Lewin. Lewin is also the attorney for Col. Aviem Sella, the Israeli officer indicted by the U.S. Attorney's office in Washington to oversee the espionage activities of Jonathan Pollard, the former U.S. naval intelligence employee now serving a life term in a U.S. federal prison. Lewin's relationship to Sella, a Sharon tool, became an embarrassment when it was later revealed that he also represented U.S. Attorney General Edwin Meese, and that Pollard's information was also finding its way to Moscow.

Thus, the Kalmanowich case is not the first time that the Sharon networks have been caught in alliance with the KGB, as the Pollards' arrest indicates. In March 1986, *EIR* published a special report: "Ariel Sharon and the Israeli Mafia: Moscow's Secret Weapon," which detailed exactly how the arrangement functions. Following publication of that special report, U.S. government spokesmen began to leak an analysis of the Pollard case reflecting *EIR's* impact. In December of 1987, these sources, speaking through leaks in two UPI wires written by Richard Sale, specified their concern over the Sharon connection to the KGB, and its relation to organizations promoting Soviet Jewish emigration.

It is expected that these recent leaks also signal the near-term arrest of many more Soviet-Israeli spies like Shabtai Kalmanowich.

# Colombians see nation imperiled, call for coup to fight drug mob

by Valerie Rush

On Jan. 13, *EIR* offices in Bogotá, Colombia received a facsimile of a letter sent to President Virgilio Barco by former ambassador to France Enrique Gómez Hurtado. The letter calls on the Colombian head of state "to provoke a crisis of state," to head up a civilian coup d'état against his own collapsed government, to dissolve Congress, the courts, and all other non-functional institutions in the country, and to impose a one-year provisional dictatorship under wartime conditions, to permit the rescue of Colombia from the stranglehold of narco-terrorism and the drug mafia.

The Dec. 30 release of international drug kingpin Jorge Ochoa from a top-security Colombian prison is described in Gómez's letter as but the latest episode in more than a decade of "degradation" of the nation's institutions, which has caused the Colombian state to finally "cease to exist." The letter also asserts: "Investiture provides you the opportunity to make history in your name, or against it. . . . Yes, Mr. President, the bell must be rung, and you have been chosen to ring it. If you will not do it, for reasons I cannot grasp, let others do it. What the nation does not need is a President of degradation."

In addition to being a respected diplomat, Gómez is also the director of a prestigious economics weekly and spokesman for a political faction within the opposition Social Conservative Party. His letter, which has circulated widely throughout Colombia, is an unequivocal warning by fed-up political and military layers that either Barco's ignominious "narco-tolerance" comes to an end, or his presidency will.

## A private war against narcos

A number of incidents in early January suggest that Colombians—despairing of justice in their country—are now launching their own private war against the drug mob. Criminal judge Andres Montañez, the man who signed the release papers for Ochoa, was the victim of an assassination attempt by unknown assailants Jan. 10. He survived the attempt. One day earlier, in the mafia-dominated city of Medellín, heavily armed individuals penetrated a luxurious mansion in the exclusive El Poblado neighborhood, considered the center of operations of the cocaine-trafficking cartel. Eight individuals were seized; their bullet-riddled bodies turned up later that day on street corners throughout El Poblado.

The most stunning action against the cocaine mob, however, was the Jan. 13 dynamite-bombing of a Medellín building, discovered to be the property of Cartel head Pablo Es-

cobar Gaviria. The bomb, whose explosion was heard throughout the city, blew open a 7-foot-deep crater. Needless to say, this drew official attention to the bunker-like, multi-story building, which turned out to contain a fortune in priceless antique and modern cars, paintings, and sculptures owned by Escobar's wife. The building also contained more than a score high-power motorcycles and a substantial weapons cache. In short, the building was the mafia's logistics center for contract assassinations.

The building itself had never been registered with city authorities, and its owner had paid no taxes on it. It was constructed by the firm of Londoño White; one of the Londoño White brothers was the treasurer of the Liberal Party's presidential campaign in 1982, and had served as liaison between the party and the cocaine mafia. Londoño White personally had arranged a May 1984 meeting in Panama between then Liberal presidential candidate Alfonso López Michelsen and Escobar, Ochoa, and other chieftains of the Medellín Cartel. At that meeting, the Cartel bosses had offered to pay off Colombia's foreign debt and bring their ill-gotten billions back into Colombia, in exchange for drug legalization.

López Michelsen was more than eager to comply, but failed to win back the presidency. However, now the international bankers have taken up that mafia offer. While the rest of the Ibero-American continent is in declared or de facto moratorium on its debt payments, Colombia not only punctually services its \$16 billion foreign debt, but has just been granted approval of a \$1.06 billion "jumbo" loan by its international creditors. As one knowledgeable Colombian banker put it, "This is an unprecedented case of an international banking deal which presupposes the well-being of the mafia for its compliance."

## Narcos cry 'foul play'

The Gómez letter to President Barco, which shatters all precedent by identifying former President López as a politician financed by the mob, has provoked a chorus of outraged responses from the very narco-politicians he would root out. Liberal Party president Alberto Santofimio Botero, with documented links to the drug mafia, denounced Gómez as a "fascist" who would "subvert the legal order," while Liberal Sen. and López protegé Ernesto Samper Pizano—Colombia's leading advocate of drug legalization—charged Gómez

with having dreams of reviving the bloody 1950s dictatorship of his father.

Other commentaries, from across the political spectrum, were exemplified by that of Conservative senator Jaime Arias Ramírez, who rejected Gómez's solution, and argued instead, "What we have to discover is how to survive for the next two years, and then in 1990, elect a great candidate to make a great government."

The anti-drug newspaper *El Espectador*, which has dedicated its daily editorials to pleading for genuine statesmanship from the President, commented Jan. 14 on the Gómez letter: "Another symptom of national anxiety is the letter of Mr. Enrique Gómez Hurtado to President Barco, asking him to produce a 'crisis of state,' or allow others to do it, given the collapse of authority symbolized by the case of drug trafficker Ochoa. In reality, the state is already in crisis and the solution can be none other than leadership, exercised by

whoever should and can do it . . . with the hope that the current ruler is not inferior to his mission."

A second Jan. 14 editorial, by the same daily, wryly drew its own conclusion: "The President is not here. He appears to already be on the campaign trail, making promises from some distant site where the voices of alarm, multiplying in every corner of the nation, cannot reach him."

President Barco's own response to the Gómez letter came in the form of a nationwide television address Jan. 13, where he declared that "to enter into illegality leaves the actions of state without legitimacy, and gives justification to the barbarities of those who seek to impose their own law. . . . To deny the state of law in order to defend democracy is not a happy formula."

President Barco's repeated defense of what Gómez calls in his letter "a justice of shysters and cheats" and a "kingdom of highwaymen," may very well go on his political epitaph.

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## Documentation

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# 'The Colombian state has ceased to exist'

*The following is a letter sent by former Colombian ambassador to France Enrique Gómez Hurtado, to Virgilio Barco Vargas. A copy of the letter was sent to the offices of EIR in Bogota, and we reprint it in full translation.*

Mr. President:

I have thought long and hard about what I am about to write. The circumstances of my life have enabled me to observe and follow political developments closely, while supporting my household by means of the occupation of an enlightened bourgeois. These conditions give me certain rights, and impose certain obligations upon me. My country's tribulations force me to exercise the former, and to discharge the latter. Having nothing but the written word at my disposal, I make use of it to address one who bears the republic's highest dignity.

What I say here is entirely my own responsibility. Seek no partner or companion behind this letter. Enrique Gómez Hurtado, a seventy-year-old Colombian citizen, says this.

Victor Hugo once wrote: "When duty is clearly seen, to have doubts about the course of action is to have already fallen." And another of France's great liberals, Rousseau, told us that "the weakness of the body promotes the weakness of the soul, and the weakness of the soul always increases the

weakness of the body." We clearly see we have a high duty to perform, and we are not performing it; thus we are falling ever faster, becoming injured, as any organism will, to new circumstances which would be intolerable had we not previously been in a comparable situation.

From the inside, from within the enclosure of our decadence, our living environment is tolerated, has acquired a certain normality, as if decadence were our natural condition. But as it appears from the outside, comparatively, what is happening to us Colombians offers a spectacle of degradation scarcely comprehensible to those who view us from abroad. That a country such as ours, with its Western cultural heritage, with the institutions our forefathers bequeathed us, with the intrinsic human warmth of its inhabitants, should be consuming itself in the pit of ignominy, does not appear to have any possible justification. And so we are rightly deemed guilty for doing evil to ourselves, and to others. Our degradation has made the condition of being Colombian degrading in itself, as a logical consequence.

It is thus completely inappropriate for the government to declare that it considers "offensive" a State Department pronouncement which says what has to be said about Colombia. For Colombia to now present arguments based on a state of law, is an irritating, cynical, cowardly joke. In our country, that which was the law is only servicing those who have found in it the conscience they lack. We have arrived at absolute moral poverty, which is infinitely sadder than the absolute poverty you say you are fighting.

I am more than old enough not to want my life to be consumed by degradation. As a responsible parent, I fathered children, and it is not my intention that they should find reason to indict me. Degradation defines the limit of my

patience. I do not want prevailing weakness of character to promote the weakness of my soul, nor that my weakened soul promote the weakness of the social body in which I will live out the remaining time that God has given me, and in which my children will live out the promise of their existence.

I do not wish to be ashamed of myself, nor of my ancestors, nor of my country. I aspire to end my days deserving of my condition as a free citizen, and not as a co-participant in degradation. Vásquez de Mella told us that peoples wed death the same day they divorce themselves from history. We have divorced ourselves from ours, and have contracted marriage with death, which accompanies us night and day, solicitous and familiar. Death is nothing to fear unto itself, but for the dignity and the reason it comes. In this quarrel in the midst of fog, we die each day—those who go to the cemetery and those of us who await our turn, with neither dignity nor a reason within our grasp. We must find them both, whether to die or to continue living.

Mr. President, you freely chose to be President; you were made responsible, with undeniable support, for historic developments. You are therefore debtor to your guilt, and creditor to your merit. What you cannot aspire to be is a witness. Investiture provides you the opportunity to make history in your name, or against it. Many have been the pleas that an anguished people have made to those presumed responsible for rallying a joint effort that can put our nation in its proper place. Those responsible have turned a deaf ear to the din of chaos.

However, the task shouldn't be difficult, although it is undoubtedly heroic. It shouldn't be difficult if a consensus on essentials is reached, but it will be risky if we have permitted life to lose its worth. Although the opportunity is there, in plain view, no one wants to take advantage of it, for doing so requires certain human qualities which would seem to have fled the soul of Colombians: prudence, justice, fortitude, and temperance. As a result, our State is imprudent, unjust, weak and out-of-joint. But, if what we suffer is a lack of the cardinal virtues, so indispensable to be honorable men, I feel that these virtues, though battered and frightened, still exist within the souls of Colombians. I have no doubt that if called upon, they shall come forth. Whosoever rings the bell, has his hands on history. Sometimes everything collapses because the bell-ringer does not appear, while the mobs fill the streets.

Yes, Mr. President, the bell must be rung, and you have been chosen to ring it. Make it ring! If you do not want to do it, for reasons I cannot grasp, let others do it. What the nation does not need is a ruler who is the president of degradation.

There have been many episodes which have bent us low. There is no point in listing them here. It is enough to know of them to live with a hunched soul. But I think that the basic problem which is destroying our society is the problem of justice. Recent developments, scandalous in the extreme, are only the result of a process known by all, which has forced

us to survive without justice. Saint Augustine asked himself: Without justice, what are kingdoms but bands of highwaymen? We must admit, we have allowed our Colombia to become this, delivered over to bad justice. As Quevedo would say today, criminals do less evil than a bad judge.

Mr. President: All we Colombians knew that Mr. Ochoa would be released, that the Colombian State would be inferior to him, that there was no power to oppose a true criminal of means and purpose, on the part of a state with neither one nor the other. The only doubt which remained was how the outrage would be committed. And it was committed in the name of justice! Of a "justice" with no vocation to be so, a justice of shysters and cheats which complains it lacks the material means to do more of what it is not doing, but which is really lacking in spirit. What remains of our army, our police, of our capacity to work and invest, of our desire to be men, in this kingdom of highwaymen?

Other matters, all of them minor, keep us from standing tall: the incongruence of the State, absurd labor legislation, lack of national and foreign investment, the decadence of Congress, corruption in both the public and private sector. . . . They have been named so often that the list has become innocuous. The reciting of our ills has acquired the pathetic quality of filler material for writers without a theme. But it has a quality acquired through repetition: It has formed a consensus about changes so often proposed and so late in coming, not to be expected from sensationalist demagoguery wrapped in obsolete dogmas, but from a return to reality, to elementary logic, to the liberalism that you claim to champion and to the living traditionalism which I profess, which are not mutually exclusive but convergent, as Laureano Gómez and Alberto Lleras Camargo were able to understand, when they re-founded a democracy full of hope, which we have allowed to become this regime of which we can only be ashamed.

I do not know what fate awaits what I write here, whether it will be read and heeded. You are, Mr. President, a near total enigma, both for those who elected you and those of us who did not. It is possible that you may be like the crab Unamuno said could very well be able, within its shell, to do infinitesimal calculus. But from the outside. . . .

I address myself to you because the Republic has designated you bell-ringer, and not because you, any more than anyone else, are the cause of this intolerable degradation. We have all shared in causing it. The parties, the politicians, the judges, the businessmen, and so many others, and of course, the criminals, be they wrapped in political banners or covered with ill-gotten money. But there is a difference between these latter and the rest. The latter do things which the rest of us let them do to us.

And this goes way back, to when the mafiosi started financing politics; to when President López abandoned a good constitutional reform and then, like Boabdil, cried as a citizen over what he did not know how to defend as President;



to when absurd tax reforms prohibited savings and investment, and created a grey area for hot money, in which hard-earned money and profits from crime intermingled to the clear benefit of the criminals; to when the Supreme Court began its chain of infamous rulings, first to protect its privileges and then to deliver justice into the hands of the mafia, with arguments which would be laughable if they weren't the cause of its own downfall; to when we all tolerated what has rightly been called the "dictatorship of Peace," that senseless adventure on which we are still embarked, and which was originally promoted and led by President Betancur, and which now has no leadership.

One of your advisers, Mr. President, has just said that "the peace accords are in crisis." Could there be any greater flight from reality? How will Colombia manage, Mr. President, to explain to the world the comings and goings of the government in the monstrous Ochoa case? How will it explain that what was possible became impossible, and then possible again once the drug traffickers were freed? Will this grotesque mockery have no consequences for the nation? Can this legitimately be called government?

There are many things which must be corrected, but as I said before, the task is not as difficult as it seems. I feel that it is enough to begin it, and events will merge into the current of regeneration. What cannot be doubted is that the degradation of the Republic must be stopped, or the Republic will disappear. Very little of it is left to us already. We have lost the dignity necessary to have a right to sovereignty. We cannot expect our voice to be heard with respect in the concert of nations. Besides, the sovereignty we lose is not even ours *de jure*. Large extensions of our national territory are controlled by those who obey orders from abroad, and the country is subject to the dictates of crime. If the Ochoa ignominy boils down to the firing of underlings—doubtless enriched by their infamy—it is because our state has ceased to be sovereign. This lack of *raison d'être* cannot be excused by the indignation of a President, a minister, and an official, all of whom complain that they weren't obeyed and utter their surprise at something we all knew. If they didn't know it, if they don't rule, if they are not obeyed, their presence is unjustified. In any state not so degraded, the Ochoa case would have caused a deep crisis of State.

Mr. President, the Colombian State has ceased to exist. Your dignity should not allow you to preside over carrion. The State must be created anew, since it is clear that it will not regenerate itself. Everything about us has become small. The gods have abandoned our quarters. They must be purged if the gods are to return. Light cannot enter either the Congress, or the courts, or the parties, as they now stand. Their obtuse short-sightedness prevents their appreciation of historic perspective. It is disgusting to watch the jockeying of some candidacies which only mean to gain the right to preside over maggots feeding on carrion. The time has come to provoke a crisis of State, to impose a fixed-term provisional

regime which shall restore dignity and sovereignty and rally us to the unavoidable task of rescuing our lost nation. The primary constituent will ratify the fundamental agreements for which a consensus exists. I have said it before, and I repeat: It should not be difficult if we appeal to prudence, justice, fortitude, and temperance, and if we appeal to democratic Colombians who proudly wish to continuing being both.

Do it, Mr. President. *History is knocking at your door!* Either do it, for the good of Colombia and perhaps for an entire continent afflicted by similar evils, or allow others to do it in the name of a people starved for dignity and justice.

Yours truly,  
Enrique Gómez Hurtado

## 'It will be necessary to carry out a coup'

*The following is the complete translation from Spanish of an interview granted by Enrique Gómez Hurtado to the newspaper El Tiempo of Jan. 13, 1988.*

**El Tiempo:** You propose to install a fixed-term provisional regime. This is a vague formula. What does it mean?

**Gómez Hurtado:** I think the moment has come in which the country has to recognize that its institutions have ceased to exist. It is an act of great contrition, that I think must be carried out, from within, with the greatest legality possible. But for awhile I have been convinced that it is necessary to commit a series of illegalities, because the current legal system does not allow for an appropriate and opportune procedure.

**El Tiempo:** Illegalities of what sort?

**Gómez Hurtado:** I issued a call to the President, who is the person in the best position to put together this fundamental agreement. Once this agreement is reached, it will become necessary to . . . carry out a coup. Because I cannot find another word to substitute for that. We have to make a coup before others make it against us. From wherever.

**El Tiempo:** A coup can only be either military, civil, or civil-military. Which are you proposing?

**Gómez Hurtado:** Civil. Obviously every government must be supported by the military. It should be a civil coup. A coup of both a political and institutional nature. We have to have a strong provisional regime. Dictatorial. This word is also perjorative, but remember that the Romans, the inventors of law, established temporary dictatorships for periods

of great crisis. And with concrete objectives. This would be for a year, which I think is sufficient, during which some six or seven fundamental reforms of the structure of the state would allow it to begin operating again.

**El Tiempo:** Since you are proposing a coup, it should have a *modus operandi*. What is it?

**Gómez Hurtado:** I am not the bell-ringer.

**El Tiempo:** But it is you who are proposing the coup. . . .

**Gómez Hurtado:** I would support using a state of siege regimen, as in a state of war. Where the people can know that, as of a specific moment, there is government here and that the government is authority.

**El Tiempo:** What would you do with Congress?

**Gómez Hurtado:** It would be necessary to dissolve it, to rapidly establish a judicial system using that which can be rescued from what exists, or naming new judges and creating an administration of justice which enables the country to know that here we are going to begin to operate under law, and not *de facto*.

**El Tiempo:** If we speak of a state of siege under a state of war, you are *de facto* proposing military justice.

**Gómez Hurtado:** The justice can be civil. The fact is that justice currently doesn't exist. The constitutional reform, and the judicial reform, which the Supreme Court overturned to defend its privileges, are there. They were discussed, they were approved, they are the fruit of agreement among the parties.

**El Tiempo:** In a word, one must shut down the Court.

**Gómez Hurtado:** It must be shut down, yes. I believe that all the institutions which are not functioning must be shut. The Ministry of Public Works can be left. . . .

**El Tiempo:** And what happens to division of powers? What happens to democracy?

**Gómez Hurtado:** There is no democracy in Colombia. . . .

**El Tiempo:** You speak like the [communist] FARC. . . .

**Gómez Hurtado:** We could have a few points of coincidence, although the origins are different. They say there is no democracy, because they are totalitarian.

**El Tiempo:** You attack López, Belisario Betancur, and speaking of the current campaigns you assert: "The jockeying by some candidacies which only mean to gain the right to preside over maggots feeding on the carrion, is disgusting." A civil coup with that political class is impossible.

**Gómez Hurtado:** I don't believe it is impossible. But I do not believe that one must change Colombians. One must use them, with another system. It disgusts me that such important

people of the parties limit themselves to absolute short-sightedness, without seeing that the general perspective of the candidacies is that of a country which is in an absolute state of dissolution. With these same people, within a different context and purpose, one could undoubtedly reach some general agreements.

**El Tiempo:** Your proposal is that President Barco lead a coup, that he become a dictator, that he shut down Congress . . . and that if he doesn't do it, you say others will. Who?

**Gómez Hurtado:** Someone will do it if the President doesn't. It is better to foresee this.

**El Tiempo:** You say you are a democrat. But it's not clear how you will save [democracy].

**Gómez Hurtado:** In Colombia democracy was already saved once by a military junta that had all the power. And it fixed a term of one year, there was agreement on the fundamentals. The Colombian population submitted. Why not follow the same path?

**El Tiempo:** You are proposing civil war.

**Gómez Hurtado:** We are in a civil war.

**El Tiempo:** No. The population, the country is not involved.

**Gómez Hurtado:** I don't believe it could be bloodier. I believe there will be less violence, fewer people will die, and we will clarify ideas, and will know who is for rebuilding Colombia, and who is for destroying her.

**El Tiempo:** What did your brother say of your letter?

**Gómez Hurtado:** He said to do it, that it seemed good to him.

**El Tiempo:** You criticize the government for criticizing the behavior of the United States. Isn't this interference to you?

**Gómez Hurtado:** We do not have natural law, the ability to argue that sovereignty exists in Colombia. The Supreme Court doesn't have it. The Supreme Court has surrendered to the drug trade. Colombian justice doesn't have it. It has surrendered to the drug trade. Large sections of national territory have surrendered to armies that take orders from abroad. The few surviving corners of sovereignty that remain are the convulsed shards of a shattered State.

**El Tiempo:** Then the United States can make its policy here.

**Gómez Hurtado:** It has the right to protest. . . .

**El Tiempo:** Yes, but this wasn't a simple protest. It was interference. Further, it is Colombians who are dying. Or is it that, according to you, the State has also surrendered to the drug trade?

**Gómez Hurtado:** A good part of it, yes.

# Bloodbath scheme fizzles in Panama

by Gretchen Small

The rumors broadcast around the world on Jan. 9 that Gen. Manuel Noriega, commander of Panama's Defense Forces, had sought exile in the Dominican Republic, turned out to be a black propaganda operation by the U.S. media, aimed at creating conditions of chaos, in which a bloodbath could be provoked in Panama. Such an operation had been proposed by former National Security Council staffer Norman Bailey back in December, as the only way to finally overthrow the military in Panama, principal defender of the national sovereignty.

General Noriega traveled to the Dominican Republic with his family on Jan. 9. By early evening, Moscow's two favorite U.S. television channels, Cable News Network and the National Broadcasting Corporation, began announcing a dramatic news flash: General Noriega had fled Panama, did not plan to return, and was seeking asylum.

Panama's opposition chief Gabriel Lewis Galindo (who moved to the U.S. capital in June 1987 to coordinate the overthrow of the government with the State Department) called the U.S. television report into Mayin Correa, the Panamanian correspondent of Costa Rica's *Radio Impacto*, and a top operative of the "secret government" apparatus which Lt. Col. Oliver North calls "Project Democracy." Correa in turn passed the "news" to her station headquarters, which then began broadcasting the "Noriega has fled" story into Panama.

On cue, the opposition movement organized its forces to demonstrate in Panama's financial district. They only managed to turn out 1,000 people, but it was reported on U.S. television that thousands poured into the streets of Panama in a "Carnival-like atmosphere."

The party ended, when the Panamanian Defense Forces (PDF) issued a communiqué reporting that the general, indeed, planned to return. A rather wistful State Department spokesman told UPI in Washington, "He apparently did leave the country on personal business—family-type stuff. Everybody presumes he will return."

Behind the disinformation blitz was an attempt to provoke a bloodbath by the Defense Forces, Panamanian sources report. Armed provocateurs had been infiltrated into the opposition demonstrators, whose assignment was to riot, if the PDF overreacted against the demonstrators.

The scenario was premised, however, on two conditions:

that the Defense Forces command would be disoriented and jittery because of the rumors that their commander fled, and that the opposition could pull large numbers into the streets—neither of which occurred!

This report matches precisely with the scenario outlined by Norman Bailey on Dec. 8, 1987, at an opposition forum held at George Washington University in Washington, D.C. Bailey there presented himself as leading the campaign to "get rid of the military institution" in Panama, and argued:

"Nothing is going to happen in Panama, and you are not going to get rid of Noriega, or the institution of the PDF, unless the people of Panama go out in the streets, and subject themselves to being beaten up, and wounded, and perhaps killed. And that is not going to do any good, unless you have got the television out there, taking a picture of the people getting beaten up, and wounded, and killed, because . . . nobody is going to know about it, no one is going to care [unless] it appears on prime-time television in the United States. Then you are going to get some action."

Things did not turn out that way on Jan. 9, however. Instead of perpetrating the killings so desired by Bailey, Panama's PDF gained a profile of U.S. plans and capabilities inside the country. Noriega's visit to the Dominican Republic "was a trick that I pulled on them [the United States], to see what quantity of honesty there is in their words," Noriega told Santo Domingo's *Listín Diario* before leaving. "This demonstrated that they continue being disloyal, conflicting, and that their word cannot be trusted." He warned: "They intend to expand the problems between us, to Latin America. It has still not been possible for the supposedly superior Anglo-Saxon race to understand us, and because they don't understand, they insult us, and thus renew . . . the dignity that they cannot erase from Latin America."

## The April ultimatum

The nation of Panama has been under assault for some time, but the succession of events as 1988 opened has been extraordinary, as the Reagan administration informed the Panamanian government that it has until April 1988 to make way for a "provisional government" that accepts orders from Washington.

- On Dec. 30, U.S. Assistant Secretary of Defense for International Security Affairs Richard Armitage flew into Panama to deliver an ultimatum to General Noriega that he must resign by April, as the first step toward setting up a new provisional government. Senior administration officials told the *Washington Post* that Armitage's mission was to tell this to Noriega "face to face," so that he "knows this is our policy."

Officials compared Armitage's mission to the October 1985 trip of Sen. Paul Laxalt to the Philippines, when Laxalt informed President Ferdinand Marcos that Ronald Reagan had decided Marcos must leave.

- On Jan. 5, the *Washington Times* published a com-

mentary by retired U.S. Adm. Elmo Zumwalt, which urged President Reagan to consider "committing U.S. forces" against Panama, should Noriega refuse to resign. Zumwalt, a member of the Moonie cult's International Security Council, argued that what happens in Panama in 1988 may prove "of more consequence" than an arms deal with the Soviets, or a summit meeting between Reagan and Gorbachov!

● That same day, the *Washington Post* carried an editorial demanding that Ibero-America back up the United States' coup plans, by throwing Panama out of the Contadora Group.

● On Jan. 6, Panama's opposition movement, the National Civil Crusade (whose headquarters are in Washington, D.C.) released a proposal for the immediate formation of a transitional government, to be led by a three-man junta made up of opposition leaders, and the resignation of top military figures (including, but not limited to, General Noriega), all current electoral authorities, and a total overhaul of the judicial system.

● On Jan. 8, retired Panamanian Gen. Rubén Paredes, Jr. told the *Washington Times* that he had sent a new letter to Noriega, threatening that if he did not resign, there would be a "bloodbath" in Panama.

Paredes's interview must be read as a threat from the narcotics mafia. Henry Kissinger's favorite Panamanian military man, Paredes has been a leading asset in Panama of the Colombian cocaine mob of Jorge Ochoa, and has been named as the man who protected operations by the Colombian M-19 terrorists inside Panama. In the early 1980s, the Ochoa family rewarded Paredes with expensive pace horses, for his efforts to build up the opposition, and for looking the other way on the mob's plans to set up Panama as a cocaine-processing center. (Noriega, directing the PDF's anti-drug unit, defeated that mafia plan.)

There is a certain irony in the fact that it was Richard Armitage who was chosen to tell Noriega that he must resign because of allegations that the general is pro-Soviet and linked to narcotics. Armitage was identified as a key figure in the secret government's dirty arms-for-drugs deals, when the Iran-Contra scandal broke in November 1986. A member of the National Security Council's Operations Subgroup and 208 Committee, Armitage was personally involved in the Philippines coup, dealings with Ayatollah Khomeini, and arming the Contras. His links to the secret government stretch back to 1971, when Armitage, then posted to the U.S. office of Naval Operations in South Vietnam, worked closely with the CIA's Theodore Shackley, Thomas Clines, and William Colby—the network which later surfaced as running the Iran-Contra caper.

According to a suit filed against this crowd by the Washington-based Christic Institute, Armitage served as the money-bags for an opium-smuggling ring run by Shackley, Clines, et al., to finance Colby's "Operation Phoenix" assassination program in Vietnam. Armitage became the target of a State Department investigation into heroin trafficking, the suit charges.

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# Local elections to expose fatal weakness of Aquino's government

by Linda de Hoyos

On Jan. 18, the Philippines will hold elections across the country for state and local offices, in what the press in the United States is promising will be a "consolidation" of President Corazon Aquino's democratic rule. When she took power in February 1986, Mrs. Aquino summarily dismissed all local elected officials and replaced them with officials handpicked by then Local Governments Minister Augusto Pimentel. The local elections, which are being held after months of delay, are to finalize the transition to "democracy" that Aquino, with the sponsorship of the U.S. embassy and its Project Democracy affiliates, guaranteed to the Republic of the Philippines.

But on-the-scene reports show that instead of marking a great victory for democracy and for Aquino, the local elections are exposing the fatal weakness of the Aquino administration. Instead of marking the consolidation of her presidency, the elections are more likely to mark the final fissuring of the coalition that boosted Aquino to power, and the opening phases of parallel government by the insurgent New People's Army.

On the first danger, within the Filipino ruling elite, Aquino is being openly challenged by the Liberal Party under the leadership of President of the Senate Jovito Salonga. A former executive member of the pro-Soviet World Council of Churches, Salonga was an exile in the United States who was ushered back to the Philippines in 1985 under the official and public protection of the U.S. State Department, just like South Korea's World Council of Churches' politician Kim Dae Jung.

Vice President Salvador Laurel broke away from the Aquino coalition three months ago, but his Unido Party has been reduced to a provincial party in Laurel's own home base. Salonga used the occasion of the local elections to announce that his Liberal Party would file its own slate of local officials, in opposition to Aquino. Salonga, it is believed, is the next potentate in Philippines politics and sources in Manila believe that if he succeeds in stepping into power, he will quickly cut a partnership deal with the Communist Party of the Philippines, its political affiliates, and the NPA.

## **NPA local governments**

The NPA, which is led by a central committee member of the Philippines Communist Party, has wielded the local

elections to its own advantage.

On Jan. 7, former Defense Minister Juan Ponce Enrile issued his projection that candidates under the direct influence or organizational authority of the NPA would win 35-40% of the local races. This is no exaggeration, but an assessment shared by knowledgeable intelligence sources in Manila. The NPA reportedly controls 25-30% of the countryside—that is, government troops have ceded these areas to the NPA. Direct influence over local officials will give the NPA new capabilities, including increased taxation in the areas under their control.

In areas under its de facto control, the NPA is forcing local candidates to buy "safe passage" from the NPA, if they want to do any campaigning. Police Constabulary Lt. Gen. Renato de Villa showed a Manila forum examples of the "safe conduct passes" issued by the NPA to candidates in southern Luzon, central Luzon, and Bicol. In Pampanga, he reported, the NPA had collected as much as 18,000 pesos in this way. "We have gotten pieces of information that the rebels have come in very strongly in using the election process to blackmail candidates to pay for their safety . . . in areas where they have some influence."

When blackmail does not suffice, the NPA resorts to murder. Armed Forces Chief-of-Staff Fidel Ramos said Jan 11 that 38 out of 57 reported campaign-related killings had been carried out by the NPA. A total of 31 candidates have been killed in the campaign so far. The murder of candidates—like the Oct. 28 assassination of three American servicemen—"breaks the rules" in Filipino politics; secondary figures may be murdered, but primary figures, such as candidates, are traditionally immune to assassination. According to General de Villa, the NPA has targeted candidates who have been active in fighting the insurgents, or candidates who resist NPA blackmail.

The NPA's flexing of its muscle in those areas under its influence has been accompanied by an escalation in its military operations. On Jan. 11, for example, 300 NPA guerrillas attacked a military detachment in Balaban, Kalinga Apayao. The heavily armed rebels pounded the detachment for 12 hours, before government reinforcement arrived in helicopter gunships, and even then, the gunbattle lasted another two hours. Before retreating, the NPA guerrillas succeeded in burning down the Balaban municipal hall.

The Communist Party's official organ, *Ang Bayan*, stated the NPA's overall strategy, assessing 1987 as the "year of reconsolidation," reported the *Manila Chronicle* Jan. 12. In 1987, the CPP said, "The reactionary nature" of the Aquino government grew more distinct. "The past year also saw an increased momentum in building local organs of political power mostly at the barrio level and some at the municipal level," the *Chronicle* reported on the CPP evaluation.

"This year," stated the *Bayan* article, "we expect to make further progress until large areas shall have been virtually liberated in the future. While going all out to strengthen and lead forward the basic forces of the revolution, we have been exerting ourselves to win over the middle forces (the organized and unorganized forces that stand between the revolutionary and the reactionary camps) and to completely isolate the U.S.-Aquino regime and other diehard reactionary forces."

However, NPA strategy, political initiatives, and terror tactics do not fully explain how 35-40% of local government seats could fall within its orbit. In the areas of NPA strength—the countryside—poverty is increasing, according to latest national statistics. In the last year, the agricultural growth rate was 0.7%, against the 3.7% agriculture posted in 1986, a drastic drop, in part resulting from drought and typhoon damage.

Even so, Aria Agnes Quisumbing, an economist at the University of the Philippines, reported in the *Manila Standard* Jan. 3 that the lack of land reform is aggravating rural poverty. The bottom 30% income-bracket families are growing in number annually at about 2.8% faster than the 1.3% annual increase of their non-agricultural counterparts. In non-rice-producing families that are dependent upon corn, coconut, and other crops like sugar, the percentage of owner-operated land is declining sharply. This is creating an economic and social condition that feeds the NPA, or at the very least, makes the Filipino farmer tolerant of the NPA's presence.

### Cory's halo slipping

Meanwhile, back in Manila, while Cory Aquino may still bask in good press in the United States, the Filipino press corps has turned against her en masse. There is now a full Filipino press boycott of Malacanang Palace, in protest over Aquino's refusal to be interviewed by Filipino reporters. She obligingly doles out her time to foreign correspondents. Aquino press secretary Teodoro Benigno justified this exclusion by saying that Mrs. Aquino "does not relish the moments she spends with [Filipino] media, because they have printed and aired, here and abroad, mostly criticisms of the government."

"What Malacanang wants," said one Manila columnist, "is a press that is sympathetic to it; a press that it can manipulate to advantage; a press that will sing only hosannas to Cory the Saint."

But underneath the press wars against Aquino is a grow-

ing disaffection with her administration. According to a poll taken by the Ateneo University, Aquino's popularity rating has dropped by 20 points over the last two months, to 55%, and below 50% in Manila itself.

In the local election campaign, Aquino has come under attack for building up a new dynastic political structure around her immediate family. This nexus centers around her brother-in-law, Paul "Butz" Aquino, previously a link to the radical left, and her brother, Jose "Peping" Cojuangco. In areas around the country, particularly under "Peping," the Aquino slate is linking up with local political warlords and the still-powerful remnants of the Marcos political machinery.

Nor has the press hesitated to paint Aquino with the brush of graft and corruption, with brother "Peping" the big target of opportunity. According to numerous sources in Manila and published accounts, the Cojuangco family has lined its pockets with money taken from the national gambling concerns, among other perquisites.

The taint growing around Aquino is being used to good effect by Jovito Salonga, who wants to see himself in Malacanang as soon as possible. Hitting her coalition with various Marcos forces, Salonga lashed out: "We did not suffer 14 years of the Marcos dictatorship only to see the return of the same practices of Marcos." Complaints coming from the press of "human rights violations" by the Aquino administration also bear the Salonga stamp.

Salonga has emerged as the most powerful figure challenging Aquino within the elite. On Jan. 11, Salonga announced that President Pro-Tempore Teofisto Guingona and Marianito Canonigo, head of the Presidential Commission on Urban Poor, has joined his Liberal Party. Along with Senate Majority Floor Leader Orlando Mercado, Salonga now controls the top-three most powerful posts in the Senate, which itself has wide policymaking powers.

While some might herald the free-for-all politics in the capital as a sign that "democracy" is "working," the net result is a failure of national will in the face of an increasingly bold and self-confident insurgency feeding on continued economic collapse. This is the work of the U.S. Project Democracy. A letter to the leftist Malaya paper accurately summed up the condition as many Filipinos see it:

"When Cory Aquino was campaigning for the presidency, she said that if I voted for Marcos, many dire things would happen. . . .

" 'The New People's Army would grow in strength'; 'graft and corruption would rage unabated'; 'there would be a breakdown of law and order'; 'the rich would get richer and the poor would get poorer'; 'political dynasties would increase their grip on power'; 'private armies would continue to proliferate'; 'political killings would be part of the country's daily routine'; and 'human rights violations would go on unabated.' "

"Well, I didn't believe her. But it turned out she was right. I did vote for Marcos, and all these things came true!"

# Soviets launch new bid to smash Poland

by Luba George

If the sell-out of Western Europe agreed to by the Reagan administration in signing the "Munich II" INF Treaty is allowed to stick, one of the many horrendous consequences will be the extinction of Catholic Poland as a nation. The ink on the Dec. 8 INF Treaty was not yet dry when Moscow signaled its determination to wipe Poland, the bastion of Western culture in the Slavic world, off the map.

On Dec. 29, the first message to that effect was "telegraphed" to the Polish Pope and the Polish nation. On orders from the Soviet KGB, Polish government spokesman Jerzy Urban suddenly announced that the prison sentences had been heavily reduced for the Polish Secret Police officers, jailed in 1984 for the KGB-ordered murder of Polish Catholic priest Jerzy Popieluszko. Urban revealed that the sentence reductions had been decreed on Dec. 17 by the Polish Supreme Court, in response to a motion by Poland's prosecutor general—nine days after the INF Treaty was signed in Washington.

The actual killer, Grzegorz Piotrowski, had his sentence cut from 25 years to 15, making him eligible for parole in 7 years. The Secret Police colonel responsible for the murder at the operational level, Adam Pietruszka, had his sentence commuted to 10 years, which means he could be freed in 4 years. The sentences of the two other security officers convicted, Leszek Pekala and Waldemar Chmielewski, were reduced to 6 years and 4½ years, respectively. Well-informed Polish sources report that according to Polish law, a prisoner may be eligible for release after serving two-thirds of his sentence; this means that Chmielewski could be released now and Pekala sometime during the next 12 months.

No single act by the Kremlin in Poland's postwar history created such outrage as the KGB-ordered slaying of Popieluszko. Edward Wende, the lawyer who acted on behalf of Popieluszko's parents during the trial in 1985, reacted angrily to the court's decisions and described the amnesty as an "unprecedented act."

The commutation of the sentences was Moscow's way of telling the Poles—and the Church—that Russia will exploit a post-INF situation to "settle," in brutal Russian fashion, the "Polish Question."

The scandal of the commuted sentences was followed almost immediately by another Soviet message of warning—

to the Pope and the Polish Catholic Church. On Dec. 23, the Soviet government newspaper *Izvestia*, using the format of replying to U.S. Sen. Daniel Moynihan's complaints about Soviet penetration of Ukrainian Catholics, came to the point: "Let us start by saying that no 'Ukrainian Catholic Church' exists in our country," only an "association" with such a name, consisting of "emigré clergy" and laymen who "collaborated with Hitlerite occupiers," who "are essentially a splinter-group and adherents of the well-known former Uniate [Greek Catholic] Church. It existed under this name there from 1596 to 1946."

*Izvestia* declared that the Western Ukraine was Catholic because "Roman Jesuits and the Polish feudal elite . . . foisted the new dogma on the population" through "mass terror, violence, and deception." The Uniate hierarchy "faithfully served the Austro-Hungarian monarchy and Polish gentry" and the exiled leadership of the Uniate Church "supported Hitler" and were "Nazi collaborators." *Izvestia* names Cardinal Lubashivsky, the Rome-based leader of the Ukrainian Uniate Church and a personal friend and ally of Pope John Paul II.

*Izvestia* thus stopped just short of directly accusing the Pope, and by implication the Polish Catholic Church, of harboring "a band of Nazi war criminals." Because of the strength of the Catholic Church, Poland is the only East bloc country where the Ukrainian Uniate Church officially exists.

*Izvestia* was also giving the Soviet leadership's answer to the recent letter to Gorbachov by Ukrainian Uniates, appealing for the legalization of the Church. The letter's signatories included the hitherto underground Uniate clergy, who now, in proclaiming their clerical rule, are openly defying the Soviet state to arrest them.

## Gromyko praises Stalin

As a result of the Yalta agreement, Josef Stalin seized 40% of Poland's pre-war territory, forcibly deported most of the Poles living there, and, in 1946, dissolved the Ukrainian Catholic Church, which had existed for 350 years. To make sure Poland got the message, the next Soviet signal on the "Polish Question" was a loud praise of Stalin as the "creator" of Poland, in its present colonial form. The speaker was Andrei Gromyko, the Soviet President, Politburo member, and alleged uncle of Raisa Gorbachova, hosting Polish deputy Prime Minister Speaker Mieczyslaw Rakowski in Moscow on Jan. 8.

Gromyko said that Poland owes much to "the great skill showed by Stalin" in the negotiations at the Teheran, Yalta, and Potsdam Conferences. "He fought like a lion, to have Poland become a socialist state allied with the Soviet Union, rather than an appendix of the Western bloc."

The Yalta pact made Poland a Soviet colony. The "New Yalta" will enable Russia to end Poland's existence and dissolve the Polish Church, as the Uniate Church was liquidated in 1946.

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## The risk of militarization

*Charges by the former personal secretary of President José López Portillo sent shock waves through the country.*

If the inflationary spiral is not brought under control, the government runs the risk of "falling into authoritarianism and perhaps the establishment of a military regime," stated Sen. Roberto Casillas, of the ruling PRI (Revolutionary Institutional Party) on Dec. 22, speaking before a full session of the Senate of the Republic of Mexico.

The accusation of Casillas provoked a huge political uproar in official circles, and is said to have deeply upset President Miguel de la Madrid, since the senator was the personal secretary of President José López Portillo (1976-82), who nationalized Mexico's banks and tried to form a debtors' club.

Casillas's charges were so disturbing, that the editors of Senate record censored out the key sentences of the speech, deleting them from the minutes of the Senate session, in violation of the Constitution.

Casillas leveled his charges a few days after the announcement of the Economic Solidarity Pact, which sinks the country into savage austerity, depressing wages further, cutting public spending and investment, and choking all productive economic activity. The measures were imposed without further ado on Dec. 15, when President de la Madrid refused to seek support from the labor base of his party, which was threatening a general strike. The upheaval which the pact has provoked threatens to wipe out the basis for Mexico's social stability.

On Jan. 1, the Catholic archbishop

of Guadalajara, José de Jesús Posadas, echoed the Casillas speech, by stating in his New Year's message that the country's situation "is alarming . . . to the degree of fearing a violent social explosion, or an unfortunate and perhaps brutal repression by those in power, with grave implications for the country."

The possibility of such an explosion, and its brutal repression, has set off an intense factional battle inside and outside the government as well as the ruling party. Rumors are rampant in the country that Carlos Salinas de Gortari is about to pull out as the PRI's presidential candidate. The pressures on Salinas could culminate in a "rearrangement" of the ruling political groups, especially in the PRI leadership, where the nationalists might find a chance to influence the presidential campaign of Salinas; but it remains to be seen whether they will be able to impose a radical change in economic policy on the current government.

At the same time, the tremendous discredit into which President de la Madrid has fallen together with his protégé, Salinas de Gortari, has also made room for the dangerous resurgence of the political-financial group most closely tied to U.S. Republican presidential hopeful George Bush, and the "Project Democracy" illegal government made notorious by Oliver North. The Bushmen in Mexico are led by Carlos Hank González, a crony of Juan Sánchez Navarro, descendant of one of the oldest Spanish oligarch-

ical families in Mexico and current chairman of the Mexican Council of Businessmen. This group, which supported the presidential candidacy of Interior Minister Manuel Bartlett, wants to fish in troubled waters.

All of its members are rabid malthusians, and flaunt themselves as "charismatic" leaders, who could impose programs for reducing the population by "democratic methods."

In its Dec. 23 issue, the magazine *¡Siempre!*—which Hank González uses as his mouthpiece—accused Salinas of being the prototype of the "Mediocre Man," who owes everything to "Señor de la Madrid." Relying on the real fact that there are major splits in the PRI, with factions announcing that they will vote "for the opposition," and considering that many of Salinas's campaign events have ended up totally deserted, *¡Siempre!* steps on the sore corns. On Jan. 6, another editorial charged that President de la Madrid, "for the sake of keeping his image as a good payer . . . has been ruining the Mexican people for five years, degrading to unimaginable levels the value of our currency, and turning simple survival into a harsh and problematic adventure."

Concern for the well-being of the majority, the editorial continues, "does not apply to the present administration, as any worker, peasant, or housewife knows." On Jan. 13, *¡Siempre!* reports that Hank González broke his political silence of five years, when he told candidate Salinas, during a tour around the State of Mexico, that the Mexican political system is weakened and that we have to accept that "we made a mistake."

Beyond any doubt, Mexico urgently needs a total moratorium on its debt and to get back on the track of economic growth. This will not be enacted by Hank González and his mafia of drug speculators.

## Premier Ryzhkov visits Stockholm

*The Swedish government has sold out part of Sweden's economic zone in the Baltic Sea to Russia.*

**D**uring his visit in Sweden, Soviet Premier Nikolai Ryzhkov signed an agreement of principle with his Swedish counterpart Ingvar Carlsson, granting Russia 25% of a 13,500 square kilometer sea strip forming part of the Swedish economic zone in the Baltic Sea—and as “compensation” for stealing only 25% of this sea strip, the Russians were granted 20 years of fishing rights in the remaining 75% of the strip.

The shameful agreement signed on Jan. 13 puts a preliminary end to a nearly 20-year dispute, in which Moscow has insisted that the half-way line drawn between the Soviet-occupied Baltic coast and Sweden, defining the respective zones of economic exploitation in the Baltic Sea, is no good, and must be redrawn to ignore the existence of Sweden's largest island, Gotland, extending the Russian economic zone some 50 kilometers to the west.

Succumbing to continuous submarine incursions, the Swedish government had long signaled its readiness to give up part of Sweden's economic zone in a deal with Moscow (see *EIR* No. 29, July 24, 1987). The deal with Ryzhkov was signed only weeks after the commander-in-chief had submitted a report to the government on the submarine activity, the secret part of which identifies the Soviet authorship of the incursions.

Pretending not to know whose submarines are violating the Swedish borders, Carlsson impotently has demanded “unconditional respect of Sweden's territorial integrity.” At his Jan. 12 press conference in Stock-

holm, Ryzhkov claimed that “the Soviet Union is respecting Sweden's traditional neutrality,” which, as was pointed out in the Swedish press, is different from respecting Sweden's territorial integrity.

When asked further questions about the submarines, Ryzhkov flatly denied that the Soviets have ever violated Swedish territorial waters, adding ominously: “The Swedish public as soon as possible shall cease being preoccupied with this issue.”

Given the intense Soviet preoccupation with Western cruise missiles en route to their Soviet targets, one question posed to Ryzhkov was why the Soviets aren't worried about *other* foreign navies using Swedish waters, if indeed the incursions were not made by *Russian* submarines—to which question Ryzhkov mumbled that he doesn't know about any foreign submarines in Swedish waters. . . .

While the government capitulated to Soviet pressures, popular outrage was visible, if controlled. At a Jan. 10 rally on the island of Gotland, a crowd of 300 showed up to hear the chief of the Gotland military command, Maj. Gen. Lars-Eric Wahlgren, as well as an international law professor and a leader of the Gotland fishers' union.

One angry speaker from the floor, receiving strong applause, noted that the Russians had no business negotiating over the Baltic, as the proper coastal states were Estonia, Latvia, and Lithuania, all illegally occupied by the Soviets.

Although some economic deals were signed regarding natural gas de-

liveries to Sweden and hotel construction in Leningrad, Ryzhkov's visit didn't yield the great trade deals it was supposed to, chiefly because of Russian unwillingness to pay in hard currency. At his press conference, Ryzhkov expressed his “astonishment” that Swedish companies accepted the restrictions now limiting the export of advanced technologies to the Soviets.

As one consequence of the deal on the economic zones of the Baltic Sea, however, the fishing fleets of third countries will henceforth be excluded from the once-disputed sea strip, maybe the richest fish haul area of the Baltic. This will deprive Denmark, for example, of one-third of its current fish haul in the Baltic Sea.

After visiting Sweden, Ryzhkov went on to Norway on Jan. 14, where the border dispute in the Barents Sea remains the greatest unresolved issue, with both economic and military-strategic implications. One Norwegian journalist, reporting on Ryzhkov's visit in Sweden, said he was amazed to see the lack of public protest or demonstrations against the Soviet premier, as last year, during Nancy Reagan's visit, police had to use tear-gas to disperse aggressive demonstrators.

On Jan. 13, however, at the very end of a Stockholm Opera performance in honor of Mrs. Ludmilla Ryzhkova, one of the actors on the scene, a Lithuanian refugee in Sweden since 1976, suddenly unfolded a banner reading “U.S.S.R.,” with a bloody chain painted on the cloth. In a “joint venture” of sorts, Russian and Swedish bodyguards alike surrounded the wildly shooting photographers, and tore the film out of all cameras.

Quipped the Lithuanian actor, “Maybe some glasnost is needed in Sweden, too? At least, the applause was increasing as I unfolded my banner!”

## **Naxalite violence tests leadership**

*The government's counterattack will stress development as well as law and order.*

**T**he year-end kidnaping of seven state government officials in Andhra Pradesh by an armed band belonging to the People's War Group (PWG) of the Communist Party of India (Marxist-Leninist) highlighted an apparent resurgence of left-extremist activity in India.

The terrorists demanded the release of seven of their comrades held in judicial custody as the price for their hostages' lives. After about 48 hours of suspense, during which time the central government had dispatched six planeloads of central reserve police troops for use in a hostage-rescue mission, the drama was ended with a peaceful exchange of the terrorist prisoners for the hostages.

This is the first time that nearly the entirety of a district administration was taken hostage—and that too in a state ruled by the opposition, Andhra Pradesh's Chief Minister N.T. Rama Rao's Telegu Desam, and the incident sparked a barrage of controversy.

In the end, the central government declined to play politics, and amended its original statement condemning the kidnaping and vowing strong countermeasures. "Our policy is clear," stated Union Minister of State for Home Affairs P. Chidambaram. "In the long run, there is no question of appeasement of terrorism. But the particular situation in Andhra Pradesh is something for the state government to judge."

The Andhra Pradesh PWG is one of the more powerful of the remaining factions of the Naxalite movement, named for Naxalbari village in West Bengal, where it erupted in the late

1960s as a Maoist breakaway from the Communist Party of India-Marxist (CPI-M).

The movement for "agrarian revolution" was physically crushed in West Bengal in the early 1970s, and its political remains buried by the agricultural and other reforms carried out by the CPI-M government when it came to power in 1977. By then, however, amid ideological fissuring and sectarian squabbling, the "Naxalite movement" had spread to other parts of the country.

Today, the CPI-Marxist-Leninist is part of the same "International," with strings from London and Moscow, as the narco-terrorist Shining Path of Peru.

In Punjab, the Naxalites folded themselves into Sikh separatist ranks. In other areas—notably Bihar, sections of Orissa, Madhya Pradesh and Maharashtra, and Andhra Pradesh. Where disenfranchised peasants and tribals continue to suffer acutely, the Naxalite splinters found a solid base as defenders of the downtrodden against exploitation by landlords, venal bureaucrats, local officials, and corrupt police.

In Andhra Pradesh, the Naxalites have been active in 10 districts, mostly densely forested areas populated by tribal people. With an estimated membership of 5,000 statewide (500 hard core), the movement is split into a dozen different groups, four of which are dominant and active. Their armed gangs have murdered some 200 people, including 35 policemen, in the last four years—62 in 1987 alone.

The recent increase in violence, as

the latest incident points to the Naxalites' political desperation. Significant programs to promote tribal development, freeing tribals from the clutches of unscrupulous forest contractors, have been successfully implemented in Andhra Pradesh in the past several years. The officials taken hostage on Dec. 27 had just spent the day discussing the status of the programs with some 400 tribals.

The opening up of genuine opportunities for progress for landless peasants and tribals poses a mortal danger to the Naxalite cause. In the face of such developments, the Naxalites drop the Robin Hood mask, resisting any change in the oppressive status quo by criminal force.

This reality informs the central government's mooted plan for a "two-pronged counterattack"—combining modernized enforcement capabilities with reappraisal of the design and implementation of local development programs.

Interestingly, the Moscow-tied Communist Party of India (CPI) has not missed the opportunity to try to swell the ranks of those peacefully resisting change. The CPI demanded the Andhra Pradesh government declare a general amnesty for all Naxalite criminals, and appealed to the PWG to give up arms and join "the mainstream of left forces."

In Bihar, the other active Naxalite center, the problem is somewhat different. There, where some 15 districts of central Bihar are virtually controlled by three different terrorist groups, the issue is land ownership. Land reform legislation has remained strictly on paper, and caste-related warfare over land is a way of life in which the Naxalites have become the hired guns of some caste groups, usually lower-caste groups, against others.

# International Intelligence

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## ***Davos meeting to hear one-world themes***

This year's Davos, Switzerland "World Economic Forum," to be held from Jan. 28-Feb. 3, is shaping up as a major get-together of one-world federalists, with a view to preparing the world economy for Soviet domination. The conference theme is, "The New State of the World Economy." The motto is, "The Business of Business is Not Only Business."

Conference chairman is former Swiss President Dr. Kurt Fürgler, recently appointed as the coordinating chairman of former West German chancellor Helmut Schmidt's Inter-Action Council Policy Board.

One panel is, "Should We Achieve Worldwide Coordination of Economic Policies?" Its participants include David Mulford of the U.S. Treasury; Karl-Otto Pöhl, chairman of the West German Bundesbank; and U.S. Ambassador Henry Owen. Another panel, scheduled for Jan. 31, is called, "Regional Conflicts: Why They Must Be of Concern to the World," chaired by U.S. Ambassador to the United Nations Vernon Walters.

A third, entitled, "The Planetary Perspective and Technological Risks," will include kook scientist Carl Sagan and malthusian Prince Sadruddin Aga Khan.

On Feb. 1, a panel will be, "The Business and Economic Consequences of AIDS," with Dr. Jonathan Mann of the World Health Organization and British publisher of Soviet leaders' opuses Robert Maxwell.

On Feb. 2, the *Washington Post's* Katharine Graham and Merrill Lynch Europe, Ltd.'s chairman and chief executive Stanislas Yassukovich will be speakers on a panel entitled, "Is the Business World Disconnected from Ethical Values?"

Also on Feb. 2, Harvard University's Joseph Nye, formerly of the Carter administration, will be on a panel called, "The New State of Energy." Nye heads the Aspen Strategy Group.

On Feb. 3, a panel entitled, "The New State of World Finance," will have as speak-

ers John J. Gutfreund, chairman of Salomon Brothers; John M. Hennessy, chairman and president of Crédit Suisse-First Boston; and Alexandre Lamfalussy, general manager of the Bank for International Settlements.

Concluding statements for the conference will be made by Fürgler and Canadian Maurice F. Strong, Club of Rome energy magnate.

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## ***More Europeans speak out against INF Treaty***

"I, for one, do not believe that Europe ought to become a kind of vast Austria, dominated by a neutral but economically superior Germany that would be buying Soviet benevolence through massive transfers of capital and technology to the Soviet Empire—all under the shadow of the Red Army, of course," wrote Pierre Lellouche, of France's International Institute for Foreign Relations (IFRI), in the lead commentary in the Jan. 11 *International Herald Tribune*.

Lellouche warned that the various arms control deals now being signed and/or negotiated "would fundamentally reshape the political-territorial order in Europe. The two alliances would be gone. France and Britain, with their nuclear arsenals, would be marginalized. West Germany would be neutralized and probably offered some kind of federative arrangement with the Communists' German Democratic Republic—which the Soviets, of course, have no intention of letting go. In the Federal Republic, gradual reshaping of the European map by 'demilitarization of East-West relations' has become the unspoken but quite evident objective of many 'detente' and arms control advocates."

He called all "faddish talk of 'conventional alternatives' to nuclear deterrence irresponsible. Besides, the history of Europe is full of 'stable' conventional balances that have derailed into full-scale wars."

In the same vein, J.M. Carrascal, New York correspondent of the Madrid daily *ABC*, reported Jan. 13, "Reagan has given up a fundamental principle" with the INF treaty. "He used to say, no negotiating with

the Russians, no signing agreements with them, first, because they don't stick to their word, and second, because they only sign what is good for them, not what is good for the West. Reagan put out that line throughout his political career, and now, he has not been true to his word.

"That is enough, for his first supporters to have started calling him a traitor. . . . There has always been a gap between what Reagan thinks, and what he does."

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## ***Venezuela fans border dispute with Colombia***

The first act of Venezuela's new foreign minister, German Nava Carrillo, will be to "confront the policy of diplomatic belligerence" on the part of Colombia concerning the *diferendo*, the territory on the Gulf of Maracaibo that is claimed by both nations. In reheating this issue, Nava Carrillo has suddenly reversed several months of improvement in relations between Colombia and Venezuela.

Colombia's "crime," according to Nava Carrillo, is its having sought World Court adjudication of the matter.

Venezuela is also itching for a fight over the issue of narco-terrorists from Colombia crossing the border and kidnapping, killing and extorting Venezuelan ranchers "in a situation of apparent impunity." He denounced the "impotence on the part of the Colombian armed forces to resolve the situation,"

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## ***New superpower deal on Berlin in making***

Shortly before Christmas 1987, the ambassadors of the United States, France, and Great Britain delivered a special *démarche* to the Soviet foreign ministry on a new "Berlin initiative." The procedure is rated "unusual and indicating something big," by the West German government, which was informed of the existence of the allied initiative, but not its content.

## Briefly

U.S. Ambassador to West Germany Richard Burt called the initiative "crucial for the new era in East-West relations," and said he expects a "positive response" from the Kremlin. He spoke of "planned modifications in the status of Berlin," and called the initiative highly symbolic for the "new understanding established by the INF agreement. This new type of cooperation is to become manifest in Berlin."

In short, the Reagan administration appears about to sell out Berlin, as part of the "New Yalta" arrangement to give the Soviets hegemony over all of Europe. The fact that the government in Bonn was not told of the nature of the initiative reminds the Germans of the fact that they have no say on Berlin, nor on the status of Germany as a whole, but are still subject to the allies' good or bad intentions.

European intelligence sources say the agreement may eventually "bring the Berlin Wall down." It may also open the wall at several locations, and lead to more inter-communication between the two divided parts of the city. It may eventually turn Berlin into a "center of encounters between East and West."

Military analysts in Germany are warning, however, that diplomatic activities over the status of Berlin will increase in direct proportion to the pace of "decoupling" and U.S. troop withdrawal from Germany. At the end of this process, there will not be German reunification in freedom, but along the model of Finland, on Soviet terms, or even formal annexation by the Warsaw Pact forces.

### **Report links scientists' deaths to Soviets**

A series of terrorist assassinations and other mysterious deaths of British scientists involved with the Strategic Defense Initiative appears to be linked to the Soviet-inspired campaign to undermine the West's defensive weaponry program, said a report published by the MacKenzie Institute for the Study of Terrorism, Revolution, and Propaganda in Toronto.

"There's no smoking gun," said Randall Heather, a former adviser to the Bank of Montreal and the author of the study, "Terrorism, Active Measures, and SDI." Heather said he believes "it was a phase that is hostage to a larger process of bringing pressure to bear on Western Europe to stop SDI, which is the Soviets' final goal."

Maurice Tugwell, a former British Army officer who now directs the MacKenzie Institute, said the pattern of anti-SDI violence is clear. "There's no doubt at all that terrorists in Western Europe are quite deliberately targeting SDI scientists."

### **'AIDS has a simple solution; let people die'**

"AIDS has a simple solution, Let people die," a spokesman for the International Institute for Applied Systems Analysis (IIASA) near Vienna told a caller Jan. 13. "Europe lost 40% of its population during the 20 years of the Black Plague, and within 50-60 years they recovered to pre-plague levels," he said.

IIASA is well known as a Soviet intelligence outpost. The first Reagan administration withdrew its financial contributions and participation in IIASA projects when it uncovered evidence that the institute was being used by the KGB to tap into Western computer banks.

IIASA was founded in 1967 by Dzerzhmen Gvishiani of the KGB and Alexander King of the Club of Rome, with an assist from the "president" of the U.S. Eastern Establishment, McGeorge Bundy.

The same IIASA spokesman forecast "seven lean years . . . at least seven years of recession. All major industries started after 1941 have now reached global saturation. The auto industry is the best example. Competition for stagnant markets is therefore forcing productivity increases which force unemployment in the OECD. Real unemployment is now at least 12-15%, but governments for political reasons hide the extent. The situation between now and 1993 will become more and more unstable."

● **AIDS** killed 32 people in Great Britain in December, reported London's *Daily Telegraph*. It also reported that the number of new AIDS cases in December rose by one of the biggest monthly totals to date: 57. "As yet, there is no sign of the government's anti-AIDS campaign having any effect in reducing the continual upward rise in the number of cases."

● **JOSEPH BIDEN**, the U.S. senator who became the world's most famous plagiarist, was praised by the Soviet Union for his "pro-INF campaign" tour of Europe. Radio Moscow reported Biden's Brussels press conference, where he expressed "the hope that the Senate would ratify the INF Treaty."

● **ARRESTED GERMAN** terrorist suspect Christine Gabriele Endrigkeit has been linked to Syrian intelligence. She was arrested on Jan. 10 as a suspect in the April 1986 bombing of the La Belle discothèque in West Berlin, which killed three, two of them American servicemen.

● **VENEZUELAN** Social Democrat Carlos Andres Pérez, his country's former President, held a press conference Jan. 10 to announce that the Socialist International would send a mission to Haiti Jan. 14 to demand guarantees for candidates in upcoming elections.

● **RAISA GORBACHOVA'S** Soviet Culture Fund has announced that beginning in January, it will issue a new cultural magazine entitled, *Our Heritage*. According to its chief editor, Vladimir Enicherlov, the bi-monthly (200,000 copies) will be dedicated to Russia's "literary, historical, and philosophical heritage," and to reviving "those literary works that have been forgotten and locked up in the Archives."

## Groton-Yale author mimics Soviet attack on U.S.

by Mark Burdman

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### **Mortal Splendor: The American Empire in Transition**

by Walter Russell Mead  
Houghton Mifflin Company, Boston, 1987  
381 pages, \$19.95 hardbound.

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Walter Russell Mead's *Mortal Splendor: The American Empire in Transition*, is one of a number of books now coming out on the theme of the "inevitable decline of the American empire," which are meant as "positive signals" to the Russians. In this case, the author, a 35-year-old honors graduate of Groton prep school and Yale University, begins his book with an overview of American history nearly identical to that put forward in the past by Mikhail Gorbachov and the Soviet propaganda apparatus.

One noteworthy sample of the Soviet line appeared in the Soviet Foreign Ministry's *International Affairs* publication in July 1987. The magazine published the analysis that the roots of "Pax Americana" and "American imperialism" lay in a notion called "national Americanism." This, in turn, is a form of "American exclusiveness" that was created by the 17th-century's "Puritans and English pioneers' religious leaders," who believed that America would be the "city on the hill"; in the 18th century, the U.S.'s Founding Fathers would believe that America had a "special destiny and a special divine mission." Later, Anglo-Saxon racism of the late 19th century used the "city on the hill" idea to assert "an evangelical righteousness of America's actions," and, after

World War II, this became the "Pax Americana," as the United States became the "center of all that was conservative and reactionary."

This silly line, "Cotton Mather caused American imperialism," is repeated by Walter Russell Mead, in his introductory chapter, "The Idea of Empire." Excuse his prose. Education at Yale these days causes brain damage, especially as the university becomes more and more the favorite place for "gay rights" festivities, and less for education.

Writes Mead:

"We Americans have always believed that we inhabit a special universe, or at least a special part of the ordinary one. The Puritans believed that God had called them across the sea to build a new and purified state with a special relationship to the Deity. The Indians and slaves no doubt had other words for the Puritan commonwealth, but the Pilgrims, like their successors, never cared much for the opinions of heathens and savages.

"The religion of Cotton Mather lost its hold on the minds of the American people, but not his idea that the nation was special. There was little resemblance between 17th-century New England and the United States after 1945. Religion, culture, government, even the ethnic composition of the people, had undergone a profound transformation on a scale unmatched, perhaps, in the history of any land. Unchanged, though, was the image of America, set like the city on a hill, a light unto the Gentiles as they sit in immemorial darkness."

Following this, Mead's history of the United States is littered with formulations like, "The U.S. is, after all, a settler state. To admire our past is to admire the present of Israel and South Africa." Or: "American history no longer

looks so much like the triumph of reason and order over chaos and war. It is no longer natural and therefore completely understandable for white people to exterminate reds, enslave blacks, and napalm yellows. . . . The U.S. is and always has been a cruelly racist society. . . . Any stick will do to beat the blacks.”

Fundamentally, all this should be read more as a message to the Soviets than as the radical-chic diatribe it appears to be, even if Mead believes what he is writing. The implicit message to the Russians is: “We accept your view of our history; in exchange, kindly help us to ‘manage’ the decline of the United States.” And, since acceptance of the Russian imperialists’ view of American history means the spiritual-cultural death of the United States, Mead’s message is: “Help us commit suicide.”

A book that fellow Yale graduate George Bush might like. After all, Mead has written a book expressing the world view of a significant faction of the American liberal establishment in the era of Reykjavik and the INF Treaty sell-out. Groton-Yale is the main academic route for the “school of treason” in the United States, and graduates of these institutions (especially those with honors), more than graduates of most other U.S. academic institutions, tend to share the abhorrence that the Russians feel for the American republican tradition that extends from the Mathers, through Benjamin Franklin and the Founding Fathers, Abraham Lincoln, up to the political movement of Lyndon LaRouche today. Of course, it is one thing to feel this abhorrence as a Russian, with inbred, culturally fostered hostility to Western values. It is quite another to do so as an author with an American birth certificate and passport. But such is the degeneracy of the Eastern liberal establishment today.

### All roads lead to Stockholm

Lawfully, Mead, for all his fulminations against “American imperialism,” has no objections to that brand of imperialism which is both liberal and fascist. He admires the concept of the late Averell Harriman (himself a Yale graduate, whose father’s banking interests employed George Bush’s father Prescott), expressed in the 1971 book, *America and Russia in a Changing World*, that East and West would converge toward “Swedish socialist concepts.” Mead writes of Harriman and like-minded architects of the immediate post-World War II period, the period that Mead labels the “Golden Age” and “Age of Pericles” of the American liberal elites: “As both the U.S.S.R. and the United States converged toward Swedish-style social democracy, the developing countries too would move in this direction. All roads led to Stockholm. . . .” A nice way of endorsing what became known in the 1970s as “fascism with a democratic face.”

Mead also admires the Fabian-socialist doctrine of “industrial democracy,” the which, he admits ironically, developed under the arch-imperialist regimes of Great Britain, the European continent, and Teddy Roosevelt’s U.S.A. in the late-19th/early-20th century. From this standpoint, he calls

for a “new social contract,” a “politics of compromise,” based on the guarantee of a “minimum wage” to workers in the developing sector. But since he is so hostile to the American republican system of scientific and technological progress, it is hard to see how he thinks Third World wages will rise, except by magic and the usual Keynesian-corporatist tricks.

Mead’s policy proposal is not serious. What motivates it, is something else. Throughout the second half of the book, his concern is to appeal to a new liberal-progressive constituency that can be pulled together, under conditions of a “post-Reagan era” that will be a period of decline, limits, social chaos, possible regional wars in Latin America, and the like. Read carefully, Mead’s book seems to be a desperate appeal to the liberal-progressive-yuppie part of the political spectrum, to pull a political coalition together, to prevent someone else from doing so. If one would guess that that someone else might be Lyndon LaRouche, we only point to Mead’s gratuitous and fatuous attack on the U.S. Strategic Defense Initiative—another favorite theme of Soviet propaganda. There are other encoded anti-LaRouche messages throughout.

### Will agape attack Yale?

Perhaps the most self-revealing comment in the entire book appears on page 97, when he writes: “What underlay American policy in postwar Europe was not a sudden attack of agape—pure Christian love—but practical considerations.”

Indeed, nothing could be truer than that American policy in postwar Europe lacked “agape”: under the patronage of the Harriman bunch from Groton-Yale, U.S. policy has been in the vise of a Calvinist-Protestant elite that rejects “agape” in its theological, economic and political expressions.

But, in the language of the 1960s in which Mead grew up, he is not part of the solution, but part of the problem. That is why he makes the curious gnostic juxtaposition of “agape” and “practical” considerations. His cure is worse than the disease. When he equates “American republic” with “American empire” in his destructive, radical-chic mimicking of Soviet propaganda, he necessarily undermines what is precisely most “agapic” in American history and political life. He begins by attacking Mather, the Founding Fathers, and the “city on the hill” idea. He later attacks the American Constitution, in the liberal mode popularized by the pro-Soviet friends of Lloyd Cutler today, as obsolete and irrelevant. He gives short shrift to Lincoln, who was probably the most “agapic” of American Presidents, with this sardonic comment: “Though Lincoln was the Great Emancipator, it was his ultimate desire to send the blacks to Africa.”

After reading *Mortal Splendor*, one could easily conclude that a good “attack of agape” is probably the only thing that could cure the intellectual and spiritual ravages caused by an American liberal elite trained at such institutions as Groton and Yale.

# Tarnish on George Bush's silver spoon

by Nicholas F. Benton

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## Looking Forward: An Autobiography

by George Bush, with Victor Gold  
Doubleday, New York, 1987  
270 pages, hardbound \$18.95.

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Vice President George Bush's autobiography—written, we presume, by his semi-ghostwriter Victor Gold—tells a lot about Bush, but not in the way one might think an autobiography would. It tells why so many Eastern Establishment leaders are expressing grave reservations about the ability of Bush to win an election or, more importantly, lead the country effectively through a period of deep austerity.

The book is shallow and trite. It is one more tasteless example of Bush playing to his perception of what an audience wants to hear. It is deliberately inane, speaking to the suburban "Mrs. Babbitt" mentality that he thinks represents the mainstream of America.

As a result, Bush must take credit for a book that is a worthless campaign handout, a verbose "bio" that few will read of their own free will, unless forced to as a journalist, or perhaps a high school student needing to complete a book report. As for its substantive content, it could be summarized in a few short paragraphs.

The image of Bush as the consummate rich brat and ambitious-thus-pliable tool of his elitist benefactors, comes through not only in the style, but also in the anecdotes he considers most important to include in the book. He bemoans his "preppie" image that his opponents in the fight for the Republican nomination derided him for in the 1980 campaign, the last time he ran for President.

But he confesses in his book that his preferred lifestyle, were a modern term applied to it, is 100% "yuppie." This is how he fondly describes his years living on "Easter Egg Row," a neighborhood of suburban houses, all with the same floor plan, in Odessa, Texas, in the early 1950s. There, the big event of the week was the Sunday afternoon hamburger barbecue.

Although Bush has held down a remarkable number of different political posts since he was chosen to become the

chairman of the Harris County Republican Party in Houston in 1962, almost everything he's done in his life has been handed to him on a silver platter. The only exception came during World War II, a period in American history that was the best moment in the lives of many Americans. Bush flew 58 combat missions off the carrier *San Jacinto* in the Pacific, and received the Distinguished Flying Cross.

George was the son of Prescott Bush, who served from 1952-62 in the U.S. Senate from Connecticut, and was a partner in the firm of Brown Brothers, Harriman and Co. He went to the same school as his dad, Yale, where (in one item he failed to note in his book), he was inducted into the exclusive "Skull and Bones" society. This masonic-style brotherhood assured him an easy road to success the rest of his life.

George finished Yale after the war. He devotes almost as much of the book to describing how he improved his batting average playing for the Yale baseball team, as he does to his flying missions in the Pacific.

Finishing school in 1947, George was given a job working for Dresser Industries as an oil drilling equipment supplier in Odessa. The work took him to California briefly, but back to Odessa in 1950. There, he decided to launch into his own business, but not without plenty of help, again, from his Eastern Establishment friends. This time it was Eugene Meyer, of Lazard Frères and the World Bank, and father of Katharine Meyer Graham, present owner of the *Washington Post*, who put up \$50,000 of his own money and an undisclosed amount on behalf of his son-in-law, to set Bush up in business.

Then Bush linked up with another blueblood, Harvard Business School graduate Hugh Liedtke, to form Zapata Oil. Liedtke split off soon after to form what became Pennzoil, but by then Bush had secured his financial base to enter into politics.

He had his pathway greased for this as well. In 1962, having moved to Houston, he was given the job of Republican county chairman to keep it out of the hands of the John Birch Society, which was blaming people like him, members of the Council on Foreign Relations, for being soft on communism.

In 1964, Bush ran for U.S. Senate against incumbent Ralph Yarborough, a liberal Democrat, and lost the race. But in 1966, he found a newly formed Congressional District on the west side of Houston where he'd won by an 8-to-5 margin in 1964, and had a cakewalk winning a seat in Congress. Republicans have never been seriously challenged in that district before or since.

Reelected in 1968, Bush was induced to make another run against Yarborough in 1970, but lost again when a more moderate Democrat, Sen. Lloyd Bentsen, knocked Yarborough out in the primary, and then handily trounced Bush.

But Bush's friends in powerful places had not forgotten him. He was immediately appointed U.S. ambassador to the United Nations by President Nixon in December 1970. Bush was valued by his Eastern Establishment colleagues because,



as he writes, they knew him as "someone who wouldn't overestimate his role." That is, he was a wimp.

After Nixon was reelected in 1972, he thought Bush would be more useful functioning as his pliable tool, heading the Republican National Committee, so he placed him there. But Bush proved so pliable that he was not only unable to rally support for Nixon within the party during the Watergate scandal, but became among the first to jump ship and call for his resignation.

In 1974, President Ford found more use for Bush, appointing him U.S. liaison officer in Peking, where his job was to coordinate logistics for visits to the P.R.C. by Henry Kissinger.

### The 'tame elephant'

In 1976, Bush was a benefactor of Ford's famous "Halloween Massacre," when Defense Secretary James Schlesinger, National Security Adviser Kissinger, and CIA Director William Colby were all canned at once (although Kissinger stayed on as secretary of state). Bush plugged the gap at the CIA for a year, on the promise to Congress that he would be a "tame elephant" (in his words). While there was significant opposition to the Bush appointment among Republicans, he was supported by *New York Times* columnist Tom Wicker and Democratic Sen. Walter Mondale, soon to be the vice president.

Bush was out of a job with the election of Carter, but started his run to derail Reagan as the front-runner in the bid for the Republican presidential nomination in May 1979. Bush had the benefit of a strong party organization in Iowa, and beat Reagan there in the January 1980 caucuses, 31.5% to 29.4%. This brought Bush from 39 points behind Reagan in the polls to within 6 points. But then came New Hampshire. Bush lost to Reagan there, 50% to 23%, but he confined the real truth behind this smashing defeat to a tiny, misplaced footnote in his book. There, on page 79, he notes that his membership in the elite Trilateral Commission was used against him in New Hampshire.

It was the LaRouche campaign that made an electoral issue out of Bush's elitist Eastern Establishment ties, including his membership in "Skull and Bones" and the Trilateral Commission. Seeing its healthy effect on New Hampshire Republicans, the Reagan camp soon adopted the theme as well, and the fate of Bush was sealed.

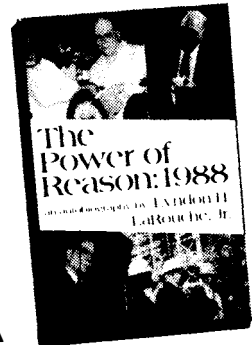
Bush was added to the Republican ticket to mollify the bluebloods—the first signal that Reagan was vulnerable to the type of political deals that have been the undoing of his administration ever since.

But the cakewalk that has been the career of George Bush to date, all in faithful service to his elitist "crowd," may be nearing its end. It is symptomatic of the condition of Bush's campaign now that he was compelled to devote the entire closing section of his book to a defense of his role in the Iran-Contra scandal. One can only be a sycophant for so long before it catches up with you.

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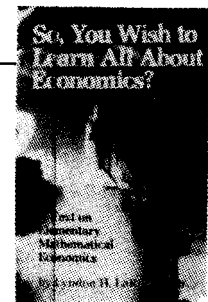


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# Mad strategy will cede Europe to Soviet control

by Nicholas F. Benton

A major escalation of the efforts by American policymaking circles to disengage the United States from its military commitment to the NATO alliance occurred with the release on Jan. 12 of the controversial report by the Commission on Integrated Long-Term Strategy, entitled "Discriminate Deterrence." The report calls for the removal of the U.S. strategic nuclear umbrella from Europe, and limitation of U.S. ballistic missile defense to a point defense of U.S.-based military sites.

Although the report was done technically by a private group, commissioned in 1986 by then-Secretary of Defense Caspar Weinberger and National Security Adviser John Poindexter, and allegedly does not reflect official administration policy, its co-chairman is the current Assistant Secretary of Defense for Policy, Fred Iklé, and it was unveiled at a press conference held in the Pentagon.

The commission is composed of a lengthy, bipartisan list of individuals who have held some of the highest posts in the U.S. government over the past two decades, and are leading spokesmen for elitist factions such as the Trilateral Commission, giving the report the weight of official U.S. policy.

In addition to Iklé and co-chairman Prof. Albert Wohlstetter, the commission's members included national security advisers to four U.S. Presidents—Henry Kissinger (who also served as secretary of state under Presidents Nixon and Ford), Zbigniew Brzezinski (Carter), and William P. Clark (Reagan)—and former chairman of the Joint Chiefs of Staff John W. Vessey, Trilateral Commission leader Samuel P. Huntington, former ambassador to Great Britain Anne L. Armstrong, and others. The members claim to have received

"valuable counsel" from members of Congress, the chairman of the Joint Chiefs of Staff and the Service chiefs, the President's science adviser, members of the National Security Council staff, and numerous professionals in the Department of Defense and Central Intelligence Agency.

The report calls for a radical change in U.S. military strategy; most significantly, the removal of the U.S. strategic nuclear umbrella from Europe and the scaling back of the Strategic Defense Initiative. In the days since its release, it has provoked expressions of shock and amazement from around the world.

In its summary of "main points" at the outset of the 69-page report, it says, "To help defend our allies and to defend our interests abroad, we cannot rely on threats expected to provoke our own annihilation if carried out. . . . In a crisis, reliance on such threats could fail catastrophically for lack of public support. We must have militarily effective responses that can limit destruction if we are not to invite destruction of what we are defending."

In explaining the meaning of this statement at the Jan. 12 press conference, Iklé said that threatening the use of the U.S. strategic nuclear arsenals as a deterrent to a Soviet invasion of Western Europe is "no longer appropriate or believable." Therefore, he said, a shift in emphasis must occur which, as the title of the report implies, is able to provide a "discriminate response" which will deter the kind of military plans the Soviets are most likely to harbor.

When challenged by a Turkish journalist that this involves a violation of the Fifth Article of the NATO Treaty—that "an attack on one shall be viewed as an attack on all"—

Iklé and Wohlstetter attempted to ridicule the notion that the United States should risk a global thermonuclear war “just because the Soviets invaded Turkey.”

Alfred Dregger, the head of the Christian Democratic Union (CDU) parliamentary caucus in West Germany, correctly identified the decoupling significance of the report in an address to his caucus, saying that, “Now, the U.S. will use its strategic arsenals only if the U.S. sanctuary itself is attacked.” In addition, reporters for the *Frankfurter Allgemeine Zeitung* and the *Frankfurter Rundschau* correctly charged that the report advocates a decoupling of the NATO alliance, in their questions to Iklé and Wohlstetter in a press conference at the U.S. Information Agency’s Foreign Press Center in Washington, D.C. on Jan. 12.

### **Across-the-board policy shift**

An aide to Iklé conceded on Jan. 14 that the report “was coherent with, and intended to be a follow-on to the Intermediate Nuclear Force (INF) treaty,” which was signed by President Reagan and Soviet General Secretary Gorbachov, and now awaits a ratification fight scheduled to begin Jan. 25 in the U.S. Senate. In other words, it is part of an overall strategic shift by the United States, which includes the pull-out of all U.S. INF missiles from Europe and the 50% reduction in strategic weapons that the administration hopes to negotiate with the Soviets by the summer.

The shift includes U.S. administration capitulation to massive cuts in its defense budget in the coming years and reduction in overall troop strength. It corresponds to the “New Yalta” realignment scenario of Trilateral Commission policy circles that, effectively, concedes Europe to the Soviet sphere of influence.

The first signal that the substance of the “Discriminate Deterrence” report is already official administration policy came Jan. 14 in a controversial speech by U.S. Secretary of the Navy James Webb at the National Press Club. There, Webb called for the United States to shift its strategic military emphasis from Europe to the Pacific and Third World, in keeping with the thrust of the report.

The White House, concerned for the violent political impact the proposed policy shift will have on its European allies, sought frantically to distance itself both from the report and Webb’s speech.

### **Rejection of the SDI**

In particular, there is concern by the White House about the report’s repudiation of the Strategic Defense Initiative (SDI). The report asserts that “ballistic missile defense, complemented in some measure by air defense and a cruise missile defense, can improve protection of the U.S. National Command Authorities, increasing confidence in the country’s ability to keep control of its forces in war.”

This doctrine of “point defense of U.S. military installations” has been repeatedly repudiated by President Reagan

and is not the policy governing the SDI program now. On the contrary, the program is designed to be a total population defense of both the United States and Western Europe, by focusing the capacity to knock down Soviet missiles just after lift-off, in their boost phase.

Henry Kissinger, responding to a question from *EIR* at a Heritage Foundation forum Jan. 14, denied that the Soviet Union has any intention of launching a nuclear first strike. This ignores the evidence compiled by U.S. intelligence agencies about Soviet development of a nationwide anti-ballistic missile system designed to be effective solely against a Western counterstrike to a Soviet first strike, as well as the Soviet preoccupation with development of new generations of deadly accurate intercontinental ballistic missiles.

Wohlstetter went even further in denouncing the SDI, saying in off-the-cuff remarks to *EIR* following the Pentagon press conference that “the SDI will eventually die from embarrassment,” because “the notion that the Soviet Union would launch a nuclear attack against the population of the U.S. is absurd.” He insisted that the Soviets are interested only in expansion on the Eurasian land mass, and at vulnerable points in the Third World.

Therefore, the report presents a view of Soviet objectives which feeds neo-isolationist sentiment in the United States, arguing explicitly, “Why should the U.S. risk self-annihilation for the sake of defending foreign soil?”

As an example, the report states, “Soviet leaders are likely to indicate that [when their forces move into other countries] their objectives are limited. They will try to behave in ways that give the West a stake in restraint and prudence. Over the last forty years, the Soviet regime has shown no signs of gravitating toward all-or-nothing gambles, much preferring instead to make gains by successive, incremental advances, below the threshold at which nuclear war would be a possibility.” Thus, the report recommends that the West accept the Soviets’ offer of “restraint and prudence.”

As for the claim that the Soviets have “shown no signs of gravitating toward all-or-nothing gambles,” this is contradicted by the configuration of their strategic offensive and defense build-up in recent years.

Arguing that “the most extreme threats are also the least likely,” the report says that “to deter the more plausible Soviet attacks, we must be able not only to respond discriminately, but must also have some prospects of keeping any such war within bounds—of ensuring that it does not rapidly deteriorate into an apocalypse.”

That is code language for saying that the United States should disengage from any situation requiring its total commitment, even, amazingly enough, in the “unlikely” event of an all-out attack on its own soil. There are those, the report says, who favor “launches of our strategic missiles as soon as U.S. warning systems signaled a Soviet missile launch. The concept involves a reckless gamble with fate. It must be banished from our long-term strategy.”

## A 'new Yalta' in military strategy

*The following are excerpts from "Discriminate Deterrence," the Report of the Commission on Integrated Long-Term Strategy, co-chairmen Fred C. Iklé and Albert Wohlstetter.*

. . . The decades ahead are likely to bring drastic changes: China, perhaps Japan and other countries, will become major military powers. Lesser powers will acquire advanced weaponry, diminishing the relative advantages of both U.S. and Soviet forces. Arms agreements may have a sizable impact on nuclear and conventional forces.

Major U.S. interests will continue to be threatened at fronts much closer to our adversaries than to the United States. Our ability to deter aggression at these distant places will be impaired by uncertainty about allies and friends granting us access to bases and overflight rights, or joining us in defense preparations to respond to ambiguous warning signals. . . .

Military technology will change substantially in the next 20 years. We have depended on nuclear and other advanced weapons to deter attacks on our allies, even as the Soviets have eliminated our nuclear advantage. If Soviet military research continues to exceed our own, it will erode the qualitative edge on which we have long relied.

### **Integrated strategy for the long haul**

The strategy is built on a number of principles, some calling for radical adjustments, some reaffirming key elements in the current defense effort.

- *We should emphasize a wider range of contingencies than the two extreme threats that have long dominated our alliance policy and force planning: the massive Warsaw Pact attack on Central Europe and an all-out Soviet nuclear attack. By concentrating on these extreme cases, our planners tend to neglect attacks that call for discriminating military responses and the risk that in these situations some allies might opt out.*

- *To help defend our allies and to defend our interests abroad, we cannot rely on threats expected to provoke our own annihilation if carried out. In peacetime, a strategy based on such threats would undermine support for national defense. In a crisis, reliance on such threats could fail catastrophically for lack of public support. We must have militarily*

*effective responses that can limit destruction if we are not to invite destruction of what we are defending.*

- *We must diversify and strengthen our ability to bring discriminating, non-nuclear force to bear where needed in time to defeat aggression. To this end, we and our allies need to exploit emerging technologies of precision, control, and intelligence that can provide our conventional forces with more selective and more effective capabilities for destroying military targets.*

- *Both our conventional and nuclear posture should be based on a mix of offensive and defensive systems. To help deter nuclear attack and to make it safer to reduce offensive arms we need strategic defense. To deter or respond to conventional aggression we need a capability for conventional counter-offensive operations deep into enemy territory [emphasis in original].*

- *Control of space in wartime is becoming increasingly important. In a conventional war, our space capabilities—critical for communications, intelligence, and control of our forces—must be made survivable or replaceable. The enemy must be prevented from using space freely to support his targeting of our forces.*

- *We will need capabilities for discriminate nuclear strikes to deter a limited nuclear attack on allied or U.S. forces, and if necessary to stop a massive invasion. Improvements in British and French nuclear forces can contribute to the common defense.*

- *To help protect U.S. interests and allies in the Third World, we will need more of a national consensus on both means and ends. Our means should include:*

- Security assistance at a higher level and with fewer legislative restrictions that inhibit its effectiveness.*

- Versatile, mobile forces, minimally dependent on overseas bases, that can deliver precisely controlled strikes against distant military targets.*

- Allies that help us defend common interests beyond alliance boundaries.*

- In special cases, U.S. assistance to anti-Communist insurgents who are resisting a hostile regime imposed from the outside or a regime that threatens its neighbors. The Free World will not remain free if its options are only to stand still or retreat.*

- *Our arms control policy should give increasing emphasis to conventional reductions. Carefully designed reductions in nuclear arms could lead to a safer balance of offensive and defensive forces. Elimination of the large Soviet advantage in tanks, artillery, and other heavy equipment would help both NATO's security and the Soviet economy, and hence be in the interest of both sides. . . .*

- *Given the perils and uncertainties facing our nation and our allies in the future, the defense and security assistance budgets should grow at a steady rate commensurate with our growing economy. U.S. defense budgeting in the years ahead should be guided by the strategic priorities outlined, permitting economies in some areas and providing needed enhance-*

ment in others. In periods when the U.S. defense budget does not increase, we must support continued growth in the equipment that makes our ships, aircraft and other "platforms" more effective—such as advanced non-nuclear munitions, conventionally armed tactical missiles, sensors and communications systems.

The principles above imply change. But our strategy also includes many things that will not change:

- We must maintain a mix of survivable strategic offensive arms and command and control capabilities that can, in all circumstances, respond to and thus deter a massive nuclear attack intended to eliminate our nuclear forces and other targets.

- In the future, even more than in the last forty years, the United States will need its allies to share the risks and burdens of the common defense.

- We will seek to contain Soviet expansion in any region of the world.

- We will need forward deployed forces in some critical, threatened areas.

- We will maintain as a reinforcement capability mobile active and reserve components in the United States.

- With forces much smaller than those of the Soviets, we must not only continue to field better equipment, but we must also maintain the high quality, superior training and excellence in leadership of the men and women who serve in our armed forces. . . .

In developing a strategy for dealing with Soviet conventional power, we take note of a truism: In the nuclear age, no conventional war involving combat between U.S. and Soviet forces would be unaffected by nuclear weapons. The war would inevitably be planned and fought in the shadow of nuclear threats.

Strategies for conventional war in Europe return repeatedly to this theme. The U.S. and its allies have frequently stated that their forces in Europe are not equipped to sustain themselves in combat beyond a certain number of days, and that they would then have to turn to nuclear weapons.

However, a fateful ambiguity enshrouds this declaration. Sometimes it has seemed as though NATO plans to use battlefield or even theater-wide nuclear weapons for their direct effect in repelling the Soviet invasion. At other times, NATO officials posit a different strategy—that what NATO really intends in threatening to use nuclear weapons is to point up the perils of escalation and, in effect, concentrate the minds of Soviet leaders on the apocalypse at the end of that road.

If the latter is really the Alliance's message, would it remain credible? Can NATO rely on threats of escalation that would ensure its own destruction (along with that of the Soviet Union) if implemented? These disturbing questions, which are scarcely new, have again been raised squarely in recent European debates, many of them triggered by the negotiations to eliminate intermediate nuclear forces from the continent. NATO plainly needs a coherent strategy that will be viable for the long haul.

## Webb calls for pull-out from Europe

*Excerpts from the remarks of Secretary of the Navy James Webb at the National Press Club on Jan. 13, 1988:*

Countless commentators have already remarked that 1988 is a threshold year, and certainly we are in a period of rather uncomfortable transition as a nation—a period whose dynamics we do not yet fully comprehend. Certain realities, though, are more apparent than others, and I would like to talk to you today about my view of the realities facing the Navy and the U.S. military as a whole. Reality seems to indicate that we need to make some adjustments in our military posture around the world, and the good of the country mandates that we do so in the best way that will serve our future as a nation, not merely as a service or as a Defense Department.

First, the realities—We are not as rich, as compared to other nations with whom we are allied as we were when we sketched out the basic framework of our international military presence just after World War II. In the decade following that war, our country consistently produced more than 40% of the world's gross domestic product. In recent years, that figure has been about 25%.

Nor is the Defense Department as well off as it was even a year ago, and the future looks equally difficult. As most of you know, last month the Department of Defense was required to reduce an existing Fiscal '89 budget by more than \$33 billion. We are being told in no uncertain terms and from many different fronts that, due to fiscal realities, the military of the future must be smaller and more efficient. We are also hearing quite frequently and with equal fervor that in the aftermath of the INF agreements, the conventional threat in Europe will be larger, and that conventional force structure there should receive more emphasis.

We also know, and there is no question about this, that our future as a nation is very closely tied to Asia in economic and political terms, and that we must do a better job of attending to the economic, political, and security issues here in our own hemisphere. And the overriding reality is that it should be obvious that a smaller United States military, no matter how efficient, cannot attend to all of these matters by itself, at least not in the same way that it has over the past 42 years.

So, the key question for our national leadership, as it struggles with these realities, is not one program or another in the budget, as has so often been the case, but whether and how the United States can maintain its commitments through-

out the world, while at the same time reducing the size and force structure of its military. It's a little easier to point out what we cannot do. The first answer is that we cannot do it all without a great deal of risk in both diplomatic and military terms. The second, and I have been saying this for much longer than I've been Secretary of the Navy, is that it would be impossible to do it with any degree of effectiveness and at the same time again reduce the size of our Navy. And the third answer is that we cannot do it without the increased cooperation and help of our allies.

The only clear answer for our dilemma is for us to take a fresh look at the world and our place in it, and to seriously debate the posture of the United States military in that context. In other words, we need to zero base our military commitments and to justify to ourselves the force structure, the roles and missions, and the location of our military units based on a reassessment of where things stand in the world. This debate would be most helpful to us if it began immediately. It needs to be done honestly, absent the usual parochial veil that surrounds even the most minor of these sorts of discussions. . . .

### The touchstones

First, although a great deal of money and energy is dedicated to our NATO alliance and although this alliance is one of the keystones of our military structure, we need to remind ourselves from time to time that we are more than a European nation. We're a global nation with largely European antecedents, continuing European interests, and national loyalties to Western Europe's fundamental objectives.

We must remain strong in Europe, but we also have the obligation to view the Soviet military threat in global, rather than regional terms, and to address that threat worldwide. The United States and the Soviet Union must face each other at many points on the globe. Many of the most critical points for attention and certainly many of the evolving areas of confrontation are far from Europe.

We have a requirement contrary to European nations to view the Soviet military threat in Europe through more than a European prism, and to be fair to the other areas in which we must operate, there is no region better equipped through its resources, large population base, strong economy, and military tradition to reassume a greater share of the burden of its own defense than Western Europe.

Second, the United States is becoming more entwined with Asia, and the issues involving Asia are moving to the forefront in the world community. In 1986, the United States did \$219 billion gross trade in Asia—75% more than we did with the Atlantic nations. In economic, cultural and political terms, we are becoming increasingly more tied to Asia and it is imperative that we match those ties with the military capability to protect our interests and honor our obligations to friends and allies in the region. . . .

Third, we must consider the Soviets themselves. No analysis of our own future defense priorities can leave them out.

There's been considerable discussion of late regarding changes taking place within the Soviet Union. It would be inappropriate for me, and beyond the scope of this speech, to address these changes in any detail. But two observations seem inescapable. First, Soviet conventional force structure around the world has been growing; and if force structure cuts are to occur in our own military, we must be careful to signal to the Soviets that this is a refinement of our capabilities rather than a reduction in them. And second, an improved situation in Europe, absent a stand-down of conventional forces taken out of that theater, may well increase, rather than decrease, Soviet pressure in other areas.

Fourth, we must pay greater attention to our own hemisphere and to the Third World as a whole. I mentioned that we're becoming more intertwined with Asia, and the same is true with Latin America. . . .

The overriding guidepost for the future is that our conventional force structure must provide us the most utility and the most capability in the global arena. This requires versatility in terms of military mission. It means that forces dedicated to static defensive missions must be scrutinized and altered, when possible, in favor of units that can deploy and fight wherever they are needed. . . .

A world environment, with many demands for the use of our forces, ideally in correlation with the forces of other nations, but potentially alone, requires this sort of maneuverability. To the greatest extent possible, forces of the future should be free to deploy and to maneuver, to concentrate at a crisis point and project military force at that point, without the necessity of negotiating base rights or the unavoidable involvement in local conflict that such base rights imply. A smaller U.S. military force structure demands, by logic, that a greater percentage of that force structure be available to do more things.

*Consequently, post-INF thinking that conventional forces in Europe be increased because conventional forces in Europe are arguably more at risk without the intermediate nuclear shield does not necessarily mean that this should be a U.S. build-up, or for that matter, that such a build-up should occur in Europe at all, or even that it be a land-oriented build-up. In fact, given the resource reductions clearly facing this country's defense establishment, just the opposite might be true. [Emphasis added.]*

Strategy does not dictate that pressure applied by an adversary at one point be countered exactly at that point. The regional preoccupation that produced the strategy of the Maginot Line and of the Schlieffen Plan is seductive in Europe. But history has repeatedly demonstrated its incompleteness.

If the interest of the United States and its allies are threatened or attacked by the Soviet Union in one part of the world, the United States could, and probably should, react at the point most beneficial to its own strengths anywhere in the world. And this, of course, is the greatest strength of sea power and why we should recognize its validity in terms of our geographical place in the world. . . .

# California group wants lethal injections for ill patients

by Linda Everett

In Hitler's euthanasia program for chronic patients, code-named T-4 after the address of its camouflage organization, the actual killing of patients was done by physicians. It was Dr. Viktor Brack, the head of the Chancery's "Euthanasia" Department II, who first pronounced the motto: "The syringe belongs in the hands of a physician." Doctors reviewed patients' medical histories, charts, work ability, and disease status.

After the morning rounds, they handed out lists of those patients to be given "medication" that night. To Hitler's personal physician, Karl Brandt, the Reich Commissioner for Health, the euthanasia program could "only be looked at from a medical point of view." Thus, when lethal injections did not induce death quickly enough, Brandt stated "that only doctors should carry out the gassing."

Today, on the streets of California, modern day Nazis are campaigning to make physicians once again the medical executioners of the "incurable." The Hemlock Society and its sister organization, Americans Against Human Suffering (AAHS) are out collecting signatures for their aid-in-dying initiative, which calls for physician to be able to "legally" and "swiftly" kill their "terminally" ill patients with lethal injections and oral medications.

Should the physician-assisted suicide referendum receive the required 450,000 signatures of registered California voters in 150 days, it would qualify for the November 1988 ballot, whereupon California residents could vote to make it law.

The initiative, entitled "The Humane and Dignified Death Act," would amend the California Natural Death Act to state, "Adult persons have the fundamental right to control decisions relating to the rendering of their own medical care, including the decision to have life-sustaining procedures withheld or withdrawn or, if suffering from a terminal condition, to request a physician to administer aid in dying. Modern medical technology has made possible the artificial prolongation of life beyond natural limits. This prolongation of life for persons with terminal conditions may cause loss of patient dignity and unnecessary pain and suffering, while providing nothing medically necessary or beneficial to the patient."

A patient would also sign a written directive or durable power of attorney that assures the patient's treatment decisions are carried out should he be diagnosed incompetent and

"terminally" ill. The directive and anyone appointed to oversee it would be effective immediately and valid for seven years thereafter. It could be revoked at any time. Should a patient fall into unconsciousness, his directive could be put into effect and he would be eliminated with dispatch. There are, however, numerous well documented cases where patients have expressed satisfaction and relief when such directives are ignored, and they are resuscitated.

According to David Clarke, AAHS's northern California campaign manager, the measure is designed to relieve people in the final stages of dying "who have been kept alive against their will." Its provisions specify that a patient "qualifies" for the killer drugs by requesting aid-in-suicide in writing after two physicians have certified in writing that the patient has less than six months to live. Despite the fact that it is difficult enough to make such a prediction, this act would not even require both physicians to have personally examined the patient! So much for second opinions.

The killer drugs can only be administered in a hospital by a physician but never to pregnant women, minors, or the mentally incompetent. Section 401 of the Penal Code would be changed to allow killing of "qualified" patients but would state "Every person who deliberately aids, or advises, or encourages another to commit suicide, is guilty of a felony."

## The people behind it

To truly understand the genocidal intent of this initiative, you have to understand the people behind it. Americans Against Human Suffering is the lobbying arm of the Hemlock Society, whose founder Derek Humphry killed his first wife. Humphry and his second wife, Ann "Wicked" Wickett, have for years encouraged murder, suicide, and assisted suicide, and to this day distribute materials detailing the most effective methods and medications to be used. At Hemlock's conference last year, leaders extolled the useful, if unglamorous, method of using a plastic bag to snuff out a loved one's life.

Members complained that Hemlock's Dignified Death Act should allow lethal pills to be given to patients at home by their friends when they wanted it. After all, they said, "What about those of us who get bored with life?" Hemlock leaders quickly assured the gathering that the act had to be a little restrictive initially to "get a foot in the door." Just like California's Natural Death Act of 10 years ago, it will even-

tually be broadened to eliminate non-terminal patients and allow suicide in your own home. Launching the aid-in-dying act in California is itself a foot in the door, for AAHS is also seeking a congressional resolution to urge states to enact similar models nationwide.

### Genocide gets a legal assist

Proponents of this act were quick to point out to the legal community that Appeals Judge Lynn Compton ruled in 1986 that the right to die "should . . . include the ability to enlist

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*"This proposal makes a frightening attack upon a number of the philosophical principles which have been the bedrock of our society, including: Human life is sacred . . . and mercy-killing is anathema to acceptable social order."*

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assistance from others, including the medical profession, in making death as painless and quick as possible."

After intense debate, delegates to the September California State Bar convention narrowly supported AAHS's act, but amended it so that voluntary execution could not occur before 10 days' notice of the patient's intent had been delivered to his closest relative and the "terminal" diagnosis. These "assurances" that patients act on their own free will are not in the referendum.

Supporters of the act were the Beverly Hills Bar Association's Barry E. Shanley of Potter, Shanley and Shanley and Jerome B. Falk Jr. of Howard, Rice, Nemerovski, Canady, Robertson and Falk. Falk said physicians already help middle- and upper-class patients *sub rosa* and such underground activity was anathema to those who value the rule of law. So Falk wants to change the law.

The proposal received stinging denunciations from the state's largest lawyers' club, the 19,000-member Los Angeles County Bar Association and the Asian Bar Association of the Greater Bay Area. The Inyo-Mono Counties Bar Association argued that it "would raise suicide, and even murder, to a 'dignified' position in our culture. This proposal makes a frightening attack upon a number of the philosophical principles which have been the bedrock of our society, including: Human life is sacred . . . and mercy-killing is anathema to acceptable social order."

AAHS's proposal, they said, was a short step to a "*Brave*

*New World* or societies of 1984 or *Winterflight*, in which the 'State' makes the decision as to who is allowed to live, and who compelled to die before his/her time." Soon relatives will be "attempting to enjoin a 'termination' decision or even to compel one when proponents finally feel the time is judicially ripe." They ask, can someone terminally ill actually and rationally make this decision? Are physicians equipped to handle it? The proposal, they conclude is "far too fraught with potential for fraud, abuse, and crime to merit balancing it against our culture's long-held tenet of the foundational sanctity of human life."

The California Medical Association (CMA) joined in a vociferous condemnation of the lethal injection plan and thwarted any likelihood of its success in California's legislature during this election year. But CMA's president-elect, Dr. Laurens White, planted his opposition on somewhat dubious moral grounds, saying some people who have watched the painful, prolonged deaths of relatives "have assumed that doctors aren't letting people die, that we need doctors to kill people. Anybody who wants to kill himself has a zillion ways to do it and doesn't need the assistance of the doctor."

The California delegation to the American Medical Association's Interim Meeting of its House of Delegates in Atlanta, Georgia on Dec. 6-9, took a more positive note. They offered a resolution affirming the role of the physician as healer, dedicated to the preservation and enhancement of life. The meeting's 400 delegates unanimously passed a resolution asking the AMA to oppose any federal or state legislation that would require any kind of direct or indirect participation in a patient's suicide.

### Euthanasia for AIDS victims?

No doubt, the spread of the fatal disease AIDS has put wind in the sails of the euthanasia lobby.

One cannot help but draw the contrast between this signally evil referendum, and the ballot initiative for a full-scale War on AIDS which has been placed on the June 1988 California ballot by the Prevent AIDS Now In California (PAN-IC) organization, led by associates of presidential candidate Lyndon H. LaRouche, Jr. The PANIC initiative calls for legally defining AIDS as a communicable and infectious disease and applying to it existing public health statutes and codes for communicable diseases. It further demands a crash research effort at the frontiers of science, particularly in the domain called "optical biophysics," to find a cure for AIDS, while AIDS sufferers are given state-of-the-art medical care, and public health measures are deployed to stop the spread of this killer disease.

The wish to avoid the staggering costs of caring for AIDS victims, let alone the costs of research to actually find a cure, have led today's Nazis to seek a solution of the same kind as Hitler's economic backers did—euthanasia. There is no moral alternative to fostering an economic recovery that will make it possible to pay these costs. In California, the political choice has become very stark.



# A big scandal hits Michael Dukakis

by Katherine Notley

In the second week of January, on the eve of the New Hampshire Democratic presidential primary, the National Democratic Policy Committee (NDPC) released a special report on Democratic presidential hopeful Michael Dukakis, and how, as governor of Massachusetts, he systematically set out to destroy the city of Boston—and did—reaping millions in profits for his friends in the process.

Under Dukakis's administration, over \$25 million in federal funds was siphoned off by Model Cities "developers," and the city was deprived of revenues from the builders of corporate headquarters, who were on the receiving end of billions in tax exemptions granted by Dukakis appointees. They also enjoyed tax reductions obtained by fraudulent underreporting of rental income figures to city assessors. The resulting loss in city revenues forced one budget crisis after another upon Boston's municipal government, gutting city infrastructure and services.

Dukakis peopled his administration with the heads of think tanks that were interlocked with realty trusts, such as Massachusetts Tomorrow, Bison Associates, and Citizens Housing and Planning Association. What the think tanks proposed ("a serious commitment to energy conservation could stimulate development of high-density housing") the realty trusts disposed, "rehabbing" targeted working class neighborhoods with public funds, and turning them into high-rent districts.

Dukakis's friends ran the Boston Redevelopment Authority, which dispensed tax breaks with abandon, by designating as "blighted areas" any place a speculator wanted to "upscale."

Commercial towers, such as Prudential and 1 Beacon St., were given exemptions from property taxes under the 121A law, granted by the friends of the Dukakis machine at the Boston Redevelopment Authority. From the aggregate of downtown commercial properties under 121A, with an estimated valuation of nearly \$800 million for fiscal 1983, the city received barely \$23 million in state-collected excise payments in lieu of property taxes!

The estimated total for the 121A excise for fiscal 1984 somehow slipped to \$18 million, of which only \$10.7 million was actually paid. While the assessable value of the properties rose beyond the \$800 million mark, the city received

only \$10.7 million in revenue from them in 1984. By comparison, that same year, Boston's motorists paid \$23.323 million in parking fines!

The Bank of Boston, which was not exempt, for its 100 Federal St. building, paid a property tax of only \$3 million in 1983, yet by the most charitable assessment, it owed nearly \$11.3 million. Not to be outdone, John Hancock paid less than \$4.7 million of a tax bill exceeding \$15 million. In 1987, the same pair were paying nearly \$10 million less than they owed in 1983.

It is estimated that most of the major commercials continue to underreport their actual rental income by 25-30%.

Under such circumstances, the city's vital services such as police, fire, sanitation, and hospitals, were depleted nearly to the point of collapse.

## Getting White

Dukakis was only able to secure giant concessions for his real estate friends by forcing Boston's four-term Mayor Kevin White out of office. White, with a battered constituency and few concessions left to make, had become noticeably hostile to "the Vault," the self-appointed committee of Boston's financial elite. In 1982, under a new requirement of 100% of market valuation, the White administration prepared to tax Boston's speculative skyscrapers at twice the rate of residential properties. Mayor White was also preparing to run for an unprecedented fifth term.

Meantime, the voters of Massachusetts, displeased by Governor Dukakis's first performance as governor from 1975 to 1979, defeated him in the 1978 gubernatorial primary, nominating conservative Ed King. But by 1982, Dukakis was recycled, defeating King, after a corruption scandal was cooked up on his behalf.

No sooner was Dukakis sworn in to his second term, than the guns were turned on White. A grand jury investigation, run by then U.S. Attorney William Weld, came up blank. Undaunted, Weld managed to convict a former city budget official on a minor charge. The two-year-long scandal forced White to withdraw from the race in 1983. An article in the *National Law Journal* evaluated Weld's actions as "a textbook example of a prosecutor misusing his powers to bully witnesses and manipulate the political process." When the conviction was overturned in July 1985, the U.S. Court of Appeals stated that the U.S. Constitution prohibits the application of Soviet legal principles such as "crimes by analogy."

Thus, using a combination of tax swindles, legal and judicial strongarming, and fabricated media scandals, Dukakis and his friends rolled over all opposition to turn Boston into a "post-industrial" real estate speculators' paradise. For decades, Boston had been used as a guinea pig for "social control" programs churned out of Harvard University and MIT. But, when Paul Volcker's high interest rate policies set the pace for the destruction of the nation's industry and infrastructure, Michael Dukakis was tapped to make Boston the exemplar. He performed admirably.

# Bush-league sleaze: Who's who behind the VP's candidacy

by Scott Thompson

Public documents listing George Bush's top campaign officials give further evidence as to why a Bush presidency would be a disaster for the United States and the world. These documents reveal that the vice president's patrons include senior representatives of those Boston and Wall Street banking interests whose incompetence has destroyed the U.S. economy, and whose policies are responsible for the financial bubble that popped in the Oct. 19 "Black Monday" stock market crash.

Moreover, these documents show, Bush's backers include spokesmen for the treacherous corporate interests that are pushing the suicidal INF (intermediate nuclear force) Treaty as an acceptable price for their trade deals with Moscow. Bush's coalition also includes: the old Meyer Lansky syndicate—giving one more reason as to why Bush's task force on drugs failed so miserably; and the foreign and domestically based oil corporations that put Iran's Ayatollah Khomeini in power, and support him still.

## Who's who

The following are officially listed organizers or major funders of the Bush campaign.

- **Mrs. Charles Z. Wick**, wife of the U.S. Information Agency director. Often described as "Nancy Reagan's best friend," Mary Ann Wick teamed up with then Israeli Prime Minister Menachem Begin in repackaging Soviet operative Armand Hammer into becoming a key adviser of the Reagan presidency. More than anyone, Hammer is responsible for Reagan's Munich-like signing of the INF Treaty. Mrs. Wick is on record as a recipient of several hundred thousand dollars in Hammer funds for "charitable work"; her husband is the top Reagan administration peddler of the line that we can trust Gorbachov, and has publicly described the Russian dictator as "sweet." Under Wick's administration, the USIA has promoted the greatest absurdities, like claiming Gorbachov's glasnost and perestroika represent the restoration of capitalism, while silencing the more sober assessment of Moscow's ambitions previously broadcast by the USIA's Radio Free Europe. Wick recently authorized a joint U.S.-Soviet board to censor views hostile to either power, for example, views potentially broadcast by the USIA, or published in print media such as this magazine, as a means of ensuring that oppo-

sition to the INF treaty would be suppressed.

- **Nicholas Brady**, chairman of the blueblood Wall Street investment house Dillon Read. Brady chaired the Reagan commission charged with "investigating" the Oct. 19, 1987 stock market crash. This commission had the task of explaining away the crash as somehow unimportant, lying that it is not a consequence of Reagan-Bush economic policies, and preparing the U.S. government to bail out bankrupt Wall Street banking firms. The commission's recently released conclusions make the insane proposal that the Federal Reserve hyperinflate in response to any threat to the financial system.

The son of the founder of the U.S. section of the Sovereign Military Order of Malta, a freemasonic society penetrated into the Catholic Church, Brady acts as liaison to that section of the Western European noble families which backs Bush. He is also close to Paul Volcker, the Carter-appointed Federal Reserve chairman who wrecked our economy by hiking interest rates to double digits.

- **Donald Kendall**, chairman of Pepsico. Kendall pioneered the vast increase in U.S.-Soviet trade deals underlying the Nixon administration's détente policy, with the assistance of former Nixon adviser and current Secretary of State George Shultz. Kendall, with his longtime associate Armand Hammer, has worked to tear down U.S. military capabilities through his patronage of the "peace movement," while advocating high-technology sales to Russia. The U.S.-U.S.S.R. Trade and Economic Council founded by Kendall and Shultz is leading Wall Street's rush to sell anything to Moscow at any cost.

- **Armand Hammer's Occidental Petroleum**. Occidental's political action committee has given \$5,000 to Bush's campaign, according to the Federal Election Commission. Along with Oxy, top figures in the Texas oil crowd plugged into Bush include Robert Mossbacher, associated with Bush since the days when the Brown Brothers Harriman investment house and the family of the *Washington Post's* Katharine Meyer Graham financed Bush's Zapata Oil. Other oil interests behind Bush include the Hunt family and Pennzoil (the successor firm of Zapata), and Atlantic Richfield. It was this combination, together with their allies in British Petroleum, which helped install the Ayatollah Khomeini into pow-

er, and ran the arms trade to Iran made famous by Irangate.

In 1986, Bush traveled to Saudi Arabia, where he strong-armed the Saudis into decreasing oil production, contrary to their previous policy. Bush and the oil cartels worked to raise the price of oil, and thus raise Iran's revenues, thereby increasing Iran's arm purchases and military power (see *EIR*, Jan. 15, 1988, page 60). Tied to these interests is Theodore G. Shackley, the CIA deputy director under Carter, who now directs various oil-trading proprietaries. Reputedly a Bush campaign dirty trickster, Shackley can boast many current and past associates who are implicated in the Iran-Contra scandal—not excluding Bush's executive assistant, Donald Gregg, also a long-time CIA hand.

● **Max Fisher**, Michigan "businessman." Fisher, the co-chairman of the Bush finance committee, is a senior figure in the Meyer Lansky syndicate, and has been involved in organized crime since he worked as a bagman in the 1930s for the Purple Gang (see the 1985 book, *Dope, Inc.*). Fisher formed the National Jewish Coalition of the Republican National Committee in the first Reagan administration. The NJC's founding treasurer, Ivan Boesky, has been convicted of stock manipulation on behalf of Wall Street firms tied to the Lansky syndicate. Many of these same firms also support Bush.

Ironically, Max Fisher was one of the chief "fixers" behind the dual Presidency proposal at the 1980 Republican Convention in Detroit, which would have shoved aside George Bush as vice president for a Reagan-Ford ticket. Now, Bush has made his peace with this "Dope, Inc." kingpin, while directing the President's spectacularly unsuccessful "War on Drugs."

● **Scott Pierce**, brother of Bush's wife Barbara. Pierce was president of the E.F. Hutton brokerage house in 1982 when Hutton was caught in a complex \$4.35-billion scheme to write checks in excess of funds on deposit in 400 U.S. commercial banks. Charges against E.F. Hutton for this illegal operation had been pending since 1984, but on Nov. 15, 1984, E.F. Hutton chairman Robert Foman met with then-Attorney General William French Smith and his assistant Stephen Trott to delay indictment. Trott extended the grand jury six months, but later claimed that the luncheon had nothing to do with his decision. On May 7, 1985, fifteen Senate Democrats sent a letter to Attorney General Edwin Meese condemning him for "blatant failure to find individual liability" in the prosecution of E.F. Hutton, after E.F. Hutton got a slap on the wrist—a \$2 million fine—for its crimes, while its senior officers, including Pierce, escaped indictment. E.F. Hutton's ties to heroin-money-laundering for the Sicilian mafia (the Pizza Connection case), and its involvement with the New England Patriarca mafia family, were also ignored by the Reagan-Bush administration. The administration head of enforcement for the Treasury in charge of such matters was John Walker, George Bush's cousin.

● **George S. Moore**, the former president of Citibank and director emeritus of W.R. Grace. An international or-

ganizer for the Bush campaign, Moore is a former partner in White, Weld, the family banking firm of Assistant Attorney General William F. Weld, which was involved in drug money laundering via Switzerland. Among his current investment jobs is that of "international adviser" of the Organización Diego Cisneros (ODC), a holding company worth an estimated \$3 billion. Members of the Cisneros family of Venezuela were named in the July 20, 1984 issue of the Venezuelan magazine, *Resumen*, as "up to their elbows" in dope-money laundering in Florida.

● **George Klein**, co-chairman with Max Fisher of the National Jewish Coalition. Klein is a member of the Bush Finance Committee. As president of Park Tower Realty, a New York real estate firm, Klein is a partner with Prudential Insurance Company in developing a \$1.2 billion office complex as part of the 42nd Street redevelopment project known as Times Square Center. The *Village Voice* recently reported that he is the focus of an investigation in a major bribery and influence-peddling scheme in connection with the center.

● **Henry Kravis**, New York businessman. He is a member of the Bush National Finance Committee. According to *The Economist*, Kravis's firm of Kohlberg, Kravis, Roberts, "pioneered leveraged buy-outs of large industrial companies" through junk bonds and other fast money schemes. From 1985 to 1987, KKR spent \$18 billion on three firms, in deals financed through Drexel, Burnham, Lambert, a firm now under investigation by the U.S. Attorney's office in Manhattan for stock market manipulation.

● **John M. Hennessy** is chairman and CEO of Crédit Suisse First Boston, Ltd. He co-chairs the George Bush for President Finance Committee Abroad. CSFB dominates the \$150 billion per year "Eurobond" market, the biggest haven for dirty money in the world. Crédit Suisse was caught red-handed in 1985 in a multibillion-dollar money laundering scheme directed out of the staid offices of the First National Bank of Boston, the flagship institution of the Boston Brahmins' Bank of Boston Corporation. The case was handled by then U.S. Attorney William Weld, whose family fortune is interlocked in a partnership with CSFB. Weld collapsed 1,163 separate documented cases of criminal felony, involving \$1,218,682,281 in hot money, into a one count indictment—for which Bank of Boston was fined a slap-on-the-wrist \$500,000 in a plea bargain. During the same period, Weld began spearheading a politically motivated legal witchhunt against Lyndon LaRouche, the most outspoken U.S. political opponent of drugs.

● **Clark Randt, Jr.**, the Hong Kong-based representative of the super lawfirm Gibson, Dunn & Crutcher, which is the family firm of Paul Ziffren, another Los-Angeles-based crony of Armand Hammer. Ziffren served as the chairman of the California Democratic Party under Edmund G. "Pat" Brown's tenure as governor of the state. Randt thus typifies the bipartisan, rotten, machine behind George Bush. He is the Asian organizer for the Bush campaign.

# Gov't shifts strategy in 'LaRouche' trial

The government prosecution team in the trial of the *U.S.A. v. The LaRouche Campaign* has decided to shift strategy, in hopes of reviving its credibility against the defendants. The first two weeks of the Boston trial, and the government-supplied witness list, had featured a host of "drop-outs" from the National Caucus of Labor Committees (NCLC), the philosophical association which LaRouche heads. Now Assistant U.S. Attorney John Markham is at least postponing testimony from other drop-outs, and instead calling a host of alleged credit card victims.

Markham's lead-off witnesses were Gail Lunsford Bardwell and Vera Cronk, and they were supposed to support his theory of the NCLC being a "dictatorial" organization, as well as establish patterns of behavior that would verify the government's assertions about credit card fraud. But the prosecution ran into trouble immediately, since the defense lost no time in showing that Bardwell and Cronk were both leading members of a conspiracy of drop-outs, who had been intimately involved with one another, including in meetings and parties dedicated to discussing the political destruction of LaRouche.

Most embarrassing to the prosecution was the fact that Bardwell had been the hostess at an Oct. 30, 1986 Halloween party, which featured NCLC drop-outs dressed up as credit card chits and the like, and the leader of the anti-LaRouche drop-out cabal, Costas Kalimtgis. Thus, on cross-examination, Bardwell was intensively questioned about the affair. During this questioning, both she, and the following witness Cronk, who was a guest at the party, showed themselves to be totally evasive and incredible.

First, the prosecution announced that it was postponing the testimony of two other leading drop-out conspirators—Charles Tate and Steven Bardwell. Then, over the weekend of Jan. 10, the prosecution decided to cancel testimony by Janet Mandel, who had been scheduled to appear Jan. 11, and had actually been waiting around the witness-room during the previous week. AUSA Markham announced that he was not calling her because "everything we wanted to put in through this witness has been satisfactorily covered through the first two witnesses."

Observers suspect that Markham was afraid of the testimony that would have been elicited from Mandel concerning the Bardwell Halloween party—in which she appeared as Helga Zepp-LaRouche's credit card—as well as concerning the FBI harassment which she personally experienced in the

mid-1970s in New Jersey.

Part of Markham's new strategy is also to throw the defense team off guard by constantly changing the order of witnesses. Not only has he now rescheduled five of the first seven witnesses on his witness list, but he has also continued to shift the order of witnesses day to day.

## Where's the beef?

The prosecution put on seven alleged credit card victims in the first five days of trial. In most of the cases, AUSA Markham has been faced with embarrassment, as the witnesses under cross-examination have all raised significant doubt, if not totally disproven, that they were ever defrauded at all.

In all the instances, the government's assertion of fraud depends on the fact that the witness had "charged back" a purchase, or contribution, which appeared on his or her credit card. In order to "charge back," and get one's money back, one must say—whether it is true or not—that the charge was "unauthorized." Unauthorized charges are a normal hazard of phone credit card operations, since the buyer has up to 90 days to cancel the charge by declaring it unauthorized. This can be done on his or her say-so, for various reasons—from meeting a spouse's objection, to bilking the merchant, to changing one's mind.

The credibility of most of the government's witnesses so far, as to why they claimed unauthorized charges, was highly suspect. The second witness, Dr. George Szabo, swore he had never authorized three credit card contributions to one of LaRouche's campaign committees, which totaled \$1,000. But he had to admit under cross-examination, the authenticity of a letter he wrote to that very committee, thanking it for repaying the \$1,000 loan. This means that he, in fact, got paid back twice—once by the bank, which took it from the campaign committee account, and once directly!

Another witness, former bank vice-president Bernd DeKant, presented an equally incredible picture. DeKant had a record of 14 "chargebacks," but, not only had he never made a complaint to the campaign, but he continued to pay for publications from *Executive Intelligence Review* for more than a year later. It appears that DeKant did not charge back the *EIR* purchases, since he paid for them out of bank funds, not through his personal credit card. That leaves an open question as to what caused his chargebacks to the campaign committees.

Among these first witnesses was Frank Murray, a restaurant manager, who had starred on the October 1984 broadcasts on NBC-TV, which put out the message on the federal grand jury investigation of the LaRouche presidential campaigns, and effectively started a run against the committees. Investigators for the defense were suspicious of Murray, since he so closely fits the profile of the fictitious government scenario, and he admits that local NBC reporter Dan Rea, who put the "credit card" story on the air, is a frequent customer of his.

# State anti-LaRouche cases unraveling?

Judge Stephen Crane of the New York State Supreme Court in New York County, on Jan. 11 dismissed all felony charges against four longtime associates of Democratic presidential candidate Lyndon LaRouche: David Stephen Pepper, Judah P. Rubinstein, Nancy Spannaus, and Edward Spannaus. The four were indicted with 11 others in a sweeping 18-count indictment in March 1987. Judge Crane dismissed felony securities fraud and consumer fraud charges against the four, because he found that the evidence presented to the New York grand jury was "legally insufficient" to require these defendants to stand trial.

The case was brought by the office of Attorney General Robert Abrams, because, as an article in the March 17, 1987 *Washington Post* stated, New York authorities hoped to bring down the fundraising efforts of LaRouche associates "like a house of cards."

The judge also dismissed the fraud charges because, in violation of a case decided by the New York Supreme Court, the evidence presented on these substantive counts was identical to evidence presented on the charge of conspiracy still pending against Mr. and Mrs. Spannaus, Mr. Pepper, Mr. Rubinstein, and the other defendants in the case. The conspiracy count is only a misdemeanor under New York state law.

Crane implied that other defects in the case may lead to further dismissals. The judge was especially concerned about the jurisdiction of the New York County court over acts which occurred outside the County and State of New York. The court asked for additional submissions on the jurisdictional issue by Feb. 9. Further rulings are expected on Feb. 22.

The judge also pointed out that the New York attorney general's presentation to the grand jury on defendant Lynne Speed, who was added in a superseding indictment returned in September 1987, was bungled in such a way that the attorney general may have to redo his entire presentation against Mrs. Speed.

The New York ruling is one of three handed down by judges since Jan. 7, which suggest that the series of ill-conceived, politically motivated cases brought in various states against friends of candidate LaRouche is about to unravel.

## Political loans not securities

In Chicago, Judge Thomas Hoffman on Jan. 8 threw out a civil complaint alleging fraud in the solicitation of contributions and "loans," against Campaigner Publications, Caucus Distributors, Inc., the Schiller Institute, and three individuals. Hoffman, in a seven-page written opinion on a motion to dismiss in the case *Froelich v. Campaigner et al.*, stated that loans made to political causes are not securities.

The significance of this ruling for numerous so-called securities cases brought against organizations and individuals associated with Lyndon LaRouche lies in the fact that, despite numerous administrative findings on this issue, this is the first time a court has ruled on this question. And while securities officials in numerous states have asserted that these political loans are securities, a trial judge has now ruled, and made clear, that he believes they are not.

Citing the language of the Illinois statute on securities, and numerous cases which have refined its interpretation, Judge Hoffman dismissed the allegations of securities fraud and consumer fraud as "containing no merit." After reading his opinion into the record, Judge Hoffman, in response to an argument from Mr. Froelich's attorney, that these were in fact investments, and therefore should be considered "securities," retorted: "If any promissory note or other record of indebtedness that bears interest can be considered a security, then we're all in a lot of trouble."

## Virginia search case

A Jan. 7 ruling by the U.S. Appeals Court for the Fourth Circuit in Richmond, Virginia is a partial setback for the prosecutorial vendetta of state Attorney General Mary Sue Terry. In the case of *Fusion Energy Foundation, et al. v. Terry, et al.*, the Appeals Court held that the infamous Oct. 6, 1986 raid in Leesburg raised certain factual and legal issues which could not be summarily adjudicated by a federal District Court.

Reversing in part the summary judgment which District Court Judge Richard Williams, of the Eastern District of Virginia, granted to Terry and her renegades, the Appeals Court specifically ruled that the authority of a state officer, Virginia State Trooper R.H. Perry III, to conduct a search and seizure under a federal warrant is still open to dispute. The Appeals Court did, however, recommend that the District Court stay the proceedings until the criminal cases pending in Loudoun County are concluded.

District Court Judge Williams had issued a summary judgment against six LaRouche-associated organizations whose documents were seized during the Oct. 6-7, 1986 raid by federal and state agents on their offices in Leesburg. The organizations had claimed that they were not targets of the search; and that the documents seized were taken in violation of their Fourth Amendment rights. The plaintiffs sought the return of their documents, and "the identification of persons to whom information set forth in those documents has been made known."

## Candidate, candidate, who's got a candidate?

It's no news that the American population is singularly unimpressed by the gaggle of Democratic presidential contenders officially sanctioned by the party leadership. Poll after poll testifies that "none of the above" is the primary choice of party rank-and-file.

But it now turns out that key Democratic party kingmakers are desperately searching for a candidate who might be able to rake in more votes than pathetic Walter Mondale.

Party insiders, including Robert Strauss and ex-Virginia Gov. Charles Robb, have been meeting clandestinely to try to drum up an alternative candidate.

This revelation comes straight from the horse's mouth: Sen. Alan Cranston (D-Calif.) told reporters in Los Angeles Jan. 11 that he and other party leaders were considering designating Mario Cuomo, Sen. Bill Bradley, Sen. Sam Nunn, House Speaker Jim Wright, and House Majority Leader Tom Foley as possible new candidates. "It's clear that nobody has yet caught on with great strength or great public support both inside or outside the party," Cranston acknowledged.

The group does not appear to have reached a consensus. Robb said in an interview that he thinks it's too late for another candidate to get into the race—with one exception: Cuomo. "Many of us are close to others like Bill Bradley or Sam Nunn, but for 1988 the

only non-candidate who has positioned himself to move into a void or a deadlocked convention is Governor Cuomo."

Robb had a few nice things to say about the current crop of contenders. He praised Bruce Babbitt, for doing "the kind of job many of us find appealing" on domestic policy. Of all the Democratic candidates, Trilateral Commission member Babbitt is most rabid about slashing Americans' standard of living, in the name of fiscal responsibility.

And he lauded Sen. Al Gore—who's pinning his hopes on inheriting Nunn's putative "pro-defense" mantle—for "coming as close to the kind of agenda many of us have been talking about" in the field of foreign and defense policy.

## Getting on the Gore bandwagon

Gore's getting talked up a lot these days. Democratic National Committee chairman Paul Kirk gave the 39-year-old Tennessee senator a big boost, when he told the Jan. 13 *Washington Times* that the Democrats must have a Southerner on the ticket if they hope to have a shot at the White House. Gore is the only Southerner in the race.

Once considered a very long shot, Gore has been picking up support from various factions within the party over the past month. He seems to have the same chameleon-like qualities as Jimmy Carter, being all things to all people.

For example, Carter-era Ambassador to Italy Richard Gardner, representing the party's liberal wing, says he's enthusiastically supporting Gore, because he'll be able to slash the defense budget. But Peter Rosenblatt, president of the Coalition for a Democratic Majority, which represents the party's neo-conservative social dem-

ocratic quarter, has thrown his backing to Gore in the belief that his defense policies most closely match those of Rosenblatt's preferred choice, Sam Nunn.

The discrepancy isn't actually as large as it might at first seem, since neither Nunn nor Gore could ever truly be considered partisans of U.S. national security, no matter how assiduously they've worked on conveying that image. Just one example: Nunn led the Senate fight last year to keep the Strategic Defense Initiative within the strangling confines of the so-called narrow reading of the ABM Treaty, while Gore delivered a series of Senate fulminations against the entire SDI program.

More recently, Gore named Rep. Tom Downey (D-N.Y.) as chairman of his New York campaign effort. In his commitment to destroying U.S. defense capabilities, and bending over backward to please Moscow, Downey probably ranks just slightly below Gore's chief patron, Armand Hammer.

## Bush downgrades SDI in talks with Gorbachov

Adding to his Irangate woes, George Bush has now been caught bad-mouthing the SDI. An article by seasoned Washington correspondent Elizabeth Drew in the Jan. 11 *New Yorker* magazine, reports that the vice president told Mikhail Gorbachov last month that he was not convinced the SDI will work, and was not sure he would deploy it if elected.

Bush rival Jack Kemp quickly seized upon the issue. "If this published report is true," Kemp said in a statement, "I'm stunned and shocked and disappointed that in the Republican Party we have candidates who don't understand the importance to the security of the United States of the Strategic Defense Initiative."

## 'Legal thinking' blocks action vs. Soviet ABM

A leading Pentagon official, in a background briefing to this writer, expressed frustration and alarm over the "legalistic thinking" in the Washington bureaucracy which is blinding top administration policymakers to the dangers of an emerging Soviet nationwide anti-ballistic missile (ABM) system.

He contrasted what he called a "limp-wristed diplomat's" way of assessing intelligence on the Soviet build-up of a nationwide radar nexus, to a realistic evaluation of what the Soviets are up to.

In reality, he said, the Soviets have achieved a massive redundancy in phased-array radar capabilities which can only be explained in terms of preparations for a nationwide anti-ballistic missile capability.

What makes the Soviets' apparent ABM preparation especially alarming, he said, is the fact that the kind of system they are putting up would only be effective in deterring a second strike, rather than a first strike.

"If you assume the appearance of their radar facilities means they are preparing a nationwide ABM defense, then you are forced to conclude that it is being designed to augment a Soviet first nuclear strike," he said.

Unlike the U.S. Strategic Defense Initiative (SDI) program, he said, which is being designed to deter a first strike, the configuration of the Soviet system is clearly useless against a first strike. Therefore, it is being designed only to be used against a counterattack, after the Soviets have launched a surprise nuclear first strike against targets in the West.

With the completion of a radar network that covers their entire landmass, he added, the Soviets have already completed the component of an ABM system that requires the longest amount of time to build.

Now, he said, the Soviets are in a position where they could surprise the West by beginning rapid construction of anti-missile weapons sites. These could be completed in one to two years, he said, giving the West, once it detected this activity (assuming it could), almost no time to react.

Asked whether top administration officials, including the President, appreciate the dangers inherent in this situation, he shrugged, indicating that "matters of interpretation" intervene which prevent a clear and incisive picture of the danger from being conveyed.

"There is a great tendency in this country toward legalistic thinking. For example, in the case of the Krasnoyarsk radar—the one Soviet radar which faces outward beyond the boundaries of the Soviet Union and therefore is in clear violation of the ABM Treaty—there is no difficulty convincing people that there is a violation here," he said.

"But as for all the other radars that the Soviets have amassed, since none of them are in formal violation of the treaty, it is almost impossible to convince some people that, cumulatively, they represent a real danger. The ABM Treaty provides that it is a violation to construct a base for a nationwide ABM defense. It is clear the Soviets have done this. But how do you, in a legal way, prove this? How do you prove it in a way that compels appropriate action in response? This is very frustrating," he said.

"I am a lawyer by trade myself," he added. "Therefore, I know the way a legal argument can be construed to make it almost impossible to prove

anything with only circumstantial evidence. You can posit a situation where it is obvious that someone was murdered by a right-handed man wielding a blunt object who had only one possible point of entry to the scene. But even with that evidence, a talented defense lawyer can get a hung jury, by persuasively arguing that an alternative scenario was also possible; namely, that the victim fell off a chair and killed himself."

It is the gridlock created by the introduction of alternative, although implausible, legalistic arguments which is paralyzing the ability of the United States to seriously prepare for the eventuality of a "worst-case scenario," he said. The intervention by those who insist that "there is another way to look at the evidence" has forced the administration to limit its responses to only that kind of evidence which is clearly and indisputably in violation of a treaty, and therefore is beyond a doubt and not "circumstantial."

Faced with a "hung jury" within the deliberative institutions of the government, he said that only a "long-term educational process of the U.S. population" about Soviet military capabilities can turn the situation around, even though there might not be enough time for this.

When asked why the Soviets have been so much more successful in their propaganda efforts against the U.S. SDI than the United States has been in revealing the existence of Soviet military capabilities and their implications for world peace, he said, "Well, God knows we try." But then he repeated his frustration with the "legalistic" thinking that dominates the American mind and, as he implied, is preventing the President from effectively grasping the significance of the evidence that has been gathered about the Soviets' ABM system so far.

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# National News

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## Diplomat Galbraith lobbies against INF

Former U.S. Ambassador to France Evan Galbraith is conducting a lobbying effort in the U.S. Senate to prevent ratification of the INF treaty. It is Galbraith's opinion that the treaty will lead to the decoupling of Western Europe from the U.S., and is even more dangerous than a possible START treaty.

Galbraith has spoken with a dozen senators and intends to speak with more when Congress reconvenes. Galbraith is confident that the ratification can be stopped, and that the key issue will be verification. He is also seeking press coverage so that he can get the word out to the public, who, Galbraith says, don't understand how really damaging the INF treaty will be for U.S. security interests. Galbraith is also being scheduled to testify in front of the Senate Foreign Relations Committee.

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## Ex-prosecutor scores 'police-state tactics'

A deputy attorney general of Peru charged in a press conference in Springfield, Illinois on Jan. 13, that "police-state gestapo tactics" are being used against Democratic presidential contender Lyndon H. LaRouche, Jr. Attorney Ricardo Martín Mora spoke as a representative of the international Commission to Investigate Human Rights Violations.

The press conference, attended by some 25 representatives of the Illinois press corps, coincided with the filing of delegate petitions for LaRouche's campaign in the Illinois state capital. The leadership of the state Democratic Party is trying to keep LaRouche off the ballot, charging that his supporters filed "too many" valid petition signatures.

"I am here," said Martín, "because I am very concerned about what happens with justice in the United States. The Human Rights Commission has already reached a decision on what is really behind this per-

secution of Mr. Lyndon LaRouche. The conclusion can be no more clear. . . . These are police-state tactics. . . ."

"The question I, as a citizen of the Third World, am asking and must concern myself with is, if this is going on in the United States, what can we of the Third World expect from American justice? I see nothing but military dictatorships in the Third World. We will lose what strides forward we may have made in South America. I must say, it is a shame that, here I stand in the Land of Lincoln, the home of the free, and this is going on!"

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## Dems name six to economic commission

House Speaker Jim Wright (D-Tex.) named Robert Strauss, Rep. William Gray III (D-Pa.), and Felix Rohatyn (of New York's "Big MAC" fame) to the newly formed National Economic Commission, while Senate Majority Leader Robert Byrd (D-W.Va.) named Sen. Daniel Moynihan (D-N.Y.), Chrysler Corp. chairman Lee Iacocca, and AFL-CIO president Lane Kirkland to the committee. The group is supposed to come up with a politically palatable austerity program.

"Those of us named today are not ideologues, and I am confident that will be also true of the Republicans named," said Strauss, former chairman of the Democratic National Committee. "We are going to define an economic program that will be politically stable."

Six GOP nominations will be forthcoming shortly. Two each are to be designated by President Reagan, Rep. Robert Michel, and Sen. Bob Dole.

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## President signs space booster plan

President Reagan on Jan. 13 signed a plan to provide for joint NASA-Defense Department development of a giant new unmanned space booster for the 1990s. Under the plan,

the military would foot the entire bill for development of the "advanced launch system" (ALS).

In a report to Congress on the status of the ALS, President Reagan approved creation of the program, which calls for an operational rocket "no later than 1998." The ALS would be based on new technology and would be capable of carrying more than 100,000 pounds of payload into low orbit—twice that of the new Titan-4 rockets now being built for the Air Force space program.

Meanwhile, the first Titan-4 rockets were delivered to the Air Force at Cape Canaveral, Florida. At least 23 more are on order. Air Force Secretary Edward "Pete" Aldridge dedicated the first Titan-4 launch pad on Jan. 14 at the Air Force Station.

The 1.9 million-pound Titan-4 is an upgraded version of the Titan-34D built by Martin Marietta Denver Aerospace to serve as a backup for the Space Shuttle and to ensure access to space for secret military payloads.

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## Richard Burt demands austerity from Germany

U.S. Ambassador to West Germany Richard Burt, friend of the Greenies and the decouplers, demanded that the German government accept higher inflation and budget cuts, in a discussion with journalists in Bonn on Jan. 13.

Burt—whom one German paper accused of acting like a "proconsul"—denounced the Bonn government's economic, budgetary, and monetary policies as "insufficient," because they avoided the "very necessary cuts in subsidies to agriculture and the communications sector." They had to be cut, said Burt, to give American products access to German markets and thus help the U.S. economy.

Burt demanded that the Germans stimulate their economy by Keynesian-style deficit-spending. This would drive inflation up, but reduce unemployment, said Burt. Should the Germans refuse to do so, he warned, they would be held responsible for a recession in the United States. In that case, Burt foresaw "a tide of sentiment against Ger-



## Briefly

many and for troop reduction" in the U.S. public.

"Economic frictions between the U.S.A. and the Federal Republic of Germany," threatened Burt, "are much more severe than problems in defense. If there is a longer recession in the West, there'll be a lot of frictions in NATO, and the dispute will be on the eventual linkage of security and economic problems, then."

### Texas teenagers forged GOP petitions

Southern Political Consulting, the Houston firm whose petition-gathering procedures for the presidential campaigns of Al Haig, Bob Dole, and Pete du Pont were rife with fraudulent signatures, gave teenagers beer and paid them to forge signatures on the petitions, according to Peggy Harmening, the mother of two of the youths, who was interviewed on KTRK-TV in Houston.

"They all sat around in the office building there . . . and drank beer and passed the voters' registration list around among them, and the kids were instructed to just sign the next name on the list," said Harmening. According to a report in the *Washington Post* on Jan. 14, the names of Harmening's children appeared as signature collectors alongside some signatures on the petitions of Pete du Pont.

### Kissinger: Soviets won't use nuclear weapons

Henry Kissinger called for ratification of the Intermediate Nuclear Forces (INF) treaty, and insisted that the Soviet Union "is not planning a first strike," at a forum at the Heritage Foundation in Washington on Jan. 14. In response to a challenge from *EIR*'s Nicholas F. Benton, Kissinger said that the Soviets are "relying on conventional preponderance" in their military planning, and use their nuclear capabilities only for "blackmail purposes."

Although Kissinger claims that he op-

poses the INF treaty, he claimed that any efforts to prevent its ratification would lead to a "political backlash" in Europe which would result in the removal of the U.S. medium-range missiles anyway, while the Soviets retained their SS-20s. Even though he argued against what he called the "flawed concepts" motivating the treaty, Kissinger pronounced, "If 34 senators vote against its ratification, then it will bring about a strategic disaster." The mistake of the INF "cannot now be undone," he said.

### Government goes on debt-collection binge

Attorney General Edwin Meese and Office of Management and the Budget (OMB) head James Miller held a press conference Jan. 15 to announce that the federal government was going into the debt collection business in a big way this year. Meese and Miller, flanked by assistant U.S. attorneys from around the country, said that they were aiming to collect \$32 billion owed to the government, plus \$50 billion owed to the IRS.

The collection effort against people Meese called "deadbeats" will target those who have outstanding loans from the Veterans Administration, HUD, and the Department of Education, and those who owe court judgments to the government. From the examples given, most of these individuals will be small debtors—probably including local farmers, the homeless, the jobless, and so forth.

Those who won't take on the drug-pushers are talking very tough against these debtors.

The measures discussed include:

- 1) A Federal Debt Collection Procedures Act, which will eliminate local barriers to seizures of property of debtors, and the like;
- 2) IRS seizures of refunds to be applied to judgments owed the government;
- 3) Siphoning off of prisoners' income to be applied to debts owed the government;
- 4) Contracts with private attorneys to help collect debts;
- 5) Pilot programs to allow payment of taxes by credit card.

● **A SIGN** observed hanging in the offices of the Democratic Policy Committee on Capitol Hill reads, "The only difference between this place and the Titanic is that they had a band."

● **JACK KEMP**, the Republican presidential hopeful, has renewed his charges of discrepancies in Soviet data for the INF treaty. "Reported problems concerning the accuracy of the Soviets' photo of an SS-23 short-range missile are one example," he said. The proportions of the missile in the photo supplied by Moscow do not match the dimensions contained in the INF memorandum of understanding on data exchange.

● **THE ADL** considers its "biggest achievement of 1987" to have been the indictment of "the extremist and anti-Semite Lyndon LaRouche, who was accused of blocking a federal investigation into a fraud of millions of dollars committed by members of his movement," reports the Israeli Spanish-language weekly *Semana*, in its Jan. 6 edition. The quote is attributed to a report issued by the Anti-Defamation League.

● **THE SOVIET UNION** probably didn't know that it was shooting down a civilian airliner when it destroyed a Korean Air Lines 747 in 1983, killing 269 people, U.S. intelligence officials told Congress in an assessment released Jan. 12. The view contradicts previous public statements by top administration officials.

● **CHUCK ROBB**, the former Virginia governor and current Democratic senatorial candidate, called for more aid to the Contras, in a speech before the Carnegie Endowment for International Peace. "If there is no significant, irreversible breakthrough after the Central American peace talks," he said, "the United States should vote sustaining military aid to the Nicaraguan resistance."

### *Berlin: pawn in a policy swindle*

Right after Christmas, the ambassadors of the United States, France, and England in Moscow presented a démarche for a change in the status of Berlin, which was accepted by the acting Soviet Foreign Minister Kovalyov. The procedure was unusual, and indicates that more is involved than Berlin, since otherwise, the three Western city commanders in Berlin would have applied to the Soviet administration in the Eastern Zone. Even the government of the Federal Republic of Germany received only an "outline" of the content of the démarche.

Keep in mind that over the past 12 months, the Soviets have repeatedly used Berlin as the target in an ugly show of military threats against West Germany. *EIR* highlighted this in a May 15, 1987 cover story, and in the second edition of the *Global Showdown* special report on the Soviet war build-up, subtitled, "The zero option and the Berlin crisis of 1987." During this entire year, other Western press, anxious to promote a false climate of détente in the prelude to the INF Treaty, have been silent.

What is going on now with Berlin? The word in Bonn and the Berlin Senate is that it has to do with Ronald Reagan's June 12, 1987 "Wall Speech," in which he requested that Berlin be changed into an air traffic center between East and West, and exclaimed, "Mr. Gorbachov, tear down the wall!"

It also has to do with making Berlin into a center of diplomacy between East and West, on the model of the United Nations in New York and the large international conference centers in Geneva and Vienna. As the U.S. ambassador in Bonn, Richard Burt, intimated on Jan. 13, the divided city has been selected as a symbol of INF diplomacy: "Cooperation should become manifest in Berlin."

Burt's remark makes clear that what is *not* afoot, is any step toward fulfillment of German hopes since 1945, for eliminating the sector boundaries and paving the way to reunification; it is rather a matter of "cooperation among the Allies." As Berliners in particular have

learned time and time again, these are two very different things. Berlin is subordinate to the supreme power of the four victors of World War II, which view the city primarily as a focal point of conflict among themselves, and only secondarily as the "connecting bracket of the Germany question."

Berlin, therefore, is for the Allies a place like the Middle East, the Persian Gulf, or Afghanistan, on which symbolic agreements will be made or even conflicts be settled, which exclusively concern global political differences between the World War II victors.

After the withdrawal of the Soviets from the Allied Control Commission in 1948, the Berlin Blockade, and the subsequent Berlin crises, as well as the demolition of the Spandau Prison after the death of Rudolf Hess, the Air Control Committee is the last remaining institution in which all four of the powers still sit at a common table. Here is the origin of Reagan's initiative to make Berlin into an air traffic center between East and West. The goal of the démarche, however, according to government circles in Washington, is not primarily to settle the air traffic question, but rather a "symbolic cooperation" in the efforts to make the Germans warm up to the INF era.

Precisely because Berlin has a great political-emotional value for Germans, here is an appropriate starting point for the massage of minds with which Reagan and Gorbachov intend to psychologically lather opponents of the INF Treaty in the Federal Republic in particular. Quite possibly, certain political concessions will be made that will irritate the East German Socialist Unity Party and their claim (contrary to the Four Power Agreement) that Berlin is the "capital of the German Democratic Republic."

We can expect that all these developments will be adroitly packaged for the West German public as "great gains on the German question." In truth, they are meant merely to distract the Germans from the devastating strategic effects of withdrawing American troops from the Federal Republic, with a swindle over Berlin.

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