

# EIR

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- Proposals on how the United States can help secure Panama, through a series of Canal-centered development projects, which break Panama’s economic dependence on the “off-shore” economy run by the international banking cartel.

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Tel: (06121) 8840. Executive Directors: Anno Hellenbroich, Michael Liebig

**In Denmark:** EIR, Rosenvaengets Alle 20, 2100 Copenhagen OE, Tel. (01) 42-15-00

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## From the Editor

Everyone wants to know what the truth is behind the show-indictment of General Manuel Noriega, the commander of the Panamanian Defense Forces, on Feb. 4. If you really are curious, you should read first the new edition of *EIR's* "White Paper on the Panama crisis," which is advertised on the facing page. To then read the "evidence" submitted by a gaggle of confessed drug-runners, purporting to implicate Noriega, is to understand that the indictment is a response to the impact of *EIR's* report.

Our investigators into the plot against Panama used the methods pioneered in our earlier book *Dope, Inc.*, showing that the highest control of the international drug trade is precisely the international financial fraternity, which has made no secret of its intent to overthrow Noriega. Less overtly admitted, but easily provable, is that this plot can only have one outcome if it succeeds: to turn over all of Ibero-America to the narco-terrorist armies and their Russian sponsors. This week's *Investigation* summarizes some of the material in the 92-page "White Paper," including a short excerpt of LaRouche's testimony in the 1977 hearings on the Canal Treaties, printed in full in the report.

Similarly, the minority report attacking the INF treaty in the Senate (see page 65 for excerpts) draws all of its really forceful arguments almost verbatim, from *EIR's* 1985 "Global Showdown" report (without attribution, of course). Late last year, *EIR* issued an all-new edition of "Global Showdown," subtitled, "The Zero Option and the new Berlin crisis of 1987." Needless to say, the West cannot afford to wait another three years for the warnings of *EIR's* new report to sink in.

Much less can we afford the cowardice (or worse) that prevented the authors of the Senate minority report from admitting the plain fact that Lyndon LaRouche, who commissioned the "Global Showdown" books, was right on the Soviet threat, while everyone else was dead wrong.

That said, I recommend that you begin reading this issue of *EIR* with LaRouche's recent speech to the historic conference, "Development Is the New Name for Peace," on Jan. 30, which appears on page 31, to learn for yourself why patriots of every nation are increasingly looking to this U.S. presidential candidate for leadership in the current crisis.

Nora Hamerman

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Philip Ujanowsky

Civil rights leader Rev. Wade Watts, past president of the Oklahoma NAACP, addresses the Schiller Institute conference: "Lyndon LaRouche is the only man who has come up with a genuine plan for Africa." Seated next to him are conference chairman Dr. Frederick Wills, and Mr. LaRouche.

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Some 175 people from all over the world gathered the weekend of Jan. 30-31 to share views on how to replace the bankrupt financial order, taking their theme from Pope Paul VI's dictum, "The new name for peace is development." The date was 44 years after the founding of the International Monetary Fund and World Bank; the place, very close to Bretton Woods, New Hampshire, where the present inequitable—and now collapsed—monetary system was created.

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# Payments deficit: another milestone in collapse

by Chris White

The United States has passed another milestone on its route to financial disaster. Beginning with the third quarter of 1987, interest payments on externally held U.S. indebtedness exceeded the interest income that the United States is sucking in from the looting of the rest of the world. It's apparently the first time since the recession of 1957-58 that this has been the case.

Back in 1957-58, however, the United States was not a net debtor nation. That milestone, as is well known, was passed early in 1987, as the United States entered the status of net debtor to the rest of the world for the first time since World War I. The growth of the charge on the U.S. economy, in the form of the net transfer to foreign holders of the debt, is what has many in the banking sector abroad quite worried. In their view, the domestic austerity that's now being touted as an "export boom" by administration spokesmen like Special Trade Representative Clayton Yeutter, will not be savage enough to offset the mounting claims of foreign-held debt service. Thus, the expectation is that, over the second quarter of the year, a new wave of crises will begin to smash against the shaky U.S. dollar.

The interest outflow is compounded by the accelerating rate of increase of the federal budget deficit for fiscal year 1988. You know how bad things are when the Democrats in the House of Representatives tell you that they are adopting the administration's estimates on the deficit as they put together the budget for fiscal 1989. They don't want, in an election year, to cut the extra \$30 billion that is the difference between the Office of Management and the Budget's \$170 billion estimate and the Congressional Budget Office's \$140 billion. Both estimates are still way off.

The point though is that for the first three months of the 1988 fiscal year, October through December, the budget

deficit had increased 25% above the level for the year before. It is argued that the patterns of the first three months of the year are not typical of the flow of revenues into the Treasury for the year as a whole. This can readily be admitted, without prejudice to the simple reality that the drain on the revenue base resulting from the stock market wipe-out between Aug. 27 and Oct. 20 of last year has also not made its presence felt. It will, over the same time-frame that the growth in interest payments abroad begins to impact on the dollar.

The increase in the deficit translates into bigger demands for foreign financing, and still faster growth in the outflow in the form of interest payments, while demonstrating, once again, the utter futility of attempting to balance the budget through cutting expenses. The growth in the deficit has already wiped out the \$20 billion or so cuts the Congress and administration spent three months haggling over between October and December.

## Germany and Japan for Bush?

The combination of the growth in outflow of funds to the account of servicing foreign-held debt, and the growth in the financing requirements of government, show that there is not too much basis in reality for the joke that's going around some European circles, to the effect that West Germany's Bundesbank and the Bank of Japan are constituting themselves as political action committees for George Bush's 1988 election campaign. Such kinds of humor are prompted by, for example, Japan continuing to pick up the tab for a sizable portion of the new debt put into circulation by the Baker Treasury Department. That appeared again to be the pattern for the Treasury's \$27 billion quarterly financing package in the first week of February.

Baker and his friends in the financial community would,



no doubt, like nothing better than for Japan and Germany to do that. Whether they have or will is one question. Whether doing it would make any difference to what has been unleashed is entirely different. If Japan and Germany are doing it, then why has Treasury Secretary Baker agreed to put the question of gold back onto the international monetary agenda? The outcome of the Treasury Secretary's meeting with German Finance Minister Gerhard Stoltenberg, during the Treasury's debt auction, was an agreement between the two that such should be done. So the monetary role of gold, taboo since Aug. 15, 1971, will now, in all probability, be on the agenda for the IMF's Interim Committee meeting in April, and again for the annual bash in Washington at the end of September.

That's not exactly testimony to the enthusiasm of the rest of the world to do their bit in support for George Bush's presidential aspirations. It's evidence for exactly the opposite. The foreign creditors of the United States, including the surplus countries, Japan and West Germany, are increasingly reluctant to continue to throw their money at a problem which is only going to get worse.

This was made abundantly clear at the annual conference of the European Management Forum in Davos, Switzerland. Not only in proposals, like those of Yasuhiro Nakasone, former prime minister of Japan, that the United States begin to finance its deficit by issuing bonds denominated in foreign currencies, so that those doing the financing will no longer have to take dollars. But also in the themes struck by the representatives of European finance, like IMF policy committee chairman, the Dutch finance minister, Onno Ruding, and Helmut Schlesinger, the number-two at Bundesbank, who insist that the number-one problem in the world is that the United States has yet to draw the appropriate conclusions from its new status as the world's biggest debtor nation.

Baker's raising of the relatively unmentionable gold question, together with George Bush's new alliance, as in the Michigan caucuses, with Jack Kemp, for several years a spokesman for that circle in the United States which has backed the Bank for International Settlements' efforts to revive a 19th-century imperial-style gold exchange standard, are therefore to be seen as desperation-fueled efforts to keep the Europeans and Japanese in line, by beginning to concede that all is not well with the dollar and U.S. finances, and that something might have to be done.

In the perspective of the *Wall Street Journal*, which has backed Kemp's stand on gold, this is something which would properly be the work of the next President of the United States. Thus, the offer to discuss such matters now is not the same as the intent to do something now. Except to the extent that what is done contributes to convincing those who finance the U.S. deficit to give the U.S. financial system a little more time. Talk about gold, and meanwhile, through savage internal austerity, and yard-sale type export promotion from dying industries, reduce the trade deficit fast enough to permit the financing of the growing federal deficit, without increasing

internal U.S. interest rates.

The latter is supposed to be a package that is politically acceptable in a U.S. election year, as opposed to the bug-a-boo of increasing interest rates. Whether there's anyone out there who will buy U.S. exports is hardly the point, the savage austerity will reduce the Treasury's revenue stream by more than would have been the case without it, and thereby ensure that the growth in the government's financing requirements outstrips what are planned to be reductions in the trade deficit.

This zero-sum game assumes the existence of a pool of foreign funds, say, for argument's sake, about \$180 billion, which will, whatever happens, end up in the United States, and that it's basically irrelevant whether that money finances the trade deficit or the government's deficit. Thus, if the United States exports a bit more, and imports a bit less, more of the pool of funds will be available for the government.

Overlooked is the reality that there is a political decision involved in investing in the United States, and that such decisions involve security considerations, as well as so-called interest earnings. What the U.S. financial crowd is proposing to do to keep the foreign funds coming, on top of the "peace in our time" perspective of further appeasement and capitulation to the Russians, is exactly what will encourage the foreign creditors to pull out.

The imports that are to be reduced come primarily from West Germany and Japan. For them, the reductions mean layoffs, closures of plants, elimination of capacity beyond the tribute that's supposed to be paid to the United States. The German auto industry has already been severely hit. The steel industry is being hit. The European aerospace consortium, Airbus Industrie, is being hit. On the U.S. side, the perspective also means layoffs and closures, in industry as well as in the so-called services sector, like the banks. The layoffs and closures mean both a reduction in the funds available to the government, and an increase in government expenditures like unemployment benefits. The combination increases the deficit, and therefore increases the demands for foreign finance to cover that deficit, from countries which are themselves being forced up against the wall.

It doesn't work. It won't work for a whole year. And it probably won't work for more than a few weeks. Then the next phase of the crisis will hit. But when it does, it will be worse by far than last October. For next time around, chunks of the commercial banking system will be on the line. Already, the securities of those banks has been discounted to the levels which have come to be associated with what's called "non-investment grade paper," junk bonds. Dealers, like Morgan Stanley and Mellon Bonds, have told their clients to get out of such paper, and they have. They expect government bail-outs of sections of the commercial banks within the next months, that is, they expect collapses of such banks within that time-frame. Such is what could well hit, when, as leading foreign bankers expect, the next phase of the dollar crisis begins to hit.

# Corporatist policy revived for Western Europe's steel industry

by Our Special Correspondent

As the steel crisis in Germany's Ruhr region intensifies, the institutions responsible for mapping out steel policy for the European continent, are advocating corporatism as a means of dealing with the phase-out of production.

"Corporatism" was the system of managing the economy and enforcing austerity in 1920s-30s fascist Italy, and under the Dollfuss regime in mid-1930s Austria. It has been repopularized in the West, since the early 1970s, under the name, "fascism with a democratic face."

Among the supranational groups involved in such neo-fascist policy deliberations, are the International Labor Organization (ILO), the International Metalworkers Federation (IMFe), and the European Community bureaucracy associated with the "Davignon Plan," whose architect, Belgian Count Etienne Davignon, devised what was called the "rationalized triage" of steel in Europe in the 1980-85 period. The first two organizations are headquartered in Geneva, Switzerland, the last in Brussels, Belgium.

The concept "fascism with a democratic face," emerged in the mid-1970s, as the world economy entered a new phase of crisis in the wake of the 1973-74 oil crisis. It was advocated in 1975 by a group in the United States called the "Initiatives Committee for National Economic Planning" (ICNEP),

headed by Brown Brothers Harriman banker Robert Roosa, United Autoworkers President Leonard Woodcock, economist Wassily Leontief, and World Bank President Robert McNamara. It was also popularized in the same year by British sociology professors R.E. Rahl and J.T. Winkler, in an article, "The Coming Corporatism," which they dubbed, "fascism with a human face."

Now, it is being revived with a vengeance in Europe, as the steel industry prepares for 80,000 new layoffs over the next couple of years, with approximately 40,000 of these in Germany, and most of the rest in France. One IMFe official calls this the "revival of the Davignon Plan," or "a new phase of Davignon." Among the three organizations mentioned, there is no talk whatsoever of either utilizing existing capacity to the fullest, or expanding production. Quite the reverse. All the talk, expressed with almost liturgical reverence, is of "restructuring," "structural adjustment," and the like.

Groups that advocate expanded steel production, such as the Patriots for Germany party, founded by Helga Zepp-LaRouche, are assaulted by goons of the West German IG Metall trade union federation as "neo-fascists." IG Metall is the West German federation attached to the IMFe in Geneva. IMFe General-Secretary Herman Rebhan is active around the world against LaRouche associates, and has been favorably cited in the Soviet press, in articles attacking LaRouche.

Coordination of policy comes from the ILO's steel division. The ILO boasts that it is the "model international tripartite organization," which brings together labor, management, and government, to co-manage austerity. This "tripartite" arrangement is the core of "corporatism."

Said one ILO planner in a recent discussion: "What we are doing, is a renovated form of corporatism. It involves social partners getting together to try and find solutions. Basic economics defines the parameters of the discussions. There must be a structural adjustment, since, fundamentally, I do not see a real recovery for steel. All trends are downward. There is less demand for steel. Shipbuilding, which requires steel, is going down. There can't be expected a renewal of demand in auto. The demand for steel in the developing countries is being met by steel being increasingly produced in the developing countries. We must restructure, which will be difficult in the Ruhr, because it is a mono-culture.

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"In Europe," he went on, "we have more of a corporatist approach than in the U.S., where labor-management relations tend to be more adversarial. After the war, in Europe, corporatist relations were very much revived, and they linger on to the present day, since this was the way Europe was built up after the war: labor and industry together, the common responsibility of employer and employee, based on mutual respect."

He praised the approach of IG Metall in the Ruhr, as a basic model for how corporatist, or "concerted action" methods could work.

In December 1986, the ILO's steel committee met, to lay out policy guidelines for a "tripartite" approach to coping with the next phase of steel's collapse. The IMF represented metals trade unions from around the world; the Cologne-based Association of West European Steel Employers represented industry; and economics or labor/social affairs ministries of various nations represented governments. In the Federal Republic's case, the Jesuitical Labor and Social Affairs Minister, Norbert Blum, handled the dossier.

One informed IMF source had this evaluation of how things have been proceeding: "It's getting worse and worse in Europe. We are heading toward big layoffs in Germany and France. . . . What we are trying to do, is to help in a concrete way, to reach a tripartite agreement for German steel, to make structural adjustments without dismissals. . . . The key idea is to get alternative employment, to bring into steel-producing regions other economic activity. . . . We are going through a certain phase of restructuring where capacity is being cut down. . . . Nobody challenges the view that there is now overcapacity for steel, it's simply a reality. . . . The unions have no choice, but to be involved in restructuring negotiations. . . . Restructuring is a reality. . . . With any plant closure, we try to avoid the worst."

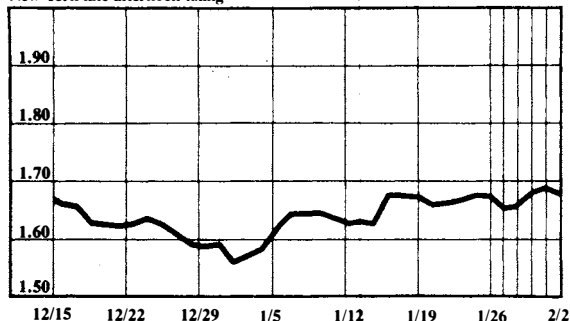
This last spokesman, and others involved in the ILO corporatist process, are pointing to deindustrialized Great Britain as a model for the continent. They point to the way the British Iron and Steel Trades Confederation has dealt with plant closings over the past years. During mid-January, a British steel unionists' delegation came to the Federal Republic, to push the "model of Colby." Colby is formerly a steel-producing town, which, in the words of one British spokesman, has learned to make the transition from "steel production to service economy via social welfare."

Another lunatic proposal floating in the West Germany, is for Duisburg, the center of German steel-production with the largest industrial port in continental Europe, to be transformed into what the Social Democratic state government of North Rhine-Westphalia calls "food town." Under this scheme, Duisburg would become the center of low-quality food, such as ersatz sausage-based combinations and other substances more or less of the quality and taste of the hamburgers and hot dogs one eats in fast-food shops in the United States.

## Currency Rates

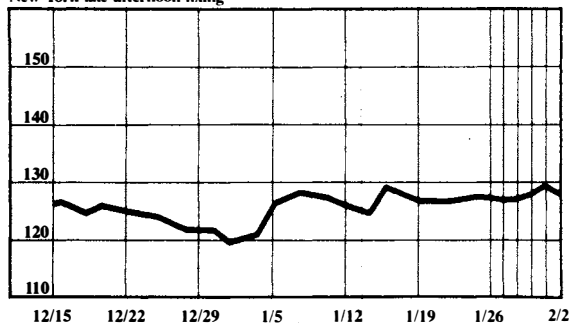
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New York late afternoon fixing



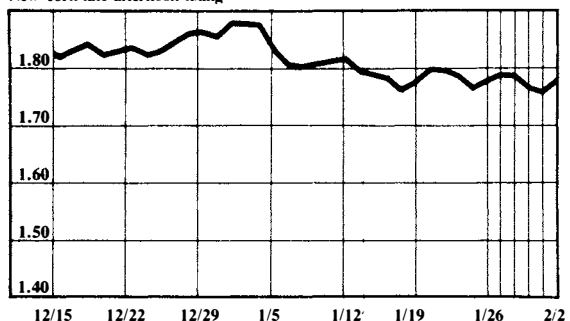
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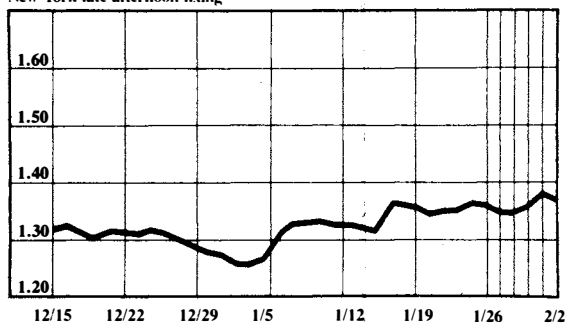
### The British pound in dollars

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### The dollar in Swiss francs

New York late afternoon fixing



# Alfonsín pushes Argentina to edge

by Cynthia R. Rush

Argentina's Finance Minister Juan V. Sourrouille has managed to create a temporary breathing space in his nation's overwhelming debt crisis. After a mid-January trip to Washington, Sourrouille's economics team returned to Buenos Aires with a \$400 million credit line from the World Bank, and a promise from the International Monetary Fund that it would release the next \$225 million tranche of its standby agreement with Argentina.

The release of the funds occurred only after Sourrouille requested that U.S. Treasury Secretary James Baker intercede at the IMF on Argentina's behalf. The Argentine official told Baker that his country's debt crisis had reached the "critical" stage: Foreign reserves stand at \$530 million; the 1987 trade balance came in at \$700 million instead of the estimated \$2.1 billion; the 1987 inflation rate was 186%, instead of the 40% predicted by the government. Under these conditions, Sourrouille warned, unless Argentina received some fresh funds, it would be unable to make important interest payments due this month.

The country's creditors apparently decided that since the Mexican and Brazilian debt crises are not under control, it wouldn't do to have the Argentine situation blow up. As it did three times during 1987, the IMF waived the nation's non-compliance with the Fund's guidelines for fiscal deficit, inflation, and monetary issuance, and promised to disburse the \$225 million in February.

This barely makes a dent. To meet its 1988 interest payments of close to \$5 billion, Argentina will need at least \$2.5 billion in new credit. Central Bank president José Luis Machinea boasts that Argentina will have "no problem" in obtaining fresh funds. But in the negotiations now under way with Argentine officials in Washington, the IMF is demanding a sharp devaluation of the austral, and imposition of greater austerity, in exchange for any new credit. In January alone, the government accelerated the devaluation rate to almost 10%.

## Razing national industry

To demonstrate its "creditworthiness," the Alfonsín government has imposed drastic austerity over the past two months, raising the rates on all public services by 10-20%, and increasing the price of gasoline by almost 40%. As de-

manded by creditors, on Jan. 31, it also implemented the first phase of "opening up" the economy, reducing tariff barriers on petrochemical, textile, and steel imports by 20%, allegedly to "foster competition" with foreign goods. Most industrialists recall with horror that Finance Minister José Martínez de Hoz razed national industry with the same policy in 1976-81.

Raul Alfonsín is willing to go even further, or at least promise to do so, even knowing that the nation's productive sectors and population cannot physically survive another round of IMF "adjustment." Three million retirees are now subsisting on monthly pensions of no more than \$30; the government agency which provides social security and medical insurance to 12 million citizens is close to bankruptcy.

Figures just released by the Argentine Finance Ministry show that for the third quarter of 1987, GNP rose by only 0.5%, the lowest rate for the last seven quarters. Industrial production dropped by 3% for the same period. A study produced by the Universidad Argentina de la Empresa, a private think tank, reports that the nation's industrial sector last year indebted itself at interest rates 22% higher than the prices charged for its products. Average monthly interest rates are now at 20%, and expected to go higher.

The bankruptcy of regional economies, starved of funds for investment and production by an equally bankrupt federal government, is forcing the provincial banking system into collapse. On Jan. 12, the Bank of Salta in Argentina's northwest province, closed its doors for 15 days, due to lack of cash to cover its normal operations. The Argentine Central Bank owed the Bank of Salta 100 million australs in revenue-sharing funds, which it arranged to pay after several days of frantic negotiations between federal and provincial authorities. The province's commercial and financial activities came to a standstill.

According to Casett Waidett, president of the Association of Provincial Banks, Salta is not an isolated case. The real problem, he told the daily *Clarín*, is the "decapitalization of the regional economies" which has driven many small- and medium-sized enterprises into bankruptcy, leaving the banks with bad debts which constitute between 10% and 20% of their loan portfolios. In the case of the Bank of Salta, which finances important agricultural and raw materials-extracting activities, 43% of its loan portfolio was bad debt.

Yet the IMF demands that the government raise revenues, at the expense of productive economic activity and living standards. The national congress passed an IMF-dictated tax package in mid-January, despite anger from industry and agriculture, and intends to raise public service rates again, even though the population cannot afford to pay current rates. One source told *EIR* that Buenos Aires' streets are increasingly empty, because car owners can't afford gasoline. One angry retiree, out on the street to protest the pitiful size of monthly pensions, described Alfonsín's policy this way: "They might as well dig a hole, toss us in, and let us die."

# The hoax of 'nuclear non-proliferation'

*Rosemarie Schauerhammer traces the history of the treaty to limit the spread of nuclear technology—"a new Morgenthau Plan," as Germany's Chancellor Adenauer called it.*

The current scandal in the Federal Republic of Germany over allegations that Germany was violating the Nuclear Non-Proliferation Treaty (NPT) by producing weapons-grade nuclear materials, has moved the issue of the NPT into the political spotlight. As *EIR* reported (Feb. 5, 1988, "Atomic waste 'scandal' threatens West German nuclear industry"), rumors are flying to the effect that weapons-grade material was also shipped illegally by the Nukem firm near Frankfurt, to Pakistan and Libya.

What is the NPT, and why did West German Chancellor Konrad Adenauer fight so hard to prevent its adoption, 20 years ago?

"Europe is in the greatest danger!" Adenauer declared at that time. "In danger of being enslaved, only with modern means, a colonization in the modern manner." The NPT, painted by its enthusiasts as a way to "prevent war" by preventing the spread of nuclear bombs to "unscrupulous regimes," was in fact a continuation of the Yalta treaty, an agreement between leading circles of the United States and the Soviet Union to deny other nations the benefits of nuclear energy, and the rights of national sovereignty.

The same kind of thinking lies behind the INF treaty today, signed between President Reagan and General Secretary Gorbachov, to withdraw medium-range nuclear missiles from Europe. Far from guaranteeing "peace" in Europe, it holds Europe hostage to the superpowers. But under conditions of U.S. economic collapse and political paralysis, that means only one thing: Soviet domination of Europe.

The view that the NPT made the world "safer" is totally unjustified. It is precisely in the regions of greatest tension that the NPT *cannot* prevent the spread of nuclear weapons. A world in which the free countries of the West seek to promote economic development and prosperity and the resolution of conflicts through technology transfer (including the transfer of nuclear technology), is a safer world than one in which two superpowers exist surrounded by starving countries and regional conflicts.

Konrad Adenauer, who from 1945 as chancellor of the Federal Republic, fought at every turn for sovereignty for his

part of divided Germany, characterized the NPT as "the Morgenthau Plan raised to the second power" and "a new Yalta treaty." The Morgenthau Plan was a scheme for demolishing German industry, cooked up by U.S. Treasury Secretary Henry Morgenthau, Jr. and Soviet agent Henry Dexter White.

French President Charles de Gaulle considered the treaty a monstrous interference with national sovereignty, and refused to sign it.

U.S. President Lyndon Johnson, on the other hand, praised the treaty as an "important step" toward international peace; it would bring closer the day "on which the world steps out of the night of war into the light of reason and security."

## A question of sovereignty

In the summer of 1965, first the Americans and then, shortly thereafter, the Soviets, made proposals concerning the non-proliferation of nuclear weapons. After three years of negotiations and heated international debates, the nuclear states—the United States, the U.S.S.R., and Great Britain—signed the treaty on July 1, 1968 in Washington, Moscow, and London. It was to go into effect when at least 40 states without nuclear weapons agreed. Up to April 1, 1969, eighty-six such nations had signed.

In the Federal Republic, the newly elected coalition government of the Social Democratic Party and the Free Democratic Party, under Chancellor Ludwig Erhard, decided on Nov. 28, 1969 to sign, and on Feb. 20, 1974, the Bundestag ratified the treaty. Not signing were, among others, France, the People's Republic of China, Israel, India, Argentina, and Brazil.

The NPT froze the status quo and thus the hegemony of the nuclear powers. Whoever had nuclear weapons kept them, and whoever did not, would not get them in the future. The treaty provided for strict international controls on the nuclear-free nations—in both the military and civilian sectors—while the nuclear powers were exempted from those controls.

According to Article II of the NPT, "Every nuclear-weapon-free state . . . is obligated to accept security controls . . . for the purpose of verification of the fulfillment of its duties

from this treaty, to prevent the diversion of peaceful use of nuclear energy to application for nuclear weapons or other nuclear explosive devices." The nuclear powers did not incur any such obligation.

In February 1967, Adenauer warned, in one of his last speeches, of the consequences of such a treaty: "In Europe's interests, it is . . . absurd that the non-nuclear powers are to be controlled and the nuclear powers not. We cannot become controlled objects of the dominant nuclear states."

### **The military significance**

At the beginning of the 1960s, a reform of the NATO alliance was inevitable, because of the altered strategic situation. The Soviets were equipped with intercontinental missiles and could thus reach America with nuclear weapons. Doubt arose whether the United States, in light of this new threat to its own territory, would unconditionally respond to an attack on Europe, as the doctrine of "massive retaliation" demanded. France set off its first nuclear bomb in February 1960, and built its own nuclear defenses and its first atomic bomb. In the center of the discussion of a NATO reform, which was demanded by Adenauer as well as de Gaulle, was Europe's participation in nuclear decisions. Europe was to be built up as a nuclear power alongside of the United States, England, and the Soviet Union, and the Atlantic Alliance was to be built up into a bridge with two nuclear pillars.

"The Europeans want binding assurances that American weapons, if necessary, will actually be deployed for their defense, and they would like to have a right to participate in the decision in the deployment insofar as that deployment concerns Europe," as a Pentagon staffer told the *Washington Post* on Dec. 20, 1965.

Adenauer drew the conclusions of what the NPT would mean for the military situation facing the Federal Republic. He had stated in an election speech on Aug. 19, 1965 in Munster: "The American plan to limit the circle of nuclear powers to three, is monstrous! It is so terrifying because Europe is delivered by it to the Russians. . . . I am deeply disappointed by the Americans' proposal. They want to forbid us from joining forces for protection. We have not and Europe has not deserved that."

Adenauer was not the only one in Germany who saw the dangers. "Geneva cliquishness," "conspiracy," "Dispossession of the have-nots," and—as Bavarian powerbroker Franz Josef Strauss put it—"Versailles on a cosmic scale," were some of the characterizations used.

But this opposition was gradually reduced to silence. In 1974, the Bundestag ratified the treaty by a vote of 355 to 90.

The most commonly used reproach against the opponents of the NPT was, "We must not hurt our American friends' feelings." Nonsense, Adenauer said, "The Americans need us and we need the Americans." "I hope the Americans wake up in time." (An echo of the same argument is heard today, in the debate over ratification of the INF treaty.)

Although President John Kennedy had spoken of a "Europe as a fully valid world power with equal rights," the plans for Europe as a nuclear power were quickly defused. In 1962, NATO Supreme Commander Gen. Lauris Norstad, who had decisively intervened for such a reform, was dismissed.

From the beginning, the Soviets made proposals for the Nuclear Non-Proliferation Treaty against a European nuclear power and, above all, against participation by the Federal Republic. In a press conference on July 26, 1965, the head of the Soviet delegation to the Vienna disarmament talks stated that the Soviet Union would agree to any such arrangement, only if the Western powers would renounce a partnership-like control of nuclear strategy, since "it would be directed against the Soviet Union and the socialist states, in that it would furnish the Federal Republic with nuclear weapons."

Article II of the NPT shows that the Soviets were successful in frustrating development of Europe as a nuclear power. "Every nuclear-weapon-free nation . . . is obliged to accept from no one, either directly or indirectly, the transfer of nuclear weapons, any nuclear explosive devices, or the control of such weapons or explosive devices." Thus, "control" was excluded, which the Europeans considered necessary and through which the intended "partnership-like control" was intended to be attained.

Supposedly, President Johnson won a free hand in the American conflict in Vietnam when he cut back American interest in Europe. In 1967, "flexible response" became the official NATO strategy, and Europe was forbidden an independent defense strategy.

### **The economic significance**

There was no doubt for Adenauer that the Soviet interest in any participation of the Federal Republic in the treaty would also lead to economic controls. "Soviet Russia intends to control the entire nuclear area in Germany . . . and thus achieve control to the highest degree over the German economy," he said.

Today, the ambitious plans that once existed to meet West Germany's energy requirements with nuclear energy and to aid industrial construction in the Third World with the export of nuclear installations, have been smashed. Nuclear exports to Brazil were abandoned under Soviet and U.S. pressure, and, internally, the Moscow-directed anti-nuclear peace movement has managed to "criminalize" nuclear energy. In place of a policy of "Atoms for Peace," which President Eisenhower formulated in 1953 and which the Federal Republic adopted at the end of the 1950s and the beginning of the 1960s, a policy of withholding technology has been introduced toward the developing nations.

If we look at the shape of the world today, it is obvious that Adenauer's warnings that the spirit of the Nuclear Non-Proliferation Treaty corresponded to a global "Morgenthau Plan raised to the second power," have been substantiated.

## Number-one in AIDS?

*Brazil soon will be the official leader, and cases of infection by a second AIDS virus are already being reported.*

**B**razil, for the moment, has the unfortunate distinction of occupying second place in the world in numbers of official AIDS cases, but in view of the dramatic acceleration of such cases in the recent period, it is highly likely that in the near future, Brazil will be surpassing the United States, officially in top place.

The World Health Organization and other reporting agencies, of course, carefully overlook the tens of millions of cases otherwise known to exist in Africa.

Even more frightening are reports of the first cases of infection by HIV-2, a second type of AIDS virus as virulent as the first.

According to the official statistics of the Health Ministry, released here in January, at least 4,000 have fallen victim to AIDS in Brazil since 1982. While officially reported cases are 2,458, the AIDS control division acknowledges underreporting by at least 40%. Exemplary are the reports from São Paulo's funeral parlors, that in 1987 alone, 501 individuals died from AIDS, 60% more than the ministry itself reported.

But that is far from the extent of the growth of the disease. For the first time, the Health Ministry has acknowledged that in addition to the 4,000 ill with AIDS, there exist another 12-16,000 now in the first stages of the disease, classified as patients "with symptoms associated with HIV." The ministry also admits that there exist an estimated 200-400,000 "asymptomatic" carriers, infected with the virus, but not yet sick with the disease.

This last figure was calculated on the basis of the 4,000 recognized AIDS cases, but left aside the other 12-16,000 who should be receiving treatment.

Medical sources consulted by *EIR* have estimated that the actual number of AIDS carriers in Brazil ranges from 800,000 to 1 million persons; according to the little-understood epidemiological map of the disease inside Brazil, at least 30% of these carriers will develop the disease, and not 10% as was still being asserted at the end of 1987. Others would argue that 100% of those infected will eventually die of the infection or related opportunistic infections.

Clearly, even the most educated estimates reflect only a part of the problem, since no measurement has yet taken into account the catalytic role of environmental co-factors. Now that the government is again disposed to apply the austerity policies of the International Monetary Fund, the growth of AIDS cases will find no parallel with any other epidemic that has hit Brazil.

That the situation is truly out of control is made evident in the new epidemiological manifestations of the disease. Dr. Ricardo Veronesi of the University of São Paulo has alerted authorities to the presence in Brazil of HIV-2, a form of AIDS virus first revealed by the discoverer of the original AIDS virus, Prof. Luc Montagnier of France's Pasteur Institute.

The investigation which led to discovering HIV-2 was carried out by Dr. Veronesi's team, which proved that

4% of a group of São Paulo transvestites tested were carrying the HIV-2 virus. Laboratory tests were conducted by Prof. Maria Odete Santos of the University of Lisbon and a colleague of Montagnier. Dr. Veronesi declared, "I believe the HIV-2 to be as virulent as HIV-1, and that it can also spread uncontrollably among us."

The response of the Health Ministry has been the same as in 1986, when doctors and researchers demanded that all blood banks be immediately subject to AIDS tests. "There is no possibility that AIDS cases caused by HIV-2 exist in the country," said Pedro Cherquer, one of those responsible for the official AIDS program in Brazil.

Today, the absolute refusal to assume responsibility for controlling the quality of blood has resulted in at least 10% of Brazilian AIDS cases being directly due to contaminated blood transfusions. But the Health Ministry persists in following the genocidal recommendations of the World Health Organization (WHO). For example, in a recent seminar on AIDS held in Las Carceles—one of the most sites in Brazil—it was reported that of the 86 AIDS victims treated at Brazil's only prison hospital, 22 had died and the rest had been sent home to "die in freedom and dignity," as the WHO recommended.

The only reason the country has taken no competent measures in regard to the AIDS disease, is that all AIDS policy is concentrated in the hands of a group of liberals who are more than willing to accommodate to the genocidal dictates of the WHO and the IMF. This group controls key health institutions in the country, thanks to former Health Minister Carlos Sant'Anna, a ruling party leader in Congress and the same minister who, in 1986, refused to impose any controls on Brazilian blood banks.

## Barre crowd pontificates on economy

*The balance sheet of Socialist rule is dismal. And the Davos-Trilateral candidate for President would make it worse.*

**B**runo Durieux, the economic adviser to the French presidential candidate and former premier, Raymond Barre, has launched an indictment against the economic balance sheet of the "Seven Mitterrand Years." His calculated analysis is right in its broad outlines, but without the slightest serious proposal for reform. Moreover, what little is known of the Barre crowd's intentions, shows that they would do nothing but worsen the situation.

Mr. Durieux is incontestably right on two fundamental points:

- The investment situation, and particularly productive investment, is particularly worrisome in France. Since the start of Socialist François Mitterrand's presidency seven years ago, investment has stagnated, and has not recovered its 1980 level; whereas in Japan and United Kingdom during the same period, investment progressed by 54.4% and 32.7%, respectively.

- The indicator of France's market share—the best measure of our economy's competitiveness—has been trending downward since 1980. The volume of France's exports relative to the eight major industrialized countries has declined relentlessly.

We will leave it to the Socialist Party's experts to cavil over purchasing power, employment, and the rise in prices, and dwell only on the above two points, which go to the core of the problem.

Mr. Durieux has a strange concept of time, which seems to obey political opportunism more than the economic

logic so dear to his boss. In fact, while claiming oh-so-sincerely that he is "entirely in agreement" with the policy followed by Prime Minister Jacques Chirac since 1986 (when Chirac's neo-Gaullists replaced the Socialists in the government), Durieux then goes ahead and includes the two last years of Chirac's administration in the balance of the seven-year term he attacks.

Above all, he fails to tackle the phenomenon at its source. It was during 1976-81—yes indeed, the "Barre years" as premier of France—that this decline began: The financial austerity "cure" was imposed on the economy. In fact it provoked, already at that time, a stagnation of investments, a strangling of research, and a "freeze" in purchasing power, ending the impetus of the de Gaulle and Pompidou years. Since we're getting into drawing up balance sheets, let's have them start on the right date!

But today the most essential thing is not the numbers, but what one wants to do with the numbers. What the "Barre crowd" experts propose, breaks down to a twofold choice: austerity imposed on labor, and tax breaks granted to existing revenues! It is not—contrary to their declared intentions—a policy of aiding or relaunching investments, but a policy aimed at strengthening the "club" of the owners of acquired positions.

There are three actual priorities for France:

- 1) Stop thinking in terms of "profitable markets"—typical Barre crowd reasoning—and think of useful markets to *make* profitable. Since men,

women, and whole economies are dying under the debt burden and lack of funds, they must be made capable of entering or re-entering the productive circuit, which creates wealth, by obtaining long-term, low-interest credit for capital goods. Markets are created, and made profitable with productive credit. That was the approach of the 1947 Marshall Plan, it's the approach of the new "Marshall Plan" of LaRouche and Cheminade—and it's the opposite of the Barre crowd's policy to impose International Monetary Fund "structural adjustment."

- 2) Square the accounts: which means on the one hand "deflating" speculative financial holdings, and on the other hand eliminating an unjust—and unpayable—debt. It means ruining Barre's financial cronies, in the club of Davos and the Trilateral Commission, to save economic production and standards of living.

- 3) Promote investment, not by reducing taxes in favor of holders of existing titles—private or corporate—but by encouraging, by selective credit or fiscal policy, the development of new technologies, which generate productivity. Penalize financial speculation which does not create wealth. These are the bases for a national unity policy in France, and a fine design of generosity and greatness toward the countries of the "South" which demand justice.

Bruno Durieux has shown that he is an excellent accountant. Unfortunately, the question today is one of national and world economy, not of arithmetic; it is of assuring justice and producing wealth, not of managing the financial crisis. We have to get out of the maelstrom, not jump into the pit with greater or lesser competence.

*The author is a candidate in this spring's presidential election in France.*



## Morgan plan runs into trouble

*The much-touted scheme is already collapsing, as the economy continues its downward plunge.*

Just one and a half months after the Mexican government and Morgan Bank announced—amid great fanfare—their plan to issue long-term bonds to reduce the Mexican foreign debt by at least \$20 billion, the plan is on the verge of capsizing. The foreign debt is now a whopping \$110 billion, and the first admission that the plan was on the ropes came from Angel Gurría, an official of the Mexican finance ministry and the principal negotiator of the Morgan plan.

On Jan. 29, Gurría announced from Paris that “if the offers of the creditor banks do not satisfy us,” the government could cancel the partial interchange of its debt for bonds. Gurría added, “We reserve the right to declare the auction canceled.”

Many creditor banks have already rejected the plan, which offers them the opportunity to exchange part of their Mexican debt holdings at 50% of value. Heading the list of reluctant banks is Citibank, Mexico’s principal foreign creditor. A UPI wire of Jan. 26 reports that Citibank president John Reed “announced that he doesn’t plan to participate in the Mexico plan.”

This declaration spread like wildfire among the international financial media. AP-Dow Jones reported, “Citicorp’s position was adopted by other important financial corporations and, according to reliable sources, the Mexican bond plan organized by Morgan Bank will find it difficult to garner full support.”

The next day, Finance Minister Gustavo Petricioli tried to calm the

waters, issuing a statement insisting that Citicorp’s refusal to participate in the plan “is neither definitive nor representative of the sentiments of all of Mexico’s creditor banks.”

But reality cannot be denied forever. On Feb. 2, former Chase Manhattan Bank employee Henry Kissinger arrived in Mexico on a surprise visit, where he proceeded to hold private meetings with Minister Petricioli. Their discussions were secret, but the rumors immediately began to circulate that Kissinger had come to collect his commission (known as *la mordida* in Mexico), for negotiating a deal that would prove acceptable to all the protagonists in the great Mexican debt charade.

On Jan. 29, Kissinger’s former bosses at Chase announced that the Morgan plan did not interest them. Bankers Trust of New York followed suit. Chemical Bank and Manufacturers Hanover commented that they had not yet come to a decision, but analysts are saying that “none of the banks has sufficient capital to face the losses implied by negotiating the debt at a discount.”

Western Europe and Japan are backing out also. British, French, and Dutch bankers have all said in various ways that, “considering the prices that Mexico will probably set, it is not such a fantastic deal.”

As if that weren’t enough, AP-Dow Jones reported on Jan. 25 that on the eve of the arrival in Japan of a Mexican delegation headed by Gurría, rumors quickly began to circulate

that “innumerable Japanese institutions find the plan very risky.”

While the Morgan plan is self-destructing, the Mexican economy has been pushed to the brink of the abyss, under the impact of the Economic Solidarity Pact (PASE), the brutal shock program demanded by Morgan in exchange for the nonexistent advantages of its “zero bond” debt plan. The PASE, in fact, exploded punctually at the end of January, in precisely the way *EIR* had warned it would when the Pact was first unveiled in mid-December: through the vulnerable flank of the Mexican internal debt.

On Jan. 29, central bank director Miguel Mancera Aguayo announced that the daily devaluation of the peso with respect to the dollar would be renewed, to the tune of three pesos a day. With that decision, the government of President Miguel de la Madrid spits in the face of the Mexican people, since one of the key points of the PASE was supposed to be to keep imports cheap so as to contain the hyperinflation that is eating away the wages of the working population.

The reason for the measure taken is, however, perfectly clear. Internal interest rates will be kept in the stratosphere during February and March—they already surpass 156% a year—because “if this is not accepted, the resources of the Central Bank will have to be used to pay off the investors [in state bonds, which] . . . would affect international reserves.” According to Mancera, reserves currently stand at \$13.5 billion, while the government’s internal debt—the majority of which is concentrated in Treasury Certificates (CETES)—exceeds \$20 billion.

Since high interest rates are the main cancer that feeds inflation, and with it the “overvaluation” of the Mexican peso with respect to the dollar, the government has once again decided to devalue.

# Business Briefs

## Corporate Finance

### Justice Dept. to pay \$6.8 million in damages

The U.S. Justice Department was ordered on Feb. 1 to pay Inslaw, Inc., a Washington, D.C. computer software company, a total of \$6.8 million in damages for misappropriating one of Inslaw's software programs. U.S. Bankruptcy Judge George Francis Bason, Jr. handed down the ruling in the case, which has been the subject of a three-year legal battle.

Inslaw alleged that Justice Department officials tried to drive it out of business and steal the software program. Inslaw filed for bankruptcy protection in February 1985. Judge Bason ruled last September that the Justice Department had used "trickery, fraud, and deceit" against the company because of a personal vendetta against the company by Justice Department officials.

According to a report in the *Washington Post* on Feb. 2, Judge Bason also filed suit to block his own replacement on the bankruptcy bench by a Justice Department attorney, S. Martin Teel, Jr., who had worked on the Inslaw case. Bason claimed he was denied due process in the selection process.

"I do not know what charges have been made against me," the judge said at a press conference, "nor do I know what may have motivated whoever may have made those charges. I do know that the decision to pass me over in favor of a person who is obviously far less qualified and far less experienced than I, can only be described as arbitrary, capricious, and utterly lacking in any factual foundation."

## International Trade

### U.S. ends agreements with four Asian partners

The Reagan administration announced on Jan. 29 that it was ending special trade preferences for Taiwan, South Korea, Hong Kong, and Singapore, in an effort to reduce the U.S. trade deficit. The special program

for developing countries, known as the Generalized System of Preferences, had allowed the four partners to export \$10 billion a year of products to the United States duty-free. The duties on that amount would be about \$500 million, or 5%.

Analysts in Europe said that the decision effectively meant that the four nations had reached the ranks of "developed countries," and that the European Community would likely follow the U.S. decision.

Officials of the affected countries responded angrily. South Korean Trade and Industry Ministry officials said that South Korea plans to file charges with the General Agreement on Tariffs and Trade (GATT) that the United States unilaterally reneged on its agreements. They said that South Korea, with a per capita income of less than \$3,000, is still a developing country.

Singapore's President Lee Kuan Yew said that the U.S. action was "part of election-year politics under an administration that has few options besides bashing up trade-surplus countries." He pointed out that the United States had promised Singapore only seven months ago that it would get a favorable deal on duty-free access to the U.S. market, if it tightened copyright laws to protect U.S. interests. If Singapore reaches new agreements with Washington, Lee said, "there is no telling if the U.S. will respect the agreement in letter and spirit."

## East-West Trade

### Germans chart expansion of Soviet railroads

A delegation from the West German transport industry visited Moscow at the beginning of February, for a conference on how to modernize the Soviet railway system.

The German Transportation Forum, which combines 130 industrial suppliers of the national railways, and Soviet Minister of Transportation Nikolai Konarev discussed construction of a second Trans-Siberian railroad, the modernization of the Soviet railroad tracks, electronic guidance, data-processing of mass transportation of industrial goods, and the installation of an

electronic signal system.

Special emphasis was placed on increasing the volume of daily cargo transport in the Soviet Union, which is at 11 million tons now. The Soviets are offering to repay the planned German investments in a second Trans-Siberian railroad track by free transportation by rail of German goods to Siberia and the Far East.

The German delegation, which was led by the President of the West German National Railways, Rainer Gohlke, included representatives of Deutsche Bank, AEG, Krauss Maffei, Preussag, Siemens, and Salzgitter Steel.

## 'The Recovery'

### U.S. budget cuts hit military employees

Cuts in the Pentagon budget led to drastic new austerity measures in January and February, hitting military personnel and defense-related industries:

- On Jan. 29, the Air Force approved layoffs of up to 10 days for 84,000 employees in its Logistics Command, and warned that further furloughs may be necessary. "Massive furloughs within the Air Force will occur because of inadequate funds," the American Federation of Government Employees said. Cuts in the Strategic Air Command and Air Training Command are also under consideration.

- On Jan. 31, Defense Secretary Frank Carlucci announced that all domestic and overseas civilian and military personnel will be given a 10-day furlough. He claimed that this would save billions of dollars, meeting budget requirements, without harming, in any permanent way, the nation's defense preparedness.

- Defense contractor TRW, Inc. has announced plans to lay off about 3,000 employees, believed to be working on a classified spy satellite project at a Redondo Beach, California facility. The layoffs may signal the end of production of the KH-12, America's most expensive eye-in-the-sky, said John Pike of the Federation of American Scientists, according to a report in the

*Washington Times* on Feb. 3. But other analysts said that Lockheed Corp. builds the KH-12, whose existence the Pentagon does not admit, and that the TRW layoffs may mean cancellation of another "black" program in the shrinking defense budget.

Singapore's Minister for Trade and Industry Lee Hsien Loong called the move "a foul blow."

U.S. Agriculture Secretary Richard Lyng arrived in Singapore on Feb. 2.

## Health

### Davos forum hears cover-up on AIDS

Seven hundred industrialists, bankers, and government officials attending the World Economic Forum in Davos, Switzerland Feb. 1-2 heard the kingpins of the international "AIDS expert" mafia, and others whose qualifications to speak on the matter are even less apparent, unanimously reject mandatory testing for the disease. Instead, speakers called on business leaders to handle the health problem through "education" and "compassion" for victims.

Jonathan Mann, head of the World Health Organization's AIDS program, insisted that the only way to combat the disease was through education and changing risky behavior. He advocated purely voluntary testing.

Frank Young, U.S. Food and Drug Administration commissioner, called AIDS "a giant shadow on industry, because it is most prevalent in those between the ages of 29 and 49—the very strength of the workforce." AIDS costs in the United States are expected to reach \$55.6 billion per year by 1991, he said.

Young warned that companies which had not developed a strategy on AIDS, could react with fear and panic when faced with infected employees. "A good educational program should begin by concentrating on the way in which AIDS is and is not transmitted. All employees, from chief executive officer to the most junior employee in the company, need to know that they will not

contract AIDS by touching the doorknob, sharing bathrooms, using telephones or machinery that has been handled by an infected individual, or even touching an infected individual."

Robert Maxwell, the British press magnate who specializes in publishing the works of Soviet leaders, accused industry of "lethargy" on the AIDS issue, which he called "one of the most intricate and complex challenges ever to be thrust upon us." Maxwell's recommendation was to treat AIDS-infected employees with "neutrality" and "compassion."

## Defense & Aerospace

### Brazil to sell arms to Libya

Brazil is currently negotiating to sell Libya \$2 billion in high-technology military equipment. A top-level Libyan purchasing team has been touring the facilities of Brazil's top arms manufacturing firms, and expressed interest in tanks, a subsonic fighter jet, anti-tank weapons, air-to-air missiles, and surface-to-surface ballistic missiles with ranges of 100, 600, and 1,000 kilometers.

Washington, which recently banned Brazilian computer imports to the United States, is strongly protesting the negotiations with Libya.

While Brazil claims that everything under negotiation with Libya is "defensive," State Department spokesman Charles Redman said, referring to long-range missiles, "We don't regard such weapons as defensive. These types of weapons have been used in Libya's aggression against Chad." He added that Libya's Qaddafi still supports international terrorism. In the past, he said, Libya has transferred weapons purchased from Brazil to Iran.

Brazilian Foreign Minister Abreu Sodre rejected an earlier protest from the United States as of "no consequence," and Brazilian officials have said that Brazil has no choice but to sell as much in armaments as it can, to earn foreign exchange.

# Briefly

● **THE PUBLIC SERVICE** Company of New Hampshire filed for bankruptcy protection on Jan. 28, the first major public utility to do so since the Great Depression. The decision followed rejection by the New Hampshire Supreme Court of the company's request for a 15% emergency rate increase and for permission to charge customers for its \$2.1 billion investment in the Seabrook nuclear plant, until the plant begins to operate. The Seabrook plant, completed in 1986, has not been granted an operating license.

● **NICHOLAS BRADY**, chairman of Dillon, Read and author of a report commissioned by the President on the Oct. 19, 1987 stock market crash, told the Senate Banking Committee on Feb. 2 that a crash could happen again. "We must act to prevent a recurrence of the events of October," he said. "We are looking down the barrel, and the gun is still loaded."

● **WEST GERMANY'S** largest energy producer, Vereinigte Elektrizitätswerke Westfalen (VEW), is on the verge of bankruptcy, as a result of the current freeze on nuclear power, a company official announced Jan. 28. The company has invested several billion deutschmarks in nuclear projects under construction. Most of its operation is concentrated in the Ruhr industrial heartland of Germany.

● **A TRIPLE-A RATED** savings and loan institution's preferred stock auction failed for the first time to attract sufficient buyers on Feb. 3. The issuer was a subsidiary of First Federal Savings of Arkansas.

● **U.S. EMBASSY** officials in the Zambian capital of Lusaka say that the Reagan administration has halted development aid to Zambia until it starts repaying \$4 million of the debt it owes the United States. Zambian Finance Minister Gibson Chigaga was quoted by the *International Herald Tribune* on Feb. 5 saying, "We do not have the funds to pay."

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## The U.S.S.R. and the origin of the AIDS virus

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*Could the HIV virus have been created, deliberately or accidentally, in a laboratory? John Grauerholz, M.D. presents the evidence for a new hypothesis.*

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Despite years of unprecedented levels of scientific research, no one knows where the AIDS virus comes from. Some have hypothesized that the virus made a mysterious "species jump" two to three decades ago from an animal to man, but they have been unable to find the animal reservoir. Others have hypothesized that the AIDS virus has been around for hundreds or thousands of years and underwent a mysterious mutation to a new lethal form 20-30 years ago. A third hypothesis is that the virus was generated spontaneously in diseased human tissue under extraordinary conditions.

Then, there are two additional hypotheses which suggest that the virus was created either deliberately as a biological warfare weapon or accidentally in a molecular biology laboratory of some sort. The sensational "biological warfare" theory was designed by the Russians, who have launched repeated international campaigns of charges that the AIDS virus was deliberately "cooked up" in the U.S. biological warfare program at Fort Detrick, Maryland. The laboratory accident thesis, perhaps in a Russian laboratory or perhaps by an East bloc scientist while on leave in a Western laboratory, has also been advanced. This paper examines that last hypothesis in some detail. To investigate that possibility I intend to provide the reader with the necessary background material which he or she may need on the subject.

This paper proposes a hypothesis on the origin of the human immunodeficiency virus (HIV), through a laboratory accident, which is consistent with the known biology of these viruses and with the published scientific literature. This hypothesis accounts for the apparent lack of an animal reservoir by demonstrating that such a reservoir in fact existed,

and still does exist, and that its interaction with human beings most likely occurred, and still is occurring, in the laboratory.

### **The nature of the retrovirus problem**

AIDS is a clinical complex or syndrome which results from the activation of a previously latent infection by a specific kind of virus known as a "retrovirus"—the human immunodeficiency virus (HIV). Viruses consist of a segment of genetic material, either DNA or RNA, wrapped in a coat of protein. They have been called "bad news in a protein coat," the bad news consisting of the genetic information encoded in the DNA or RNA. Most viruses simply take over control of the metabolic machinery of the infected cell and utilize it to produce multiple copies of the infecting virus with accompanying destruction of the cell. Some viruses establish latent infections which persist over time and some of them are capable of transforming normal cells into cancer cells.

Retroviruses are animal RNA viruses which are able to infiltrate into the reproductive material of the cell nucleus and transform the genetic instructions of the host cell. Unlike other RNA viruses, which always exist as RNA inside or outside of cells, retroviruses reproduce through a DNA intermediate inside the cell. This intermediate stage exists as either a closed circular double helix of DNA, or as an integrated DNA segment within the DNA of the host cell. If these integrated DNA sequences are present in germ cells, they can be passed to offspring produced from such germ cells. They can thus be passed from generation to generation, without being activated, in an unexpressed form.

The retrovirus family is divided into three subfamilies; the oncoviruses or RNA tumor viruses, the slow-acting or lentiviruses like Visna in sheep or AIDS in man, and the foamy viruses which form a multinucleated mass of protoplasm formed by the merging of cells (syncytium). The Human Immunodeficiency Virus (HIV) is a member of the lentivirus subfamily, a group of viruses which have been linked to the induction of arthritis, encephalitis, progressive pneumonia, and slow neurological diseases in certain species, primarily sheep, cattle, and goats.

### Recombination between retroviruses

Different viruses infecting the same cell can interact and their genetic messages can be recombined, incorporating critical features of the two genetic blueprints together. Recombination can occur naturally, as in an individual simultaneously infected by two viruses, or in the laboratory. Over the past two-to-three decades scientists have learned how to recombine genetic messages in the laboratory. In the 1960s, molecular biologists mastered the rudiments of genetic recombination capabilities. In genetic engineering, critical features of one message can be transported into another cell or species artificially.

Retroviruses are RNA viruses in their extracellular form as free virus particles. Within an infected cell they exist as RNA in the cytoplasm or as the DNA intermediate in the nucleus, which is known as a "provirus." As RNA viruses they are capable of the rapid evolutionary change characteristic of RNA genomes (Reaney, 1982; Holland et al., 1982). This rapid evolution occurs because of a lack of the error-correcting enzymes which assure the fidelity of DNA replication. Combined with a high rate of replication, this results in rates of RNA genome mutation over a millionfold greater than the mutation rate of host cell DNA.

In addition to the high rate of mutation characteristic of RNA viruses, retroviruses have an extraordinarily high rate of recombination (Coffin, 1979). Their genomes are the result of recombination between molecules of different retrovirus, and possibly other RNA virus, genomes with very little physical linkage of genetic sequences. The probability of recombination between neighboring nucleotides in the genome has been estimated to be on the order of  $10^3$ , or 100 times higher than bacteriophages considered to have an extremely high frequency of recombination. Crossing over occurs throughout the genome with little restriction.

Because of the high mutability, and hence instability, of retroviral genomes many deletions occur which result in production of defective viruses. Reacquisition of lost genetic information by simple recombination, in the presence of virus containing the deleted segments, occurs, resulting in production of complete virus (Stavnezer et al., 1986).

Recombinations between retrovirus genomes and host DNA: In addition to rapid evolution of the RNA genome and

high frequency of recombination between retroviruses themselves, recombination between viral and host cell genetic information occurs. Such recombination occurs at the level of the integrated DNA provirus. This recombination occurs in situations involving viruses specific for one species grown in cells of another species and results in alteration of host range in such viruses (Aaronson 1971; Kotler et al., 1984). In such experiments mouse tumor viruses, for example, were grown in human cells and acquired new, genetically stable, surface antigens of human origin. These altered viruses were able to grow much more efficiently in human cells and, in fact, lost their ability to transform mouse cells. In another experiment an avian sarcoma virus grown in chicken cells was compared with the same virus grown in rat cells. The virus grown in rat cells was different from that grown in chicken cells and was demonstrated to contain genetic sequences homologous to the rat cell genome, indicating that that virus was a recombinant between the original virus and the rat cells in which it was grown.

### Species jumps

Since retroviruses arose from cellular genetic material, recombination between different retroviruses and between retroviruses and cellular genetic material would be expected. Transmission of retroviruses originating in one species to another species, with subsequent propagation in the germ line of the second species has been documented (Todaro, 1980). In such cases, DNA homology (similarity in the sequence of nucleotides) between the acquired virus and the species of origin can be detected and can serve to measure evolutionary divergence and to estimate when the crossover occurred. Such sequence homology appears to indicate that the AIDS virus HIV-2, or HTLV-4, is related to the simian virus STLV-3, which infects African green monkeys. In such a case, it should be possible to infect these animals with this virus.

In the case of HIV-1, it is contended, no comparable, naturally occurring progenitor has so far been identified and the origin of the virus, in the words of Dr. Luc Montagnier, is "a mystery." Since HIV-1 is not an endogenous human virus (Howard Temin, personal communication) and no naturally occurring ancestor or animal reservoir has been identified, and no animal other than the chimpanzee can even be infected, where did HIV-1 come from? One possibility which must be seriously considered is that the virus could have arisen by recombination with other viruses and human cells in laboratory culture. In contrast to natural conditions, evolution is markedly speeded up in laboratory conditions and by the time such a virus was even recognized, it could well have evolved to the point that its origins would be obscure. For this to happen, though, would require extensive co-cultivation of human cells with an animal virus which already possessed the characteristics of the AIDS virus.

One such virus is the Maedi-Visna virus of sheep, which is closely related to HIV-1 and does cause progressive neurological disease, similar to AIDS dementia, and a progressive pneumonia, similar to the chronic lymphocytic interstitial pneumonitis (CLIP) seen in some HIV-infected individuals. It has been contended by some (Seale, 1986; Strecker, 1986; Siegal, 1986) that HIV was deliberately created as a recombinant between bovine leukemia virus (BLV) and Visna virus grown in human cells.

One problem with such an hypothesis is that it would require that a good deal more was known about lentiviruses than was reflected in the scientific literature of the period in which HIV-1 first arose, which was probably in the early sixties. My alternative hypothesis of laboratory origin requires no premeditation and is consistent with the biology of retroviruses and the prevalence of certain laboratory conditions.

### **Soviet retrovirus research**

Soviet research on the ability of Rous sarcoma virus, a tumor-causing retrovirus of chickens, to cause tumors in other animals dates from at least the late 1950s (Zilber et al., 1957, 1958). By the mid-1960s, Soviet scientists had demonstrated that Rous sarcoma virus could cause tumors in a number of primate species (Zilber, Lapin, et al., 1965, 1966). In 1967, Lapin et al. reported causing leukemia in monkeys by injecting blood from human leukemia patients, and subsequently passing the disease from animal to animal by a filtered preparation. The filtered agents (viruses) reacted with sera taken from human leukemia patients. In 1968, Adzhigitov, Lapin et al., published a report on the possibility of culturing a virus causing leukemia in monkeys.

Work on human cells was obviously under way during this period, and in 1970 Lapin and Iakovleva published an article on the viral nature of human leukemia. In 1972, Zhdanov et al. published a paper on the isolation of a leukovirus (a leukemia-causing virus) from a continuous human cell line. The virus was a C-type retrovirus (like the AIDS virus) which did not react to mouse or avian leukovirus antisera and showed some annealing of its reverse transcribed DNA to RNA from the spleen of a leukemic patient. However, the last sentence of the paper contains the comment, "Another possibility is that a virus derived from cattle had been introduced into the culture with the bovine serum used in many culture passages." A subsequent paper (Zhdanov et al., 1973) on isolation of oncornaviruses (tumor viruses) from continuous human cell cultures again notes; "Besides a human origin, they may be contaminants arising from the calf serum."

Zhdanov's concern about contamination of his serum was well founded, since cattle viruses, including leukemia viruses (Khoklova and Rakhmanin, 1970), are widespread in the Soviet Union. It is quite obvious that the Soviets had, in their

usual ham-handed manner, unwittingly anticipated Georgiades' 1978 demonstration that human leukemia cells could be infected with bovine Visna virus (BVV), now known as bovine immunodeficiency virus (BIV), and had been doing so for years.

It appears that viruses weren't the only contaminants in Soviet cultures. In May 1972, Nixon negotiated an agreement for biomedical cooperation with the Soviet Union. In November, a group of American cancer researchers presented their Soviet colleagues with a set of animal tumor viruses. In return the Russians presented the Americans with six cultures of cancer cells, all of which contained viruses which the Soviets suspected were the cause of the malignancies.

It turned out that all six cultures, from six different Russian cancer patients, were all the same cells from an American black female who died in 1951, Henrietta Lacks of Baltimore, Maryland. These cells, known as HeLa cells, were the first successfully cultured human tumor cell line and are used all over the world. They have been in use since 1952 and are particularly tenacious cells, capable of prolonged survival, and will tend to take over any culture which they contaminate, and eliminate the original cells. It is probable that HeLa contamination is widespread in the Soviet Union, where facilities and technique in many areas of biological research are quite crude. One consequence of this sloppiness was an outbreak of leukemia in the baboon population of the Sukhumi Monkey Colony, which started in 1967 and continued for several years (Lapin, 1976).

Since 1971, a virus which looks exactly like a tumor-causing retrovirus has been observed in some HeLa cells. This so-called HeLa virus is widespread in human cell cultures in Europe (Gelderblom, 1976), but uncommon in cultures from the United States. Since the Soviet Union acquires its reagents in Europe, it is not unreasonable to suspect that this virus is contaminating the HeLa cells which are contaminating its cell cultures.

Given the crude state of Soviet virology in terms of facilities and the documented clumsy contamination of cultures by both viruses and cells, it would appear that Soviet virus research facilities function as a culture medium for recombination and generation of altered virus species regardless of any intent on the part of the researchers involved. The Soviets obviously grew human cells in cultures contaminated by known, and unknown, retroviruses, including the most likely candidate as a precursor of HIV-1, and then presented the products of their sloppy technique as valid scientific discoveries. Likewise contamination of vaccines would be a major problem in such a situation.

Contamination of vaccines would account for the widespread prevalence of HIV-1 in Africa among the general population. Since most of the vaccines used in Africa originate in Europe, this would explain why HIV infection in the



United States was initially confined to certain groups. It would also indicate that the conditions for such contamination were more prevalent in parts of Europe and the Soviet Union than in the United States. Thanks to the recent emphasis on budget cutting in the United States, similar conditions can be expected to develop in more and more laboratories here. But the point is that during the period in which the AIDS virus can be presumed to have arisen, that is to say, the 1950s to 1960s, conditions in U.S. and Western European laboratories were much better than in Soviet and Eastern European laboratories. The probabilities were therefore greater that an accidental recombinant could arise, and go undetected, in Soviet laboratories and the evidence would indicate that this indeed occurred.

### **Bovine retroviruses**

In order to provide the reader with some generalized background on the way in which the relevant viral recombinations could have occurred through a laboratory accident, I shall now present an overview of the development of the field in the last decades.

**Bovine Immunodeficiency-like Virus.** In 1972 Van Der Maaten et al. reported on the isolation of a virus similar to Maedi-Visna virus from cattle with persistent lymphocytosis (elevated numbers of white blood cells known as lymphocytes). This virus produced syncytia (cell fusion with resulting multinucleated cells) in cell culture, but was distinct from bovine syncytial virus (BSV) and bovine leukemia virus (BLV) (see below).

This virus, which causes persistent lymphocytosis, lymphadenopathy (swollen lymph glands), lesions in the central nervous system, progressive weakness and emaciation (similar to the "slim disease" seen in HIV-infected Africans) was isolated from white blood cells of cattle and called bovine Visna-like virus (BVV).

Subsequently, human cell cultures, derived from leukemic bone marrow, were successfully infected with this virus (Geogiades et al., 1978 and apparently the Soviets much earlier, although they didn't realize it). More recent studies (Gonda et al., 1987) indicate that this virus has a morphology most similar to the human immunodeficiency virus (HIV) and serological analyses demonstrate conservation of antigens between major core proteins of bovine Visna-like virus (BVV) and human immunodeficiency virus (HIV). Shared antigenic determinants with other pathogenic lentiviruses were also observed. Nucleotide sequence analysis of the highly conserved RT domain of molecular proviral clones and the serological data show that this virus is a novel lentivirus related to HIV and other lentiviruses. Gonda et al. now propose to name bovine Visna-like virus (BVV) bovine immunodeficiency-like virus (BIV) to indicate its biological similarity and genetic relationship to HIV.

Visna virus itself causes a slowly evolving neurological

disease of sheep and a progressive pulmonary inflammation, almost identical to the chronic lymphocytic interstitial pneumonitis (CLIP) which occurs in humans infected with HIV. Visna virus has been shown to grow in choroid plexus cells of sheep, calves, and in sheep liver and kidney cells (Sigurdsson et al., 1960; Thormar, 1961, 1963). In addition infective virus has been obtained from infected choroid plexus cells of dogs, cats, pigs and humans (Thormar et al. 1962).

Visna virus can multiply and produce cytopathic changes in cultures of bovine (cattle) and porcine (pig) origin (Harter et al. 1968). Hybridization studies show a substantial amount of homology between HIV, Visna, caprine arthritis-encephalitis virus, and equine infectious anemia viruses (Gonda et al., 1986).

### **Contamination of fetal calf serum**

Fetal calf serum, or fetal bovine serum (FBS), is a major component of almost all cell culture and tissue culture media. The serum is obtained by bleeding fetal calves, allowing the blood to clot, and then centrifuging it to remove the red cells and clot. The resulting serum is pooled and may or may not undergo additional purification. Virus contamination of such sera has been a recognized problem since the late 1960s at least (Molander et al., 1968). In one study (Kniazeff et al., 1975) 25% of 20 lots of FBS, pretested by suppliers and considered to be virus free, were found to contain endogenous bovine viruses. The techniques of detection were relatively crude and would not have detected latent or slow acting viruses. A number of investigators have reported spontaneous induction or production of retrovirus-like particles in human cell lines. These viruses resemble bovine Visna-like virus (BVV), now designated bovine immunodeficiency-like virus (BIV) and grow in human diploid cell lines (Demidova et al., 1975).

In view of the documented ability of retroviruses to alter their host range in tissue and cell culture, specifically the ability of BIV to infect human cells, it is entirely possible, and indeed probable, that a form of BIV with human cell tropism could have arisen in human cells grown in BIV-infected culture media. The recently isolated immunosuppressive virus of cats, FTLV (feline T-lymphotropic lentivirus, Pedersen et al., 1987) is morphologically similar to HIV and BIV and could well have arisen in feline cells grown in BIV-contaminated serum.

### **Why the origin of AIDS is significant**

In conclusion, I would like to emphasize that the more accurate a hypothesis as to the origin of AIDS, the more clues science would have in combatting its spread. *Executive Intelligence Review* welcomes responses from readers who may have some clues to this issue. In exchange, we shall send our correspondents the 39 references to this article which cannot be printed for space reasons.

## What is LaRouche's policy toward Panama?

by Gretchen Small

On Feb. 5, two U.S. federal grand juries in Miami issued indictments against Gen. Manuel A. Noriega, Commander of Panama's Defense Forces, on drug-trafficking charges. The source of the evidence cited in the indictments: two convicted drug-traffickers, and José Blandón, a former Panamanian official working under the direction of the bankers' wing of the U.S. Central Intelligence Agency.

With this, the Reagan administration has buried any U.S. war on drugs, for as long as it remains in office. By indicting General Noriega, the message has been sent around the world: "Don't work with the United States in the war on drugs, because sooner or later, you will be stabbed in the back."

Initial reports of the indictment on NBC News, three days prior to the Miami grand juries' action, linked Noriega and U.S. presidential candidate Lyndon H. LaRouche, Jr.—not coincidentally the strongest proponent of the war on drugs worldwide. LaRouche has also been a fierce advocate of Panama's national sovereignty, as his 1977 testimony on the Panama Canal treaties, excerpted in this report, shows. It is that sovereignty, and implicitly, that of all other non-superpower nations, that is at stake in the current fraudulent indictments.

U.S. Drug Enforcement Administration officials have stated publicly and privately, on repeated occasions, that General Noriega was the single most valuable collaborator in their war on narcotics in the Western Hemisphere. He has repeatedly been key to breaking international drug rings, including drug money-laundering operations, by international banks located in Panama.

No pretense has been made to hide the political nature of the indictments. In July 1987, U.S. newspapers reported that the grand juries had been initiated because the State Department, National Security Council, and part of the Justice De-

partment want Noriega out of office. Associate Attorney General Stephen Trott set himself up as "referee" of the "Get Noriega" investigations, the *Los Angeles Times* reported on Aug. 13.

The military of Panama itself will be indicted as a "criminal enterprise," U.S. media reported widely before the actual indictments were released. Fearing that an indictment that broad would backfire, "the State Department successfully intervened" to ensure that the grand jury only targeted General Noriega, the *New York Times* reported Feb. 6.

Drug-fighters in the administration attempted to stop the witchhunt. "As late as three weeks ago, some senior Justice Department and DEA officials were arguing that Panama should be praised for agreeing to cooperate in a recent international cocaine smuggling case in San Diego," the same *New York Times* article reports.

### LaRouche, EIR, warned them

The indictments of General Noriega are the latest shot in a war which began over two years ago. In June 1986, *EIR* issued its *White Paper on the Panama Crisis*, in an attempt to shake Washington back to its senses. *EIR* issued an updated edition in December 1987. The report documented that it was the drug-linked banking community which sought to destabilize Panama, explained why, and revealed how the leaders of the "democratic opposition" are an integral part of the drug trade.

The report also outlined a program for the United States to help secure democracy in Panama, through a series of development projects centered around construction of a new, sea-level Canal. The United States could thus help Panama break from its economic dependence on the "offshore" economy dominated by drugs.

The *White Paper* stung the initiators of the war on Panama. The prosecution's chief witness, José Blandón, complained in a Feb. 2 radio interview broadcast in Panama that LaRouche, one "Mr. Wesley" (a co-author of *EIR*'s report), and a Panamanian named Mario Parther had convinced the Defense Forces that he and Washington were out to destroy the institution of the military itself.

In an opposition forum in Washington, D.C. in December 1987, former NSC consultant Norman Bailey (identified in the report as a key player in the attack on Panama) detailed how, exactly as *EIR* had charged, the aim was to destroy the Defense Forces as a whole. The campaign was initiated because Noriega had crossed the Establishment, he admitted.

I began the war against General Noriega, said Bailey in September 1985, when "my friend" Nicolás Ardito Barletta resigned as President of Panama.

José Blandón answers to Bailey, it is reported. Bailey's involvement reveals the broader U.S. intelligence network involved. Now a partner of former CIA director William Colby at Colby, Bailey, Werner & Associates (an investment firm described in the media as "almost like a shadow government"), Bailey told the *Washington Post* on Feb. 6 that he had provided much of the intelligence "proving" that Noriega was responsible for drug-money laundering in Panama.

But: "Bailey said that the information may not have held up in a court case," the *Post* reported.

For those who have read *EIR*'s White Paper, Blandón's charges against Noriega read like a script written to answer, point for point, the revelations therein contained.

The case of Bailey's friend Nicky Barletta gets at both the higher levels of control on the drug trade, and why the Establishment decided to crush Noriega.

Trained in economics at the University of Chicago under George Shultz in the 1960s, Barletta was the man on the ground who set up the offshore banking center in Panama in the early 1970s; it was he who ensured that the center would be "more secret than Switzerland," he proudly told the *Wall Street Journal* in 1982.

In 1984, Barletta was elected President of Panama. For Shultz, now Secretary of State, and the Bailey-Colby group, Barletta was to be the international banking cartel's "inside man" in the Ibero-American Presidents' club, assigned the task of preventing any unified opposition to International Monetary Fund policies.

### **Noriega's strategy**

General Noriega had a different strategy. In September 1985, Noriega visited Peru, and met with President Alan García, whose organizing for common action against the related crises of debt, drugs, and terrorism the bankers feared. "We are a continent with destiny and with rights, and I have found an enormous coincidence in policies with General Noriega," García told the press after their meeting.

When opposition to his IMF austerity programs forced Barletta to resign less than a month after the García-Noriega

meeting, the bankers panicked. As Bailey admits, the decision was taken that Noriega, and Panama's military and system of government, must be overthrown.

The issue at stake in the war on Panama, centers on the role of the military. Panama's military has distinguished itself throughout the region for its insistence that "national defense is directly related to development and human well-being" (the formulation of General Noriega). It is because Noriega insists on the right of the military to ensure such development that Shultz, Bailey, et al. label him a "dictator." Bankers prefer economics left solely to ice-blooded technocrats.

In his Feb. 2 radio broadcast, Blandón threatened that Panama "will suffer an economic and financial collapse," if General Noriega, the top commanders of Panama's Defense Forces, and the present civilian government do not resign. Blandón argued that there is no use resisting. "The government's ability to maneuver politically has been virtually reduced to nothing as a result of the country's financial situation. . . I want to publicly send [President Delvalle] a message: . . . What sense is there in governing over a country's ashes?"

No one in Panama appears to be quitting, however. Calling the indictments part of an "obsessive campaign of lies" against General Noriega, Panama's Foreign Ministry denounced the "attempts by the North American administration to isolate Panama and destabilize its government." The ministry added: "The government warns that it is extremely dangerous to tax the patience, tolerance, and good faith of the Panamanian people with campaigns that could spark unforeseen reactions."

The indictment is "totally false, no more than another step in the plan to menace and terrorize nationalist leaders and Latin American patriots who dare to confront the United States," Defense Forces spokesman Maj. Edgar López stated. General Noriega called the indictment a "joke . . . a strictly political act."

Leaders of the multi-party alliance that supports the government, UNADE, united behind Noriega and the government, charging that the campaign forms part of a "large-scale attack on its economy and constitutional regime . . . part of a strategy aimed at preventing the return of the canal [to Panama] in 2000." A joint statement from the Cabinet and UNADE noted that Panama has suffered "slander, intimidation, and blackmail . . . in an effort to force Panama to yield and to bring about negotiations that will prolong foreign presence on our soil."

Thus far, the nationalists remain in control in Panama. The Soviets, however, can not be expected to sit on the sidelines, as the backlash builds against U.S. violation of Panama's sovereignty. If General Noriega were to resign, disaster is assured for the United States. With what Blandón's buddies plan for Panama, if the Defense Forces' command were to crumble, there will be nothing to stand in the way of Soviet narco-terrorist domination of the Panama Canal.

# I. Dope bankers give the orders

For over a year and a half, Project Democracy's "Operation Overthrow" against Panama's government and military floundered, finding few supporters within Panama, and failing to win active support from more rational strategists within the U.S. military establishment. That picture changed in June 1987, when the war against Panama began in earnest. This time, the secret government in the United States succeeded in rallying "official" Washington behind their plot.

What had changed?

The answer was bluntly stated on Aug. 10, 1987, in a *New York Times* news analysis entitled "Bank Uncertainty in Panama." Author Larry Rother wrote:

"The political crisis follows closely what bankers here saw as a serious breach of bank secrecy regulations. Earlier this year, as part of an American campaign against the laundering of drug money, the Panamanian government froze a few suspect accounts here in a manner that bankers and lawyers regarded as arbitrary. The action, which took place in May, involved about \$10 million in 54 accounts at 18 banks. 'The papers were served without citing any statutes or articles in complete disregard for the legal procedures that are supposed to be followed,' one Panamanian banker said. 'It was done to appease the Americans and was typical of the way this guy works.' "

Indeed. On May 6, 1987, U.S. officials had announced the results of the first phase of "Operation Pisces," an anti-drug operation which they called "the largest and most successful undercover investigation in federal drug law enforcement history." Fifty eight major U.S. and Colombian narcotics runners were arrested in Miami, Los Angeles, and New York, and indictments were issued against 57 more.

The indictments were the fruit of a three-year investigation by U.S. Drug Enforcement Administration agents into drug money-laundering, the aspect of narcotics which bankers would prefer were left unmentioned, never mind investigated and prosecuted. International coordination against drug money-laundering opened a powerful flank against the supranational dope business.

The 54 accounts Panama's government seized in 18 banks of various nationalities operating in the offshore center were opened for examination by U.S. drug agents. Followup investigations by the Panama Defense Forces (PDF) led to the identification of another 85 accounts whose deposits were suspected of being the proceeds of drug sales. Those, too, were frozen.

It was the first implementation of Panama's new banking Law 23, a law designed to curb drug money-laundering through the offshore center, which had been drawn up with the aid of an anti-drug unit of Panama's Defense Forces. As the Bogotá, Colombia daily *El Espectador* noted: "With the decision to freeze bank accounts in Panama, it has been shown that Panama's new laws against drug-trafficking are effective."

U.S. anti-drug officials had already stated that they viewed the Panamanian anti-laundering legislation as a milestone in the fight against drugs. On March 16, 1987, DEA Administrator John C. Lawn sent a letter to Panama's ambassador to the United States, Dominador Kaiser Bazán, conveying the DEA's appreciation. Lawn wrote:

"I was pleased to read Law No. 23, which was recently enacted by the Republic of Panama to more effectively combat the financial laundering aspects of drug trafficking. It is a significant step toward curbing the illegal flow of money through Panama. I hope this initiative your government has taken *will serve as a model for other countries throughout the Americas*" (emphasis added).

On May 27, 1987, Lawn sent a letter to General Noriega personally, to express the DEA's pleasure at the success of the operation.

"Once again the United States DEA and the enforcement authorities of the Republic of Panama have joined efforts to strike an effective blow against the drug-traffickers who plague us all. As you know, the recently concluded Operation Pisces was enormously successful: many millions of dollars and many thousands of pounds of drugs have been taken from the drug traffickers and international money launderers. Your personal commitment to Operation Pisces and the competent, professional, and tireless efforts of other officials in the Republic of Panama were essential to the final positive outcome of this investigation. Drug traffickers around the world are now on notice that the proceeds and profits of their illegal ventures are not welcome in Panama."

Lawn specified that the importance of Operation Pisces extended beyond any individual accounts seized, as the operation provided critical insight into the mechanisms of banking transactions in general which drug-traffickers use. While citing the work of several top Panamanian officials who participated in Operation Pisces, Lawn was fulsome in his personal thanks to General Noriega for this advance. He wrote:

"The operations on May 6 . . . led to the freezing of

millions of dollars in trafficker bank accounts in Panama and the seizure of banking records which will provide enforcement authorities with insight into the operations of drug traffickers and money launderers. . . . I look forward to our continued efforts together. DEA has long welcomed our close association and we stand ready to proceed jointly against international drug traffickers whenever the opportunity arises."

This was not the first time General Noriega's PDF had struck the dope banking apparatus. In December 1984, the Panama Defense Forces provided information to the DEA on the activities of Jorge Luis Ochoa and Gilberto Rodríguez Orejuela which led to their arrest in Spain on charges of masterminding the smuggling of 1,500 kilos of cocaine into the United States from Colombia between the months of February and July 1983 alone.

Then, in an unprecedented act, the government shut down the First Interamericas Bank, after the Defense Forces presented their evidence that the two cocaine traffickers used the bank to launder their profits. At that time, U.S. authorities acknowledged the role of General Noriega in assuring that victory, and warned that the cocaine mafia had vowed revenge.

### U.S. switches sides

But in 1987, the story has been a different one. What had been a worrisome precedent for dope bankers in 1985, had not only been codified in law, but was being enforced.

The offshore bankers' local political apparatus went into action. Opposition papers, *Extra* and *La Prensa*, launched a press campaign against Panama's participation in "Operation Pisces" as a move that "will devastate the Panamanian banking center." *Extra* protested, "The U.S. Attorney has more power to investigate bank accounts in Panama than he has to investigate bank accounts in his own country." *La Prensa* accused the Panama Defense Forces of being U.S. lackeys for their action. "Matters dealing with drug-trafficking and money-laundering are handled by Panama's Defense Forces solely for propaganda purposes and to serve U.S. interests," the paper editorialized on May 12, 1987.

In less than a month, "Operation Overthrow" was under way, led by those same forces who protested that Operation Pisces merely "served U.S. interests." The Eastern Establishment wanted to deliver one message loud and clear: Any nation which follows Panama's successful implementation of Law No. 23, may receive the same treatment.

Within the United States elite, the order went out: Noriega must go, and hesitations from U.S. military men or the men on the frontlines fighting drugs, cannot stand in the way. "Operation Overthrow" became the "consensus" policy in Washington—not because military men had changed their evaluation of its dangerous foolishness, nor because anti-narcotics officials had suddenly found "evidence" of drug involvement, but because acquiescence was easier than bucking orders of an angered Eastern Establishment.

## Who is José I. Blandón?

On Aug. 11, 1987, then New York Consul General José Blandón declared on an extraordinary broadcast on Panama's national television that the anti-Noriega war is "a campaign essentially aimed at the liquidation of the government of the Republic of Panama," initiated by the "invisible government led by the group of McFarlane, Poindexter, and North."

Within a month, Blandón was working for that the invisible government, seeking to "liquidate" his government! Blandón reported on Panamanian radio on Feb. 2 that he spent "more than 400 hours" meeting with State Department officials, opposition leaders, and his Socialist International friends, to prepare the way to get rid of General Noriega. Blandón's job was to line up international support. He did, from his friends:

- Former Colombian President Alfonso López Michelsen, Fidel Castro's friend and intermediary for the Medellín Cartel;

- Panamanian opposition representative Gabriel Lewis Galindo, himself a business associate of López Michelsen;

- Former Costa Rican President Daniel Oduber, whose private airstrip on his Costa Rican ranch, the cocaine mafia asked be used for transshipment, DEA informants claimed in a 1986 Florida drug case. Oduber, a member of the Inter-American Dialogue, supports the Dialogue's proposal that narcotics legalization be adopted.

For years, Blandón served as the principal liaison of the Democratic Revolutionary Party (PRD) to the Socialist International. A typical Socialist, he also ran Panama's negotiations with the IMF, and was the right-hand man of Panama's banker President, Nicolás Ardito Barletta. Blandón's closest ally within the Armed Forces was not General Noriega, but the crazy Col. Roberto Díaz Herrera, the self-proclaimed "extraordinary friend" of Fidel Castro. (Díaz Herrera insists he, Castro, and several Socialist leaders in the area make up a political-religious network of occultists in the Caribbean.)

Blandón also claims that it was he *personally* who made sure that President Eric Delvalle did not form an alliance with Peru's Alan García on the foreign debt in 1985, as proposed by Lyndon LaRouche and the Schiller Institute's Ibero-American Labor Commission. Panama must implement an International Monetary Fund austerity program, Blandón argued; LaRouche and García are "crazy," and doomed to failure.

## II. How the narcotics mob runs General Noriega's enemies

As *EIR* documented in its July 1986 *White Paper on the Panama Crisis*, "the principal figures in the 'democratic opposition' movement . . . are neither 'honest' nor democratic, but rather front men working for the drug mafia: drug money-launderers, lawyers for cocaine and marijuana traffickers, terrorists, and gun-runners." We have selected brief profiles of three of the opposition figures most frequently cited in the press these days as the men the U.S. government would now have come to power!

### Roberto Eisenmann and the *La Prensa* group

*La Prensa* owner Roberto Eisenmann has been a familiar face in the get-Noriega campaign for more than 15 years. Eisenmann has reason to be fearful: According to testimony presented in U.S. courts, Eisenmann, his editor at *La Prensa*, and his closest political and personal friends, have been working for the drug mob for years.

In late 1984, Eisenmann and the *La Prensa* group were exposed as an integral part of the "Fernández syndicate," a ring of Cuban-Americans and Panamanians who smuggled at least 1.5 million pounds of marijuana from Colombia into the United States between 1977 and 1981. The gang was indicted on Dec. 12, 1984 by a Florida grand jury. The case became known as the "Sunshine State Bank case," because at the height of their smuggling, the gang bought Sunshine State outright for money-laundering.

The Miami bank owned by Eisenmann and two other opposition leaders, Carlos Rodríguez and Guillermo Ford, was also used by the Fernández group. Named Dadeland Bank of Miami, Eisenmann's bank was cited in court as a headquarters for the syndicate's dope money-laundering:

- The Fernández syndicate owned 9,900 shares of Dadeland;
- A major courier for the gang, Iván Robles, was not only a personal friend of Eisenmann's, but he rented lock-boxes at the bank to store his dirty money before transferring it into Panama;
- Dadeland listed itself as a "reference" for the Panamanian law firm which handled the Fernández group's legal matters: Robles y Robles.

Robles y Robles has two law partners only, the above-mentioned courier, Iván Robles, and his brother, Winston—also the editor of *La Prensa*! The two advised the drug ring's

top money-launderer, and served as go-between for the Fernández group and Pablo Escobar Gaviria's people in Colombia.

The top money-launderer was Steven Samos, married for many years to Winston and Iván's sister, Alma Robles. Samos operated through International Service Company (Interseco), a company he founded after marrying Alma, which by the late 1970s, had grown into "the largest [shell] company-creating company in Panama."

Samos explained in court: "My purpose was to take [the mob's money] to Panama, launder it, and send it back in a clean form. . . . We opened a whole chain of bank accounts in Miami in different banks, either in our respective names as individuals or as trustees, or mostly for a group of Panamanian companies which I had then available in Panama."

Samos testified that it was his lawyers, Robles y Robles, who advised him to help the gang's chief, José Antonio Fernández, turn over assets to the Gaviria mob of Colombia. The court transcripts report the following exchange:

**Samos:** My attorneys advised me to cooperate with Tony Fernández for the liquidation of some of his assets, so that the new owners [the Gavirias] or new representatives or new office could then easier take over control of the assets. . . .

**Q:** What outstanding member of the Panamanian bar told you to deal with the fugitive Tony Fernández in such a manner? . . .

**Samos:** It was the firm, Robles y Robles, yes."

Another courier for the group was a Panamanian lawyer named Alvin Weeden Gamboa, who transported more than a half-million dollars of dope money for the ring. A longstanding enemy of General Noriega, Weeden continues to be praised in the pages of *La Prensa* as a leading champion of "human rights" in Panama, for his collaboration with drug- and gun-runner Hugo Spadafora in preparing a suit against Noriega.

Eisenmann, Weeden, and Winston Robles were old political associates as well, founding a "social democratic" opposition party called the Popular Action Party (PAPO) in the 1970s. From its founding to today, PAPO has opposed not only Panama's military, but cooperation between the U.S. and Panamanian militaries.

The news made public, Eisenmann attempted to argue that none of the principals knew anything about what they were involved in. In a May 9, 1986 signed editorial in *La*



*Prensa*, Eisenmann admitted that Samos had bought shares in Dadeland Bank in 1976, insisted that neither Winston or Alma Robles, nor himself had any idea that Samos worked for drug-traffickers. As for Iván, he wrote, "Iván Robles can confront Panamanian public opinion on his participation in the matter. *I, his friend*, can seek explanations in his state of mind in that moment."

Eisenmann is a business partner with another mob-linked Civic Crusade leader, César Tribaldos. Tribaldos has been both Eisenmann's alternate on the board of Banco Continental, and manager of Eisenmann's department store, Mansión Dante. When the First Interamericas Bank of Jorge Ochoa was seized by Panama's Defense Forces in 1985, Tribaldos was named by one of the Colombian drug-runners caught in that operation as the man who laundered \$40 million through the Banco Continental for the Ochoas. Nonetheless, like Eisenmann, today, Tribaldos is one of the top Civic Crusade coordinators.

Getting caught in the narcotics business seemed to be a family business; brother Ricardo had been indicted the year before on charges of conspiracy to import chemicals for use in processing cocaine inside Panama. Ricardo's links were to our next case, the Paredes connection.

### **The Paredes connection**

Retired Gen. Rubén Daríos Paredes, former Commander of the National Guard, and longtime enemy of General Noriega, is said to be the man the U.S. embassy in Panama wants to see as defense minister in an opposition government. Since July 1987, when he issued an open letter to the Defense Forces threatening civil war if General Noriega did not resign, Paredes has become the Panamanian military man most interviewed by the U.S. press.

He is also a favorite of the Ochoa family of Medellín.

Paredes, touted as an anti-communist, was a factional ally within the military of Fidel Castro's friend, avowed gnostic-Socialist Col. Roberto Díaz Herrera. After the death of General Torrijos, for example, Díaz Herrera teamed up with General Paredes to purge the ruling Democratic Revolutionary Party (PRD) of several nationalist leaders, as part of a plan to gain General Paredes the presidency, and then bring the bankers' opposition to power.

Both men were protected within the Defense Forces by U.S. banking assets and their assets within the U.S. intelligence community for years. Their job was to ensure no nationalist grouping in Panama consolidated enough power to go after the foreign economic interests (including the drug trade) which have enjoyed virtual free reign over the country's economy since its founding.

While in office, General Paredes also provided protection for the Colombian narco-terrorist group, the M-19, inside Panama, law enforcement officials in several countries report. The reports specified that Paredes was known to have invited M-19 members to his home. Under his protection,

Panama was used by them for money-laundering, weapons procurement, and as a safe haven from Colombian military campaigns.

Paredes made public his dealings with the Ochoa family, however, when his son was kidnaped and murdered by the cocaine mob in Medellín in March 1986.

Rubén Paredes, Jr. had traveled to Medellín in the company of his business partner, César Rodríguez. Rodríguez was a Panamanian pilot nicknamed "Captain Poison," "Lavamático," or simply, "Mercenary," for his drug- and gun-running to all sides in Central America—Contras, Salvadoran guerrillas, you name it. The two ran into problems with the mob, when in early March Colombian authorities captured the luxury yacht, the *Krill*, as it refueled at the island of San Andrés. Rodríguez and Paredes, Jr. were the owners of the yacht—and its shipment—304 kilos of 80% pure cocaine.

The two went to Medellín to give an explanation. On March 21, the news broke that the two were missing, believed kidnaped. On March 25, their bodies were dug out of a Medellín cemetery.

The press in Colombia and Panama said the cocaine mafia killed them. General Paredes denied it, not because his son was not involved in drugs, but because he had called the Ochoas, and they assured him they had not! On March 25, *La Estrella* of Panama reported: "General Paredes says that he could establish that his son was not in the power of the Ochoas, because they assured him of that. . . . Apparently Paredes or Rodríguez had commercial relations with the Ochoas, in the buying of walking horses, which is one of the businesses of this family."

Paredes excused his son as "an adventurer."

In August 1986, the Panamanian government published a report, *Sixteen Years of Fighting Drug Traffic*, which detailed General Paredes' own relations with the Ochoa mob. *Sixteen Years* reported that the Ochoa mob in Colombia, had given a "former National Guard Commander" gifts of specially bred pace horses, in return for a promise to allow Panama to become a major cocaine-processing center. Shortly thereafter, *El Tiempo* of Bogotá named General Paredes as the "former National Guard Commander" to whom the *Sixteen Years* referred. Today, it is known that one horse was named "Satan."

The story is a major one, known to anti-drug authorities under the file name of "Melo." Lt. Col. Julian Melo Borbua, a protégé of General Paredes who had risen to executive secretary of the PDF General Command, was dishonorably discharged from the PDF in 1984, accused of working with the Medellín Cartel.

In 1984, investigations by the PDF's investigative police, DENI, uncovered an operation by Colombia's drug chiefs to move major sections of their operations into Panama, to escape the war on drugs in Colombia launched by Justice Minister Rodrigo Lara Bonilla that year. The mob's need to

find a new center of operations became even more urgent, when Colombia's military responded to the mob's assassination of Lara Bonilla by escalating their war.

As *Sixteen Years* reports, the mafia's plan "was designed to get clear transit of cocaine through Panama, to use Panamanian banking facilities for their transactions; and finally to install a big laboratory in Darien, Panama's less-populated jungle province.

"The Ochoa brothers, one of the most powerful drug mafias established in Medellín, had made contact with authorities who had political aspirations, and presented them with costly pace horses and other presents," the Panamanian government's report states. "Melo sold his influence to the Colombian mafia," it adds, noting that "Melo had met the Ochoa group in Colombia when they had presented a previous Commander of the National Guard with pace horses through a rich Panamanian cattle man, who is a member of the political opposition."

The previous commander was Rubén Paredes.

Working with Melo were several civilians, Gabriel and Olmedo Méndez, Ricardo Tribaldos Giraldes, and Jaime Castillo among them. Tribaldos, one of those responsible for importing from Germany into Panama a huge quantity of ethyl ether, a critical element in the processing of cocaine, had received \$250,000 as his first payoff from the Colombian mafia for initiating the new drug operation in Panama. Later, Tribaldos traveled with Melo to Cali, where the two negotiated with the Ochoa brothers both the installation of a cocaine laboratory in Darien, and the regular shipment of ether through Panama to Colombia. This time, Tribaldos and Melo were paid \$4 million for their promises.

When several ether shipments were captured (both by Panamanian forces and by Colombian authorities working off PDF tips), and the cocaine laboratory discovered and dismantled, and those working there arrested, the mafia ordered its Panamanian traffickers to take action—quickly. Tribaldos, Méndez, and Colonel Melo met, and decided upon a multi-front attack on the government, the country's economy, and the military, in hopes of breaking resistance to the cocaine plot. Included in their plans were the assassination of General Noriega, and the triggering of capital flight out of the banking center.

The plot did not succeed. Melo was dishonorably discharged from the PDF to face criminal charges, the same as any other citizen; Tribaldos and Gabriel Méndez were charged with drug-trafficking, and jailed. (All were later released by Panamanian courts.)

Their arrest hit the Panamanian opposition hard. Both Ricardo Tribaldos and his brother, César, himself the brother-in-law and business partner of *La Prensa*'s Roberto Eisenmann, were then, and still are today, active in the anti-government conspiracy.

The mob has not given up its plans to install its people at the head of the PDF. On July 25, opposition daily *Extra*

called for Lt. Col. Julian Melo to be reintegrated into the Armed Forces.

### **The López Michelsen connection: Galindo**

Panama's opposition movement, the Civic Crusade, established its headquarters in Washington, D.C. in June 1987. Running those operations is Gabriel Lewis Galindo, the former Panamanian ambassador to the United States who has named himself "international representative of the Panamanian opposition."

He is known throughout Washington as the key political force, the experienced wheeler and dealer, the "brains" behind the Crusade activities. Crusade members brag that "nothing gets done without Ambassador Lewis's clearance." Maintaining excellent relations with the Eastern Establishment since his days as ambassador, Lewis works closely with the two directors of the get-Noriega project: investment consultant Norman Bailey and Trilateral Commission member Sol Linowitz.

Lewis is heir to one of Panama's "oldest and most distinguished families," and a member of Panama's "millionaire elite," the *New York Times* reports, citing his large real estate holdings (including Contadora Island, which he bought with an eye to building a major resort center), and his bank, the Banco del Istmo.

Judging by some of Lewis's business partners, more than real estate may have gone into making his fortune. According to Lewis's buddy, former U.S. ambassador to Panama William Jordan, Lewis Galindo has been "a long-term business associate" of Colombia's former President, Alfonso López Michelsen.

López Michelsen has made no effort to hide his ties to the narcotics mafia. Under his presidency from 1974 to 1978, López Michelsen oversaw the expansion of the narcotics trade in Colombia. His finance minister, Rodrigo Botero Montoya, set up the mechanisms of drug money-laundering in the country, creating the special window at the Central Bank where black market dollars were exchanged for pesos—no questions asked. In 1982, the mafia repaid the favor—by financing López Michelsen's unsuccessful presidential campaign. His campaign manager, dope-legalization advocate Ernesto Samper Pizano, admitted publicly that he accepted a check for the campaign from dope king Carlos Lehder Rivas.

In May 1984, López Michelsen met secretly in Panama with cocaine chiefs Pablo Escobar and Jorge Ochoa, to discuss how to get the Colombian government to accept the mafia's offer to invest their "capital" in Colombia, if the government would grant an amnesty. López Michelsen agreed to intercede on the mafia's behalf; when the Colombian government rejected the proposal privately, he took the mafia's case before the Colombian nation, telling Bogotá's *El Tiempo* that it were better to reach "some form of arrangement" with the "cocaine organization," than to fight the drug trade.

# LaRouche and the Canal treaties

*On Sept. 22, 1977, Lyndon H. LaRouche, Jr. issued proposed amendments to the new Panama Canal treaties, which were presented to the Senate Foreign Relations Committee on Oct. 12, 1977. Excerpts from the amendments follow.*

I propose that the principal substantial and otherwise apparent defects in the signed draft of the treaty be remedied by means of issuance of a new policy doctrine statement, updating the Monroe Doctrine. . . .

There were two elements in the influential thinking of John Quincy Adams behind the Monroe Doctrine. First, there were extensive precedents in United States foreign policy, as notably expressed in preceding treaties for the policy of absolute sovereignty of new American republics. More fundamentally, from the political movement associated with Benjamin Franklin and his collaborators leading into the American Revolution and in the establishment of the United States as a federal republic, the principal issue between the United States and His Majesty's government was American commitment to the realization of technological progress in industrial and agricultural development, in opposition to the British policy, as set forth in Adam Smith's colonialist policy in *The Wealth of Nations*, of keeping England's colonies and competitors in a condition of ruralized labor-intensive relative technological backwardness.

The foreign and domestic policy of the founders of the United States, from the roots of the American Revolution through the election of 1828, was the constitutional principle that the proper basis for government and law of a republic was the development of the wealth and culture of the people through promoting an environment of technological progress in discovery, in the expansion of industry and agriculture, and in the educational and free-press policies of the nation. The establishment of sovereign republics committed to those principles and enjoying the benefits of such principles is the purpose and essence of the establishment of the United States and its order of constitutional law. . . .

In the early successes of the American Republic and in the comparable failure of the French Revolution, a fundamental principle was demonstrated.

In the struggle between Federalist Thomas Paine and other friends of Benjamin Franklin, on the one side of the French Revolution, and in the associates of Robespierre on the other side, the allies of Paine sought to establish France as a republic committed to scientific and technological progress under constitutional principles modeled on the lessons

of the United States experience. The followers of Robespierre's faction, including British agents Danton and Marat, offered an opposite conception, mob democracy. It was the success of the latter faction which produced the hideous Red Terror in France, and led to the Napoleonic period through which British hegemony over Europe was established for most of the 19th century.

This demonstrated that the "American System" works, while the British system, and political forms derived from Rousseau and Bentham's "philosophical radicalism," led to chaos and dictatorship. . . .

Thus, in the United States' treaty relations with Panama, it would be an abomination if such treaties promoted the circumstances under which the internal life of Panama favored atrocities of the sort symbolized by the Red Terror of Danton and Marat in 1792-94 in France. It is the vital self-interest of the United States that its neighboring countries be viable republics, which those nations cannot accomplish without the circumstances favorable to technological progress in the expansion of their industry and agriculture. . . .

In this connection, some critics of the treaty . . . have raised the most relevant criticism that this treaty does not adequately consider Panama's need for a climate of technological progress, of fruitful capital formation in the progress of its industry and agriculture and in the corresponding advancement of the employment and cultural opportunities of its people. This criticism is a valuable one. . . .

Other critics of the signed draft treaty . . . including governments friendly to the United States in this hemisphere, have expressed emphatic concern respecting elements of the treaty which appear, in their estimation, to undermine the principle of sovereignty.

There are two things to be done in response to that criticism.

We must, firstly, emphasize the included principle of the Monroe Doctrine, that the sovereignty of the republics of this hemisphere may be breached only by act of war. . . .

We can significantly mitigate the difficulties involved in two ways. First, we can avow, as a ruling doctrine of United States policy, that the practical features of the current draft treaty with Panama are in no sense a precedent for a doctrine of limited sovereignty. . . . Second, we can respond to the viable criticism of the treaty concerning the internal economic development of Panama. . . .

We must therefore supplement the treaty with measures within our proper means to aid the government of Panama in isolating and otherwise neutralizing the anti-humanist, student-led irrationalist forces in Panama. We must aid Panama in neutralizing and isolating the irrationalist forces of destabilization by arranging economic development programs of the sort which inspire and sustain that quality of humanist outlook for which the American Revolution was fought and the establishment of our federal republic and constitution was effected.

## After Bretton Woods: building a new monetary order

by Marianna Wertz and Katherine Notley

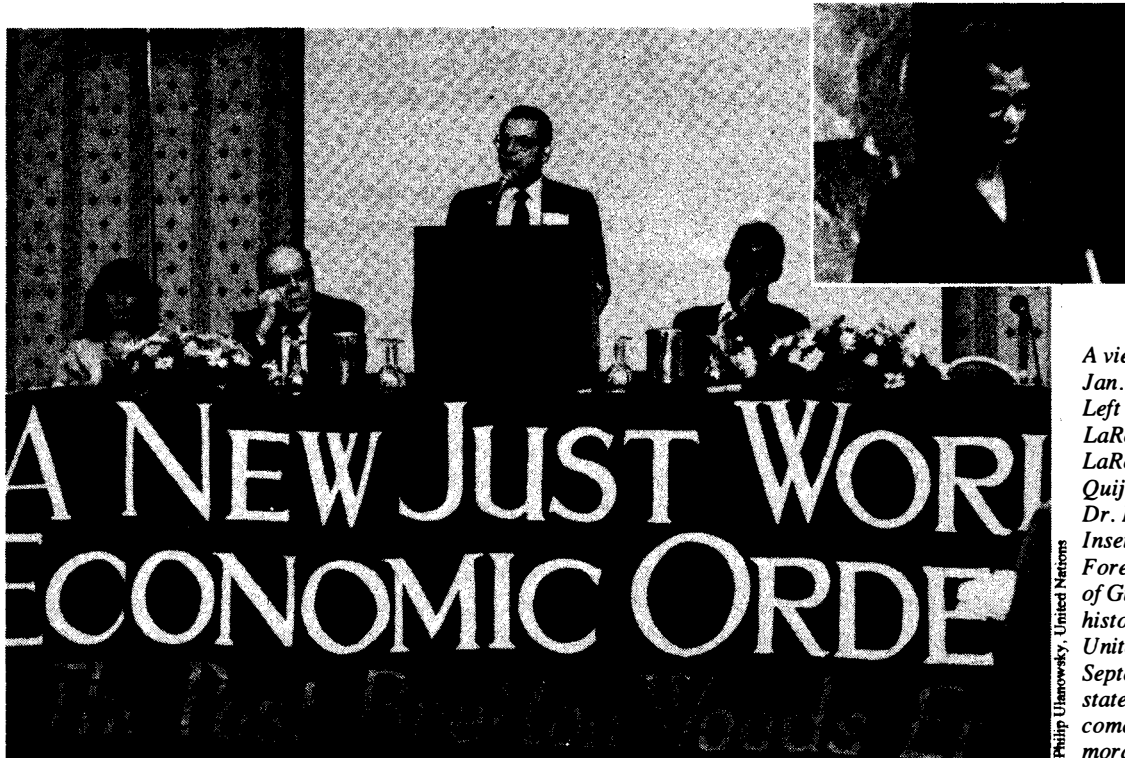
One hundred and seventy-five people from all over the world gathered in Andover, Massachusetts over the Jan. 30-31 weekend under the auspices of the Schiller Institute, to share their views on the need to replace the bankrupt world monetary system set up at Bretton Woods, New Hampshire 44 years ago, with a "new, just world economic order." Taking its theme from Pope Paul VI's 1967 encyclical *Populorum Progressio*, the conference was titled "The New Name for Peace Is Development." A broad cross-section of international forces was addressed by nearly two dozen political, scientific, and religious leaders, including keynote speaker Lyndon H. LaRouche, who put forth a financial reorganization plan to finally end poverty and develop the Third World.

Underlining the importance of the conference were messages of greeting from the Vatican, and from Kenneth Kaunda, President of Zambia, and Abdou Diouf, President of Senegal. President Kaunda is President Diouf's successor as head of the Organization of African Unity. In his two-page message Diouf said, "In the present context of the world economy, your sessions are distinguished particularly for the pertinence and timeliness of the topics. . . . There can be no more important questions than these, and I must solemnly thank the organizers of this meeting for having launched this initiative and for having desired that I associate myself with it." In a shorter communication, Kaunda regretted "that I will be unable to join you" to "discuss matters affecting the new world economic order, the way out of the depression. . . . I wish you every success."

Msgr. Mario Pimpo, Prelate of Honor of His Holiness, Vicarage of Rome, invoked "from God heavenly blessings for your commitment to build a better world . . . founded wholly on Christian principles."

The conference was opened by Schiller Institute chairman Helga Zepp-LaRouche, who called for the creation of a new world order based on "respect for national sovereignty," which alone "can protect the freedom of the individual."

Mrs. LaRouche was followed by the chairman of the conference, Dr. Frederick Wills, former foreign minister of Guyana. Wills's courageous leadership over the past two decades, to forge a Third World alliance for a new world economic order,



A view of the dais at the Jan. 30-31 conference. Left to right: Helga Zepp-LaRouche; Lyndon H. LaRouche, Jr.; Fernando Quijano (at podium); and Dr. Frederick Wills. Inset: Dr. Wills, then Foreign Affairs Minister of Guyana, during his historic address at the United Nations in September 1975, where he stated: "The time has come for a debt moratorium."

Philip Ujanowsky, United Nations

was warmly recognized by conference attendees. The bankrupt Bretton Woods monetary system, he said, was set up "not in the expectation of good, embedded in hope, but in the expectation of evil, embedded in fear." "The original sin of the Bretton Woods system," he said, "was that it insisted that access to its credit was the price of surrender of economic sovereignty for 80% of the world's population." Noting the dollar is a "political creation," Wills said that a monetary system properly is a servant of humanity, and not its controller nor an end in itself. "If our planet is destroyed, it will be by mismanagement of economic science, and not by mismanagement of physical science," he predicted, adding, "When reason is ignored, the forces of nature serve up terrible reminders."

### 'A question of human survival'

Lyndon LaRouche's keynote presentation focused on "The Task of Establishing an Equitable New International Monetary Order." "We're at an existential point, where the question of a new monetary system, a new economic order, is no longer a question of choice. It's no longer a question of abstract morality. It's no longer an ethical question, as we define the word 'ethics' in vulgar use today. It is a question of whether the human race does or does not have the capability of making those decisions which constitute our species' moral fitness to survive. It is not an abstract question of justice: It's a question of human survival of us all, and of the grandchildren of the coming generations." (The transcript is printed below.)

In response to a question from a Senegalese economics

professor, who wanted to know why there were such great difficulties in implementing great projects in the developing countries, LaRouche attacked the master race ideology of the families that run the International Monetary Fund and World Bank. This is satanism, he said; these families are driven by pure evil. Take Prince Philip and Prince Bernhard, who "appropriately" belong to the World Wildlife Fund. They wish to exterminate the black African population, reduce it to a level where there were only enough blacks to carry their trunks and luggage. They know they are destroying economies, murdering the population: They intend to do that. You can't convince them to change their policies. Can you convince a man-eating tiger to become a vegetarian?

Developing sector nations can only defeat this if they join together, in a war to fight Satan, LaRouche stressed.

The second day of the conference was opened by Helga Zepp-LaRouche. In her speech on "The Dignity of Man in a New World Economic Order," Mrs. LaRouche called on the assembled leaders to be "warrior angels for the good." She put forth a vision of a world in which man, through the achievements of technology, will have "eliminated misery, where Africa will be a garden, the Sahara a flowering field. Where mankind will have missions into space, and people will stop being bestial."

### For development and the dignity of Man

The following brief summaries give a sense of the scope of the conference; future issues of *EIR* will publish more of the speeches.

**Former U.S. Sen. Frank Moss, (D-Utah) graphically**

described the North American Water and Power Alliance (NAWAPA)

Canada and Alaska southward, a project for which he had fought as the chairman of Senate subcommittees on water development in the mid-1960s.

**Congressman Irajá Rodrigues**, Democratic Movement of Brazil (PMDB)

Committee, told the audience, "On account of the debt alone, 60,000 children die per year in Brazil." In one state, half a million children ages 1-5 died in five years. It is not true that Brazil stopped paying the debt because of the moratorium, he said. In fact last year, Brazil paid \$8.6 billion in interest and debt service. "I am part of the foreign debt commission . . . and because I felt I would find men and women who feel as I do, I am here." He said the debt of Brazil will not be paid over the next five years, until the real debt is verified, as opposed to amounts owing due to speculation and usury.

**Dr. Farouk Shakweer**, general secretary of the Association of African Trade Promotion Organizations from Egypt, representing 24 African states, said that after five consecutive years of drought, 5 million Africans are dying annually. He called for support of a new economic development bank as the underpinning of the continent's future growth, and advocated crash development programs. Shakweer painted a grim picture of Africa's economy: debt was more than \$200 billion in 1987, and debt service was 50-60% of export earnings; 95% of Africa's exports are commodities that are subject to massive fluctuations in prices and stagnation of international trade. While 96% of Africa's trade is extra-continental, its share of world trade has declined by 25%.

**Webster G. Tarpley**, president, Schiller Institute, Washington, D.C. made a presentation titled, "Who Is Responsible for the Coming Crash."

A member of the Oklahoma state legislature said that his state has become "like a Third World country, itself." He is preparing emergency legislation to deal with total economic collapse, including "terminating the exclusive franchises the five major grain companies have on providing 'certified seed.' "

**Prof. Dercio Munhoz**, economic adviser to the PMDB, Brazil said that debt is now 30% of income in Brazil, with inflation rates of 25% per month, threatening the political stability of the country.

**Mpinga Kalongi**, a Zairean diplomat, said that "the power to act can be corrupted by a perverse thirst for destruction. A desire for growth and flourishing radicalism is not our object. It is not the passionate ideal which fortifies our thinking." Calling for North-South cooperation, he continued, "Your responsibility is immense. You must help the weaker economies. I call upon you to discover what we must do to foster the dignity of Man. Let us support and celebrate this consciousness."

**Jorge Panay**, economist of the Revolutionary Democratic Party (PRD), debt must be solved in a political way through the sovereign

participation of all countries. We are under the fire of Washington to destroy our government and our people."

**Patricio Estévez**, Sonora state congressman, Mexico said that the current government of Mexico has capitulated to the IMF: \$40 billion leaves the country annually, compared to \$25 billion that is circulated through the domestic banking system; 56% of every peso goes to pay foreign debt and only 3% to agriculture.

**Federico S. Sosa Solis**, Yucatan state congressman, Mexico presented a "Bill to Declare a Debt Moratorium for Mexico."

**Zoraida Elsevif**, economist, Dominican Republic Ministry of Agriculture spoke on the necessity to center economic criteria on man as the primary resource.

**Amelia Robinson**, from Selma, Alabama is a veteran of civil rights struggle of Martin Luther King. "Black America knows what is happening in this world," she said. "We know there are many who have ridden on the backs of the poor and the oppressed. . . . America is great, but . . . the problem is that, when America became fully grown, she felt 'I have made it,' and began to slip back. . . . I believe Lyndon LaRouche is another leader designated by God, humble, understanding and wise, like Martin Luther King. I think Lyndon LaRouche has not decided he wants to be President. He has an inward force saying 'Things have gone too far. I have been given mental tools to straighten this country out.' " If such a leader were President, she said then we will lift up our voices and sing with a clear voice and a clear conscience, *My Country 'Tis of Thee*. Then we will be able to sing, "Free at last, free at last. Thank God Almighty, I'm free at last."

**Rev. Wade Watts**, former Oklahoma chairman (NAACP),

and Martin Luther King and today target LaRouche and his supporters. "But they renamed it and they call it the FBI," he said. "The reason I'm telling you this is so that you know that when you start out to fix this corruption, it's extremely dangerous."

**Brig. Gen. Paul Albert Scherer (ret.)**, former head of Military Intelligence of the Federal Republic of Germany, spoke on "The Strategy Implications of Economic Policy."

**Fernando Quijano**, Schiller Institute director for Ibero-America spoke on "The War on Drugs in the Fight for a New Economic Order."

**Don Eret**, former state legislator, Nebraska, spoke on "How International Pricing Systems Have Destroyed Agriculture."

**Dr. Ricardo Veronesi**, of the Brazilian Society of Infectious Diseases, Sao Paulo, said that "the present evidence shows that the outbreak of AIDS in Asia and Latin America is following the African model, i.e., not the 'sexual' disease lies put out by the CDC and WHO."

**Dr. James Frazer**, professor of pharmacology at the University of Texas Health Science Center in San Antonio, presented his view of "Medical Research in a New World Economic Order."



# The tasks of establishing an equitable new international monetary order

by Lyndon H. LaRouche, Jr.

*The following is an edited transcript of the speech delivered by Democratic presidential candidate Lyndon LaRouche at the Schiller Institute conference on setting up a new Bretton Woods monetary system held at Andover, Massachusetts on Jan. 30.*

I wish to put into focus the feasibility, not merely of adopting a design which would address the need, but the feasibility of implementing that design, effectively. Now, in part what I shall say, I have said, and will be broadcast this coming Thursday on a CBS nationwide broadcast.

I repeat that here, not because it's in the broadcast, but rather, I put it in the broadcast because, at those prices, it's the most important thing to say.

The United States is on the brink of collapse, not merely economic collapse, financial collapse, but *national* collapse. We are very close in many parameters of sovereignty, to becoming a Third World nation, as exemplified by the fact that, that half-Baker, in the Treasury Department has proposed to issue U.S. bonds—U.S. debt—denominated *not* in dollars, but in deutschemarks, yen, and so forth.

Once the United States were to denominate large portions of its debt, national debt, of government in foreign currencies, under conditions of a collapse of the exchange value of the U.S. dollar, the United States becomes a Third World nation, in all but the final result.

And around this country among over 50% of the U.S. population, *not only has the poverty* been increasing for approximately twenty years, but I can show you in the United States actual Third World conditions on a large scale. I can show you cities, and portions of our cities, which look like bombed-out cities in Western Europe at the end of World War II. And, I can show you Americans who often become insane by the conditions under which they live. Americans who struggle for subsistence, and compete with the rats and cockroaches which vastly outnumber them, in these places.

Oh, we have an image of our so-called, "ghettoes," Hispanic and black ghettoes in the United States, but that's not the extent of poverty. I'll take you across the line to New Hampshire, and everybody in New Hampshire in govern-

ment, and the federal government, will tell you New Hampshire is a fine place to live—very prosperous. This is based on the report that there's a very low percentage of unemployment in the labor force.

Well, you have to look at two other things—three other things. First of all, you have to look at the pay of the people who are employed, relative to what it costs to live. It takes two non-breeding, mated pairs of yuppies to sustain the acquisition of one house—recently constructed, which shall not outlive the mortgage. That is not my view of prosperity.

I can show you the majority of the population of New Hampshire is objectively in worse economic condition today, than I saw first-hand during the 1930s! I can show you that the problem is concentrated largely among senior citizens, of which New Hampshire has a high percentage in its total population. The reason is that the young people of New Hampshire got out of the state, because there were no opportunities there. And what have moved in, are the yuppies who came in to follow the search for cheap labor by industries out of the [Route] 128 complex, largely.

I can show you a state, New Hampshire, which lacks basic economic infrastructure. The entirety of New England is now generating a peak of about 18 gigawatts of energy; the consumption of energy under depressed conditions and cold weather up here is 18 gigawatts. The region is *losing* energy capacity through attrition, but you could not put up industries here, in New Hampshire, or in northern Massachusetts, to expand opportunity. *The infrastructure does not exist.* The energy doesn't exist; the transportation doesn't exist; services don't exist; the medical services, the school services, and so forth don't exist!

Like the Roman Empire—Italy—in the last phase of decay before it collapsed, before the barbarians moved in. I hear they're gathering in Vermont.

So we are in that situation.

The United States has embarked on a strategic policy with a President who is under the control of a friend of Armand Hammer, i.e., his wife; which means that Western Europe, under present policies and trends will become an extension of Finland at a rapid rate. Any other interpretation of the INF

treaty, and associated agreements is absolutely absurd, even though you hear it from many sources. And, anyone from Europe, from the inside, who knows the situation, understands the logic of what's called the "Finlandization" process in Western Europe.

And, this great patriot, Reagan, has set this fully into motion, and has attempted, and is dedicated to making that trend irreversible before he leaves office, by succeeding the INF agreement with the START treaty, which, essentially, would ensure that the Soviet Empire would dominate the world—irreversibly—for a long time to come, beginning in the 1990s.

Under those conditions the United States would become a client-state of the Soviet Union, unless it resisted that status, in which case the United States would be destroyed—unless it could win a war—in isolation from its former allies in Western Europe, Japan, and so forth. And the world would go under Russian conditions—and don't have any illusions about Russia.

Russia is a modern caricature of the empires of Babylon—of the Achaemenid Empire, of the Roman Empire, of the Byzantine Empire. Russia is the empire, first of all of a master race, the great Russian race. What is called the Soviet Union, is a collection of "captive peoples," mostly of Turkic-speaking origins, who are subjected to Third World conditions. The rates of mortality, of infant mortality, and other conditions inside the Soviet Union, in the Turkic populations, compare with those of any average Third World country which we consider oppressed.

This oppression is imposed by the Great Russian master race! Of the Third Reich of Russia, the Third Rome. Outside of Russia, itself, we have the satrapies, the colonies of Eastern Europe. In the colonies of Bulgaria—a friend of ours was recently there—in Bulgaria, there is real misery; in Romania, it's worse; in Poland, it's worse; and in East Germany which has about the same cultural level as Western Germany, when they want to celebrate, they cover the fronts of houses with grey paint, which peels off very quickly.

Why is this true in Eastern Europe? "Oh, someone said there's communism. That's double-talk! The reason is, because *that's the way the Russian Empire rules the world!* It comes in, it tells its subjects, "You cannot do this, because you will compete with us. So, you must be on a lower level than we are. You must subsidize us, by supplying us by what we wish to buy, which we will purchase with the credit *you will give us!*"

That is what is happening in Germany, now, in the increase of East bloc trade. All Western Europe will be subjected, if this occurs, to Eastern European rules of the game, increasingly. And, there are those in the United States, including friends of Armand Hammer, Dwayne Andreas, and others, who are prepared to put the United States through the same process.

So, we stand at a point where the United States is at the

verge of not only ceasing to be a world power, but of becoming, if it peaceably submits, at best, a client-state on the outer fringes of the Soviet world empire. And, under those conditions *there will be no development*. Under Soviet world rule, the conditions of life of the so-called, "Third World" will be far worse than they are today.

What's at stake is not only the United States, as a sovereign nation, not necessarily a sovereign world empire, but a sovereign state. And what's at stake, if this process continues, is the very existence of humanity. Because as we knew many years ago, because of the simple laws of epidemiology, that if the trends, and conditionalities, which were set into motion between 1967 and 1972, were projected further—as trends—that you could calculate the effect of these conditionalities upon the per capita level of existence in certain parts of the world. And so, my friends and I did those calculations back in 1974, and on that basis we projected that by the middle of the 1980s several things would happen. And we focused, in particular, on developments in the Sahel in Africa, where we foresaw the worst effects to break out first. We forecast the cholera, typhoid, etc., epidemics to reach major proportions, and also predicted that a major new disease, including some kind of pandemic, previously unknown to mankind, would erupt as a mass planet-wide killer during that period, as a result of the breakdown in economic conditions.

The world—Africa, for example—is being deforested. India has been deforested, with catastrophic effects on its climate. The deforestation of Africa, the same. Why the deforestation? Because we don't allow them to have energy supplies for alternative kinds of fuel. The poor people cut down the trees for fuel, to cook their meals. Why? Because we say, "appropriate technologies"; because we say, "You cannot have modern energy technologies."

If this continues—particularly with the HIV virus, and its eight *now known* mutations—under these conditions of economic decline, and spread of pandemic and epidemic diseases all intermingling and interacting as co-factors of one another, we are at the point where it is possible to project the certain extinction of the human species by some time during the first half of the next century, perhaps even the first quarter. That is a very real prospect before us.

And governments are lying; the World Health Organization is lying about this. *They're not mistaken*, there's no honest difference of opinion. *They're lying*. AIDS alone—what's called AIDS—alone, can be transmitted by any possible means that any virus can be transmitted: You simply require the right conditions and you may have to wait a few weeks before the virus evolves, or adapts itself—adapts its outer coat—to find a new opportunity. If we were to fight the disease, as we could, this would mean spending, in the United States, for example, in the next year, \$50 billion. It would mean, very rapidly, an expenditure of \$100 billion. It would mean within four to five years an expenditure of \$200 billion

annually just to fight this disease. And, the Reagan administration says, that to expend that kind of money in the face of the current budget crisis, would be contrary to the administration's economic ideology, and therefore, we are going to lie, because we are not going to let the people be aroused into forcing us to spend that kind of money.

So, we're at an existential point where the question of a new monetary system—a new economic order—is no longer a question of choice, it's no longer a question of abstract morality, it's no longer an ethical question, as we define the word "ethics" in vulgar use today. It is a question of whether the human race does, or does not have the capability of making those decisions, which constitute our species moral fitness to continue to survive. It is not an abstract question of justice. It's a question of human survival of us all, and of the grandchildren of the coming generations.

The decision will have to be made soon. For various reasons, the decision will have to be made inside the government of the United States. There is no alternative.

Granted, the industrial economies of Western Europe, in total, represent today a significantly larger economic potential than does the United States. Japan is a much more powerful economy, than any other economy in the world, per capita, today. And one could say that if the United States fails, some combination of Japan and Western Europe might appear, which could take the place of the United States in starting a new economic order in the world. Politically, that's impossible.

There are people in these various countries, in Japan, in Western Europe, people who are very positive, people who will respond. But, none of these countries has the capability of pulling together those forces, in a united way, sufficient to save humanity, and the Russians won't allow it. Only in the United States, and the United States government, do we have the means, not to solve the problem, as such, but the means to make certain decisions, which will bring about the kind of coalition of forces needed to make the change effectively.

I indicate the present situation. The present monetary system essentially came to an end by about 1982. I was there, I was consulting with the Reagan administration, in pushing what became known, a year later, or so, as the SDI. In that connection, I warned the Reagan administration, through the National Security Council, and other institutions, that as a result of decisions made at the end of 1981—international monetary decisions—that the external debt of the nations of South and Central America was about to blow out, with Mexico at the head of the list. I warned of that over the first six months, and after meeting with a gentleman (who should be here, but he said, "The world would blow up" if he came here—the former President of Mexico, López Portillo) in a discussion of the situation. I had reviewed to him what the problems were: that we could expect the Mexican debt situation to blow out by September of that year, 1982, and that

the forces in the United States, were prepared to take Mexico apart piece-by-piece a process which has been going on ever since, and which is not completed.

### Operation Juárez

The next big destruction of Mexico is about to occur very soon, by the self-destruction of the leading party, the PRI, Balkanizing the political processes, possibly turning the north of Mexico into a province of the Anglo-American drug pushers, who have taken over pretty much as they're trying to take over Colombia, and then divide the country, and turn it into the conditions of civil war. So, I indicated to him that

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*You compare Mexico in 1982, with Mexico today, you say, "Here's a country which has been destroyed!" Just as much as if a Nazi occupation force occupied it during the middle of World War II. . . .*

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we would have to act very soon, not in the case of Mexico, but in other parts of the continent, to reverse this process if we were going to save these countries, because *all* of them were doomed similarly, on the basis of the policies floating around the Reagan administration at that time.

So, in that context, friends of ours, including friends that Fred [Wills, former foreign minister of Guyana, who chaired the conference] just referred to, the SELA [Latin American Economic System] group, approached me, and said I should put my ideas into a book-length manual—stating to all the people, particularly in Hispanic America, and all of those who agreed with us—give them a working manual so that they could work together to common effect around these sorts of things in this crisis. There was a very significant movement in that direction, at that time.

At the same time, when I completed the thing on the first of August, I presented the manual to the Reagan administration. About two weeks after I submitted the manual, of course, the Mexico debt crisis fell, and the entire world monetary system nearly went over the cliff in a two-hour period on the day of the Mexican announcement.

The President of the United States, Reagan, called President López Portillo on the phone and offered to use U.S. credit for the United States to help Mexico carry over this particular crisis—that delayed the crisis. The President of Mexico López Portillo, with, at that point, the commitment of the President of Brazil and the government of Argentina, acted to implement a set of proposals identical to those which

I had outlined in this report, which I entitled, *Operation Juárez*.

There was a fight inside the Reagan administration, with people inside the National Security Council, CIA, and elsewhere, taking my side on the issue, and Henry Kissinger's friends, and Kissinger Associates—Donald Reagan, and from outside, Walter Wriston, in the New York banking community—taking the opposite side.

Well, needless to say, we lost the fight. The President of Brazil chickened out, betrayed the President of Mexico. The Argentine junta demonstrated what kind of a military leadership it represented by chickening out, betraying the President of Mexico. President López Portillo was left hanging out to dry, and his country was chopped to pieces, piece-by-piece, or by bleeding. Over the period since, it is now at the point of virtual destruction.

You compare Mexico in 1982, with Mexico today, you say, "Here's a country which has been destroyed!" Just as much as if a Nazi occupation force, occupied it during the middle of World War II, that force would have done no worse, than has been done by a government which has carried out point-by-point, *nothing but the orders given to it* from London, New York, and similar locations. . . .

What happened is, as a result of that, President Reagan took action, together with the New York banking community, which resulted in creating the biggest John Law-style financial bubble in history. That bubble kept going on. The U.S. economy collapsed. There never was an economic recovery in the United States. Don't believe it! The President's stupid on these questions, so I can't accuse him of lying. On economics, he's insane, clinically insane, always has been, ever since he got into political life. But, he's been saying, "59 months of economic recovery." We had the biggest financial collapse, since Black Friday of 1929. It came out the next month: Sixty months of unbroken, uninterrupted economic recovery. This period of 62 months of so-called "economic recovery," since 1982, is what he dates the economic recovery from.

The entirety of this period, what happened is, U.S. agriculture has collapsed, U.S. industry has collapsed, U.S. industrial employment has collapsed. The average level of real content of the per capita market basket—family market basket—has collapsed; infrastructure has eroded, and collapsed; the purchasing power of the dollar on the world market has collapsed. The President calls this "recovery." He must be standing on his head to read the charts.

What grew? Yes, something grew. And, he had the figures every month: Admittedly, the figures were fake. Since 1983, virtually no figure by the U.S. government has any correspondence to reality. We had a trade figure recently: completely fraudulent. We had a GNP figure: completely fraudulent this month. The government has simply made up the statistics reported as the official reports for political purposes, with no regard to what actually happened.

But one thing did grow. What grew is what's called, "Value added from financial revenue sources," the value added of finance. Well, when the real economy is collapsing, and the nominal value of financial assets is increasing, what are you doing? This is called, generating a "John Law-style financial bubble." And, last October that bubble began to collapse. It is a bubble—the magnitude is between \$15 and \$20 trillion internationally. It is a financial system no one could bail out, even though Reagan and Bush are trying. It is going to collapse. *The collapse is inevitable. It is unstoppable.*

### Reagan's delusions

The reaction to this collapse is that President Reagan says, "There is not going to be a collapse while I'm in office. I've got to go out as a man of peace and we'll let the Russians take over afterward, let the depression occur afterward. But, let me go out as a man of peace. Let me go out, and go to my death, or whatever it is that I've got—let me go out with a grand illusion. Let the film close with Bonzo a hero."

And George Bush says, "Yeah, man! I've got to be the next President, and I think I'd have some difficulty running as Herbert Hoover. So, do anything. Sell children into slavery; beat up 15-year-old children—whatever you have to do—to delay the crisis until after November of 1988. Then, let it all hit, because I'll be President!" Great fellow, that Bush. Contrary to the image he presents as a simpering preppy, underneath that image there is a real down-to-earth George Bush—a real knuckle-dragger—as you saw on national television with Dan Rather. This guy's a thug, essentially. That's the situation. The situation is worse, however, than merely the idiocies of a senile President, and a George Bush—you will never notice when he becomes senile, because there will be no change. His talents lie from the neck down.

What has happened is that, since the outbreak of the events of early October to middle October, the President, the leadership of the Congress, the Federal Reserve Bank, the Federal Reserve System, the U.S. leading bankers, the leaders of the political parties, and most of the institutions, have been doing and saying exactly what Herbert Hoover, the head of the Federal Reserve System, the head of the Treasury, the leader of the Democratic Party, other leaders of the Congress, the New York and Boston banking community, did and said between 1929 and 1931.

In Europe—except for some noises out of France, [Finance Minister] Balladur and [Agriculture Minister] Guillaume—what we're hearing from Europe is exactly the same policies, identical, virtually word for word and identical in substance. The same thing that was said between 1929 and 1932. The result of this is as follows: The crisis we're in, is immediately a financial crisis associated with a collapse of a gigantic financial bubble—a John Law-style bubble. In the 1920s, the bubble was the hypothecation of a structure of French and German debts to the United States, on the pre-

sumption of the Germans' payments of the war reparations debt. When the point was reached of the Young Plan, that it was obvious that the German war reparations debt could never be paid on those terms, the markets responded to this happy news by collapsing. However, the bubble, the Versailles bubble, which set off the 1929 to 1932 collapse, was relatively, as well as absolutely, much smaller than the financial bubble which has been built up over the past twenty years since Johnson began to take the system apart.

Therefore, what we face is, in many respects, a repetition of the 1929 to 1931 developments, with two general exceptions and one special one. First, the process is much deeper than during 1929-31; secondly, the tempo of the process will be more rapid than 1929 to 1931, which means that, at the present rate, we could expect to be in the depths of a depression much worse than 1931-32, by sometime in 1989 at the latest. This will be the greatest catastrophe in the modern history of the United States, if it continues. Now, the third problem is: The political parties of the United States, and the quality of government, are vastly inferior, to the quality of the political parties and government back in 1929-32. And, the quality of the population generally, in terms of educational level, in terms of the stability of institutions of family life, in terms of resources to fall back on under conditions of mass unemployment, are far poorer than they were in 1929 to 1932.

Therefore, we're going to have to make decisions very quickly, because the combination of what is happening on a global scale and strategically with it, the rapidity of this crisis inside the United States, means that we are at a point of irreversibility—a *punctum saliens*, of which we either make the necessary decisions, or we can sit back on a mountain top, if we can get there, and contemplate the great spectacle, the greatest of all Roman circuses—the death of the human species, or at least of civilization, as we know it.

And, therefore, unless we can find a President of the United States, who can, as a candidate, begin to shape the events of the coming months and who can assume office in January of 1989, I think the chances of humanity as a whole are grim ones for a long time to come.

Now, I'll indicate the more positive side. The nature of the crisis lies not with the objective problems we face. The crisis lies essentially with the fact that we haven't got, in our governments, the brains to respond to objective problems with available objective solutions.

### **What President LaRouche can do**

Just to indicate what I would do as President on the day of inauguration, and I don't think that there will be much that will change in the meantime to cause me to adopt any different measures or require any measures in addition to those I would envisage now. They're not too difficult, you just draw up the list, and when you're inaugurated and sworn in, you've got the authority to begin signing the presidential directives

and sending the bills over to Congress.

Under the U.S. Constitution, the President of the United States, with a certain role contributed by the Congress, has adequate powers to deal with a crisis, exactly like the present one, with no impairment of those liberties, or the constitutional guarantees provided by the Constitution. In addition to the constitutional powers, particularly those under Article I of the U.S. Constitution, the Congress over a period of time has given the President emergency legislation, chiefly grouped around the Federal Emergency Management Agency acts. The agency itself—and the acts associated with it—many of these proposals by the Congress are bad; they're bad legislation, but, nonetheless, they're on the books, and a President who has the brains to do so, can pick from this legislation. Simply by declaring a National Economic Emergency, he can pick a menu of actions which coincide with exactly what has to be done. The President can, in effect, seize the Federal Reserve System, discontinue those practices of the Federal Reserve to which he objects, convert the Federal Reserve System, into a system of national banks modeled upon the First Bank of the United States, under [President] Washington, or the Second Bank under Monroe and John Quincy Adams.

In addition to those measures, and the use of Regulatory Powers of government: exchange controls, capital flight controls, export-import controls, regulations of banks which are in trouble to make sure they don't close their doors, regulatory actions to defend the value of the U.S. dollar on world markets, regulatory actions to protect the value of U.S. government debt in the form of bonds, and U.S. Treasury bills and devaluation. The main thing the President has to do, is to know how to use the provision of our Constitution, which has been not much observed in recent decades.

Under our Constitution, the creation of U.S. currency occurs by a bill presented to the Congress for its deliberation and action by the President. This bill, when passed, when enacted, authorizes the U.S. Secretary of the Treasury to issue a certain quantity of U.S. Treasury currency-notes, as currency. Now, what will be required over the coming two years, in the United States, to deal primarily with the domestic requirements of the United States is about \$2 trillion a year in issue of U.S. Treasury currency-notes. These notes would be lent through the Federal Reserve Systems banks, which will be functioning as national banks.

These banks, in turn, will usually lend these notes to federal, state, and local agencies for capital improvements in infrastructure; to public utilities for capital improvements in infrastructure; for farm production loans, and capital improvements in agriculture; for industrial production loans, and capital improvements in industry, or expansion in industry; and for long-term to medium-term export financing of product by U.S. exporters to foreign countries. An intelligent application of these funds would limit their application to

*Continued on page 38*

From Ibero-America, Europe, Africa, and U.S.A., speakers brought problems and programs



Former U.S. Senator Frank Moss provided an optimistic and practical concept of what can be done with existing technologies to improve man's ability to develop the continent of North America. "Vast areas of our planet now barren and desolate will become habitable and productive when we add water."



Helga Zepp-LaRouche applauds, as Lyndon LaRouche congratulates Panamanian economist Jorge Panay after his speech, where he said: "We have to embark on modernizing the canal because it is Panama's contribution to the well-being of the world."



Mario Parnter, of the Pa



Donald Eret, grain farmer and former Nebraska legislator, described how commodities speculators undermine international farm prices—with the backing of politicians from both parties, except for LaRouche.





*Dr. Farouk Shakweer, whose trade organization represents 24 African states, said that many of the continent's nations are on the verge of stopping debt payment and adopting solutions like those proposed by LaRouche.*



*Zairean diplomat Mpinga Kalongi: "Your responsibility is immense. You must help the weaker economies. I call upon you to discover what we must do to foster the dignity of man."*

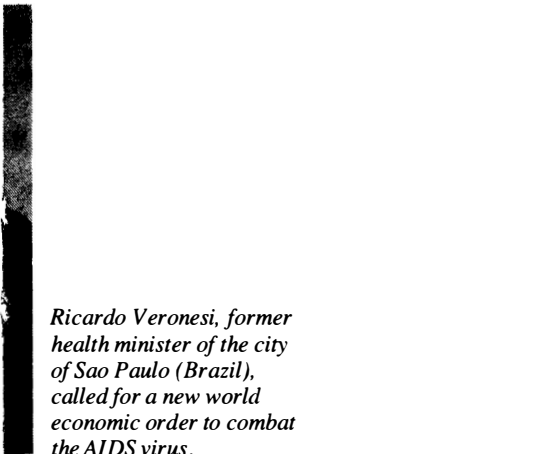


Photos by Philip Ujanowsky

*Cameroonian ruling party, conversing with Mr. LaRouche during a recess.*



*Amelia Robinson, civil rights leader: "Is it fair for starving countries to have to send their produce to our country to pay their debts? The greatest love is to send technology and scientific assistance to Africa to help them again make contributions to the world."*



*Ricardo Veronesi, former health minister of the city of Sao Paulo (Brazil), called for a new world economic order to combat the AIDS virus.*



*Retired General Paul-Albert Scherer of West Germany said that the new world economic order is an integral part of the battle to blunt the drive of Soviet chauvinism, which only offers weapons to countries facing poverty, malnutrition, and disease.*

*Continued from page 35*

these categories. That is, if you wish to go into the insurance business, you couldn't borrow this kind of money. If you wish to set up a casino, by no means could you borrow this kind of money.

The important thing is to make sure that the flow of these funds does not go into administrative, sales, financial services—overhead of the economy, except in the professional, scientific arrays of services—but goes entirely into expanding the labor force of operatives, and their productivity.

To give you an indication of the effect of this: An in-

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*Under the U.S. Constitution, the President of the United States, with a certain role contributed by the Congress, has adequate powers to deal with a crisis, exactly like the present one, with no impairment of those liberties, or the guarantees provided by the Constitution.*

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crease, even without any significant increase in technology, an increase of the number of industrial operatives—that is both infrastructure and industry—employed, say during a three- to four-year period, in the United States, would increase the per capita physical output of the United States by between 20% and 25%. In point of fact, with the technologies we have, and we'd be obliged to use, it would be closer to 30-35%.

### **Creating a new monetary system**

Now, there is very little that you couldn't fix in the United States, if you started from an increase of total output of about 35% per capita. There is no budget that couldn't be balanced, and so forth. Now, to take this, and put this in the context of international economic and monetary reform. The Bretton Woods System and its zombie relic, its Dracula relic, called the "floating exchange rate system": They killed the old Bretton Woods System, then they brought it back as a walking corpse, which walks at night and sucks the blood of nations—the floating exchange rate system. That thing just has to be scrapped! It's a very simple thing to scrap it. It's a creation of treaty agreements of governments. If governments abrogate those treaty agreements, or alter them, it simply ceases to exist. The IMF can sit there, it can vibrate, it can oscillate, but it just sits there. The same with the World Bank.

The monetary system has to be based on the authority of sovereign governments. It is effectively a treaty organization

among sovereign governments, and has no legitimate authority, except as a treaty organization of sovereign governments as partners. Therefore, what we simply do, is we take the old monetary system, put it to one side, put it in the closet, and open the closet to horrify children on Halloween. We sort it out later.

The question is: How do we generate growth? Well, the first thing that has to happen is, as President, I would have to have most of the so-called "Third World" leaders, as in the capacity of preferably either Presidents or prime ministers, or foreign ministers, or some combination . . . we'd have to meet, and settle immediately, the question of restructuring and reorganization of debt of these nations, insofar as it involves the United States. Well, if the United States government signs a memorandum of agreement to such effect, simply a signature on a memorandum of agreement is effectively a treaty, which the President can issue as a presidential directive in an emergency, and then pass it as a bill down to the Congress, to be treated as a treaty and make it treaty law.

But the President can do a great number of things under emergency conditions, in this form. Now, once the United States government, once the President of the United States, has entered into such an agreement with a group of developing nations on restructuring and reorganizing of their external debt, and expansion of their import capacity, and conditions of new volumes of loans for economic development, well, the rest of the world just has to go along with it. And there, we can be assured that the forces in Japan which agree with this kind of policy, would join with it immediately, and they would become predominant in Japan, as opposed to others who tend to be pro-monetarist. In Western Europe, the forces typified by the statements of Balladur, of Guillaume would become predominant. The crazies in Israel would simply have to go and find themselves a new promised land on the Moon, and the sane ones would accept what we call the "new Marshall Plan" for collaboration with their new Arab neighbors on this basis.

Of course, the developing countries wouldn't be much of a trouble. We might have trouble with Khomeini, but I don't think he's going to be around too much longer.

On the basis of that, the United States, of course, would enter into matching agreements with our friends in the OECD nations. And, thus we would have, in effect, the basis for a new monetary system, simply by these kinds of agreements. What would make it a monetary system, would be the agreement of the other countries, the Western European countries, and others, to agree to create credit, not for money loans. I don't think that lending money does any good, it just leads to usury. What should be lent are strictly lines of credit: short-term, medium-term, long-term credit. There's no sense in the United States government or any banks' running around giving countries money. It doesn't do any good, and usually does a great deal of harm. The money somehow disappears in Swiss banks on the way into the development project, in



most cases, *not* into the country.

Give these countries lines of credit, for their infrastructure, agricultural, industrial development projects, including such things as health programs and educational systems under infrastructure. Supply them what they need. Give them the means that they require to employ vast armies of unemployed labor, or *misemployed* labor.

But, in general, in my opinion, from looking at many development projects in developing sectors, most developing countries could undertake most large-scale development projects, using 80% domestic resources; what they require from foreign countries is essentially certain crucial included elements of the project which amount to about anywhere from 5% to 20% of the total package. The trick is to enable countries to survive on their own resources, to give *them* the ability to mobilize *their* labor. To give them the ability to lay the basis for their own development, as sovereign states: And we can do that.

It's no mystery for those of us who are economists, particularly the physical economy—and I suppose I could do a pretty good job right here, if we want to take the time to do it—to run off a list of major infrastructural development projects which would transform this planet. These infrastructural projects would create the domestic markets in the countries they affected for the growth and development of agriculture and industry. It would mean new industries; it would mean that increase in food supplies would come automatically. Railroad projects: We have, now, better railroads, we have the magnetic levitation trains if we have the power to run them, which are cheaper, better—cheaper to maintain, cheaper to build—which can run at speeds of 300 to 400 miles an hour, if you have to run them at that speed. Railroads, water-management projects both for transportation and for better utilization of water for general purposes in agriculture, and control of the environment. And, above all, production of power.

We know there's no escape from power production, and despite some people's sensibility, there's no escape from nuclear power production. There is no alternative. Look at the deforestation of Africa, and India, and you see the fact.

### **What is development?**

Look at India—how does it power its economy? It takes coal, runs it from the mines of the north down to the cities of India, and the movement of tons of coal by freight car is destroying the Indian railway system. Without nuclear energy India is doomed! It's not a matter of choice, there is no alternative. Yes, there's great hydroelectric potential, but hydroelectric projects, properly managed give you very little net energy, because if you manage them properly, you use as much energy to maintain the system properly as you get from it. Or, if you get power from it, you cannot control, at will, the time you get the power from it, you have only certain parts of the year, and certain conditions, under which you get

a significant net power production.

We don't have fusion power yet; we should, but we don't. So, therefore, in this area, you can measure it with all the figures through the economic history of mankind, the level of productivity and income of a population, is a function of the density of usable energy, supplied per person, per square kilometer. The difference between India and a developing country, or other developed countries—Japan, North America, Europe today—is infrastructure measured in power. There is no development without infrastructure. It's impossible, it's a physical impossibility!

Someone says, "We're going to develop our industries, and our agriculture, rather than our infrastructure"; they don't understand economics: It's impossible! You can measure this in calories, measure this in kilowatts. The number of kilowatts of infrastructure, consumption of energy, per person, and per square kilometer determines absolutely the upper limits of economic development in terms of per capita productivity and consumption. If you don't have that development, you are doomed to a level of development which coincides with the amount of energy per capita, per square kilometer you have.

So, in those terms, water projects, some reforestation projects, transportation projects—including rail—but particularly in water management, power, and other infrastructure, such as health systems, school systems, the development of new kinds of cities, which are cheaper to maintain, more durable—these kinds of projects—this is what the world needs, it really doesn't need to think of much else.

Yes, the rest of it's easy. Once you have the infrastructure, then it's very easy to determine what industries you want to put on infrastructure. Industries are like electrical devices that you plug in the wall: They work if you have the plug, the electricity supply, into which to plug—in this case, the infrastructure supply.

Now, this is beneficial to both of our parties, the developing and developed sector. Again, our economic policy in Europe, the United States, and Japan—but particularly Europe and the United States—over the past twenty years, has been clinically insane.

The healthy development of an economy starts by decreasing the percentage of the total labor force required in rural production, to increase urban production. Now, unless you get too many salesmen, bankers, clerks, shoeshine people, and so forth—that's insane. But, as long as you keep the amount of administration, financial, low-grade service, and so forth to a minimum, keep your number of parasites to a minimum—you can have one parasite in the zoo to amuse the children—but generally, keep your parasites to a minimum, particularly, the ones who get very rich at that sort of thing.

Then, the urban industries grow, as Hamilton laid it out. The urban industries grow on the basis of a healthy interrelationship between the urban community, as a manufacturing

community, primarily, and rural production. Urban development depends upon growth: movement away from consumer goods production into capital goods production. And, in terms of these ratios, the level of energy development, per capita, and per square kilometer, you can measure the absolute viability of economies, without knowing a thing about prices, without knowing a thing about money prices.

In the United States, we've been insane: We were insane throughout the entire postwar period. The so-called, "Eisenhower recovery" was a piece of insanity which lasted three years and came to a screeching halt in 1957-58. Why? Eisenhower had the theory from Burns that you had a "trickle-up" economy: If you used consumer credit to expand automobile sales, everything would be good. Insane! Insane economics, which ruined us during the late 1950s.

The trick in economy is to put the credit into the expansion of the capital goods sector which throws off and generates technology. The demand created by the capital goods sector *creates* the basis of the growth for the consumer goods sector. Then, that's how you maintain full employment in an economy, by expanding capital goods investment—and employment—to absorb as much as possible, a full labor force. In the United States, we've done the opposite. Our machine tool industry is almost nonexistent; we've destroyed our producers' goods industry, generally. Our steel industry doesn't exist: We say, "We can get steel cheaper, by stealing it from Peru, or from Mexico. We can get food cheaper than from our farmers, by stealing it from countries that are hungry," or where there is vast hunger, such as Brazil. This is President Reagan's economics.

What is beneficial to the developing and so-called "industrialized" countries is to eliminate, as much as possible, all export of consumer goods, except absolutely indispensable goods such as food when needed in the developing nations, and almost to make a law against it, or to use regulation—export-import regulation—to prevent this from occurring. We don't wish any cosmetics going from the United States to Africa, it'll just make the Africans look ugly, and I see no point in that. Our people in the United States are ugly enough already; you see men running around with these cosmetics: It's terrible.

What we wish to export, and should wish to export, are essentially two things: It's sometimes called "technology transfer," capital goods, and certain specialized qualities of engineering services; that's all the United States should *ever* desire, to commit itself to exporting to developing nations, because if we increase the rate of development in developing nations, we have two effects. First of all, we increase the turnover of our capital goods industry simply by more sales. And by increasing the turnover in the capital goods industry, you actually cause economic growth in the United States—simply by exporting, even before you get money back on the goods exported. Secondly, by increasing the per capita productivity in the developing countries, well, we're doing fine,

we're letting our customers grow. Now, the United States is insane: They believe today that the best way to build your market is by killing your customers, which is what they've done with the developing sector with monetary policy. The intelligent policy is to do the opposite.

What we have to reach agreement on to create a monetary system, is to get the United States, Japan, and Western Europe, or most of these nations, to agree on a new basis for pegging currencies to fixed prices; going back to a gold-reserve standard for that purpose; to issue credit at agreed terms of credit; to have a schedule of priorities on issuance of credit; and to have regular meetings among various countries, developing and industrialized, to set priorities and goals for imports, exports, and investments. So, what governments will do, as a result of those agreements, is governments, such as the government of the United States—its export-import bank and other institutions—will simply allot every year, for export-credit purposes, a certain percentage of a total amount of lending power to each of the categories listed, by country or by region of the world.

The way we shall operate is, the United States will become a major exporting nation again. Anything else is insane. Instead of the United States, Japan, and Western Europe trying to take in each others' laundry by selling to each other across the fence, Japan and Western Europe will be told: "No more, except in very specialized categories such as spaghetti, pasta, good European wines, and so forth—we've got to have that for the U.S. population. But in the high-ticket items, such as consumer goods—get out of it—the United States is not going to be your market anymore, for these kinds of consumer goods. You're going to direct your investment and production into providing capital goods for the developing sector. And you, Japan, we, the United States, and other countries will come to agreed terms on sharing that market potential, with the consent of developing nations. And what we're going to export is capital goods, in order to rebuild this planet."

### **The punctum saliens**

A perfectly feasible proposition! It all hangs, of course, on making sure the next President of the United States does that. But, we have two choices. Either we don't do that, in which case, you can write off the human race. Not necessarily extinct—that could be possible—but you can write off civilization as we've known it, for a long time to come. We are now at the *punctum saliens*! The next twelve months, or so, that's the *punctum saliens*. If it isn't done then, it'll never happen, at least not within foreseeable generations. So, that's the only thing we can allow to happen.

Now, as to what will happen, I don't think we, at this conference, or others around the world who share our concerns, should worry in the least whether what we desire to happen, will happen or will not. That is not in our power to determine. We'll do the best we can to make sure it happens,

but we don't have the power to determine that.

We cannot ensure that the voters in the United States will be sane. As a matter of fact, from their recent pattern of choices in the postwar period, we find that they tend to be the contrary. They've elected a parade of prize idiots of the twentieth century, either men who are mediocrities by training, or agreed to be such for the privilege of enjoying the pomp and circumstance of holding the office: As long as they did nothing in office, they were allowed to be President, Gerry Ford's an example of that. A man who had no idea of

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*The prospect of my becoming President is a highly speculative one, but I think I just might do it, because of the nature of the times. In crisis, all kinds of strange things, for better or for worse, happen.*

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what it meant to be President, but he sure liked the pomp and circumstance. And, as long as they didn't bother him with too many decisions, he could just go around being absolutely happy.

But, we don't control that. We cannot—facing a problem of this nature, the fate of humanity—we cannot say, “Well, we will do something about the fate of humanity, if you will assure us that the American voters are going to behave intelligently this year.” Well, that seems immoral to me. My view is, that we must do what is necessary. We cannot associate ourselves morally with any enterprise, except *that which is necessary for humanity*. Therefore, win or lose, let us dedicate all of our exertions to the maximum degree to the only thing worth doing, not dependent upon whether we can guarantee success or not. I would rather die, having failed at doing the only thing worth doing, than die succeeding in contributing, supporting, or tolerating the catastrophe which is otherwise going to befall mankind.

The prospect of my becoming President is a highly speculative one, but I think I just might do it, because of the nature of the times. In crisis, all kinds of strange things, for better or for worse, happen. The prospect of finding some other candidate who might be elected, who would do it, is virtually zilch—zero. None of the visible candidates would do anything but the opposite of what I've outlined, apart from Gary Hart's saying nice things about the Third World, and being nicer to them. That's like Lady Do-Rightly handing out doilies to the poor at her back door twice a week for an

hour at a time. These are the kinds of things which make charity a disgusting word. Most of them are *evil*. Dole's program is evil. Bush *will be evil*. Most of the Democrats will be evil. Nunn would be evil. Cuomo would be *much more evil*. He'd not only steal from you, he'd send a racketeer down to take it from you, with his mafia friends; and Bradley is a Rhodes scholar, you can ask Fred about what that means. . . .

So humanity, the future of humanity, seems to be a very unlikely prospect, but as I say, we must put ourselves and our efforts to the only thing worth doing. Nothing else is worth doing. Do it right! Face each of the problems involved, both the technical-economic problems, and also the political problems, of affecting the terms of collaboration among nations, which both meet the requirements of respect for their sovereignty and also respect for the fact that their sensibilities may be different than those of some of the rest of us.

We must bring these nations together, we must bring them together on an equitable basis, we must bring them together on the basis of respect for their sovereignties. And we must bring them together with the idea, that what we agree to do is not something that's going to be served on paper, passed off to special study commissions. Those are wonderful things, those study commissions. When a government wants to appear to do the right thing, without ever having to do it, it creates a study commission, a feasibility study. When I hear “feasibility study”: “Oh, we've decided to support that!” “Oh, yeah?” “Yeah, we're putting out a feasibility study.” “Ah, you mean you're not going to do it, but you don't want people to be able to accuse you of not doing it.” Everything that has to be done of importance, we could do right now, without any feasibility studies. So, maybe the first plank is, “It's against international law to organize a feasibility study.” It might be a great boon to development! It would force a great number of politicians in governments, to put up, or shut up.

So we must come to deal with those kinds of problems. We must also, in doing that, understand the importance, particularly, to developing nations of a sense of full participation, of sovereign and equal nations in the process of deliberations which we propose. Nations must be induced to participate in formulating the kinds of policies, we wish for a new world economic order, not simply stand at the back door and wait for somebody to hand it out to them as a finished product.

So I say, despite the difficulties, despite the problems of feasibilities as I've indicated, the problem is a soluble one. *We have the knowledge and means to solve the problem*. We face the difficulties, the political and diplomatic difficulties, of coming to an agreed form of solution in detail, to a solution in principle. These should be readily available. People may ridicule us and say, “Well, why are you doing that? You have no assurance that that will ever come about.” And our answer is, “It's the only thing worth trying to bring about!”

## Vatican holds the key to Middle East peace

by Jeffrey Steinberg

The first week of February was an extraordinary week of diplomatic activity concerning the Middle East. It began with Egyptian President Hosni Mubarak's long-delayed state visit to Washington, D.C. to discuss, among other things, his comprehensive proposal for a six-month "ceasefire" between Palestinians and Israeli occupation forces, and ultimately for the creation of an independent Palestinian state.

From Washington, Mubarak shuttled to Europe, intersecting an official visit by Jordan's King Hussein with Pope John Paul II. Mubarak and his foreign minister, following consultations in Paris with Hussein, themselves went on to confer with the Pontiff.

King Hussein and the Pope issued a joint statement at the conclusion of their meeting on Feb. 2, emphasizing the unique holy status of Jerusalem for all three of the world's major religions. Mubarak and the Pontiff issued a joint statement on Feb. 5, calling for a solution to the Palestinian crisis.

The Pontiff had sent a dramatic signal of his commitment to forge a short-term solution to the Palestine crisis when, just before Christmas, he appointed a Palestinian to the position of Archbishop of Jerusalem, for the first time in the history of the Church.

### Shifts in Israel

In Israel itself, even as renewed rioting was breaking out across the occupied West Bank, leading to the deaths of at least two more Palestinian youths, Foreign Minister Shimon Peres went on Israeli Armed Forces Radio to announce that the United States had launched a new regional peace initiative that could bring about a settlement of the Palestinian crisis within three weeks.

Perhaps the most extraordinary, and most significant event from the Israeli side, was an interview given by former Israeli

Defense Minister Ezer Weizman to the *Washington Times* Jerusalem correspondent, Andrew Meisels. "Let the Palestinians run their own lives. Let them have their respect. Let them have an identity card. Let them have a bloody passport. What am I worried about? I want to see this part of the world a Garden of Eden. I want to see open borders as in the European Community."

Shocked at the dramatic shift in outlook of a man once called Israel's "superhawk," the *Times* reporter pressed Weizman on what brought about this rethinking. "I haven't changed," Weizman responded. "The situation changed, and I changed with it. Anyone who doesn't change with the situation is an idiot."

In fact, within Israel, the security crisis precipitated by the December outbreak of serious protests and civil disobedience by Palestinians living on the occupied West Bank, Gaza Strip, and Jerusalem, is forcing to the surface a deeper moral and social crisis, created by the post-1967 Israeli occupation. That crisis of conscience was concretized in late January when Defense Minister Yitzhak Rabin ordered Israeli soldiers to club Palestinian demonstrators as a "humane" alternative to shooting unarmed protesters. Israeli Defense Force chief of staff General Chamron and Central Command chief General Mitzneh (West Bank) refused to implement the Rabin order. In late January, 50,000 "Peace Now" demonstrators marched in Tel Aviv backing this rejection of Rabin's order and calling for a negotiated solution to the Palestinian crisis.

### New factors at work

High-level Israeli sources have reported to *EIR* that three factors have contributed to the potential for a genuine solution to the crisis. The first factor they cite is the emergence of an

organized civil disobedience movement among Palestinians in the occupied territories. West Bank newspaper editor Hanna Siniora has emerged, according to these sources, as a credible leader of this movement. The potentially enduring quality of this protest effort, unlike previous "flash in the pan" efforts, is viewed by the Israeli sources as the single most significant catalytic factor in the new opportunity for a solution to the Palestinian question.

The sources also cite the transformation of the Israeli Peace Now movement from its historical form as a protest movement; into an organized political force that will be a key to an overall political realignment in Israel. The shift of both Ezer Weizman and former Begin cabinet secretary Naor to the Labor Party is viewed by these sources as further evidence that new political combinations are now coalescing around the existential crisis faced by Israel.

The third factor is the growing sentiment within both the active duty and reserve ranks of the Israel Defense Forces that the occupation policy must end under terms that secure Israel's borders, while at the same time establishing some kind of Palestinian entity.

### **Hideous alternative**

The other factor impelling a reasoned approach to the Palestinian dilemma, for the first time since the imperfect Camp David accords of 1979, is the equally vocal alternative to a Palestinian entity: the mass expulsions of all Palestinian Arabs from the occupied territories and the permanent annexation of that territory by Israel. Minister of Industry Ariel Sharon, Housing Minister David Levi, and Rabbi Meir Kahane have all voiced the view that the only solution to the Palestinian crisis is mass expulsions, forcing Jordan to become, in effect, a Palestinian state.

Such an action, which enjoys the enthusiastic support of fanatical "fundamentalist" groupings inside Israel, would plunge the region into a Thirty Years War.

Even in Washington, where political unreality has become the order of the day, there were groping signs of a serious Reagan administration effort to move the peace process forward. On Feb. 2, Secretary of State George Shultz, testifying before the House Foreign Affairs Committee, announced a new U.S. initiative for a solution to the Palestinian crisis and the overall Middle East situation. Citing the necessity for Palestinian self-rule, Shultz proclaimed that the status quo had become an impossible situation, requiring immediate action.

Just what form that action will take remains to be seen. There are at present at least three standing proposals for a course of action leading to some form of Palestinian self-rule. The Mubarak proposal centers on a six-month period of ceasefire, interim self-rule by Palestinians on the West Bank and Gaza, and, eventually, a referendum on independence or confederation with either Jordan or Israel.

King Hussein favors an international conference drawing

in the permanent members of the United Nations Security Council, a proposal that Israeli Prime Minister Shamir has rejected in favor of direct negotiations between representatives of Jordan, Israel, Egypt, and the Palestinians in the occupied territories.

With good cause, some Middle East players fear that the United States, caught up in the summit-mania, may tend ultimately to subordinate the Palestinian and Middle East peace issue to superpower horse trading. Palestine Liberation Organization head Yasser Arafat has warned since 1984 that he fears a superpower "New Yalta" deal in which the Palestinian people would be sold out.

### **Soviet silence**

Most striking in this recent period of highly charged diplomatic activity between Washington, the Vatican, and the Middle East is the absolute silence of Moscow. Apart from a continuing stream of Radio Moscow attacks on the brutality of Israeli treatment of Palestinian protesters in the occupied territories, the Soviet Union has said nothing.

This silence is not necessarily unusual. When the Reagan administration launched the tanker escort policy in the Persian Gulf last summer, Moscow was temporarily taken off guard by the decisive nature of the American deployment, and waited weeks before taking any counteractions.

Two factors will tend to determine whether or not fears of superpower interference jettisoning the peace opportunity are justified. First, Pope John Paul II must continue to play the decisive role in bringing all the key players together around a commitment to honestly settle points of dispute and reach a common agenda for moving the peace process forward. Given President Reagan's obsession with the Reykjavik agenda and a superpower deal, only the Pope is in a position to steer the Middle East negotiations while keeping a watchful eye on the imperialists in Moscow.

One encouraging factor is that, in addition to the recent visits to the Vatican of Mubarak and Hussein, sources in Rome report that PLO Foreign Minister Farrouk Khadoumy has also been in regular contact over the recent weeks with high-level Vatican officials. Even Israeli Prime Minister Shamir is now expected to stop over at the Vatican en route to Washington in March.

Second, as the Schiller Institute's late January "New Bretton Woods" conference in Andover, Massachusetts underscored Pope Paul VI's statement, the "new name for peace must be development." Ultimately, the guarantor of peace in the region is a full-scale program of economic development, what then Israeli Premier Shimon Peres called in 1985 a new Marshall Plan for the region, and what Ezer Weizman has called for in invoking the image of the "Garden of Eden."

The Reagan administration's failure to date to genuinely take up the issue of economic development as the key to peace in the Middle East must be overcome, if the current peace efforts are to succeed.

# European nations expand defense cooperation, but sidestep INF debacle

by Mark Burdman

During their two-and-a-half hour meeting in London Feb. 2, mostly devoted to issues of agriculture and financing in the European Community, British Prime Minister Margaret Thatcher and West German Chancellor Helmut Kohl made proclamations concerning the defense of the West, which opened the door for expanded Anglo-German military cooperation in the future. The two leaders, however, failed to address the main barrier to the defense of Europe: the INF treaty signed between the United States and the Soviet Union.

Chancellor Kohl stated his opposition to the idea of a nuclear-free Europe, and reaffirmed his belief in the need for independent British and French nuclear deterrents. Kohl was setting himself up against the chief appeaser in his government, Foreign Minister Hans-Dietrich Genscher. On her side, Mrs. Thatcher paid what the *Financial Times* of London Feb. 3 called a "ringing tribute to Mr. Kohl's staunch support for NATO."

In the days and weeks leading up to the Thatcher-Kohl get-together, numbers of British conservative commentators had been issuing calls in the press for the British to awaken to the threat the Soviets are posing to the Federal Republic of Germany, and to make political and military overtures to the Germans. An editorial in the Jan. 31 *Sunday Telegraph* of London, by feature writer Anthony Hartley, called on Britain to end its "neglect" of West Germany, stressing that the Federal Republic "is the country whose weight in the European scales can tip the balance between East and West, the arbiter of a delicately poised equilibrium of power. It is also a country whose present seems unsatisfactory and future direction uncertain."

"For the West, the outlines of the coming problem should be clear enough," Hartley affirmed. "Soon Mikhail Gorbachov will unveil the European panel of his grand foreign policy design. Western Europe will be offered a new package, and much of this bait will be designed for German consumption. The Soviet Union has some tempting goods to offer. . . . Were the Bonn government to accept such offers, then this would mean in practice West Germany's defection from the alliance and a slide into neutralism. Dr. Kohl himself is opposed to this, but it would be difficult for him to resist were Mr. Gorbachov allowed by his Politburo colleagues to put together a really imaginative offer."

Hartley called on the Thatcher government to "counter siren voices from Moscow" by strengthening European defense, strengthening European and Anglo-German political and cultural relations, and reaching a "new Anglo-German treaty" that would make Germany's "Western stance more attractive and dissuade it from a leap in the dark toward the East." Britain, he advised, should follow France's lead in making initiatives toward Germany, and deal with Germany "on a higher level than bickering over the price of cereals."

Broadly, Hartley's polemic is consistent with the predominant mood in Britain's military establishment, which is committed to ringing the alarm bells about the continuing Soviet strategic threat, especially in the era after the Dec. 8, 1987 signing of the U.S.-Soviet INF treaty. On the same day as the Thatcher-Kohl meetings, and four days after the British and French governments had reached new agreements on unprecedented bilateral cooperation at an Anglo-French summit in London Jan. 29, British Defense Minister George Younger traveled to Copenhagen, to speak before an invited audience. Younger warned Western leaders not to be deluded by rhetoric from Soviet leader Gorbachov, or by the conclusion of the INF treaty, into expecting irresistible progress toward wider disarmament. "The central security problem in Europe is Soviet military power, far in excess of any need for defense or keeping its satellites at heel," said Younger, adding, "Soviet strategic aims in Europe remain what they always were, to fragment the NATO alliance, to de-nuclearize Europe, and above all, to undermine the credibility of the U.S. commitment to European security."

Younger's statements were echoed by those of West German Deputy Defense Minister Lothar Ruehl, in a one-page feature in the West German daily *Die Welt* Feb. 3. Ruehl compared key articles published in Soviet military journals since 1985 by Marshals Ogarkov, Yazov, Akhromeyev, and others, with military writings by Lenin and Trotsky and earlier Soviet military leaders like Frunze and Tukhachevsky, and concluded that the doctrine of the "crushing offensive into the enemy's territory" is still Soviet policy. "Since Lenin and Trotsky, the Soviet strategy is attack and victory," he warned. Ruehl has recently emerged as an outspoken critic of the Wohlstetter-Iklé Long-Term Strategy Commission report on *Discriminate Deterrence*.

## Jumping over a cliff

Younger and British military experts are sounding a different tone than Britain's Foreign Office Establishment, although the different tones are intrinsic to a schizoid British policy which is trying, at one and the same time, to deter Soviet aggression *and* support the INF treaty. During the week of Feb. 1, British Minister of State at the Foreign Office David Mellor traveled to Washington for a round of meetings with U.S. officials, with the motive of backing rapid U.S. Senate ratification of the INF treaty. One Foreign Office-connected insider said on Feb. 3, that Mellor's mission would be to "make it quite clear that we and Europe firmly believe in the treaty, and have no doubts about ratification." He praised the treaty for containing "extremely important elements which we have not seen before," and for creating a "global philosophical sea-change."

Mrs. Thatcher, too, has insisted on rapid Senate ratification of the treaty, whatever her views may be in private. Her classical position could be summed up as "thus far and no farther": Go with INF, but restrict any further disarmament talks to negotiations on conventional forces, thereby, in her view, avoiding the "denuclearization" of Europe. This is the gist of a document reportedly authored by British military professionals, for the NATO summit of March 2-3, and leaked by the West German *Welt am Sonntag* Jan. 31. Entitled, "the draft document of Brussels," it begins with the tricky formulation, "At every stage of the arms-control process, we will maintain the deterrence which allows us to respond to any threat in a flexible way." The "draft declaration" goes on to insist on American conventional *and* nuclear forces remaining in Europe, and rejects Soviet demands for non-modernization of the NATO arsenal, but leaves open options for further arms-control discussions on various levels.

This position is similar to that of a person who decides to jump from a cliff, and stop when he has gone 10 meters downward. As some of the more clever Soviet-linked arms-control politicians in Europe, such as West Germany's Social Democratic leader Egon Bahr, are stressing, correctly from their standpoint, that this position is untenable, since arms control takes on a dynamic of its own, not easily halted.

A Bahr co-thinker, British arms-control expert and military strategist Lawrence Freedman, made precisely this point, in an op-ed entitled, "The Next Nuclear Debate," in the daily *The Independent*, Feb. 3. Noting that the next phases of the disarmament debate and negotiations "could produce enormous strains in the alliance," he pointed out that the predominant mood in NATO now is "the call for thus far and no farther." The "real concern" here, said Freedman, is "once again the problem of holding the line against an apparently inexorable process of 'de-nuclearization.'" He stressed:

"Will it be possible to limit negotiations solely to missiles? . . . There will be pressure to include dual-capable artillery and aircraft, and NATO planners are starting to consider their nuclear-capable aircraft in particular as the minimum required to sustain deterrence.

"However, even if the artillery and aircraft could be protected from a 'triple-zero' negotiation, it is going to be extremely difficult to exclude them from all future arms control. They will be implicated in the new conventional arms-control talks, currently being put together in Vienna. These are the talks which Mrs. Thatcher and NATO are saying must have the highest priority and for which radical initiatives have been promised by both sides. Once NATO begins to demand cut-backs in the Warsaw Pact's tanks, then artillery and tactical air forces will soon be drawn in. Mr. Shevardnadze has already suggested that this will be the appropriate forum to discuss these dual-capable forces.

"Thus, the argument that future nuclear disarmament in Europe must wait on conventional disarmament is probably untenable."

## 'Far more extensive than expected'

At the same time, the shock of the INF treaty and the earlier U.S.-Soviet diplomacy at Reykjavik, has provoked the military establishments of Europe into unprecedented moves toward European defense coordination.

On the Franco-German level, recent efforts to create a common defense council and common brigade, have been upgraded still further, with the enunciation of a new strategic formulation. Going beyond the de Gaulle-era French notion of West Germany as the "foreground" of French defense, the discussion now is of the two countries forming "one common security space" in Europe.

On the Anglo-French level, a broad array of new agreements is in the process of implementation, worked out in significant part at the bilateral summit in London on Jan. 29, during meetings between, on the one hand, Mrs. Thatcher and French President François Mitterrand and French Prime Minister Jacques Chirac, and, on the other, Younger and French Defense Minister André Giraud. What is afoot, as de facto cooperation between the two nations' militaries, although not as a formal intergovernmental written agreement, includes the following:

- British right to use French ports and bases, as transit-ground for moving into Germany, in the event of war. Heretofore, since France left the integrated military command of NATO in the late 1960s, Belgium and Holland were the countries of transit.

- French nuclear submarine access to British ports. This opens up new possibilities of joint naval cooperation, and comes in the context of ongoing discussions to reach higher levels of cooperation in the deployment of the nuclear submarines of the two countries.

- Significant moves toward collaboration on military procurement.

Also, discussions on joint nuclear targeting, joint production of an air-launched cruise missile, and other forms of potential cooperation on nuclear weaponry, are ongoing.

*The Daily Telegraph* Jan. 30 reported that the scope of the agreements reached the previous day "surprised diplo-

## 'Manifesto of the will for European defense'

What follows is the translated text of a statement circulated by a leading think tank in France, opposed to the INF treaty:

The "Cercle d'Etudes et de Reflexion sur la Defense" [Circle for Study and Reflection on Defense] has analyzed the American-Soviet disarmament agreement signed in Washington on December 8, 1987.

This agreement constitutes a step in the process of deflation of the two main world powers' nuclear arsenals.

However, the European democracies must see the immediate consequences of this agreement and draw the conclusions concerning their defense.

In fact:

1) This agreement does not modify in any way the global potential threat constituted by the Warsaw Pact countries against a *Free Europe*; this threat is characterized by the following facts:

- the overwhelming superiority of their military means, all categories taken into account,
- the subversive manipulation of democratic public opinions notably through the encouragement of a pacifism aimed more at achieving total demobilization than any disarmament as such,
- the existence within the borders of those countries with totalitarian political systems which do not respect, nor guarantee, human rights.

2) This threat has been reinforced by the reduction of Western means of defense which has been the result of the

above-mentioned agreement. For these reasons, the CERD, which had already come to conclusions concerning the possibility of developing the will for a European defense, declares today the imperative and immediate need for this development.

CERD bases this affirmation on the following facts:

- There exist specifically European interests and fundamental values,
- There exist European institutions at the economic, industrial, and monetary levels which attest to the reality of the European construction,

CERD recommends urgently:

1) an emergency meeting of heads of governments as well as foreign affairs and defense ministers, of the seven member states of the Western European Union to define, on the one hand, a voluntarist attitude toward the development of a more autonomous defense of a *Free Europe*, and on the other, the determination of the practical and realizable steps that can be taken in the very short term in order to develop such a defense,

2) a "European summit" which would bring together the heads of state and of government as well as the ministers of foreign affairs and of defense of the 12 member-countries members of the EEC in order to revise the Rome Treaty to allow for the integration of defense, just as is presently the case with economics. . . .

3) the immediate launching of a study, at the level of the community, of a strategic project for *European Space Surveillance*.

CERD declares that the construction of a *United Europe* is urgent and for that reason public opinion must be adequately informed in order to participate actively. CERD regrets that so little echo was given to the common declaration published at The Hague last Oct. 27, 1987, where the member countries of the Western European Union developed clearly the basis for a European doctrine of defense which should be applied now as quickly as possible.

matic experts," were "far more extensive than had been expected," and "confounded predictions that the Anglo-French summit would be a largely symbolic affair." *EIR's* London sources report that the word from the British Ministry of Defense is that there is now "no limit to the possibilities for Anglo-French cooperation."

While the Anglo-French discussions are accompanied by much speculation about whether or not France is being pressured to join NATO, that is actually not the key question for the coming weeks. If the West is to avoid strategic catastrophe, European defense coordination must to be used as a lever, to increase the American commitment for defense of Europe. This is not a question of abstract "NATO structures" and so on, but of really upgraded transatlantic cooperation,

contrary to the trends of the Reykjavik-INF era.

This requires the toppling of the INF treaty, via its non-ratification by the U.S. Senate: All rumors, gossip, and threats, that such an option is "taboo," or that loyalty to President Reagan or to some impotent abstract principles precludes non-ratification, should be stopped.

Lastly, the countries of the West, including Britain, France, and West Germany, must change their economic policy, and launch an economic mobilization, to produce the wealth that makes a Western military build-up possible. Without this, the irony in Europe remains that certain of the new weapons systems being discussed in the context of modernization plans, lack the necessary funding. This reality is not unknown to the Ogarkov military crowd in Moscow.



# Soviet psychological warfare at its peak

*Facts about a crucial problem of our time: What can we believe? By Paul-Albert Scherer, Brigadier General (ret.), Specialist Security Consultant, Federal Republic of Germany.*

*The editors are pleased to present here the advance text of a speech prepared by General Scherer for the Schiller Institute conference of Jan. 30-31, in Andover, Massachusetts (see page 28). The transcript of his actual speech as delivered, which dealt with additional topics, is being prepared for publication by the Schiller Institute. Subheads have been added.*

I had the opportunity recently, in Paris and Rome, to present an analysis of Soviet warfare in the midst of peacetime, from my standpoint as a years' long intelligence observer, based on the official strategic military doctrine of the Soviet empire. I find it therefore especially important, here in the United States, to address the currently acute, crucial problem of the credibility of Soviet declarations, i.e., words devoid of any evidentiary force up to now, taking into account facts which are proven and other matters about which we have secure knowledge. I believe this is particularly important, since Mr. Gorbachov caused the timely publication of his book on "perestroika" and "glasnost" in the summer of 1987 in millions of copies, directed specifically at the American public. And also because the prominent German politician F.J. Strauss has provided a sensational commentary on his own trip to Moscow.

Among experts, no one denies that the Soviet Union has maneuvered itself into the economic cellar with its overarmament efforts, and that therefore, for this reason alone, perestroika—restructuring—would have been an imperative, even years ago. There were, and still are, the gigantic costs for the five branches of the armed services:

1) Ever new types of tanks, re-equipment of their land forces, following the negative experiences in Palestine and Egypt, with entirely new families of tanks, which was also an aggressive response to the introduction of the far superior Leopard II in the German Bundeswehr;

2) Many more squadrons for the air forces, new air bases, introduction of ever newer reconnaissance and fighter/interceptor, fighter-bomber models, and the development of a long-range air fleet;

3) In the context of their navy, an absolutely megalomaniacal shipbuilding program straight through 25 years, in order to finally overcome the traumatic inferiority complex in the nation with few ice-free ports and foreign land barriers at the Baltic and Black Seas, which became pronounced since 1904-

05 (Japan's total naval victory over the Russian blue-water fleet at Port Arthur/Shushima), and intended to overcome this inferiority in rivalry with the maritime power U.S.A.;

4) For the air-defense forces, under the pressure of the geographic conditions of the largest country in the world, with immense air spaces facing China, the U.S.A. and Japan in Siberia, and in the West, a stationary and mobile air-defense was built up, intended to compensate for the encirclement anxieties and potential compulsion of having to defend on 360° of the circle;

5) The strategic rocket troops were developed and expanded with unprecedented expense of effort and resources following Sept. 3, 1949, as the explosion of the first Soviet atom bomb demonstrated the most significant performance of Soviet espionage drastically to the entire world, and dispatched the American atomic monopoly into the historical past. At the same time, Khrushchov was boasting that the Soviet Union had developed the capability to hit a fly in outer space. The Communist Party of the Soviet Union undertook everything in its power to strengthen this "apple of the military-technology eye," with no regard for the living standards in the country.

If, in addition, we consider the immense costs swallowed by the ambitious space program, because the first man in space just had to be a Russian, and the U.S. was supposed to be delivered the shock of being the rival who had been left behind—by the way, a typical example of Moscow's aggressive psychological warfare—then a little (red) light ought to go on in our minds. These costs were shouldered because Moscow, as number one among the superpowers, wanted to have space stations in Earth-orbit, which they could expand, and thus tangibly demonstrate the lead enjoyed by their own SDI program over that of the U.S.A. It is also worth keeping in mind that, since 1966, the Soviets have been tinkering with killer-satellites, and have already reached the development and test phases, despite their "holier-than-thou" agitation about the United States.

## Cost of 'peacetime' wars

Another element also deserves a place in this review of facts: the costs and efforts expended in the Soviet conduct of wars of all kinds in "peacetime," beneath the suicidal threshold of a nuclear war, wars going on now, right in front of our eyes, naturally without declarations of war. These include

proxy-wars, such as those which became wageable in Korea after the abolition of the U.S. nuclear monopoly from 1950 onward. There is unfortunately no really graphic and memorable, or correct, collective concept for these kinds and forms of war, conducted from the underground, and under employment of intellectual, psychological weapons-effects, and on the other hand under massive employment of firearms, explosives and other such instruments of war. Most of these phenomena can be captured in the term "modern irregular warfare," as expressed by the distinguished author of the book by that name, which first appeared in 1972, and was recently republished in 1986, *Modern Irregular Warfare*, by Prof. Dr. jur. Freiherr von der Heydte, an experienced war-time paratroop officer, and at the end of his military career General of the Reserves of the Bundeswehr. Before this visit to the United States, I compared the views I am presenting here with his evaluation of the situation. There were hardly any differences in our views.

The preferred Soviet war in their striving for imperial dominance, to knock out the "decadent West" without having to resort to the big and heavy club of military weaponry, is the psychological-political war with a psycho-cultural theater of war included. There can hardly be any doubt about the existence of this theater of war, because the majority of the expenses have to be paid daily in Western currencies. According to testimony by deserters and according to the results of intelligence gathering, in the 1960s, before the "anti-Vietnam" and "Ho-Ho-Ho-Chi-Minh" student unrest, there were over 500,000 Soviet agents deployed for such agitation. With the installation of the "peace movement," which itself consists of 25,000 organizations, the number of these agents grew even more. The majority are agitators, manipulators with infiltration assignments, agents-of-influence. A minimal number of these are espionage and sabotage agents.

The stump of amputated Europe which was still free, and especially the Germans on the western side of the Iron Curtain in the zone where the weapons caches of East and West run up against each other, were the initial targets following the war, both in terms of area and its personnel. These areas are the priority target once again: the aim feverishly pursued is to collapse these areas into neutrality. Immediately after the war, the "Without Me" movement against the rearmament of Germany was in the forefront, followed by the "Easter March" movement and the "Anti-Nuke" movement. These were succeeded by operations to disrupt the enactment of emergency laws, legal measures to put limitations on job accessibility for communists in the civil service, and numerous instigations of strikes. The rate of agent training was hardly able to keep step with "requirements."

Then, after the McCarthy phase, the U.S.A. itself became subversion-target No. 1, steered out of the New York headquarters of the United Nations as the grand residence of the Soviet intelligence services, in order not to cause any more talk about goings-on at the Soviet embassy in Washington. The assignment was destabilization via exertion of influ-

ence, and of course a continent-wide profiling of institutions of political decision-making, the think tanks, the industrial laboratories, as well as the intelligence and counterintelligence agencies of the U.S.A. The intelligence specialist knows, that it takes years to build up an agent in the right position, to the point where he enjoys confidence, has achieved full insight into his target, and can thus influence or expose the most sensitive areas on behalf of his contractor. Controllers, the officers responsible for leading the agents, give their top agents up to 30 years of time to work their ways to the very top through the establishment. At that point, they can become fully effective as "moles." Concretely, that means: for some 20 years, the "moles" have been working toward our demise in the United States as well as in Western Europe, and these are the most talented, the most foxy. They have reached leading positions, constitute factions within the apparatus of their respective target institutions, and exert their influence unhindered. I am certain—just to point up one example—that many CIA blunders, with the deliberate retirement of many good officials from this instrument of security which functioned well for decades, is due to subversion of this sort. In addition, the early construction of Radio Free Europe in the area of Munich as a credible source of orientation for the Soviet population, despite all of the jammer-transmitters, has much for which it must thank this agency. In comparison to secret services, it is of course much easier to go undercover and build a career in newspapers, radio, and television editorial boards, in the apparatus of government, political parties, trade unions, even in the armed forces, in universities, in scientific staffs, religious organizations, etc., and to exert effects according to the assignments of the contractor and benefactor.

### **Change under Gorbachov?**

I do not by any means intend to promote an agent-hysteria, but rather to soberly demonstrate where the Soviet Union has brought us and itself with its challenge, its worldwide communist underground activities, when, after victory in the war, and having prevented the promised free elections in Poland, Hungary, Romania, etc., on Stalin's orders, the Soviet Union embarked on an indoctrination for its missionary crusade. Proclamations today that such a crusade does not exist, do not mean it has stopped. We are still being subverted. One look at the peace movement, the "Green" parties, and at terrorism is sufficient to induce us to be extremely cautious in our enjoyment of the 180° turn which Gorbachov has allegedly initiated, and to demand real evidence that this change ever happened.

Up to now there is only evidence that the former breadbasket of Europe cannot feed itself any longer, and that it would starve if there were a blockade against imports. Up to now there is only evidence that the economy cannot be managed in the same way any longer, because for four years the necessary planning quotas have not been achieved in a wide range of production and supply facilities. The fact that the

Russian economy lags behind Western productivity by 10-15 years is not solely due to Russian mass alcoholism. Up to now there is only evidence that the West is being offered a form and a succession of disarmament steps, loudly and with ever shifting proposals, which is to induce the West to give up the wrong weapons, at the wrong time, and at the wrong places to the detriment of Western security. "Do away with all nuclear weapons by the year 2000"—who would not want that, if it meant calm, real peace on this Earth? But it looks as though the weapons which neutralize the Soviet high-grade conventional superiority and hold it in check are the very ones which are supposed to disappear, thus making the classical conventional assault wageable once again, with impunity, without entailing suicide. The seductive argument for American ears, then, is: "Moscow's conventional strength would never be enough to carry the land-war to North America." But this is certainly wrong. The notion that a landing such as that in Normandy in 1944, is no longer possible in the world of today, with 40 times the firepower compared to World War II, simply misses the main point. Military people and politicians who think this way ought to know much more about Soviet spetsnaz, and ought to read the book referred to above on *Modern Irregular Warfare*—it has been translated into American English.

It is here that we encounter the most primitive form of war that there is: the poor people's war, the desperate lunges of radicalized unemployed, the fanaticized of society who drew the all-too-short straws. Through instructor-agents, the leaders are easy to find in any country in the world, if a sufficient mass of conflict explosives have accumulated. Communists always jump on a rolling train, they don't invent the railway to subversion. There are entire *agent provocateur* instruction programs with recommendations for producing rumors, ruthless use of lies and deliberate deception, which are taught in Tashkent, Prague, or Moscow. The higher levels of instruction for agent controllers are offered by the Lumumba University. The successes are examined on the basis of new experience gathered in Germany, Angola, Great Britain, Sudan, Ethiopia, Indonesia, Libya, Portugal, Italy, South Africa. The element of surprise in the conduct of warfare comes from out of the dark, suddenly, as deliberate and all-encompassing use of violence, with conspiratorial preparation, targeted subversion, conspirator cells, and agitational seeds in the population, where possible also in the armed forces. Again and again, armed fighters, without uniforms, appear in small units, on the model of the Spanish partisan war in 1808 against Napoleon, and they shoot, demolish, kidnap, take revenge, threaten, and conduct their combat in full military manner.

A current, large-scale example for this form of guerrilla war in *Modern Irregular Warfare* is the Philippines today, with the strategic operations bases of the U.S.A. for the Pacific Ocean. Originally generated out of the resistance movement against the Japanese, the communist underground fighters on the 7,100 islands are aiming at overthrowing the

government with Moscow's help, and then putsching their way to a coalition government in which they would determine policy. There are numbers of older examples in the Sandinistas, the Viet Minh, Viet Cong, in Mozambique, and in Algeria.

That the guerrilla tactic can also result in successes in the West, is proven by the now eight year-long combat of the resistance fighters in Afghanistan, although the help of the civilized world against this gruesome massacre conducted by the Soviets is clumsy, and incredibly trepidatious Soviet imperialism is indeed suffering its military "Vietnam," in contrast to the political "Vietnam" of the U.S.A., but it is horrible enough to have to watch and see how millions of people in the world, as well as within the Soviet Union, have been sacrificed to this communist Moloch for 70 years. Yet, the talk is always about peace and disarmament, and now even about democratization. Words, big words.

### **Afghanistan: costs and benefits**

The invasion in Afghanistan—this has to be said in the framework of cost-benefit considerations—is surely an extraordinarily immense burden on the state budget of the Soviet Union, but for such a system, fundamentally oriented toward expansion, there are a number of important plus-points to balance the expenditures of effort and resources:

- 1) They are now only 800 kilometers from ports on the warm Indian Ocean, a strategic fact of the first magnitude, toward which even the czars strove. A withdrawal from Afghanistan does not mean giving up a system absolutely toeing the Moscow line, which is the crucial point about the date of May 1988. Are we supposed to believe that what the Soviets succeeded in managing in Prague, Budapest, East Berlin, and in Warsaw, they will not succeed in achieving in Kabul? So-called "fraternal friendship," to be sure, comes about at the cost of freedom, but what power is there in the world that will prevent it from happening?

- 2) It is an additional and important strategic advantage, that Soviet armed forces can test and exercise with their weapons systems, with their own personnel, far away from the eyes of the world, including practical tests of newly developed systems, which would be impossible with Vietnamese or Egyptians. Hundreds of thousands of Soviet soldiers have gained combat experience, useful for all eventualities, and they have learned guerrilla tactics anew after a 40-year lapse in practical combat applications on a large scale.

- 3) The combat tactics of the spetsnaz special units can be tested in practice, and adjusted. This puts the Soviet leadership in the position to be able to deploy these forces at any time with guaranteed success, should war conditions in peacetime make their deployment necessary—these are military assault agents trained under permanent conditions of extreme hardship and the pressure of sustained combat sport, segregated in closed special camps with special language instruction for their target countries, drilled in techniques of

silent assassination and demolition of command centers, as well as reconnaissance of strategically important information. The existence of over 30,000 such spetsnaz agents is known. They are almost always deployed in small units, but also have brigade staffs at their disposal. Spetsnaz is the acronym for *Spetsialnoye Naznachenie*, i.e., troops for special employment. It is understandable that their existence and purpose are kept secret, since Soviet deception propaganda increasingly emphasizes, that only defensive strategies are appropriate. Then follows the required demand of the peace movement for the Western armed forces to reduce their offensive weapons. That, of course, is a conscious total mobilization of the stupidity potentials of the Western public, with the aim of outright cheating. The more salient issue is the intention pursued by the employment of weapons, for the weapons themselves have no intentions at all. Weapons may be used to defend or to attack. Defense, however, is incon-

ceivable without mobility, and movement without armoring becomes nothing but a fatal sacrifice under the effect of modern weapons. The intent is to irritate the public, and induce guilt feelings among politicians when they allocate resources for weapons. In fact, the opposition parties in the parliament in the Federal Republic of Germany are in the process of coming to the view that the ostensible assault capability of NATO constitutes an obstacle to world peace. One can only shake one's head.

The continuous deluge with such disinformation, delivered free of charge from Moscow, enables many citizens to have but a hazy capacity to perceive reality. Understandably, some judgments simply presume too much specialist's knowledge. An immense specialist department of the KGB secret service invents an uninterrupted flow of new lies with special staffs scientific and a Central Committee department for evaluating the West's propensity for falling for the lies.

## Afghan 'neutrality' not seen likely

by Mary McCourt

Despite the genocidal war the Soviet Union continues to wage against the Afghans, plans are being put forward for a post-Soviet Afghanistan. One such plan was presented Jan. 29-30 at a conference sponsored by the Academy of the Evangelical Church of Germany (EKD) (Lutheran) in Iserlohn and the Institute for Development Research at the University of Bochum in the Ruhr.

The Academy of the EKD, which, for 40 years, has played a central role in the attempted reconciliation of East and West, on Eastern terms, has lately devoted itself to eliminating in the Western population the *Feindbild*, or "enemy image," of the Soviet Union. The academy's contribution to this process is to sponsor meetings on such burning issues as Afghanistan, but always to promote "neutral" discussions—a method that did not succeed very well this time. It is not so easy to reduce nationalists like the Afghans to "neutral" discussion of the greatest Soviet atrocity in the world today.

The two principal speakers, Afghani "Ambassador in Exile" Dr. A.H. Tabibi and Dr. Armin Farhang of the Institute at Bochum, presented proposals for a future Af-

ghan foreign policy—strict "neutrality and non-alignment." They also proposed "homogenizing" the Afghan resistance through a representative national tribal council, called late last year by Najibullah, the head of the Soviet-backed regime in Kabul.

Yet, if the response of the Afghans in the seminar audience is indicative—they ranged from professionals who had spent 20 years in Western Europe to representatives of the Afghan political parties in Pakistan—the resistance leaders will quickly see through the proposals: Just who, besides the Afghan resistance fighters themselves, will guarantee Afghanistan's neutrality, non-alignment, and ability to govern itself?

The tone the academy wanted to give to the seminar was set by its director, Dr. Rüdiger Sareika, who noted that the last conference the academy had sponsored on Afghanistan, was hampered by a bad snowstorm. But this time, Sareika said, the "thaw in Moscow," and the mild weather in Germany would be, he hoped, "good omens" for the future.

Dr. Tabibi, who had been Afghan ambassador to the United Nations in New York and to New Delhi before the 1979 Soviet invasion, and who is involved in the U.N. Geneva negotiations, began his talk by expressing his "hope that all the statements by the Soviet leaders, especially Gorbachov, are really truth and not propaganda." He called the Jan. 6 statements by Soviet Foreign Minister Eduard Shevardnadze, that the Soviets will pull out in 1988, and that the Soviet withdrawal did not depend on the transition government, "unusual comments," indicating that "we are on the threshold of an agreement," and that the Soviets were ready to leave, whatever the fate of Najibullah.

Afghanistan must have a foreign policy of neutrality

By and large, the employment of this psychological warfare poison leads to large casualty rates. The casualties are those among us with loss of perceptive capacities, people who look at things from slanted angles, who sometimes suffer from impaired vision or even partial blindness. The fatalities in these combat encounters and battles in this form of war live on as those among us who are totally blind, and saw away assiduously at the limb we are still sitting on. Despite these outrageous waves of nonsense, these years and years of outright cheating, we are still supposed to be so gullible and trusting, and simply act as if we can surely believe that these new gentlemen are far more solid than their predecessors. For the time being, as far as I am concerned, there is no security that anyone could buy a second-hand car from such people without a cart-load of well justified second thoughts!

When Khrushchov began the Party Reform in 1962, it hardly took two years, and the antagonized *nomenklatura* in

the Politburo and the Central Committee drove him out of town. His name was struck out of Soviet history. Should not the West wait for clear proof that the Soviets are now renouncing the proliferation of their ideology? We will find out soon enough. And whether the Soviets are willing to give up military superiority, without any "ifs, ands, or buts," that will become evident enough when Soviet troop strengths have to be drawn down.

### West fell twice into trap

The West has twice literally fallen for the trap of protestations of good will, appeals for understanding, peace offers, promises of peaceful neighborliness. Twice the West let the Russian bear rope itself onto the back of the West, and finally collapsed under the tons of weight of the untruth. Twice within 35 years. The first time was when so-called peaceful coexistence was offered. Our oh-so-insightful professional

and "true non-alignment," he said—its policy since the 18th century. And it is essential to end all fighting within Afghanistan to ensure that it can be a "neutral country in the most sensitive area of the world."

His listeners had doubts. If the Russians ever do leave, considered unlikely by some, a "neutral" Afghanistan, after the bitterness generated by the war, is even less likely. Or, as one put it, "I fear that neutrality could end up like the neutrality of Fidel Castro," one man said. "Neutrality for the Russians."

Although very well aware that any deal over Afghanistan will be part of a global superpower deal, Tabibi made no mention of the Reagan-Gorbachov INF treaty or the rapid retreat of the United States from Europe and Asia. The interventions of even such intimate friends of the Soviets as Armand Hammer, with whom he had held discussions a number of times, was "welcome"—as was that of "anyone who might help bring about a solution."

But it is nations—in this case the superpowers—and not individuals, that make policy, Tabibi said. "We will know in two weeks if the Russians intend to go," he told *EIR*. We have already drawn up a treaty, he said.

Two critical questions remain unanswered in the Geneva negotiations, Tabibi said: We do not know how long the Soviet withdrawal will take, even if it does begin May 1; and we do not know what troops they will pull out first. If the Soviets pull out their infantry, but leave their special forces in place to the last, they will not have lost much militarily: They could continue the war whenever they wanted.

Dr. Armin Farhang proposed a "United Front" for Afghanistan, "homogenizing" the resistance, which, considering the deep divisions between the genuinely moderate resistance fighters, and the Islamic fundamentalists,

will be a difficult task. Farhang proposed that a *mumarsel jerga*, or tribal council, which will be the legitimate power ruling Afghanistan during the Soviet withdrawal and while the country is being rebuilt after the Soviet scorched-earth warfare, be made up of the resistance leaders of all seven resistance groups, leaders of the exiled resistance groups; former King Zahir Shah; two representatives from each community within Afghanistan; and delegates representing officials, women, and the nomads.

The resistance must continue as long as any Soviet troops are in Afghanistan, Farhang said; therefore, a military committee must be formed immediately to ensure that the resistance can fight more effectively. No Soviet troops can remain, as "advisers" or under any other guise, and the pre-1979 borders must be reestablished. There are reports that the Soviets want to retain the Wachen corridor, but this is completely unacceptable, he said. U.N. troops, including some from Islamic countries, must be used during the withdrawal period to prevent chaos, and while the Afghan security and military forces are reorganized and rebuilt.

Such proposals did not spark much controversy, but the question of how—and by whom—Afghanistan would be rebuilt, did. Dr. Farhang called for a U.N.-sponsored international consortium to finance "technocrats" to run the reconstruction of the country. But few in the audience found rule by technocrats a good idea. There is one way to rebuild Afghanistan, one man said: The Russians must pay war reparations. Another called for an international tribunal to try the Soviets for war crimes.

Plans for reconstruction are vital, but, as some of the commanders of the moderates among the resistance fighters realize, plans for building effective fighting forces and keeping them under arms are even more essential.

politicians took these offers at face value, because they thought this meant "live and let live, peacefully side by side" in the Western sense, without thinking of Lenin's instructions that, for revolutionaries, deception is a duty. It was in the era of coexistence, that the missiles were shipped off to Cuba, that the wall right through Germany was constructed, and that the so-called wars of liberation in Africa were waged from Moscow. The second grand plunge into the bear's trap, with a large deposit of trust and confidence on Moscow's account from the West, with foolish expectations in the aftermath for a revision, came over us like an avalanche, when, in the period of so-called détente, the Soviets' missile armament and deployment program in the European part of the Soviet Union became ever more immense, and ultimately, despite pious declarations and signatures in front of the statesmen of this world in Helsinki in 1975, the Soviets promised to respect human rights, the right to self-determination, to guarantee free access, and then in December 1979 there began a Soviet illegal military invasion, and the murderous war against the previously free people of Afghanistan. As was also the case when the Soviets swallowed the European countries on their western borders, the invasion was preceded by subversion of the government by the communist minority, with a putsch and an alleged call for help, the customary fraternal support. When the new head of government at the grace of Moscow began to criticize the war, he was summarily shot, and a new marionette was installed from Moscow.

It ought to be clear, after these bitter experiences, just where the trip with the Soviets in the boat leads. Our Western professional politicians, the people who think ahead of us, the opinion-makers and self-nominated opinion dictators, have helped us far too little, as the silent majority of well-behaved voters, loyal citizens, and willing taxpayers, to be able to recognize that we have a totally wrong notion of just what peace is. With the exception of a tiny minority, they themselves still have faulty ideas about what peace is, and what peace can only be, beyond the framework of family, groups, population layers, society, and State. "A part of self-destruction lies in the lack of clarity in ideas," Socrates had declared to his students in classical Athens during a critical analysis of Greek ideas about values, and he postulated as a principle of all action: "First of all, get the ideas clear!"

Relating that to today: The Marxist-Leninists have been satanically masterful in the development of their own propagandistic world of ideas aimed at deception. They speak, for example, of "people's democracy," even though in their world there is not the slightest trace of rule by the people, but only a small clique of functionaries which sits on top of the people with police-state tactics and techniques, and squeezes it as far as possible. Communist systems live more from the deception of their adversaries than from the conviction of their followers. Contempt for human dignity, defamation, intimidation, blackmail are among the features of the collective model of behavior within the system, but not less so toward

the outside. "Exploitation" exists only where there are capitalists; only the party of the Communists is "progressive." "Anti-communism" is the fundamental evil of our time, a far greater danger than communism with its anti-fascist worldview—all of this is argued, and some people still believe it.

## Gang-terrorism

Among the demonstrable facts of the attempt to annihilate Western high civilization without regard to costs and effort, there is the Soviet deployment to exploit gang-terrorism as a specific form of modern irregular warfare in peacetime aimed at achieving the destabilization of Western Europe. What the Soviet Union provides in this regard goes beyond training in East Germany and Czechoslovakia, and includes safehousing against police searches, travel arrangements with covert reinsertion, and mediating contacts to terrorist centers in the Middle East. That is how the terrorist gangs in Germany, France, Italy, Belgium, emerged, with the aid and support of Soviet secret agents, with hard-core leadership cells, core gang-cells in totally isolated underground conditions, with support groups for supplies, procurement, and contacts, with covert safehousing and protection-zones in the so-called sympathizers' swamp of the same fanatic mentality. There have been numerous murders, family tragedies, countless acts of sabotage, horrible assassinations, and economic losses running into the billions.

In the free part of Germany, a special form of street terrorism emerged with Soviet support, one which extensively exploited the too liberal laws on rights of demonstrators. So-called Revolutionary Cells and "Alternative" adversaries of the State deliberately stage situations where they engage in street combat with the police, occupy empty houses, and build them up into fortresses, or, with masked large-scale gang-war troops, screened by allegedly peaceful demonstrators, who conduct massed assaults on nuclear power facilities, nuclear fuel reprocessing facilities, airport landing facilities in Frankfurt, etc. The casualties already number many dead and thousands of wounded. A special deployment unit of saboteurs disrupts the energy supply grid by sabotage of railway high-tension cables and cutting down or bombing of the large metal electricity pylons. Years ago in Italy, the communist book publisher and millionaire Feltrinelli, well-known as a sophisticated promoter of the leftist subculture, was caught abreacting his contempt for society on such a pylon. His inexpert handling of the explosive charge caused his death.

Reviewing the countless number of nefarious Soviet activities, undermining Western normative expectations regarding freedom, individuality, law, security, happiness, and life, and evidencing a truly messianic form of crusader mentality with pathological traits, the inevitable question becomes that of why the financial bankruptcy of this megalomaniac system did not occur long ago. Years of compulsorily cheap supplies from the satellite states, once the Soviets had

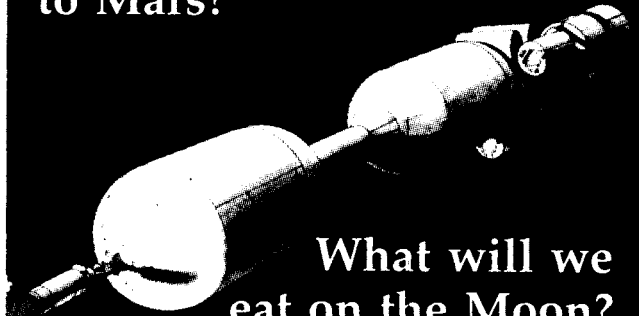
reached the banks of the Elbe River—Tito did not revolt without cause—10 years of reconstruction work done by German and Japanese prisoners of war, reparations paid by the West, annulment of war debts, continuous slave-labor of millions of prisoners in the labor camps and special prison camps, exports of gold, furs, and especially weapons, along with the most important of all from the standpoint of value—low living standards at the level of developing countries, and billions of dollars of espionage thievery of the most expensive Western know-how in production and research for over 40 years.

It may well be, that the modern-day Lenins over there want to deceive us into believing they now want to make every effort to raise living standards, but are very hard pressed, even near bankruptcy, for all of the effort and resources devoted to expensive new developments in revolutionary new weapons, as the 1987 report of the American secretary of defense (*Soviet Military Power 1987*) suggests: weapons to cause collapse of the nervous system over distances of more than 1 kilometer with radio-frequency/microwave weapons, while they view their own SS-20 missiles as obsolete, and throw them as bait onto the disarmament negotiating table. On the basis of the Soviets' observable mentality up to now, we should expect things of this sort from them. The most costly disinformation apparatus in human history up to now is still at work, its intensity unabated, and it still pretends to put the free world on trial. Of reform, real reform, there is nothing to be seen.

On this account, the astonishing observations of the Minister President of Bavaria, Franz Josef Strauss, formerly one of the most acute critics of the Soviet Union, are of little help, and carry little conviction. He gives credence of the sincerity of his discussion partners in Moscow, credence to their willingness to undertake a far-reaching disarmament, even to put their offensive posture of the postwar world to an end—this Strauss believes he can know from their words alone, nothing more.

That is tantamount to the recommendation that we ought to take the super-sophisticated television appearances of the elegant, attractive Raisa Gorbachova patting children on the head, more seriously than her professional role as professor for aggressive Marxism-Leninism. Eastern psychological warfare nowadays does not present itself as a shoe hammering at the speaker's pulpit of the United Nations. In 1984-85, Communist bookshops in Germany had large posters with the letters: "Advertisement at an American travel agency: BOOK YOUR TRIP TO EUROPE WHILE EUROPE STILL EXISTS!" Nowadays people no longer want to be so stupid. Some American politicians, who want to pull the U.S. Army and the U.S. Air Force out of Germany and England ought to know that Western Europe is the last bridgehead of freedom on the east Atlantic coast. Once the factories there have begun to work for the Soviets, the lights will go out in America—forever.

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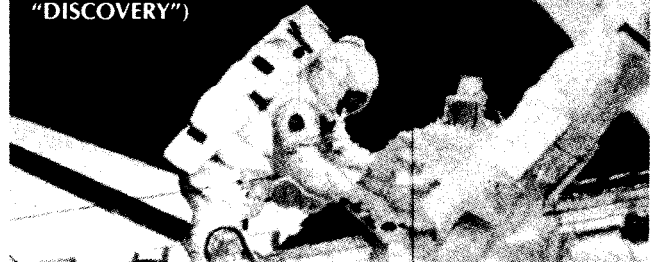
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### Strauss: Gorbachov's envoy in Africa

*The Kremlin and the Bush league have recruited the Christian Social Union leader for their African crisis management.*

**H**aving met Mikhail Gorbachov in Moscow Dec. 29, Germany's conservative Christian Democrat, Franz Josef Strauss, surprised many with the revelation that he found Gorbachov's "new thought" very convincing. Apparently, this included "new thoughts" on Africa, a subject they discussed in Moscow Dec. 29.

The last week of January, Strauss toured the Republic of South Africa, Mozambique, and Angola. He met Premier Pietr Botha, President Chissano, UNITA leader Jonas Savimbi, and KwaZulu leader Mangosuthu Buthelezi, to discuss political and economic perspectives for a de-escalation of the crisis in the region. Strauss offered economic and financial assistance from Germany for the reconstruction of railways, ports, and roads. He advertised aid in the restoration of the Cabora Bassa dam in Mozambique and the construction of a railway connection from Maputo to Johannesburg.

But, South African media reported that he delivered a personal message from Gorbachov to Botha. He let it be known that he had noticed "significant changes in the Soviet approach on African issues," and that he was convinced that "Moscow wants to pull out from Africa, though not completely." Gorbachov, Strauss said, was interested in a peaceful settlement, rather than continued confrontation.

According to German sources, Strauss discussed with UNITA rebel leader Savimbi an Angolan "national unity government." The MPLA of Acting Premier Dos Santos would keep its pro-Soviet views and occupy a ma-

majority position in this government, but the arrangement would allow the military disengagement of the United States and the Soviets from Angola. The withdrawal of Cuban troops could be facilitated, removing the main reason for military raids by South Africa into Angola.

This kind of shuttle diplomacy places Strauss square in the middle of American-Soviet "regional matters" negotiations. Hardly had the German politician left Africa, than the U.S. State Department's special envoy on African affairs, Chester Crocker, arrived in Luanda, to discuss options for a Cuban troop withdrawal, and Western economic assistance in the reconstruction of Angola's economy.

It sounds too good to be true, especially if one keeps in mind that the new East-West diplomatic offensive on southern Africa is linked to the INF summit consultations on "regional matters." Given the fact that none of Moscow's political pawns in this region would be sacrificed, while the West would drop its main ally, Savimbi, in Angola and force general restraint upon the South African republic's military, the strategic advantages of this policy arrangement would mainly be for Moscow.

Some intelligence sources say that the Soviet Union may temporarily mimic military disengagement from Angola, thereby seducing the Western powers to pull out from the region as well. Meanwhile, the Soviets and their proxies would use the time to prepare a broader offensive in the future, at a time that would catch the West off guard and without any means to inter-

vene directly.

Why should the West, why should its diplomats, fall for this trap? And what, after all, can be the interest of Franz Josef Strauss in this South African shuttle diplomacy? Hasn't he warned until very recently that any disengagement of the West would help Moscow's strategic aims and inevitably mean "Iranization" of the Republic of South Africa?

Seeking for explanations as to why Franz Josef Strauss changed his mind so quickly, the following hints are given by intelligence sources in Germany: First, the perspective of certain U.S. withdrawal from South African affairs, as well as the expected military disengagement from Europe, makes conservative German politicians like Strauss nervous and susceptible to wishful thinking about arrangements with Moscow.

Second, the German economy is highly dependent on strategic metals from southern Africa—at between 80% and 90% of its total requirements. Germans seek Soviet assurances regarding these supplies, after the Americans failed to guarantee stability in Pretoria.

Third, the German elite has no policy design for European, let alone African affairs, but subscribes to pragmatism.

Fourth, most have so far refused to take Lyndon LaRouche's proposals on strategic policy seriously; instead, especially German conservatives prefer listening to the Bush league, which offers them the status of junior partners in "regional conflict" diplomacy.

Moscow and the Bush league think that the positive reputation Strauss has so far had in Pretoria may help to get the South Africans "in line." What should make Botha highly suspicious, however, is that the Strauss he knew was not the one who visited him most recently.



## Fired for telling the truth

*A Swedish Defense Staff spokesman said allegations about NATO submarines are a Social Democratic campaign.*

Recently revived allegations, that at least one of the submarines involved in the October 1982 Hors Bay incident near a Swedish Navy base came from a NATO country, "smell of a Social Democratic campaign to defame and discredit the defense forces in order not to have to pay more money." Those were the last words in office of Defense Staff spokesman Jan Tuninger, before he was abruptly fired on Jan. 31 for telling the truth.

The timing and circumstances of Tuninger's dismissal indicate that the aim was to create a warning example, to shut up any officers daring to do anything but mouth the official line. Tuninger was fired by Commander-in-Chief Gen. Bengt Gustafsson, in his response to a question asked at a defense conference Jan. 31. "There is no basis for the spokesman's statement," an angry commander-in-chief replied. "And of course, I cannot keep persons in my information service whose judgment I do not trust."

The allegations that a NATO country submarine was involved in the large-scale incursion into inner Swedish waters in October 1982 had been revived by former Army Chief, Lt. Gen. Nils Sköld, a consultant at the defense ministry since his 1984 retirement. The day before the commander-in-chief issued his new report on submarine incursions, whose classified part identifies Russia as the foreign power continuing to violate Sweden's territorial integrity, Sköld in a Dec. 17, 1987 interview for *Dagens Industri* made his astonishing claims about NATO involvement in 1982.

Sköld asserted that during conferences in the fall of 1982, at which the chiefs of the armed services took part, information was made available saying, first, that a NATO submarine had been present in Swedish waters shortly before the Hors Bay submarine chase in 1982 and, second, that after several mines had been detonated, a damaged, *submerged* submarine left the Baltic Sea through the Öresund, the narrow strait separating Sweden from Denmark. This damaged submarine leaving the Baltic must have come from a NATO country, Sköld insisted.

These allegations were originally issued on March 15, 1983, in the same *Dagens Industri*, and by the same journalist who interviewed Sköld in December 1987. At the time, Sköld himself, still chief of the Army, categorically refuted the allegations, saying that "it sounds like a fairytale," and pointing out the well-known fact that the Öresund, with its water depth of merely 9 meters, does not physically permit the passage of a submerged submarine.

This simple fact, it seems, has now escaped Sköld's memory.

Both Defense Minister Roine Carlsson and the highest military command—the current one as well as those in office in 1982—have all denied Sköld's allegations, confirming the truth of the spring 1983 parliamentary Submarine Commission report, which concluded that "no observation has been reported which indicates an incursion into Swedish territory by a submarine belonging to NATO."

Had there been the slightest indication of a NATO submarine in Swedish waters, one can be confident that this fact would have been exploited to the utmost by the neutralists in the Social Democratic regime.

The spring 1983 Submarine Commission report uniquely identified the U.S.S.R. and the Warsaw Pact as the home of the submarines sent into Swedish waters. It formed the basis for an unusual Swedish diplomatic protest against Moscow's policy, and led to the freezing of high-level official travel exchanges between Sweden and the Soviet Union; the ice was broken only three years later, with Premier Ingvar Carlsson's visit to Moscow. For the chief of the army to have known about NATO submarines violating Swedish waters in the fall of 1982, without reporting this information, would have constituted gross neglect of duty.

The clue to the sudden reinvigoration of Sköld's memory, about five years later, is the timing of the event: one day before the commander-in-chief's new submarine report, the first one since 1983 clearly to identify the Soviets, if only in the classified part. Indeed, making his allegations of a NATO submarine last December, Sköld whined "that today one does exactly as then, making use of the doubtful conclusions of the commission in order to jump to conclusions today."

Before making his new allegations, Sköld supposedly informed Defense Minister Carlsson, who voiced no objections. In fact, the allegations of Sköld, a senior adviser of the defense minister, as well as the son of a former defense minister and leading Social Democrat, represent the unofficial reply of the Social Democratic regime to the *unfortunate naming of the Soviets* in the classified part of the commander-in-chief's new report.

## A vacuum of power

*The Barco government in Colombia is devoting its energies to evading responsibility for a war on drugs.*

The popular outcry against the drug traffickers in Colombia following their brutal kidnap and execution of Attorney General Carlos Mauro Hoyos has not been so loud since the April 1984 mafia assassination of Justice Minister Rodrigo Lara Bonilla. The support was there and the moment ripe for declaring Colombia in a state of war, and decreeing such long-overdue measures as immediate confiscation of the drug mafia's vast properties inside the country, financial transparency, militarization of anti-drug efforts both in the battlefield and in the courts, and investigation of the mafia-deployed "citizens above suspicion" encysted within such national institutions as the Congress.

Instead, President Virgilio Barco decreed a "Statute to Defend Democracy" which, incredibly, neither makes mention of the narcos' offensive against the nation, nor orders any of the stringent measures expected. Instead, it is a broad-based "anti-terrorist" statute which, among other things, extends penalties for a variety of terrorist crimes, hires 5,000 new judicial employees, and orders an increase in Colombia's standing army. As the anti-drug daily *El Espectador* generously observed, the decision of Barco to do something, anything, was "a relief."

But, the editors continued, "We shouldn't forget that the Attorney General's office itself is infiltrated by the mafia, as is the Congress, public administration, many courts, and the armed forces. . . . Conceiving good measures alone will not suffice. It is indispensable to apply them and dem-

onstrate their efficiency. . . . May those in charge of imposing them, the competent authorities, not fail, nor submit to the language the terrorists and mafiosi speak to neutralize their efforts."

Even columnist Antonio Caballero, notorious for anti-extradition, pro-drug commentaries, was less than diplomatic in blasting the President's weak-kneed response to the narcos' declaration of war. In his Jan. 31 column, Caballero wrote: "Attorney General Mauro Hoyos has been so easily assassinated . . . because political power had the means, but not the will, to defend him. Colombia is being assassinated, not for lack of power, but for lack of will." (Perhaps Caballero's sudden concern stems from his inexplicable presence on a mafia hit list.)

At least the issuance of the anti-terrorist statute gave the military authority to conduct raids against safe-houses of the Medellín Cartel of cocaine traffickers. Vast arsenals were uncovered containing sophisticated weaponry, including infrared scopes and flash suppressors for machine-guns which the armed forces do not possess. A recent Mexican bust of 22 drug-smugglers, including 6 Colombians, turned up similar weaponry, reportedly destined for the Cartel in Colombia. However, not one of the mafia kingpins sought has been captured.

In answer to the deafening chorus of demands for a more vigorous administration of authority, President Barco has responded by convoking a national plebiscite to reform the Co-

lombian constitution.

Former President Carlos Lleras Restrepo responded to the plebiscite call by declaring: "We are at war, and to prosecute it the executive has and needs no other limitations but those recognized by international law guiding war among nations. We would not have arrived at the present situation if that juridical principal had been firmly adopted."

While the Barco government, as well as influential political forces within the opposition, cower under the terror of mob rule—cheered on by such *New York Times* headlines as "Colombians Grow Weary of Fighting Drugs"—patriotic elements in the country continue to fight. On Feb. 2, *El Espectador's* editors furiously denounced former President Misael Pastrana's willingness to hold a "dialogue" with the mafia in the aftermath of his son's kidnaping, "as if one were dealing with talks among peers, who could be measured by the same stick and viewed in the same plane of moral reference. . . ."

"And who do these criteria serve?" asks *El Espectador*. "To do away with extradition? To wash ill-gotten money? To pardon their crimes? To submit ourselves to their dominance and empire? To have a pact with them, and make mutual concessions? Former President Pastrana must tell us where he is going, and where he would take us all."

Former President Belisario Betancur wrote a letter to the daily *El Espectador* Jan. 29 calling for a crusade for "moral peace." Said Betancur, "The government, with the President at its hand, should tell us what we must do, without vacillation, without haggling. . . . We cannot permit the nation to be dishonored or for it to dissolve in our hands. For my part I am ready to carry out orders."

## **An abyss opens in Tamil Nadu**

*Any idea that the political vacuum left by the late chief minister might be quickly filled, has been shattered.*

**T**he death of the popular chief minister of Tamil Nadu, the former movie actor M.G. Ramachandran ("MGR"), on Christmas Day elicited a gasp from the Indian body politic. But the full impact only hit recently, as this key southern state lurched into ungovernability.

On Jan. 28 the successor government headed by MGR's wife Janaki—who had never involved herself in politics before—failed miserably to prove its majority in the reconvened state assembly, and at this writing, the imposition of President's Rule in the state appears imminent.

Besides being immensely popular with the people of Tamil Nadu, MGR had in 10 years as chief minister proved himself a competent administrator and able politician. MGR had held a centrist course in a regional-ethnic party, the AIADMK, well known to be seriously split, and with a strongly chauvinist wing. Moreover, his administration was based on a coalition at the local level with the Congress (I), a cooperative relationship that was developed to good effect at the national level as well.

Perhaps most critical, certainly in the recent period, was MGR's pivotal position in Delhi's efforts to come to grips with the ethnic war between Tamils and Sinhalese in Sri Lanka. That crisis sent hundreds of thousands of civilians and Tamil militants streaming across the Palk Straits to Tamil Nadu for refuge. This situation continues to pose a severe challenge to leadership in both Tamil Nadu and Delhi.

But MGR's stature in the state and

his good relations with Sri Lankan Tamils, including some of the leading protagonists, eased many a delicate moment and was invaluable in the steps that led to last year's Indo-Sri Lankan Accord, not to mention keeping support for the beleaguered pact over the past year.

The first eruption of fissures in the post-MGR regime was handled with deceptive efficiency by Tamil Nadu Governor Khurana. When Janaki stepped forward to stake her claim over Mr. Nedunchezian, the senior minister in MGR's cabinet to whom power had been routinely transferred Dec. 25, the hand of Mr. Veerapan, a politician well known as one of the more intemperate factional leaders of the AIADMK, was clearly visible.

Nonetheless, Khurana honored the claim virtually on the spot, and Nedunchezian was summarily removed. He threw in his lot with the grassroots base of the party associated with MGR's party propaganda secretary and leading lady in many an MGR film, the tough young actress Jayalalitha. Meanwhile, Janaki was installed Jan. 4, after being elected leader of the split AIADMK, and was informed she would have to prove her majority.

The Jan. 28 debacle in the Tamil Nadu Assembly chambers, where the Janaki government secured a "vote of confidence" of 99-8, with 3 abstentions—out of 224 assemblymen—after twice adjourning on patently frivolous pretexts, ordering a police attack on the opposition, and finally locking out 124 members of the combined opposition, buried the last illusion of a smooth transition and a

"united" AIADMK with it.

These illusions rested on certain assumptions about what stance the Congress (I) would take toward the AIADMK crisis—if the ruling party, which holds 64 assembly seats, backed Janaki or even abstained, the Janaki government would have held. It was a prospect widely anticipated—not only by Janaki herself, as she bitterly complained Jan. 28—even at the Jan. 27 eleventh hour when Rajiv Gandhi issued the quixotic statement that the Congress (I) could only support a "united" AIADMK.

In the event, the Congress (I) high command issued a whip to the state party to vote against Janaki on the claim that her forces had tried to buy support of 12 Congress assemblymen. Behind the high-minded anti-corruption sentiment is a patently partisan calculation.

During the expected period of President's Rule, the state will presumably prepare for fresh Assembly elections. With the AIADMK now split open and ulcerating, it can be expected that this party will be consumed by fratricidal warfare at the polls. The DMK and other opposition parties will cash in to some extent on the AIADMK-Congress (I) rupture, but are not likely to be able to make a serious bid for power. That would leave a clear field for a Congress (I) victory—or would it?

It is impossible at this point to foretell. What is clear is that a fresh election mandate, whatever the outcome, is a better bet than the instability of limping along with a de facto puppet government in this important state. The campaign will likely center on one issue: Who can carry the MGR mantle? From this standpoint Congress (I) made its first move Jan. 25, when the central government posthumously awarded MGR the *Bharat Ratna*, the highest honor in the land.

# International Intelligence

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## ***Russians order West's Communists to radicalize***

A two-day strategy session of 10 West European Communist parties heard orders from Moscow to step up "class struggle" organizing. The conference began in Oer-Erkenschwick in the industrial Ruhr region of Germany on Feb. 2, and debated how to intensify "organizing of Communists in working-class neighborhoods."

The Ruhr has been hit with rioting and labor unrest recently, in response to the shutdown of steel factories there. The unrest has been steered, in part, by the Communist Party (DKP).

Analysts say the current conference reflects Soviet strategy in the face of the financial collapse of the West. Soviet publications have hailed this as the "final crisis of capitalism."

Sponsored by the Prague-based publication *Problems of Peace and Socialism*, the event was initiated by Soviet Central Committee member Vadim Zagladin at a similar strategy session in Prague six months ago. At that time, Zagladin, the deputy in charge of the Central Committee's International Section, urged the Western Communists to "become more offensive" and take advantage of "building working-class ferment."

Attending the Ruhr conference are the Communist parties of West Germany, Spain, Portugal, Turkey, Greece, Austria, Cyprus, Finland, Italy, and Switzerland, as well as representatives (i.e., KGB operatives) of the sponsoring publication.

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## ***Will Italy get U.S. F-16s?***

The U.S. government has offered to give Italy the 72 F-16 fighter bombers it is now being forced to withdraw from Spain's Torrejón air base, and the offer now promises to touch off a furor in Italy.

Socialist Party leader Bettino Craxi, the former prime minister, says that he prefers that the F-16s stay in Spain, rather than have

them touch off the kind of "peace" riots that occurred after the stationing of American missiles at a base in Comiso, Sicily in 1982.

The "pacifists" are now gearing up against the F-16s, which would also be stationed at Comiso.

Some people have interesting reasons for favoring the F-16 deployment in Italy. An editorial by Arrigo Levi in the Feb. 2 *Corriere della Sera*, Italy's newspaper of record, argues that placing the F-16s in Comiso would be good, because it would help Gorbachov against "the hardliners" in Moscow, exactly as the cruise deployment had earlier, by creating the pretext for new negotiations with the Americans.

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## ***German elite bows to Moscow, Spaeth***

In light of America's promised sell-out of Western Europe, one whole section of Europe's industrial and banking elite is now scrambling to fulfill Moscow's desires in the field of trade and technology, and demonstrating their good faith by endorsing as the next Chancellor of West Germany Social Democrat Lothar Spaeth, governor of Baden-Württemberg.

Ironically, this section of the European elite is calling itself the "European self-assertion" faction.

Under Spaeth's sponsorship, a star-studded cast of Europe's bankers and industrialists gathered in Stuttgart Feb. 5-6, to discuss increased cooperation among the high-technology sectors of Europe, a softening of CoCom bans on transfer of modern technologies to the Soviet Union, and the "self-assertion" of European banking, industry, and research against the rudderless Americans—i.e., make a deal with the Russians fast.

The international economic forum Spaeth set up featured Alfred Herrhausen of Deutsche Bank, Edzard Reuter of Daimler-Benz, Peter Wallenberg of Skandinavisk Banken, Carlo De Benedetti of Olivetti, Marcus Bierich of Bosch, Kinnock McGregor of Lazard Frères, Rainer Gut of Crédit Suisse, Andre Leysen of Agfa Ge-

vaert, Gert Lorenzen of Philips, Helmut Maucher of Nestlé, François-Xavier Ortoli of Total Oil, Matthias Wössner of Bertelsmann Group, Herbert Henzler of McKinsey Germany, and, as special guest, Kinichi Ohmae of McKinsey Japan. The event was also attended by representatives of Siemens, SEL, IBM, AEG, Nixdorf, and Unilever.

A spokesman for Spaeth told the press Feb. 2 that had German Chancellor Helmut Kohl "tried to put this meeting together, it wouldn't have worked, because nobody would have come. . . . To a certain extent, one may say that this is a good preparation for Spaeth's trip to the Soviet Union."

Spaeth left for Moscow the day after the gathering, for meetings with Foreign Minister Shevardnadze and party boss Gorbachov on Feb. 9. His meeting with Gorbachov was to last for two hours or longer, and to center around increased Soviet imports of German goods. Spaeth was accompanied by 30 representatives of German high-technology industries.

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## ***Uncover Abu Nidal base in Poland***

Poland has been providing Arab terrorist Abu Nidal with personal refuge and a Warsaw-based arms-trafficking front-company since 1983, according to *New York Post* editorial writer Eric Breindel, in a *Washington Post* column Feb. 1. Breindel, a former aide to Sen. Pat Moynihan (D-N.Y.), wrote that this information was reported in a "carefully prepared State Department report—based on CIA findings," that has been ready since June 1987.

Breindel said that the report was ready "months before the Reagan administration restored full diplomatic relations with Warsaw, and honored General Jaruzelski by sending Vice President Bush there to meet the general."

Poland allowed the formation of SAS Foreign Trade and Investment Co. in 1983 "to channel commissions from arms sales to the Abu Nidal group." The same year, Poland allowed Abu Nidal to move to Warsaw after he was expelled from Iraq. At the end

of January, Warsaw announced the departure from Warsaw of Nidal's "chief financial aide, Samir Hasan Naimeddin."

### ***Sihanouk resigns as rebel coalition head***

Prince Norodom Sihanouk, once Cambodian head of state, announced from Beijing Jan. 31 that he is resigning as President of Kampuchea's anti-Vietnamese government-in-exile because of conflicts within the three-party coalition, and that he also plans to break off peace negotiations with the Vietnamese-installed authorities in Kampuchea.

Sihanouk accused Son Sann, leader of one of the three guerrilla groups, of being "extremely hostile" toward him and his followers. In a three-page handwritten statement, Sihanouk said Son Sann had accused him unjustly of treason and of "playing the game of the colonialist Vietnamese" through his talks with Kampuchean Prime Minister Hun Sen.

Sihanouk has met with Hun Sen on several occasions over the recent period, and other meetings were scheduled—clearly giving rise to mistrust by other parties in his coalition.

Sihanouk said he had not discussed the matter with the Chinese before he made his announcement.

### ***Soviet officer: We'll keep missile guidance systems***

A Soviet General Staff officer has revealed that Moscow intends to keep the most costly part of its SS-20 missile—its guidance system—for use in the civilian economy. The SS-20 is supposed to be dismantled as part of the INF treaty with the United States.

V.A. Kuklev, writing in the Central Committee daily *Selskaya Zhizn* (*Village Life*) on Jan. 26, said the guidance systems "will go into service for peaceful purposes." "It would, of course, be wrong," he said,

"to destroy along with the weapons those devices which could be used in the national economy. The treaty makes provision for such possibilities."

The same goes for the "powerful all-terrain vehicles" that carry the missiles: "Once all launch elements have been removed and work has been carried out to make it impossible for them to be reused for this purpose, the vehicles will go into the national economy."

### ***Soviets ready 'Nazi' hoax in Britain***

Undeterred by the collapse of their "war crimes" frame-up against John Demjanjuk in Israel, the Soviet Union has sent their top "Nazi-hunter," Deputy Prosecutor Natalia Kolesnikiova, to Britain to attempt to frame up a Lithuanian emigré there.

Kolesnikiova spoke before the All-Party Parliament War Crimes Group in London at the end of January, about testimony from "30 witnesses" alleging that Edinburgh-based Anthony Gecas had committed war crimes.

Britain's *The Observer* newspaper reported Jan. 31 that Gecas "vigorously denies the charges." The Gecas case is supposed to be the precedent for Britain to establish a group modeled on the U.S. Justice Department's Office of Special Investigations. *EIR* has documented that the OSI, which stripped retired Cleveland autoworker Demjanjuk of his citizenship and deported him to Israel for trial solely on Soviet say-so, operates solely at the direction of the KGB.

OSI chief Neil Sher was in London during November 1986, also to present "evidence" against Gecas.

*The Observer* also reported that Labour Party parliamentarian Grenville Janner, secretary of the War Crimes Group, is demanding that Home Secretary Douglas Hurd set up a "swift and powerful investigative body" to prosecute 16 alleged war criminals living in Britain; Janner has previously defended use of Soviet-provided material in such cases.

## Briefly

● **EUTHANASIA** is advocated by those who care more about themselves than their sick relatives, charged Israeli Prof. Yeshayahu Leibowitz, during a Jan. 23 symposium in Israel. "The prohibition against taking life is a postulate which we must accept and cannot change in any way, because the minute we start making exceptions, we will lose control," he warned.

● **FRANK CARLUCCI**, the U.S. defense secretary, will meet with Soviet Defense Minister Dmitri Yazov in Bern, Switzerland before the end of March, in what the *Washington Post* portrayed as "a wide-ranging series of exchanges between leaders of the two nuclear superpowers' military establishments." The meeting will take place sometime after the Feb. 21-23 meetings between George Shultz and Eduard Shevardnadze in Moscow.

● **EVAN GALBRAITH**, the former U.S. ambassador to France, testified Feb. 3 that "the INF treaty sets us on a slippery slope and we won't stop sliding until Germany is denuclearized, neutralized, and demilitarized. . . . By ratifying this treaty, you will destabilize Germany and Western Europe and threaten the existence of NATO." He spoke before the U.S. Senate Foreign Relations Committee.

● **THE HOUSE OF LORDS** in Britain Feb. 2 voted 202-122 in favor of a ban on local authorities' promotion of homosexuality. Deliberations on the ban were interrupted when a group of lesbians swung down from the public gallery on ropes, yelling, "Shame on you!" and "Lesbians are angry!" Said Tory Member of Parliament Dame Elaine Kellett-Bowman, "It was a pure Tarzan act. . . . One chap almost lost his trousers in the melee."

# Did Meese foist Rappaport upon Switzerland?

by Joseph Brewda

Shocking new revelations show that U.S. Attorney General Edwin Meese may have been involved in a scheme to bribe Israeli Foreign Minister Shimon Peres. Well placed European sources report that the main beneficiary of this scheme, the Geneva-based, Israeli businessman, Bruce Rappaport, has operated under the protection of Meese and the U.S. government. These sources also specify that Rappaport, despite his self-portrayal as a high-level, unofficial representative of the Israeli government, is primarily a Soviet agent-of-influence. Reports that Rappaport was up to his neck in the U.S.-Israeli Iran gate deals, through his personal connection to former CIA director William Casey, are also under intense scrutiny.

This is not the first time that the Reagan administration has been demonstrated to have been duped by Soviet operatives functioning under Israeli government cover. Convicted Israeli spy Jonathan Pollard, a former U.S. Naval Intelligence analyst; and the recently arrested KGB operative, Shabtai Kalmanowich, who also worked for Israel, are just two of the more publicized instances of this phenomenon.

The *Los Angeles Times* of Jan. 31 reported that Attorney General Meese was being investigated by Special Counsel James McKay, regarding his role in a 1985 plan to bribe Peres, then Israel's prime minister. The plan was conceived by E. Robert Wallach, an attorney for both Meese and Rappaport, who has also served as the Attorney General's formal liaison to the Zionist lobby and Israel. Wallach and Meese have been close friends since college.

The scheme apparently involved U.S. government support for a bribe of Peres. In return for the bribe, the Israeli government would pledge not to bomb a planned \$1 billion Iraqi oil pipeline project. Fears of Israeli aggression had stymied an apparently reasonable Bechtel construction program, for which Rappaport was the middle-man and wheeler-

dealer. A copy of the memo outlining the Wallach-authored conspiracy was found in Meese's office.

According to *Washington Post* sources, Wallach also utilized his well known relationship with Meese to obtain a meeting with National Security Adviser Robert McFarlane in 1985 to lobby for the Rappaport pipeline plan. Still later, Wallach used Meese's name to meet with the Overseas Private Investment Corporation (OPIC) in an effort to help insure the proposed pipeline, citing alleged national security considerations.

Well placed Swiss sources report that the fact that Meese and Wallach have now been publicly demonstrated to have ties to Rappaport has explosive implications.

According to these sources, Bruce Rappaport, and his Geneva-based, Intermaritime bank are "very dubious," and the Swiss government may soon begin formal investigations of the Wallach client. This source reports that even the Swiss banking community, which "lives on flight capital," is concerned about being associated with Rappaport's outrageous activities.

Because of such considerations, this Swiss official emphasized that Israeli emigré Rappaport is "someone who should never even have gotten a residence permit, given his past, and I think that there would have to have been pressures from someone" to have allowed Rappaport to establish and operate a Geneva bank. Asked what forces would be powerful enough to protect Rappaport, this source speculated, "The American government," and, in the recent period, "specifically Attorney General Meese, Reagan, and Wallach." He went on to report, "You know, there was a very right-wing ambassador here in Bern [Faith Whittlesey], and she protected him."

Whittlesey was exposed last year for her role in aiding the U.S. National Security Council, and the CIA, in launder-

ing the Iranian gun-running proceeds later revealed in the Irangate scandal. The Meese Justice Department had earlier quashed investigations into alleged financial improprieties committed during Whittlesey's tenure at the embassy.

It has since been confirmed that Special Counsel James McKay is investigating Meese in connection with the Rappaport conspiracy, specifically his failure to report the bribery scheme. The failure of a citizen to report a planned felony is in itself a crime. Not to mention the ramifications when the citizen is the Attorney General.

### Not the first time

This is not the first time that Meese's relationship with Wallach has gotten him in trouble. In fact, U.S. Special Counsel McKay was appointed last year after it was shown that the Attorney General had successfully lobbied the federal government to accept a no-bid contract from Wedtech, a Bronx, N. Y. defense firm, of which Wallach was a principal. Wallach, who also helped set up Meese's "blind trust," had invested much of the Attorney General's life savings in the firm—much to Meese's financial advantage. Wedtech's admitted bribery of federal officials to secure these no-bid contracts, has already led to the federal indictment of Congressmen Mario Biaggi and Robert Garcia of New York, and two brothers of former Maryland Congressman Parren Mitchell. Wallach is himself under indictment for accepting bribes to obtain Wedtech federal government contracts.

Interestingly, Wedtech had been formed by Jacob Neuberger, a life-long friend of former Israeli Prime Minister Menachem Begin. Wedtech was deeply involved in the same arms trade to Iran that Ambassador Whittlesey aided, according to reports. One of Wedtech's principal attorneys, Howard Squadron, formerly chairman of the American Jewish Congress, is also a U.S. attorney for top Israeli arms merchant, and ambitious politician, Gen. Ariel Sharon. It was Squadron who introduced Meese's crony Wallach to Wedtech. This introduction to what soon became a lucrative relationship, occurred at the same time as Wallach's designation as Meese's liaison to the Zionist lobby.

Faced with the evidence against him, Rappaport has admitted discussing the proposed pipeline with Shimon Peres in 1985, but has naturally denied any wrongdoing. "I have never bribed anyone and I think it's foolish to think that a man like Peres, whom I have known for 45 years and whose hands are so clean, would have responded to a bribe," he insists. Peres, reportedly with Rappaport, was a key overseer of the Israeli-Reagan administration project of selling arms to Khomeini, and laundering the profits through Switzerland, during the period of the Rappaport-Peres meetings.

Peres and Meese have also hotly denied any wrongdoing in the bribery conspiracy, just as both of them had earlier insisted that there was no criminality on their part in the Irangate affair.

Despite Rappaport, Peres, and Meese's denials, it has since come out that Meese had written directly to the former

Israeli prime minister supporting the Rappaport pipeline deal. Meese's involvement in the scheme dates back to 1984, according to some U.S. sources.

### No mere Mossad agent

Bruce Rappaport first came under *EIR* investigation in 1986, after French intelligence sources reported that he was closely associated with Soviet intelligence operations, despite the widely held belief that he worked solely for Israel. These sources stressed that Rappaport's close, and highly public association with the Israeli Labor Party and the Israeli Mossad, had enabled him to successfully portray himself as just one more high-rolling Mossad financial operative willing to deal with U.S. intelligence.

This common, but simplistic, perception of Rappaport by some Swiss insiders was recently expressed this way: "Rappaport is the *longa manus* of the Israeli government. He cannot be distinguished from the Israeli government. All he is here is a front for activities on behalf of the Israeli government." Such views miss the Soviet dimension, more careful analysts report.

According to French sources, one of the more public instances of Rappaport's ties to Moscow is his highly unusual business dealings with the Soviet merchant marine. It turns out that Rappaport's Intermarine bank, and his other firms, hold an exclusive worldwide servicing and maintenance contract for the Russian merchant fleet—an obvious extension of the Soviet Navy.

Reached by *EIR* for comment on these accusations, Rappaport could only bluster, "Yes, I have been in contact with the Soviets. I have been to Moscow. I was in Moscow to offer computer systems, computer accounting in cash, for ships."

Despite such overt Soviet connections, Rappaport has been allowed to become the largest private stockholder in the Bank of New York, and has run successful Indonesia oil ventures with former California Gov. Edmund Brown.

In 1979, Rappaport's business associate, Ronald Sprague, helped negotiate a Libyan government "loan" to Billy Carter, the notorious brother of the former President. The loan was part of a broader deal to obtain Libyan oil for Charter Oil company, then part of the mob complex tied to the Carter White House, and also for Rappaport's oil refineries in Antigua.

Rappaport's shady dealings with the Carter White House apparently set the stage for his later infiltration of the Reagan administration. One apparent victim of Rappaport, outside of Meese, was former CIA director William Casey, who reportedly was involved in a series of lucrative deals with the Israeli-Soviet agent, both within and without government. Rappaport has also been reportedly associated with another Casey sidekick, Maurice Greenberg of the American Insurance Group. Greenberg, and perhaps Rappaport, was instrumental in the disastrous CIA-run overthrow of Philippines President Ferdinand Marcos in 1986.

# LaRouche prime time TV broadcast could transform 1988 election

by Marla Minnicino

Democratic presidential hopeful Lyndon LaRouche took the liberal Eastern Establishment, the media, and Moscow as well, by surprise on Feb. 4 when he appeared on a half-hour, prime time political broadcast, produced and paid for by the LaRouche Democratic Campaign—his 1988 presidential campaign committee. The program, broadcast on CBS network from 8:00 to 8:30 p.m. in the Eastern and Pacific time zones, and from 7:00-7:30 p.m. Central and Mountain, on 97% of CBS's affiliates nationwide, broke wide open the "circle of containment" which LaRouche's enemies have sought to erect around him—through legal and other means.

In the broadcast, LaRouche stands out as a world statesman, an original thinker and figure of great intellectual power who "puts his money where his mouth is," in the words of the program's announcer. As such, LaRouche stands in stark contrast to the other seven Democratic candidates who offer only cosmetic solutions, if any, for the current domestic economic crisis and none for the international financial breakdown or the worsening strategic crisis in which Moscow is rapidly gaining the upper hand.

The broadcast effectively, and humorously, cuts through the media slanders—which are depicted in a lively visual segment showing well-known U.S. newscasters repeatedly referring to LaRouche as a "political extremist"—by showing exactly who LaRouche is, why his ideas are considered such a threat to the liberal Establishment and why Moscow has put so much effort into silencing him. It looks into the issues which have made LaRouche "perhaps the most controversial, as well as one of the best-known international public figures of the 1980s" and shows not only why he is hated and feared, but "why so many around the world are hoping that Lyndon LaRouche will be elected President in November."

Most importantly, it gives American citizens a chance to see for themselves exactly what measures LaRouche would take to deal with the worst economic crisis the country has ever faced, and how he would act, in concert with America's allies, to prevent a global financial collapse through reform of the international monetary system.

The program opens by focusing on the event which catapulted LaRouche into national prominence—the victories of two LaRouche Democrats in the March 1986 Illinois primary. In rapid succession, it shows film clips of the vast newspaper and television coverage of LaRouche, which called him everything from a "communist" to "neo-Nazi" to "the green slime." The camera then scrolls a list of the many LaRouche candidates who polled double-digit figures in the 1986 elections—showing that "a growing plurality of the Democratic voters was turning to support the LaRouche faction within the Democratic Party."

This, the broadcast makes clear, was what caused acute panic in liberal Democratic circles and led to a campaign—brazenly publicized by Democratic National Committee chairman Paul Kirk and New York Gov. Mario Cuomo—to use every "legal or other means" to prevent LaRouche from being a Democratic presidential candidate in the 1988 elections.

In a highly amusing sequence, the broadcast shows a series of 1987 headlines from Iowa newspapers which first report that "no LaRouche candidates" have been detected in the race for that state's early nominating caucuses (Feb. 8, 1988). To the background of crescendoing music from a Rossini opera overture, the viewer watches as these headlines change to acknowledge that "two" LaRouche-linked Democratic candidates have been detected, and then, trumpet that the official state Democratic machine is fully mobilized to "stop LaRouche" at all costs.

## Not the usual egghead

Although most European and American experts feel that a man like LaRouche could only be elected if the nation was gripped by a crisis so serious that Americans demand a new type of leadership, the rapidly unraveling financial "bubble," they fear, could be just that crisis. And LaRouche, as the program shows (panning to shots of his numerous policy papers, books, published articles and campaign pamphlets), has the solutions. How to keep the lid on LaRouche thus



became an obsession for those forces who knew LaRouche was a potential threat to their policies and their power.

Why? The answer is given in the second half of the broadcast in which LaRouche himself details the policies he would carry out. As the announcer says: "There are two things which land LaRouche in trouble with his enemies. First, he tells what he knows, whether or not he thinks the truth is popular. . . . Second, unlike the usual egghead, he proposes clear-cut action for dealing with important problems. If he says something should be done, he is likely to do it; if he says something should not be allowed, he will fight to prevent it from happening. As the saying goes, he puts his money where his mouth is."

The problem, according to LaRouche, is that Washington today is repeating almost word-for-word what the Hoover administration, the Congress, and the Federal Reserve did back during 1929-32 and the majority of the governments in Western Europe are reacting almost exactly as they did during 1929-32. Meanwhile, most politicians are pushing either hyperinflationary schemes (like Bush) or like Bob Dole, the 'same old root canal economics' which caused the deep depression of 1932 and 1933."

LaRouche, as the program indicates, began addressing the problem of the international financial crisis as early as 1975, when he delivered a major press conference in Bonn, followed by a written proposal for an International Development Bank, discussed in diplomatic circles internationally. In it, he warned of the dangers of a build-up of unpayable Third World debt, and proposed the establishment of a new monetary system as the way of avoiding a looming international debt crisis. His proposal was included in the resolution of the 1976 Non-Aligned Movement conference in Colombo, Sri Lanka.

At that point, according to the program, many leading bankers around the world began to fear Lyndon LaRouche and began to launch a series of "dirty tricks" in an attempt to stop his influence.

### **LaRouche's war on drugs**

This effort mushroomed in 1978, when LaRouche launched a "War on Drugs" and commissioned the well-known book *Dope, Inc.* to expose the origins of the international drug trade. It is in this book that the ties of the British royal family to the drug trade are exposed. LaRouche's notoriety increased as he became the target of major drug-trafficking interests and financial circles whose involvement in drug money-laundering stood exposed by LaRouche and his associates.

The program also documents other areas in which LaRouche's policies became influential in government and scientific circles, particularly on the Strategic Defense Initiative—which led Moscow to declare LaRouche "public enemy number one"—and on AIDS, which drew the wrath of the homosexual community and liberals who lobbied for the

"civil rights" of AIDS victims, opposing LaRouche's public health approach to the disease.

These are just some of the reasons the media refers to LaRouche as a "political extremist"—because he speaks out at times the establishment has something to hide, and also because "he knows more about the inside of more foreign nations, perhaps than all the other 1988 presidential candidates combined." Furthermore, as the broadcast shows, LaRouche insists on making very specific changes in the monetary and economic policy of the United States—changes which would significantly reduce the political power of the major financial interests, but would strengthen the U.S. economy in ways which "Moscow insists must never occur."

On the economy in particular, LaRouche has laid out in precise programmatic detail—in books, press releases, pamphlets, and policy papers circulated in Washington and abroad—an entire package of economic recovery measures to be put into effect on his first day as President.

As LaRouche said in the broadcast, Congress already has laws, which "give the President a menu of possible action from which to choose in any emergency exactly like this one. All the President need do, to set those mechanisms of recovery into motion, is to declare a national economic emergency, and identify exactly which of the constitutional and legislated powers he intends to use."

### **What the transition period would look like**

LaRouche has drafted a series of presidential orders, as well as emergency legislation, to be sent to the Congress, which cover every emergency action needed to bring the financial crisis under control, and launch a genuine economic recovery. "Immediately after my election," said LaRouche, "I shall devote much of the transition-period to putting those executive orders and draft legislation into proper legal language. During the same time, I shall be meeting with agencies of the Executive Branch, the Congress, and state and local government around the nation, so that the day I am sworn in, our nation will swing into action to bring the crisis under control."

As detailed, the measures include regulatory actions needed to bring the financial crisis under control, and economic measures for rapid and large-scale industrial expansion. LaRouche would immediately move to: 1) defend and strengthen the value of the U.S. dollar on the world's exchange markets; 2) defend the prices of U.S. Treasury bills and U.S. government bonds; 3) use the regulatory powers of the federal government to help the local banks in trouble keep their doors open; and 4) stabilize the world financial market to "prevent chaos, and to establish a solid floor for re-growth of markets under conditions of economic recovery."

Through this economic recovery program—based not on reducing the budget deficit, but on generating new industrial potential, LaRouche said he intends "to do what Franklin Roosevelt did between 1939 and 1943—without the infla-

tionary effects of large-scale war expenditures." "It worked then," says LaRouche, "and it will work now."

LaRouche also says he plans to begin negotiations with U.S. friends and allies on his first day in office—meeting with diplomats and heads of governments on the evening of his inauguration to "reach agreement on a memorandum of understanding on three subjects: debt reorganization, general monetary reform, and a new package of trade and tariff agreements to restart a rapid expansion of world trade" and to "give the former colonial world access to what Roosevelt called 'American methods' of technological progress."

The conflict between the Soviet empire and the West, contends LaRouche, is "more than 80% a conflict in culture, economy, and politics, and less than 20% a conflict in military potentials." What the Reagan administration's strategists have never understood, he says, is that "if we continue to impose economic and monetary policies which ruin our own economy, and ruin our allies and friends, we are giving the world over to Moscow's domination free of charge. It is the bonds of fruitful cultural, economic, and political cooperation among the United States, its allies, and its other friends, which is the source of strength of Western civilization."

"We must return to being the nation we were created to become. Here, at home, we must be committed to the freedom and well-being of every family. We must be a nation which is able economically to provide true justice for all, through scientific and technological progress. In the world at large, we must build a system of cooperation among nations, a community of principle based upon the goal of justice for every nation, and every individual on this planet—including the many millions of today's terribly poor Americans here at home."

After viewing the Feb. 4 LaRouche broadcast on CBS, the honest citizen could only wonder: "Are these the words of a political extremist?"

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# Helms puts Ogarkov Doctrine at center of INF debate

by Kathleen Klenetsky

Sen. Jesse Helms (R-NC), ranking Republican on the Senate Foreign Relations Committee, issued a 180-page memorandum to his Republican colleagues Jan. 25, critiquing the INF agreement line-by-line. Entitled "The Treaty on Intermediate-Range Nuclear Weapons, Does it Decrease—or Increase—the Danger of Nuclear War?" the memo reviews the history of Soviet cheating on other arms accords; charges that the Soviets have a large, covert force of SS-20 missiles; maintains that the Soviets have developed an ABM capability, beyond the Moscow point-defense system allowed by the ABM Treaty; and concludes, "Removal of the Pershing II shield leaves Western Europe virtually exposed to Soviet domination, either directly or indirectly."

But the most important part of the memo is Chapter Two, which situates Moscow's decision to agree to the "double zero option" in the context of the nuclear war-winning doctrine advocated by Marshal Nikolai Ogarkov, Deputy Supreme Commander of Soviet forces.

In this respect, the Helms memo departs from every other public analysis of Soviet military strategy, save one: *EIR's* 1985 *Global Showdown* report, and its recently published sequel, *Global Showdown Escalates: The Zero Option and the Berlin Crisis of 1987*, which were the first publications to reveal that Mikhail Gorbachov's vaunted perestroika, hailed by many Western circles as proof that Moscow is no longer interested in military conquest, actually is a crucial part of Ogarkov's grand design for ensuring Russia's global imperial domination.

Key excerpts of the memo follow:

*From "Issue Two: Preparations for War: Is the INF Treaty a major step forward in the implementation of the Ogarkov Doctrine that the Soviets can dominate Europe despite the danger of nuclear war?"*

Ogarkov's . . . service includes the position of Commander of the Western Theater of Military Operations [which is] responsible for all combined operations in Europe.

But Ogarkov created more than a job; he created a doctrine, a doctrine that formed the basis for the massive reorganization of Soviet military systems in 1981. The Ogarkov Doctrine was summarized in his book, *Always Ready to Defend the Fatherland* (1982).

The Ogarkov Doctrine called for the Soviet Union to go

on a war footing, with massive mobilization of all military, economic, industrial, and civil defense resources to defeat the imperialist enemy. The concept of total military preparedness included revamping of the educational system to prepare future soldiers for the complexities of modern war machinery.

In short, the Ogarkov Doctrine holds that war is winnable, even in a nuclear age. Moreover, Ogarkov constantly argued that Europe could be dominated without triggering a nuclear exchange between the Soviet Union and the United States.

Moreover, Ogarkov has been more than a theorist. As early as 1969, he was a key strategist involved in the SALT I and later in the Salt II negotiations. . . . In 1969 he was also put in charge of the newly-created Directorate of Strategic Deception (Maskirova), where he developed techniques of camouflage, concealment, encryption, and deception that were used effectively to circumvent the restraints of the strategic arms control treaties. In 1977, he became Chief of Staff. He was Chief of Staff when the SS-20 INF missiles were deployed against Europe.

His attitude toward the West is best exemplified by his unprecedented and brazen press conference defending the Soviet action in shooting down KAL-007. . . .

## Preparations for war

In December, 1983, [Ogarkov] created three, overall theater commands. . . . The most important of these theaters the Western Theater, was organized to direct operations against Europe, placing all operations, including naval operations, under a single commander. Thus, Europe would be confronted directly by the Soviet Union, instead of through the Warsaw Pact.

The significance of this action was . . . to place the Soviet Union on a war footing. . . . The high degree of mobilization in the Ogarkov plan is necessary only if the Soviets had aggressive designs against NATO. . . .

As commander of the Western District, Ogarkov is in direct charge of all theater forces, including the SS-20s—and perhaps the variable-range SS-25s—in the Western Soviet Union, Poland, Czechoslovakia, and East Germany. As a former SALT negotiator, he is keenly aware of the role of the SS-20s in the Soviet panoply of intermediate-range and long-range nuclear weapons. He is also keenly aware of the

need to remove the Pershing IIs if his doctrine is to be fully implemented.

Through new force alignments and operational changes, the Soviet Union is constructing a military which they believe to be capable of conducting strategic deep encirclement operations to occupy Western Europe in a new "lightning war. . . . As Chief of the General Staff, Ogarkov was responsible for developing and implementing the strategy, plans, organizational changes, and revisions of Soviet operational art. . . ."

As the INF treaty currently stands, the Soviet Union does not sustain a parallel loss [to the Pershing IIs] in its deterrent capability. . . . The consequences of this situation is an asymmetry in intermediate range nuclear missiles exacerbated by the very significant asymmetry between NATO and Warsaw Pact conventional forces. . . . In such a situation, the NATO alliance is dangerously vulnerable from an objective military standpoint. Such vulnerability can be manipulated by the Soviet Union through psychological operations in order to neutralize Western Europe. . . . With Western Europe neutralized and Finlandized, the Soviet Union is able to devote its attention and power more fully to the confrontation with its "main enemy," the United States.

*From the introduction by Gen. Bernard Rogers, who retired in June as NATO Supreme Commander in Europe.*

First and foremost, I am concerned over the elimination of the PIIs, the theater-based system that the Soviets fear most. . . . Secondly, elimination of the GLCMs [ground-launched cruise missiles] and PIIs reduces the number of escalatory options available for use by the political authorities, should circumstances dictate. The total impact of losing these two key tools is that the credibility of NATO's deterrence is reduced in the Soviet mind, and the future of security of the West—including the U.S.—will be affected.

Another concern is that the potential agreement puts NATO on the slippery slope of denuclearization of Western Europe, which is what the Soviets want. Such denuclearization would make Western Europe safe for Warsaw Pact conventional aggression with no fear of nuclear escalation. More likely, however, in view of the imbalance in conventional forces, it would result in accelerating the achievement of the Soviet objective of neutralizing Western Europe without having to fire a shot.

The Soviets will be giving up only about 3 percent of their current nuclear warheads; almost all of the remaining 97 percent—thousands of warheads—can strike Western Europe if the Soviets wish. . . . And what is NATO giving up? The only theater weapons system, that, in the eyes of the Soviets, makes NATO's deterrent highly credible—the PII. . . .

My final concern is that NATO, following the apparent accelerated timetable of the United States, is about to sacrifice the long-term credibility of its deterrence on an altar of

short-term political expediency and image enhancement of some of its leaders. And all because of a 1981 proposal that close analysis over time has proven we should not have offered, especially if we did not expect, or want, the Soviets to accept it. Unfortunately, when the full adverse impact of this accord is felt, today's leaders and their governments will be long gone. And who will bear the brunt of this short-term approach? The people of NATO's nations, especially those in Western Europe."

*From "Issue Three: Militarily Significant Advantages: Can the Soviet Union gain any militarily significant advantages by cheating on compliance with the treaty?"*

The United States does not know how many SS-20s have been produced. Unclassified DIA estimates for years have assumed that the SS-20 force was close to and even over 1,000. Yet, the Soviets in the Memorandum of Understanding accompanying the INF Treaty have declared that they have only 650. . . . If U.S. intelligence is correct, then the Soviets are already violating the treaty obligations, and we can assume they intend to cheat on a massive scale.

Moreover, the situation may be even worse. . . . Some intelligence analysts believe the Soviet SS-20 force could be as high as 2,250. . . .

There are at least three uses for a covert fleet of SS-20s [each of which] could have a tragic, catastrophic effect upon the United States and NATO. . . .

1. The Surprise Party: a sudden revelation of covert, massive, over-kill capability to force the United States and NATO to accept decisive geostrategic changes.

2. Chemical and Bacteriological Warfare: the MIRVed warhead is ideal for the strategic dispersal of chemical, bacteriological, and biological agents from a distance that would not contaminate Soviet troops.

3. The "Dome of Light": a temporary ABM effect, already tested, which could shield the launch of a first strike. . . .

The Ogarkov Doctrine relies heavily on military tactics that will achieve victory without engaging in nuclear war. Since the time of the great Soviet strategist Sokolovsky, Soviet war doctrine has included the concept that a nuclear war is winnable if the steps toward war are accomplished prudently and the strategic components are correctly analyzed. The Soviets consider the rejection of such analysis to be an irrational act. The fact that the West rejects such a concept completely is a critical element crucial to the doctrine of nuclear victory.

The Ogarkov Doctrine contemplates a situation in which the Western horror of nuclear war will be so great as to lead the West to permit wars to occur without escalating to the level of a nuclear holocaust. . . . From the Soviet point of view, such Western horror merely puts a ceiling on practical escalation, allowing wars to be won by superiority of forces below the ceiling.

## Health insurance giant faces bankruptcy

In an interview during an awards ceremony on Capitol Hill here Feb. 2, Louis Levine, corporate vice president of Empire Blue Cross and Blue Shield health insurance company of New York state, told this reporter that America's "health care delivery system faces a dire crisis."

Levine said that unless Congress finds some answers, the United States is going to become like Great Britain, where insured health services have become virtually nonexistent, with enormously long waiting periods and lack of access to new technology. There, he noted, there are simply not enough kidney dialysis machines to meet the public need, making them unavailable to anyone over age 65 who cannot afford to pay for the use of one out of his own pocket.

With the shifting demographic trends of the U.S. population toward a larger share of older citizens, the burdens on health care delivery systems here will create a similar condition, he warned. "We might wind up with the kind of solutions that someone like former Gov. Richard Lamm of Colorado advocates, which is simply to tell people they can't receive medical treatment if they're past a certain age," he said.

Yet Blue Cross and Blue Shield, a confederation of not-for-profit companies that cover 80 million Americans, is itself considered a pacesetter in methods to chisel its clients out of comprehensive, state-of-the-art health care.

Known as the Blues, the Blue

Cross and Blue Shield confederation now insists on a second opinion by a physician of their choice, before they will cover elective surgery or hospitalization. Also, a year ago, they announced that they would no longer cover 15 commonly used diagnostic tests, including blood tests and strep throat cultures.

Levine insists that the Blues have been forced to restrict their coverage because of rising health care costs and because they were dealt a severe blow by the comprehensive tax reform law in 1986. The tax reform, he said, removed the exemption for all not-for-profit companies, putting the Blues into a 20% tax bracket.

By contrast to the Blues, which provide comprehensive coverage for its subscribers to receive treatment by the physicians and hospitals of their choice, the new tax law gave a special tax exemption only to "health maintenance organizations" (HMOs), which dictate which physicians and options for treatment are covered under their programs.

"We were singled out for this treatment," Levine said. "The Congress said it estimated it would collect \$800 million in taxes from us over five years. Well, let me tell you, they'll be lucky if they get \$200 million."

He said this was because the congressional study was based on the revenues for 1983-84, which have dropped precipitously since then. He said that most Blues are now in very serious financial trouble, and that some of them could go "belly up."

Despite their cost-cutting tactics, the Blues are unique for opposing efforts by other insurance companies to make taking an AIDS test a mandatory precondition for obtaining a health insurance policy.

Levine maintains that this is because of the Blues' sense of public duty, being chartered as not-for-profit

companies. "Our view is that AIDS is a major fact of life, with millions of people infected. So you can't deny coverage because of exposure to the virus," he said. "Otherwise, what do you propose to do with all those people? What's the alternative?"

Not only have the Blues opposed mandatory AIDS testing as a precondition for insurance, but in New York state, the company there has adopted the only universal acceptance policy in the United States, which offers to cover anyone who walks in off the street and applies—except for a pre-existing condition, which will be exempt from coverage for the first 11 months.

Under these terms, a pre-existing condition does not include exposure to a virus, but only overt symptoms of disease. This is especially significant in New York, given the relatively high numbers of AIDS victims in that state.

Asked about what such a policy does to the cost of premiums for all subscribers, Levine conceded that there will be a greater divergence of costs in the two-tier system that already exists: between the cost of a group policy (where the individual is insured under a policy taken out by his company, for example), and the cost to an individual subscriber.

The fact is that the cost of insurance is increasingly prohibitive, while the restrictions on the coverage make it virtually useless to more and more of the nation's sick and elderly.

With 37 million Americans currently without any form of health insurance, only an effective government-directed universal health insurance program—with severe draw downs on debt liabilities of health facilities and limits on medical malpractice awards—can prevent the kind of restraints on care that the Blues, much less their competitors in the "for profit" HMOs, are imposing.

## Congress enlists Wall St. for austerity program

Not satisfied with the mess which Gramm-Rudman-Hollings has made of the U.S. budget process, Congress, as one of its last acts before the Christmas recess, created a supragovernmental National Economic Commission (NEC) to tell it how to run economic policy.

Established as part of the omnibus reconciliation bill, the NEC was expressly commissioned to dream up new and innovative ways of pulling the plug on the tottering American standard of living.

The group, composed primarily of "private citizens," is mandated to come up with a "deficit control" package by next March, which will be presented to the new President and Congress for implementation.

There's no doubt that the package will promote austerity in all its nasty guises. The idea for the commission came directly from the budget-cutting maniacs on Wall Street, such as Lazard Frères' Felix Rohatyn and zero-growth economist Lester Thurow, and was conduited through a group of "root-canal economics" fanatics on the Hill, primarily Sens. Daniel Moynihan (D-N.Y.) and Bob Dole (R-Kans.), and Rep. Buddy McKay (D-Fla.).

Its composition bespeaks the same orientation. Members appointed thus far include Rohatyn, former Democratic National Committee head Robert Strauss, Chrysler chairman Lee Iacocca, House Budget Committee chairman William Gray (D-Pa.), and Moynihan. More members will soon be selected by Republican leaders.

The NEC has the total support of the Wall Street gang, who see it as the most effective way to get Americans to stop "overconsuming." The com-

mission "is the single most important development in the last year for getting the budget under control," according to Dr. Robert Holland, head of the Committee on Economic Development. Holland believes that the United States has been "living beyond our means far too long" and that, "we have to stop consuming so much." He has "high expectations" that the commission "will not only be able to produce a package of painful economic sacrifices, but will also be able to build a popular consensus that will enable these sacrifices to be put into effect."

Congressional partisans of the NEC see it as "the next step after Gramm-Rudman," as spokesmen for Bob Dole and Buddy McKay put it. Because the commission will consist largely of members drawn from the private sector, "it'll be able to propose things like Social Security cuts, which Congress couldn't do, because they'd be subject to pressure from special interests," according to Dole aide Jim Whittinghill.

The NEC's mandate ranges across the entire gamut of federal expenditures. An aide to Representative McKay said he expects the commission to consider pulling U.S. troops out of Western Europe as a possible "budget-balancing" measure. Others expect the group to call for higher interest rates, increased taxes, and deep cuts in defense spending, including cancellation of the Strategic Defense Initiative and the MX missile.

## Are the Soviets orchestrating INF debate?

A parliamentary delegation from the Supreme Soviet, in the United States at Congress's invitation, has been scurrying around Capitol Hill ever

since the Senate debate on the INF treaty began.

Congressional offices have been extremely closed-mouthed about the visitors' activities, but it is known that the delegation, headed by A.E. Voss, met with several members of the Senate Foreign Relations Committee, which is holding the most important hearings on the pact.

The 23-member delegation also turned up at the committee's hearings Feb. 2, to hear their boy, Secretary of State George Shultz, tell the panel why it should approve a treaty that will hand Moscow de facto dominion over Western Europe.

The next day, Moscow's favorite billionaire, Armand Hammer, who has been meeting with the Soviet delegation, brought the committee's chairman, Sen. Claiborne Pell (D-R.I.), out into the hall for a little chat. One source told the Feb. 4 *Washington Times*, "Some Republicans, at least, were shaking their heads about a private representative of the Soviets being able to draw the chairman out of the hearings. And it was even more surprising when they retired to a private room."

## Expanding U.S.-Soviet trade to help Red Army

Rep. Toby Roth (R-Wis.) warned his colleagues that proposals for expanding U.S.-Soviet trade, which are coming from certain quarters of the business community as well as the Reagan administration, will gravely impair Western security.

In remarks published in the Jan. 25 *Congressional Record*, Roth singled out the U.S.-U.S.S.R. Trade and Economic Council, headed by agribusiness magnate Dwayne Andreas, a chum of Mikhail Gorbachov and ma-

major financial backer of Bob Dole, for its "headlong rush to sign Russian trade deals [which] will undermine America's technological edge in the U.S.-Soviet military equation. While short-term profits may be realized," Roth warned, "playing the role of technological enabler to the Soviets is not in the long-term interest of the United States."

Roth also stressed that the U.S. is in no position to criticize its allies, when it is considering making major changes in its trade policy to permit expanded East-West trade. "Can the United States really be taken seriously by our CoCom partners," he asked, "when we threaten sanctions against countries that don't safeguard their technology from the Soviet bloc, while at the same time we rush to sign billion-dollar trade deals with the Soviet Union? We cannot have it both ways."

## **F**oreign aid cuts 'pose security risks'

The austerity mania which has seized Congress spells disaster for 30 developing-sector nations, which will lose all American military assistance as a result of the cutbacks mandated in the FY1988 omnibus reconciliation bill.

The State Department released the grim details on Jan. 29. In addition to the 30 nations which will be cut off, it revealed that nearly every other country receiving U.S. security aid will suffer immense cutbacks, ranging from 52% to 99%.

"The low overall levels and the extent of the earmarks pose serious security risks," said State Department spokesman Charles Redman. The low numbers "will undermine U.S. objectives." The understatement is understandable. As an official of the State

Department, which has been in the forefront of the campaign to abandon U.S. allies, his hand-wringing is not too believable.

The cutbacks have already caused deep strains: Portugal, whose aid commitment will be reduced by \$30 million, has informed Washington that the strategic U.S. air base in the Azores is in jeopardy. The government of Prime Minister Anibal Cavaco Silva has decided to demand that Washington give it a guarantee of increased and sustained payments for continued use of the base. Under a 1983 defense agreement between the two countries, the United States promised to regularly increase aid to Portugal in return for use of the base.

The aid reductions are hitting the developing sector most severely. Washington will end military aid to all Ibero-America, with the exception of three Central American countries. In addition, 19 countries will lose all economic security funding aid, among them, Haiti, Peru, Lebanon, Zaire, and Nigeria.

## **S**enator wants Medicare to pay for mammograms

Sen. Barbara Mikulski (D-Md.) has introduced legislation to make Medicare, the government health program for those over 65, pay for routine mammograms, the principal tool for diagnosing breast cancer.

At present, Medicare will not pay for the procedure, unless it is used to diagnose a growth which is already large enough to have been detected by other means, in which case, if it is malignant, it will almost certainly have spread.

Medicare's policy is stupid and shortsighted. A mammogram costs

approximately \$100-200—certainly not expensive by today's standards of medical care, but often beyond the means of an elderly widow eking out an existence on Social Security.

Yet, breast cancer takes its greatest toll on older women. Of the 40,000 women who died of breast cancer last year, 28,000 were over 65. Of the approximately 130,000 cases of breast cancer reported in 1987, half were in women over 65. At the end of January, the National Cancer Institute released statistics showing that the rate of breast cancer in American women is skyrocketing.

It is estimated that it would cost Medicare \$150 million a year to cover the cost of annual screenings, a minuscule figure compared to the cost of treating more advanced breast cancer.

The benefits of making mammograms more broadly available were made clear at hearings on Mikulski's bill held by the Senate Labor and Human Services Committee Jan. 28. Dr. Charles R. Smart, chief of the early detection branch of the National Cancer Institute, testified: "If modern mammography were applied broadly in the United States to the population of women over 40, there is good reason to believe that mortality from breast cancer would decrease by 30-40%, and where applied to older age groups, the benefits would be even greater."

Why has Medicare refused to change its policy, when all the evidence indicates that thousands of lives, and millions of dollars, could be saved? Primarily because the system, under pressure from the budget-bashers, has adopted the idea that the population it's supposed to be serving, is "too old" and "unproductive," and that saving money, not lives, is its principal mission.



# National News

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## Cuomo okays clean needles for addicts

Governor Mario Cuomo has reversed a previous stand and agreed to let New York City give hypodermic needles to hundreds of drug addicts, ostensibly in an effort to reduce the spread of AIDS, the *New York Times* reported Feb. 1.

Under the plan, an initial group of several hundred addicts would begin receiving the needles within a few months, as details of the plan are worked out. The group will be expanded to several thousand later in the year, although the exact number has yet to be determined.

The plan, which was approved by New York State Health Commissioner Dr. David Axelrod, is purported to be "part of a broader campaign to fight the spread of the disease among intravenous drug users."

New York's John Cardinal O'Connor blasted the New York plan in a statement after his 10:15 a.m. mass at St. Patrick's Cathedral in the city. "It drags down the standards of all society," O'Connor said. "It is an act born of desperation, a quick fix because we are not spending the dollars on fighting narcotics."

O'Connor was joined by Pastor Calvin Butts of the Abyssinian Baptist Church in Harlem, who told his congregation, "I am not in favor of cooperating with evil. An addict does not care where he gets his needle, he only cares about the dope. . . . If we give out needles now," Butts added, "the next step will be to legalize crack and heroin."

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## State Department threatens aid cutoff

The U.S. State Department has threatened to cut economic aid to 45 Third World countries accused of "lack of cooperation" with U.S. anti-drug efforts.

Rayburn Hesse, chief adviser of the Anti-Narcotics Division of the State Department,

told a seminar on strategic programs in Latin America at the University of Miami, that Mexico, Panama, Colombia, Peru, and the Bahamas, among other countries, could face the cutoff.

He said that President Reagan personally would make the final decision, and that the scales would weigh heavily against Mexico, because those persons accused of being involved in the 1985 assassination of Drug Enforcement Administration agent Enrique Camarena had not been brought to justice.

In light of the languishing of the U.S. "War on Drugs" under George Bush's direction, the threats are considered hypocritical at best, and would only serve to strengthen the drug mafias against the governments that the United States was suddenly depriving of aid.

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## New pro-science magazine launched

The frontiers of science and technology will be the focus of *21st Century Science and Technology*, a new bimonthly science magazine that will go on sale in February 1988. The magazine is published by 21st Century Science Associates, a company formed by Carol White and Marjorie Mazel Hecht, both former editors of *Fusion* magazine.

The Fusion Energy Foundation, publishers of *Fusion* for 10 years, was shut down by federal agents in April 1987, in an unprecedented use of involuntary bankruptcy law.

The new magazine will pick up where *Fusion* left off. Said Editor-in-Chief White, "We want to spark the kind of discussion and debate of fundamental scientific ideas that can reverse the prevailing anti-science climate in the schools and media. While other magazines tell you the impossibility of progress, because of limits to growth and finite resources, *21st Century* will document the possibility of progress and man's unique capacity to create new resources—nuclear, fusion, and beyond."

The magazine's initial run will be

50,000, and the editors are aiming for a circulation of 100,000 within the first year.

The cover story of the first issue is "Two Days to Mars with Fusion Propulsion." Other stories include "space farming," radiofrequency weapons, Kepler's ideas about travel to the Moon, the spread of AIDS in Ibero-America, a review of the U.S. inertial confinement (e.g., laser) fusion program, and an update on Supernova 1987.

"We think we have a unique role to play in representing the tradition of progress and growth in science," said Mrs. Hecht. "Our focus is on man as an improver of nature, not as a 'spoiler.'"

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## LaRouche alone in opposing euthanasia

Over three months ago, *EIR* sent out a questionnaire on euthanasia, "living wills," and the 'right to die' to all presidential candidates. The answers were to be published as part of an *EIR* feature on the growth of euthanasia in the Western countries. But, after several calls and two mailings, Democratic candidate Lyndon H. LaRouche, Jr. was the only one to respond.

Here are the questions and LaRouche's responses:

**EIR 1:** Do you support the policy of "living wills"?

**LaRouche:** No.

**EIR 2:** Recently, state courts around the country have ruled that deprivation of food and water is a legitimate application of the "principle" of "dying with dignity." What is your position on these decisions?

**LaRouche:** This is congruent with the same offenses for which German judges and others were indicted on charges of euthanasia during the Nuremberg trial proceedings. By that standard, both the judges and medical professionals are complicit in what they knew or should have known were crimes against humanity.

**EIR 3:** Many individuals argue today that people with currently incurable diseases (including AIDS) should "step aside" and die, rather than use up resources which could



be used for other individuals. Do you agree?

**LaRouche:** This logic is identical to the Nazi "useless eaters" rationale for murder."

**EIR 4:** Some individuals have argued that the "right to die" policy being implemented through living wills and the courts are the equivalent of Nazi euthanasia policies, implemented in secret under Adolf Hitler. Do you agree?

**LaRouche:** I agree without reservation.

## Furor in Germany over Iklé interview

"It would be suicidal trying to defend Germany," said Pentagon senior official Fred Iklé in an interview reported widely in the German press Jan. 28. The problem with the Germans, he added, is that they "always count on the nuclear umbrella" of the United States, but overlook the "fact that nobody, not even the British and the French," would risk use of nuclear weapons in the defense of Germany.

The U.S. embassy in Bonn would only comment that the remarks were not "official policy," but their refusal to disavow them only added to the furor it has created in Germany.

In a statement to the press, German Christian Democrat Alfred Dregger, a defense policy spokesman, evaluated Iklé's remarks as a follow-up to the recent Iklé-Wohlstetter commission report, "Discriminate Deterrence," which "unofficially" advocated the elimination of the U.S. nuclear umbrella over U.S. allies in both Europe and Asia—contrary to the foundation of the NATO alliance: "An attack on one is an attack on all."

Since the commission consisted exclusively of persons who held or had held high-level office in the U.S. government, the report, like Iklé's interview, was viewed as unofficial U.S. government policy by terrified Europeans—and happy Muscovites.

Dregger termed the report dangerous for the cohesion of the Western alliance. "I strongly warn against a change of strategy as proposed by the Iklé Commission," he

said. "The alliance must hold on to the community of risks. Either we work together for peace, or we will go under together."

## INF verification called into question

A four-volume intelligence assessment of the INF treaty "says American spy agencies have 'low confidence' in their ability to detect Soviet cheating on portions of" the INF treaty, the *Washington Times* reported Jan. 28.

The National Intelligence Estimate produced by the National Intelligence Council under CIA director William Webster's direction, was to have been completed in the first week of February.

Entitled "Soviet Strategic Forces, Offense and Defense," the report "does not place high confidence in the ability of U.S. spy satellites and other means of surveillance to locate Soviet mobile missiles or detect cheating" on the INF accord.

According to the *Times*, the NIE includes the following:

● Since the INF treaty was signed Dec. 8, U.S. intelligence monitors have detected between 80 and 100 medium-range SS-20 missile launchers located at areas not declared to be bases in the treaty.

● Evidence exists of a covert force of SS-20 medium-range mobile missiles that may be twice as large as the number of missiles slated for destruction under the INF treaty.

● At least nine Strategic Rocket Forces SS-20 rear storage depots associated with SS-20 launchers were not disclosed by the Soviets in data supplied with the INF treaty and therefore will not be subject to U.S. inspection.

● Under the terms of the INF treaty, the Soviets can easily circumvent the ban on short-range SS-23 missiles by modifying it or deploying a newer missile with a range of less than 300 miles."

The report will be discussed in a closed session of the Senate Intelligence Committee.

## Briefly

● **MICHAEL DEEVER'S** new book, *Behind the Scenes*, says of Nancy Reagan, "She lobbied the President to soften his line on the Soviet Union; to reduce military spending and not to push Star Wars at the expense of the poor and dispossessed. She favored a diplomatic solution in Nicaragua and opposed his trip to Bitburg. Nancy wins most of the time." The President's decision to buck her Zionist Lobby friends by traveling to Bitburg to commemorate Germany's war dead left her "almost physically ill."

● **A PARTICLE BEAM** device has been canceled by the Strategic Defense Initiative Organization. The decision means canceling a \$480.6 million contract with McDonnell Douglas Astronautics.

● **GLENDA JACKSON**, the British actress, will soon open on Broadway in the role of Lady Macbeth in Shakespeare's famous classic. Asked by an interviewer who, in the modern world, she viewed as a model for the blood-thirsty dame in Shakespeare's portrayal of power-lust gone mad, she replied without hesitation, "Nancy Reagan."

● **JOSEPH CARDINAL Ratzinger** of Munich, the Roman Catholic Church's leading official theologian, is highly critical of certain Catholic schools of biblical interpretation, as well as the so-called Christian fundamentalists. He told a Jan. 29 press conference in New York City, "It is useless to take refuge in an allegedly pure, literal interpretation of the Bible." Reverence for the great book requires the use of "every available analytical tool."

● **MICHAEL DUKAKIS**, Democratic presidential hopeful from Massachusetts, has accepted an offer of assistance from Venezuelan presidential candidate Carlos Andres Peres, a partisan of the Socialist International.

## Editorial

### *Medical triage: barbarism, not justice*

One of the originators of Blue Cross/Blue Shield told an interviewer many years ago, "When you control the health care of a country, you control the country." This statement has come to haunt us today. Lurking behind an outrageous nationwide campaign that purports to promise health care "justice" for all by eliminating expensive medical care for a few, is a threat to banish the Western notion of the dignity of every individual and to take the nation back to a barbaric age when man was seen as no better than the beasts that groveled daily for their existence.

Oregon health care officials have announced that because of a burgeoning economic crisis, they will no longer finance costly bone marrow, pancreas, heart, and liver transplants for Medicaid recipients. This policy forced 7-year-old Cody Howard, stricken with leukemia, and his unemployed mother to set out to raise donations for a bone marrow transplant that the state refused to pay for. Cody spent his dying days begging for the money that would secure his right to live. Donna Arneson, a 36-year-old mother without medical insurance, is not expected to live without a costly liver operation which Oregon's Medicaid officials turned down. Instead, the money will be "more judiciously" used on prenatal care for several hundred pregnant women. Oregon Gov. Neil Goldschmidt puts it, "How can we spend every nickel in support of a few people when thousands never see a doctor or eat a decent meal?"

Oregon may be the first state to formalize these treacherous rationing policies, but it is just one beat in a building national drumroll to institute medical triage as policy. At its deafening pitch, the demand is to forego the advanced technological medical care this country is known for, on the fraudulent rationale of providing "preventive" or "basic" health care for all.

"Who Lives, Who Dies," a Jan. 5 WNET-TV broadcast, "documented" how 37 million uninsured Americans have no access to medical services because billions of scarce health care dollars are wasted on patients "in the last six months of their life"; on Intensive Care of patients who will die anyway; or on resuscitat-

ing old people just because they greedily want to live a few more months. The program, funded by the Swiss pharmaceutical firm Ciba-Geigy, says the solution lies in getting more people to sign living wills, getting patients' families to forego expensive life-saving procedures, and starving to death the nation's 10,000 patients who lie in coma.

Larry R. Churchill, associate professor of social and administrative medicine at the University of North Carolina, Chapel Hill, complains in his book, *Rationing Health Care in America: Perceptions and Principles of Justice*, that Americans are hung up on the idea that society must do all that is necessary to save the life of each individual. This "ethical individualism," he says, is the obstacle "to the nation's ability to devise methods for equitably rationing health care."

The idea that there is a dichotomy between good basic health care and high technology is historically wrong, and scientifically unfounded. Basic health care is only as good as the country's investment in the extraordinary research and technological projects that made programs like the Apollo Moonshot possible. Witness the miraculous, life-saving spin-offs of the Strategic Defense Initiative. An SDI laser can cleanse blood of several viruses, including the killer AIDS; such discoveries could save millions of lives.

Nor is there any intention to provide this country's poor with even the pitiful basic care promised. It is well documented that leaders of Oregon's triage campaign are part of a national program funded by major insurance companies and think tanks dedicated to the elimination of advanced medical care, period!

One presidential candidate, Lyndon LaRouche, in his Feb. 4 national TV broadcast, explained how an economic recovery can be set into motion, which will allow us to pay for all levels of health care, even the huge costs of fighting AIDS. We challenge other would-be U.S. Presidents to say how they will meet this moral crisis. Or do they, too, believe that in the "INF era," the Western notion of the priceless dignity of every individual, is a value we can no longer "afford"?



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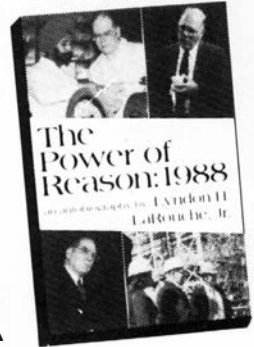
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