

# EIR

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## From the Editor

**T**he cover story, presenting a selective dossier on Republican presidential candidate George Bush, should be read against the backdrop of the articles that make up our *Economics* report for this week, in order to fully appreciate why George Bush is “unelectable,” even if he has the Republican Party nomination “sewn up.”

First of all, the U.S. Congress is on the verge of approving a mammoth trade-war bill that will have the same effects as the Smoot-Hawley Act of 1930, in turning a financial crash into a worldwide economic depression. Now look at the physical shape of the world into which such an ax would fall: Africa and the whole Mediterranean area, 500 million people, threatened with hunger because of a plague of locusts which *EIR* predicted—and demanded measures to prevent—over a year ago; Poland suffering under 19th-century health conditions, due to the combined effects of Soviet and International Monetary Fund looting; and Colombia, where the financial yardsticks measure growth while the tangible economy measures collapse, thanks to international creditors’ pressures.

In the *Science and Technology* section, we report on the commanding lead the Soviet Union is taking in outer space. Unless you are among those brainwashed by the waves of *glasnost* sweeping over the West lately, this is very frightening news.

Yet, it is not too late for the United States to take world leadership against these catastrophes. The conference on a new monetary system to supplant the defunct Bretton Woods accords, which Lyndon and Helga LaRouche addressed in West Germany recently (page 6), was testimony to the fact that a majority of labor, religious, industrial, and political leaders in the Third World would welcome the export to their countries of the principles of the “American System” of technology-vectored economic growth, as that was understood a century ago.

What they *won't* accept is Teddy Roosevelt-style gunboat diplomacy to force debt collection, such as the United States is carrying out against Panama. As we report on pages 38-41, the U.S. secret government’s attempt to destroy Panama’s Defense Forces has met with determined resistance within Panama, and a stiffening opposition in the Ibero-American continent as a whole.

The national media did not expect that—but *EIR* told you so!

*Nora Hamerman*

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## Smoot-Hawley revival is near to passage

by Chris White

The monstrous trade bill, under discussion in House and Senate for the best part of two years now, is moving into its final stages in the U.S. legislature. The bill, another one of the 1,000-page mammoth offerings of those who believe in setting traps in the fine print which no one else is expected to read, is being worked on by a series of conference committees, involving nearly 200 representatives and senators. The final version of the bill is expected to be ready for submission to President Reagan, to be signed into law, in the early days of April.

This is the bill which provided the platform for the now-ended presidential election campaign of Congressman Richard Gephardt of Missouri. His campaign demagoguery, on the subject of Korea's supposed tariff restraints on U.S. automobile exports, job loss, and the plethora of "issues" that are subsumed under the label "competitiveness," apart from being aimed at the empty-headed, have helped create the environment in which the monster soon to see the light of day, has helped shape the deterioration of U.S. relations with especially the allied nations of Asia—Japan, and the group known as the "Four Tigers," Taiwan, the Republic of Korea, Singapore, and Hong Kong.

The bill is eerily reminiscent of a similar legislative effort during the late 1920s, which in the name of Smoot-Hawley, after the senators who sponsored it, became law in the spring of 1930, approximately six months after the stock market collapse of October 1929. On the account of both content, and timing, the present trade bill has also been compared to its predecessor.

The passage of Smoot-Hawley in the spring of 1930 is considered to be the trigger which ensured that the market collapse of the late 1920s became the full-blown depression

of the 1930s.

Leading features of the bill now nearing the final phases of the legislative process pretty much ensure that it will also be allotted the same dubious historical distinction as its predecessor. On the trade question itself the bill would require that investigations be opened on countries maintaining "numerous and pervasive" unfair restrictions on trade.

The bill transfers authority to order such investigations from the President to the Special Trade Representative. The transfer of authority is one item of the bill which, in the view of some, may attract a presidential veto.

Gephardt's failed presidential campaign had been hung on an aspect of this provision which mandated retaliatory action against the alleged perpetrators of such "numerous and pervasive" practices. Gephardt's provision, during the conference proceedings, went the way of his campaign.

The damage the bill does is not likely to be felt in the area of trading relations as such, if that is understood to mean what most people understand by the noun "trade," that is, the shipment abroad of manufactures, semi-manufactures, and primary products to secure imports of such categories of output from partner nations to strengthen the mutual interests of each and all.

### Financial warfare measures

The key provisions of the bill, to the extent they can be determined so far, given the proclivity of Kennedy Democrats to sneak in "special interest" pleadings, don't have too much to do with trade in that sense at all. They encompass a series of, especially, financial warfare measures, which are actually directed against the United States as much as its allies.

These measures make no sense from the standpoint of the adopted purpose of the bill, but do if seen in the context of the vicious war going on between various financial interest groups, fighting it out to determine who is going to survive the ongoing financial crash of 1987-88.

To the extent the legislature was induced to shape the bill to reflect the financial interests of protagonists in that fight, the bill is going to become the 1988 equivalent of Smoot-Hawley in 1930.

Chief among these provisions are:

- A selective prohibition on foreign companies serving as primary dealers in U.S. government securities, unless the foreign government reciprocates.

- A revival of the kind of proposal on Third World debt, which, when presented back in December as the "Morgan Plan" for Mexico, signaled that the bankers' fight was on.

- Legislation on exchange rate policy, requiring "negotiations" on such rates with countries which not only run surpluses with the United States, but with the world economy as a whole, and which are alleged to manipulate their currency exchanges.

- Specific action against the European aerospace industry, as represented by the Airbus Industrie consortium, and against the Japanese machine tool industry. The latter for national security, the former for "competitive" reasons, are intended to be direct blows against the remaining technological capabilities of the Western alliance.

The first cited measure specifically targets a group of Japanese securities dealers, which operates in the U.S. government debt market, but does not do so through the mediation of U.S. companies, owned by the Japanese parent. What difference this is supposed to make is unclear.

The companies which will be banned, if within a year, the Japanese have not permitted U.S. securities dealers "the same competitive advantages" the Japanese enjoy in the United States, are Nomura Securities International, Inc., Nikko Securities Co. International, Inc., and Daiwa Securities America, Inc. Crédit Suisse, part owner of First Boston Corp., is excluded, through that part-ownership, along with three other Japanese companies.

Since U.S. securities dealers do operate in Japan, this measure is an outright provocation against the nation which has provided the principal source of finance to cover U.S. deficits over the last years.

Crédit Suisse in Europe, however, is the nesting ground for the gnomish Hans-Jörg Rudloff, who has recently taken the point in opposing further efforts to postpone the looming financial collapse into next year. Rudloff has warned that foreign central banks will cease funding U.S. debt until what he calls an "adjustment" is implemented here.

Inside the United States, Crédit Suisse is working quite closely, as in the ongoing Texas banking crisis, with the Morgan interests, to position itself for the aftermath of the crash. In Texas, the arrangement is typified by the activities of Republic Financial Services and Lomas & Nettleton, scav-

enging to accumulate holdings of defaulted real estate at rock-bottom prices.

## The debt bomb

On the Third World debt, the bill instructs the Treasury Secretary to negotiate with other countries to set up a facility that could buy out countries' debt, convert it into securities, and so on. The proposal is a generalized version of the trial balloon, floated in December as the Morgan Guaranty Mexico Plan. That plan wasn't too successful, to put it mildly. This one is designed with the same object, to force Morgan's rivals to eat their losses, while Morgan eats them.

This isn't so different than the 1920s and 1930s, either. Perhaps Morgan's current debt schemes could be compared with the so-called "Hoover Moratorium" on German reparations payments of the early 1930s. More broadly, the House of Morgan played the same part during the 1920s and 30s that the accumulating evidence indicates it is playing once again today, as this so-called "trade bill" exemplifies.

Then, it was the Morgan interests which rode the bear market down, ahead of their competitors, picking up the pieces as the "winners" of the Roaring Twenties bull markets and speculation were crushed.

The third proposal mentioned is of the same class as the first, part of the effort to conduct financial war against U.S. creditors. The conference version of the bill has removed language requiring the U.S. Treasury Secretary to define a "competitive" exchange rate for the dollar, and back it with foreign exchange intervention.

This is perhaps intended to free James Baker's hands for another round of Treasury-promoted dollar collapse to supposedly improve the U.S.'s competitive position.

Then also, perhaps the Secretary's opposition to the "debt facility" has been overcome by the usual kind of horse trade, in which he is freed for a new round of dollar bashing. Either way under this arrangement, the United States loses.

That doesn't make the House of Morgan the winner, now, any more than it did in the 1930s. The attacks on European aerospace and Japanese machine tool industries demonstrate why. European aerospace is a key component of present alliance security capacity, and represents a significant chunk of the potential available internationally to reverse the deepening economic mess.

The world needs both Boeing and Airbus, not one or the other, for scientific reasons as well as military ones. Similarly with the Japanese machine tool industry. Toshiba is penalized for trading with the Russians. Whatever the wrongs or rights of this, the fact of the matter is that the United States is almost 60% dependent on imported machine tool capacity, at levels of consumption half what they were a decade ago. The Japanese provide half of the imported capacity. Thus, the Japanese industry would be an essential component of a recovery policy, too.

It does help ensure that the new trade bill will be for 1988 what Smoot-Hawley was for 1930.

# LaRouche, in Cologne speech, says *republics* key to new economic order

by Marianna Wertz

On the March 26-27 weekend, the Schiller Institute held its second major conference on the question of founding a just, new world economic order, to replace the bankrupt Bretton Woods monetary system. More than 250 members and guests gathered in Cologne, West Germany, among them representatives from Ivory Coast, Mozambique, Kenya, Senegal, the Philippines, Thailand, France, and the United States. Catholic Church spokesmen from the Vatican, Poland, and the United States participated as well. This conference followed by less than two months the first gathering of prominent figures in Andover, Massachusetts, to debate this urgent question.

The purpose of the conference was set forth by Schiller Institute chairman and West German political leader Helga Zepp-LaRouche, in her opening address: "Those who want a new world economic order," she said, are the "absolute majority, and there is no lack of concepts." She cited papal encyclicals, including the 1967 *Populorum Progressio* and the recent encyclical of Pope John Paul II, *Sollicitudo Rei Socialis*, the writings of U.S. Democratic presidential candidate Lyndon LaRouche, and the French Guillaume Plan, known as the "Marshall Plan for Africa." "If these concepts were put into practice," she said, "we could change the world on the spot."

Cologne, the site of the conference, is adjacent to the famous Ruhr region, the now-depressed industrial heartland of Europe, which could be transformed overnight by a vigorous program of high-technology exports to the Third World.

The keynote speech was given by Lyndon H. LaRouche, U.S. Democratic presidential candidate, the leading expert on questions of monetary reorganization and economic development. Focusing on the issue of culture, as key to economic development, LaRouche said, "The purpose of human labor is man, the development of man, of the creative powers of mind. It is that which casts man in the image of the living God. That we must never compromise. That we must never give up. . . . We have to bring these populations to ask, what does it mean to be beautiful? What does it mean to be human? It's not enough to give them the technology they need to grow; they must come to take the cultural principle, by which all of this has been generated."

To achieve that, he said, "one needs the Augustinian matrix of civilization, as opposed to the Eastern model. Put a Russian in a Western environment, and he'll be productive. Leave him in Russia, and he'll turn into a lazy, drunken beast. . . . There is a great gift in this matrix, which has the power to generate scientific progress and development. It can generate good, by fighting evil."

Asked in discussion how a new world economic order can be brought about in a world dominated as it is today by a hostile oligarchy, he explained, "my policy proceeds from the notion of the sovereign, nation-state republic. By republic, I don't mean a collection of Jacobin anarchists. The notion of the republic is something which supersedes any given law, constitution, or treaty. It is the form of state that is based on accountability to natural law, such states as described by Dante, committed to the development of its citizens."

LaRouche's answer had immediate relevance for the situation in Panama, with the confrontation between the Republic of Panama and the United States unfolding that weekend. The conference participants voted, following LaRouche's remarks, to adopt as a resolution, the text of a telegram sent to the conference by Berta Torrijos de Arozemena, Panama's Ambassador to Spain and the sister of Panama's nationalist leader, the late Omar Torrijos. Denouncing the American intervention in Panama as a "grave international precedent," the statement calls on "all nations on the face of the earth" to "protest against these acts by the Washington administration, because the juridical security of all nations depends on that."

Father Don Luigi Bogliolo, of Rome, on the panel with LaRouche during the opening session of the conference, addressed the theme, "The Ethical Foundations of a New World Economic Order." Father Bogliolo, S.D.B., is Emeritus Dean of Urbaniana University in Rome; a consultant to the Vatican's Congregation of the Saints, which makes decisions on whether an individual should be beatified or sanctified; and a member of the Pontifical College for the Study of St. Thomas Aquinas.

Father Bogliolo's speech probed the moral-ethical factors needed to develop the kind of humanity that can create a new world economic order. This means transcending sheer ma-



terialism and consumerism, and such systems of thought as empiricism, positivism, and psychoanalysis, which deny the real intelligence and creativity of the human person. His introductory comments, extracted from Pope John Paul II's latest encyclical, *Sollicitudo Rei Socialis*, express the kernel of his idea: "Today it is clear that simple accumulation of goods and services, even to the benefit of the majority, is not sufficient to create human happiness. . . . The experience of the last few years demonstrates that if the entire mass of resources and potentialities placed at man's disposal is not subject to a moral intent and an orientation towards reaching the true Good for humanity as a whole, then it will turn against mankind to oppress it."

Helga Zepp-LaRouche also took up the question of the "ethical foundations" of a new world economic order, in her speech keynoting the second day of the conference. The question facing the world, she said, is why such a situation of misery, starvation, and poverty exists in the world—is it a "natural catastrophe," a "misbirth of the universe," or, indeed, is it not the "result of the deeds and omissions of individual persons, which derive from their image of man and its consequent ethic."

She charged that those who rule what Pope John Paul II called "the structures of sin," have Satan as their "image of man." "These people no longer respect the Creator as the only Lord of the universe," she said. "I don't believe it was God's plan that man, the crown of creation, become beasts. We must turn to the image of man that is provided by our Christian humanist foundations. Every person that is born has dignity and inalienable rights, which are granted by the very ordering of creation."

### **The structures of sin**

Other speakers addressed crucial aspects of the problem presented by the LaRouches. The Sunday afternoon proceedings were begun by a panel on the economy in Eastern Europe. The first speaker, Konstantin George of *EIR*, described the state of the hapless satellites caught in a pincer formed by International Monetary Fund and Western creditor usury, and ever-increasing looting by the Soviet Union, which has milked these nations dry to meet the huge gaps in the Soviet economy caused by Moscow's emphasis on its war economy. The second speaker, a Polish priest, confirmed Mr. George's description of the horror of life in Poland now, and supplied chilling accounts, from the inside, of disastrous housing, health conditions, and living standards.

Gen. (ret.) Paul Albert Scherer, former director of the Military Counterintelligence Service of the Federal Republic of Germany, made a stirring intervention, to demand that members of the audience build a movement to "counter the Soviet system, which promotes the devilish conditions of life" the previous panelists described. "What can you do? Take me as an example," he said. Until last October, I was part of the silent majority. One has to decide to act. If we

don't speak out, we in the West will go under."

On Saturday, Schiller Institute Agriculture Commission European Director Uwe Friesecke presented the contrast between present European Community and U.S. Department of Agriculture policies, and the important initiative of French agriculture Minister François Guillaume. "The EC and USDA goal," Friesecke emphasized, "is simply, world control of nutrition in the hands of cartels like Nestlé, Unilever, Töpfer, and Cargill. Their policy is a total cut to subsidies, turning agriculture into a new 'commodity' to be traded. Nutrition will thus become a strategic weapon in the hands of these global cartels," if this policy continues. Friesecke outlined the initiative of French Agriculture Minister Guillaume as the alternative to "nutritional holocaust."

Impassioned accounts of the battle to defeat poverty and bring about a just world order were given by speakers from Thailand and the United States. Speaking as an official delegate of the one million-plus member Thai Trade Union Congress, Amporn Bundasak, Executive Committee member of the TTUC, told the assembly of the ongoing efforts to transform the Thai Trade Union organization, in coordination with the other forces in the country against the World Bank's austerity policies.

Cook County, Illinois Commissioner Rosemarie Love spoke on the same panel as Helga Zepp-LaRouche. Mrs. Love is well known throughout Illinois as a leader in the fight for the homeless and against cutbacks in programs necessary to maintain dignified human life. She denounced "budgets that eliminate human needs. I can't emphasize this enough. . . . The morals of our society have to be attended to, because we're all interdependent." She called for a Democratic President in the United States "with the ideas of Mr. LaRouche. One who has not been corrupted by the sins and greed for personal and individual gain, but one who has a sincere, forthright thought process for the continual existence of mankind."

Also speaking from the United States was Father Noel Moholy, S.T.D., of San Francisco, who discussed the missionary work of Franciscan priest Junipero Serra, at the time of the American Revolution, to bring Western civilization to the New World. Father Moholy is working on the planned beatification of Father Serra by Pope John Paul II later this year.

Messages were sent to the conference from around the world, including the following important statement from Mayor Johnny Ford, Tuskegee, Alabama, President of the World Conference of Mayors: "On behalf of the Board of Directors and the more than 1,107 mayors who represent cities in 31 nations from around the world, I take this opportunity to extend sincere greetings to all of the delegates. . . . Yours is a goal which is shared by mayors of the world who quest for equality and justice in the cities of the world. We quest for a world of peace, a world where all of the people of the world can some day realize economic justice."

# Colombia: 'The economy is doing well, but the country is doing terribly'

by Gerardo Terán Canal

During the mid-March meeting of the Inter-American Development Bank (IABD) in Caracas, Venezuela, the World Bank delegation lauded the efforts of the Colombian government to fulfill its foreign debt obligations as proof that a country can follow the dictates of the International Monetary Fund, "keep its house in order," and still have a growing economy. A more realistic view from the inside was expressed by Fabio Echeverri Correa, president of Colombia's National Industrialists' Association (ANDI), who said: "The economy is doing well, but the country is doing terribly."

In fact, what Echeverri calls the "economy" is turning out to be little more than a collection of financial statistics doctored to keep the bankers happy.

According to the Comptroller General's December 1987 financial report, Colombia owes the international banks, as of December 1987, a total of \$15.186 billion. Of a total 1987 export income of \$5.002 billion, nearly \$2.2 billion, or 44%, were used to meet debt service costs. According to the Comptroller, more than 50% of export earnings will be spent to service the debt in 1988.

Despite the fact that 44% of national earnings went to pay the debt, the "experts" continue to insist that Colombia's gross national product grew by 5.6% in 1987, and that the economy is doing just fine, thank you. One could well wonder how an economy which is allocating such a huge percentage of its export income to debt repayment is not on the verge of default. On the contrary, says Finance Minister Fernando Alarcón. In his address to the IABD meeting in Caracas, Alarcón insisted that "Colombia will continue to strictly meet its commitments with the international banks."

## A 'successful' laundry

One key to Colombia's "success story" is that, since 1975, Colombia has been the beneficiary of a rapidly growing category of dollar income, known as "services." These dollars come in through what the government of López Michelsen created and dubbed the "sinister window" at the central bank, whose function is to launder the dollars that enter the country from the marijuana and cocaine trade. In 1987, it is estimated that at least \$2 billion entered the country as "services."

It was with good reason that Colombian banker Fernando Londoño Hoyos, the former president of the Latin American

Banking Federation (Feleban), wrote last year that the international creditors had deliberately invited government tolerance of the drug trade. The social cost of the drug trade, in lives lost and institutions corrupted, means little to a financial oligarchy determined to see the debt paid.

Nonetheless, it would be a mistake to conclude that the "sinister window" has by itself freed Colombia from the grievous economic conditions suffered by the rest of the continent. The economic growth the Virgilio Barco government claims, is premised entirely on the growth of exports—which were, in turn, made possible by the wholesale looting of wage levels.

Although coffee export earnings fell from \$2.3 billion in 1986 to \$1.3 billion last year, oil exports grew 91% from 1986 to 1987, reaching \$1.65 billion. The government proudly points to growth of non-coffee agricultural exports by 11%, mining by 52%, and industrial products by 20% in that same time-frame. In agriculture, the largest boost to income was provided by the two primary export products (after coffee), bananas and cut flowers. In the mining sector, coal and nickel—two major export items—grew by 57% and 23% respectively. In industry, the primary contributors to export earnings were the textile and leather industries.

What the experts don't say is that domestic consumption of most of these products fell dramatically. Colombian agriculture has gone from being a net producer of food to an importer of the most elementary "market basket" items. Food imported by the Agricultural Marketing Institute (IDEMA), the official decentralized organization in charge of merchandizing agricultural products, grew by 30% from 1986 to 1987, at a cost of \$140 million. Included in these imports were wheat, soybean oil, soybeans, lentils, milk, chickpeas, fish meal, etc.

While shrinking credits to the productive sector, the government has at the same time warned that unless agricultural producers come up with more food, it will resort to a regimen of mass importation, "to keep inflation rates down." Rice producers are already complaining that they are on the verge of being bankrupted by the government's import policy.

In fact, there is extensive disinformation being spread regarding the country's food producing capacity, which many suspect has to do with the Barco government's preoccupation with its credit-worthiness. Exemplary is the case of beef

production. While the government claims the country has 24 million head of cattle, the Federation of Cattle Raisers (Fedegan) says there are only 17 million, and shrinking. Meat has already been priced out of most Colombians' diets as a result, rising 40% in 1987 alone.

The constant and permanent devaluation of the Colombian peso has driven up the price of most domestic consumption items. The minimum wage increased by a mere 25% in 1987, and more than 30% of workers in Colombia's seven main cities are earning less than the minimum.

Despite the fact that the mining sector—the government's pride and joy—produced foreign exchange to the tune of \$433 million in 1987, it is in serious crisis, since both coal and nickel are being sold abroad at prices below production costs. Coal, which at its best was selling for \$28/ton, suffered a reduction of 23.5% in 1987, while still paying operating costs of \$30 per ton. In the case of nickel, while prices recovered somewhat at the beginning of this year, rising from \$2.20/pound to \$2.50/pound, production costs were still estimated at \$2.46/pound, of which two of those dollars went to service the industry's foreign debt.

In the industrial, and especially the textile sector, companies like Coltejer, Fabricato, and Tejicondor showed record profits, but those profits were drawn in large part from a wage-looting scheme known as "the informalization of jobs." These companies, for example, with the blessings of the government, hire cheap but skilled labor from temporary employment pools, establishing a fixed-term hiring regimen which temporarily increases the employment index but ultimately shrinks real income.

The steel sector, which contributed significantly to the growth of the Colombian GNP, in fact sold most of its product either to the mining and oil export sectors, or to meet the "conspicuous consumption" needs of drug traffickers addicted to airplane runways, sports stadiums, underground bunkers, and mansions. The public sector, meanwhile, has eliminated from the budget such long-awaited projects as a mass transit rail system for the overcrowded and neglected cities of Bogotá and Medellín. The National Highway Fund has not constructed a single important new road in Colombia for years.

Then, of course, there is the real estate industry, whose 34% increase in sales in 1987 moved it into third place in contributing to the GNP. The president of Fedelonjas, the real estate industry federation, was nonetheless forced to admit recently that the boom had everything to do with a huge influx of "money of doubtful origin."

### **Paying the debt**

The figures presented by the Comptroller's office reveal how all this "growth" has gone to service the foreign debt. From 1980 to 1987 (in constant 1980 pesos), the government's budget has grown from 195 billion pesos to 256.5 billion pesos. Of the 60 billion pesos increase, 35 billion

pesos went to service the debt, 24 billion pesos went to operating expenses, and less than one billion pesos went to investment.

The illusion of the growing economy appears to be crumbling in 1988. In only the first two months of the year, accumulated inflation reached 7%. Unable to count on the shot-in-the-arm benefits of the 1986 tax reform, which amnestied clandestine capital and hiked taxes, Colombia is facing a budget deficit estimated at 165 billion pesos. According to the comptroller's office and central bank, the Colombian government has already surpassed the limits set by the international banks, which could seriously endanger desperately-needed disbursements of the "Concord" (\$1 billion) credit, which the government won in 1986 at the cost of accepting International Monetary Fund oversight of the national economy. Another \$1.5 billion credit sought by the Barco government for 1988 is already being viewed skeptically by many.

To meet the demands of the banks, the government has just announced a series of "macro-adjustment" measures prepared by World Bank/International Monetary Fund advisers. First of all, they will reduce the money supply by 30 billion pesos, which will seriously affect credit availability. Approved credits for such projects as the Medellín metro will not be used, allegedly because monetarization of those credits would further foster inflation. The same argument was used to cut \$20 million in new equipment from the Armed Forces' budget, \$63 million from the state electricity sector, \$41 million from the state-run telecommunications sector, and \$65 million from the investment plans of the state oil company Ecopetrol.

A tax measure undertaken by the Barco government, which requires the declaration of personal bank accounts of more than 6 million pesos, and their possible investigation for tax evasion, has triggered a panicky buying of dollars—and strongboxes—by the country's wealthier depositors. This has led to an unprecedented increase in the black-market dollar, which for the first time has risen 30 pesos over the official dollar. Some of Colombia's most prominent economists are already predicting "dollarization" of the economy. At a recent prestigious forum, Gilberto Arango Londoño asked rhetorically: "Will the use of the dollar as a means of payment increase? . . . Will the number of Colombians who will enter the world of the underground economy grow?" ANDI's Echeverri Correa was more direct, accusing the government of "creating a clandestine economy" with its new tax measures.

The maneuvering room of the Colombian government has shrunk considerably, leaving it but two options. It can take the advice of the political opposition to pursue the Mexican road, refinancing and reprogramming its foreign debt. The other is to adopt the Peruvian model, taking export earnings otherwise allocated to debt repayment, and dedicating them instead to the real economy.

# Thanks to IMF and the Russians, Poland has 19th-century health care

by Luba George and Kazimierz Kowalski

The joint Soviet and International Monetary Fund stranglehold on Poland has caused the destruction of the country's living standards, above all the collapse of health services, and acute shortages in non-food basics, essential for maintaining hygienic standards, such as soap, toilet paper, disinfectant, and the most basic medicines. This, in turn, has precipitated a dramatic increase in the flood of refugees into the West. Last year, 80,000 Poles emigrated to West Germany alone, double the 40,000 of 1986. This year the total will reach at least 150,000.

On Feb. 13 a meeting of the Solidarnosc's Committee of Health Care Workers in Warsaw issued a statement protesting the "disastrous conditions" in health-care establishments and charged the government with "cheating" workers by granting them only one-third of the promised wage increases. Later in the month, doctors and nurses in Gdansk staged a protest against poor working conditions, demanding more medicine and hospital beds.

All statistics document the demise of the health system and living conditions. According to population expert Professor Marek Okulski, the mortality rate in Poland has been rising, and life expectancy (men and women) fell from 67.3 years in 1982 to 66.5 in 1986. In the same period, deaths

from circulatory system diseases more than *doubled* (50% of all deaths are attributed to circulatory diseases). Okulski added that sanitation standards are at a "19th-century level," and it's impossible to find a clean lavatory in Warsaw; in schools and all public buildings, there's no toilet paper and no soap.

Compounding the whole health problem is an acute shortage of medicine and doctors in Poland. Of the 2,314 essential types of medicine (antibiotics, especially) that ought to be available, according to an official list, at least 1,000 are completely unavailable or in short supply. Especially lacking are drugs to treat cancer and heart disease. Pharmacies have less than half of the penicillin they require, and surgery cannot be performed in hospitals because of a shortage of anesthetics. Poles live in dread of any serious injury or illness. It could be one's death sentence.

Hospital conditions are abominable, very often resembling wartime field hospitals. Patients are crowded into wards, and left unattended, sometimes for weeks, because given the shortages, nothing can be undertaken. Some hospital wards do not even have any beds, and patients are on the floors. Patients on the floors in corridors are not uncommon.

## Doctors exchanged for hard currency

Because Poland's hard currency is tied up in servicing the nation's debt of over \$39 billion, purchases of both finished medical supplies and pharmaceutical raw materials and technology from the West are impossible. (Poland heavily depends on the West for these materials.) Year after year, Poland has been forced to drastically cut back in this area. The domestic chemical industry covers only about 40% of the health service's needs. Moreover, 70% of the medicines produced within Poland require components that must be purchased with hard currency. Pharmacology in Poland is 15 years behind the West, producing medicines that are only partly effective against new strains of bacteria.

The catastrophe is further aggravated through a major loss of medical personnel. One route is through emigration to the West. That, however, is not the only route. A report published by Radio Free Europe states that many medical professionals in Poland are encouraged or sent by the government to do contract work abroad, to earn foreign exchange. Many Polish medical specialists and doctors work on indi-

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vidual contracts abroad, while thousands more work under "collective contracts" (i.e., a medical team is hired as a group to man an entire hospital or department). Over 1,400 professionals in this category work in Libya alone. Most contracts are signed with Arab countries: Algeria, Libya, Morocco, Tunisia, Kuwait, and the UAE, as well as Nigeria and Zambia.

These contracts are arranged by the government-run Foreign Trade Enterprise Polservice for two-year periods. Fees are paid to Polservice by the employee. Polservice reports that this brings in \$13-14 million a year of hard currency the government needs to pay its debt obligations to the World Bank, IMF, and Western banks.

### Infant mortality

Another grave side-effect of the economic crisis and general impoverishment is reflected in the country's rising infant mortality and lower birthrates. According to the government's Main Statistical Office figures, the infant mortality rate in 1986 was 11,100, or 17.3 for every 1,000 live births, *one of the highest in Europe*. The Polish weekly newspaper *Odrozienie* attributed a quarter of these deaths to infections contracted in hospitals, through lack of sanitation and non-sterilization of equipment, etc. Birthrates show drastic decreases—16.9 live births per 1,000 population in 1986 compared with 19.6 in 1980 and 18.0 in 1985.

Prenatal care is well below Western standards. Only a few hospitals have ultrasound equipment to monitor pregnancies. The number of miscarriages, premature or complicated births, and low birth weight (8% of newborn babies in Poland weigh less than 2.5 kilograms, or 5.5 lb.) is very high. Many women of childbearing age are employed in hazardous industries. Women constitute over 45% of the workforce; 60% are of childbearing age.

The number of maternity wards in hospitals fell from 4,488 in 1970 to 1,406 in 1986, with beds often placed in cramped corridors.

When mothers leave hospitals they face shortages of infant formula and baby food, meager supplies of cereals, instant meals, and sterile fruit juices. Only 40% of the demand for cereals, 30% of the demand for juices, and 20% of the demand for instant meals are being met.

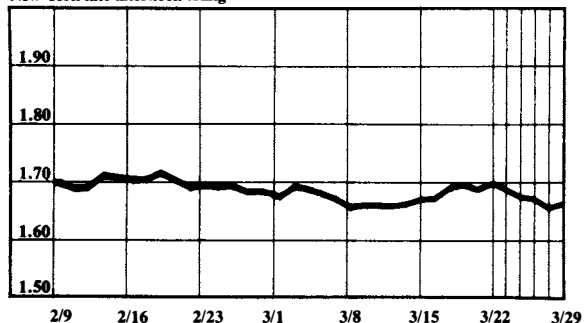
The drastic cuts in imported medical supplies have also ended once-normal vaccination programs for infants and children. Thus, efforts to halt the country's mounting rates of pulmonary tuberculosis and measles, for example, has become a serious problem in Warsaw and other cities, because since the late 1970s *only 30%* of all children have been vaccinated.

A Polish doctor who recently emigrated to West Germany told *EIR* that the current annual TB rate is estimated to be anywhere from 86 to 96 cases for every 100,000 inhabitants—appalling when compared with other European countries (e.g., in Denmark the corresponding figure is about 9 per 100,000).

## Currency Rates

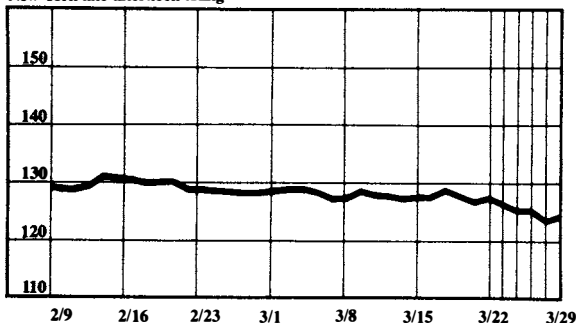
### The dollar in deutschmarks

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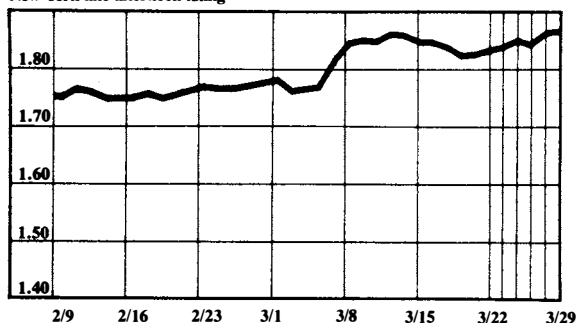
### The dollar in yen

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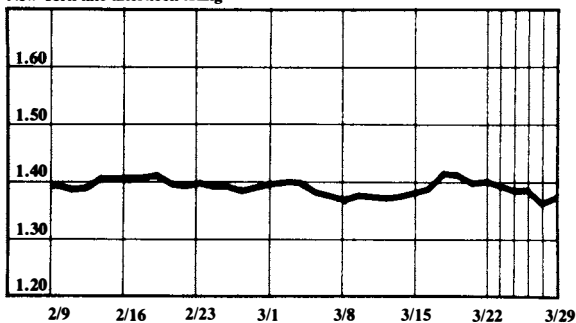
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# African locust plague now threatens Europe

by Carol White

In the summer of 1986, the world learned with horror, that swarms of locusts and grasshoppers were overrunning the continent of Africa. After years of drought, predictably enough, the otherwise welcome rains created the ideal conditions for these insects to breed in large numbers. Due to the deliberate decision by the United Nations Food and Agriculture Organization (FAO) to write off Africa, the infrastructure of the locust watch had been disbanded a decade before, as an unwarranted expense. Still, it was possible to stop the disaster.

The President of Senegal rejected the FAO's proposed minimal spraying program, and demanded widescale spraying by large DC-7 planes in his country. This was done by an American company (with U.S. government cooperation) and was entirely successful. Indeed, Senegal was the only African country not to have a recurrence of the plague in 1987.

But elsewhere, the FAO prevailed, and only small-scale spraying was permitted. The rule was not to spray the grasslands where the swarms breed, because that would "harm the environment"—but then, a glance at FAO literature shows that it does not approve of Africans raising cattle and eating meat and milk products, anyway. The potential for disaster became worse.

The problem was compounded by the proliferation of small wars in the area, closing off the borders of infested countries such as Ethiopia. Lastly, the United States and certain other European nations prohibited the use of dieldrin, an insecticide which is cheaper than malathion and which does not disintegrate as rapidly.

## The issue of large-scale spraying

Despite the demonstrated success of using large planes to spray the swarming insects, this method was rejected last year. The prevailing wisdom of the so-called experts who are running the coordinated campaign against the locusts, is that large-scale spraying would destroy the natural predator of the locust. This view is dismissed by American entomologists

such as the well known consultant on environmental issues, Richard Main, who told *EIR* that the main natural enemy of locusts are funguses, which are not effected by the insecticides used to kill off the locusts.

T&G Aviation of Chandler, Arizona, the company that did the large-scale spraying in 1986 (and was in Africa this past year flying smaller planes) has two of their four DC-7s fueled and ready to fly to Africa immediately. While they have called around to drum up business for their services, to date they have found no government willing to hire them, despite the fact that the locust swarms are more threatening now than they were two years ago.

As a point of comparison, using DC-7s allowed T&G to spray a 2-million-acre area in Senegal, over a period of 16 working days. Planes currently spraying in Morocco can only cover 62,500 acres per day, despite the fact that the Moroccan government estimates that without doubling the amount of acres sprayed per day, they have no hope of controlling the spread of the locusts.

In 1986, *EIR* demanded that large-scale spraying be undertaken everywhere. We also cooperated in a research project that established the feasibility of using pulsed electromagnetic radiation to destroy the swarming locusts and grasshoppers. Appropriate generators, which are both cheap and portable, could easily have been made available for this effort. (We will publish more information about this proposal next week.)

In 1987, *EIR* interviewed leading members of the FAO and spoke to the U.S. State Department, demanding that action be taken to keep the grasshoppers and locusts from becoming endemic in the area, ready to go out of control at the first favorable break in climatic conditions. They refused to recognize that failure to use the relatively less dangerous situation in 1987 to take the necessary measures to eradicate the plague, was laying the stage for the present calamitous picture. At that time, *EIR* interviewed Lukas Brader (which interview is published below), the head of the FAO locust office, which is now sounding an alarm. He adamantly defended FAO's sabotage of an effective spraying program.

## The question of dieldrin

The U.S. Environmental Protection Agency has prohibited the use of dieldrin in the United States. Whatever the merits of this decision, which we would contest, in an abridgement of the sovereignty of other countries, the United States has threatened to refuse assistance to any country which does not accept the U.S. ban.

The problem with dieldrin, used in a temperate region, is that it will stay on the ground in an active form for as long as three months. However, "persistence" of the chemical is an advantage in tropical conditions, where insecticides such as malathion may only be sprayed in the early morning hours, since they disintegrate in a two-hour period in a hot moist

climate. Malathion (if it has not been overheated) is considerably more effective than dieldrin when it is sprayed in droplet form on swarming locusts; however, it is also from 10 to 100 times more expensive. Furthermore, it is obviously far less effective as a bait to the just-hatched locust, still in the hopper rather than flying stage.

A balanced program would probably call for using both kinds of insecticide. With satellite surveillance, it is easy to predict, within a two-week period, when a batch of locust eggs will hatch (this depends upon local climatic conditions, heat and moisture). Dieldrin can be laid in traps in these areas. Since there is no need to use a highly concentrated dose, there is danger neither to wild game nor livestock. Even were some birds to be adversely affected by the insecticide, swarms of locusts will denude an area to the point that no food remains for any living thing.

This year the locust plague has come again with even

greater force. Some estimates are that as many as one-half billion people will die of famine if the locusts are not quickly brought under control.

The insect swarms are now about to move out of Africa into Malta and Sicily, and threaten the mainlands of Greece and Turkey as well as the countries of Asia. As God visited the plagues on Egypt, no one will be spared now unless this evil is reversed.

On March 27, Lyndon LaRouche called for a crash program, using every available method—spraying, electromagnetic devices, and so on—to save Africa and prevent the swarms from overrunning southern Europe as well. He also warned that should he become President of the United States, he will call for a Nuremberg proceeding to bring the criminals at FAO and elsewhere, responsible for this devastation, before the bar of justice. For every African who dies, he says, there is a Greenie who should be hanged for murder.

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## Documentation

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*On March 27-28, the French newspaper Le Monde featured front-page coverage of the locust plague in Africa, under the headline, "Green Light for the Locusts: North Africa Invaded, Sicily Threatened," by Yvonne Rebeyrol.*

Pilgrim locusts (*Schistocerca gregaria*) are threatening West Africa, North Africa, and perhaps even the south of Europe. At the beginning of summer 1987, they swarmed in Eritrea and Tigre, two Ethiopian provinces in rebellion against Addis-Ababa rule. By July 1987, they had arrived in southern Sudan, which is also the site of serious troubles. By August, they had arrived in Chad, but, north of the 16th parallel, no treatment against them was authorized. In August and September, the pilgrim locusts reproduced themselves massively, in particular in the mountain ranges of Ennedi and Tibesti, which are also inaccessible zones. At the end of September and the beginning of October, they arrived in Niger, where the authorities were quickly overwhelmed. In November and December, they arrived in Morocco via southern Algeria, and in Mauritania over the mountain regions of the south Sahara. . . .

During this month, new swarms have arrived in Morocco, Algeria, and Tunisia. The insects are at the frontiers of Libya, and are swarming toward Malta and the south of Sicily. . . .

These formidable insects are now capable of spreading over 52 countries of Africa and western Asia, where they threaten more than 500 million with famine.

The point of departure of this present crisis is, certainly,

the conjuncture, since 1985, of unusually favorable climatic factors for the pilgrim crickets. But this current development is due to two human factors: on the one hand, the multiplication of war zones, rendered inaccessible to any countermeasures. . . . On the other hand, is the recent ban on the use of dieldrin.

The tragedy is that the use of dieldrin has been forbidden, the United States and the countries of northern Europe being its most ferocious adversaries. The manufacture of dieldrin was stopped several years ago, and certain of these countries have threatened to review all their cooperation and assistance to the infested states, were the latter to use the stocks of dieldrin existing in several countries. This ban, according to French specialists . . . doubtless derives from a good intention, but it is unrealistic. Authorized insecticides are only effective for several days. Their utilization therefore requires repeated treatments (and is therefore more costly) and, most important, spraying the entire infested zone. To be sure to cover the entire surface, the insecticide is spread by strips which overlap partially. This means that double doses are often spread on 20% of the treated zone. After such operations, the insects have all disappeared over vast areas, but normal life cannot come back the following year [as it can with dieldrin].

For the moment, no one can say how the invasion of pilgrim locusts is going to proceed. The situation is such that only an exceptional drought could stop the propagation of the plague. But then, the cultures of the zones threatened by the pilgrim locusts would be destroyed.

## One year ago, FAO chief KO'd spraying

*Lukas Brader, a Dutch agronomist, is director of the Emergency Center for Locust Operations at the headquarters of the U.N. Food and Agriculture Organization in Rome. He is also director of the FAO's Self-Protection and Protection Division. This interview was conducted over one year ago, on Feb. 18, 1987, by Marjorie Mazel Hecht.*

**EIR:** Can you describe the threat to the 1987 cereal crops in Africa?

**Brader:** First of all, there is the grasshopper situation in the Sahel and Western Africa—from Chad to Senegal and Mauritania, six or seven countries there. They were invaded last year, much wider than the year before, and the eggs will hatch with the beginning of the rainy season in June. So, the invasion is over a very wide area.

**EIR:** I have had some discussions with Mr. Rafink Skaf, your assistant in Rome. We disagreed completely on the approach that should be taken to eradicate the locusts. I argued that there should be large-scale spraying and that big planes should be used more, as they were in Senegal. Mr. Skaf said, "No, no, our policy is simply to protect the cropland." My contention is that, because there was not more widespread spraying last year, it has resulted in this vast area, 40 to 50 million acres, where eggs were laid, that will now hatch and be a problem *this year and next*. He told me at the time that it was not just a question of money, but it was the FAO policy not to spray in a more widespread way. I would like you to comment on that.

**Brader:** You have to take into account the problem of grasshoppers as it evolves. They come after dry periods of a couple of years. If the rains become normal again, their multiplication intensity is very high, and countervailing natural mortality factors—parasites, predators, and so on—are very low or very ineffective. If we look at history, an upsurge like that usually lasts about two years until the biological equilibrium is reestablished. Normally, there is a 50 to 60% mortality from all sorts of other insects that eat these grasshoppers. That is one of the basic reasons that we feel we should not spray where it is not absolutely needed. Because if you spray everywhere, you would really not allow the natural balance

to reestablish itself and, in fact, you would prolong the plague beyond the two or three years it would normally last.

**EIR:** Of the many entomologists whom I have talked to in this country, no one agreed with that position.

**Brader:** But it's up to them, of course. In Africa, that is the situation, and we have now reviewed the whole situation of last year—the locust campaign. We have said that, okay, you have some choices. There's no doubt, you can have ground applications, you can have small planes. You may also have big planes if there is a dense enough infestation in a homogeneous way over a large enough area. When I say there is a potential infected area of 45 to 50 million hectares, this is not a homogeneous infestation. You have pockets of grasshoppers here and there. So, you are going to spray a tremendous amount of pesticide that is not really needed, and we need to be concerned about the environmental impact of this.

**EIR:** What is the environmental impact of spraying pesticides? It is a very light application, less than one ounce per acre.

**Brader:** How do you control all the other parasites and predators that are useful—that kill the grasshoppers?

**EIR:** The people I talked to in this country involved in grasshopper control said that is a silly point. Parasites have no effect whatsoever in a plague situation.

**Brader:** I don't know where they know that from. We only know from our observations, and in fact, I was just in Chad and Niger, where there are now egg masses in the ground again, and you find 45 to 50% natural mortality.

**EIR:** But look at the rate at which the insects multiply. If you don't spray more widely in the areas where they are breeding, *then you are bound to get next year an explosion of the insect population*. The people in the United States who control grasshoppers say that the FAO approach is just wrong. In Senegal last year, there was a disagreement, the FAO did not want big planes to come in and spray. Yet, the country decided it wanted to.

**Brader:** You still have heavy infestations now, so what is the end result?

**EIR:** You spray again, if you want to get rid of the problem. This brings me to another point. What the FAO seems to be saying, in the literature that we have seen, is that it does not believe that you can eliminate this problem. Its approach is one of keeping it under control as much of the time as possible.

**Brader:** Oh no, no, no, you can't eliminate it. What you can do is equip the countries with early warning and surveillance systems to have a much better early control approach—and this we are trying to do. But how can you eliminate a



problem of this kind? It's absolutely impossible.

**EIR:** Are you saying that it's not just a problem of money, that indeed if the money were available that you still would not do the large-scale spraying?

**Brader:** For 40, 50 million hectares? No.

**EIR:** Or, wherever you felt the pockets of breeding were most intense?

**Brader:** Doesn't that imply 40 or 50 million hectares of spraying?

**EIR:** Perhaps somewhat less.

**Brader:** No, I would not recommend it.

**EIR:** And why?

**Brader:** Because the environmental impact would be such that you would just prolong the plague.

**EIR:** You are saying that the environmental impact would be that you are killing off the natural parasites.

**Brader:** Yes.

**EIR:** Clearly, the entomologists I talked to in this country, some of whose interviews we have published, said that that was baloney.

**Brader:** That is not the opinion of the experts we brought together at our meeting in Rome in December. It's not just the opinion of the FAO. We base our opinion on the expert groups we put together, and on their advice, we make our strategy. . . . People have different opinions. I have never heard scientists who all had the same opinion.

**EIR:** And yet, in this country, we control grasshoppers and spray routinely millions of acres each year. Here they spray 13 to 17 million acres routinely every year to keep the grasshopper population down.

**Brader:** I don't think routinely. They do it on the basis that a real infestation is there, and then they control it. But where the infestation is not, they won't control it.

**EIR:** This has been true, certainly over the past two years. Why isn't the same approach used in Africa? And, if the insects are allowed to multiply like this in the grasslands, it adds to the process of desertification, especially in the Sahel area, where this is already a problem. It also eliminates your fodder for the animals that depend on those grasslands for their food.

**Brader:** If there is a homogeneous large infestation, we will treat grasslands, but if not, we won't treat it. If it is not a homogeneous large infestation, you will not get grasslands disappearing. I have no reports from the Sahel from last year that there was really grassland eaten up, that it was barren soil.

**EIR:** But this is the same area that this year is now full of eggs that will be ready to hatch in mid-June. Is that correct?

**Brader:** Yes.

**EIR:** The egg infestation is tremendous, from what I understand from FAO reports.

**Brader:** Pretty dense, yes.

**EIR:** You are saying that if these infestations are that dense and these eggs hatch. . . .

**Brader:** And in a homogeneous manner, then we will advise spraying in that area.

**EIR:** Even if it includes 40 million hectares?

**Brader:** Oh, 40 million hectares, we won't be able to spray—we won't get the money. I mean that's not a problem. You get a certain amount of money, and you have to spray where it's most effective.

**EIR:** I want to discuss the question of population in Africa. I was quite upset in my interviews with three of the past deputy directors of the FAO, including Count Ignatiev and Mr. Phillips, that they feel that people are the problem in Africa. They look at Africa as overpopulated, and believe it would not have such problems if it had fewer people. I wonder if you share that view.

**Brader:** In certain areas, the carrying capacity of the soil is rather limited so that population is getting too dense in certain areas. Yes, I would agree.

**EIR:** It seemed to me that, in looking at the FAO's map of carrying capacity for Africa, the areas that are called overpopulated, are exactly where the infestations take place.

**Brader:** Oh yes, no doubt. I agree.

**EIR:** Certainly, in the FAO literature it states very directly—that were high technology and financial inputs to be applied to this area, population carrying capacity could certainly be greatly increased.

**Brader:** Yes, and I don't know what that has to do with locusts.

**EIR:** If you go way back, even to the 1930s and 1940s, they understood then that if you made great infrastructural changes, and began to develop the land, that it would very much affect the breeding areas of the locusts. You could change the ecology.

**Brader:** Oh, it would be many years. Is that what you mean? Oh yes, I would agree, yes.

**EIR:** Then, it is a question of how you approach the continent.

**Brader:** But developing it is taking years and years and years. . . .

# Business Briefs

## Dope, Inc.

### Malaysia passes bill against drug financiers

The Malaysian parliament passed a bill March 24 giving sweeping powers to the police to seize and confiscate property and profits they believe to be the result of drug trafficking.

Deputy Home Minister Megat Junid Megai Ayob said the bill was aimed at drug syndicate financiers and money launderers who heretofore could escape prosecution because they seldom ever handle drugs.

The bill, which will now be sent to the largely appointed Senate for approval and then to the king for his assent, provides for the seizure and forfeiture of any property, assets, or profits obtained from drug trading.

Great Britain, the United States, and France have similar legislation.

## Agriculture

### Politburo discusses grain-farming problems

The Soviet government has wanted to make grain production in the Soviet Union more modern, but it sounds as if the Soviet peasant and bureaucrat will have none of it.

At the March 24 meeting of the Politburo of the Soviet Communist Party's Central Committee, according to *Pravda*, "an examination was made of progress in fulfilling the July 11, 1986 decision to enhance the stability of the country's grain farming and increasing the gain and fodder resources. A breakthrough in grain farming has not been achieved."

Continued *Pravda's* report, "The planned volumes of grain production are not being secured. . . . Resources being invested are not producing proper returns. Shortcomings in the production of pulse crops have not been overcome and this is leading to great over-consumption of fodder grain.

"Scientifically-based land cultivation systems are being mastered in an uncreative way, technological discipline remains at a

low level, and there has been virtually no redistribution of allocated resources in favor of grain crops."

The Soviet party paper then attacked the ministers of "Tractor and Agricultural Machine Building, Mineral Fertilizer Production, Chemical Industry, Road Construction Building, Municipal Machine Building, Construction Materials, and other departments" for "displaying a lack of discipline and failing to fulfill their obligations to grain farmers in the delivery of machines and the materials necessary for the intensive technologies."

## The 'Recovery'

### S&Ls post record losses

U.S. savings banks tallied all-time record losses in 1987. Less than a week after announcing its unprecedented "carte blanche" bailout of the American Savings & Loan of California, the Federal Home Loan Bank Board announced a record \$6.8 billion in losses overall for all member S&Ls.

According to a page-one London *Financial Times* review, this is significantly higher than the previous record of \$4.6 billion in 1981, which was triggered by the Volcker interest rate shock. "This time," states the *Financial Times' Anatole Kaletsky*, "the industry's crisis could ultimately lead to losses of anywhere from \$20 billion to \$50 billion or more."

The paper reports that the FHLBB has been propping up 345 insolvent S&Ls which had combined losses last year of \$9.5 billion. Other "solvent" S&Ls had losses of \$3.9 billion.

In California, State Senate Bill 2700, introduced in February, would allow a number of troubled savings and loan institutions to recharter themselves as FDIC-insured savings banks, according to the March 24 *Los Angeles Times*. About 70 California S&Ls would meet the FDIC's net worth requirements and be allowed to switch if state law permitted the move, according to Home Federal S&L lawyer Ray Mercado.

In Texas, state Rep. Bruce Gibson (D-

Cleburne), chairman of the House Committee on Financial Institutions, has formed a legislative advisory panel to examine the idea of creating a quasi-public agency to bail out the state's banks and S&Ls by buying their foreclosed properties and holding them until the economy recovers, giving the financial institutions bonds which they could market to investors in return.

"Our financial institutions are effectively hemorrhaging to death," he said. "That affects us all. We have got to have healthy institutions to drive the state economy out of the recession we're in."

Gibson expects the plan to be presented to the state legislature when it convenes in early 1989, and expects minimal opposition.

## Austerity

### Monetarists demand Brazil's destruction

The monetarist faction in Brazil, led by Finance Minister Mailson da Nobrega, is proposing the "Bolivian" model of genocidal shock treatment to eliminate inflation—and economic activity—Brazil's *Gazeta Mercantil* newspaper reports.

Da Nobrega took over the finance ministry from Dilson Funaro, architect of the country's February 1987 debt moratorium, and promptly reversed that policy, placing the nation at the mercy of the International Monetary Fund and creditor banks. Brazil's total foreign debt stands at the level of \$113 billion.

According to the newspaper report, a "palace guard" faction in Brasilia led by da Nobrega is "demanding bitter measures now." The package they are proposing includes:

- Cutting expenditures of state companies.
- Privatization of most of the state sector.
- Elimination of wage statutes, i.e., no minimum wage.
- An end to job security provisions.
- An end to price and interest-rate regulation.

## Briefly

- Unrestricted imports and exports.
- Unrestricted foreign exchange dealings.
- Elimination of food subsidies.

The ostensible purpose is to cut the public deficit and reduce inflation.

However, the paper also says that there is bitter opposition to the package, especially its wage-gouging aspects, from the military, labor, and administration ministers.

### Drought

## Aswan Dam water level keeps falling

Because of extremely low water levels at the Aswan Dam, the Egyptian government is being forced to choose between agriculture and industry in terms of water distribution. In most cases, family agriculture is being sacrificed, the March 21 issue of France's *Libération* reports. The falling water level is due to recent years' droughts, deepened by a set of water projects on Ethiopia's Blue Nile now being worked on by Soviet and Ethiopian technicians.

Former Irrigation Minister Zaki Kenawi warned on March 15 that a drop in the water level to 150 meters at the Aswan Dam will mean that "hydroelectric power stations will have to shut down and Nile navigation will halt."

Egypt is also expected to be hit by the new infestation of locusts which has already invaded part of the Maghreb (see page 12). In Tunisia, there is an emergency situation in the south, with France and the United States sending aid. Algeria and Morocco are coordinating measures against the locusts.

### Banking

## 'World league of banks' predicted

"There will be a world league of banks with a few names only," predicted Wolfgang Röller, chairman of Dresdner Bank and president of the German banking associa-

tion, in an interview with *Welt am Sonntag* March 27. The interview is indicative of a financial-economic Darwinism ruling the minds of leading European bankers.

Röller, who had declared a week earlier that he doesn't like the public debate comparing the recent market "crash" with "collapse," announced that the only banks that will survive the coming financial "crash" are those that can work around the globe 24 hours a day, because they are established in "the triad of London, New York, and Tokyo, monetary markets that have a big role as centers for capital flows." This will be "global banking," he said.

At the end of a selection process on the monetary markets, the "circle of banks operating on a global scale will be very limited, as compared with today," Röller concluded.

### Housing

## One-third of Houston apartments foreclosed

More than one-third of the 400,000 apartment units in the city of Houston have gone into foreclosure in the last two years, reported the March 27 *Houston Chronicle*. Mass foreclosures, low rents, and high vacancy rates have devastated the apartment business to the point that many landlords are demolishing their complexes, to take advantage of lower tax and insurance rates for vacant lots.

Between 5,000 and 15,000 units were demolished in 1987, while only 500 new units were built. Real estate experts estimate that 24,000 units will be destroyed over the next five years if the economy improves gradually; if it does not, the number will reach 42,000.

The occupancy rate for apartments in the city is about 75%. Out-of-town money is pouring in to buy up foreclosed apartments, according to Coldwell Banker's Rick Kessler. "I don't want to say it's a feeding frenzy, but some projects get 10 to 15 contracts the minute they come on the market," Kessler said. "There are a lot of people looking to buy."

● **ALAN GARCIA**, President of Peru, issued a decree March 27 that officially recognized as legal the sale of stocks by banks to their workers as a way of avoiding the bank nationalization Garcia undertook last year. In so doing, he delivered the nation's largest financial institution, Banco de Crédito, to its employees, who have an absolute majority of 51% of the bank's stock.

● **ARMAND HAMMER'S** Occidental Petroleum, Montedison and ENI-Chem of Italy, and Marubeni of Japan, have just signed a protocol with the Soviet government for a petrochemical project, Tengiz Polymer. The petrochemical plant will produce 400,000 tons of polypropylene per annum, 500,000 tons of polyethylene, among other products. The international group is investing 49% of the capital, or \$3 billion.

● **WEST GERMANY'S** largest bank, Deutsche Bank, has reported its first pre-tax income loss in 10 years, a 37% decline, the bulk of it from losses on sales of stock after the Oct. 19 "Black Monday" crash.

● **HANS-JÖRG RUDLOFF**, vice-chairman of Crédit Suisse-First Boston, the leading Eurobond trader, pointed to 10,000 layoffs in the past 10 months in the unregulated market, and told an interviewer, "The worst is yet to come."

● **ALAN GREENSPAN**, Federal Reserve chairman, was standing together with several colleagues outside the Treasury building in Washington recently, talking and laughing, when a passer by walked up to the gentlemen and said, "Fasten your seat belts, fellahs. LaRouche has predicted a second quarter crash—and he's been right so far." The merriment subsided, as the gentlemen stared at the stranger, walking on his way.

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## Soviet Union takes command of space

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*The Soviets are deploying three new anti-satellite systems and taking a commanding position in international space programs, openly challenging U.S. leadership. Marsha Freeman reports.*

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The cancellation by the Department of Defense of the U.S. anti-satellite (ASAT) program in February, puts the Soviet Union in unchallenged command of space. In the last world war, control of the skies was the difference between victory and defeat, and in earlier conflicts the critical difference was control of the seas.

Dominance of "this new ocean of space," as John Kennedy described it, will be the controlling factor in any actual or threatened conflicts of the future. If America's early warning satellites in space were knocked out by Soviet ASAT systems, the United States would not know if it were under attack, until it was late in the conflict. One side could win before the fighting war started.

If communications, navigation, reconnaissance, weather, or other civilian and military U.S. space assets were disabled or destroyed in space, the West would have no ability to talk to, deploy, or maneuver troops, ships, or aircraft. No intelligence would be available on which to base making any decisions, including the decision to launch a full-scale nuclear retaliatory strike.

The Soviet sympathizers in the U.S. Congress have tried to convince the American public that the Soviet ASAT system is no threat to the West, ostensibly because the system has not recently been tested, and because the technology is "inferior" to what the United States would use, were it to deploy an ASAT system.

Considering the \$300 billion of cuts over the next five years being recommended by Defense Secretary Frank Carlucci, Congress will now have its chance to move from its victory in stopping the U.S. ASAT program, to shutting down virtually all U.S. military response capability, on land, sea, and air, as well as space.

For the past several years, Congress tied the hands of the Defense Department, preventing the Air Force from testing its air-launched ASAT system. Bowing to budgetary pressures from the White House, the Department has eliminated the ASAT program from the 1989 budget request.

In U.S. polls taken in the past two years, more than 70% of the respondents said they believed the U.S. has an anti-ballistic missile system, and more than 60% said the U.S. has an ASAT system. This kind of lack of public education, and belief in the rantings of duplicitious congressmen and Soviet propaganda, can get us all killed.

In addition to developing and deploying an array of ASAT and strategic defense systems based upon a variety of physical principles in order to take actual command of space, the Soviets have also launched a propaganda and organizing offensive to draw non-communist nations into the fold of the so-called civilian Soviet space program.

In reality, there is no "civilian" Soviet space program comparable to the U.S. National Aeronautics and Space Administration (NASA). According to Soviet space analysts, about two-thirds of the impressive 100-plus Soviet satellites launched each year are for dedicated military missions. According to Gen. John L. Piotroski, head of the U.S. Space Command, over 85% of the Soviet spacecraft orbiting the Earth today are exclusively military systems.

More than 80% of all Soviet space rubles are deployed by the military, and the parts of the manned Soviet space program that are shown on television, represent only about 5% of space resources, and are a "spin-off" of the capabilities that have been developed for national security.

The Soviet challenge to the U.S. in space is to recognize that for the Soviet Union, space is a "theater of military

operations," just like any other, and is secondarily a technology-driver, and a place to show off and garner international prestige.

Since the loss of the Challenger Space Shuttle, and during the virtual shut-down of both the military and civilian U.S. space programs over the past two years, the Soviets have accelerated their offensive to pull the international scientific and commercial space communities into their otherwise unattractive orbit. The West does not have much time left to match, and quickly surpass, what the Soviets can do in space.

### First-generation ASAT capabilities

An ASAT system is not only an offensive capability, with which a nation could cripple an opponent and start a war in space. It is also a way of defending space assets from an aggressor. Because the U.S. has no ASAT, the Soviets can attack a U.S. satellite, without the threat of meeting any comparable retaliatory response from the other side, because U.S. satellites cannot defend themselves. If a U.S. space asset were disabled or destroyed, the United States would have the choice of either doing nothing leading to an eventual surrender, or escalating the conflict by perhaps launching its intercontinental ballistic missile force, in a full-scale war.

The Soviets began testing a first-generation antisatellite system over 20 years ago. That crude but effective "kinetic kill" system has been fully tested, and became operational more than a decade ago. It is estimated to be 60-70% effective—not perfect, but certainly capable of doing significant damage not only to single satellites, but even a network of U.S. military satellites.

Using radar guidance, the orbital ASAT hones in on its target and explodes near enough to throw out deadly shrapnel. A second-generation exploding-type ASAT was tested until 1982 by the Russians. This system, which used a more sophisticated infrared homing device and single-orbit pop-up launches, was apparently unsuccessful, and has been put on hold for possible further development. It would be foolish to think that the Soviets have permanently scrapped this more advanced system, as they never throw anything away.

Congressional dupes and traitors have harped on the fact that this operational first-generation system is not 100% effective and is not as sophisticated as the technology the U.S. could develop. One popular criticism is that it can only target and destroy U.S. satellites in low Earth orbit, leaving communications and other assets in higher orbits unthreatened.

However, the height to which the ASAT can be deployed is a function only of the booster used to orbit it, and the Energiya "super booster" test flown nearly a year ago, will be able to place this crude first-generation ASAT within range of any U.S. satellite.

Congress has also stated that since the orbital Soviet ASAT has not been tested for 10 years, it is no longer operational. Soviet space experts have pointed out that the ASAT launch vehicle, the SL-11 booster, launches about five pay-

loads per year to put into orbit radar ocean reconnaissance satellites, and is fully operational.

In terms of the ASAT hunter-killer satellites themselves, according to the Department of Defense, the Soviets have stored a stockpile of ASATs, and could launch several per day at any time, from each of two launch pads at their Tyuratam launch complex. Just because the Soviets do not do full-up testing of their orbital ASAT system does not mean they do not consider it to be operational.

### Directed energy ASATs

There is no question that the Soviets see their ability to destroy U.S. satellites as part and parcel of their integrated war-fighting capabilities. Soviet space analyst Nicholas Johnson has pointed out that the last test of the *unsuccessful* second-generation orbital ASAT series was itself quite significant.

When it was launched on June 18, 1982, it was part of the most impressive display of integrated command, control, and deployment of a wide variety of assets ever carried out. In one seven-hour period that day, the Soviets launched two test ICBMs, two anti-ballistic missiles, and one SS-20 intermediate range ballistic missile.

During the same time period, during the "chase" phase of the ASAT test, the Soviets launched two other unrelated satellites, which had never been done before. These two launches represented a test of the quick replacement of Soviet satellites that could have been negated by Allied forces during a military engagement.

Air Force Secretary Edward Aldridge has confirmed that the "Soviets consider their ASAT an integral part of their military force structure and have used it in war exercises on several occasions."

While the Soviets have their orbital ASAT as a proven technology, three other systems also already exist, which "could be used during hostilities today," according to General Piotrowski. The first is the set of Galosh exoatmospheric interceptors that make up one of the ABM systems surrounding Moscow. These nuclear-armed weapons could be targeted against low-orbiting satellites as they pass directly over the Moscow region, killing spacecraft up to about 150 kilometers.

The ground-based lasers at the Sary Shagan test site, which are clearly being developed as a defense against ballistic missiles, have already been blamed for taking "snipes" at U.S. satellites.

In addition, in the fall of 1986 *Aviation Week and Space Technology* magazine reported that French SPOT satellite images confirmed that, "a massive Soviet strategic defense program is under way on a mountain 7,500 feet high, near the Afghan border.

At this mountain top in Nurek, *Aviation Week* stated, laser and possibly microwave facilities were under development, powered by the Brezhnev hydroelectric dam, 10 miles

away. Satellite images revealed three domed buildings, each 33 feet in diameter, believed to be laser mounts. There is also evidence of a station for tracking objects, and pointing the lasers.

A month after this report appeared, syndicated columnists Evans and Novak linked this facility to the blinding of a U.S. satellite using a high-powered microwave transmitter.

These ground-based directed-energy systems would not be able to accomplish a "hard kill" or total destruction of a satellite at an altitude higher than a few hundred kilometers, but they are able to do general component damage to spacecraft up to about 1,000 km. Damage to targeted, specific components could be accomplished, all the way to geosynchronous orbit, 22,300 miles high, which could effectively cover all U.S. military satellites. By transmitting coherent light in specific frequencies, sensors picking up signals from a specific part of the electromagnetic spectrum could be damaged selectively.

The Soviets also have the capability of using electronic warfare, or radio-electronic combat, to jam the uplink and downlink communications between U.S. satellites, and their ground transmitters and control centers. By knowing the operating frequencies of the satellites, the Soviets could even "take over" operational control, by sending false signals and commands to the satellites.

U.S. strategic planners are kidding themselves if they do not recognize that a combined Soviet ASAT-strategic defense capability has the potential to negate virtually all U.S. military capabilities and forces, everywhere on the globe.

### The Soviet space 'peace' program

Soviet space policy involves both a carrot and a stick. The stick, of course, is the actual hardware which is poised and ready to both defend Soviet assets, and cripple Allied operations in space. The stick has also had a political component—the threat that if the U.S. did not give up its Strategic Defense Initiative (SDI), the Soviets would encourage world opinion to blame it for "militarizing" space, and would cut off negotiations on everything from "arms control" treaties, to international scientific cooperation.

The carrot is the overture the Soviets are making for Western scientists to participate in their growing space science program, including planetary missions, and for the commercial sector to launch payloads on operational Soviet rockets, while the U.S. rocket fleets are down, or way behind schedule.

The Soviets began their global offensive against the U.S. SDI program soon after it was announced. On Aug. 19, 1983, the Soviet Union submitted to the United Nations a draft of a "Treaty on the Prohibition of the Use of Force in Outer Space and From Space Against the Earth." Remember that the Soviet Union is the only country that has attacked and destroyed satellites in Earth orbit, and tested orbiting nuclear bomb systems.

FIGURE 1



The Soviets launch over 100 satellites per year, most of which are military.

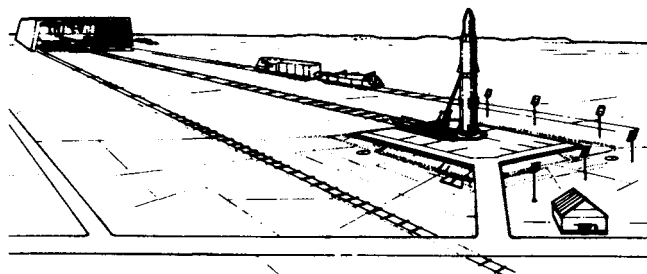
Source: 21st Century Science, Vol. 1, No. 2, May-June 1988.

The treaty draft stipulates that the states that are parties to the treaty undertake, "not to test or deploy by placing in orbit around the Earth or stationing on celestial bodies or in any other manner any space-based weapons for the destruction of objects on the Earth, in the atmosphere or in outer space."

The Soviets have the gall to include a provision that states agree, "not to test or create new anti-satellite systems and to destroy any anti-satellite systems that they may already have." Like their insistence for the past decade that they had no SDI-equivalent program, the Soviets have always maintained that they have no operational ASAT system, and are not developing any new ones.

This ruse of the pot calling the kettle black did not gain

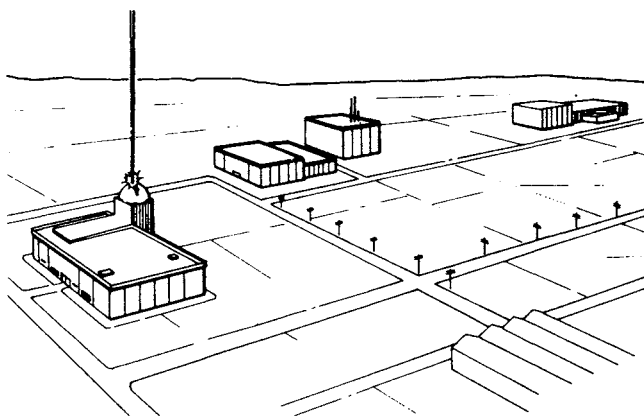
FIGURE 2



The Soviets have two operational launch pads, that can support several anti-satellite launches per day.

Source: Soviet Space Programs 1980-1985.

FIGURE 3



*The ground-based lasers at the Sary Shagan test site have both an anti-missile and anti-satellite capability.*

Source: Soviet Space Programs 1980-1985.

much support, and these treaties have not been agreed to by the United States. The Soviets continued on their propaganda offensive, and in August 1985 submitted a draft resolution to the U.N. "On International Cooperation in the Peaceful Exploration of Outer Space Under Conditions of Its Normalization."

This treaty clearly counterposed the continuation of the U.S. SDI program to the possibility for international cooperation in civilian space efforts. The Soviets state that "an arms race in outer space which would lead to a sharp intensification of the danger of nuclear war, undermine the prospects for arms limitation and reduction as a whole," would "create insuperable obstacles to the development of international cooperation in the peaceful exploration of outer space."

For the first time, the Soviets floated the idea that the United Nations should establish "a world space organization to collate, coordinate, and pool states' efforts in peaceful space activity."

At the same time, the Soviets submitted, "Basic Guidelines and Principles of International Cooperation in the Peaceful Exploration of Outer Space Under Conditions of its Nonmilitarization." In this draft, they pompously assert that, "right now there is a growing possibility that space may be turned into the source of a terrible danger of war. Plans are being announced and actions are being taken aimed at creating and developing space offensive weapons to destroy targets in space and from space, in the air, and on Earth, including creating a wide-scale ABM system with space-based elements."

In 1986, the Soviets formed the World Space Organization. Academy of Science head Aleksandrov stated just before its formation that its purpose would be, "to coordinate efforts toward international cooperation in surveying and

utilizing space for peaceful purposes."

The Soviets found, however, that this heavy-handed approach was neither going to kill the U.S. SDI program, nor produce an initiative with the United States for space cooperation.

### Glasnost in space?

Slowly, the linkage between space cooperation and the SDI began to disappear from Soviet rhetoric, and emphasis turned more seriously to pushing joint U.S.-Soviet missions to Mars. After the aborted Reykjavik summit in 1986, it was clear that there would likely be more attempts at superpower summits and agreements. As preparations got under way for the December 1987 Reagan-Gorbachov summit, the pace of space cooperation negotiations picked up.

Over the past few years, the Soviets have had an aggressive program to recruit U.S. and other non-communist scientists to participate in Soviet space science missions. One not insignificant reason for this push, is the dismal track record of Soviet Mars missions. Over the decade of the 1960s, and up until the NASA Viking missions in 1976, which the Soviets could not match and led to a hiatus in their Mars program, less than half of their Mars probes made it to the red planet. Even fewer successfully returned data.

The Soviets reasoned that one way to upgrade their Mars effort, was to try to entice frustrated U.S. scientists, whose planetary spacecraft sit on the ground waiting for the Space Shuttle and expendable launch vehicles to put them into space, to place their experimental hardware on Soviet planetary spacecraft, and help with the analysis of data during and after the mission.

Since 1984, the focus of the Soviet-coordinated Carl Sagan offensive to work with the Russians, has been to go to Mars together. Sagan has stated on many occasions that there is no scientific value to sending people to Mars, that it would be 10 times more expensive than unmanned missions, and have no economic benefit to the United States.

He has claimed that his Mars peace initiative is the best way to get rid of the SDI, and that if the aerospace industry had billions of dollars for Mars missions, they could convert present facilities from military production.

The original Soviet-Sagan approach, of trying to circumvent NASA and other agencies of the U.S. government, to make private "deals" with individual scientists, has been minimally successful. It became clear to Soviet space scientists that a formal bilateral agreement with the U.S. had become necessary, if significant American participation were to be forthcoming.

On April 15, 1987 Secretary of State George Shultz and Foreign Minister Eduard Shevardnadze signed a bilateral space agreement, covering 16 areas of cooperation (see Table 1). The original 1972 agreement was not renewed by the U.S. in 1982 due to the imposition of martial law in Poland.

The agreement is one of "coordination" between U.S.

and Soviet programs that already exist, and does not initiate any new projects to be carried out jointly by both countries. The Reagan administration has taken a cautious approach to reinstating space detente, on the model of the Nixon-Brezhnev accords.

On Oct. 12, 1987, the NASA Advisory Council Task Force on International Relations in Space released a report titled, "International Space Policy for the 1990s and Beyond." In that report, the Council states that, "The U.S. would not be displaying leadership if it formulated programs designed primarily to beat the Soviets to their announced goals. To do so would merely allow space decisions of the Soviet Union to determine the content of the U.S. space program."

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TABLE 1  
**American-Soviet space agreement**

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1. Invitation of Soviet co-investigators or interdisciplinary scientists for NASA's Mars Observer mission, and American scientists for the Soviet Union's Phobos and Vesta missions.
  2. Coordination of the Phobos, Vesta, and Mars Observer missions and the exchange of results.
  3. Use of NASA's Deep Space Network for tracking the Phobos and Vesta landers.
  4. Joint studies to identify the most promising landing sites on Mars.
  5. Exchange of data on cosmic dust, meteorites, and lunar materials.
  6. Exchange of data in radio astronomy.
  7. Exchange of cosmic gamma-ray, x-ray, and submillimeter data.
  8. Exchange of data and the coordination of studies concerning gamma-ray bursts.
  9. Coordination of observations from solar-terrestrial missions and the subsequent exchange of data.
  10. Coordination of studies concerning global changes in the natural environment.
  11. Cooperation in the Cosmos biosatellite program.
  12. Exchange of biomedical data from the flights of astronauts and cosmonauts.
  13. Exchange of data from studies of flight-induced changes of metabolism, including that of calcium, from orbital missions and ground experiments.
  14. Feasibility study of joint biomedical experiments, including exobiology, on the ground and in various spacecraft.
  15. Preparation and publication of an amplified second edition of the joint study, "Fundamentals of Space Biology and Medicine."
- 

Space policy experts, such as former NASA administrator Tom Paine, have likewise stated that the problem in the U.S. space program is the need for farsighted goals and leadership, and that no joint Soviet project can substitute for a strong U.S. effort.

On Oct. 4, for the 30th anniversary of the launch of Sputnik, the Soviets hosted an International Space Future Forum, with the participation of about 350 non-Soviet or East bloc scientists. Roald Sagdeev, the head of the Soviet Space Research Institute, promised participants that the SDI would not be mentioned during the proceedings.

During the December Reagan-Gorbachov Washington summit, Sagdeev reported to a group of space scientists meeting nearby, that the General Secretary was enthusiastically in favor of joint missions to Mars.

Sagdeev himself, who is fluent in English and a former fusion energy researcher, is an avid supporter of mainly *unmanned* robotic missions to the planets. In a major article in the Dec. 13 *Washington Post*, titled, "To Mars Together—A Soviet Proposal," Sagdeev bowed to U.S. concerns. He states, "We should begin carefully, with unmanned missions. If all goes well with these [precursor] missions, we could try to cooperate in landing men, on Mars, maybe by the year 2001."

He continues: "We should be realistic. If Americans are worried about transferring sensitive military technology to the Soviet Union, we should find ways to work cooperatively, short of fully-integrated missions. For example, we could each send payloads to Mars that would be launched separately from Earth but work together on Mars."

"The cost of these Martian missions would be manageable—far below what our two countries now spend annually on nuclear arms." Unusual that he admitted that the Soviets, as well as the Americans, have nuclear arms!

The Phobos mission to Mars that the Soviets will launch this summer, includes the involvement of 14 countries. These include Austria, France, West Germany, Ireland, Sweden, Switzerland, and the European Space Agency, plus some individual U.S. scientists. To prepare for a 1992 or 1994 unmanned Mars mission the Soviets are now planning, they are considering establishing an international advisory committee to help select scientific payload. Already, about 85 proposals have been received, including a first bid from Brazil.

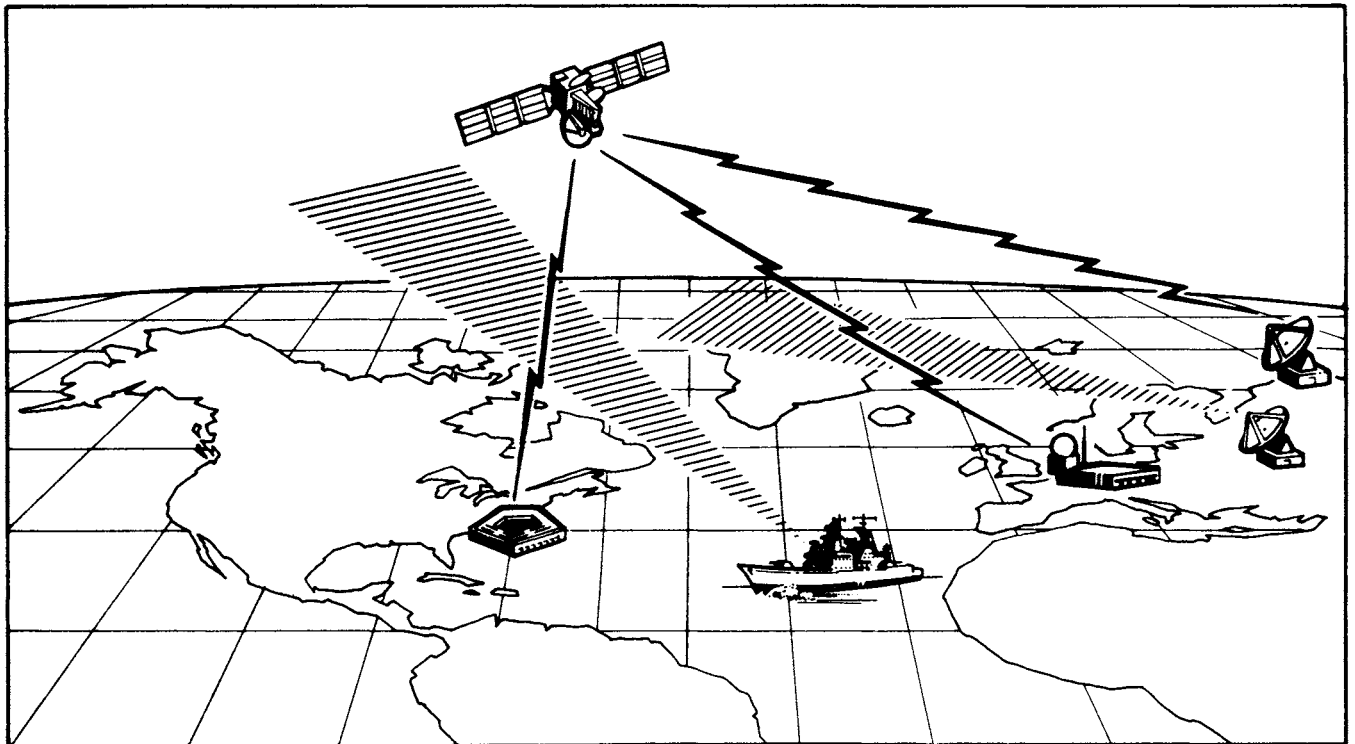
Unless the United States decides to aim, once again, for leadership in the exploration of the Solar System, the Soviets will continue to seduce Western scientists, who have little else to do, into enhancing technologically inferior Soviet space missions.

### **Soviet 'free enterprise'**

During the years that the Soviets were attacking the U.S. for "militarizing space," however, they were coming under increasing criticism themselves from the world community because they did not even *have* a civilian space program.



FIGURE 4



*Electronic warfare is a potentially effective anti-satellite technique, which can be used (left to right) to jam uplink communications, jam downlink lines, or even directly take over enemy satellites.*

Source: Soviet Space Programs 1980-1985.

Every Soviet launch and mission is controlled by the Strategic Rocket Forces.

In October 1985, after 28 years in space, the Soviets announced the establishment of a new agency, Glavkosmos, to be the point of contact between space vehicle and hardware "manufacturers" in the U.S.S.R. and potential customers, in the West. Glavkosmos is supposed to build and operate manned and unmanned spacecraft, with the military still responsible for launching. Glavkosmos was also charged with negotiating international agreements, which had been formerly handled by Interkosmos, under the National Academy of Sciences.

Beginning in 1986 the Soviets initiated an aggressive marketing campaign, mainly to sell their Proton booster—the world's only operational heavy-lift rocket—to commercial communications satellite customers who could not get their payloads launched on the Space Shuttle, U.S. expendable rockets, or the European Ariane.

With all the West's rockets grounded at least for some amount of time since 1986, it has been a seller's market. In order to woo hesitant customers, the Soviets priced the cost to launch on a Proton at about \$30 million, or between one-third and one-half any comparable vehicle. In the case of experimental equipment that they offer to fly on an unmanned

rocket or even in their Mir space station, they have offered that "costs do not have to be paid in money, but in some cases by sharing finished products or technological equipment."

So far the only taker has been the space program of India, which launched its first remote sensing satellite on a Vostok (SL-3) booster on March 17. The Indian government reportedly paid the Soviets \$6 million for the launch, and this reduced rate was supposedly offered because it was their first commercial payload.

The Soviets have pursued an aggressive marketing campaign. Last May a six-man team from Glavkosmos and Licensintorg visited the United States. They met with satellite manufacturers and federal officials in Washington, Houston, and New York. They also visited France, Japan, and Australia and met with international corporate executives in Geneva.

The Space Commerce Corporation in Houston, run by former L-5 Society lawyer Art Dula, is the U.S. marketing agent for the Soviet Proton booster. Last November Dula and his team traveled to the Soviet Union to take a look at Soviet launch facilities. Out of that trip came an agreement that Space Commerce would guarantee security arrangements for launching Western payloads and transshipping them to the Soviet Union.

Though the agreement mandates that no Soviet officials will inspect payloads while they're being transported in the Soviet Union, the Department of State and other U.S. government agencies are not impressed. The State Department Office of Munitions Control has denied permission for any U.S. company to launch with the Soviets, because it would require the export of sensitive U.S. technology. It would take four years for changes in the regulations to be made. By that time, U.S. expendable launch vehicles, increased flights of the European Ariane, and new capabilities in Japan will obviate the need to even consider the Proton, so in a certain way, the entire point of trying to force this change is moot.

The U.S. ban could kill nearly the entire Soviet marketing effort, since most international satellites are U.S.-made, or contain American components, and these are also banned by U.S. law. The Soviets could get around this by trying to get Third World nations to buy their satellites.

The Soviet launching of commercial satellites has not been greeted with much favorable response in the U.S. Courtney Stadd, the director of Commercial Space Transportation for the Department of Transportation, stated last May that, "the U.S. launch situation is not so desperate that

we have to turn to an adversary state for servicing our commercial payloads." Stadd's office is responsible for facilitating the commercial operation of expendable launch vehicles.

Art Dula, on the other hand, is pushing this "commercial" cooperation with the Soviets for political, as well as financial gain. Dula is quoted in *Defense Daily* September 1987, just weeks before the Reagan-Gorbachov summit, saying that the United States, allowing launches on the Proton would be an extension of current reduced tensions in U.S.-Soviet relations, following progress on the INF talks. On Oct. 11, Dula stated in the *New York Times*, that the Soviets, "want to be capitalists, and we're trying to help them."

Let's be serious. The Soviets want the dollars and other hard currencies the sale of Soviet space services would bring in. If they can steal any Western technology along the way, all the better. They garner international publicity through their efforts, and are integrating U.S. allies and neutral nations into their scientific orbit through their "generous" space science cooperation offers.

## Lost U.S. opportunities

The Soviets are also marketing technology and services

TABLE 2

### The Soviet move to the West

**1981**—VEGA planetary mission to Halley's comet announced with participation by scientists from 11 Western nations

**July 1985**—Proton commercial launches offered to the International Maritime Satellite consortium

**Oct. 1985**—Glavkosmos is announced, to market Soviet commercial space services

**July 1986**—West German-Soviet science and technology agreement signed

**Jan. 1987**—Moscow press conference offering Soviet space services including launches, satellites, sale of remote sensing data, and materials processing in space

**March 1987**—U.K.-U.S.S.R. Space Agreement signed in Moscow

**March-May 1987**—Soviet program of Mars missions through the year 2000 announced with Western scientists invited to participate

**April 1987**—New U.S.-U.S.S.R. Space Agreement signed

**June 1987**—Comprehensive space exhibit at the Paris Air Show

**October 1987**—Space Future Forum in Moscow, with people from 30 countries

**Ongoing**—Aggressive campaign to solicit Western science cooperation and to promote sales of Soviet space services.

Source: "International Space Policy for the 1990s and Beyond," NASA Advisory Council, Oct. 12, 1987.

FIGURE 5

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Space Commerce Corporation in Texas is running these ads, to try to attract U.S. industry to launch on the Proton booster.

that the U.S. cannot even compete with, because of the lack of investment in our space infrastructure. In May 1987 the startling news was printed in the *New York Times*, that the U.S. Geological Survey was interested in buying remote sensing images from the Soviet Union.

The Soviet trade agency Soyuzkarta was offering images with a resolution of 16 feet. Images produced by the French SPOT satellite give a 33-foot resolution, with the U.S. Landsat coming in a poor third, at 98 feet. It was revealed that the USGS had sent a letter to the agency in October 1986, and that in addition to being of a high quality, the images were also cheaper. A \$46 Soviet Cosmos photo would cost \$170 from Landsat, and \$400 from SPOT.

According to *Aviation Week*, last July the Soviet Soyuzkarta trade agency started its marketing campaign, and the chief Soviet cartographer, V. Yashchenko stated that Syria bought some photos, and that interest had been expressed from Australia, Kuwait, Angola, North Korea, Vietnam, and East Germany.

For years, NASA and U.S. satellite manufacturers had been limited to the 98-foot resolution for Earth remote sensing satellites by Defense Department restrictions growing from concerns that photos that could show U.S. military assets would be available commercially.

That concern has been made irrelevant as other nations can now sell better pictures, with no restrictions. Therefore, at the end of January, the White House announced that it was dropping the restrictions on U.S. data resolution. The problem is that there is no spacecraft ready to replace the current Landsat technology, and due to administration "commercialization" policies, there may never be.

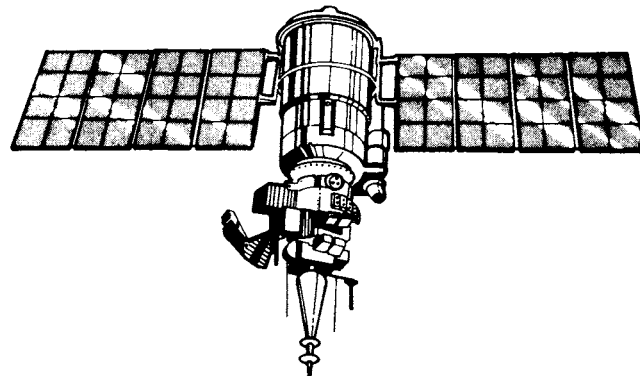
On Dec. 26, the Soviets launched Cosmos 1906. This new-generation of remote sensing spacecraft had multi-channel cameras, produced panoramic views in the visible and infrared parts of the electromagnetic spectrum, had a new space-to-Earth data transmission system, and could cover 40,000 square meters instantaneously. In 10 minutes, the satellite photographs 1 million kilometers.

Of course, even the Soviets have problems in their space program. On Feb. 22, *Aviation Week* reported that Cosmos 1906 was deliberately blown up in orbit on Jan. 31, because it had malfunctioned.

Another important area of space research where the Soviets have no competitor is in long-duration manned operations. U.S. space scientists have not been able to run experiments in materials processing, for example, for the past two years that the Space Shuttle has been down.

On Feb. 21, the *New York Times* reported that Payload Systems, Inc. in Wellesley, Mass. had been cleared by the Defense and Commerce Departments to place a crystal protein growth experiment on the Soviet Mir space station. The company, founded in 1984 by Dr. Byron Lichtenberg, has helped companies design experiments for the Space Shuttle, and zero-gravity aircraft flights.

FIGURE 6



*This Meteor-Priroda satellite, which had a resolution similar to the U.S. Landsat system, has recently been replaced by more sophisticated technology.*

Source: Soviet Space Programs 1980-1985.

The company contracted with the Soviets one year ago on behalf of a pharmaceutical company, and in October applied to the Commerce Department for a license. Dr. Anthony P. Arrott, research director of the company, explained to the *Times* that, "protein crystallization can take weeks or months." For that reason, the Mir will be an attractive option for them, even when the Shuttle is flying.

Over the next year, a second French astronaut will fly to a Soviet space station. Last month, Glavkosmos signed a contract with the West German Kaiser Threde Company to orbit three experiments on a recoverable unmanned capsule. In 1989, the Soviets will place their 50-60 kilogram payload in a Photon capsule, which can spend between 14-30 days in orbit, and is then returned to Earth.

In 1990 the German firm will supply a 100 kg payload, and a 150 kg payload the following year. The advertised charge is \$8-10 million for the full 500 kg capacity of the Photon capsule, but again the company is getting a "special introductory price."

The Soviets are out-pacing the United States in offering these "commercial" services to frontier industries, not because they are so far ahead, but because we are so far behind.

This situation is not one that cannot be remedied by a willful intervention to change U.S. policies. It is also not unrelated to the military superiority that the Soviets have amassed in space. Just as their overall strategic position is only enhanced by the collapse of the economies of the West, integration of leading-edge scientific manpower and hardware into the Soviet space program also enhances their strategic position.

The Soviets are now in an unchallenged position of superiority in space. How long they remain there is up to the United States.

# Masters and Johnson take on the CDC AIDS mafia

by Warren J. Hamerman

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## **Crisis: Heterosexual Behavior in the age of AIDS**

by William H. Masters, Virginia E. Johnson, and Robert C. Kolodny  
New York, Grove Press, 1988  
243 pages with index, \$15.95 hardbound.

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## **AIDS: Papers from Science, 1982-1985**

Edited by Ruth Kulstad  
Washington, D.C., American Association for the Advancement of Science, 1986  
653 pages with index, \$32.95 hardbound, \$19.95 paperbound.

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Next to the unprecedented controversy surrounding last year's California ballot initiative Proposition 64 and the work of this magazine and its founder Lyndon LaRouche over the years, the most explosive and direct challenge to the ill-earned "authority" of the AIDS policy establishment, has been the publication of Masters, Johnson, and Kolodny's *Crisis*. Through polite, yet frank and relentless argumentation, the renowned researchers of the "sexual revolution" have directly challenged most of the systematic premises, biases, lies, and wrong public health policies which the organized "AIDS mafia" has imposed.

They directly take the nation's health authorities to task for "lulling" the public through systematically spreading misinformation about the impossibility of "casual transmission" and the impossibility of the virus breaking out into the general population. These were not honest mistakes, born of scien-

tific ignorance. The more the CDC's director James Mason and Surgeon General C. Everett Koop have prevaricated, the more the population at large has become agitated and suspicious.

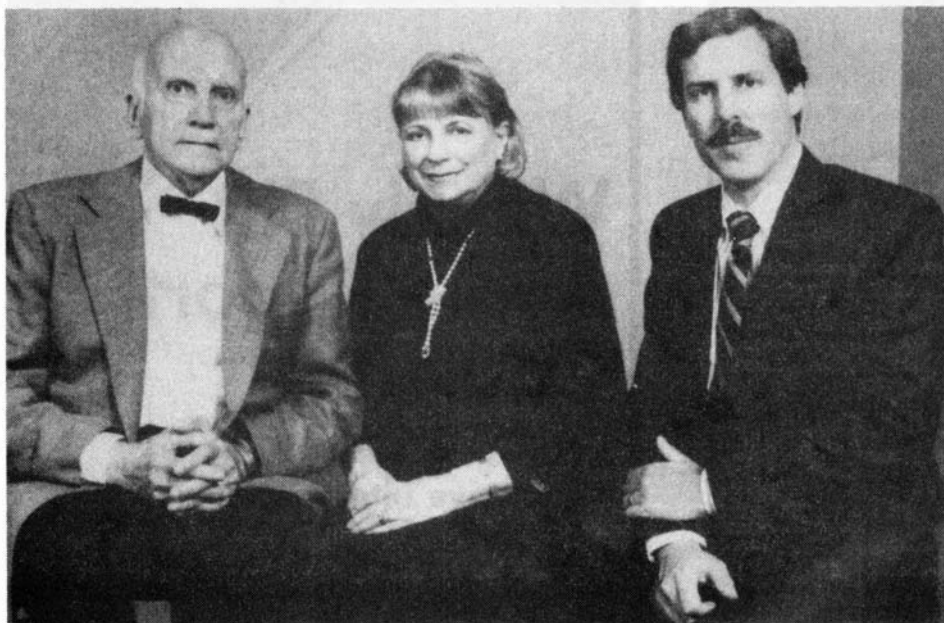
In 1983, the CDC assured the nation that AIDS was only spread by homosexual acts. Up until the spring of 1987 the CDC asserted that health care workers were not at risk. In 1985, the CDC claimed that the blood supply was virtually safe. Until recently, the World Health Organization (WHO) and the CDC denied that there was an out-of-control AIDS pandemic in Africa. In the beginning of the epidemic the CDC cavalierly asserted that large numbers of children would never become infected.

How these "lulling assumptions" have reverberated in the experiments, thinking, and goals of the scientific community is documented in the series of scientific papers from 1982-85 reprinted from the research journal *SCIENCE*.

## **Casual contact—the key issue**

Masters, Johnson, and Kolodny call for a reassessment of the line of reasoning which has been at the foundation of all CDC policy recommendations heretofore—that "casual contact transmission" is impossible and that the "general population" is not at risk.

They write: "The discussion has largely focused on transmission by so-called casual contact, which has never been defined as specifically as one might wish. The general message has been that the AIDS virus is virtually never transmitted in this manner—and one of the arguments used to buttress this anxiety-reducing message has been that among the thousands of health care workers who have accidentally stuck themselves with needles to draw blood from AIDS patients . . . there have been only a few instances of documented



Daniel T. Magidson

Authors William H. Masters, M.D., Virginia E. Johnson, and Robert C. Kolodny, M.D.

infection. This line of reasoning must be carefully reassessed in light of scientific common sense, dramatized by new data from the CDC—the three cases of transmission involving health care workers.

Masters, Johnson, and Kolodny directly contradict the “party line” of the CDC and Surgeon General on a wide array of fronts.

- Contrary to official estimates of 1.5 million, more than 3 million Americans are already infected.
- The blood supply is not safe, and the risk of contracting AIDS through a blood transfusion is almost 50 times greater than claimed by government authorities. Undetected contaminated blood in our blood banks and hospitals means that 1 in every 5,418 transfusions is transmitting the virus.
- Condoms don’t guarantee safe sex; in an FDA study, one out of five lots of condoms tested failed.
- There is no question but that “soul kissing” or “French kissing” is a possible transmission route.
- Mechanical transmission by mosquitoes is still an open question.
- By the year 2000, they project 5 million AIDS cases in America and 25 million cases worldwide.

### CDC’s ‘benevolent deception’

While *Crisis* stops short of investigating the motives and reasons for the lies and misinformation and tactically side-steps identifying those in power who organized and directed the AIDS mafia, it nonetheless directly challenges enough of the major and minor arguments underlying the cover-up that the release of the book has been explosive. While they do not name the names, they do identify the classes of the main prevaricators—the scientific community, the Centers for

Disease Control, the Surgeon General, the World Health Organization, the U.S. Public Health Service, and “government agencies.”

Masters, Johnson, and Kolodny have documented in language for the concerned layman precisely how the authorities have lied on all of the major AIDS policy questions, as the following quotations on the fundamental points illustrates:

1) “[M]isinformation about AIDS has resulted from a form of benevolent deception practiced by the scientific community: in the understandable wish to avoid mass panic, numerous pronouncements about AIDS were deliberately presented in the most optimistic light possible when even a healthy degree of scientific skepticism about the unknown would have produced a different, more realistic response. Compounding these sources of inaccuracies has been an alarming neglect of fundamental, systematic research into the mode of transmission of the AIDS virus.”

2) “[T]he alarming conclusion we have reached, based on our own research and studies conducted by others: Contrary to claims by various government agencies and public health experts that infection with AIDS is still largely confined to the original ‘high risk’ groups . . . the epidemic has clearly broken out into the broader population and is continuing, even now, to make its silent inroads of infection while many maintain an attitude of complacency, not realizing that they too are at risk.”

3) “We also conclude, categorically, that infection with the AIDS virus does *not* require intimate sexual contact or sharing of intravenous needles: Transmission can, and does, occur as a result of person-to-person contact in which blood or other body fluids from a person who is harboring the virus

*Continued on page 29*

# EIR

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- III. AIDS in Africa: the unfolding of a biological holocaust
- IV. The biology of AIDS
- V. Flow cytometer and other laser technology potential for combatting AIDS
- VI. The relevance of optical biophysics for fighting AIDS: designing a Biological Strategic Defense Initiative (BSDI)
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*Continued from page 27*

are splashed onto or rubbed against someone else, even if this is a single isolated occurrence.”

4) “Authorities are greatly underestimating the number of people infected with the AIDS virus in the population today. No epidemic of sexually transmitted disease has ever stood still, numerically speaking, without the availability of a preventive vaccine or a cure. Yet most medical experts continue to claim that there are only 1.5 million people infected with the AIDS virus today, which is the same estimate that was made in mid-1986 by the U.S. Public Health Service in collaboration with the Centers for Disease Control (CDC).”

5) “Experts generally are gravely underestimating the degree to which the AIDS virus has spread into the heterosexual community. There have been several different mechanisms by which the AIDS virus ‘crossed over’ from the original high-risk groups to the general population.” They identify bisexuals, IV drug users, prostitutes, the 15- to 24-year-old youth population, and the “highly promiscuous” portion of the adult population.

6) “The more people who are infected with the AIDS virus, the more quickly the rate of spread escalates. . . . All these considerations point in one direction: AIDS is breaking out. The AIDS virus is now running rampant in the heterosexual community. Unless something is done to contain this global epidemic, we face a mounting death toll in the years ahead that will be the most formidable the world has ever seen.”

7) A “major reason for a significant underestimate of the actual number of AIDS cases was a technical one: Between 1982 and late 1987 the CDC insisted on unduly restrictive criteria for diagnosing cases of AIDS, as many workers in the field pointed out. . . . The result of this insistence on unrealistically narrow criteria for case reporting was not just to underestimate the number of cases but to make it seem that the rate of increase in the overall number of AIDS cases in the U.S. was declining, when in fact just the opposite was happening. The bottom line of all of these considerations is that there has been such serious underreporting of the actual incidence of AIDS that the statistics as of late 1987 were off by some 50%. This means that in the United States there has probably been a cumulative total of at least 67,000 cases of AIDS from the time the epidemic began until the end of 1987. In Africa, where underreporting is even more serious, it is likely that the cumulative total as of the end of 1987 was 100,000 or more. This problem is not just an academic one. If the baseline number of cases used by epidemiologists and public health officials to estimate future trends of this epidemic has been off by so much to begin with, then ‘official’ estimates of the toll the world will see in the future are also far too conservative.” They project that “by the end of 1991 the actual number of AIDS cases in America will exceed 500,000, with more than 300,000 deaths. Worldwide there will be at least 2 million cases of AIDS, with well over 1

million deaths. By the year 2000, unless astonishing progress is made in the development of a vaccine to prevent this infection, there will be a cumulative total of 5 million cases of AIDS in America alone. Worldwide there will be 25 million cases. The enormity of this threat—and the world’s failure to respond swiftly enough with both funding for research and planning for this frightening future—should not be taken lightly.”

## **Policy conclusions**

*Crisis* highlights the fact that no cohesive national policy has been devised to deal with the issues of prevention and research into all the potential means of transmission.

The authors base their conclusion that AIDS has “broken out” of the traditional risk groups on a comparison survey they did of two groups of sexually active heterosexuals—one group of 200 men and 200 women who were sexually promiscuous (at least six different sex partners each year for the past five years) and another group of 200 men and 200 women who had been in a monogamous relationship for the past five years. Neither group belonged to other risk groups.

The results were dramatic. Among the 400 in the monogamous “control” group, only one person was infected while among the 400 in the “study” group of the sexually active group, the prevalence was strikingly higher: 7% (or 14 individuals) among women and 5% (or 10 individuals) among men.

Masters, Johnson, and Kolodny argue for expanding mandatory AIDS antibody testing from blood donors, the military, prisoners, and immigrants to other population groups: a) pregnant women, b) anyone between the ages of 15 and 60 admitted to a hospital; c) convicted prostitutes, and d) all marriage license applicants.

They also advocate going beyond requiring reporting of AIDS cases to requiring that those merely infected with the virus also be reported to public health authorities. In this regard, they argue that the traditional public health policies of contact tracing and notification be applied to AIDS.

They argue that those who are infected and willfully infect others should be treated with modernized criminal penalties and not with quarantine.

They address their concerns to government to adopt policies which protect public health even if that means large expenditures of money. To those who would argue that individual freedoms and civil rights preclude decisive action they have a straightforward response:

“While we fervently hope that mindless panic over the AIDS epidemic will not dictate government policies, we are also convinced that if implementation of effective prevention strategies is delayed by a mistaken belief that this epidemic is now under control or by a single-minded preoccupation with individual autonomy, many millions of lives will be needlessly lost. There is precious little personal freedom in death.”

## Some reasons why George Bush is not electable

by Chris White

For some months, the word was, when the subject of George Bush's presidential candidacy came up, "Do you remember what the name of Herbert Hoover's vice president was?" Most people don't, and there is a very good reason why. His boss went down in history as the individual who single-handedly brought on the Great Depression of the 1930s.

Why should things be any different now? To the extent that the underlying financial and economic policies which have brought about the present mess are permitted to remain intact, there really isn't any reason why they should. The administration, whose policies Bush defends, has repeated, and continues to repeat, the same blunders that the ill-fated Hoover administration made, from October 1929 onward.

Hoover asserted, the "fundamentals remain sound," after the 1929 financial crash. So does this crowd.

Hoover turned to traditional, incompetent deficit-reduction policies. So does this crowd.

The Congress of Hoover's day produced the Smoot-Hawley protective tariff, by the spring of 1930, which was later blamed as the actual trigger for depression. Today, the Congress is putting the final touches on the warmed-over version of the same, in the form of the Dick Gephardt-sponsored trade bill.

Between April and June of 1930, markets went into a second phase of collapse, as the untreated fundamentals that powered the 1929 stock market crash, erupted again. Why should it be any different now? What happier lot could George Bush expect than the deserved oblivion which surrounds the name of Charles Curtis?

Only, he'll be really lucky to be treated so kindly 60 years from now, as the unfortunate Curtis has been.

### **Backroom fights**

It works on different levels. Now, it might appear that Bush has it all locked up—sole Republican candidate, Democrats in disarray, nomination a foregone conclusion. Don't believe a word of it. When Henry Kissinger starts telling jokes





*Wall Street stock exchange opens on the day after the crash of Black Monday, Oct. 19, 1987. The administration, whose policies Bush defends, continues to repeat the same blunders that the ill-fated Hoover administration made, from October 1929 onward.*

about it, "Bush the Republican candidate, the Democrats can't come up with one of their own, it's a one-candidate election, Bush loses," it's clear things are not what they seem.

The word is out that the world is heading into a deeper financial crisis and a depression, probably this year, and if not, certainly by some time early next year. Bush the "preppie," the Establishment's last great hope, doesn't cut the mustard for the kinds of policies the establishment requires.

This simpering product of the country club set cannot implement the genocidal kinds of policies the crowd in the backrooms is talking about.

That's being fought out in the backrooms as of now. It is also being fought out around the erupting banking crisis in Texas, where Morgan Guaranty, Crédit Suisse, and the Winterthur Insurance Company are at war against certain East Coast financial interests, typified by the Bush-linked Chemical Bank.

It is the same game the Morgan crowd played in the 1920s. And its working the same way now.

They're scavenging around to pick up positions of power for after the financial crash, banking on the expectation that they may be around after Bush and his backers are long gone. Neither of them has any policy to deal with the reality of the crisis. But meanwhile, in the dog-eat-dog process that erupted after the October 1987 stock market collapse, George Bush seems to be about to end up, not with the eaters, but with the eaten. That's what happens when there aren't enough places set at the table he invited himself to.

The dogs have their pretexts: the "unanswered questions" about the involvement of the vice president in the Iran-Contra

affair, the related matter of his relationship to the drug trade, through family-connected banking interests, and the employment of the powers of government, in the promotion and protection of the international drug trade, and the looming financial crisis.

### **What about us humans?**

But never mind the dogs; what about the rest of us, human beings that we are?

Governments, since World War II, come, and they go. And policies, embedded in place, by the self-styled "powers that be," remain seemingly unchanging. The apparatus that backs Bush, from the secret police-state apparatus, employed against domestic opposition such as presidential candidate Lyndon LaRouche, to the covert arrangements with the Soviet Union around the globe, the overlap with the drug trade, and the policies that have reduced Western economies to shambles, and the financial system to the brink of ruin—this apparatus is what has remained.

Now, seemingly at the height of his power, Bush is actually headed shortly for a fall. That's reality. The issue then is, the clean-up of the political-financial apparatus for which he fronts, and the replacement of the policies which that apparatus has enforced.

That's why Bush is going to be lucky to be remembered as the nonentity Curtis's oblivion attests him to have been. As the front-man for the dirty tricks, dirty money, drugs, and international dirty-deals apparatus which works through the deployment of financial power, against the interests of regions of the world, nations, and individuals, Bush is well qualified to take the rap for the apparatus as a whole.

# Irangate revelations close in on George Bush's central role

by Herbert Quinde

The alligators snapping at Vice President George Bush from the murky swamp known as the Iran-Contra scandal, scored a hit on his posterior at the end of March.

**Clayland Boyden Gray**, Vice President Bush's chief counsel and "bodyguard of lies," has been named as a key figure in the "crisis management planning" structure, operationally headed by Bush, that directed the biggest intelligence and foreign policy fiasco of the Reagan years. The new revelations not only add evidence of Bush's knowledge and involvement in the Iran-Contra mess, but also his participation in the illegal KGB-style political police apparatus empowered to suspend the Constitution to neutralize critics of the secret government grouping that calls itself "Project Democracy."

The revelations originate from the ongoing political trial of Democratic presidential candidate Lyndon H. LaRouche, his associates, and editors of *EIR*. One intelligence community source who reviewed the information emerging from that trial said, "LaRouche might have Bush's political future in his hands."

Two longtime professional government informants, **Gary Howard** and **Ronald Tucker**, who say they were recruited by both the Federal Bureau of Investigation (FBI) and the Central Intelligence Agency (CIA) to infiltrate the "LaRouche organization," identified C. Boyden Gray as their contact at the White House. Interviewed by the *Washington Post*, Howard and Tucker reported that they and a third man, **Sgt. Maj. Fred Lewis (ret.)**, met with the vice president's chief counsel in May 1986, to discuss information they had about "international terrorism."

Known as a "savvy politician," Gray early in December 1986 broached the question of a pardon for **Lt. Col. Oliver North** with then Department of Justice Criminal Division head William Weld, seemingly in the hope that the scandal could be contained. Gray has also done yeoman's duty in protecting Bush's national security adviser, **Donald Gregg**, from investigations into his deep involvement in the Contra supply operation. Before becoming chief counsel to the vice president, Gray was a law partner for 14 years with Lloyd Cutler, a darling of the Eastern Liberal Establishment. Cutler was Jimmy Carter's chief counsel and is an outspoken advocate of ripping up the U.S. Constitution.

The question begging an answer, is why, in May 1986, did Bush's chief counsel meet with "Three Stooges" who are "private contract agents" in the orbit of Colonel North's clandestine operations? Although there is an abundance of evidence that Donald Gregg was up to his eyeballs in the Contra supply operation, Bush has held fast to the line that he was very distant from Colonel North's operations.

## Target: opponents of the Contra policy

Documents released by the congressional panel that investigated the Iran-Contra mess, demonstrate that May 1986 was the high point of the period when Colonel North and other government officials were scrambling around trying to silence critics of the illegal Contra supply operations. Documents released as a result of the incompetent FBI investigation of the Committee in Support of the People of El Salvador (CISPES), combined with the congressional documents, clearly suggest that "international terrorism" was the codephrase designation on FBI and NSC documents as well as the transparent excuse used to investigate, harass, and intimidate critics.

Earlier the same month, Lewis, a former member of the elite U.S. Army special forces counterterrorism team, Delta Force, had gathered "info against LaRouche" which was apparently being passed on to Colonel North. An electronically generated memorandum found by FBI agents in Colonel North's safe when special prosecutor Lawrence Walsh raided his National Security Council office, was addressed to North from **Maj. Gen. Richard Secord**, who headed the nominally private "Enterprise," which was composed of a network of dummy companies across the globe utilized by Project Democracy.

The memo, obtained through the Freedom of Information Act, stated in part, "Lewis has met with FBI and other agency reps and is apparently meeting again today. Our man here claims Lewis has collected info against LaRouche—let's see how polygraph goes. Rgds, Dick."

Howard, Tucker, and Lewis have provided some pieces of the puzzle. They say that their entrée to government was **John Cupp**. A right-hand man to Secord on the logistics side of the Iran-Contra affair, Cupp worked for a Secord-connected company, American National Management Services,

headed by Lt. Col. **Richard Gadd (ret.)**. Cupp had previously served with Lewis in Delta Force during the late 1970s. Lewis also created a firm, Rhyolite Management System, Ltd., which sources report was a subsidiary of Gadd's company.

Intelligence community sources report that Lewis was "a second- or third-echelon field security operative" who as early as 1983 was involved in developing a counterterrorist program for the El Salvador National Guard. Later, when Donald Gregg's Vietnam buddy, **Felix Rodriguez, a.k.a. Max Gomez**, directed the Contra supply operation from El Salvador, Lewis reportedly was a member of the support staff.

**Phil Mabry**, who served as a domestic political operative for Colonel North through the summer of 1986, supporting the Contra cause, has corroborated that the "LaRouche organization" was a target of Project Democracy. Mabry has stated that Colonel North personally asked him to "keep a file of news clippings and LaRouche publications," which he would send to North. Mabry said that North characterized LaRouche as "too far to the right" politically. A March 1, 1988 editorial in the *Boston Globe* described Mabry as a "former CIA contract agent."

### What did Bush really know?

But was Bush responsible for all these goings-on? Yes, according to National Security Decision Directive 3, Crisis Management, issued in early 1982, which made the vice president the senior executive for all U.S. intelligence operations, effectively superseding the Director of Central Intelligence. NSDD 3 appointed Bush as the chairman of the the Special Situation Group (SSG), which empowered the Standing Crisis Pre-Planning Group (CPPG) to create any and all "interagency groups" for crisis management pre-planning and execution. In 1982, when the CPPG had its founding meeting, Oliver North coordinated the event as the representative from the NSC. (See *EIR*, March 18, 1988.)

Much maligned as a wimp throughout the presidential primary season, Bush throughout the Reagan presidency in fact has been the CEO of an expansive network of paramilitary "CIA knuckle-draggers" carrying out an insane foreign policy. For opposing their policy of selling arms to the terrorist regime of Ayatollah Khomeini and using the profits to buy arms from communist bloc countries for the Contras, LaRouche and associates qualified as "too far to the right" in the eyes of Bush and North.

Over the last year, more and more evidence has surfaced confirming that Bush's adviser Donald Gregg was a major player in creating and directing the Contra supply operation. This has intensified the perception that Bush is lying about his involvement. The evidence was conclusive for former Sen. Nicholas Brady, chairman of the commission that investigated the October 1987 stock market crash and a top adviser to Bush. It was Brady who privately urged Gregg to

resign early in 1987, hoping to protect Reagan's heir-apparent.

Bush and Gregg have testified that they did not know anything about the diversion of profits from the Iran arms sales to the Contra supply effort before Nov. 25, 1986. Gregg says he knew nothing of the Contra operation itself before Aug. 8, 1986. Yet, the documents keep piling up pointing to the contrary, and intelligence operatives involved in different aspects of the fiasco are going public.

A 13-year veteran of the CIA who has worked closely with both Israeli and French intelligence operatives and arms merchants, **Richard Brenneke**, has stated that he was involved in trying to broker a deal for Czech weapons that were to be sent to the Contras. Brenneke says he spoke to Gregg to make sure he was working with sanctioned arms brokers. He first surfaced after the 1986 arrest in Bermuda of Israeli Gen. Avraham Bar-Am and 16 co-conspirators at the request of the Justice Department, charged with violating the U.S. embargo on arms shipments to Iran. Brenneke produced documents proving that Bush's office was well aware of the deals.

In a March 1985 letter to Dr. Mario Castejon, Bush directed the pro-Contra Guatemalan leader to meet with Colonel North about providing aide to the Contras. Interviewed by the *Miami Herald* in March 1987, **Craig Fuller**, Bush's chief of staff, minimized the significance of the letter, but conceded that it indicated that Bush knew more about North's secret projects than had been admitted by the vice president.

A document made public by *U.S. News and World Report*, dated March 17, 1983, is the earliest known documentation of the NSC's involvement in directing paramilitary operations in Central America, leading to George Bush's doorstep. The memo is from Gregg to **Robert McFarlane**, then NSC chief, proposing a plan for "Anti-Guerrilla Operations in Central America." The memo credits Felix Rodriguez and another individual described as "in charge of what is left of the para-military capability at CIA," who later is reported to have directed the mining of Nicaragua's harbors in early 1984, part of the plan. *U.S. News and World Report* writes, "Though Rodriguez wrote that the plan 'will be ideal for the pacification effort in El Salvador and Guatemala,' an attached map showed concentric circles drawn over shaded strike zones that included Honduras and Nicaragua. One intelligence source who examined the plan said, 'It is clear that targets inside Nicaragua were to be targeted.' "

Two documents released by the congressional committee investigating the Iran-Contra affair also prove that both Bush and Gregg knew about the Contra supply operation much earlier than they have publicly admitted. In an April 16, 1986 "Schedule Proposal" and an April 30, 1986 "Briefing Memorandum for the Vice President" for a meeting with Felix Rodriguez, it is stated that Rodriguez "will provide a briefing on the status of war in El Salvador and resupply of the Contras."

# The Vice President's bailout of the Texas banking system

by EIR Staff Reporters

The editors of the *New York Times* set the queasy stomachs of some a-fluttering on Monday, March 29, when they included Texas Commerce Bancshares in the list of Texas banks which have already gone, as they called it, "belly-up." The next day's correction, prominently displayed on the editorial page, attracting further attention to the gaffe, did little to allay the queasiness.

What the editors of the *Times* had done was to draw attention, in a new way, to the political side of what's being fought out, right now, around what is called the "Crisis of Texas Banking." On the one side, given the insolvency of the U.S. banking system as a whole, the insolvency of Texas banking threatens to spill over, actually quite quickly, into a generalized insolvency crisis for the banking system as a whole. The Texas crisis brutally forces onto the agenda, of even the most wishful of self-deluded illusion-peddlers, the reality that insolvent banks cannot be put through bankruptcy liquidation without tearing down the entirety of the speculatively inflated book values of the real estate-related assets on which the banking system's credit generation has come to depend.

On the other side, politically, they drew attention to the reality that it is the financial power behind George Bush which is thus put on the chopping block, and that cronies of Bush, like Treasury Secretary James Baker, are now using that power, in the name of the crassest political cronyism and venality, to try to prop up the tottering financial power base of the Bush family and its Establishment backers.

## Is Chemical next?

Of the top four Texas commercial banks, two, First Republic Bank Corp. of Dallas and First City Bancorporation of Texas, are already in line at the public trough, the Federal Deposit Insurance Corporation. A third, MCorp of Dallas, is on its way to that trough. MCorp's rating with the International Bank Credit Analyst in London is shortly to be downgraded to "E," technical insolvency. The fourth, Texas Commerce Bancshares, was traded off to New York City's Chemical Bank last year, when the Texas banking crisis actually erupted.

Now the word in New York is that money-loser Texas

Commerce is threatening to pull Chemical Bank down the tubes, too. That's why the upset over the *New York Times* editorial. Chemical's stock, like other bank stock, was cut almost in half last year, from about \$48 per share to \$25. Losses ongoing at Texas Commerce are fueling new worries among shareholders, according to Prudential Bache, which sees Chemical as "the least attractive" of money center banks.

In Texas, however, the leadership of the cited banks, now asking for federal aid and succor, is also the political leadership behind George Bush, and his Washington stooges like James Baker. Without the bailout they are demanding, one wonders what will happen to Bush's national aspirations. With the bailout they are demanding, one wonders again, what about the national banking system, which they have brought to the verge of collapse?

However, as the case of Chemical Bank implies, this isn't, either financially, or politically, an in-house Texas affair, even if it does turn out to be the biggest bank bust in U.S. history. New York's Chemical Bank is part of the family base of the Oyster Bay, Long Island Roosevelts, out of which family comes Susan Roosevelt Weld, wife of the punk scion of the White Weld financial interests, interfaced both with the high and mighty of Boston Brahmin finance, typified by the First Boston, Bank of Boston combo, and with the Walkers, the family of George Bush's mother, whose St. Louis interest was bought out by White Weld in 1974.

The link between the Roosevelt crowd in New York banking, and the failing Texas banking system, is personified, not only by George Bush, but also by the national finance chairman of his electoral campaign, Robert Mosbacher.

Like Bush, Mosbacher is from a Connecticut family—of two brothers, one, Robert, went to Texas; the other, Emil, went into New York banking to rise to the board of directors of Chemical Bank. Robert Mosbacher is now on the board of directors of Texas Commerce Bancshares, the number-three ranked Texas bank. Texas Commerce became a subsidiary of Chemical last year, after U.S. banking laws were changed to permit such out-of-state takeovers. Perhaps the changes in banking law which made the takeover possible proceed from the same kind of venal political cronyism that is now seen in

the bailout plans for the banks that have gone under.

The takeover was arranged as the first wave of collapse hit Texas banking during 1987, when First Republic and First City Bancorp. actually went under. That takeover was no doubt part of someone's desperate effort to save what they thought of as their assets. Funny, isn't it, that during the week the latest phase of the crisis broke, Archie Roosevelt and his wife Selwa showed up in Houston for a lunch hosted by Mosbacher to celebrate the publication of Archie's book, *Lust for Knowing*.

On the board of Texas Commerce, too, are some of the big luminaries of the Texas elite, like Robert Shelton (one of the King Ranch heirs), Ladybird Johnson, and many others.

If Texas Commerce is the tie-in nationally, First RepublicBank of Dallas is part of the base of Bush's local Republican operation. The tie is through George Strake, a supposed "independent oil man and investor," a board member of the bank. Strake is also chairman of the Texas Republican Party.

Bush's oil company, Zapata Oil, deeply involved in "Old Boy"-type intelligence work in Central America (there's a specific Venezuelan connection), banks with insolvent First City Bancorporation in Houston. Zapata Oil and First City Bancorporation, the number-four ranked Texas bank, share common directors. George Bush's Zapata Oil's law firm is Baker & Botts. Baker & Botts is the family law firm of Treasury Secretary James Baker III, though under the firm's anti-nepotism rule, he wasn't allowed to practice with the firm. The Baker & Botts connection runs through each of the top four banks, including William Harvin of Texas Commerce and George Jewell of MCorp.

### **A binge on real estate**

The four biggest banks in Texas share their political ties with George Bush, and they share something else. Over the period 1982-87, real estate loans have accounted for half the growth of the banks' asset base. One out of every two new dollars that the Texas banks lent in the five years between 1982-87, went into speculative real estate operations, fueled by high oil prices and by Reagan's 1981 tax reforms. The otherwise ludicrously incompetent New York banking crowd didn't dare to do the same. The percentage varies a bit: Republic Bank, as it was before its shotgun merger, put 58.2% of its new loans into real estate between 1982 and 1986; Texas Commerce Bancshares 57%; First City Bancorp. 52%, and MCorp—the "M" stands for Momentum—a low 48.6%.

The overextended real estate portfolio is the part that has gone really bad—to the point, for example, that all of the banks are actually money-losers. Texas real estate values, collateralized speculatively against the expectation of higher, and perhaps higher-still oil prices, collapsed as the oil price collapsed. San Antonio, Dallas, and Houston are one, two,

and three in the nationwide ranking of areas with empty office space. In the first two, it is estimated that rather more than 30% of all office space stands empty. In the third, it's rather less than 30%. As the estimates go, it would take about eight years to absorb all the empty office space in Dallas and Houston, assuming no new space were brought onto the market. Some say there's enough empty space in Dallas and Houston combined to take care of the entire work-force of the Atlanta metropolitan area.

As the oil price went sour, the real estate loans went bad, and the banks went under. By the end of September 1987, there were \$12 billion worth of foreclosed real estate loans out there, with another \$18 billion more than 60 days delinquent. By now, a sizable chunk of the \$18 billion will have shifted into the foreclosed category, and still more will have entered the ranks of the delinquents.

### **What's the bottom line?**

The government is being used by the Bush crowd to try to hold things together until buyers can be found, as Chemical was found for Texas Commerce, to take over the ailing banks and thrifts. The FDIC and the Federal Reserve are providing funds as stopgap measures in the meantime.

This is where the political cronyism and venality comes in. The idea is that if you can sell off a bank or banks to a purchaser, then you don't have to put it through bankruptcy and into liquidation. By such means, it is intended to actually shore up the real estate market, such that the losses that would be incurred if titles to property were to change hands at what the market will bear, rather than the imputed book value of the property, wouldn't have to be taken.

Thus, for example, the Dallas Federal Reserve District has ceased issuing the traditional weekly reports on the status of money flows within the district. Some say they are doing it to disguise the amounts of money leaving. Others, probably closer to the mark, think it is to cover up the money that is being pumped in, estimated at \$1.7 billion a day for First RepublicBank. At the same time, the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation are being encouraged to do what's required to keep the system afloat.

The bottom line could be anywhere from \$25-50 billion, for Texas alone. But it won't stop there. To open up the spigots in one part of the country, to protect the book value of assets that are actually worthless, is clearly to open up the facility to everyone. What then? \$100-125 billion to be pumped into supporting the worthless assets of the banking system over the next weeks and months. Who knows if the people who do the thinking for George Bush have worked the numbers out? Huge though that amount might be, it's not the bottom line of what it would cost to keep the financial system together in the way Bush and Baker intend. The bottom line would be the destruction of the financial system they are so committed to defending, and them along with it.

# A wimp, at best, in the war on drugs

by Scott Thompson

In 1982, President Reagan placed Vice President George Bush in charge of the showcase South Florida Crime Task Force. On March 23, 1983, the President again named Bush to head the National Narcotics Border Interdiction System (NNBIS), with major responsibilities in implementing the President's declared "War on Drugs."

The record shows not only that George Bush has been a dismal failure in the U.S. war on drugs, but that he deliberately botched the job. First, as sources report, Bush fears the banking collapse that would result from a serious crackdown on the laundering of \$500 billion in narcotics proceeds. A crash would ruin his chances for the presidency. Second, through the National Security Council and the Vice President's Task Force for Combating Terrorism, Bush diverted the efforts of the South Florida Crime Task Force and the war against narco-terrorism into a virtual front for the drug-running of Colombia's Medellín Cartel and the Nicaraguan Contras.

The war against drug-money laundering ground to a halt when Assistant Secretary of the Treasury for Enforcement John Walker was forced out of his post in 1985. The last major bank to be prosecuted, back in February 1985, was the First National Bank of Boston, the flagship institution of the Boston Brahmins' Bank of Boston Corp. Then Boston U.S. Attorney William Weld collapsed 1,163 separate documented cases of criminal felony, involving \$1.2 billion, into a one-count indictment—fining the bank a mere \$500,000. Weld also overlooked the Bank of Boston's links to the Angiullo organized crime family.

The Reagan-Bush administration promoted Weld to assistant attorney general in charge of the Criminal Division.

Bush has personal ties to the bankers laundering the drug money, as *EIR* has documented (e.g., Jan. 22, 1988, "Bush-league sleaze: Who's who behind the VP's candidacy").

● **Max Fisher** is the co-chairman of the George Bush for President National Finance Committee. As the book *Dope, Inc.* documented, Fisher is the old crony of the Detroit "Purple Gang's" Moe Dalitz and syndicate bagman Meyer Lansky. Fisher built his Aurora Petroleum into a business portfolio that included chairmanships of United Brands (formerly United Fruit) and Fruehauf Trucking Company, and ownership of the Airborne Freight Corp. United Brands' banana

boats import over one-third of the cocaine entering the United States, according to Drug Enforcement Administration estimates.

● **Scott Pierce**, brother of Bush's wife Barbara, was president of the E.F. Hutton brokerage house in 1982 when Hutton was caught in a \$4.35 billion scheme to write checks in excess of funds in 400 U.S. commercial banks. On Nov. 15, 1984, Hutton chairman Robert Foman had a luncheon with Attorney General William French Smith and his assistant, **Stephen Trott**. Trott extended the grand jury six months. In the end, no corporate officer was indicted. The firm was given a slap-on-the-wrist \$2 million fine. Hutton's ties to heroin money-laundering, as in the "Pizza Connection" case, and to the New England Patriarcha mafia family, were ignored by the Reagan-Bush administration.

## Bush's 'grandiose claims'

The South Florida Crime Task Force headed by Bush includes some 350 agents deployed by the FBI, DEA, the Army, the Navy, the Coast Guard, U.S. Customs, the Bureau of Alcohol, Tobacco, and Firearms, as well as local law enforcement, to stop the flood of cocaine entering the country from Colombia via Miami. By June 8, 1982, only six months after his appointment, Bush announced on the televised MacNeil-Lehrer Newshour, "Well, I think we've done a good job, and I think that we have reduced the flow of drugs from a torrent to a trickle."

But the General Accounting Office's latest report, *Controlling Drug Abuse: A Status Report*, shows that the flow of cocaine into South Florida remains "a torrent." Over 80% of all cocaine seizures in the United States occur in the Miami-South Florida area. Moreover, the price of cocaine, a prime indicator of availability, has dropped 50% over the last two years. While a record 8,000 pounds of cocaine were seized in the Miami area in 1987, local law enforcement officials estimate that at least 1,000-1,500 kilos move through the area each week.

When drug-runners began to seek other routes, Bush was appointed to head the NNBIS on March 23, 1983. Its mission is to coordinate multi-agency efforts. Almost from the outset, Bush's handling of NNBIS, which today subsumes the South Florida Crime Task Force, drew heavy criticism.

The chief of the DEA, Francis W. Mullen, Jr., wrote in a memorandum to Attorney General William French Smith:

"The grandiose claims of the National Narcotics Border Interdiction System are beginning to discredit and devalue the efforts of the Administration's numerous drug control programs. False credit claimed by NNBIS spokesmen, demoralizes the personnel working for a number of federal agencies whose bona fide accomplishments either go unrecognized or are relegated to second place by the unwise over-emphasis on NNBIS and the South Florida Task Force interdiction programs. As presently constituted, NNBIS activities range far beyond their stated mission to facilitate obtain-

ing military and intelligence community assistance for the interdiction functions of Customs, Coast Guard, and DEA. Beyond obtaining this assistance, NNBIS has made no material contribution to the Administration's interdiction efforts—nor should it. Yet the credits claimed by NNBIS create the impression that NNBIS is operational in virtually all aspects of drug law enforcement. . . .

“DEA's mandated overseas mission is being duplicated and circumvented, causing great confusion among foreign counterparts. . . . The fact that NNBIS, an interdiction program, is being run out of the Vice President's office (OVP) skews the priorities of the overall Federal strategy for control of illegal drugs. The accomplishments of our interdiction programs are overemphasized, building unrealistic expectations among the American people that this strategy is the primary means of reducing the availability of illegal drugs. . . . Location of NNBIS in the OVP fragments the coordination of drug law enforcement presumed to belong to the Attorney General.”

Warning that an “unchecked” NNBIS “will discredit other Federal drug programs and become this Administration's Achilles' heel for drug law enforcement,” Mullen concluded his memo with the statement: “Like the South Florida Task Force, NNBIS needs to be phased down over the next several months.”

Congress and the General Accounting Office (GAO) agreed with Mullen's assessment. On April 28, 1985, the Mullen memo was raised in hearings of the House Government Operations Subcommittee. “NNBIS is a brilliant political stroke, but a lousy agency,” said a congressional investigator. “Instead of helping to coordinate drug agencies working the borders, this agency has caused them to splinter.” On July 18, 1985, William J. Armstrong, who headed a GAO study of NNBIS, told the same House committee, “The price of cocaine is continuing to drop and the number of drugs coming into the country continues to go up.” He found that of 2,289 drug interdiction cases between June 1983 and June 1984 along the southern border, NNBIS played a significant role in only 39. “At least for that period of time, it appears as though NNBIS did not make much difference,” said Armstrong.

On May 28, 1984, Adm. Daniel Murphy, then Bush's chief of staff and coordinator of NNBIS, admitted: “I don't see where we are winning the war on cocaine.” Bush immediately denounced the statement.

## The Narcontras

One of the main actions of the Vice President's Task Force on Combating Terrorism was to enhance the role of the National Security Council in this area. This led to the creation of the Operations Sub-Group (OSG), chaired by Bush and co-chaired by Lt. Col. Oliver North, who made the war on terrorism into a front for Iran-Contra operations. During the course of his work, North kept Bush regularly briefed. Two

members of the staff of Bush's Task Force were detailed to work with North.

The Contras Bush and associates were backing have been involved in running the drugs into the United States that Bush and associates were supposed to be stopping.

- In a statement released to Congress on April 16, 1986, Assistant Secretary of State for Latin American Affairs **Elliott Abrams** acknowledged that “some” Contras “may have been engaged in such activity.” He excused the “limited number of incidents” that had occurred, pointing to the 18-month period when the Contras were receiving no U.S. assistance, leaving them “particularly hard-pressed for financial support.”

- In a highly unusual 95-page affidavit filed with the court on Dec. 12, 1986, Christie Institute general counsel Daniel Sheehan presented the results of a three-year private investigation into the Contras, drawing upon 78 separate witnesses, including a dozen unnamed former and active top CIA and Pentagon officials. Among the allegations detailed is the use of a ranch in Costa Rica belonging to **John Hull**, a contract agent for the NSC in Contra support activities, as a transshipment point for Colombian cocaine bound for the United States, and for U.S. and other arms going to the Contras. **Felipe Vidal** and **Rene Corbo**—both Cuban-American veterans of the Bay of Pigs—are named by Sheehan as the architects of the cocaine-for-arms activities, acting on behalf of **Pablo Escobar Gaviria** and **Jorge Ochoa** of Colombia's Medellín Cartel of cocaine traffickers.

- Cuban-American **Ramon Milian Rodriguez**, the principal money-launderer for the Medellín Cartel until his arrest and conviction, testified before a closed-door session of the Senate Foreign Relations Subcommittee on Terrorism and Narcotics that he had supplied \$10 million to the Contras from the Medellín Cartel, according to Newt Reuss of *Newsday*. The money allegedly was transferred to the Contras by **Felix Ismad Rodriguez**, a.k.a. **Max Gomez**, a Cuban-American former CIA official, who had frequent meetings with George Bush and regular meetings with Bush's national security adviser, **Donald Gregg**, during the period of the money transfer from the Medellín Cartel. Gregg served with the CIA in Vietnam, where he first met Felix Rodriguez. He was later CIA station chief in Seoul, Korea. He has been described as “pivotal” in the Contra support operation. Gregg obtained a post for Rodriguez as coordinator of the Ilopango, El Salvador supply operation for the Contras.

- Pilot **Michael Toliver** claims that he flew arms to the Contras, and also, that on two flights, he returned to the United States with cocaine and marijuana aboard, loaded at Contra airfields. On one return flight, says Toliver, he flew 20 tons of marijuana into Homestead Air Force Base in Florida. Toliver said that two men hired him to fly weapons to the Contras. One was **Rafael Quintero**, like Rodriguez, a CIA veteran. The other was Felix Rodriguez, George Bush and Donald Gregg's associate.

## Panama's neighbors rip U.S. 'economic coercion'

by Robyn Quijano

On March 29, the member states of the Latin American Economic System (SELA) unanimously decided "to repudiate . . . the coercive economic measures adopted by the United States of America against Panama, which affect the autonomy and the economic security of this member state," and called on the United States to immediately end its coercion against Panama.

With this act of solidarity with the republic of Panama, and with the month-old government of President Manuel Solis Palma, one stage in the Reagan administration's undeclared war against Panama came to an end. The unprecedented violation of international law, through the calculated dismemberment of the Panamanian economy, was exposed for what it is: U.S. economic warfare to reimpose colonialist rule on a sovereign state.

### U.S. threatens commando raid

On the same day as the historic SELA resolution, Panama's President-in-Hiding, Eric Arturo Delvalle, into whose accounts the Reagan administration has been funneling tens of millions of dollars that belong to the Panamanian government, requested a U.S. invasion of his own nation. At the same time, the U.S. government announced that the helicopter carrier *Okinawa*, which had been pulled out of the Persian Gulf in a deal with the Soviets, was entering the Panama Canal, and would remain in the area for several days. The ship carries 700 marines and a large number of attack helicopters, required for an invasion. On April 1, thirteen hundred more U.S. troops were sent into Panama, with the U.S. media reporting the troops would be used to "protect U.S. citizens" should the Panamanian population react against a U.S. commando raid to kidnap or assassinate Defense Forces Commander Manuel Noriega.

The Reagan administration let it be known that it was

considering the use of the Delta Force commando units to kidnap General Noriega. When asked on CBS-TV's "Face the Nation" on March 27 if there were any chance the United States would go into Panama and physically remove Noriega, Elliott Abrams, Assistant Secretary of State for Inter-American Affairs, said: "I would say that we have the right to arrest General Noriega, because he is under two federal drug trafficking indictments." Two weeks before, Vice President George Bush had suggested that Noriega be kidnaped and brought to "justice."

Such an action would cost the United States not just a major loss of American lives, but it would also provoke the wrath and resistance of all the nations of Ibero-America.

Were the commando raid against General Noriega to be carried out, the restraint with which the Panamanian Defense Forces have handled U.S. provocations could disappear. Despite U.S. media propaganda, General Noriega has been careful to politically outflank the U.S. aggression, while restraining the military counterattack. In the month since the United States has waged total war on Panama, there has not been one death. The Defense Forces' major weapon against an opposition run directly from Washington, has been tear gas.

"This is not to be a struggle of irresponsible kamikazes," General Noriega warned 500 trade union and peasant leaders at a "united front" meeting on March 23. "This must be a scientific struggle, and we must perceive the lures and provocations of some who seem to be picking a fight in order to strike back. This struggle must be executed with a cool head . . . this struggle must be militant and arouse consciences. . . . If there is to be a solution—and there must be a solution—we will also have to be creative and determined when seeking it. . . . This front will be the last bulwark, where Panamanian men will write the stories of their patri-



otism for the good of our children.”

Whether the Reagan administration chooses to believe it or not, the Panamanian people are, by a large majority, choosing to be patriots. U.S. miscalculation of this fact could end up being a national tragedy.

President Manuel Solis Palma, who had been consolidating support of trade unionists, peasant organizations, and other sectors in a national united front over the previous weeks, achieved total victory for the legitimacy of his government with the SELA support. The ludicrous charade of the U.S. puppet President-in-Hiding was not even a subject of discussion, as Ibero-America threw its weight against the Reagan administration's violation of national sovereignty.

Even the generally controlled U.S. media, which has been so instrumental in promoting the “Big Lie” that Noriega is a drugrunner with no support among the population, began to ask some real questions. When State Department spokesman Charles Redman was bombarded with questions on the significance of the SELA decision, he stated that he was unconcerned, because the U.S. government has taken no economic sanctions against Panama, but rather has honored Delvalle's request for economic pressures against General Noriega. “Do you feel the Latins do not understand U.S. policy?” a reporter asked. “Up to now,” another queried, “you were actively pursuing Latin support for our actions against Panama. In light of the SELA resolution, does it mean that our policy has failed?” Redman had no answer.

White House spokesman Roman Popadiuk then made it official: “Any action to freeze funds is in clear support of the Panamanian people.” But the U.S. “right” to define the oligarchy and the monied classes as the “people” of another nation, is getting harder and harder to sell.

## **SELA's triumph**

The SELA resolution is one of Ibero-America's most important triumphs. Despite a serious effort on the part of the Socialist International to twist the support for Panama into an attack on General Noriega, the 22 nations of SELA took primary aim at the illegal U.S. aggression. Since SELA's primary purpose, at its founding, was to promote continental economic integration and protect member states against economic coercion, it provided the perfect forum for assailing U.S. violation of international law, which as a precedent, threatens every nation of the sub-continent.

The permanent secretary of SELA, Carlos Perez del Castillo, hailed the capacity of the nations of the continent to work together in the special meeting on Panama. “We are showing the world our potential for joint action and for reciprocal support in confronting adverse circumstances,” he said. The meeting was necessary, Perez stated, “because the solidarity of Latin America and the Carribean is a fundamental condition to prevent foreign interventionist acts that could be hatched in the future against self-determination and sovereignty in Latin America.”

The message to the Reagan administration could not be clearer.

Said Panamanian Foreign Minister Jorge Abadia, “If Panama falls, the security of independence and the territorial integrity of all the states of the continent will also fall.” This message was well understood by every member of SELA. As Ibero-America responded in support of Argentina during the war of the Malvinas, they have responded to a threatened invasion of Panama. But this time the solidarity came before the war. Should the Reagan administration plunge forward, nevertheless, in a military adventure in Panama, it will find a continental resistance that will make what they hoped would be a commando raid into a Vietnam-style war.

In Panama, General Noriega addressed a meeting on March 30, of Ibero-Americans who came to give support to the government. “Here in Panama, we are in hand-to-hand combat in the battle for the dignity of Latin America. You mustn't let us fall. You mustn't allow Panama to lose this battle,” he told them. If Panama falls, “Latin America will go to hell,” he warned.

“They have spent more than \$70 million to disarm, to plot, to buy the conscience of the traitors, and of the weak ones. But with all the gold in the world, all the money of the world, they have not been able to bring this people, nor this commander, nor these armed forces to their knees. Accustomed to treating us as colonials, or slaves, they believe the problem is one man or one community. But they are wrong. It is a problem of Latin America,” Noriega told the support rally.

On March 29, Norman Bailey, a former National Security Council staffer who is now a prime mover of the get-Noriega gang, told congressional hearings, “Getting rid of General Noriega does not solve the problem. . . . To start rooting out the problem, the Panamanian Defense Force would have to be reduced by one half to two thirds, and the entire high command would have to be replaced.”

That is the reality of the U.S. war on Panama. The treaties that will return the Canal Zone to Panamanian sovereignty on Dec. 31, 1999 require a strong Panamanian military. It is a nationalist military, founded by the late Gen. Omar Torrijos, and continued by Noriega, that the Reagan administration will not tolerate.

The “Big Lie” that the United States just wanted to get rid of the “drug-running tyrant” in the name of the “Panamanian people,” has just collapsed. If the Reagan-Bush administration chooses military intervention in Panama, Bush will never make it to the White House. What before might have been sold to the U.S. population as a necessary surgical strike against a dictator, won't be so easy to sell. Elliott Abrams gave Noriega till April 1 to leave Panama. Instead, on April 4, the opposition strike will be over. Banks will begin to open. Ibero-American nations have pledged to study specific aid proposals to counter the U.S. economic sabotage.

Panama won this round. But the wounded beast, an

administration that has put so much into destroying a small allied nation, may yet show itself to be clinically insane.

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## Documentation

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# What SELA members said about the U.S. moves on Panama

*Excerpts from Panamanian Foreign Minister Jorge Abadía's speech:*

It is important and urgent that the peoples and governments of Latin America and the Caribbean understand that if Panama were to fall, its constitution be derogated . . . the constitutions of the other American nations would not be safe from a similar monstrosity; and all in the name of "democracy."

At stake in the Panama battle is the economic security of the Latin American and Caribbean nations and also the future of their political independence, because if the government of the United States can openly, brazenly, with impunity, and unopposed, carry out an aggression against Panama, what guarantee does any country on this continent have that one day, when it opposed Washington's will or were seen as an electoral trophy, all that country's resources would not be thrown against it? If there are no morals, nor scruples, nor sanctions, after seeing the U.S. government leave Panama bereft of circulating currency, is it crazy to ask what guarantee there is that that same organized power not be used to destroy the vital machinery of any Latin American or Caribbean economy?

*Mexican Undersecretary for International Cooperation Manuel Rodríguez Arriaga moved the March 27 SELA meeting with a powerful argument for sovereignty. Excerpts follow:*

The solution to the Panama crisis is the exclusive responsibility of the Panamanians, by their right to self-determination. Any act of foreign intervention to influence Panama's destiny or any threat or use of force or use of political or economic coercive measures is inadmissible. . . .

Nothing contrary to free self-determination by the Panamanians can be justified. Not the concept of democracy, which always presupposes self-determination; nor the thesis of national security; nor the appeal to juridical or moral values

which one seeks to defend at the price of violating others that also must be respected. Therefore, coercive economic measures which alter the Panamanians' living conditions and political will, must cease. Let us make SELA's decisions effective. . . .

U.S. control over information flow in our world is too strong, perhaps too total and too powerful for the world to easily discern the reality of our situation. . . .

Each people must build its own democracy, inspired by its history, its culture, its concrete reality, its aspirations. We postulate democracy as a proposal, an attitude, a behavior, but not as an invariable and rigid formula. No two democracies will ever be alike. Therefore, we do not accept political or ideological simplifications in the Panama case, nor any other. . . .

It is a fallacy to pose democracy and self-determination as if they were alternatives. . . . We will not permit such lofty and noble values as democracy and freedom to be used as a cover for ideological fundamentalism nor for interests of domination. . . .

Today it is Panama. Yesterday, many others. Tomorrow, any of us. . . .

*Excerpts follow from the document the Panamanian government sent SELA on March 23, "Information on the facts upon which is based the petition of the Republic of Panama for the urgent convocation of a ministerial-level extraordinary meeting of the Latin American Council of SELA."*

The United States has in its hands a powerful instrument which, being used against Panama, has a destructive effect on the bases of its economy and its national security: Given that in the Panamanian system, dollar reserves for international transactions, and the liquidity in dollars of the [domestic] system are one and the same and both are under the control of the United States and its banks in Panama, the political decision of said country to drain all the dollars from the economy, has as a consequence the incredible result of leaving the Panamanians without any means of exchange, of creating total illiquidity in both the national and foreign banks, and, literally, of expropriating all of them.

This, along with other elements of economic coercion, has created an economic and social emergency. There has been an alarming impact on the production of goods and services; the means for circulation of goods, services and transactions of all kinds have been broken. Scarcity and failure to meet the population's vital needs have become generalized. . . .

The order was given to retain the money the National Bank of Panama had in the United States, as well as the money of all Panamanian consulates in that country, causing a serious liquidity crisis, bigger than any the country had ever had before. As is generally known, in the inequitable colonialist treaty Panama signed in 1904 with the United States,

it renounced having a national currency and accepted the U.S. dollar as the day-to-day legal tender. That is why this unusual measure affects not only Panama's foreign accounts, that is, production, circulation, and all transactions normally made in the country. . . .

In view of all this, without considering the current situation getting worse—or even continuing—it is expected that the economy will be reduced by at least 10% in 1988.

*A second Panamanian brief to the SELA meeting concludes:*

Faced with this serious situation, which not only threatens the Republic of Panama's sovereignty, but also attacks the economic security of the SELA member nations, we aspire to receive economic and technical cooperation in support of initiatives being taken and to be taken in Panama's economic life. We are especially interested in Latin America and Caribbean backing for the issuance of a Panamanian currency and the building of a national monetary system; for financial accords which assure that said currency would have enough support for it to be able to fulfill its functions under current conditions of extra-regional aggression; for financial aid to the government of Panama to attenuate current illiquidity which will inevitably continue until the indicated measures are taken to create a monetary authority and issue Panamanian paper money; for urgent assistance in the form of popular consumer goods in order to control the emergency in Panama; for collaboration of all the region's countries in absorbing Panama's export products; and finally, in such actions as would help Panama make its human resources more and better trained to fulfill its commitments derived from the Torrijos-Carter Treaties in the activities the Panamanians will be called upon to perform in the administration and management of the Panama Canal.

### **Decision 271**

*Extracts from "Decision 271" of the Latin American Council of SELA (Latin American Economic System) taken in Caracas, Venezuela March 29:*

Decisions 112 and 113 adopted by the Latin American Council, concerning economic measures of coercive character;

The pertinent articles of the Charter of the United Nations and of the Charter of the Organization of American States;

The petition presented March 18, 1988 by the Government of Panama to the Permanent Secretary of the Latin American Economic System, in accord with Decision 113, for convoking an urgent Extraordinary Meeting of the Latin American Council at the ministerial level, in which petition the country describes the coercive economic measures to which it is being subjected and makes known its sovereign will and firm determination to deepen its democratic system.

Decisions number 115, 189 and 269 relative to the 1977 Panama Canal Treaties.

Considering:

That self-determination and non-interference in internal affairs of countries are fundamental principles of international relations;

That the United States is applying coercive economic measures against Panama which are causing serious harm to the Panamanian people;

That these coercive economic measures are contrary to International Law and incompatible with the Charter of the U.N. and the Charter of the OAS.

That Decision No. 112 of the Latin American Council condemns the use of coercive measures and requires the elimination of embargoes and economic blockades, freezing of funds, suspension of credits and other [such acts];

That the solidarity of Latin America and the Caribbean is a fundamental condition for strengthening Latin American self-determination and sovereignty;

Decides:

Article 1. It reaffirms the sovereign right of all nations to decide their own destiny in peace and liberty, in the economic, social, and political realms, free from pressures, aggressions, and external threats.

Article 2. It reiterates the condemnation contained in Article 3 of Decision 112 of the use against any SELA member state of coercive economic measures insofar as such threatens their sovereignty and their economic security and violate their right to independent development.

Article 3. Consequently, it repudiates the coercive economic measures taken by the government of the United States of America against Panama that affect the autonomy, and threaten the economic security of that Member State and that constitute a case of grave economic emergency as foreseen in Article 1 of Decision 113.

Article 4. It urges the government of the U.S.A. to revoke immediately the coercive economic measures it has taken against Panama.

Article 5. In the spirit of solidarity, it considers the request for assistance from the government of Panama, stated in the document "Requirements of economic cooperation of the Republic of Panama (CL/VI.E/DT No 1, Corr. 1) and mandates the Permanent Secretary of SELA to promote and coordinate consultations with the Member States on necessary actions and measures.

Article 6. It takes note of document CL/VI.E/Di No. 1, presented at the VI Extraordinary Meeting of the Latin American Council of SELA by the Government of Panama, in which it reaffirms and confirms the commitment and full determination of said government to deepen its democratic system.

Article 7. It reaffirms the necessity for strict compliance of the 1977 treaties on the Panama Canal of 1977 and exhorts the Government of the U.S.A. to respect the commitments in them.

# El Salvador's electorate rebels

by Gretchen Small

Voters in El Salvador's March 20 national elections delivered an overwhelming ultimatum to their government: They want a government that will *defeat* the Moscow-allied terrorist insurgency which has waged war against the nation for eight years. The ruling Christian Democratic party was swept out of local office across the country, for having followed U.S. State Department orders that El Salvador's military must fight the terrorists, but can never adopt a strategy to *win*.

There were two big losers in these elections: Moscow's terrorists, and the Rockefeller-Trilateral strategy of endless war in Central America.

The Farabundo Marti Liberation Front terrorists had begun organizing back in January for an election boycott, as a show of support for their war. The boycott was not exactly voluntary. FMLN commandos kidnaped several mayors, shooting one and releasing others, after threatening them not to participate in the elections.

On election eve, the FMLN issued a communiqué calling the elections "another way of legitimizing the warmongering of the state," which gave them "a legitimate right to fight against these elections." Six bombs were detonated in the capital, San Salvador. Electrical powerlines were blown up, leaving 80% of the country in darkness and without running water, for several hours. The terrorists imposed a national transportation "ban" for election day, enforced by a promise to attack any vehicle which used the nation's highways.

Nonetheless, some 70% of El Salvador's voters came out to vote—over half of those, in order to turn the ruling Christian Democrats out of office.

The National Republican Alliance, known as ARENA, campaigned on one theme: the United States and its Christian Democratic puppets lack the will to end the civil war, and are turning the war into a business for corrupt politicians. One of ARENA's leading campaigners was retired Army Col. Sigfredo Ochoa, an outspoken critic of the Duarte government's handling of the war, who charged that the government sends soldiers out to die, but refuses to give them the means to defeat the enemy. Ochoa insisted, "If the United States does not want us to run the war, they should send their own troops, and send a governor to run the country, instead of an ambassador. They have no right to treat us as a colony."

On that basis, ARENA swept the elections. At stake, were municipal posts, and all seats in the 60-member Legis-

lative Assembly. ARENA won mayoral contests in 13 out of 14 provincial capitals, and 200 of the nation's 264 municipalities. Their win in the capital, San Salvador, was a personal defeat for President José Napoleon Duarte. San Salvador had been a bulwark of the Christian Democratic party since 1964, and Duarte's son, Alejandro, was the Christian Democrats' defeated candidate.

Initial results in the Legislative Assembly vote showed ARENA winning between 30 and 33 seats, a large jump from its current 13 delegates. The Christian Democrats dropped from 33 seats, to an estimated 22 delegates.

## Will a nationalist movement now develop?

The press in the United States reported to Americans that the election results mean that since the "center" was defeated, fighting between right and left extremes will now escalate. But a *Baltimore Sun* editorial on March 23, was more blunt on what worries Washington. An ARENA-dominated government "could create in El Salvador a situation not unlike what we are now seeing in Panama, where a highly nationalist, militaristic regime is on an anti-U.S. binge," the *Sun* complained.

There is a rebellion under way in Central America, against the Rockefeller crowd which put together the Reagan administration's "Project Democracy" strategy for the region. As recommended in the 1984 Kissinger Commission Report, the U.S. has demanded that national military institutions be weakened (in the case of Panama, eliminated altogether), because they can serve as vehicles for strong nationalism. Mercenaries like the Contras, or subservient politicians, have proven more controllable.

"Napo" Duarte is typical of the Rockefeller stooges this crowd prefers in Central America. If the U.S. flag were the only thing that Duarte had kissed in his career, he would be clean, but Duarte has been a banker's boy since he became the project of Trilateral Commission and Chase Manhattan board member Theodore Hesburgh back in the 1940s. Ever available to do the Rockefellers' dirty work, Duarte was one of the first in the region to join the U.S. State Department's war against Panama's military and commander, General Noriega.

El Salvador's voters have rejected both Rockefeller's banker buddies, and Moscow's guerrillas. The question now posed, is whether the party which benefited from that vote, ARENA, will adopt the kind of nationalist program required to end the war, built upon the economic criteria outlined in Pope John Paul II's encyclicals rejecting the twin evils of Marxist materialism and liberal capitalism.

Until now, ARENA has followed the radical free trade program churned out by the followers of Austrian economist Friedrich von Hayek on behalf of the financial oligarchy. If ARENA attempts to fight a military war, just to defend the local oligarchy and their international masters, the military will soon find itself battling a growing regional terrorist army, recruited from a population driven mad by economic misery.

# Colombian military targets 'citizens above suspicion' for cocaine trade

by Valerie Rush

The Colombian military has launched a mop-up campaign against the cocaine-trafficking "Medellín Cartel," which has already toppled one of the Cartel's leading agents inside the government, and which promises to unveil many other figures in the highest political and business circles of the country.

Ever since the scandalous January release from jail of the Cartel's number-two fugitive Jorge Luis Ochoa, Colombia's courts, Congress, and executive branch have been seriously discredited in the eyes of those remaining forces in the country fearful of the irremediable loss of Colombian national sovereignty to the drug mob. Under pressure from the military to take decisive action, President Virgilio Barco still has time to revive the U.S.-Colombian extradition treaty and put some real teeth into it.

The mop-up began March 1, when the Air Force pursued and destroyed a highly sophisticated aircraft belonging to Cartel kingpin Pablo Escobar Gaviria. The computerized airplane, a trafficker's dream, had been seized for its illegal registration and sequestered at a military airbase, only to be smuggled off the base under the noses of the military. The pursuit and on-the-ground bombing of the *Aerocommander* on an airstrip adjacent to Escobar's own estate prompted a furious public threat of revenge against that military service by the mafia godfather. It was probably the first direct threat against the Colombian military to come from the Cartel.

Three weeks later, on March 22, a carefully-planned dragnet by the IV Army Brigade was thrown over the entire district of El Poblado, Medellín's most exclusive neighborhood, and came within minutes of capturing Escobar himself. Sophisticated alarms were tripped by soldiers as they closed in on a Swiss chalet-styled country home called "El Bizcocho," and Escobar's bodyguards traded fire with the army while the Cartel boss managed to escape. In a simultaneous raid elsewhere in the city, Escobar's wife María Victoria Henao and sister-in-law were captured. A civilian judge subsequently released them.

In both raids, documents and video and audiocassette tapes were seized, along with vast quantities of weapons, motorcycles, cars of various makes and models, and other equipment. In a press conference on March 24, IV Brigade commander Gen. Jaime Ruiz Barrera revealed how the captured documents and cassettes, now in the possession of military intelligence, expose relations between the Cartel and prominent and/or influential figures within ruling and busi-

ness circles. He specified that some of the Cartel collaborators "are identified [in the documents] by letters. There is a very important lawyer with links to the Council of State, who is noted as HB. An official of the Attorney General's office, identified as HL. A builder, who is identified as DLW."

"In these same cassettes and documents is material addressing questions of the [government-decreed] plebiscite, extradition, purchase of weapons abroad, bribery, activities carried out by paid assassins, threats, confrontations between the Medellín Cartel and the [communist] Patriotic Union, with the "Cali Cartel," and on financing of a person who is currently under detention in relation to the assassination of Attorney General Carlos Mauro Hoyos Jiménez."

General Ruiz Barrera also revealed that his "Operation Crucible" served to uncover one of Pablo Escobar's frontmen, who is identified as Gustavo Adolfo Upegui López, who used the alias "Major García," and in whose name "El Bizcocho" was registered. Upegui López was also in charge of maintaining the payroll for Escobar's bodyguards.

The name of Upegui's wife also appears in the investigation of the mafia assassination of Attorney General Mauro Hoyos, since one of the cars used to kidnap the official was in her name. The general added that Upegui was in charge of Escobar's network of informants which had infiltrated different government entities, and is responsible for the tapes of information provided to Escobar through illegal interceptions of official and other telephone lines.

## One down, more to go

Demands on March 24 by interim Attorney General Alfredo Gutiérrez Márquez, for military intelligence to hand over the captured tapes and documents "for an investigation," immediately provoked suspicion, since it was Gutiérrez who had called for the legalization of the drug trade and dialogue with the cocaine cartels, days after his predecessor had been buried. The results of an internal investigation conducted by Carlos Mauro Hoyos into possible Cartel agents in his office, according to the daily *El Espectador*, went to the grave with him.

On March 28, four days later, Gutiérrez Márquez was abruptly forced to resign, after the military released to the public the information that the airstrip to which Escobar's *Aerocommander* had been tracked, and ultimately destroyed, was owned by Libardo Gutiérrez Márquez, the Attorney General's brother and an acknowledged front-man for Esco-

bar's smuggling activities.

Members of the Council of State, a presidential advisory body on constitutional matters, also demanded that the military turn over the explosive evidence they had captured. That demand, too, provoked suspicion, since the Council had just days earlier ordered the suspension of an arrest warrant for Escobar's extradition to the United States, as illegal.

*El Espectador* has suggested that the "HB" described by General Ruiz Barrera as a Cartel infiltrator into the Council of State, is one Geisel Humberto Buitrago Mustafá, who is one of Pablo Escobar's lawyers and a close associate of Liberal Party senator Bernardo Guerra Serna, who himself is an advocate of dialogue with the Medellín Cartel. Another Buitrago, magistrate Samuel Buitrago Hurtado, called on national television for the legalization of the drug trade in December 1986. At the time he was *president of the Council of State!* President Barco never commented on the opinions of his leading constitutional adviser.

*EIR's* own archives reveal that the only Medellín builder with the initials DLW, as also mentioned by the IV Army Commander, is Diego Londoño White, whose firm Londoño y Vayda Ltda., has been identified as the firm which constructed Pablo Escobar's "bunkers." The Londoño White family are intimate friends of former Colombian President Alfonso López Michelsen. Diego's brother Santiago Londoño White was the treasurer of López's re-election campaign in 1982, and had—together with current Liberal Party president Ernesto Samper Pizano—accepted donations from the Medellín Cartel's transport kingpin Carlos Lehder, currently on trial for drug trafficking in Florida.

It was also Santiago Londoño White who arranged and attended a 1984 Panama meeting of Pablo Escobar and Jorge Luis Ochoa with López Michelsen, where the traffickers had proposed to pay off the Colombian foreign debt in exchange for an amnesty from the government.

The military's declaration of war against the drug traffickers has dramatically raised the stakes in the fight for Colombia. A March 30 press conference by General Ruiz Barrera revealed that the Cartel has threatened to assassinate him and other high-level commanders of the Colombian Armed Forces, and has hired at least 15 lawyers to provoke "human rights" scandals designed to discredit the military's anti-drug efforts.

General Ruiz Barrera also revealed that the office telephone lines of President Belisario Betancur (1982-86) had been intercepted by the Cartel, and that military intelligence had captured recordings of telephone conversations from that office. Finally, it has been revealed that among those arrested during the March 22 army raid on Escobar's estate were members of the terrorist M-19 guerrilla group, who were reportedly coordinating operations with Escobar at the moment of the raid. Both the M-19 and the Moscow-controlled Revolutionary Armed Forces of Colombia (FARC) have publicly called for legalizing the drug trade in the recent period.

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## 'Regional Affairs'

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# Feverish pace of New Yalta sellouts

by Konstantin George

Contrary to the disinformation peddled to the mass media that little of note occurred during the March 21-23 Shultz-Shevardnadze Washington talks on regional issues, events in Central America, Afghanistan, and Angola provide a far different reading on the status of the New Yalta deals under way between the Reagan administration and Moscow.

"Feverish" accurately describes the pace of the U.S. sellout to Russia, far exceeding the dimensions of the original carving of the world into U.S.-tied and Soviet spheres of influence at the Yalta conference at the end of World War II.

### Central America

First, Washington has agreed to employ violence, including a military invasion, to topple Panama's Defense Forces commander General Noriega, an action which can only further Soviet interests. Moscow, in turn, pressured the Sandinista regime in Nicaragua to conclude a cease-fire agreement with the Contras—which it did.

The Nicaraguan deal resolved precisely nothing. The Sandinistas remain the leading military power in the region, with more than 120,000 combined soldiers and militia, while the United States has taken care of limiting, and even dismantling—as in the case of Panama—nationalist military forces in the region.

Moscow's agents in the leadership of the Socialist International can be found at the forefront of both the Nicaragua deal and the attack on the Panamanian Defense Forces. The operations are united in the persons of West German Social Democrat Hans-Jürgen Wischniewski and Venezuelan ex-President Carlos Andrés Pérez. Wischniewski signed the Contra-Sandinista pact, in his capacity as the *official* international representative of the Sandinista government, on March 23. He then flew into Panama on March 24 with the head of the Christian Democratic opposition, Ricardo Arias Calderón, who said that any measures, including economic warfare and even invasion, are justified to overthrow Panama's military, and urged other countries to join the U.S. war on Panama.

The Socialist International now holds up the Nicaraguan "dialogue" as the model, finding the Soviet-steered Nicaraguan *comandantes* more "democratic" than Panama's nationalists. Meanwhile, despite all the rumors that the "dictators" would come to Noriega's support and that Libya's Qaddafi was going to bankroll him, the money allegedly destined for Panama "got lost" in Cuba—at the exact time when Russian advisers were observed crawling all over Libya.

Superpower behavior in Central America follows the framework proposed by then-Soviet President Yuri Andropov in an April 1983 interview with the West German magazine *Dér Spiegel*. Andropov, speaking in the style of Stalin, implied that the United States could do whatever it pleased in the Western Hemisphere—specifically in Nicaragua—if in return, Washington would concede the same imperial privileges to Moscow for Eurasia and most of Africa, beginning with Afghanistan, but strategically speaking, focusing on a U.S. decoupling from Europe to plunge into Central America.

### **Afghanistan to be partitioned?**

The United States has already stopped the supply of Stinger SAMs to the Afghan resistance, and it is only a matter of time before a formal declaration halting all military assistance. Even before the Shultz-Shevardnadze talks, the United States and the U.S.S.R. had begun their own Geneva talks on Afghanistan, between the State Department's Robert Peck, and a Soviet Foreign Ministry representative. Shultz and Shevardnadze agreed to upgrade these Geneva talks to the level of their number-two men, respectively Michael Armacost and Soviet First Deputy Foreign Minister Yuli Vorontsov, to nail down a final accord to Moscow's liking before the May 29 Reagan-Gorbachov summit. So that no third parties' objections ruin the capitulation, Washington squeezed Pakistan to abandon its resistance to a Geneva agreement. Shortly after the Shultz-Shevardnadze talks, Pakistan dropped its demand that any Geneva agreement be conditional on first establishing a transitional government in Kabul.

The first Yalta was marked by the partition of nations, with a Soviet colony in one part, as with East Germany and North Korea. Similar plans are now afoot for the initial phase of the "New Yalta," to partition Afghanistan (in the context of the so-called Soviet withdrawal), Angola, and Chad.

A partitioned Afghanistan would see a Soviet regime installed in the Turkmen, Uzbek, and Tadjik north (ethnically corresponding to the neighboring populations in Soviet Central Asia), located between the Soviet border and the Hindu Kush Mountains, and an Afghan "Lebanon" with rival guerrilla and tribal militias slaughtering each other, forming the largely Pathan and Baluchi "south" (where the fratricidal warfare would spill over to plague the Pakistani Northwest Frontier Provinces and Baluchistan).

The plan was first signaled by Soviet Politburo kingmaker Yegor Ligachov, in a mid-December speech announcing a

new policy, whereby individual Soviet republics and regions would assume partnership-protector relations with individual provinces of Afghanistan, with the north of Afghanistan to receive the lion's share of increased assistance under this new program. Then, timed with the Shultz-Shevardnadze Washington meeting, the Afghan puppet regime in Kabul announced the creation of a new cabinet post, "Minister for the Northern Provinces."

On March 28, giving no reason, the Soviet news agency TASS announced a redrawing of provincial boundaries in northern Afghanistan. The southern portion of two northern provinces, Balkh and Yavzyan, which runs south from the Afghan-Soviet border, has been detached to form a new province called Sari Pul. Balkh province contains the town of Mazar-e-Sharif, which observers note is slated to become an Afghan "Pyongyang," i.e., the capital of northern Afghanistan as Moscow pulls its forces out of the south.

Both Soviet and Afghan forces are being regrouped more and more into the north of the country. The Afghan resistance reports that beginning March 20, a squadron each of Soviet MiG-23 fighters and SU-17 fighter bombers were flown in, while in the following days, hundreds of truckloads of Soviet military supplies arrived in the north. Keeping the north is essential for Moscow to capitalize on another part of Washington's New Yalta generosity. Moscow can afford, geopolitically speaking, the phony part-withdrawal from Afghanistan, because it has been given in return a free hand regarding Iran.

### **African empires**

A similar scheme for partitioning Angola is also a subject of current secret U.S.-Soviet discussions. The March 29 *Frankfurter Allgemeine Zeitung* reported that Shevardnadze had proposed to Portugal that it mediate talks to arrange a partitioning of Angola at the 13th parallel between UNITA in the south and the Soviet regime in the north.

The other candidate for partition is Chad. French intelligence sources confirm that, during the second half of March, an ominous build-up of Libyan military forces has been under way along the Chad border. A new Libyan invasion, to attempt to seize the north of Chad and again divide the country at the 16th parallel, could occur at any time.

### **U.S. to decouple from Europe**

Overshadowing all these triumphs being handed to Moscow is the fact that the "fix is in" for U.S. troop withdrawals from Europe. On March 28, West German Social Democratic leader Hans-Jochen Vogel returned to Bonn from a five-day visit to the United States which included meetings with President Reagan, Secretary of State Shultz, leading senators and congressmen, and with the Chicago Council on Foreign Relations. Back in Bonn, Vogel declared that the United States has decided "after the elections" to withdraw substantial numbers of troops from West Germany.

# Asians sceptical of Soviet 'peace' bids

by Linda de Hoyos

Speaking from Manila March 28, Soviet Deputy Foreign Minister Igor Rogachev said the Soviet Union is "in favor of a drastic reduction of the foreign military presence in the region." For this reason, the U.S.S.R., he pointedly noted, "would follow very attentively" the negotiations between Manila and Washington for the renewal of the agreement permitting U.S. bases on Philippine soil. Rogachev's five-day "routine visit" comes only days before the April 5 beginning of a bilateral review of the bases agreement, which expires in 1991, between Philippines Foreign Minister Raul Manglapus and U.S. Ambassador Nicholas Platt.

During the festivities in Manila, Rogachev was seconded by the Soviet embassy minister counsellor Alexander Losyukov, who claimed that Moscow is prepared to cut down its nuclear weapons, carrier ships, and submarine fleets in the Pacific and Indian Oceans if the United States will but remove its strategic bases in the Philippines. The Soviets, on the other hand, insist that they have no bases in Vietnam, and Soviet Foreign Minister Eduard Shevardnadze in February decried what he called the "bases syndrome" in Asia. Soviet control and use of Cam Ranh and Danang as bases is, however, a well-known strategic factor in the region.

Rogachev's visit to Manila was part of a Southeast Asian tour, with stops in Hanoi, Singapore, Indonesia to open the session of the U.N. Economic and Social Commission For Asia and Pacific, and onto Thailand.

## Issue of bases

The Soviets are particularly anxious to intervene into the regional debate on the retention of the U.S. bases in the Philippines. The Philippines appears divided on the issue, although the anti-American talk coming from Foreign Minister Raul Manglapus and other Philippine leaders may be designed to force a well-deserved increase in the rent the U.S. pays for the bases, to Philippine rates on a par with rent payments to Turkey and Spain.

Within ASEAN, although only the Singapore government of Lee Kuan Yew has come out publicly for maintaining the bases, it is widely known that all the ASEAN countries believe that the removal of the bases would destroy the balance of forces in the region, and permit Beijing and Moscow to rapidly fill the vacuum.

Japan has also stated its concern that the bases remain as a vital point in the strategic defense of the region. Shigeto

Nagano, the former chief of staff of the Japanese Defense Forces and now member of the House of Councillors, stated that Japan is even considering contributing to the U.S. bases compensation, because Asia needs the military installations in the region. "We're very concerned," General Nagano told reporters while visiting Manila. "The bases are very useful for peace, not only for the Philippines, but for the whole of Asia."

Meanwhile, from Moscow, Soviet radio and press are tooting about "anti-bases" agitation in the Philippines, which is being led by the same leftist-style groupings that coalesce around the National Democratic Front of the New People's Army and its ultra-liberal supporters.

## Peace pitch

The Soviets are also concerned with filling the economic-diplomatic vacuum left in Southeast Asia by the U.S. policy of "malign neglect" toward its loyal ASEAN allies. While the United States is imposing protectionist measures on the region's growing economies, the Soviets announced March 28 that it has set up a new economic body—the National Committee for Asian-Pacific Cooperation—to strengthen trade ties with countries in the region. Yevgenii Primakov, director of the Institute of World Economics and International Relations and former director of the Oriental Institute, will be the new organization's chairman.

Moscow has also announced that it wants to join the Asian Development Bank.

Primakov is set to visit Thailand May 12-13 to attend an international roundtable on the trends and implications of ASEAN-major powers relations, according to the *Bangkok Post*. All this is part of a "program for Far East regions," according to Soviet ambassador to Thailand Anatoli Valkov. The U.S.S.R., he said, has worked out a comprehensive economic and social development program for Asia, and Thailand "could" take part in this "endeavor," he told the Thai press. Thai Prime Minister Prem Tinsulanond's upcoming trip to Moscow in early May, he said, will make Thai-Soviet economic, cultural, and technical cooperation a "two-way street."

But Moscow may be in for a surprise. Despite the diplomatic niceties accorded to the Muscovites, Soviet-backed Laotian incursions into Thailand in February which caused major fighting between the two countries, has not gone unnoticed. In a rare statement, Prime Minister Prem on March 30 warned of "increasing" Soviet activities in the region. Moscow has a major military base in the region, and is increasing its naval activities, the Thai Prime Minister said. "The base is growing and that is why countries in Asia and the Pacific should be vigilant, if they don't want to lose regional peace. Thailand wants Asian and Pacific countries to pay close attention to the Soviet Union's movements, particularly where they concern its military base in Vietnam," Prem said.



# Lázaro Cárdenas and the 1988 election

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*Catalina Metzler analyzes the background to this year's presidential campaign in Mexico, in which the international banks must contend with a vivid memory of Mexico's nationalist moment of 50 years ago.*

Of the three great moments that have shaped the Mexican nation—Independence, the Juárez period, and the presidency of Lázaro Cárdenas as the culmination of the 1910 Revolution—there is no doubt that it is the last which promises to have the greatest impact on the generations of Mexicans who will choose a new President next July 6.

Today's Mexicans were either themselves protagonists in 1938, in those heroic days of the oil expropriation and the national solidarity movement triggered by the reprisals of the expropriated oil companies, or were indelibly marked in their childhood and youth by those historic moments. The youngest generation, which will vote in July for the first time, has grown up hearing the reverent and emotion-laden memories of parents and grandparents, again and again.

Thus, the abandonment of the ruling Revolutionary Institutional Party (PRI) by engineer Cuauhtémoc Cárdenas Solórzano (the son of Gen. Lázaro Cárdenas), and his nomination as presidential candidate by a coalition of opposition parties and forces, is the single most dramatic development of recent Mexican political history. Since 1952, there has not been one serious political split in the Mexican political system. The lurching back and forth between the formidable nationalist impulse bequeathed by General Cárdenas, and the counterrevolution organized from the presidencies of Manuel Avila Camacho (1940-46) and, especially, of Miguel Alemán (1946-52), have heretofore proven no obstacle to the unity of the "revolutionary family" under the PRI umbrella, despite the perpetual efforts of the different factions to trip each other up.

But the PRI's thesis of "unity in the essentials" has not been able to resist the crisis posed by the Miguel de la Madrid presidency. This is not solely because in the eyes of growing numbers of PRI members and government officials, the revolutionary "essentials" of the PRI have been turned into a laughingstock. "For the last five years we have been experiencing the systematic destruction and weakening of the Revolution," charged Cuauhtémoc Cárdenas on March 5, before a gathering of more than 2,000 students from the National Polytechnic Institute, founded by his father.

The previous day, speaking to the combative Guadalajara Federation of Students, Cárdenas had said: "If of other governments one could speak of abandonment, neglect, or failure to identify with certain aspects of revolutionary development, of this government one can assert that the destruction

and dismantling of the revolution has been intentional, systematic, and consistent." And on March 20, speaking in Ciudad Juárez, which borders the state of Texas, Cárdenas revealed his thinking on the implications of U.S. aggression against Panama: "The current Mexican government is undermining all those national institutions which could be our defense in moments of difficulty."

## **The snowball effect**

The campaign of young Cárdenas has surpassed all expectations. Political experts who had argued that only a handful of nostalgic peasants would respond to the Cárdenas campaign have had to toss their sociology texts into the trashcan. The grain of truth in their miscalculations is that the emotion is certainly there. In February, when citizens of La Comarca Lagunera—the pioneer land-distribution region under Lázaro Cárdenas in 1937—turned out in force to receive the general's son and to reject official candidate Carlos Salinas de Gortari, someone commented that the general was campaigning for his son.

The Mexican presidential election year of 1988 also marks the 50th anniversary of the oil expropriation, decreed by Lázaro Cárdenas. It is also the 50th anniversary of the historic land distributions to the dispossessed peasantry; the creation of the powerful industrial unions; the creation of the Federal Electricity Commission; the conception of the massive steel project of Las Truchas; and the founding of the National Polytechnic Institute and other institutions which "emanated from the Revolution." How, then, can one fight against the memory of "Father Lázaro," as the poorest Mexican Indians called their beloved general? How, then, to destroy the belief that one can *and should* resist foreign pressures?

The current technocratic government spent five full years campaigning against "populism," with the result that the son of modern Mexico's most "populist" and beloved President is now the candidate of the opposition!

It should surprise no one that the official PRI candidate has committed a few disastrous slip-ups. Stunned by the massive rebuff he met with at La Comarca Lagunera, which was universally dubbed the PRI's Waterloo, Salinas de Gortari warned Feb. 18 at a campaign stop in Necaxa: ". . . those old alliances which previously supported us and now make pacts against the party will have to face up to the consequences of their actions. Such is politics."

President Lázaro Cárdenas in 1938 at the National Palace, receiving the oil workers' unconditional support for his expropriation of the petroleum resources of Mexico.



This public threat of revenge, unprecedented from the mouth of a Mexican politician, much less a projected winner, was aimed at the three parties which together with Cárdenas's Democratic Current that split out of the PRI, make up the National Democratic Front (FDN), the sponsor of the Cárdenas candidacy. In fact, for the first time ever, the official PRI presidential candidate is not being supported by the Authentic Party of the Mexican Revolution (PARM), nor by the Popular Socialist Party (PPS), two small political parties traditionally accused of being "satellites" of the PRI. A third party, the Socialist Workers' Party, which has de facto functioned as the "left wing" of the PRI, is also now a part of the FDN.

The PARM originated in a revolutionary group within the military which opposed the traitorous policies of the Miguel Alemán presidency, and which left the PRI back in 1957. The soldier/founders grew old, however, and the PARM languished, until losing its official party registration in 1982. However, in 1984, with the underground support of the PRI itself, the PARM recovered its right to participate in elections. Small, made up of certain military layers, and elements of the middle and working classes of certain limited regions of the country, the PARM now speaks of "a new era" of independence from the government. A poster sums up its outlook: "In the PARM, neither communist, nor capitalist, nor PRIist. We are nationalists."

It was with this small party, running second to last in 1985 elections and discredited among the so-called intellectual elites of Mexico, that Cuauhtémoc Cárdenas joined forces upon deserting the PRI, thereby triggering hysteria among the various grouplets on the left. In fact, not a day goes by that the national press does not report on one or another schism in, or split from, the leftist parties in favor of the

FDN. Cárdenas's link-up to the PARM is significant since, as he himself points out, his father never actually belonged to the PRI (created later), but to the Party of the Mexican Revolution (PRM), from which the PARM takes its name. Even more significant, Cárdenas, by choosing to affiliate with the PARM, has determined that the current program of the Mexican revolution *is not socialism*.

As for the economic program of the ruling PRI, when the revolutionary rhetoric is stripped away, it is revealed to be strikingly like the demands of the other opposition party, the National Action Party (PAN) which surfaced in 1939 as an explicit counter to the Cardenista movement. The PAN has been chosen by the secret government of the United States, known as *Project Democracy*, to play the same role that the Civil Crusade is playing in Panama. In five years of government, President Miguel de la Madrid has done more to promote the PAN program than that party itself had done in 49 years of existence.

For example, the PAN demands re-privatization of the banks: The de la Madrid government has responded by ceding 34% of bank stocks to "the public," which is none other than the bankers expropriated in 1982. Thus, the financial oligarchy has been allowed to recapture the stock exchanges, creating a parallel banking structure and taking over the government's internal debt. Or, take another PAN demand: to "reduce public costs and the size of the state sector." The De la Madrid government has put on sale state companies that are strategically key to the economy, such as the capital-goods industry developed during the oil boom, the major mining companies, the national airlines, even branches of the basic petrochemical sector which, according to the Constitution, can only be run by the government.

The current government also approved Mexico's en-

trance into the General Agreement on Tariffs and Trade (GATT), and the opening up of dollar accounts, with their inevitable sequel of drug money-laundering. In foreign policy, for the most part Mexico has functioned as the "strike-breaker" against Ibero-American attempts to unify against the usurious creditor community.

It is "the systematic destruction of institutions born of the Revolution," and the economic misery that prevails in Mexico, which make up the dry tinder that has ignited the movement around the son of "Father Lázaro."

### The split within the PRI

The schisms within the PRI are many and deep. It is not only the apparent "satellites"—the PPS, PARM, and PST—which have broken loose. Starting in 1986, Cuauhtémoc Cárdenas organized within the PRI's ranks the dissident Democratic Current, which includes: Porfirio Muñoz Ledo, former PRI national chairman, former labor minister, and ambassador (close to the European Social Democracy); renowned economist Carlos Tello, central figure in the 1982 bank nationalization; and Ifigenia Martínez. These and other prominent PRI leaders have organized around two key demands: repudiation of the current regime's economic policies, and demands for new methods of selecting PRI candidates, given the party's loss of credibility, so manifest in soaring abstentionism and systematic electoral fraud.

On Oct. 1, 1986, the Democratic Current signed its first document: "We are moved by the demands of a society that manifests signs of desperation, panic at the accelerated bloodletting represented by the burden of the foreign debt. . . . We are alarmed by the progressive foreign dependency, the

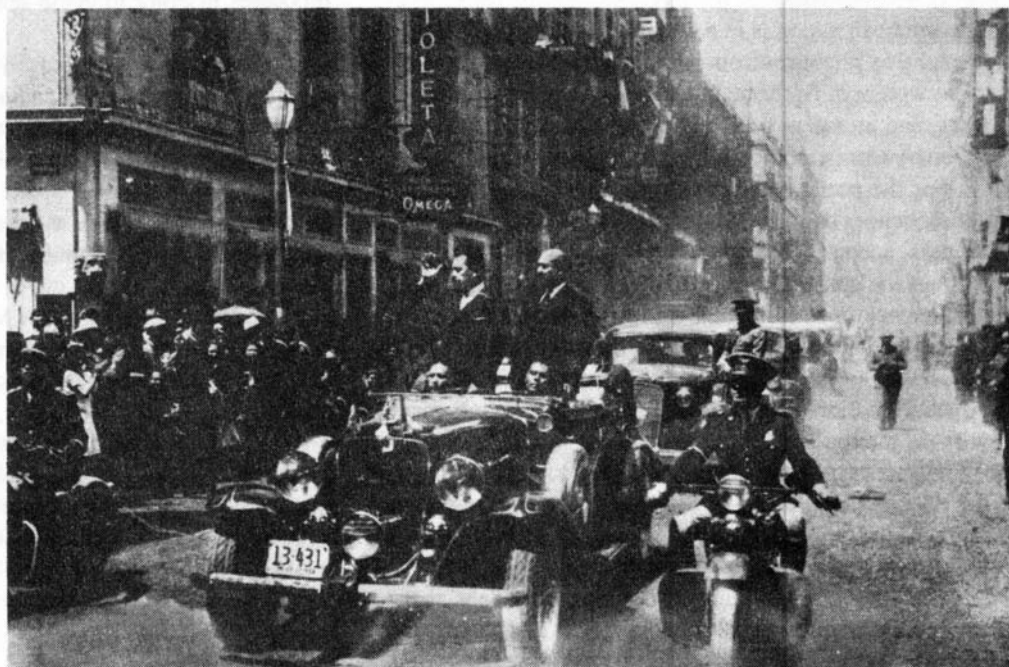
trend toward the dismantling of industrial plant, the denationalization of the economy and the decapitalization of the country, as well as the exorbitant interest rates that suffocate the public treasury, concentrate wealth, and discourage the productive impulse in favor of speculation. . . .

"The high rates of abstention from the electoral process, and the waning political credibility, encouraged by the siege of conservative forces and by foreign interference, are serious."

The PRI's nomination of Carlos Salinas de Gortari, the former budget and planning minister known as the architect of the current regime's economic policy, convinced the majority of the Democratic Current of the necessity of finally leaving the PRI.

Many PRI contingents have joined the Cárdenas campaign. Famous is the story of La Comarca Lagunera, when at one moment during the rally 50,000 peasants pledged to abandon the PRI en masse. Label-loving sociologists are in a tizzy over the FDN campaign's recruitment patterns: besides the flaking away of members of the PRI and of the left, the "ultra-right" Mexican Democratic Party has lost chunks of its membership to the Front. At the local level, even the PAN has suffered defections of leaders and candidates to the ranks of Cardenism.

The Cárdenas candidacy has demonstrated the potential to serve as catalyst for a movement that can rescue the Mexican nation. In fact, it has already begun to function as a counterweight to official policy. During the March 18 mass meeting that the FDN held in celebration of the oil expropriation, Cuauhtémoc was the first registered presidential candidate to publicly defend Panama. From the renowned po-



*President Lázaro Cárdenas (waving) leads parade to the 1938 Independence Day celebrations in Mexico City. That year's expropriation of the oil fields and other nationalist actions, are still powerfully in the minds of Mexican voters in 1988.*

dium in the Zócalo square in Mexico City, Cárdenas declared: "Against this country [Panama], the United States has revived the policy of the big stick that was practiced at the beginning of the century, directly intervening in the affairs of the Latin American people. This is being done to avoid compliance with the Torrijos-Carter treaties."

The next day, for the first time, President Miguel de la Madrid explicitly defended Panama.

### Not all roses

Not everything is coming up roses for the FDN. It has been joined by numerous popular organizations, but also by paper organizations whose postulates contradict those of the member parties of the FDN. Such is the case, for example, of the tiny Green Party which, taking advantage of candidate Cárdenas's lack of sympathy for nuclear energy, has sought to turn the FDN into a platform for its ecologist diatribes. Also found within the FDN are organizations such as the Social Democratic Party, with its explicitly malthusian and anti-nuclear principles and its sympathies for the "democratic experiments" of the U.S. State Department in the Philippines and elsewhere.

In fact, a supposed Democratic Assembly for Effective Suffrage has been formed, in which one can find bunched together members of the Democratic Current, individuals affiliated with the FDN, and prominent promoters of the Philippinization of Mexico, such as PANista Norberto Corrella. The idea behind this alleged Democratic Assembly, is to form a front of all the opposition to "defend the vote"—sweet music to the U.S. State Department and its Russian co-thinkers. It is clear, however, that the idea does not please everyone. In fact, the meetings of the Assembly have not been attended by leaders of the three registered political parties which make up the FDN.

That vote fraud is a real danger, however, was expressed by Cárdenas himself, when he warned that an effort to perpetrate massive fraud "could unleash foreign intervention, as in the case of the Philippines and Haiti."

Strange bedfellows notwithstanding, it is becoming increasingly clear that the dynamic of the movement behind young Cárdenas exceeds its own members. The people of Mexico want a change, and it is not the change sought by the U.S. State Department. The question is, will Cuauhtémoc Cárdenas answer the challenge?

## Cuauhtémoc Cárdenas: Suspend debt payments!

*Excerpts from the platform of Cuauhtémoc Cárdenas:*

The Mexican nation is in a crucial moment of its history, harassed by pressures from abroad, exhausted by the enormous weight of its debts, injustices, and unresolved problems, and in urgent need of a great democratic and revolutionary reconstruction effort.

For the past five years, the country has suffered the consequences of grave deviations from the revolutionary process, accompanied by the governing class's abandonment of the constitutional design and by growing foreign dependency in fundamental aspects of national life. The people have been brutally impoverished, and many individual and social rights have been trampled for the sake of subordination to imperialism and to agreements made with the international financial centers.

We are being turned into a tributary country. Through the wicked exploitation of human labor and the deterioration of the population's living conditions, resources are piled up to be transferred abroad.

The stubborn servicing of an unpayable debt at the cost of economic growth and people's well-being has

caused Mexican workers to lose more than half of their buying power during the past five years. . . . We have been chained to an endless series of refinancings to pay interest on existing debts. By this path, the country has been turned into a net capital exporter. . . .

We must substantially change our international economic relations, suspending and adjusting debt payments and reestablishing our sovereign control over economic processes in order to begin rebuilding the country. . . . For this we propose:

A) Suspend debt service payments until equitable conditions be achieved, readjusting the principal, reducing interest rates, and limiting payments to a lower percentage of our export income, after having satisfied the requirements of national development. Forbid contracting new debts to pay old, as well as letters of intent and any other international arrangement harmful to the country's interests.

B) Stop sales of assets of Mexican companies in exchange for debts and regulate the sale of natural resources to foreigners, to safeguard the patrimony of future generations. . . .

D) Begin economic reconstruction, allocating a high percentage of the national product to productive investment and channeling the resources freed by the lowering of foreign debt payments into development. . . .

G) Make science the country's top priority, develop research, encourage innovation, systematically raise productivity.

# Satanic-pagan cults launch war on West

by Mark Burdman

On March 18, U.S. authorities arrested a top Trieste, Italy freemason, Alexandro Moncini, for involvement in satanic sacrifice and sex-abuse rituals involving children, Italy's *La Repubblica* newspaper revealed on March 29.

U.S. authorities have tapes of Moncini speaking several times over the telephone to an individual named Anthony Crowley, head of what *La Repubblica* calls "the pornography front" in the United States. Moncini was heard, on these phone calls, asking for young girls, in one case saying, "Not the one in Brazil, we couldn't bring her up to the end, to the death of the person." U.S. authorities have evidence that Moncini was involved in "satanic rites . . . with sexual undertones, which should have ended with the sacrifice of the designated victims." He was also found with child-pornography videos, possession of which violates U.S. law. He is charged under the Child Protection Act, and could face 30 years in prison and a fine of about \$1 million.

*La Repubblica* reports that Moncini is a member of the illegal Propaganda-2 lodge, a leading member of the Rotary Club, and the head of the World Association of Automobile Clubs. He is also the head of the Italian branch of the Automobile Club, ACI, and has the concession in Europe for selling material of Goodyear Corporation, including tires, parts for cars, etc.

The arrest intersects an extraordinary international mobilization in the first months of 1988 by gnostic sects and cults, openly seeking to subvert both the political-social process and the military and intelligence services of Western nations. These groups literally believe themselves to be the armies of "the Antichrist."

Among the coordinating agencies behind this mobilization are the Ordo Templi Orientis (OTO); Wicca; the Gnostic Church; the psychoanalytic networks associated with the late gnostic psychoanalyst Carl Gustav Jung; important elements of the Scottish Rite of Freemasonry; and factions of the Socialist International.

The leading circles of these groups are well-connected to the intelligence services of the East bloc. As it builds toward the June 1988 celebrations of the "1000th anniversary of the

Christianization of Russia," the Russian Orthodox Church, in alliance with the upper echelons of the Soviet military, aims at strengthening gnosticism worldwide, as the core belief-structure of a new Russian ("Third and Final Rome") empire.

## The Beltane conspiracy

● On Feb. 24, the Panamanian daily *La Prensa* published an apparently arcane attack on American presidential candidate Lyndon LaRouche as the "detractor of Basilides," in the context of a diatribe against what the author purported to be LaRouche's connections to General Noriega. Basilides is one of the most important 2nd-century A.D. gnostic philosophers, a disciple of the Simon Magus who was the enemy of Jesus Christ and the Apostles. The authoritative book, *Occult Theocracy*, describes Basilides as among the "Heresies of the worst Kind that ever defiled and disgraced the Christian Name." Today, Basilides is worshiped by the Gnostic Church, the OTO and the Jungians; C.G. Jung himself used the name "Basilides" as a pseudonym for his first book, in 1915, *Seven Sermons to the Dead*. European experts on gnosticism report that there are 3 million true-believing gnostics in South and Central America, mainly affiliated to the Anthropological Gnostic Church based in Mexico, for whom the name "Basilides" carries a strong emotional cathexis. Since *La Prensa* is the leading anti-Noriega paper, this article points to the real motives of those coordinating the "Noriega is a drug trafficker" psychological warfare.

● During the last weekend of February, the Socialist Party's Turati Club in Turin, Italy, sponsored a conference on theme of "The Great Mother" ("Magna Mater"). Besides presentations invoking the revival of anti-Christian "Great Mother" pagan cults and mythologies, the conference included panel discussions of satanism. The conference was conceived by its planners as an open challenge to Pope John Paul II and the Roman Catholic Church. Turin is known in magical-satanist circles as one of the three points, together with London and San Francisco, on the "black magic triangle," and the Vatican is already involved in intensive efforts to prevent a conference on "the Devil," planned for Turin later in this year. The Italian daily *Il Giornale*'s coverage of the Club Turati event was entitled, "The Great Mother in the Land of Satan."

● In the northeast of Great Britain, the anti-child-abuse organization, Childwatch, put out an alert, published in the March 14 London *Daily Telegraph* and *Daily Express*, that children were being abused by adults in satanic/black magic initiation rituals, in a "far-ranging situation involving black magic all over the country." According to the *Telegraph*, Childwatch founder Dianne Core had passed on information to police "about the ordeal of three boys, aged 8 to 11, who were forced to eat excrement, drink blood and urine, and were drugged, tied to a cross and subjected to indecent acts." Mrs. Core warned that this was a "national problem." She

further told the press that her organization feared the perverted practices could now be reaching a peak, in preparation for the satanic Beltane spring ritual on April 30. Beltane is a Celtic term for what is known in German as "Walpurgisnacht." In any language, among such circles, it is the day that is supposed to be "Satan's birthday."

In the United States, a document entitled, "The Beltane Conspiracy" is circulating among faithful of the so-called "Old Religion," i.e., witchcraft and paganism. The document calls for a full mobilization of "Witches, New Age types, rock musicians," and other pagans and gnostics, during 1988, to celebrate, in a very public way, the various special days commemorated in this milieu. Their "conspiracy timetable" includes: Omblœc (also known as Candlemas, Feb. 1), Eostar, Beltane ("The traditional time for festival, a time for the fires and music and maypoles and orgies and so forth"), and Midsummer.

This is couched as a *political* mobilization, to counter, "in the names of the Goddess," what are called "Christian Reconstructionists" in the United States, who have special influence in the Republican Party. The document begins: "We are facing, in 1988, perhaps the greatest threat to the Old Religion and to human liberty this country has ever seen."

### **OTO, Crowley, and child sacrifice**

Meanwhile, one informed source has told this reporter, that the ritual practices reported in northern England, are ultimately traceable to the Ordo Templi Orientis, and to its international network, often operating through various satanic "sub-groups" linked to the OTO, with names like "Scorpio," "Devil Fish," and others. This source warns that the OTO has access to, or members in, elite circles in many countries. It has 48 branches in the United States alone, with the head offices centered in upstate New York, and in Hollywood, Fairfax, and Berkeley, California. There are also OTO offices in West Germany (in West Berlin, Aachen, and Stuttgart), Australia, Canada, the Caribbean (Guadalupe), France, New Zealand, Norway, and Yugoslavia.

(In the case of Yugoslavia, it may be more than coincidence that reports have begun to filter into the West, about a spreading "suicide cult" among young adults, who dress up in strange black costumes, and who kill themselves in an apparently ritualistic way. The March 23 West Berlin daily *Tagesspiegel* reports this as reaching "epidemic" proportions.)

OTO is described in the book, *Occult Theocracy*, written by the Lady Queensborough/Edith Starr Miller: "Apart from its secret phallic doctrine, the OTO seeks to unite with a revival of Gnosticism, the study of the Jewish Cabala, Esoteric Lamaism, and Indian Yogism. It seeks to extract from their combined doctrines the practical application of Eastern Sorcery and Western Witchcraft, wherein medicine and hypnotism occupy a place of prime importance, serving purely

materialistic ends." The motto of OTO is "Do what thou wilt shall be the whole of the law." One of the historical figures revered by OTO is Basilides.

The seminal figure in the history of OTO, Aleister Crowley, believed himself to "The Beast," or the Antichrist. Writing under the name, "The Master Therion," he produced a book entitled, *Magick*, which states:

"It would be unwise to condemn as irrational the practice of those savages who tear the heart and liver from an adversary, and devour them while yet warm. In any case, it was the theory of the ancient Magicians, that any living being is a storehouse of energy varying in quantity according to the size and health of the animal, and in quality according to its mental and moral character. At the death of the animal this energy is liberated suddenly.

"The animal should therefore be killed within the Circle, or the Triangle, as the case may be, so that its energy cannot escape. An animal should be selected whose nature accords with that of the ceremony—thus, by sacrificing a female lamb one would not obtain any appreciable quantity of the fierce energy useful to a Magician who was invoking Mars. In such a case, a ram would be more suitable. And this ram should be virgin—the whole potential of its original total energy should not have been diminished in any way. For the highest spiritual working, one must accordingly choose that victim which contains the greatest and purest force. A male child of perfect innocence and high intelligence is the most satisfactory and suitable victim."

Crowley biographer Colin Wilson reports that no English publisher would dare touch the book, "perhaps because Crowley recommended sacrificing a male child to achieve the best magical results, and added a footnote to the effect that he himself had done so about a hundred and fifty times a year between 1912 and 1928."

### **The security threat**

Investigators warn that networks linked to OTO have penetrated NATO and U.S. military circles. Much attention focuses on the case of one Michael Aquino, head of the "Church of Set," and self-professed "Second Beast," who had been involved in a child-abuse ring targeting the Presidio Army Base in California. According to one knowledgeable source, Aquino, a Lieutenant-Colonel in the U.S. Army Reserve, "has intelligence connections, top security clearance. He was formerly attached to NATO. Twelve members of the Church of Set are acknowledged to be in U.S. intelligence."

On Nov. 3, 1987, the *San Francisco Chronicle* reported, under the heading, "Satanist Link to Child Abuse in Pentagon," that Aquino's practices were receiving de facto protection at high levels of the Pentagon, under the argument that his "church" is tolerable under the U.S. Constitution. Reports have also come from Washington of penetration of the military by the Church of Satan, the New American Church, and the Council of Witches.

## **KGB spy ring in Germany blown**

*The arrest of a network of well-placed spies reveals new facts about Soviet espionage.*

**D**uring the third week of March, Germany's counterespionage units delivered a serious blow to the Soviet KGB. In a concentrated police action kept secret from the media for several precious days, 30 locations in Germany were searched, the identity of 24 persons checked, and 10 were placed under arrest as spies.

There was a peculiar pattern in the cases of those arrested: Of the 10, eight were Russian-born immigrants who had come to Germany in the late 1970s and early 1980s and rapidly made their way to the top echelons of espionage-related professions.

The case of Edmund Neufert, a teacher of Russian at the government's Federal Language School (BSA), is probably the most serious. Having worked as a KGB spy in Russian emigré organizations for several years after leaving the Soviet Union, he took a job as a language teacher at the BSA in January 1986. His pupils included young intelligence officers whose future assignments were to work in counterintelligence against the KGB and other Soviet agencies.

The BSA is the central German institution for training administrative personnel in foreign languages. Neufert's position there was extremely valuable to the KGB. Neufert was able to compile a detailed profile of the capabilities, future assignments, and specializations of each of his pupils. Wherever one of these designated counterintelligence experts would go to work, the KGB had his profile long before his arrival.

A German counterintelligence source told *EIR*: "This affair has burnt

a whole generation of experts on the Soviet Union, and we don't have many who know the Russian language." In other words: All those who passed Neufert's courses have been rendered useless.

No doubt, however, the arrest of Neufert is a grave blow to the KGB, which may have lost one of its best-placed agents in Germany.

Several others deserve attention. One of the two non-Russian emigrés detained is Helmut S. Kolasch, a Vienna-born engineer whose PMG electronics company in Sinzheim serviced the Tornado jet fighter and the projected "Fighter 90." He was not the only agent to provide Moscow with information on current and future NATO combat aircraft in Europe, but Kolasch's work made detailed data on the flight performance and weak points in the technology of these aircraft available to the Soviets.

The case of Shimon Or, a Russian-born Jew who apparently worked for the KGB before he emigrated to Israel in the 1970s, is of special interest. From Israel, where he worked as a religion teacher, he moved to Germany in 1979 and provided the KGB with information on the Jewish communities and institutions related to German-Jewish relations.

Or's case may shed some light on the peculiar fact that many times in the course of the 1980s, Soviet black propaganda has been capable of triggering new "Nazi guilt" campaigns by circles inside the Jewish community against Germans in general. A case in point is May 1985, when President Reagan visited American war dead in

the cemetery at Bitburg, where World War II German soldiers are also buried. Predominantly Soviet propaganda, joined by radical Jewish networks, turned the Bitburg trip into an alleged case of "Reagan honoring the German SS."

A large part of the propaganda basis for Edgar Bronfman's 1986 campaign against Austrian President Kurt Waldheim, was created during the "Bitburg affair."

A fourth case is that of an Iranian-born agent, Amir Dara. His contact with the KGB dates back to 1969, when he began spying inside the Shah's Iran. Brought to the Soviet Union when Ruhollah Khomeini took power, he was assigned to emigrate to Germany in 1981.

His German home near Aachen was to be used as a covert radio relay base for KGB special agents "in time of crisis or war," which may refer to spetsnaz (special forces) activities. According to publicized information, the Iranian cut loose from the KGB after he settled down in Germany, and was recontacted by the Soviets in 1985.

The interesting question here, is why an Iranian coming from the Soviet Union was allowed to settle in Germany and achieve German citizenship without problems. This points to some higher-up protection, likely connected to the "Irangate" network inside the Bonn government, a circle run under the tight control of Foreign Minister Hans-Dietrich Genscher in close cooperation with Vice President George Bush and Adm. John Poindexter's secret operations network in the United States. Provided that Dara is permitted to speak, without the foreign ministry interfering as it has in many court cases involving Iranians, his trial may provide valuable new facts on the German connection to the Irangate affair.

## Elderly patients victims of cost cuts

*Cancer patients over 70 years old in Sweden won't receive radiation treatment, for lack of hospital investments.*

**H**undreds, maybe thousands, of elderly cancer patients in Stockholm will no longer receive radiation treatment, according to a decision on March 7 at the cancer clinic of the Royal Caroline Hospital, Sweden's largest clinic of its kind.

The decision, which in reality was forced by a state board subordinate to the ministry of finance, means that radiation treatment will no longer be given to women over 70 who have undergone surgery for mammary cancer, to men over 75 who have cancer of the prostate, and to any patients over 75 who suffer from tumors of the throat and neck, as well as several other groups.

The immediate cause of the drastic decision to introduce age discrimination at the Caroline Hospital's cancer clinic is the acute shortage of qualified personnel, after six oncology nurses, specially trained to administer radiation treatment, quit their jobs this spring. Due to failure to train sufficient numbers of such nurses, and establish wages and working conditions such that those already trained remain on the job, the six nurses cannot be replaced.

"This is an enormously painful decision," the chief of the Caroline Hospital's cancer clinic, Prof. Jerzy Einhorn, commented. "The only alternative would be completely unacceptable long waiting periods for life-saving radiation treatment for all cancer patients in Stockholm. The waiting time is today two to three weeks, and it would be increased to six weeks."

According to Professor Einhorn, "several hundreds per year" will be

excluded from the radiation treatment in Stockholm. Chief Physician Pier-Luigi Esposti, responsible for the cancer clinic's radiation ward, estimates that the decision not to give radiation treatment to elderly patients will affect "10% of those treated in 1987, that is, over 10,000."

"If we suffer further personnel reductions, we have to cut more," Professor Einhorn warned. "I have been commissioned to think through other possible cut-downs in the future," Chief Physician Esposti said. "And I do not understand how it would be possible. *The only alternative would be to further reduce the age limits.*" (Emphasis added.)

Professor Einhorn has called for a three-point program to solve the crisis: to improve conditions for the remaining personnel; to recruit and train more oncology nurses; and to increase the equipment for radiation treatment. "Had we been given adequate resources, this situation would never have arisen."

While the situation in Stockholm may be more acute than elsewhere, a similar pattern has been observed nationwide. Of 454 trained oncology nurses in Sweden, only 326 are actually working in this profession.

The cause is purely political or, if you prefer, budgetary. Deliberate political decisions have been made to delay the procurement of additional radiation equipment, and not to train adequate numbers and pay adequate wages to specialized nurses. Due to the miserable pay and working conditions of oncology nurses, only 47 applied for the 64 available training

vacancies last fall. In Stockholm, the three existing radiation clinics are equipped and staffed for administering 80,000 treatments a year, but had to carry out 113,000 in 1987, straining equipment and personnel.

In 1981, the Stockholm county health administration had already allocated the funds for obtaining four more radiation units. But the Board for the Expansion of the Educational Hospitals (NUU), a state board directly subordinate to the ministry of finance, accepted only two additional radiation units. The NUU is supposed to finance 25% of the investments of Sweden's eight large educational hospitals, but in effect has thereby obtained veto rights regarding any significant procurement programs of those hospitals.

Indeed, the Linköping General Hospital, another educational hospital, suffers from too few nurses trained for cancer treatment, exactly like the Caroline Hospital in Stockholm, while the smaller hospital of Jönköping, a non-educational hospital, and therefore independent from any NUU endorsement of its investment plans, has been able to proceed in its expansion of radiation facilities.

Beyond the additional radiation units needed by the cancer clinics, the NUU is also responsible for delaying a new AIDS clinic at the Huddinge Hospital in Stockholm, and for attempting to prevent the most advanced technology from being procured for the treatment of kidney stones at the same hospital.

According to a Moderate Party member of the Stockholm county health administration, Stig Rindborg, the NUU has deliberately delayed the acquisition of new radiation equipment, and the state board's behavior in the negotiations has been characterized by Rindborg as "gangster methods."



## Venezuelan drug-fighter forced out

*Justice Minister Carlos Manzo González was one of the most outspoken enemies of narcotics money laundering.*

Venezuelan Justice Minister Carlos Manzo González resigned March 28 under heavy fire from the enemies of the war he had been fighting against drug trafficking and the powerful financier networks in his country which have thrived on laundering the profits of narcotics sales made on the streets of the United States.

Manzo has been one of the few ministers in Ibero-America to have insisted that the war against narco-terrorism must be waged continentally and by military means, and that money laundering must be hit hard. Interviewed in the daily *El Nacional* March 19, Manzo said the slander campaign against him was a plot to "debilitate the war on drugs." He continued, "This campaign has a strange similarity with the one in Colombia, first against minister Rodrigo Lara Bonilla, who was assassinated, and then against his successor, Dr. Enrique Parejo González, who was victim of an assassination attempt in Budapest."

Manzo said the section of the Social Christian Party (COPEI) around its presidential candidate, Eduardo Fernández, was in the midst of the plotting against him. The chairman of Manzo's Democratic Action Party, Gonzalo Barrios, described those conspiring to destabilize Venezuela abstractly as "Factor X." But "Factor X" has real names. Congressman Rafael Poleo wrote in his newspaper column March 5 that the visible heads of "Factor X" include "socialist" José Vicente Rangel, "moribund ultra-capitalist fascistoid" Marcel Granier, and "adventurer" Alberto Quirós Corradi.

These are strange bedfellows, but they have things in common. Everybody in "Factor X" coincides in attacking Panamanian Gen. Manuel Antonio Noriega; and none of them has ever done anything real against drug trafficking. On the contrary, Quirós Corradi is a member of Sol Linowitz's Inter-American Dialogue, which proposes "selective legalization" of narcotics. Quirós Corradi has recently become the president of the board of directors of the daily *Diario de Caracas*, which printed proposals from its ex-director Carlos E. Ball to legalize the drug trade.

Granier has a hand in that daily and in Radio Caracas TV, both owned by his brother-in-law.

José Vicente Rangel—said to have been the one who distributed money from Fidel Castro among the Venezuelan guerrillas of the 1960s—has constantly sought to provoke conflicts between Venezuela and Colombia and to cover up for narco-terrorism. It was Rangel who launched the "Factor X" offensive. Interviewed on TV by Marcel Granier, Rangel claimed that Venezuelan election campaigns were financed by drug traffickers. He could have plenty of proof of that, since his daughter is the lawyer for jailed drug trafficker Jesús María León; but Rangel offered no evidence at all.

"Factor X" charged the justice minister's special anti-drug group—which they tagged "Manzopol"—with cooperating with the U.S. Drug Enforcement Administration (DEA) and operating secretly. They published the names of people working in the anti-

drug group, which ruined a major bust it had been preparing.

Manzo has repeatedly angered the families which control Venezuela. Last year he had published a letter he sent the attorney general demanding explanations for the large number of drug traffickers freed by Venezuelan judges. Some think Manzo's problems began last November, when the government freed Eunice Valle Ruiz, a Costa Rican who had been arrested on drug charges. It was said that the U.S. embassy had helped spring her, though Ambassador Otto Reich denied it. Interviewed by *Diario de Caracas*, Manzo said, "I can tell you that other American officials participated in obtaining her pardon." The informant against Manzo's anti-drug group many have been Rafael Rivero Muñoz, who commanded it during the previous Social Christian regime. Rivero Muñoz was fired in 1980 on accusations of having tortured political prisoners, Manzo declared March 15. That same day, Poleo wrote in his column that Radio Caracas television "has former commissioner Rivero Muñoz on its payroll. He does research for a confidential bulletin run by another Granier employee, journalist Schmidt, together with Vicente Rangel."

There is yet another star in the operation against Manzo. "Factor X," says Venezuelan vice consul in Miami, Anelo Espinoza, worked in the "Manzopol." Espinoza ran an investigation proving corruption in the state iron and steel company, Corporación Venezolana de Guayana (CGV). Espinoza presented his report to the Venezuelan congress March 16. He described fraudulent deals made by a company called Palmet, reportedly part owned by Marc Rich, the U.S. "investment banker" who helped Khomeini keep up his foreign trade, while Iran kept Americans hostage.

## Soviet rockets in Punjab

*It is testimony to the particular blinders on Indian political discourse, that no official inquiry has been placed.*

**O**n March 23, Indians were shocked to learn that for the first time in their five-year open war against the state and central government, separatist-terrorists in Punjab used powerful rocket launchers in an attack on a Central Reserve Police Force (CRPF) outpost in Phagwara. The next day Indian intelligence agencies confirmed that the rocket used was an RPG-7, a sophisticated high-powered rocket made in the Soviet Union.

Fortunately, there were no casualties in the attack on the CRPF outpost where some 60 personnel had been sleeping, but a week later in a second rocket attack, this time in an ambush on a Border Security Force patrol, eight were seriously hurt.

Until now the stock weapon of the separatists demanding an independent Sikh nation of "Khalistan" has been the Chinese-made AK-47, along with some Indian-made automatic rifles. Though two rocket launchers had been recovered during Operation Blue Star in 1984, when Indian security forces stormed the terrorist fortress in the Golden Temple at Amritsar, the March 22 incident was the first time those weapons were actually used in Punjab.

Official circles are "intrigued" over how and where the sophisticated RPG-7s were acquired, according to the United News of India. Well they ought to be. It is a huge escalation of the threat in Punjab just at a time when the government is apparently engaged in a new political initiative to resolve the problem.

More important, Soviet rocket launchers in the Khalistani arsenal are

another reminder that the "nature of the beast" in Punjab—like the truth of the assassination of Prime Minister Indira Gandhi—does not necessarily conform to the manichean logic of New Delhi's preferred foreign policy postures. (It was certainly not the discovery of a Pakistani or even a CIA hand on the trigger of the gun that murdered Mrs. Gandhi which prompted the government to keep the investigative report of the assassination under wraps.)

The daily *Patriot* jumped to assert that the Russian rocket launchers were given either directly by the U.S. Central Intelligence Agency or the "Pakistani handlers of Sikh terrorists," or indirectly by the CIA through the Pakistani conduit to the Afghan rebels, as a "red herring" and to sow confusion. This is the same *Patriot* that, according to the London court records of proceedings involving a KGB defector a few years ago, was founded with East bloc support in 1965 as a media outlet for Soviet lies. Astonishingly, apart from the *Patriot's* predictable eruption, there has as yet been no serious discussion of the Russian rocket launchers in print.

There are many obvious questions: The U.S. has never made a secret of arming the Afghan rebels, so why should it need to issue "red herrings" in the form of Russian rockets? And why would the Soviet Union sell some of its most sophisticated rockets to the CIA to distribute to Afghans who are shooting at Soviet soldiers? Unlike in the West, there are no independent arms dealers or rogue intelligence operations in the Soviet bloc—arms distribution is a matter of gov-

ernment policy. So, how does the Kremlin account for provision of arms to Oliver North for the Contras? How does the Kremlin account for the Soviet rocket launchers in Punjab? Is any official inquiry planned?

Such questions are not even asked—testimony to the particular blinders on Indian political discourse. The implications of the Anglo-American-Soviet Yalta condominium—and the "New Yalta" readjustments under way—is only selectively appreciated here, and that too as a kind of abstraction.

Anglo-American subversion via separatist and fundamentalist movements is perfectly credible, but Soviet promotion of separatist and fundamentalist forces is dismissed out of hand. Yet, blood and soil fundamentalism is what the U.S.S.R. is based on! It is not a nation, as Indians or Americans understand that term, but a collection of ethnic-tribal based "nations" held together by force. The Kremlin and its associated communist movement within India—long entrenched in Punjab—never viewed India any differently.

Thus, in 1983, as the Sikh separatist terror campaign for "Khalistan" was coming to a head, Soviet orientologist B.I. Klyuyev could hail the "new wave of religiousness, quite complex in its social and psychological structure" sweeping India. It was Indira Gandhi who had angrily emphasized the difference of viewpoint in a parliamentary debate on Punjab months before she was killed. Mrs. Gandhi rose to refute an opposition MP who claimed that India was "many nations." In some communist countries and Marxist parlance generally, the word "nationalities" is used, she noted. But in India, she insisted, "there is no question of there being different nationalities. We are all one nation; we are all Indian citizens."

## Israel and Syria: a war ahead?

*A limited confrontation looks like part of the "regional affairs" condominium being worked out by Shultz and Shevardnadze.*

A limited confrontation between Israel and Syria, over Lebanese territory, may be the outcome of the "Shultz Peace Plan." There are signals from Moscow, Washington, and Damascus that both superpowers' leaders are toying with the idea as part of their ongoing negotiations over "regional affairs." In less than a month, there have been more than four consultations between Moscow and Washington on the Middle East. In early March, Undersecretary of State Richard Murphy went to Moscow to meet with Eduard Shevardnadze to review the Shultz plan. This was followed by Shevardnadze's visit to Washington, accompanied by Vladimir Polyakov, director of the Middle East department of the Soviet Foreign Ministry, who again met with Murphy.

At the end of March, Assistant Secretary for Political Affairs Michael Armacost conferred with Deputy Foreign Minister Yuli Vorontsov in Geneva about a trade-off between Afghanistan and the Middle East. In exchange for renewed American pressures on Pakistan, the Soviet Union would back the Shultz initiative. Murphy and Polyakov are again expected to meet soon.

At lower levels, this diplomacy has set into motion a bargain centering on Syria and Jordan. Jordan's King Hussein provoked the anger of the Afghan resistance movement during the March 20 Islamic Conference in Amman, when he called for an "Afghan National Reconciliation." Resistance spokesmen protested that the call lent credibility to Moscow's policy of a "reconciliation" between Kabul and the resistance. Days earlier, just as his

prime minister, Zaid al Rifai, was returning from Moscow, Hussein had visited Islamabad, urging Zia ul Haq to drop his opposition to the U.S.-Soviet offer.

In return, Hussein is getting promises from Moscow, that it is advising its assets in the region to give the "Shultz Plan" a try. In particular, Moscow is telling the PLO to forget about imposing an independent PLO delegation in an international negotiating forum, and to accept Jordan's leadership.

However, the real political and diplomatic game centers on Syria. Local intelligence sources report that American officials have gone a long way in accepting Syria's bargaining demand—Lebanon. Washington is considering positively a request by Syria that the famous "Red Line" in southern Lebanon be pushed southward. Pointing to the recent wave of kidnappings of American officers, Syria argues that its army needs to control Sidon, the south of the city as well as the entire zone up to the Litani river. This would call into question the 1982 agreement which led to Israel's withdrawal from Lebanon, and the U.S. has agreed to arm-twist Israel on this.

The aim of these Byzantine dealings remains the imposition of a superpower condominium over the region. While in Moscow, Murphy proposed that the Golan Heights issue be settled by declaring the entire zone "demilitarized," with a permanent presence of either American and Soviet or U.N. troops. Moscow answered by supporting the idea of U.N. troops. On March 28, spokesman Gerasimov called for the U.N. ob-

server mission in Jerusalem to be beefed up with Soviet U.N. observers. Both Moscow and Washington also favor the idea of sending U.N. "observer" troops into the Occupied Territories; but Israel says "no."

Smelling a trap, the Egyptian government is also rejecting proposals on a joint U.S.-Soviet initiative. On March 25, President Mubarak's adviser, Osama al Baz, said that talks sponsored only by Washington and Moscow were unacceptable, and demanded "negotiations sponsored by all of the members of the Security Council," i.e., also France, Britain, and China.

Hence, the talk of a limited confrontation, which neither side would be expected to win, but which would give Moscow and Washington the pretext to intervene to stop the war and impose their control, with or without the United Nations cover. Syrian politicians are delighted at the idea. Such a war would reestablish their leadership in the Arab world, at the expense of Egypt, and would downgrade the importance of the Palestinian revolt. The Palestinian organizations would have no choice but to line up behind Damascus. Not least, it would locate the issue of Lebanon within the sole context of an Israel-Syrian war, torpedoing attempts by Lebanese politicians to have Lebanon as a separate item of negotiations. Syria would simply be recognized as the final master of the country.

And who benefits in Israel? On March 24, William Quandt of the Brookings Institution declared, "Perception in Washington has changed. The administration is disillusioned with Labour because they have not used their opportunities. The key thing is that there be a stronger Israeli government. Maybe it will be the Sharon wing. Ariel Sharon is not an ideologue."

# International Intelligence

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## **Thailand-Laos border war to heat up?**

The Soviet-backed government of Laos has brought reinforcements and heavy weapons into the border area where Laotian and Thai forces fought a bloody battle in February. The weapons include 163mm artillery, mortars, recoilless guns, and armored personnel carriers. In a letter delivered to the Thai ambassador in Laos, Niran Panupong, the government of Laos has also rejected Thailand's proposals to revive the joint Thai-Lao cooperation committee and joint border committee, in hopes of settling the border conflict.

Laos's chief of staff, Sisavat Keobounphan, on March 20 boasted that Thailand could never defeat Laos in a military confrontation, because even the United States lost when fighting Laotian troops. Speaking in Thailand, where he was visiting at the invitation of his counterpart, Gen. Chavalit Yongchaiyudh, the Laotian general boasted to a group of Thai military wives: "Americans fought Laos, but never beat us. Laos shot down more than 1,500 American aircraft. Does Thailand have so much money to buy such a large number of aircraft?"

The Army chief then singled out the wife of Thailand's permanent secretary for the interior: "Khyunging Mali—you'd better tell [Ambassador] Khun Phisan to stop fighting Laos. The burden of housewives is to maintain the peace!"

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## **Soviets score matching funds grant to LaRouche**

On March 28, the Ukrainian-language Radio Kiev denounced the U.S. Federal Election Commission's long-delayed decision to certify federal matching funds for the LaRouche Democratic Campaign. According to the March 24 broadcast, monitored in Western Europe:

"The Federal Election Commission decided to give federal funds to the election

campaign of Lyndon LaRouche, who is a Democratic Party candidate for the President of the U.S.A.

"At first glance, there may seem nothing unusual about this rather normal occurrence in the political life of the U.S. However, in the contender's campaign, through which for the fourth time he is trying to get a seat in the White House, there is one unusual detail: In Boston there is a trial taking place, in which LaRouche is the central figure. He is being charged with fraud and with plotting to deliberately obstruct government investigation of the LaRouche-headed organization of neo-Nazi tendency—the National Caucus of Workers' Committees.

"In the course of the last presidential elections in 1984, 700 of his candidates ran for various electoral offices in 26 states of the country. Such a mass operation involved large-scale shady financial dealings. And this is far from being the only sin of LaRouche and his associates.

"There's nothing clean-cut about them this year either. The contender, running on a Democratic slate, cheated about 6% of those who contributed money to his election fund. Many of the contributors had no idea where their money was going. The people were told that their contributions would be used in the fight against the AIDS disease.

"Representatives of the Federal Election Commission are not denying that these facts are known to them. Yet all saw no serious objections to giving matching funds to a man involved in outright swindles.

"The situation becomes more clear if we recall that the main goal of LaRouche's entire political career is to uncover the 'global red conspiracy.' These extreme-rightists are trying to rupture the influence of progressive organizations, which often involves their sending of provocateurs into the ranks of these organizations. Similar operations of LaRouche are coordinated with influential reactionary circles of the U.S.A. In addition, according to press reports, he and his people are maintaining working contacts with American intelligence agencies.

"Not to be excluded is that all these factors played a decisive role in the Federal Election Commission's decision to give the

political extremist access to American taxpayers' money."

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## **Marshal Ogarkov in Poland to discuss crisis**

Marshal Nikolai Ogarkov, Moscow's top military strategist and commander of the Western Theater of War, held a meeting on March 10 in Poland with Poland's defense minister, Gen. Florian Siwicki, and Gen. Lt. Ivan Korbutov, the commander of Soviet forces in Poland.

The meeting was reported in the Soviet Armed Forces newspaper *Krasnaya Zvezda* of March 11, and is viewed by Western experts as a signal of Moscow's concern over the extremely unstable Polish situation. Sources have told *EIR* that recently many Polish reserve officers, from captain to colonel in rank, have been summoned back to active duty.

The Soviet newspaper also reported that Ogarkov was accompanied by Gen. Col. B. Utkin, the chief political officer of the Western Theater. Utkin was recently reported in the Soviet military press to be visiting the Carpathian Military District, which is nominally part of the Southwest Theater of War, and hence outside his sphere of normal operations.

The visits indicate that Soviet military contingency plans concerning possible trouble in Poland have reached an advanced stage, and that all of the Soviet Groups of Forces and Military Districts bordering on Poland are now under a unified Western Theater command.

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## **Soviets dispute origin of the AIDS epidemic**

In the era of glasnost, an unusual debate has broken out in the Soviet media, over the origin of the AIDS epidemic. Sharply departing from the standard propaganda line that the disease was a creation of "the Pentagon," Radio Moscow's Domestic Service

## Briefly

● **THE PALESTINIAN** Catholic Patriarch of Jerusalem, Michel Sabbah, explained the Palestinian revolt in the Israeli-occupied territories, in an interview with the Italian daily *La Repubblica* published March 31. "It is natural and normal to revolt after 20 years of military occupation," he said. Sabbah called for a referendum among Palestinians to elect a real national leadership.

● **GERMAN** Foreign Minister Hans-Dietrich Genscher hailed Soviet leader Gorbachov as "a good Soviet patriot," who deserves that the West "invest trust" in him. Speaking in Athens, Greece on March 28, Genscher stated that he opposes the "prejudice that behind Gorbachov's words there is a trick, and traps for European politicians."

● **NIKOLAI BUKHARIN** has been officially readmitted to membership in the Soviet Communist Party, according to a March 22 report by the Yugoslav news agency Tanjug, citing "reliable Soviet sources." This act marks the "full political rehabilitation" of the 1930s leader of the Right Opposition to Josef Stalin, the sources said.

● **IN TURKEY**, a "government-in-exile" of Azerbaijan has been established, according to the British newspaper *the Independent*. The move was seen as an indication of Ankara's increasing sympathy for the plight of the Azeris in the Soviet Union. On March 15, the *Turkish Daily News* warned against a "new wave of Armenian fervor," quoting officials expressing "growing irritations with what is seen in Turkey as anti-Turkish Armenian propaganda."

● **ARMED CLASHES** between Turkish troops and Kurdish separatists from the PKK guerrilla group, near the Syrian border, left 20 Kurds and 3 Turkish soldiers dead. The incident, the most severe in recent years, may signal a broader destabilization of Turkey's eastern regions.

on March 19 reported the statement of Vadim Velentinovich Pokrovskiy, department chief at the research laboratory for AIDS epidemiology at the U.S.S.R. Health Ministry, that "not a single Soviet scientist believes that it [AIDS] has artificial origins."

He noted "that an increasing number of facts are emerging to corroborate the natural origins of the virus. Last year several viruses of this kind were discovered, and this points precisely to its natural origins. At the moment there are two major sources of the disease—Central Africa and North America. Probably the virus sprang up in one of those regions, yet we are unable to determine yet the origins of its evolution—where and when it appeared."

As *EIR* reported on Aug. 28, 1987 ("LaRouche attacks Moscow's AIDS disinformation"), the standard Soviet line maintains that the virus was developed at Fort Detrick, Maryland, in U.S. biological warfare laboratories.

### ***Mystery death of another British defense scientist***

In response to the eighth mysterious death of a British scientist working in the area of defense, Labour Party parliamentarian Doug Hoyle is calling on Defense Minister George Younger to order an urgent inquiry into the pattern of deaths.

On March 25, 52-year-old Trevor Knight, who worked in Marconi's guided weapons division for space and defense in Stanmore, Middlesex, was found slumped at the wheel of his car in the garage of his home, with a hose connected to the exhaust.

Hoyle, president of the Manufacturing, Science, and Finance Union, released a statement on March 28: "Is it not worrying that this is happening to top scientists? Is it simply overwork, or is there something more sinister afoot? It is very alarming."

In all, eight scientists have died under odd circumstances over the past couple of years, and three others have disappeared and never been found. Many of them worked for Marconi, in projects related to the U.S. Stra-

tegic Defense Initiative. The *Daily Telegraph* on March 29 headlined its coverage, "Sinister Star Wars Deaths."

### ***Israel threatens to knock out Saudi missiles***

Yosi Ben-Aharon, the director of Israeli Prime Minister Yitzhak Shamir's office, told Radio Jerusalem that "this possibility always exists," when asked whether Israel would launch a strike against the CSS-2 missiles that the People's Republic of China will be building in Saudi Arabia. He said that Israel has a reputation of "not waiting until a potential danger becomes real."

The medium-range ballistic missiles would not be equipped with nuclear warheads, the Saudi government maintains.

The Israeli statements drew an angry retort from Egyptian President Hosni Mubarak, who said at a press conference, "Why is it that the Israelis consider that all weapons, are only turned against them? Each state has its own enemies. Rather than threatening war, Mr. Shamir should join the efforts toward peace."

Although President Reagan said that Washington is "totally opposed" to any Israeli actions against the Saudis, this did not stop the U.S. State Department from delivering to the Saudi government an official protest against the deployment of the missiles. Saudi King Fahd responded on March 31 by demanding that the United States recall its ambassador—the first time this has happened since 1933.

The Saudi-Chinese arms negotiations have been under way for at least two years. China is now the world's fifth-largest weapons supplier, after the U.S., U.S.S.R., France, and Great Britain, and its total sales last year were estimated at well over \$2 billion. The announcement that China was supplying missiles to Saudi Arabia came just a week after the United States had said it would resume high-technology sales to Beijing, after Chinese Foreign Minister Wu Xueqian pledged that China was not selling Silkworm missiles to Iran.

# Purge at Meese Justice Dept.: Will Bush survive?

by Joseph Brewda

The abrupt forced resignations of two top officials in the U.S. Justice Department on March 29 have raised new questions as to whether the presidential candidacy of Vice President George Bush will survive. The ousted officials, Deputy Attorney General Arnold Burns, and Assistant Attorney General William F. Weld, the director of the department's criminal division, reportedly left after losing a faction fight to force Attorney General Edwin Meese to resign. Several other Weld-Burns senior allies have recently left or may soon be leaving the department.

The department has already experienced the biggest purge and mass exodus of senior personnel since then Attorney General Elliot Richardson, a mentor of Weld, exited during the middle of Watergate.

The most significant feature of the purge of the Weld faction is that that faction has been essential to protecting George Bush within the Reagan administration, and otherwise covering up for the most atrocious policies of the department. Without Weld's clique, in fact, it is inconceivable that the Vice President could have been protected from devastating disclosures on his leading role in the Iran-Contra arms sales. The expulsion of Weld may mean the Vice President can no longer be protected.

The recent gutting of the leadership of the department has been spectacular. Burns and Weld, the second and fourth ranking officials in the DoJ, respectively, unexpectedly announced their resignations on March 29. In an amusing display of venomous rage, Weld announced that his sudden resignation would be effective by 5:00 p.m. that day. Their factional ally, Associate Attorney General Stephen Trott, the third ranking DoJ official, had departed the previous day, following an appointment to the California bench. Four other officers also left with Burns and Weld, including two Assistant Deputy Attorney Generals, and an Acting Deputy Assis-

tant Attorney General.

According to various reports, numerous other high officials tied to the Weld-Burns clique may soon be leaving. These include Solicitor General Charles Fried, the fourth ranking official in the department's table of organization, and Michael Shaheen, the director of the Criminal Division's misnamed Office of Public Integrity. Civil Division director Richard Willard, a Bush appointee and former partner of James Baker III's law firm, quietly left in February.

Deputy Assistant Attorney General Mark Richard, the key "dirty tricks" and cover-up specialist of the entire network, left on "sabbatical" to Harvard last January.

## Bluff and bluster

Immediately after their resignations, Weld and Burns put out the word that they, and their faction, left because they had failed to oust Attorney General Meese, allegedly due to their embarrassment over his legal troubles. Meese is the subject of an investigation by specially appointed independent counsel James McKay over his curious dealings with the Bronx defense contractor Wedtech. Wedtech officer and Meese's personal attorney, E. Robert Wallach, has been indicted for conspiracy to bribe federal officials to secure Wedtech federal contracts.

In an exclusive interview with the *New York Times'* Fox Butterfield on March 31, the sanctimonious Weld blustered that if he were prosecuting the Wedtech case, he would have had to "seriously consider indicting Meese," based on the evidence in hand. Weld and Burns visited White House counselor Howard Baker one day prior to their departure, demanding Meese's resignation, and left, they claimed, because they did not want to be "tainted."

On cue, the *Christian Science Monitor*, which has editorially endorsed Bush, called for Meese's immediate resig-

nation. Other Eastern Establishment press moaned that the "sleazy" Meese has disgraced the department, and caused such demoralization that even the graffiti in the executive's bathrooms scream "Meese-resign!"

In response to these calls for his ouster, and the mass resignation, Meese has firmly stated he saw "no reason" to step down from his post.

### The real slime

While the Meese Justice Department is perhaps the most corrupt in U.S. history, most critics completely misevaluate the reasons for the current sad state of department. True, Edwin Meese is a greedy in-fighter, perhaps better suited to be a small town sheriff, where his corruption would have less devastating, international repercussions.

Meese's dealings with Wedtech, for example, which have been previously exposed in *EIR*, betray a manipulable personality who views his post as primarily a means to enrich himself. That, and protecting his long time crony Ronald Reagan from prosecution, is all that the Attorney General apparently cares about.

As a result of Meese's narrow concerns, he has allowed "high-class" criminals like Burns and Weld to set the department's agenda. Their agenda has been to protect the Wall Street banks from prosecution for drug money laundering, crush any opponents to the treasonous New Yalta deals which the Reagan administration has been negotiating with Moscow since the 1986 Reykjavik summit, and get the unelectable George Bush elected through crushing his opponents.

Through the influence of the Weld clique, the DoJ has become a KGB-style gestapo, and, in fact, overt cooperation between the U.S. Justice Department and the Soviet KGB has been massively upgraded under Weld.

Consider William Floyd Weld.

Although a descendant of a signer of the Declaration of Independence, Weld typifies all that is rotten about the Eastern Establishment. In the 19th century the Weld family became rich through running opium to China. The family has continued in financing the dope trade. Weld's wife, Susan Roosevelt Weld, is the granddaughter of President Theodore Roosevelt, one of the most treasonous individuals in U.S. history, whose family has also been historically tied to opium.

In 1985, Weld, then U.S. Attorney in Boston, announced he reached a plea bargain with the Bank of Boston, which had been caught laundering \$1.2 billion in illicit funds in 1,660 separate transactions. Weld reduced the indictment to one count, and fined the bank a mere \$500,000, less than even the interest earned on the laundered cash.

It was not merely that Weld's family fortune is tied to the Bank of Boston criminal network that led Weld to protect the institution. The Bank was not just laundering dope funds. The Bank was also collaborating with U.S. intelligence in laundering funds for the arms smuggling deals later made

famous by the Iran-Contra affair.

As a reward for protecting this Iran-Contra funding network, Vice President Bush and then White House Chief of Staff Don Regan, installed the young thug at the Criminal Division. Both Bush and Regan's families are financially tied to Weld's. Since his appointment, Weld has consistently acted to protect Bush. Evidence available to this news service indicates that he has:

- Suppressed investigations which linked the Contras to cocaine trafficking. In two separate instances, Weld, and Stephen Trott, personally intervened to block an investigation into the connection of the Bush-linked Southern Air Transport with cocaine and arms smuggling to the Contras and Iran. Weld's effort to cover up the circumstances of a SAT-owned cargo plane crash over Nicaragua on Oct. 5, 1986 failed. This failure ultimately led to the Iran-Contra affair.

- Suppressed a 1986 investigation into illicit financial transactions at the U.S. embassy in Switzerland by Ambassador Faith Whittlesey, one of George Bush's Iran-Contra operatives.

- Organized the political frameup of Lyndon LaRouche and several LaRouche associates for obstruction of justice. The attack on LaRouche had been publicly ordered by Soviet publications, and covertly demanded by Soviet representatives in the United States, as a part of their requirement to secure a New Yalta deal. The covert side of the operation against LaRouche was shopped in under specific national security provisions of Executive Order 12333, which were drafted by Bush appointee Richard Willard, the former civil division director. Rumor has it that Weld had been promised the post of Attorney General in a George Bush administration.

Similarly, Weld ally, Deputy Attorney General Arnold Burns, has hardly been a paragon of patriotism.

A career civil attorney with no government experience, Burns was parachuted into the department in 1985 at the behest of Jeremiah Milbank, a blue-blood relative of the family which created the elite Wall Street law firm, Milbank, Tweed. From the standpoint of aristocratic families like the Milbanks and Welds, the Jewish Burns has excellent qualifications. His law firm has long represented Sterling National Bank, the premier money-laundering institution of the New York garment center. Sterling was not only caught laundering the millions of funds which deceased Italian con-man Michele Sindona looted from the Vatican. It is the bank of the Meyer Lansky syndicate's main political arm, the Anti-Defamation League.

Moreover, Burns is a leading board member of Detroit gangster Max Fisher's National Jewish Coalition of the Republican National Committee, which has functioned as George Bush's official liaison to the Jewish wing of organized crime. The NJC's founding treasurer was Wall Street con-man Ivan Boesky, until his recent incarceration for stock market fraud.

# LaRouche trial at impasse, as FBI refuses to declassify documents

by Our Special Correspondent

“You will recall, back in July of last year,” said presidential candidate Lyndon H. LaRouche, Jr. during a press conference held in Boston March 31, “when the indictment of me was being celebrated here in Boston by the press and others, I said that you would find that this case was also the Oliver North case, and that before long his role in this case would become dominant. That, in effect, you can forget the credit card and conspiracy theories; those were just manufactured charges which are falling apart.

“The real case is the effort of a section, a faction of the U.S. government and forces associated with this faction . . . to deal with me and my associates because they wished to be rid of me politically,” the candidate added to the unusually attentive press corps. “You’ve seen that my credibility on that point is extremely high. Mr. North is now in the center of the Boston case. I think the jury is probably by now—I’m just guessing, of course—forgetting about credit cards, and is interested in knowing what Oliver North is doing in the middle of their case.”

As LaRouche spoke, federal Judge Robert Keeton was telling the defense lawyers and prosecution in the Boston courtroom that the jury trial of Lyndon LaRouche and associates, which had already been interrupted for hearings on government misconduct, would now be further interrupted for hearings on the FBI’s refusal to declassify files which the judge has ruled should be given to the defense. Judge Keeton said that it was “almost inevitable” that he would have to hold lengthy hearings during the first week of April under the Classified Information Procedures Act (CIPA).

Thus, the major subject of the government’s trial against LaRouche and his associates, has indeed become the intelligence community’s political operations against the defendants, and the government’s misconduct and malfeasance in refusing to disclose those operations to the defense. Even more intriguing is the fact that the court has already received numerous pieces of direct evidence that the political apparatus which ran Ollie North’s operations, going all the way up to Vice President George Bush, was intimately involved in the intelligence community dirty tricks.

## The potential penalty

Although the LaRouche trial has continually been interrupted by hearings on the government’s withholding of relevant documents from the defense, on March 25 the issue finally came to a head. On that day, Assistant U.S. Attorney John Markham was forced to concede that he had violated both his agreement to provide pre-trial materials to the defense, and his legal obligation to provide exculpatory evidence to defense lawyers.

As a result of this admission, Judge Robert Keeton issued a finding that the government had violated its obligations, and set hearings to determine the scope of the violations, responsibility for them, and to determine what remedy he should order—which could range from dismissal of the indictment to allowing the defense to make new opening statements in the middle of the trial.

So far the hearing, which began March 28, has not gone smoothly for the government. Testimony by four government agents has been contradictory at many points. Additionally, it has pointed up other aspects of government operations against LaRouche and his friends. And in the course of exploring these government operations, new, potentially exculpatory, documents have turned up, which the FBI has claimed to be “classified.”

For the first time in the course of the trial, upon reviewing these classified documents, Judge Keeton has ruled that they should be disclosed to the defendants, because of their relevance and exculpatory nature. In response to this ruling, made March 30, the FBI still refused to disclose the files.

Thus, the next step is likely to be a hearing on the invocation of the Classified Information Procedures Act (CIPA), which sets up procedures for dealing with a situation in which the government refuses to declassify information relevant to a trial. The defense had originally raised the possibility of the relevance of CIPA back during pre-trial motions in the fall of 1987, given the nature of contacts between the defendants and U.S. intelligence agencies. At that point the government insisted that CIPA was not appropriate.

But now that the judge has ruled that certain classified



materials are relevant to the defense, the government has to face the CIPA issue. CIPA was enacted in 1982 to avoid the problem of “graymail”—in which a defendant in a criminal case threatens to reveal classified information if the government continues to prosecute him. Its procedures range from ordering the trial to go ahead despite this, to precluding use of certain evidence by the prosecution, to a mistrial, or full dismissal of a case altogether.

With two legitimate reasons for dismissing the case accumulated, and potentially weeks of hearings on the subject of government misconduct and cover-up ahead, some observers are beginning to wonder if the trial will ever resume. Others have also noted that many other judges would already have dismissed the case against the defendants, given the extent of the irregularities.

### **Contradictions and recriminations**

From its inception March 28, the evidentiary hearing on government misconduct in the *U.S.A. v. The LaRouche Campaign* trial was rife with contradictions. The contradictions ranged from conflicting evaluations of FBI informant Ryan Quade Emerson, to hostile arguments over how the case should have been conducted.

The propriety of the government’s use of informant Emerson was the initial subject of the hearing. It was not until the 55th day of trial that AUSA Markham gave some of the defendants the written FBI reports which showed that Emerson was working for the government when he visited the defendants’ offices shortly before the Oct. 6 raid. In addition, AUSA Markham referred, in his opening statement to the jury, to notebook entries reporting what Emerson told some of the defendants, as evidence of the defendants’ conspiracy to obstruct justice. In effect, the government was “planting” information which would later be used to convict the defendants, while hiding the fact that the “planter” was their own agent.

Markham’s official position has been that Emerson was not acting as an informant except for one visit to the defendants’ offices in Loudoun County, Va. Government witnesses put on the stand couldn’t keep their stories straight.

For example, both FBI agent Richard Egan and Loudoun County Deputy Sheriff Donald Moore testified that Emerson was “unreliable, and “not credible.” Yet FBI Special Agent Angus Llewellyn, from the International Terrorism section of the Alexandria, Virginia FBI office, provided information to the court which read: “From information gained through case file, source has continually provided reliable, useful information.”

Equally explosive was testimony given by Egan, who, after admitting to having arranged for the non-consensual tape-recording of an investigator for defense attorneys by Emerson and that he knew Emerson was an FBI informant, then launched into a fervid attack on AUSA Markham, for having released classified information to the defense which

led to the current hearing.

Egan said that he had warned Markham not to turn over the North/Secord memo, or documents revealing the operations of private intelligence community operatives Gary Howard and Fred Lewis, to the defense. He said that he vehemently disagreed with Markham that the FBI records were exculpatory, even though they revealed an ongoing infiltration effort by the FBI and CIA! In effect, Egan was saying that the constitutional rights of the defendants to information about government operations against them should be withheld because it caused “a crisis of credibility, regarding whether what we did was improper.”

Even wilder was Egan’s charge that Markham had “arguably violated the law” in mistakenly releasing the Howard-Lewis document, and could be “subject to prosecution” for same. Egan then followed up by threatening a number of the defense attorneys with indictment, by charging that they had “counseled the defendants” to commit crimes.

### **The role of Emerson**

After Egan’s outbursts, however, the subject returned to the role and credibility of FBI informant Emerson. During cross-examination of Llewellyn, it was revealed that Emerson was involved in investigating an individual named Reg Slocum, who was involved with the networks of convicted arms dealer Edwin Wilson in Loudoun County, Virginia. On this subject, Llewellyn testified, Emerson was credible, since he was depending on a reliable source.

Defense attorney Daniel Alcorn followed up by asking if the source was an individual named Don Lowers, who is part-owner of a security company located in the same building as *EIR* in Leesburg, Virginia. Met with objections by Judge Keeton that the hearing couldn’t be used to delve into issues of national security, Alcorn called for the invocation of CIPA, and gave a strong proffer of relevance.

Alcorn reminded the judge that Deputy Moore had already testified that Lowers and his company had been used as informants in obtaining a search warrant for the Oct. 6, 1986 raid. He then said that he had information that Lowers is in a partnership with Glenn Robinette, who had been hired by Secord and North as a counterintelligence and security expert for North and his “Enterprise.”

In a stirring argument, Alcorn told the judge that the counter-terrorism section of the FBI was a “secret political police” that used the likes of Emerson and Lowers to run operations against political opponents of the Reagan administration. Alcorn said, “I am directly familiar with at least four instances where groups opposed to administration policies” were targeted by “provocations thought up by North, Secord, or their employers.”

“I feel that we are dealing with a network which understands the rules of evidence,” challenged Alcorn, and that this network uses its knowledge to elude evidentiary procedures. Mentioning the North, et al. record of hiding docu-

ments, Alcorn made a direct appeal to Keeton's respect for the Constitution: "You are the only one we have to whom we can appeal" to stop the coverup that the government was trying to run under the rubric of 'classification.' "

Following Alcorn's argument, Judge Keeton himself reviewed the file on Emerson which Llewellyn had with him. At that point he decided that certain elements of the file, pertaining to an "international terrorism" investigation in Loudoun County, should be released to the defense.

## Confrontation

On the next day, March 31, prosecutor Markham told Judge Keeton that he had talked to the FBI, and stated the following: "Although I consider declassification urgent, they do not wish to declassify everything that Your Honor wishes to declassify." Markham told Judge Keeton that he expected that this would trigger a CIPA proceeding, and commented regarding the FBI, "Their interests are different than mine, and they're bigger than me."

On March 8, Markham had threatened to withdraw from the case over a "conflict of interest" with the FBI, which was only resolved when the FBI agreed to declassify another secret document.

Earlier on March 31, Judge Keeton reviewed still another classified file, which concerned Ryan Quade Emerson as an "asset" of the FBI's Houston office during December 1984 and January 1985. Keeton ruled that there were portions of that file which also should be released to the defendants, and ordered the government to proceed with a declassification review.

After that ruling, prosecutor Markham told Judge Keeton that, based upon the court's ruling on the Houston file, there were probably other files that the Judge would want released also. Markham said that this would be a very time-consuming process, and suggested that perhaps the government could simply stipulate that certain of the government witnesses, such as Emerson, had been government informants, or had some previous relationship to government agencies.

However, Judge Keeton responded that there was an additional problem that might be involved in the classified files. The issue of government witnesses is only one of the issues, he said. There is also the issue of legal defenses that might be used by the defendants—such as the lack of corrupt intent if they thought they were carrying out instructions from the CIA. "What if I see something in the files that supports the defendants' belief that the messages from Roy Frankhauser were actually coming from the CIA?" Keeton asked.

## Where's the jury?

The end of March developments mean that there will be even further delays before the jury trial could resume in this case. In fact, during the past five weeks, the jury has heard only eight days of testimony, with the trial being interrupted repeatedly for hearings on document searches and govern-

ment misconduct.

The last evidence heard by the jury was on March 24; the testimony of government witness Charles Tate was halted at that point to allow hearings on government withholding of information which is required by law to be given to the defense. Then on March 29, the testimony of FBI agent Richard Egan was interrupted to allow for the taking of testimony from FBI agent Angus Llewellyn, but when defense attorneys demanded disclosure of an FBI teletype written by Llewellyn, his testimony was then interrupted to allow for Judge Keeton to examine the documents. FBI informant and "free-lance" intelligence agent Ryan Quade Emerson then took the stand, but his examination was also interrupted as defense attorneys refused to conduct cross-examination pending further proceedings regarding declassification of FBI files.

In fact, the only one of five witnesses in the evidentiary hearing on government misconduct, who completed testimony during the first week of the hearing was Deputy Donald Moore. Moore's testimony provided an interesting glimpse as to how he applied his history as a Marine Corps "community action" specialist in Vietnam, "winning the hearts and minds of the people," to his later role as a "community relations" officer for the Sheriff's Department of Loudoun County, Virginia—home of Lyndon LaRouche and headquarters for numerous LaRouche-linked publications.

Still scheduled to go on the stand—if and when the evidentiary hearing resumes—is FBI agent Tim Klund of Alexandria. The defense has also requested testimony from AUSA John Markham and his assistant Mark Rasch. The judge has not yet decided upon this issue.

## The Bush angle

As LaRouche has frequently pointed out, if the trial continues, it is likely to reach directly into the office of Vice President George Bush. Bush heads the unit which oversaw the activities of Ollie North and his crew, and, as LaRouche said, "People who are accountable to him are running the operations against me."

Defense attorneys have already announced that they wish to follow up the documents by subpoenaing North and Seccord. In addition, Judge Keeton has ordered a search of the indices of the Vice President's files for material relevant to operations against LaRouche.

LaRouche concluded his press conference with the following promise: "This thing is going to blow. Exactly how, when, I don't know. But as I told you last summer, North would surface big in this case . . . so I tell you now, that if this case is not promptly dismissed, thus cutting off that line of activity, it will come out through this case or things related to it, that George Bush could not possibly be elected President of the United States. Because who wants to elect a man who's going to be sitting, trying to run the country, from inside a federal prison?"

# INF treaty to ban futuristic weapons

by Kathleen Klenetsky

The Reagan administration confirmed in late March that the INF Treaty, signed by President Reagan and Mikhail Gorbachov at last December's Pearl Harbor summit, will outlaw a whole new range of weapons, utilizing such advanced technologies as microwaves and lasers.

According to congressional sources, the agreement, now in the final stages of the ratification process, will not only prohibit U.S. Pershing IIs and ground-launched cruise missiles, but will also ban the flight-testing, construction, and deployment of all "futuristic" arms which meet the definition of an intermediate-range weapon set out in the treaty: i.e., are ground-launched by either cruise or ballistic missiles; can kill targets; and have a range between 500 and 5,500 kilometers.

Chief INF negotiator Maynard Glitman confirmed in testimony to the Senate Foreign Relations Committee March 30, that the treaty does indeed pertain to these weapons. Despite widespread reports that it opposes including such weapons under the treaty, the Defense Department subsequently issued a statement giving its unqualified endorsement to Glitman's testimony.

## More suicide

Under the interpretation of the treaty now being put forward by the administration, the United States will deny to itself a number of sophisticated weapons now in the planning stages, and many more not yet even on the drawing boards, which fall within the category of INF weapons as defined by the accord. Several Senate offices are pulling together a list of American capabilities, present and planned, which would be knocked out by the treaty, including ones which would use radiation to kill enemy radar.

"This whole episode is a total disaster," one Senate defense aide bitterly complained to *EIR*. "As if pulling out the Pershings weren't bad enough, we're now getting ready to cut our throats in a slew of new ways."

The aide pointed out that the treaty will "kill the chances of any serious modernization of NATO defense capabilities . . . and will also doom" the deployment of a European theater version of the SDI, known as the TDI (Tactical De-

fense Initiative), which has been under consideration for several years, and which could have compensated in part for the loss of the Pershings and ground-launched cruise missiles under INF.

The aide stressed that the treaty, as it presently stands, does not refer to "futuristic weapons" as such, and blamed Senate Armed Services Committee chairman Sam Nunn (D-Ga.) and Sen. Dan Quayle (R-Ind.) for forcing the issue to the point that the agreement will now almost certainly be amended to explicitly ban them.

"A few of the more conservative senators went to Quayle and told him to shut up," the aide reported, "because they feared that if he and Nunn kept raising the issue, then either the State Department or the Soviets would say, 'Hey, here's another American capability we can get rid of. Let's draw up some new language prohibiting these weapons.'"

"Well, that's exactly what's happened. I can't believe these guys. Nunn and Quayle would drown their first-born, if they thought that would make the Russians happy."

Congressional sources have disclosed to *EIR* that Moscow and Washington will soon engage in an exchange of letters, which will list the specific systems and categories of "futuristic" weapon systems which the INF treaty disallows. The White House has so far refused to confirm or deny this report, saying only that exactly how it will proceed "is still being decided."

Nunn, however, indicated March 30 that he's prepared to add a proviso to the treaty, when it comes up on the Senate floor later in April, dealing with the issue, if the administration hasn't worked out a detailed understanding with the Soviets by that time.

## Implications for SDI

The "clarification" of the INF offered by the administration will not only have damaging consequences for the development of advanced theater capabilities for the West, but also for the Strategic Defense Initiative, Pentagon and other sources have stressed to *EIR*. For the past two-and-a-half years, Nunn and his coterie have been trying to straitjacket the SDI by forcing it to comply with the so-called "narrow" interpretation of the 1972 ABM Treaty favored by Moscow.

Nunn et al. have charged that the administration, in announcing back in 1985 that the treaty should be interpreted much more broadly, was attempting to apply an interpretation retroactively, and that this was impermissible. (In fact, the Nunn gang's claim is pure hogwash: The ABM pact's Agreed Statement D, adopted at Soviet insistence, clearly states that defensive systems based on "new physical principles" do not fall within the treaty's purview.)

But, sources say, now that the administration, by announcing that the INF treaty bans futuristic weapons, has adopted a "narrow" reading of that agreement, Nunn plans to exploit that concession to get the White House to agree to the "narrow" reading of the ABM Treaty.

# Elephants & Donkeys

by Kathleen Klenetsky

## Presidential field narrows—to nothing?

The shakeout of the presidential fields, on both the Democratic and Republican sides, during the last week in March has created a situation in which some sort of startling new developments on the American political scene are becoming increasingly likely.

Gephardt's withdrawal in the wake of his overwhelming defeat in the Michigan caucuses March 26 leaves only Jesse Jackson, Michael Dukakis, Al Gore, and Lyndon LaRouche to battle it out on the Democratic side. Bob Dole's pullout March 30 means that George Bush has the Republican field all to himself.

But if you thought this might simplify things, you're wrong. Political observers reflecting a variety of outlooks are pointing out that 1988 is like no other election year in recent memory, and that anything is possible.

On the Republican side, it's no secret that "Bushgate" is going into high gear. Just as *EIR* went to press, for instance, congressional investigators had managed to discover yet another heretofore secret document which further implicates Bush in the Iran-Contra quagmire.

The document, a 26-page agenda prepared by then-National Security Adviser John Poindexter, pulls the rug out from under Bush's claim that he was not aware that Secretary of Defense Caspar Weinberger and Secretary of State George Shultz strongly opposed the sale of arms to Iran.

Henry Kissinger, in a rare display of humor, observed recently that he

thinks the 1988 elections will unroll like this: The Democrats won't be able to agree on any nominee. The Republicans will select Vice President Bush, who will run unopposed—and lose.

Kissinger's comments were reported by the stalwartly Republican *Wall Street Journal* March 31, in a front-page article entitled "Bush's Role in Policy is Difficult to Discern," which compared the VP to Walter Mondale, and trotted out a host of distinguished types, including Jeane Kirkpatrick, to pronounce Bush an imbecile on foreign and economic policy. So much for Bush's political base.

The situation is just as unresolved on the Democratic side. With Jackson's Michigan victory making a brokered convention a certainty, the party's eminences grises find themselves in the unenviable position of trying to find a candidate who might, just might, engender some political support.

All of the alternate candidates who have been mentioned from time to time—Mario Cuomo, Sam Nunn, et al.—have drawbacks just as severe as any of the current official contenders.

## The LaRouche option

The topsy-turvy presidential campaign, which reflects the confusion and disarray rampant in the ranks of America's policymaking elite, has created a unique opportunity for a political dark horse, especially one with a program for dealing with the country's economic and strategic crises, to be catapulted into the White House.

The person who obviously fits this description is Democratic candidate LaRouche. As LaRouche observed at a conference in Cologne, West Germany, in late March, since none of the candidates on the Democratic side is meant to win, his own chances of taking the party's nomination are better

than that of the other Democratic contenders.

LaRouche observed that while the Establishment is committed to preventing him from acquiring significant policymaking power, the imminent international financial blowout will be so severe that the "rules of the political game" as now played will fly out the window.

## Fun and games

In the interim, however, the standard tactics of political campaigns prevail. The next major primary is New York's on April 19. This is an important political plum, not only because of the large number of delegates up for grabs, but also because it is considered a proving ground for national electability.

Tennessee Senator Al Gore, who pinned his strategy on doing well in the Southern Super Tuesday primaries, must win a northern state to entertain the hope of gaining even the VP slot on the Democratic ticket. He's gone out and hired image-maker David Garth, to sell him to New York voters.

Although he's doing poorly in the pre-primary polls, Gore has the support of important sections of the New York financial and political elite, including former ambassador to Italy Richard Gardner, who's been avidly pushing a Cuomo-Gore ticket.

On Garth's advice, Gore is playing to New York's substantial Jewish voting bloc, hitting at Jesse Jackson's support for the PLO and connections to Hitler admirer Louis Farrakhan.

Jackson, however, not only has New York's hefty black vote pretty much sewed up; he also enjoys the support of much of the state's trade union apparatus, which has a well-oiled turn-out-the-vote machine, and lots of money.

## Democratic elites size up Jesse Jackson

Jesse Jackson's highly publicized powwow with the power elites of the Democratic Party here March 30 was set up to evaluate whether or not he will calmly step aside and support a Democratic ticket that excludes him, or whether he is determined to wreck the party with an ugly fight to force his way onto the ticket at the party convention in July.

The party aristocracy is fully aware of the capacity for Jackson to wreck their chances to win the White House in 1988 and instead send them down to another epic defeat. He could achieve this either by forcing his way onto the ticket as a presidential or vice presidential candidate based on the delegates to the convention that he accumulates during the primaries, or by raising such a ruckus at the convention in demanding a slot on the ticket that he splits the party hopelessly apart.

The top levels of the party have good reason to suspect that this may be Jackson's mission. It would serve both the intelligence networks that have backed him (in the interests of a Bush presidency) and the longer-term Jackson agenda which includes nurturing the neo-fascist Black Islam movement of Louis Farrakhan.

The Democratic party hierarchy, therefore, is desperate to find a way to stop Jackson, especially since his sweeping victory in the Michigan caucuses. The first overt move in this direction by Democratic National Chairman Paul Kirk backfired badly. This took place after Sen. Paul Simon (D-Ill.) won the Illinois primary March 15, making it almost certain that no single Democratic candidate would

accumulate enough delegates in the primaries to be able to clinch the nomination on the first ballot at the July 18-21 convention in Atlanta.

Kirk proposed that a meeting of power brokers be held in a proverbial "smoke-filled room" to pick the ticket before the convention. He proposed this, he said, to avoid the danger that the convention could disintegrate into a brawl if the nominee were not cleanly elected on the first ballot. But Kirk's suggestion led to a violent reaction within the party's grassroots.

As a result, Kirk has since virtually disappeared, and the more sophisticated and experienced among the party elders have taken over the handling of the operation with greater care. They carried out three operations to restore confidence among the rank-and-file, while at the same time trying to contain Jackson.

First, they arranged to have Sen. Bill Bradley (D-N.J.) endorse Gov. Mike Dukakis of Massachusetts. Since Bradley's name was one of those most often evoked as a "draft" candidate at a brokered convention, his move to endorse Dukakis was designed as a signal that the party would settle for selecting its candidate from among those now running in the primaries. It was aimed at soothing the troubled waters Kirk's proposal had churned up.

In fact, the plan was to have Gov. Mario Cuomo of New York—the man most prominently mentioned as a draft candidate for the nomination—also endorse Dukakis for the same reason. This was slated to occur just after the Michigan caucuses, but had to be postponed because of the smashing Jackson victory there.

Second, the party elites moved to stop Jackson during the primaries themselves, rather than by clumsy and self-destructive power plays by the party leadership. Thus, they set young

Sen. Albert Gore (D-Tenn.) the task of beginning to launch heavy attacks on Jackson in the campaign.

Until this, Jackson had been immune from serious attack, because the other candidates feared it would create a racist impression. The media also categorically refused to say anything negative about Jackson.

But Gore was persuaded to change this approach, with the promise of no small reward for his efforts (he is still a very viable choice to get the vice presidential nod). So, Gore has started lashing out at Jackson for lack of political experience, creating a plausible argument which could be used to stop him at the convention.

Third, the party elites moved to set up the highly-publicized meeting with Jackson himself, in Washington, D.C. This was designed to show that no one in the party intends to deny Jackson anything that he rightfully earns through the primary process—another reassurance to the party rank-and-file.

However, the elites do not intend for a minute to hold good to this promise. In fact, from their point of view, the more important purpose of the meeting was to size up Jackson's willingness to play by the rules they hope to impose. Their offer to Jackson is that he be granted a cabinet-level post, along the lines of "minister without portfolio," in exchange for a promise that he tell his supporters he is satisfied with the deal, and works to get out the vote for the Democratic ticket in November.

If they deem that Jackson is willing to play by this arrangement, then you will see Jackson more and more embraced by the party, even as Gore continues his attacks. On the other hand, if they judge that he remains committed to wrecking the party, then they are prepared to take more drastic measures.

## House approves aid to Nicaraguan rebels

House Democrats joined forces with Republicans to approve an aid package of \$47.9 million for the Nicaraguan Contras at the end of March—an issue which had bitterly divided the parties in a stand-off battle a couple of weeks earlier. In the meantime, however, the Contras and the Sandinistas have signed a cease-fire accord, thus eliminating, at least temporarily, the problem of whether to provide military or humanitarian aid.

The aid bill, approved 345-70, provides \$17.7 million for food, clothing, and medical supplies for the Contras, and an identical sum to provide medical assistance for Nicaraguan children who are victims of the seven-year civil war. \$1.5 million will go to provide communications equipment for the Contras, and \$10 million will cover expenses of the verification commission established under the truce.

The question of military aid, in case the cease-fire accords fall through, was one bone of contention during the debate. The Republicans wanted an "expedited" congressional vote on military aid, which would allow a quick vote on aid to the Contras should the cease-fire break down. A compromise was reached in which Speaker of the House Jim Wright (D-Texas) pledged to assure prompt consideration of any future aid request from the White House.

## Floor fight expected on INF treaty approval

In spite of a total of some 46 amendments being proposed for the INF treaty during the various committee

hearings, the treaty was approved by the Senate Foreign Relations Committee on March 30, the last stop on its month-long odyssey through the various committee hearings. By a vote of 17 to 2, the panel sent the pact to the Senate, amid predictions that it would win final approval in time for a formal exchange of ratification papers by President Reagan and Soviet leader Mikhail Gorbachov at their Moscow summit conference starting May 29.

The situation on Capitol Hill is, however, not as euphoric for the treaty supporters as some of the media would like one to believe, and one Senate staffer predicted a "wild and woolly" floor fight still to come in the Senate.

On March 29, a closed session of the entire Senate was held in the old Senate Chamber, on the initiative of Sens. Steven Symms (R-Idaho) and Jesse Helms (R-N.C.), for an intelligence briefing on the intermediate nuclear force capabilities the Soviets may *really* have—capabilities which are far greater than those they reported as the basis of the INF agreements.

Senator Symms himself expressed skepticism as to whether the closed briefing had changed one single INF vote, but it nevertheless seems that the briefing served to create an air of caution in the general euphoria which had still lingered on in the aftermath of the Gorbachov visit. It has also led to a number of senators, favorable to the INF treaty, warning of any rush to judgment on the START strategic force negotiations, or trying to push the INF treaty through the Senate without the necessary time for deliberation. The White House is anxious to have the treaty ratified before the Moscow summit.

But the INF treaty has by no means been brought into port. There are snags awaiting it which could delay ratifi-

cation, or even stop it.

Majority Leader Robert Byrd (D-W. Va.) on March 23 repeated his earlier warnings that he was not going to rush through the ratification debate simply to meet the political needs of the White House. "There seems to be," said Byrd, "a great rush today to sign treaties, to enter into treaties, and they can appear to be dictated by the calendar all too much, by deadlines that have to be met, by summits that have to be held. Our own security interests are too important for that. This Senate is not going to be jerked around and hastened overly in order to meet summits, in order to put the imprimatur on something, because it has been signed, that we have got to go along with it."

The Senate Foreign Relations Committee approved the treaty with only one amendment regarding treaty interpretation. The amendment, proposed by Senate Democrats, would make treaty interpretation dependent on what was told the Senate by government representatives during the committee hearings. This proviso would also have serious implications for the Anti-Ballistic Missile treaty, where testimony from government witnesses during the ABM hearings could be used to force current and future administrations to adhere to the narrow interpretation of the treaty, and thus significantly limit experimentation on the Strategic Defense Initiative (SDI). Sen. Daniel Evans (R-Wash.) called it a "jab in the eye of the administration."

Several Republican senators, who otherwise have been supporters of the treaty, like Senator Evans and Sen. Rudy Boschwitz (R-Minn.), have said that they would vote against the treaty unless this proviso were modified.

The other bone of contention is whether the INF treaty would ban "fu-

turistic weapons," including lasers, with an intermediate range. This question obviously has implications for the development of the SDI. Whether it is stated that the INF treaty bans or does not ban such weapons, either the supporters or the opponents of the SDI may very well vote against the treaty because of that proviso.

Other amendments that are being considered are one proposed by Sen. Dennis DeConcini (D-Ariz.) and others which would put some form of pressure on the Soviets on the issue of human rights. Another, by Sen. Ernest Hollings (D-S.C.), would allow the deployment of conventionally armed ground-launched cruise missiles. These are explicitly banned by the treaty, and could require a renegotiation of the treaty if passed.

Senator Helms will undoubtedly bring up several amendments during the floor debate. Whatever surprises may be in store, the INF ratification debate will be, in the words of Sen. Richard Lugar (R-Ind.) "a real battle."

## **Budget slashing hits domestic programs, housing**

In line with the austerity budget regulations worked out at the end of last year between the Congress and the President, the Senate Budget Committee approved a \$1.1 trillion spending plan for 1989.

The plan includes a 27% spending increase for the space program, about equal to what President Reagan proposed, but which is much too small to meet the necessary requirements of the Mars program outlined at the beginning of the year by the President as the next goal of the space program.

The proposed budget plan calls for

massive cuts in subsidies for housing and local development, at a point when the homeless have become one of the country's biggest social problems. Sen. William Armstrong (R-Colo.), referring to the old saying, "No guts, no glory," said, "This is a no-glory budget."

But in viewing a Senate fully prepared to implement murderous austerity measures instead of an industrial recovery program, one can only conclude: "Neither guts nor glory."

## **Senate allows banks to deal in securities**

In what is generally considered only the first step in a general overhaul of U.S. financial structures, the Senate approved on March 31, in a 94-2 vote, the Proxmire Financial Modernization Bill, largely the work of Senate Banking Committee Chairman William Proxmire (D-Wis.). The bill amends the Glass-Steagall Act, passed in the aftermath of the stock market crash of 1929, which barred a mingling of the securities and banking business. It was the intertwining of the banking and more speculative securities sector which was blamed for the speculation which preceded the crash.

The Glass-Steagall Act provided a "firewall" between the fast-moving and often volatile securities markets and the world of commercial banking. In principle, it would prevent violent fluctuations on the stock markets from immediately affecting the banking sector. As the "firewall" is torn down, even a small brush-fire on the other side of the fence could threaten to burn the whole house down.

The authors of the bill maintain that there are safeguards built into the

amendment. A bank would be allowed to own a securities company, as long as the two subsidiaries were operated separately. Such a thin wall, under conditions of a stock market crash equal to or greater than that which we experienced on Oct. 19, 1987, would provide little protection to our regional banking system.

The greatest opposition to a repeal of Glass-Steagall has come from the House, where the savings and loan institutions have strong representation.

## **Senate proposes ban on purchases from Toshiba**

The Senate proposed on March 30 a three-year ban on use of federal funds for any purchases from the Toshiba corporation of Japan, in retaliation for alleged sale of sensitive material to the Soviets. The measures would be incorporated in the upcoming trade bill.

A couple of years ago, certain computer equipment had been sold to the Soviets through Toshiba in Japan and Kongsberg Vapenfabrik in Norway. The equipment was alleged to have been utilized in a Soviet program of quiet submarines. Spokesmen from Kongsberg have said that the computer was of an older vintage and therefore could not have been of great value to the Soviets. Nevertheless, as a result of violent congressional reaction, Japan and Norway passed tough export control laws to prevent such diversions in the future.

President Reagan has threatened to veto the trade bill if this provision is included. The White House has also threatened to veto the bill if the Gephardt amendment, calling for retaliation against countries that have a large trade surplus with the United States, is included.

# National News

## Prince Charles comes to Pittsburgh

Britain's Prince Charles brought together "a small enclave of the world's richest residents," with strict security and utmost secrecy, for "perhaps the poshest bash Pittsburgh ever saw," the *Pittsburgh Press* reported on March 27.

Prince Charles was in town for a highly publicized push for "urban renewal"—transforming Pittsburgh from what used to be called the Smoky City, into what the *Press* calls "a Mount Olympus of the social circuit where billionaires and royalty convene over quail."

Initially, he suggested that the guests bring a token \$500,000 per person for the pleasure of dining together—for charity, of course. But some of the Americans were skeptical about that. New York stock broker and investment banker Alexander Papamarkou explained, "There were these people who said they'd like to hear what the prince had to say before they commit themselves to helping."

Among the guests at the March 4 dinner at Le Club Duquesne were:

- John Werner Kluge of Charlottesville, Virginia, the second-richest man in America, and Patricia Kluge, his third wife, a former nude model.
- Ann Getty, wife of Gordon Getty, son of the late J. Paul Getty. In 1984, he was billed as the richest man in America, with a net worth estimated at \$4.1 billion.
- Sen. John Heinz III and his wife, Teresa.

## CIA reorganizes counterintelligence

In a closed session of the Senate Select Committee on Intelligence, CIA Director William Webster told the panel he had "reorganized the counterintelligence function within the CIA and appointed a senior official to head it," according to a statement

issued by committee chairman David Boren (D-Okla.) and ranking Republican William Cohen (R-Me.) on March 29.

The senators said that the reorganization would facilitate anti-terrorist action, and "combine the critical resources needed to combat the threat to U.S. personnel and to facilities overseas."

Webster also informed the panel of a new, independent office, "which will report to him in his capacity as director of central intelligence," the senators said.

## SDI reoriented to 'point defense' only?

The March 26 *Washington Post* claimed that "the Defense Department is sharply scaling back its effort" on the Strategic Defense Initiative "because of seemingly insurmountable hardware and money problems. . . . The department has settled on the . . . immediate goal of protecting vital U.S. military installations from a Soviet attack."

The ultraliberal newspaper has been an ardent foe of the SDI since its inception, and is never the most reliable of sources in any case. Nevertheless, the "appease Moscow at any cost" mentality in Washington, combined with budget cuts, lends credence to the claim.

The "dramatic reorientation," said the *Post*, "is revealed in part by a 1987 Joint Chiefs of Staff classified document" which envisioned a point defense system capable of stopping only 1,500 of a projected 5,000 Soviet nuclear missiles.

The *Post* quoted SDIO chief Lt. Gen. James Abrahamson referring to the JCS endorsement of the point defense system as "a very important milestone for us." Last year, in congressional testimony, Abrahamson admitted that the Soviets could defeat such a system by deploying high-speed missiles.

Brig. Gen. Wayne Knudson, who is the director of planning for the U.S. Space Command, was the man who drafted recommendations leading to the Joint Chiefs' decision to convert the SDI into a point defense program, says the *Post*. "We were more interested in the military capability that

defenses would add if deterrence failed than the contribution they make to deterrence itself," said Knudson. That meant determining "how much of a contribution will it make to winning or at least not losing" a nuclear war, rather than taking into account "State Department considerations."

The material that Knudson pulled together was first called for when, in 1985, Undersecretary of Defense Richard Godwin got approval from Caspar Weinberger for a major internal review of the SDI program.

## Government moves to shut down NDPC

The Reagan administration has moved in an extraordinary action to defy a federal magistrate's order and execute a judgment of \$5,110,000 against the National Democratic Policy Committee (NDPC), which represents the Lyndon LaRouche wing of the Democratic Party. One lawyer called the government's tactics "as unprecedented as last year's forced bankruptcy" of two corporations and one foundation run by LaRouche associates. Others called it "retaliatory justice," "legally flawed from top to bottom," and "simply outrageous."

The \$5.1 million is a fine imposed by a Boston judge for contempt of court, a fine under appeal by the organization.

Federal Magistrate Lowe in Richmond, Virginia had delivered a decision on March 11 in favor of the NDPC, that it was entitled to the return of documents (originals and all copies) subpoenaed by the Civil Division of the Eastern District Court of Virginia, allegedly to locate NDPC bank accounts.

In retaliation, U.S. Attorney for the Eastern District Henry Hudson's office filed an "Objection to the Magistrate's Proposed Opinion," in which they stated their refusal to return the documents on various grounds, among them, that since the government had already read the documents, this "is a classic case of trying to catch the horse after he is already out of the barn."

The same office then activated the Boston Civil Division to secure a "Writ of Execution" for the \$5.1 million contempt fine



against the NDPC. The Writ was handed to a Massachusetts federal marshal and rushed to Virginia for extraordinary procedures.

Under normal procedure, the government could not move to collect the fine because it was under appeal, and no judgment was registered in the Virginia district. However, the government invoked an exotic statute whose entire case history is two cases before the year 1838, one case in 1941 and another in 1942, "Executions in Favor of United States." It allows the United States to collect judgments entered in one district in a foreign jurisdiction. But even here, there is was no precedent to invoke the statute, when a judgment is "not final" and "still on appeal."

On March 1, NDPC lawyers filed papers before Federal Magistrate Lowe demanding that the government comply with his order to return NDPC documents, and cease efforts to collect the \$5.1 million, calling it an "economic death penalty" against a First Amendment-protected organization in an election year, and an "attempt to execute a prisoner before his appeal of the death penalty has been decided."

## VA hospital wants veteran to starve

A Wilmington, Delaware soldier in a coma since an auto accident in July will be the Veterans Administration's first starvation victim, if the Wilmington VA Hospital has its way. The Chancellory Court of Wilmington will decide if Sgt. Arnold Shumotic will be killed, as per his parents' and the VA's wishes.

Both the Catholic family's parish priest and the VA military chaplain have counseled the family and "sanctioned" the proposed starvation murder.

According to a representative of Archbishop John Ryan, the military vicarite, the patient-starvation issue has divided the U.S. Catholic hierarchy and "experts are now studying the issue." He did not mention the Vatican's absolutely clear opposition to euthanasia.

A representative from the office of Delaware's Attorney General said they were concerned about the VA's court case. The spokesman reported that, according to the 23-year-old soldier's medical report from the VA Hospital's chief neurologist, "The boy is not even in a coma, he's not in a permanent vegetative state, and he is certainly not brain-dead."

"Is this your opinion?" he was asked.

"It's not opinion, it is a medical fact," was the reply. Shumotic follows visitors around the room with his eyes, and attempts to touch visitors and grasps their hands. One VA neurologist says the soldier does feel pain.

## Nancy close to Hammer, Prince of Wales

France's *Le Figaro Magazine* reports that Nancy Reagan became enamored of Prince Charles and his friend, Armand Hammer, during her and the President's last trip to Britain. In an article entitled, "What's Happening in the White House?" the Feb. 27 edition of the weekly blames Nancy for the President's appeasement policy toward the Russians, and advises her to "mind her own business."

Says the magazine, "During a trip in Great Britain, the first lady fell under the spell of the Prince of Wales, whose crowned head is full of strange ideas: a love of beasts mixed up with esoteric concerns and ecology-like mysticism. And Charles of England might have convinced Nancy that Armand Hammer (the crown prince's best friend) could transform U.S.-Soviet relations into a romance."

Reporting on the communist/Soviet-agent past of Hammer and his father, *Le Figaro Magazine* adds, "It is now Armand's turn to be the red 'éminence grise' of U.S. relations with the U.S.S.R., under the tender eye of Nancy Reagan, who dreams about crowning Ronnie with the Nobel Peace Prize. The only President who ever got this 'title' was Woodrow Wilson in 1920 . . . which led to World War II."

## Briefly

● **RICHARD SCHIFTER**, human rights chief at the State Department, told the press March 30, "In our view, Israel clearly has not only the right, but the obligation, to preserve order in the occupied territories and to use appropriate levels of force to accomplish that end. . . . While we must insist, on human rights grounds, on respect for the right of peaceful assembly, this does not extend to assembly for the purpose of throwing rocks and firebombs."

● **A COLOMBIAN** source is quoted in Italy's *La Repubblica* newspaper saying that U.S. actions against Panama are designed "to get George Bush out of trouble, since he risks being implicated up to his ears in cocaine traffic, because the cocaine traffic is part of the big scandal surrounding the shady financing of the anti-Sandinista Contras."

● **A PENTAGON** source told *EIR* March 31, "George Bush will not fight for the SDI if he becomes President, and that's a crying shame. Bush thinks the SDI has too much political baggage. He'll drop it, to prove he's his own man."

● **RIGHT-TO-DIE** societies from around the world are holding a four day conference to promote "physician-assisted suicide" for AIDS victims on April 7-10 in California. Keynote speakers are Willie Brown, Speaker of the California State Assembly, and Brian Clark, author of the play, "Whose Life Is It Anyway." The president-elect of the California Medical Association, Laurens P. White, M.D., will speak on a bill that allows doctors to give "death pills" to patients.

● **NANCY REAGAN** was recently asked who she thought was the most interesting Democratic presidential candidate. She replied, New York Gov. Mario Cuomo.

## Editorial

### *INF folly more apparent than ever*

After President Reagan and General Secretary Gorbachov signed the INF treaty last December, *EIR* published a critique of the agreement by Lyndon LaRouche, Jr., which pointed out that what passed for debate of the strategic impact of the treaty was plainly absurd (*EIR*, Dec. 18, 1987). Now, as the treaty has cleared its committee hearings and moves to the full Senate for ratification, the folly of accepting Mikhail Gorbachov's offer becomes daily more and more apparent.

Although the treaty's advocates are euphoric, our Washington bureau points out that there are serious obstacles remaining in the way of ratification, and even the *Washington Post* speaks of a "cloud" that has descended over the debate. It is not too late for patriots to urge their senators to vote against the worst superpower agreement since Yalta.

LaRouche argued, first, that the U.S. administration had given no consideration to the emerging new Soviet order of battle, which is currently rendering intermediate-range nuclear missiles obsolete (for example, radio frequency weapons). Second, even the heads of Washington's pro-defense activists are spinning, with delusions about how the treaty has a "silver lining," and would give a boost to the deployment of new weapons capabilities. Alongside this, was a wishful exaggeration of the qualities of the recently retired Secretary of Defense Caspar Weinberger.

In fact, not only does the treaty not boost new weapons capabilities, it outlaws them. It has now emerged that the treaty will ban a whole range of new weapons technologies, including microwaves and lasers. This latest "clarification" of the treaty by the administration implies the most damaging consequences for the Strategic Defense Initiative.

Then, there are the unreported, "New Yalta" aspects of the treaty-making process, the creation of a U.S.-Soviet condominium, meaning the sell-out of America's present allies in Europe and Asia to the Soviet empire, while the United States proceeds to destroy itself through colonial-style warfare in Central and South America.

It should be clear, that the INF treaty represents an abandonment of Western Europe to Soviet diktat, with the removal of America's nuclear umbrella, as spelled out in the INF-companion Iklé-Wohlstetter report, *Discriminate Deterrence*.

But it also represents the abandonment of the Afghan resistance. The United States has already stopped its supply of stinger SAM missiles to the resistance fighters, and is arm-twisting Pakistan to accept Soviet "reconciliation" hoaxes. Pressures on the Subcontinent have been heightened by the sudden appearance of Soviet rockets in the hands of Punjab terrorists—pointing in the direction of heavy fighting and martial law in India's breadbasket state.

In the Middle East, a joint U.S.-Soviet initiative for superpower or U.N. occupation of the Golan Heights is laying the basis for a "little war" between Syria and Israel. In that region, it will be the *Soviets'* sphere, to oversee the holocaust resulting from economic desperation.

In Asia, Washington's New Yalta generosity is reflected in a high-level Soviet delegation's visit to the Philippines on the eve of a bilateral review of the U.S. basing agreement there. Should the two U.S. bases be removed in 1991—the clear intention of the State Department when it overthrew Ferdinand Marcos—the entire Pacific becomes a Soviet lake, as Thailand's Prime Minister Prem voiced his fears of such a development in an uncharacteristic recent statement.

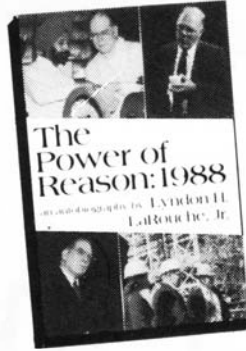
In Central America, Washington has agreed to deploy violence to destroy nationalist militaries. That is the key to U.S. insanity on the Panama question. The Soviets, in return, squeezed the Sandinistas in Nicaragua to conclude a deal with the Contras, which resolves precisely nothing, leaving the Sandinista military in power—120,000 strong.

In short, Washington's sellout of its friends around the world, under the auspices created by the INF treaty, is occurring at a pace that is nothing short of feverish. The Senate's defeat of the treaty is the best way to throw a monkey-wrench into "New Yalta," and give the world's nations some hope.

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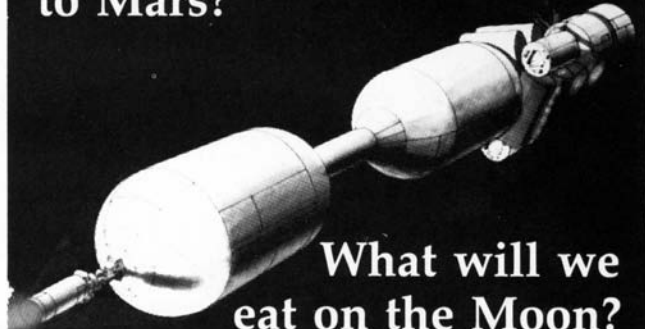
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EIR has commissioned this White Paper to bring the truth of the developing Panama crisis to American citizens and lawmakers, so that decisive action can be taken to stop this campaign before the United States faces a new strategic crisis on its Southern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

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Is this true? The answer is no. On this, the Reagan administration is wrong, dead wrong.

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