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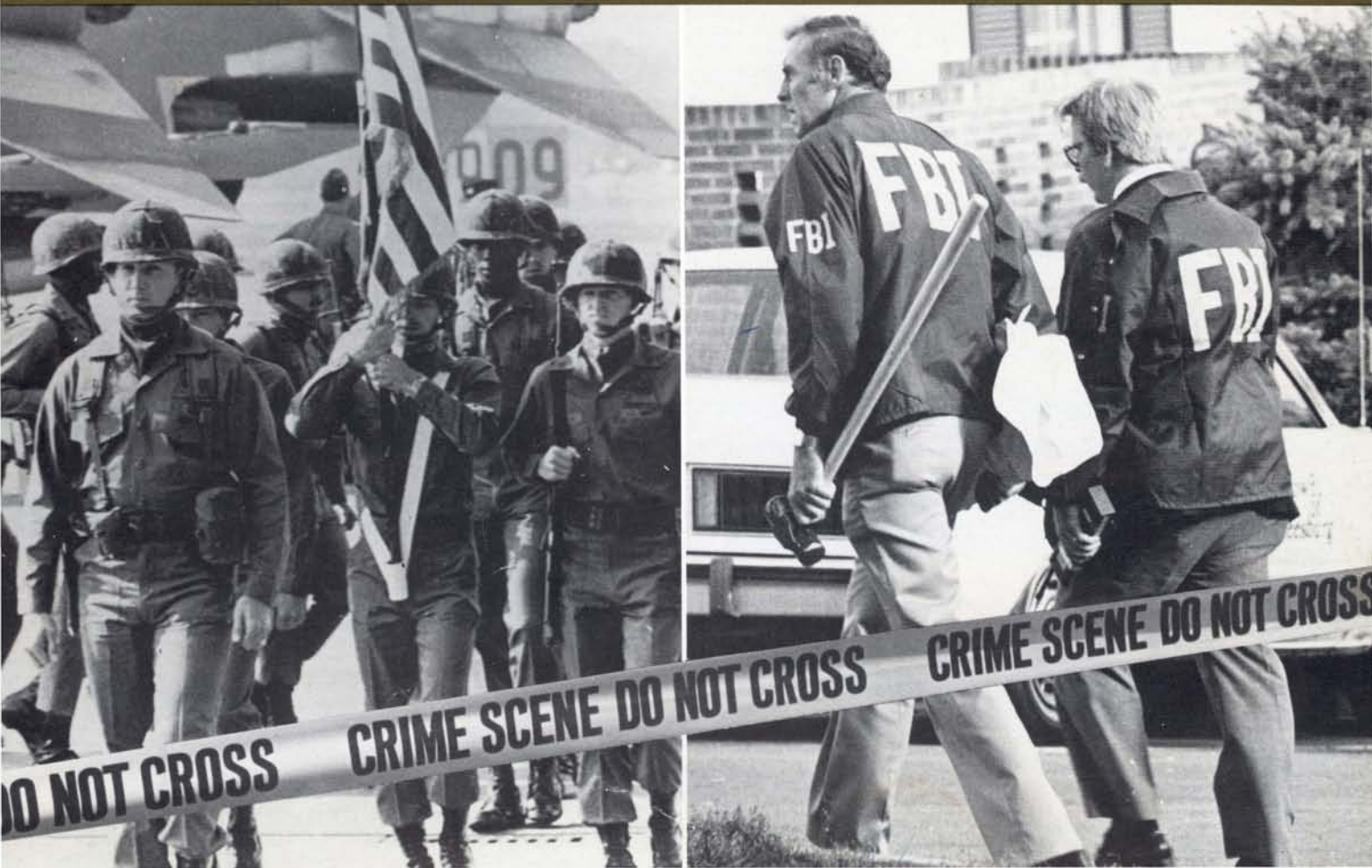
Executive Intelligence Review

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AIDS: really a neurological disease?

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From the Founder

One thing is certain; Moscow has reason to be most pleased with the FBI raid on the “military-industrial complex.”

The FBI’s attack on our national defense institutions is a political operation set into motion approximately two years ago, in a Senate colloquy among Senator Charles Grassley (R-Iowa) and two Justice Department appointees, outgoing Criminal Division head Stephen Trott, and Trott’s successor, William Weld. That colloquy began as Senator Grassley alluded to Trott’s case of alleged defense-contract corruption by General Dynamics, charges later proven to have been a Justice Department hoax. Grassley inquired of Trott whether the Criminal Division intended to keep up that targeting of Defense procurement. Trott said it was the Criminal Division’s policy to do just that, and suggested that the Senator ask the question of the incoming Criminal Division head, waiting to testify. Weld quickly assured the Senator that his intentions and the Senator’s were identical.

Back then, in 1986, *EIR* warned that Weld’s appointment to head the Criminal Division would lead to an attempt to disrupt the functioning of the Defense Department. Our forecast has been proven accurate. In this issue we identify key facts on which that 1986 forecast was based, and identify some evidence already in hand indicating that the case against the Pentagon is essentially a malicious hoax concocted by forces in government who have acted in reckless disregard of the most vital national security interests.

It is irrelevant, whether or not there might be some isolated cases of corruption or simply gross mismanagement within the “military-industrial complex.” It is irrelevant, whether the Defense Department and “military-industrial complex” have been much less than paragons during recent decades. One does not burn down a house to eliminate a leaky faucet in the kitchen; one does not wreck a most vital Department of government, Defense, for possibly years or more to come, simply to please left-leaning critics of the military arms.

The Defense Department is overdue for important reforms; it is the rogue elements in the Justice Department responsible for this scandal who must be purged promptly before they do irreparable damage to our constitutional institutions.



Lyndon H. LaRouche, Jr.

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U.S. Army, Stuart Lewis

On the cover: (left) U.S. troops marching in the opening ceremony of fall maneuvers in West Germany—a scene which will disappear if the “cold coup” is not reversed; (right) a scene from the raid against LaRouche-affiliated publications in Leesburg, Va. in October 1986.

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'Drought of '88' threatens food, energy shortages

by Marcia Merry

Barring "miracle" rainfall, the early summer drought hitting North America, from the Caribbean coasts through Mexico to Canada, will devastate the U.S. economy. The immediate impact is seen in withered crops, livestock slaughters, waterway shutdowns, and electricity outages. Even worse than the "Drought of '83," when the combination of mid-summer drought and the Payment-in-Kind (PIK) program cut the U.S. corn harvest by 50%, the "Drought of '88" threatens massive staple shortfalls, soaring food prices, and unprecedented deprivation and starvation for populations in need worldwide.

Bold emergency measures, comparable to the functioning of the World War II War Mobilization Board, could restore production and distribution potential to what is required. But we do not have a government likely to do that. The June "emergency" meetings about the drought and agriculture in Washington, D.C. and Chicago, the congressional tours, and so forth, featured talk, not action. Agriculture Secretary Richard "Ding-a" Lyng, told Congress to "pray for rain" at Senate hearings on the crisis June 14. As late as June 23, Lyng told President Reagan, "It is too early for emergency action . . . rainfall in the next two weeks would alleviate much of the potential damage."

Although some may like to think of drought as an "act of nature," drought cycles—involving huge energy shifts, such as the pressure patterns associated with the El Nino current in the Pacific Ocean, or the Gulf Stream in the Atlantic, can be anticipated. However, federal policies of the last 20 years, and especially the last five years, have guaranteed the devastation now confronting the nation.

First, federal policies have deliberately cut both food production and food output potential itself, through massive acreage reductions, meat and milk herd reductions, and dis-possession and capital depletion of farms. Acreage reduction

in the tens of millions, by reducing the respiration between atmosphere and vegetation, itself fosters drought. Second, federal policies have drawn down food reserve stocks through discount grain sales to the Soviet Union, and other deals preferential to the political and financial demands of the food cartel companies (Cargill, Bunge, Continental, Dreyfus, Archer Daniels Midland/Toepfer, André/Garnac, etc.) Finally, federal policy has opposed the required development of infrastructure projects, in particular, an expanded nuclear power grid, and large-scale water provision and management systems.

The precipitation shortages and searing temperatures have hit all the major "breadbasket" regions early in the growing season. In the Northern Plains states, at least half the wheat, barley, and oats crops have been lost as of the third week in June, and more losses will come without rain. These losses, from Minnesota through the Dakotas and Montana, represent at least 22% of the projected U.S. national grain harvest. Only 30% or less of spring wheat was even planted in the Canadian prairies this year, and Ottawa officials have placed an emergency hold on grain export shipments.

The entire cornbelt, from Western Pennsylvania to Nebraska, is hit by drought. As of mid-June, a 7-inch rain deficit retarded plant growth; then, the heat dehydrated the stunted stalks.

In all parts of the drought area, cattle herds are being liquidated. Despite the vastly reduced national cattle herd, prices for feeder cattle have temporarily dropped, reflecting the large number for sale, and the high cost of feed. In northern Mexico, thousands of head of cattle are dying. Those being sent across the border to the Texas Panhandle, where a million head have come annually in recent years, are barely able to walk.

At the same time, power levels and water transport are being cut by the drought. On June 21, the Mississippi River at Memphis, Tennessee sank to an all-time low. As of mid-June, the U.S. Army Corps of Engineers was intermittently closing parts of the river's shipping channel for dredging or emergency aid to grounded barges. Normally 300 feet wide, the channel has narrowed to 175 feet in some places. South of Cairo, Illinois, the channel is so shallow that 23 tow vessels pulling 460 barges have ran aground in just six days.

Impact on water transport

The entire waterway system of the heartland of the continent is affected—the huge Tennessee, Ohio, Missouri, Red River, and Mississippi networks. Tennessee Valley Authority records show that the drought is the worst this century in their multi-state region.

On June 21, the first power plant had to be shut down because of the drought, the Arkansas Power Company's 544-megawatt Ritchie generating plant in Helena. The plant could not get the 170,000 gallons a minute required to cool the steam from its turbines. The plant's water intake pipe, normally 20 feet below the water surface, was hanging in the air. Other plants are threatened with shutdown because of depletion of their coal stocks. Barges cannot navigate the shallow waters to keep stocks up. The TVA plans to close its 944-megawatt Allen plant in Tennessee if the river level drops another 8 inches. The Allen coal pile is down to 25 days' worth of stocks for generating electricity.

What the media headlines fail to report, when covering these hour-by-hour breakdowns, is that these are needless disasters.

The food situation

First, the basic question of food.

Close to 90 million acres of cropland was not planted in the United States this season as a result of federal crop reduction policies. Because of the large annual set-aside requirement for this season's government commodity programs, about 30% of base corn and wheat acreage was not planted—the largest set-aside this decade. This amounts to idling at least 50 million acres of base cropland. Second, since 1985, the USDA has implemented the unprecedented "Conservation Reserve Program," in which, so far, 22 million acres have been set aside for at least 10 years for non-food cover crop purposes, in the name of conservation of soils. In fact, the USDA policy has been at the service of food cartel companies, whose policy is to create profits and political control through "scarcity." We will now see the results.

Finally, millions of acres have not been planted because farm operations have been shut down under the Reagan-Bush "Recovery."

Then, there is government lying. The USDA has overstated the quantities of food stocks in storage to lull the public into complacency over food supplies, and to rationalize the

low prices paid to farmers by food cartel companies. Meanwhile, the Agriculture Department, with congressional blessing, has implemented the outrageous "Export Enhancement Program" to ship millions of tons of grain to the Soviet Union at sweetheart prices. Direct federal subsidies of grainstocks were given to the cartel trading companies, to provide them guaranteed profits, while U.S. farmers continued to receive low prices. In the last year, for example, more U.S. soybeans were committed to the Soviet Union than total shipments since 1979. Now, since the drought-ridden United States produces 70% of all the world's soybeans, the prime animal feed and all-purpose vegetable oil and meal crop, world soybean stocks will drop to bare minimum, or even below "pipeline" requirements of 100 million bushels. Price levels have risen for U.S. soybean exports to Western Europe from \$214 per ton in June 1987, to \$340 per ton this year. Prices can easily go to \$500 or higher.

Huge volumes of wheat have been flowing from the United States to Russia while the USDA knowingly drove U.S. wheat reserves and acreage down. The biggest reduction in U.S. wheat stocks on record took place from May 1987 to May 1988, falling from 1.8 to 1.2 billion bushels.

In addition to these criminal decisions about trade, acreage and food reserves, federal policy has undercut the very ability of the U.S. economy to produce, process, and ship food. Over 20 years ago, engineers and policymakers devised the plans and technologies to divert to the south water now flowing north to the Arctic Ocean, from the MacKenzie and Yukon Rivers in Canada. This engineering project, a giant form of the Tennessee Valley development plan, or the 19th-century Ohio-Missouri-Mississippi development plan, would have provided millions of acre-feet of water to the Canadian prairies and U.S. Plains States, and also replenished the Great Lakes and various river systems.

Cries of alarm

Now, as the crisis is becoming obvious, isolated cries of alarm are sounded. The *New York Times*, a foe of electricity even in the 1890s, called for reconsideration of nuclear power development—ostensibly to halt the "Greenhouse Effect" warming trend. Illinois Gov. Richard Thompson on June 23, called for diverting water from Lake Michigan to raise levels in the Mississippi system. Senators are calling for reopening the 22 million acres of the Conservation Reserve Program for grazing to save herds.

However, immediately, a national grain and foodstocks audit must be completed to allow the careful reallocation of food supplies, including the use of grainstocks for milling for cereals and livestock feeds—and not, for example, for ethanol or soft drink sweeteners. A stay must be put on exports to the Soviet Union and elsewhere, except for specified areas of need, determined under the national reserve food-use plan. Sweeping measures to restore and expand U.S. food output are required.

Munich Club of Life conference mobilizes against euthanasia

by Nancy Spannaus

The international Club of Life, the pro-life organization established in 1982 to combat the genocidal Club of Rome, launched a new phase of the battle against the spread of euthanasia on the weekend of June 11. Representatives from Western Europe, the United States, and South America met in Munich, West Germany under the banner of "Euthanasia Never Again—Human Life Must Remain Inviolable."

The two-day conference featured speeches by founder Helga Zepp-LaRouche, U.S. Democratic presidential candidate Lyndon H. LaRouche, Roman Catholic priests from Italy and Venezuela, and a number of doctors from numerous countries. Each speaker outlined the threat to human life represented by the revival of Nazi euthanasia by the re-imposition of Nazi-like economic policies internationally, and sought to present alternatives consistent with the Judeo-Christian concept of the sanctity of the individual.

At the conference's conclusion, four resolutions were adopted for action by the assembled body and the Club of Life's supporters internationally. Each resolution reflected a major discussion area in the conference as a whole.

The question of Africa

The major international concern of the conference was represented by the resolution on Africa which the participants adopted. The Club of Life from its inception has insisted that Africa's welfare is a test case of the morality of the world's governments. When an entire continent is allowed to die as "useless eaters," then there is no barrier to more hideous individual killing.

The issue of Africa was strongly addressed at the conference by presidential candidate LaRouche, who addressed the AIDS crisis and policy approaches to it at some length. Central Africa is being devastated by the AIDS virus, LaRouche said, and the cost-cutters running our health-care system and international financial institutions have cold-bloodedly decided to let them die.

The Africa resolution demanded that the world's governments take the following emergency measures:

1) Emergency food deliveries and fresh water supply to the necessary extent.

2) Emergency supply of disposable syringes, AIDS tests, disposable gloves, inoculation serums, antibiotics, disinfectants, and medicine against tropical diseases for which treatments already exist. Furthermore, emergency delivery of immediately needed laboratory equipment (refrigerators, microscopes, pipettes, test-tubes, blood-test devices, etc.), and delivery of robust x-ray devices, which can be used in emergency hospitals and mobile laboratories.

3) Emergency training of doctors and nurses for the specific treatment of African diseases.

4) A capillary network of emergency field hospitals, which can be flown into and built up in remote areas. From there, all inhabitants of the area can be thoroughly examined, and if necessary, treated. Inoculations against all disease which are presently threatening the African population can be done from here as well. Simultaneously, mobile or flying laboratories can be used.

5) The resulting comprehensive picture on the state of health and the degree of the spread of AIDS among the population will provide the basis for further priority planning, and the building of a medical infrastructure.

6) A comprehensive program to eradicate locusts and all disease-transmitting insects.

Ban human genetic experimentation

Emphasis in the conference presentations was also given to the question of genetic recombination experimentation with human genetic materials. It was the contention of candidate LaRouche, for example, that an incompetent handling of such materials in the laboratory was the actual way in which the deadly AIDS virus was created.

Helga Zepp-LaRouche addressed the question from the philosophical perspective in her speech, which was entitled "The Significance of Our Image of Man in Scientific Research." Zepp-LaRouche began with a quote from a 1965 pastoral writing on the Church in the modern world, *Gaudium et Spes*, which was issued by Pope Paul VI: "Science without conscience can lead to nothing but the demise of the human being. Our time, more than any other in the past century, needs this wisdom. . . ." This viewpoint is the one we must

adopt, she said, and this means that science and technology must be subjugated to the Judeo-Christian principle of morality that man is made in the image of God.

Because scientists involved in recombinant DNA experiments do not understand this, Mrs. LaRouche said, all genetic manipulation and experimentation with human genetic materials should be banned.

The conference as a whole passed a resolution supporting her viewpoint, which stated that the human embryo should be protected, both from abortion and from this kind of experimentation.

Treat euthanasia as murder

Not surprisingly, the conference also passed a resolution calling for the extirpation of euthanasia, and penalties against those who are carrying out these "legal" murders. Singled out for particular attention was Dr. Julius Hackethal, the self-promoting killer and proselytizer for killing people. Dr. Hackethal is still able to practice "medicine" in West Germany, despite the fact that he has shown films advertising his methods of killing his patients. Recently, he even admitted to having killed his mother!

The conference demanded that Hackethal's license be revoked, as one step in reversing the process of legalization of euthanasia. Lack of prosecution of the murderers is one of the major boons which the euthanasia perpetrators enjoy.

The conference heard extensive discussion on the euthanasia issue, especially as it is being adopted as social policy toward the elderly and the handicapped.

Two exciting reports were heard on the fight against this policy. Mrs. Bitto, of the Italian Catholic trade union, described her union's campaign against the growing austerity policy which claims there is "too much" medical care for the seriously ill. Dr. Chaovane Aroonsakul presented her successful treatment of Alzheimer's disease patients with a newly developed hormone therapy which reverses deterioration of patients even in the late stage of the disease, and thus gives the lie to the propaganda campaign that Alzheimer's patients need live "useless" lives.

Life for life's sake

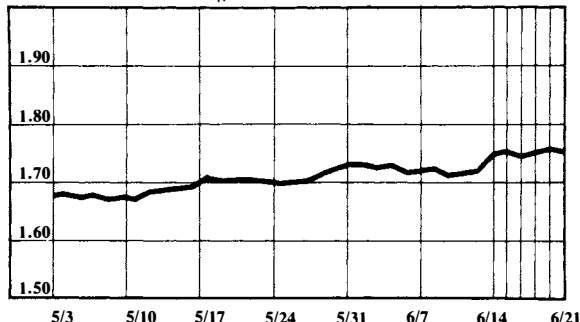
One of the most powerful speeches came from Don Dario Composta of Italy, former dean of the pontifical Urbaniana University in Rome. Don Dario condemned the new "quality of life" ethic, saying that it was used to attack the value of life itself. The priest's elaboration of the "metaphysical foundations on why euthanasia is unlawful" was endorsed by candidate LaRouche, who spoke right after him.

The conference was also addressed by several medical doctors, including the president of the Union of Medics in Germany. Greetings were received from many more doctors and prominent personalities from all around the world. These included Dr. Andre Wynen, secretary general of the World Medical Association, and Mordecai Piron, Chief Rabbi of Zurich, Switzerland.

Currency Rates

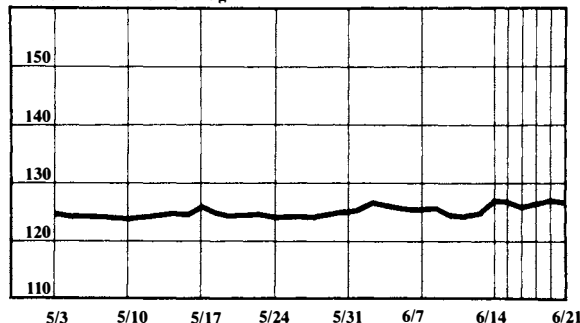
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New York late afternoon fixing



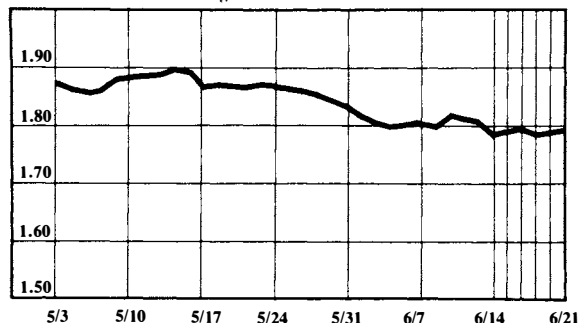
The dollar in yen

New York late afternoon fixing



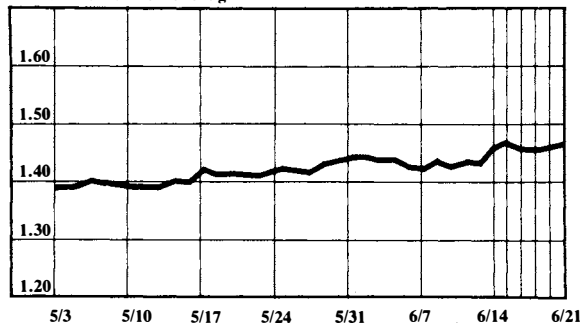
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Should 'AIDS' be renamed 'CNSD,' 'Central Nervous System Disease'?

by Our Special Correspondent

We continue our coverage from last week of the World Health Organization's Fourth International AIDS Conference held in Stockholm, Sweden. As the world statistics on AIDS continue to climb, WHO offers nothing more than "control strategy" to stem a pandemic it insists is caused by "sex and dirty needles." Our report this week discusses in depth the startling new research indicating that HIV infection is primarily a neurological disorder which causes the immunological dysfunction. While much of the material may be highly technical for the average reader, we think it is important to make it available to the public at this time.

Among the stars speaking at the World Health Organization AIDS conference plenary sessions in Stockholm June 19, three honest remarks were made: Harvard's William Haseltine said, "This is a progressive degenerative disease of the immune and central nervous system." The Pasteur Institute's Luc Montagnier admitted that we do not at present understand the action of the HIV virus on the lymphocytes of the immune system, "a central problem which remains to be solved," in contrast to the U.S. National Institutes of Health's Robert Gallo's line that the molecule says it all. And finally, Professor Ada reflected that our mastery of immune system functions may not be at the level necessary to envision a cure or a vaccine.

That WHO's definition is wholly inadequate to characterize the disease is underscored by the ceaseless fight, waged especially—but not solely—by tropical medicine specialists, to have this or that "opportunistic" disease added to the "accepted" list of AIDS Opportunistic Diseases—the Western World list, and the more restrictive African list (the "Bangui" definition), which WHO AIDS director Jonathan Mann seems to have conceived of for the "natives," because, he rationalizes, African physicians are too poorly equipped to identify other diseases, such as neurological ones.

The problem with WHO's definition of what we call Acquired Immune Deficiency Syndrome (AIDS) is even more serious than statistical juggling. As the astute Irishman Dr. William Howlett, a clinical neurologist in Tanzania, re-

marked to this author, "It is the first time in the history of modern medicine that a disease is defined by peripheral secondary clinical manifestations, instead of by the 'primary complex.' "

What is the "primary complex" in HIV infection? A small but active minority at the congress sought to identify the disease associated with human immunodeficiency virus infection as *primarily a disease of the central nervous system (CNS)*.

American and European findings concur that at autopsy, at least 90% of patients have detectable lesions of the brain. Clinical evaluation, however, only "officially" detects neurological abnormalities in 5-15% of patients, depending on the study. Those clinicians who can detect neurological disease syndromes in 90% of patients are a minority. Dr. William Howlett is one of these.

There are two types of physicians who seek to identify AIDS as a primary disease of the CNS, as a *neurological disease* whose immune deficiency aspects are only secondary, and may or may not exist in the patient. Clinicians who rely exclusively on their intelligence as practitioners, often lacking equipment because they operate in developing countries, have degrees of astuteness rarely matched by the routine practitioner in the industrialized sector. The second category is the specialists using nuclear magnetic resonance (NMR) imaging, Simple Photon Emission Computed Tomography, and other high-performance medical techniques of recent years.

Dr. Howlett has sought abnormalities in patient reflexes indicating neurological damage, in a study of 200 patients done in Kilimanjaro. He can detect characteristic HIV neurological damage with simple clinical tests (see **Table 1**). His findings, and how to conduct those tests, so far remain "hush-hush," and he was not permitted to present them publicly in Stockholm. His studies will only be made public in the AIDS in Africa conference this September in Tanzania. At least privately, the best-known neurologists working on AIDS research at Johns Hopkins University (the leading U.S. AIDS research facility today), are very interested in those find-

ings, as are the Pasteur Institute African AIDS researchers.

That the mechanism of the disease would be changes in brain performance leading to subsequent immune damage, is the firm conviction of the best AIDS research teams in France. These teams will never appear on your television, and equally abhor media hype and "AIDS education programs" with their associated socio-anthropological rhetoric. These scientists are convinced that we need new advances in our understanding of the interactions between the brain and immune systems, and we need to focus attention on HIV-induced changes on the brain, which will help us understand the consequent immune disorder.

It is the impression of this writer that if Gallo and so many others seek to preserve the image of the T4 lymphocyte/HIV molecular interaction as a primary disease mechanism, and keep focusing on "opportunistic" diseases as true definitions of AIDS, it is only to satisfy certain pharmaceutical interests who attend these congresses, and to preserve the radical beliefs of the most reductionist tenets of molecular biology.

A wealth of research

From the public workshops, from the posters (graphic presentations of material not included in the speeches), and from participants strolling in the corridors, this writer was able to uncover a wealth of interesting research which begins to document and give us leads, on the nature of AIDS "primary complex."

Dr. Renée Malouf of Harlem Hospital in New York City, shared with Howlett some of that passionate quest for the truth and liking of people which makes for a good scientist and a good physician. Dr. Malouf, a small woman with a feisty spirit, is a neurologist who has carried out a study on 190 HIV-infected drug users with either AIDS (129) or ARC

(61), of whom 151 were parenteral drug abusers. Of the total, 166 patients (87%) had neurological symptoms or signs (see **Table 2**). She also privately remarked that she had found five psychotic patients—two homicidal and three suicidal—who were admitted to the psychiatric ward, to be HIV positive. They subsequently developed AIDS.

Her observations are corroborated by a Milan study by Dr. Zamperetti who, testing for HIV in a psychiatric ward, found a high 7.2% HIV positive, contrasting with the 0.1% positive found among Milan's blood donors. He advocated systematic testing in psychiatric hospitals (with the prior informed consent required by law for all European countries).

Renée Malouf was appalled at the threat the spread of drugs in the U.S. ghettos poses in relation to HIV infection. She expressed fear, based on her own experience, that the free distribution of needles is encouraging more youth to try out hard drugs; meantime, drug abusers, who are usually prostitutes, are impervious to "safe sex and clean needles" propaganda. In fact the "educational" approach, as far as she could tell, would probably increase "crack" consumption, because the cocaine derivative, crack, does not require needles; increased consumption of crack, moreover, not to mention increased incidence of crack's effects: paralysis, brain damage, and often death, as lethal as AIDS itself!

The debate as to whether neurological diseases are just "opportunistic" diseases of immunodeficiency, is foregone. There is too much direct evidence for HIV neurological effects, and last year the Atlanta Centers for Disease Control were forced to include *dementia* among the list of AIDS symptoms. The debate has now shifted to focus on whether

TABLE 1
Neurological findings in HIV-positive patients
(total 100 cases)

Frontal lobe reflexes (snout/palmomental)	59
Dementia confusion	49
Pyramidal tract signs	16
Tremor	8
Incoordination	8
Absent reflexes	5
Depressed myotonic reflexes	5
Cranial nerve palsy	4
Seizure	3
Paraparesis	2
Hemiparesis (complete)	2
Hemianopia	1

Source: Dr. William Howlett.

TABLE 2
Neurological disease in HIV-infected drug abusers

(Total 190 patients: 129 AIDS and 61 ARC)

	AIDS		ARC	
Altered mental status	83	(44%)	23	(38%)
Focal cerebral lesions	30	(16%)	9	(15%)
Myelopathy/neuropathy	29	(15%)	9	(15%)
Seizures	13	(7%)	5	(8%)
Herpes zoster	6	(3%)	6	(10%)
Meningitis	5	(3%)	1	(2%)
Cerebral ataxia	4	(2%)	0	(0%)
Cranial neuropathy	2	(1%)	2	(3%)
Normal	18	(9%)	6	(10%)

The study conducted by Dr. Renée Malouf of New York City's Harlem Hospital concludes:

"1) Neurologic disease in HIV infection is more common than previously reported. 2) The prevalence of different neurologic symptoms and signs is similar in drug abusers and non-drug abusers, and in patients with either AIDS or ARC."

Source: Dr. Renée Malouf.

there is a "subclinical" neurological AIDS: how early the HIV carrier demonstrates signs of neurological damage; what type of damage, how to identify it, and how extensive it is; and whether HIV can directly infect neurons and related cells, in addition to the traditionally accepted view of macrophage infection in the brain.

Finally there are the interesting findings (Kansas team 1577) that HIV isolates from the brain, exhibit different biological and serological properties from that of peripheral blood.

- "Subclinical cerebral dysfunction" was identified by a team from Australia, led by Dr. I.H. Frazer (Lions Immunology Labs), which concluded that HIV was "neurotropic and capable of directly inducing brain damage even in immunologically normal subjects, early in the course of HIV infection."

Also from Australia, a team with Dr. Michael Perdices (NHMRC epidemiological unit) emphasized that HIV-infected patients show impairment of information-processing abilities on *complex*, but not on simple, tasks, which is related to disease progression. The only study of its kind, this finding is interesting, because it highlights the deficiency in the typical U.S. reductionist mental test, which may not detect damage to higher cognitive functions.

- Irina Elovaara, University of Helsinki, Finland, presented NMR and/or CT findings of 47 HIV-infected patients related to neurological dysfunction and intrathecal HIV antibody synthesis. "The results show that central and cortical brain atrophy as well as brainstem atrophy are frequently found in HIV-infected patients with cognitive/and or behavioral abnormalities. However, intrathecal HIV antibody synthesis found earlier than neuroradiological alterations may indicate subclinical HIV disease of the brain."

- Researchers at Ludwig Max. University, found that, "examining the CNS, [cerebrospinal fluid] findings suggestive of an inflammatory CNS disease, were found in 77% of HIV-positive, clinically and immunologically healthy persons."

- Igor Grant, in studies done in London, reported, "MR scans rated by a neuroradiologist blinded to group membership showed 3 ARC/AIDS patients had some atrophy and two-thirds had scattered high-intensity lesions. Among HIV positive, 10 out of 14 had mild atrophy and 5 out of 14 had parenchymal lesions." His team concluded that this was "confirmation of earlier studies showing early brain involvement in HIV infection."

- Ann Collier (Washington University): "In HIV-positive [patients], MRI scan showed white matter disease in 11 out of 18 cases, ventricular enlargement in 3 out of 18, sinus disease in 9 out of 17." The conclusion is that "CSF abnormalities, white matter lesions on MRI scan, and subclinical neurological and neuropsychological abnormalities are common in homosexual men that are asymptomatic or have clinically mild HIV infections." Some researchers find "subclin-

ical functional impairment of CNS affecting predominantly the cortical structure" (Landi, Milan), this as explanations of minor alterations in Brainstem Acoustic Potential, (7 out of 23 patients) *and* abnormal Pattern Reverse Visual Potential (7 out of 23) but no change in subcortical sensory conducting time.

(Some researchers emphasize subcortical lesions, others emphasize cortical ones.)

Studies on AIDS dementia

In workshops, the most interesting presentation was made by Dr. Price (Memorial-Sloan Kettering), on a study done to "further characterize brain HIV infection associated with pallidonigral degeneration noted in two patients with AIDS Dementia Complex (ADC):

"In both brains there was severe neuronal loss in the globus pallidus (GP) and substantia nigra (SN) with axonal spheroids and marked regional iron deposition." HIV infection could not be detected in neurons and other glial elements. The conclusion was most interesting. "Two contrasting, but not mutually exclusive, hypotheses are offered: 1) Productive HIV infection of macrophages and microglia releases products toxic to certain neurons; or 2) selective HIV targeting of particular neurons explains the localization of infection, and the neighboring infected macrophages and microglia are 'indicator cells' that have 'rescued' and amplified low-grade or latent neuronal infection."

While the toxin hypothesis has already been formulated, notably by Montagnier, the other hypothesis is bolder and more intriguing: What if the infected macrophages were *indirect* evidence of neuronal infestations? This dispenses with the common attitude which says "we know" that macrophages are both the transporter of HIV to the brain and the reservoir of infection, which "fact" may be a secondary feature of a primary infection of neurons.

That neural tissues *are* a target for HIV, was demonstrated by another experiment conducted by W.D. Lyman (Albert Einstein College of Medicine) who tested the hypothesis that HIV can infect neural tissues during gestation. "Sections of fetal cortex obtained from seronegative women were harvested and the culture was incubated with HIV. The culture done without HIV developed and differentiated normally, the culture with HIV, for at least seven days, showed significant pathological and cellular infection with HIV." The conclusion of the team was that "HIV can infect neural cells and cause pathologic changes *in vitro* similar to those observed *in vivo*."

Another presentation by Price stated that "clinically detectable eye movement abnormalities" could be a useful means of detecting neurological damage in HIV-infected patients. Rates of Corrective Saccade frequencies in eyes of seropositives are clinically detectable and seem usable markers of early HIV neurological disease.

Simple Photon Emission Computed Tomography

(SPECT) was used by F. W. Schaefer (Johns Hopkins University) to indicate that HIV infection is associated with diffuse brain involvement, disrupting *both* the cortical and subcortical area. "Individuals may demonstrate SPECT abnormalities early in infection, before showing up on neuropsychological test performance."

The importance of MRI studies

A. Sonnerborg (Karolinska Institutet, Stockholm) in a study using Magnetic Resonance Imaging, found himself in close agreement with Tanzania's Dr. William Howlett in an interesting meeting of minds from both sides of the planet using totally dissimilar techniques, from advanced technology to astute clinical observation.

He studied 64 patients in different stages of HIV infection. "Brain pathologies were detected and characterized from MR scans using a recently developed procedure of computer-assisted classification. Detected aberrations exhibited a significant relation to the stage of HIV infection. Focal pathologies, e.g., abscesses, cortical atrophy, and enlargement of the ventricles were most pronounced in patients with advanced immunodeficiencies. More subtle changes such as demyelination of the white matter was detected in all groups. The conclusion was that tissue characterization by ultralow-field MRI in combination with computer-assisted classification was a useful method of the study of brain lesions in HIV-infected patients." Another Karolinska researcher used low-field MRI to non-invasively detect white matter demyelination in AIDS patients.

- Lionel Resnick (Mount Sinai Medical Center study supported by the U.S. Army Med. Res.) presented studies on early markers for HIV infection of CNS, which concluded that "elevated intra BBB IgG synthesis and abnormal serum IgG bands are indicative of early CNS infection by HIV."

- Peter Pohl (University of Innsbruck, Austria) used SPECT to show "pathological changes even in the early phase of the disease." The data indicated both disturbances of cerebral amine metabolism and alteration of local perfusion share in the pathophysiology of AIDS Dementia Complex.

'Slim disease' in Africa

Margareta Larsson (University of Gothenburg, Sweden) showed how HIV's metabolic effect could be at the origin of the "slim disease" so often seen in Africa in correlation with HIV infection. "Significant changes in the indolamine turnover in the blood and brain compartment were seen at an early stage of HIV infection and found to be most pronounced in patients with AIDS." This may lead to effects in the production of the enzyme nicotinamide adenosine dinucleotide (NAD) as well as on the transmitter serotonin thereby inducing the "slim disease" and affecting the brain function.

The director of the Bangui Pasteur Institute, M. Georges, argued for the Bangui definition to be revised to include neurological manifestations in African HIV-positive pa-

tients, based on his own experience. He was snubbed by the WHO gurus moderating the workshop.

Zairean neuropsychiatrists met recently at a medical congress told this writer that they were worried about the HIV-associated dementias, which are fast becoming epidemic in their country.

- Dr. Guillermo Garcia (neurology service of the Instituto Nacional de la Nutrición "Salvador Zubiran"), in a study in Mexico, identified neurologic illness as manifest in 33.2% of AIDS patients.

HIV as a neuromuscular disease

David J. Eilbott (Walter Reed Army Institute of Research) presented his studies showing that "HIV RNA is detected by *in situ* hybridization in the spinal cord of AIDS patients with myelopathy and the close correlation of HIV RNA localization with histopathological findings, suggest direct role of HIV in pathogenesis of myelopathy in AIDS and AIDS-related conditions."

Al Belman (State University of New York at Stony Brook) observed loss of myelin and axon in children with symptomatic HIV infection. Clinically corticospinal tract (CST) signs had been a prominent feature in 14 out of 15 patients. *Post mortem*, 10 had lateral CST degeneration, in three, the anterior was also affected. Tract degeneration in four children was characterized by loss of myelin and axon. "CST degeneration in some children may represent an axonopathy that is tract specific, and in some there was evidence of developmentally delayed myelination."

Other studies show the entire neuromuscular system appears to be involved.

Ron Kletter (BAART-FACET, Department of Pediatrics, University of California at San Francisco) reported the findings of a most worrisome study on the children born of seropositive women, where the children appear both infected and not infected. The study showed the developmental pattern of seronegative children of HIV-positive mothers resembles that of seropositive children: 66% had a pattern of declining mental development index with age. This could indicate either that the children are infected though seronegative, or an effect of the HIV-positive mother on the child during gestation which would be some form of hidden brain damage.

Also to be noted is that, Robert Gallo's assertion to the contrary notwithstanding, HIV-2 is as lethal as HIV-1 and has already been found to induce neurological damage. "HIV-2 should be suspected in patients with only neurological symptoms even if they have never been to West Africa" says Dr. Sicard, Cochin Hospital, Paris.

We do not as yet, screen blood for HIV-2. Yet, while most African countries have not even one Nuclear Magnetic Resonance scanner, WHO is offering new projects to study "sex behavior" in Africa (Gagnon of Princeton, during the plenary).

National debate provoked on how to meet the threat

by Susan Maitra from New Delhi

A great fuss has broken out during the month of June in India that may determine whether or not the country can prevent the deadly AIDS virus from getting a foothold here.

Dr. A.S. Paintal, the distinguished physiologist and head of the Indian Council of Medical Research (ICMR), is an unlikely person to provoke such a fuss. But at a recent ICMR function, Dr. Paintal mentioned, apparently in passing, that the Health Ministry had approved a proposal from ICMR for legislation banning sex with foreigners and visiting non-resident Indians (NRIs) in an effort to "save the nation from self-destruction."

In a very private society that likes to think of itself as sexually conservative and immune to the decadence of the West, the reaction was immediate. News blasts, commentaries, and editorials poured out. An impassioned buzz began. Impossible to enforce! An infringement of rights! Invasion of privacy! The man is crazy! How dare he question our moral standards!

National debate

Dr. Paintal's proposal itself may well be outrageous and unworkable, but as this writer learned in a discussion with the ICMR chief, making it was part of a deliberate strategy to force a wide public debate on how to meet the AIDS threat. Indeed, that such a distinguished scholar should raise this kind of public controversy defies every norm of business-as-usual in Indian bureaucratic public life—and that, more than anything else, offers the chance for a useful result.

Dr. Paintal would like to see workshops of young people and their parents and teachers across the country. The demand for discussion of the AIDS threat will be concretized with a full-scale formal debate organized through the universities when the fall term opens. The precise terms of the debate are now being finalized, Paintal told *EIR*, but contestants will be challenged to defend Paintal's proposal, and explain how to implement it, or propose a workable alternative.

"We will make sure that more marks are given for substance than for style," Paintal said, adding that ICMR is now preparing extensive educational materials to feed into the

debate on the campuses. The winner will be announced on Jan. 1, 1989, and, hopefully, the concluding rounds of debate will be televised nationally.

So far, there have been 14 reported cases of AIDS in India—of these, 10 were Indians and 4 were foreigners. Of the 10 Indian cases, evidence suggests that the infection was acquired abroad in eight cases; the ninth case is the wife of one of the patients. The tenth case appears to be the first "genuine Indian case," the result of a blood transfusion from a local Indian donor who had never been abroad.

"Now we have waked up," Paintal told *EIR*. "And we must see to it we don't make the same mistakes as the West," he added, referring to the AIDS education campaigns which, in his view, have been a failure.

Paintal's worry

Of immediate concern to Dr. Paintal are the urban upper-class Indians, of which the NRIs are a prominent part—9 of the 10 Indian AIDS cases have emerged from this group, and it can no doubt be considered the major pool for "fast track" spread of the AIDS virus here. This is the section of the population where traditional values have given way to a heady cosmopolitanism, where sexual and even drug experimentation is rife, where extended stays abroad in America, Europe, and Africa are common, and where wealth buys exemption from such things as the nationwide AIDS surveillance system.

It is this section of the population, more than foreigners per se, that must be provoked or coerced into responsible behavior—such as getting tests—according to Paintal, and a notice in the mail simply won't do it. Unlike Thailand, the Philippines, and some other nations, Paintal explains, India has never been on the "sex tour" map. Tourists come, usually in groups, to see the Taj Mahal and the Himalayas in Kashmir. Their routes are defined and their contact with the population minimal.

The streams of what used to be called hippies that have made a point of pilgrimages to Goa and a few other spots are identifiable, and potentially screenable. According to recent press reports, the Indian government will initiate spot checks

at airport arrival terminals, where suspected AIDS carriers among incoming passengers can be tested on the spot and delayed for several hours pending preliminary results before being cleared through immigration.

In January, at an AIDS conference in London, Indian Minister of Human Resources Narasimha Rao advocated that an AIDS-free certificate be routinely issued abroad as part of the travel documents carried by foreign travelers, but there has been no discussion here of such a proposal, and so far there is no indication that the Indian government has seriously considered making such a certificate mandatory for visitors. Besides ritual invocation of the World Health Organization's view that such a measure is impractical, Dr. Paintal again pointed to what he views as India's peculiar dilemma—what about the NRIs? Most of them are Indian citizens, he points out, and all have families and relations here—can you tell them they cannot enter India?

Broader mobilization

Since 1985, when the ICMR first set up a task force to investigate how HIV might affect India, the issue has become a central concern of the health establishment. "I am being pushed to the wall," Paintal told another interviewer. "The ICMR is responsible for the health of the nation. I shudder when I think of the scenario in Britain: only one case in 1981, and a projection of 10,000 in 1991."

Besides the national debate initiative, several other measures are in the pipeline. First is a policy for screening *all* blood donors in the country, a measure which, just a year ago, had been dismissed as "too expensive." Over 1 million bottles of blood are transfused in India annually, and testing for hepatitis B, a serious problem in India, is not even 100% yet. According to Dr. Paintal, following the detection of five seropositive blood donors in the course of spot checking in late 1987, surveillance of blood donors was intensified and a pilot project undertaken in Tamil Nadu for 100% screening to determine its cost and feasibility.

"We must give more attention to the person with AIDS," Paintal added, referring to the intolerable incident in Calcutta several years ago, when a prostitute found to have HIV infection—the first case in Calcutta—was thrown in jail. She escaped from the jail and was never found again. A decision has been taken, he said, to treat AIDS patients as ordinary patients, and another meeting on hospital policy on AIDS was convening at the institute as this writer left.

Meanwhile, the country's surveillance system is being strengthened as much as possible. In just over two years, when the first tests were done at the Christian Medical College in Vellore, Tamil Nadu—and 10 prostitutes from a vigilance home in Madras were found to be seropositive for HIV—a nationwide system of 39 surveillance centers and four reference centers has been built up. All centers are equipped with ELISA kits, laboratory facilities, and trained staff for conducting the tests. Positive results are referred to

one of the reference centers for confirmation using the Western Blot test.

Screening and followup

For the most part, surveillance is limited to so-called high-risk groups—prostitutes, heterosexually promiscuous men and women attending sexually transmitted disease (STD) clinics run by the government, and to a lesser extent, homosexuals and drug users, blood donors and repeated recipients, and suspected cases of ARC/AIDS. The surveillance network is operated as a collaboration among ICMR, the Health Ministry in Delhi, and the state health authorities, who are expected to organize sample collection and designate medical colleges to serve as centers. As a result, the centers' operation has been uneven; in many states where the local authorities have not been able to function effectively, very few individuals have been screened.

By February 1988, some 87,000 individuals had been screened, and 263 were found to be seropositive for HIV. By April this number had jumped to 305, all seropositive and asymptomatic. Included in this number are 30 foreign students. India acted quickly in early 1987 to institute testing of all foreign students in the country, more than 80% of whom come from Africa. In spite of initial political resistance from some student groups and a few days of noisy demonstrations charging the policy was "racist," more than 6,000 students have been tested. The policy is still in force, and may be strengthened as some universities have apparently failed to implement it fully.

From the outset, emphasis has been placed on rigorous followup of the asymptomatic, seropositive individuals. The ICMR's December 1987 bulletin notes that this followup will provide the data base from which to evaluate the validity of the WHO's criteria for clinical diagnosis of AIDS in developing countries where undernutrition is common and diarrheal diseases, tuberculosis, and parasitic and skin infections are prevalent.

The reference center at the All India Institute of Medical Sciences (AIIMS) in New Delhi has also initiated studies on the immune status of the HIV seropositive persons. Interestingly, the studies have shown that although some of these individuals had moderate immune depression and hypergamma globulinemia, none have so far shown any clinical evidence of increased susceptibility to infections. Two women have become seronegative during followup and remain asymptomatic. The significance of these findings is not yet clear, states ICMR.

Both AIIMS and another reference center, the National Institute of Virology in Pune, have reported successful isolation of HIV from seropositive individuals in India. This is an important step toward definitive characterization of the Indian virus—HIV 1, HIV 2, or something else—and possible identification of more specific courses of action to combat the disease.

No relief for Third World debtors

The new "Third World development" program of the German government is a fraud.

A dangerous time bomb is ticking that has to be defused now, to prevent serious damage to the world banking system." So said West German Chancellor Helmut Kohl at the June 20-21 Toronto summit of the top seven Western industrial nations. But behind the fine words, there is no program to deal with the crisis.

Kohl presented his own cabinet's decision of June 8 to write off 2.2 billion deutschmarks (\$1.26 billion) of bad debt for a select group of eight African countries.

This only involves countries which are in no position to pay anything anyway. No debts are written off for "wealthier" countries, like Nigeria. German Finance Minister Gerhard Stoltenberg expects he will get the same DM 1.2 billion that "good debtors" in Africa paid back in 1987, also this year. In a word: No debt relief for the majority of Africa.

This episode illustrates the state of Third World policy in Bonn. With back-up from the Third World Affairs Ministry, Chancellor Kohl has repeatedly announced broad initiatives for economic recovery in the developing countries. Reality of government policy is, however, shaped by the Ministry of Finance, opposing debt relief "in principle, because it sets a very bad trend."

But the same Finance Ministry agreed that DM 2.2 billion of debt be written off now, didn't it? It did—and did not. This program only involves state-to-state debts; no pressure is exerted on the private banking sector to write off commercial debts. The program is not meant as the first political

step in the direction of a general debt moratorium, but is designed to promote a case-by-case approach against a global debt settlement.

The government's tricks on the debt issue have come under criticism from Germany's churches. On June 22, Norbert Herkenrath of the Catholics' Third World aid program, *Misereor*, expressed dissatisfaction with the "Toronto debt relief agreement." "The private creditor banks, too," the prelate told *EIR*, "have to take their share of the debt relief, and it would have been good if the governments of the summit had put some pressure on the banks, to have them join the talks on the debt problem."

A public critique was issued at the June 21-22 session of the Joint Church Commission on the Developing Sector, which convened in Berlin. Catholic Bishop Franz Kamphaus, who had denounced the International Monetary Fund (IMF) as a "gang of street-robbers" in a parliamentary hearing in April, said that "the debt crisis not only threatens the developing nations and paralyzes their economic potentials, but is a threat also to the world banking system as a whole and to world trade." Only a "mutually agreed debt amnesty" between the Third World and the industrialized creditor nations, Kamphaus said, would help to restore a functioning world economic order.

It is important to point out, however, that the Catholic Church of Germany, in spite of its harsh criticism of the IMF, is not for the abolition of this monetarist institution, but only for its reform. The Church wants the IMF to be turned into a money-lending, rather

than money-gathering institution. This won't work, and if the Church doesn't want to chase dangerous illusions, it will have to recognize that there is no substitute for a new banking system for Third World credits.

Both churches in Germany, Catholics and Lutherans, know (and stated publicly on May 16) that writing off old debt is solving only one part of the problem; offering new credit for economic reconstruction at low interest rates, is the other, bigger part of the solution.

In the Federal Republic of Germany, there is a tacit accord between the government and the bigger banks, to block every move in the direction of a general debt moratorium. To overcome certain problems with the debtors, the government permitted tax rebates for German banks, on the condition that they write off a part of the bad debts. The government also allowed the banks to compensate for their losses, by raising operational costs on bank accounts, trading with assets, and the like. It is the taxpayers in Germany who pay the banks, of course.

No doubt there are limits to this kind of debt transfer. The combined taxpayers of the seven Toronto summit nations will not be willing or able to pay for the \$200 billion of Third World debt that the seven heads of state said they want to write off over the next few years.

Besides that, is the German government actually willing to grant new credit to the developing sector?

Currently under discussion in Bonn is a recent OECD study proving that, despite the big speeches, there is an absolute decrease in Third World aid. Between 1987 and 1988, the German government's budget for Third World aid programs shrank by almost 7%, and the German banks reduced their lending to developing nations by 14%.

Officials resisting austerity purged

The Brazilian President fired military and civilian officials who spoke out against wage gouging ordered by the creditors.

With his abrupt June 17 dismissal of the armed forces chief of staff Brigadier Paulo Roberto Camarinha, President José Sarney gave Brazil's creditor banks and the International Monetary Fund (IMF) a palpable demonstration of how far he would go to implement the draconian austerity promised them by Finance Minister Maílson da Nóbrega.

Col. Ozires Silva, the president of Petrobrás, the \$17 billion a year state oil monopoly, was fired for the same reasons June 21. Hours later, Da Nóbrega announced an accord with commercial bank creditors to reschedule \$62 billion in debt and finance another \$5.2 billion of interest.

Camarinha, a senior air force officer with cabinet status, had been relentlessly criticizing the regime's freezing of wages of all public sector employees. When Da Nóbrega and Planning Minister João Batista de Abreu first tried to impose the freeze in late February, Camarinha blocked them. He unleashed a chain reaction, tagged "the Camarinha factor" against their plans to eliminate three monthly inflation adjustments while prices rose 20% every month.

Camarinha asserted wage gouging would not really solve the inflation problem, but would endanger social stability and prevent the modernization of the armed forces, including the Brazilian space mission. He lost the battle and wages were frozen in April and May.

In the declaration which became the pretext for his dismissal, Camarinha declared: "Wages were frozen and

prices skyrocketed. All you have to do is go to the supermarket. The stores are empty. . . . The public employee has no motivation. . . . I think Minister Batista de Abreu has to do something. Things can't go on like this, because if they did, there would be no need for the minister."

In the candid interview, Camarinha also accused President Sarney of having broken his promises: "Last Dec. 9, the President inaugurated the Integrated Testing Laboratory [the only lab in the southern hemisphere for testing satellites]. There he made his famous speech announcing that, regardless of the country's economic difficulties, the space program would continue. . . . I have kept reminding him of this, even in the report I brought him the other day. We need resources for the lab to function. Our space program is extremely important because we have to develop our own technology."

Camarinha's interview with the official Brazilian News Company was later rumored to have caused the planning minister to threaten to resign, if Camarinha were not fired. Camarinha decided on confrontation after hearing the President speak to a group of Superior War College students, led by Camarinha himself, June 13.

In his speech to Brazil's elite of the future, President Sarney called Gorbachov's perestroika the political benchmark of the present international conjuncture. Sarney also attacked the very existence of the Brazilian state, making clear he would not keep his promises: "We are living in a crisis

of the Brazilian State, that State which was a great protector State, the State which solved everything, the State which guaranteed all solutions and which acted as the savior. This, without any doubt, has reached exhaustion. . . . The truth is that the Brazilian State reached an exhaustion point in which it does not have the resources to deal with its minimum responsibilities in health, education, and other public services, without having any funds for large-scale investments."

With Camarinha's fall, the monetarist group completed its consolidation of power. These protégés of ex-Finance Minister Delfim Netto began their resurgence with the dramatic fall of ex-Finance Minister Dilson Funaro in April 1987.

The big irony is that some of the very same people who helped torpedo the debt moratorium Funaro declared in February 1987 and helped overthrow him, are suffering in their own flesh Brazil's return to the IMF and its humiliating and unrewarding negotiations with international creditor banks. A prime example is the ex-president of Petrobrás.

The water is reaching their necks. The new economic policy targets military modernization, especially the space program and everything which depends on highly skilled technicians and scientists, who are fleeing the country as their salaries become worthless.

The IMF noose is also tightening around the state governors, especially São Paulo's, who has been Sarney's most powerful political backer, and was the most devastating adversary of Funaro. Governor Orestes Quércia now has had all state bank accounts frozen by the man he put in the finance ministry, Maílson da Nóbrega. With this, the IMF's proverb—"Help me hang you"—has been fulfilled once again.

Business Briefs

Medicine

Malpractice rates hit obstetricians hard

Skyrocketing malpractice insurance rates and the fear of being sued are forcing large numbers of doctors to give up delivering babies throughout the United States, according to an Institute of Medicine conference in Washington D.C. "Multiple counties or entire regions of some states report having just one or two doctors to deliver babies," said Health and Human Services Secretary Otis Bowen, during his keynote speech at the conference June 20.

According to Bowen, malpractice rates have risen more rapidly for obstetricians than for any other specialty. The average premium rose from \$11,000 in 1982 to more than \$37,000 in 1987. In Florida, the annual premium for an obstetrician was \$152,900 in 1987.

High insurance costs, and the fear of being sued, have resulted in 12% of obstetricians in the country stopping delivery of babies, while 27% now limit their practice to high-risk pregnancies most in need of a physician's care.

AIDS

Alarming increase in deaths of young women

"Alarming increases in deaths of young women from respiratory and other infections in the District of Columbia and other urban areas of high AIDS prevalence suggest many more women are dying of AIDS-related illnesses than data indicate," the *Washington Times* reported June 20, citing a report in the July issue of *Ms.* magazine.

The AIDS-related "deaths of women may be significantly undercounted because many do not survive long enough to develop or be diagnosed as having the 'full-blown' AIDS used for official case counts," wrote Ms. Chris Norwood, chairwoman of the AIDS Committee of the National Women's Health Network, who authored the *Ms.* report.

The percentage increase in flu and pneumonia deaths between 1981 and 1986 in New

York City was 154%, while in Connecticut, the increase was 133%, followed by the District of Columbia, with 125%, Maryland with 57%, and New Jersey with 38%.

"When you start to see deaths going up like that in women who are supposed to be in their healthiest years, you really have to ask what's going on," said Dr. Iris Davis, AIDS outpatient coordinator at Woodhull Hospital in Brooklyn, N.Y. "There's so much [AIDS] associated disease we're not monitoring."

Precious Metals

Gold price rises despite supply rise

Despite a remarkable increase of supplies on world markets, the price of gold has remained remarkably stable and steadily increased. This is the conclusion of a feature analysis in the June 20 *Neue Zürcher Zeitung*.

The newspaper stresses that the gold price has moved upward despite the fact that free world gold production has increased more than 43% since 1980, from 959 to 1,373 tons in 1987, including a North American increase from 129 to 275 tons.

The Swiss financial daily points out that despite this and unprecedented "gold loan" sales of bank gold onto markets, prices have increased steadily, aided by significant buying from Japan, South Korea, and Taiwan.

The obvious inference is that governments as well as private investors are willing to pay whatever the market is asking for the precious metal, as a hedge against volatile financial markets.

East Bloc

U.S.S.R. rife with poverty, drug-addiction

More than half of the Soviet Union's population lives below the poverty line, the Soviet newspaper *Sotsialisticheskaya Industriya* reported June 1. The paper cited retired people, young couples with children, families in which fathers earn little money, and

single mothers as the most common victims of poverty.

At the same time, "drug addiction has skyrocketed," reports *Komsomolskaya Pravda*. According to figures given by Soviet Health Minister Chazov in an interview with the Communist youth daily, 22% of all students in professional schools and 15% of all university students have used drugs.

Dope, Inc.

Marijuana crop up, arrests way down

Marijuana grown in the United States in 1987 was worth \$33.1 billion, according to the newsletter of the National Organization for the Reform of Marijuana Laws (NORML). This represents a 50% increase over the government estimate for 1986.

NORML released the figures at its 18th annual conference, whose featured speaker was Ron Paul, a former congressman now running for President on the Libertarian ticket.

The states harvesting the greatest quantity of marijuana are Arkansas, California, Georgia, Hawaii, Kentucky, Missouri, North Carolina, Oregon, Tennessee, and Washington, with over \$1 billion each.

By comparison, the total receipts of the farm sector, encompassing every other crop produced, were \$142 billion in 1983, and have not changed much since.

In short, marijuana is by far the single largest cash crop in the country, and is the most important cash crop in quite a number of states.

At the same time, marijuana arrests in the United States are at their lowest level since the drug was declared illegal 50 years ago, falling by 20% from 1986 to 1987.

Foreign Aid

Industrial nations cut Third World programs

Every industrialized nation except Japan has cut their aid programs to Third World coun-

tries during the course of 1987. Japan, on the other hand, actually increased its Third World aid significantly over the 1986 level.

The aid cuts are documented in a new report published by the Organization for Economic Cooperation and Development (OECD). Some of the cuts documented by the report are:

- The U.S. government cut its Third World aid programs by a whopping 10%.

Trade

Houston port posts record grain exports

Port of Houston grain exports—mainly to Russia—are way up, according to figures just released.

Exports of grain from the port were up 225% for the first five months of 1988 compared to the same period in 1987. Shipments through the one public and four private grain elevators on the Houston ship channel totaled 3.9 million tons from January to May 1988. During the same period in 1987, total shipments came to 1.2 million tons.

"Most of the elevators have surpassed the business they did in all of 1987," said a port spokesman.

The increase was attributed to a major grain sale to the Soviet Union, and U.S. government programs making U.S. grain competitive overseas.

Markets

Rohatyn ponders next big crash

Felix Rohatyn of Lazard Frères, architect of the looting of New York City under his 'Big MAC' (Municipal Assistance Corporation) scheme, seems unnerved by the idea that another, bigger crash is just around the corner. He rethinks some of the policies he has advocated in the past in a commentary appearing in the *Wall Street Journal* June 24.

Nine months after the crash, he writes, the question remains what to do, and unfortunately, the answer has been nothing. "Since it is obvious that no meaningful action will

be taken before the next market crisis," he suggests certain remedies when the time comes.

"This [crash] . . . is the result of excessive speculation, excessive use of credit, and inadequate regulation." Changing such behavior requires: 1) imposing a 50% tax on the profit of securities held for less than a year. 2) sharply limiting the type and proportion of speculative investments held by federally insured institutions.

"After all," he concludes, "at the very least, we should be ready to take action after the next shock to the system. Such a shock could well be more far-reaching than the last one."

European Community

10% of German auto workforce to lose jobs

About 10% of West German auto workers will have lost their jobs by 1992, a series of studies done for the auto industry in Germany predicts.

On June 21, Volkswagen director Werner Schmidt stated that Europe's market for cars will shrink by 10-15% in the early 1990s, implying that the workforce will be reduced by roughly the same percentage. The management of Opel was the first to present concrete figures, announcing June 22 that, of the company's 53,000 current employees, 6,500 will be gone by 1992.

Most of the studies have been done by McKinsey Corp., a consulting firm which is known for its "streamlining" recommendations to industry management.

However, an independent study compiled by the German Metal Workers Federation anticipates the loss of 30,000 jobs in the auto industry in the Stuttgart area alone during the early 1990s.

- The West German government cut its aid program by close to 7%.

- Assistance programs for Third World countries by private institutions (banks, etc.) dropped by 14% in 1987. This is about the amount by which West German banks, for example, reduced their "financial risk" in Third World countries (one-sixth) in the past year.

By contrast, Japan's government increased its aid to Third World countries by 13.5%.

Briefly

- **AUSTRALIAN** physicians in significant number are engaged in "mercy killing," according to the *China Daily* June 21. Two thousand of Australia's 35,000 physicians were polled by mail by Prof. Peter Singer of Monash University. Of the 869 who replied, 62% favored "active euthanasia." Over 350 doctors said they had been asked to "bring about" patient's deaths, and 107 said they did so, 80 more than once.

- **PERU** has devalued its national currency, the inti, by about 50%. The new exchange system, announced June 17, follows a similar increase in interest rates charged to and by banks.

- **THE U.S. STATE** Department is using "gangster tactics" to prevent Japan from increasing trade ties to South Africa as the U.S. "disinvests." According to well-placed South African sources, the Japanese filmmaker Fuji was angered at a State Department threat of a 100% import tariff on U.S. film sales, if it attempts to replace Kodak, which disinvested from South Africa recently. Japan is South Africa's largest trade partner.

- **LIBYA** is now China's fourth-largest source of foreign investment, *China Daily* reported June 19. Far and away the most foreign investment comes from Hong Kong, which invested \$599.26 million, followed by the United States, \$41.93 million; Japan, \$41.66 million; Libya, \$14.3 million; and West Germany, \$11.01 million.

- **LEGISLATION** against some blatant forms of euthanasia has been introduced by seven New Jersey state legislators. Assemblymen Felice, Villane, Littell, Deverin, Otlowski, Kavanaugh, and Foy's Assembly Bill No. 3084 provides, "Food, water, nourishment, and hydration administered either orally or artificially shall be provided to all patients and shall not be withheld or withdrawn if the withholding or withdrawal would cause death by starvation or dehydration."

FBI invades Pentagon in pro-Moscow coup

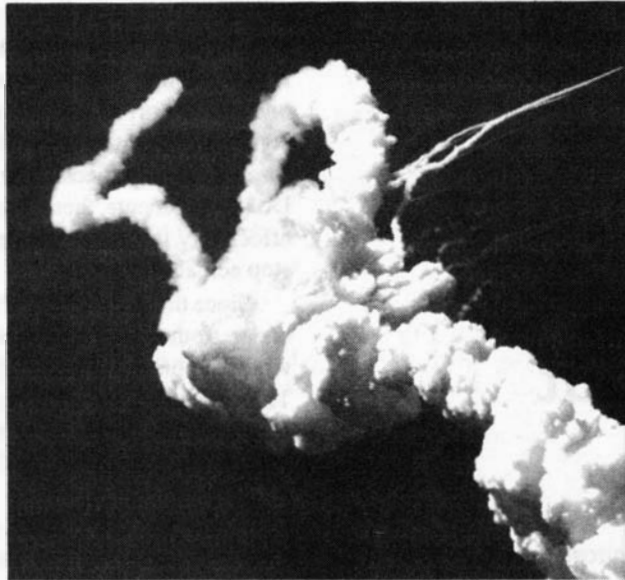
by Paul Goldstein

The June 14 raid by the Federal Bureau of Investigation and Naval Investigative Services on the Pentagon and on military and aerospace corporations, represents the culmination of a two-year-long attempt by the Eastern Liberal Establishment to weaken and destroy the national security apparatus of the United States.

In effect, the purpose of this "Operation Ill Wind," was to pull off a "cold" coup d'état inside the U.S. government, on behalf of the powerful Establishment financial interests that seek to destroy the defense buildup America must have in order to meet the growing strategic threat the Soviet Union represents.

In fact, the apparatus located within the Department of Justice (DoJ) which ran the Pentagon raid, is identical to the DoJ grouping which carried out a 400-man raid, in October 1986 in Leesburg, Va., against offices and individuals associated with Democratic presidential candidate Lyndon H. LaRouche, Jr. At the time of that Leesburg raid, President Reagan and Soviet General Secretary Gorbachov were about to meet in Reykjavik, to pave the way for the wretched Intermediate Nuclear Force Treaty which they signed last December. Now, in the aftermath of the Reagan-Gorbachov summit in Moscow, as if on cue, the Justice Department goes on the offensive once more, attacking the foundations of U.S. military programs.

Not coincidentally, the central figure in the "Get LaRouche" operation was, and remains, William Weld, former head of the Justice Department's Criminal Division and a crucial operator against the military-industrial community. As *Executive Intelligence Review* magazine warned at the time of the Leesburg raid, and has warned since, "a secret government" using the Justice Department is seeking to destroy the Constitution of the United States and impose a bankers' dictatorship on our institutions of government. As the "LaRouche raid" was reaching its final planning stages, Weld et al. were launching their attempt to dismantle the U.S. military and its production arm, defense and aerospace companies. According to all public accounts, Weld oversaw the anti-Pentagon operation back to September 1986.



The Shuttle Challenger explosion in January 1986—one of the first dramatic results of the Department of Justice campaign to shut down American defense. Insets: former Justice Department officials William Weld (right) and Stephen Trott (left), top agents of the Moscow-inspired campaign.

A four-phased gameplan went into effect starting with the “LaRouche raid”—an operation which was to achieve a complete shift in institutional power in the United States away from our scientific, technologically oriented outlook, based on a strong defense and economy, into a post-industrial, militarily devastated society.

The second phase of the operation took the form of the “secret government” reaction to the outbreak of the Iran/Contra scandal; in dealing with the scandal’s eruption, the “secret government” mounted operations whereby the U.S. national security apparatus—already penetrated by a corrupt network of spies and fools—could be transformed and used for an all-out assault against all American intelligence community capabilities.

The third phase was the coup attempt by Weld and his DoJ crony Arthur Burns, to take over the U.S. Justice Department *in toto*. Included in this was the Weld-Burns coup try against Attorney General Ed Meese. The ultimate target of this was never Meese—but the presidency, which Weld means to destroy as an institution.

The fourth phase, is the attack against the Pentagon.

Command structure in the dark

The most outrageous feature of the anti-constitutional raid on the Pentagon is that no one in a command position of authority in the National Security structure was briefed on it. The President, National Security Adviser, Defense Secretary, and Attorney General were brought into the “loop” only late in the game. Attorney General Meese was told about the investigation only in March of this year; the rest of the Cabinet and advisers were informed only in the last two weeks. The President had to invite the U.S. Attorney for Northern

Virginia, Henry Hudson, to the White House so that he could be properly informed.

The Weld-Burns attack on the Pentagon, run on behalf of the Eastern Establishment to which Weld and Burns belong, will try to turn the corruption charges against individuals into an attack on the critical military programs of the United States, ranging from the Strategic Defense Initiative to “black box” programs vital to the national interest. In coming weeks, story after story will be leaked decrying Pentagon “corruption,” and congressional and political pundits will demand the slashing of the U.S. defense budget. Although there are corrupt networks in the Pentagon, associated with former Navy Secretary John Lehman and his Assistant Secretary of the Navy Melvyn Paisley, the pro-Moscow Establishment will try to place the blame on former Defense Secretary Caspar Weinberger and his military buildup programs.

If people in and around the defense and aerospace industries do not mobilize to stop this witchhunt against the country’s military-industrial apparatus, then it is the opinion of this magazine that this nation does not have the moral courage to survive. Patriots must read this report from the following standpoint: The map of institutions and networks which aim to destroy our military and national security, can be known—and hence can be defeated. But if a mobilization of patriots is not pulled together against these traitors, it will not matter what happens in this fall’s presidential election, because the United States as an independent, sovereign nation will have died—without a shot being fired.

This report aims to catalyze a revolt against the “Star Chamber” approach to justice. Our national future depends on whether patriots can muster the courage to combat this violation of our most sacred institutions.

How the assault was carried out

by Leo Scanlon

According to press reports now in circulation, the Criminal Division of the Department of Justice (DoJ) began planning the current assault on the Pentagon in the fall of 1986. The planning was carried out under the direction of William Weld, then the director of the Criminal Division, and his boss, Stephen Trott, both of whom had promised Congress that they would give top priority to the prosecution of defense contractors. Their quaint legal theory was stated by an aide to William Weld: "Where there's money, there's fraud." The investigative corollary of this outlook was summed up by an FBI source who commented on the recent Pentagon raid: "The wiretaps did everything; this is the wave of the future."

Not surprisingly, the preparation and planning for the FBI's June 14 Pentagon raid utilized the full range of tyrannical investigative techniques available to the Justice Department.

The background to the current investigation lies in the continuous efforts of the pro-Moscow lobby in the Congress to sabotage and disrupt the development of new technologies critical to U.S. defense efforts. Driven by a fanatical hostility to the Strategic Defense Initiative program, and operating in the shadows of the austerity budgets of the Reagan administration, a vocal grouping of congressmen has been reorganizing the military procurement process and restructuring the investment tax laws to impose legal and financial penalties on defense contractors desiring to expand their shrinking R&D programs.

The general tactic has been to dazzle the public with fantastic stories about "\$600 toilet seats," and then impose "reforms" which increase the congressional ability to choke defense programs in the cradle. With these "reforms" come a complex series of laws and "ethics" regulations, which have gradually criminalized many necessary features of the weapons development process. The most dangerous regulatory activity, has been the attempt to criminalize the trading of contract information and bid specifications among the handful of qualified retired military personnel who, as consult-

ants, interface between the defense industry and the military. It is a common and necessary practice for companies to tip one another off as to their intentions with respect to specific contracts, in part to limit the cost of unnecessary competition for individual projects. The attempt by the Congress and the DoJ to prosecute these practices using "moral" standards, effectively terrorizes the defense industry, but does little to stop actual corruption.

Since the early 1980s, the Department of Justice has been under tremendous pressure from these congressional networks, to bring landmark legal cases using the new statutes. This pressure resulted in several major cases of fraud investigation in the period 1983-85, coordinated through the U.S. Attorney's office for the Eastern District of Virginia, in Alexandria.

While the early cases prosecuted by the DoJ utilized traditional methods of investigating financial fraud, there was a vindictive quality to the prosecutions, which attempted, as in the bribery case against McDonnell Douglas, to terrorize employees of corporations who found themselves caught in the prosecutorial web. As the "ethics" law evolved, the investigative techniques drew more and more heavily on the tyrannical arsenal of the Justice Department's RICO (conspiracy) laws. The current case marks the first full use of those capabilities, originally developed for use against organized crime, against an agency of the government itself.

How the frame-up proceeded

According to the story that has unfolded, the Naval Investigative Service (NIS) received a call in September 1986 from a former Navy employee, then working for private industry, who reported to have been contacted by a person in the Pentagon who offered "inside information" for sale. Conveniently, the Naval Investigative Service is not required to notify the secretary of defense when it initiates an investigation, which it did, in response to the call. When the caller agreed to cooperate with federal investigators, "consensual" wiretaps, which don't require a court order, were made of his phone calls. By the nature of the consultant business, the informant's phone log rapidly branched throughout the industry, and the FBI placed pen registers on the phones of each of the people identified. Pen registers, which record the numbers called by the monitored phone, also do not require court supervision.

The investigation was now being coordinated by Joseph Aronica, working in the office of Henry Hudson, U.S. Attorney for the Eastern District of Virginia. William Weld perfected the technique of establishing an investigative "daisy chain" of conspiratorial hypotheses to justify increasingly intrusive surveillance techniques against his target. This method was fundamental to his grand jury witchhunt, then concluding, against Lyndon LaRouche and his associates. That investigation culminated in an unprecedented, illegal

raid on the publishing ventures allied to LaRouche, and was characterized by Hudson's use of wild lies in his arguments requesting authority to use police state measures. The same technique characterizes Hudson's still ongoing witchhunt against LaRouche and associates.

In March 1987, prior to a second round of raids on the offices of *EIR*, Hudson's office took the surveillance "take" before a judge and argued that it represented probable cause for the issuance of a formal wiretap order. The exclusive reliance on wiretaps, unique to this investigation, underlines the blackmail character of the proceeding.

A simultaneous investigation of the Unisys Corporation in New York, under the direction of U.S. Attorney Andrew Maloney of Brooklyn, provided William Weld the opportunity to expand the scope of the planned attack on the Pentagon. Maloney's wiretaps were directed at a consultant who was in frequent contact with key pro-defense members of the House Armed Services Committee, in particular Rep. Bill Chappell (D-Fla.) and Roy Dyson (D-Md.), whose chief aide committed suicide recently. The consultant, Charles Gardner, controlled several defense-related political action committees, the offices of which were searched in conjunction with the Pentagon raid. The message to pro-defense politicians is very clear.

Weld's team now had two interlinked tracks to shape the investigation, which was by now under the control of Ted Greenberg, a prosecutor from Hudson's office, transferred to the Fraud Section of the DoJ.

Throughout 1987, the wiretaps expanded the net of targets which, considering the pretext of the investigation, soon spanned the breadth of the defense contracting community. At the point that all parties agreed that no further "incriminating evidence" could be gathered by the wiretaps—which were now known about by hundreds of FBI and NIS agents—a date for the raid was set. The irony of this phase of the investigation is that the taps were an open secret at the Pentagon, and most of the victims ignored them, in the belief that their activity was not illegal—the ultimate testimony to the shoddiness of the law behind the investigation.

The raid: juridical terrorism

The final phase of the investigation was signaled by the raid on the offices and homes of Pentagon officials, top defense contractors, and consultants across the country. Involving over 250 FBI agents, the raid on the Pentagon was calculated for maximum shock effect, being the first time that one government agency had used this technique, rarely even used against terrorists or drug pushers, to seize the records and files of another part of the Executive branch—*especially since there had been no charges filed against any of the targets of the "investigation."*

It is most important to note that the entire investigation, from initiation through to the raid, was carried out behind the

backs of the President and the Cabinet officers responsible for overseeing the activities of the Justice and Defense Departments. In the case of the taps used, the question remains as to how many secure phones in the Pentagon were tapped on the basis of the dubious juridical pretexts cooked up by Weld et al. The specter of hundreds of federal agents listening in on top-security phone lines will send chills down the backs of security officers for years to come.

Overall, the method of the investigation proves that Weld and his backers have unlimited contempt for the constitutional authority of the Executive, and consider themselves a law unto themselves.

Feeding this putschist mentality are the members of Congress who have been demanding the destruction of the nation's military institutions. Prominent among them has been Sen. Charles Grassley of Iowa, who pioneered the curious congressional notion that trading in documents between defense contractors and the military is a criminal activity, perhaps bordering on espionage—since the defense information is "national property." Grassley accused Attorney General Edwin Meese of sitting on the investigation, and then, in praise of Hudson's contempt for the Constitution, added: "They should have had a Henry Hudson in 1983, and they would have had prosecutions several years ago."

The investigation is continuing to expand as we go to press, and subpoenas will be pouring from the printing presses, as the various victims of the wiretaps are tarred with the accusatory brush, and then encouraged to save themselves by implicating someone else. In classic KGB fashion, this method will soon take the investigation "up the chain" and provide an open field for "trial by press" of the future targets of the investigation.

The examples of criminality which have been proffered by the DoJ so far, are weak to the point of absurdity. They are centered on claims that a close-knit network tied to former Navy Secretary John Lehman utilized access to government documents to influence contracts related to the F-18 aircraft, and its radar the APG-65, here and in Europe. The investigation suspiciously intersects ongoing scandals involving sales of F-18s to South Korea and Kuwait, and there are indications that a third key U.S. ally, Turkey, will be hit as well. The dollar amounts of alleged bribery of consultants by procurement officers, and vice versa, are minuscule, and underline the political nature of the still evolving "investigation."

While Lehman made many enemies during his tenure at the Pentagon—and richly deserved most of them—his close association with the networks coordinating the investigation indicates that it is the Defense Department and the military itself which are the targets of the operation. The methods used by Hudson are already sending the signal to contractors large and small, that doing business with the Defense Department is asking to be crucified, financially and politically, by a cabal which holds the defense of the nation to be a crime.

The traitors' cabal within the Department of Justice

by Jeffrey Steinberg

A collection of left-wing radicals in liberal Republican clothing has transformed Attorney General Edwin Meese's Justice Department into Moscow's most prominent asset in her drive to unilaterally disarm the United States and bust up the Western alliance.

When hordes of FBI agents invaded the Pentagon and offices of scores of America's largest defense contractors on June 14, 1988, a more than two-year effort, consolidated with the Senate's confirmation of William Weld and Stephen Trott to top posts in the DoJ, entered a new public phase of activation.

Long before FBI agents, deployed by U.S. Attorney Henry Hudson of the Eastern District of Virginia, cordoned off Pentagon corridors and began carting off boxes of defense procurement documents, the defense-busters at Justice had already succeeded in:

- Teaming up with Soviet prosecutors in deporting from the United States one of America's most prominent defense scientists, Dr. Arthur Rudolph, on patently false charges that he was guilty of wartime atrocities while a scientist at the German weapons center at Peenemünde. Rudolph's spring 1984 deportation to West Germany, at a point that he was serving as a consultant on the U.S. Strategic Defense Initiative, terrified and demoralized the entire community of German-American scientists, who have been the backbone of America's space and defense program since the early 1950s.

After an exhaustive three-year investigation by West German prosecutors, Rudolph was granted West German citizenship on the grounds that there was no evidence to support the charges of the U.S. Justice Department's Office of Special Investigations (OSI). The OSI had relied heavily on information provided by Soviet intelligence. In fact, Rudolph's name had been originally submitted to the Justice Department and to Congress for investigation as a Nazi war criminal by Charles R. Allen, Jr., a longtime Communist Party figure and the head of the U.S.-East German Friendship Society.

- Dismantling the Pentagon's secret special warfare units,

which had been created in the aftermath of the failed Iran hostage rescue missions of 1980. Top officials of the U.S. Army's Special Operations Division were targeted, beginning in late 1983, by the same Justice Department crew behind the June 14 Pentagon raid. Hounded for years on charges of procurement fraud, overspending, "sole source contracting," etc., Col. James Longhofer (USA) and others of America's most qualified and patriotic irregular warfare professionals, were subjected to criminal prosecutions, court martials, media abuse, and, in a few cases, jail terms.

The result? Pentagon units specially trained in hostage rescue assaults, counterterrorist operations, and anti-spetsnaz intelligence programs were systematically dismantled, creating the vacuum that was filled, with disastrous consequences, by the Ollie North-Bill Casey "Enterprise." Parenthetically, the same Justice Department prosecutors who so zealously targeted the Special Operations Division, blocked prosecution in 1983 against Irangate figures Gen. Richard Secord, Theodore G. Shackley, Thomas Clines, and Eric Von Marbod.

- Gutting NASA, through yet another unjustified prosecution, in this case against Dr. James Beggs, the administrator of the National Aeronautics and Space Administration (NASA), and a number of executives of his former employer, General Dynamics. On June 19, 1987, the Department of Justice was forced to drop all charges against Beggs and his codefendants, but not before Beggs had been forced to resign from NASA.

Weld: 'my private agenda'

On Aug. 14, 1986, the U.S. Senate Judiciary Committee held confirmation hearings on the nomination of William Weld, then U.S. Attorney in Boston, as head of the Criminal Division of the Justice Department, and Stephen Trott, then Criminal Division head, as Deputy Associate Attorney General, the number-three post in the department. Only the National Democratic Policy Committee (NDPC), a political action committee associated with Democratic Party figure

Lyndon H. LaRouche, Jr., opposed the Weld nomination.

The hearings turned into a love fest between the two nominally conservative GOP lawmen and such defense cutters as Senators Charles Grassley (R-Iowa) and Edward Kennedy (D-Mass.). Both Weld and Trott vowed that one of the cornerstones of their tenure at Justice would be an all-out assault against the Defense Department and its major contractors.

It is worth republishing here excerpts from Weld's confirmation hearings, to underscore the fact that he made no secret of his intention, even then, to launch the present wild assault on defense procurement. The Criminal Division nominee could scarcely contain himself from placing defense procurement prosecutions above major narcotics trafficking and violent crimes on his "personal agenda" for the division:

"Two areas which I expect to address personally, and focus on, are the areas of public corruption and white collar crime. . . . We have been active in the area of defense procurement fraud. . . . As the Senator knows, these cases are labor intensive for the attorneys and the investigators. We have had in my district . . . six of those cases, two or three of which have gone to trial. They have all been convictions. They are in different areas of defense procurement fraud. Several have been failure-to-test cases, where the company does not test a product that it says it is going to under the terms of its contract. Those are some of the most serious defense procurement fraud cases, I think, because they introduce a safety element.

"I am happy to say, that when we recently convicted a Massachusetts company and two of its officers for failure to perform required tests on semiconductor chips which are used in space and weapons applications, the two officers received prison terms of five years and three years, respectively, and those are fairly good sentences, in my district, for a white collar case. In another case of just the last couple of weeks, involving failure to test the flash suppressor which goes at the end of the gun barrel of the M-16 rifle, and helps prevent the soldier from being exposed to sniper fire, again, an 18-month prison term was imposed by the judge.

"The four types of cases with which I am familiar, Senator [Grassley], are failure to test, product substitution—I tell you I am going to give you product 'A' and I give you product 'B,' which was made in the Far East and is much cheaper for me to secure—and labor mischarging. These are the most complex of all to investigate, because they are massive paper cases.

"I have a cost-plus contract and I have a fixed-price contract, and I take overhead that really should go into my fixed price contract where I am running up against the ceiling, and I shove it over to the cost-plus, so that Uncle Sam and the taxpayers can pay for that, even though it is a separate contract and it should not be in there.

"And the fourth area is defective pricing, and this applies not just to the defense area. This is a government fraud

priority. . . .

"I think there is merit in [the] suggestion of specialists in this area to be out in the field. As Mr. Trott indicated, in major U.S. Attorney's offices, that is de facto already the case. . . . We have a major frauds unit. I suppose that is probably even more true in Los Angeles, and probably equally true in San Francisco, which are also districts with a big defense presence. . . . It seems to me that something like that might have merit, additional Assistant U.S. Attorney positions who would have—who would be charged, be under the direct supervision of the United States Attorney, but they would be sent to districts with major defense contractor presences, and they would be charged with prosecuting defense contracting cases . . . a placement of specialists around the country would have great merit. . . .

"What I would do would be to spend as much time as I possibly could—and as I say, white collar and public corruption are my private agenda items. . . .

"But these are the areas that I know I am going to spend personal time on. I want to sit down with the military investigative services, say: What can we do with agent training to help these people be really fraud agents? Do you want us to place Assistant U.S. Attorneys around the country who will do only defense cases? What is your inventory? What will the market bear?"

Criticizing the Justice Department's failure to seek out major defense prosecution cases, Weld concluded his testimony by vowing to take to the offensive:

"I would start with a definition of the problem and try to look where the big defense contractors are, and if there are no fraud referrals in those areas, I would say maybe that there is something we need to tinker with. . . . I think that vigorous enforcement in the area of defense procurement fraud actually helps the military, because if the public and the Congress does not believe the money is being well spent, those military budgets are going to shrink."

Weld was not one to mince words. According to recent *New York Times* press accounts, the top-secret Justice Department defense procurement probe that led directly to the June 14 Pentagon invasion was launched by Weld in September 1986, within days of his Senate confirmation.

Who's Who?

Weld's apparent preference for Pentagon prosecutions over major narcotics cases is deeply engrained. The product of a wealthy Wall Street investment house family whose early fortune derived from the China clipper ship trade, Weld personally invested tens of thousands of dollars in the late 1960s Boston counterculture weekly the *Real Paper*, which was New England's leading voice for anti-war activism and the drug-rock counterculture. More recently, Weld reportedly has personally invested in several Canadian motion picture ventures, including one being filmed in the People's Republic of China in partnership with the People's Liberation Army.

Some of his alleged Canadian partners in these epic film projects have been cited as funding conduits for Greenpeace, a Canadian-based environmentalist group that recently disrupted French neutron bomb test sites in the Pacific Ocean.

Weld's appointment to the U.S. Attorney's post came after he was soundly defeated in a 1978 bid to be elected state Attorney General of Massachusetts. During that campaign, one among a small list of financial backers was Canadian whisky magnate Edgar Bronfman, long suspected of being involved in international drug operations, and, next to Armand Hammer, one of North America's leading proponents of increased trade with the Soviet Union, in exchange for arms reductions and liberalization of emigration laws affecting Soviet Jews.

At the root of the National Democratic Policy Committee's singular opposition to the Weld appointment to the Criminal Division was his February 1985 handling of the Bank of Boston case, in which the bank was caught by Treasury Department auditors laundering over \$1.2 billion in cash to overseas bank accounts, without filing required documentation. Treasury Department officials, including Assistant Secretary for Enforcement John Walker, all but accused the Bank of Boston of laundering bigtime drug money. The principal bank receiving the transfers was the Geneva-based *Crédit Suisse*, a longtime partner of the Weld family's *White Weld Investments*, and a bank known among Swiss financial investigators as crime boss Meyer Lansky's favorite hot money hole. Not surprisingly, *Crédit Suisse* handled most of the secret accounts for Gen. Richard Secord and his colleagues during the Iran-Contra project.

In a plea bargain that may go down as the sweetheart deal of the century, the Bank of Boston was fined a puny \$500,000, and over 1,200 separate possible felony counts of criminal fraud were reduced to a one-count guilty plea. No officials of the bank were named in the indictment or in the plea agreement.

Nine months later, when Jonathan Jay Pollard was arrested and charged with spying for a secret Israeli intelligence unit, LEKEM, it was discovered that the finances of the spy ring, which Defense Department officials believe was ultimately passing U.S. military secrets to the Soviet Union, came through a pair of accounts at the Bank of Boston in the name of a Boston attorney, Harold Katz.

While burying potentially the most serious case of big-time money laundering by a major American bank, Weld had earlier resorted to what the First Circuit Court of Appeals denounced as tactics bordering on "Soviet guilt by analogy," in going after the Boston Democratic Party machine and local New England defense contractors. "We cannot engage in unprincipled interpretation of the law unless we foment lawlessness instead of compliance," the appellate court stated, in throwing out Weld's conviction of Thomas Anzalone, an aide to Boston Mayor Kevin White.

Similar words could have equally applied to Weld's

witchhunt, begun in January 1985, against a string of small defense contractors in the greater Boston area. In one of the six cases cited by Weld at his confirmation, the Waltham Screw Company of Keene, New Hampshire was indicted for failure to comply with quality control standards in their manufacturing of flash suppressors for M-16 rifles. In a plant employing fewer than a dozen workers, Weld's office had one Waltham worker wired for sound, while a van loaded with electronic equipment waited outside the plant for weeks on end. A spliced-together tape of conversations solicited by the informant was Weld's main piece of evidence in a case that reeked of political entrapment. Weld was sharpening his teeth for bigger game.

If William Weld was misread by Reaganites, including Attorney General Meese, as a "good old boy" conservative, Weld's senior at DoJ headquarters, Stephen Trott, must have been an even bigger shocker to some of his California GOP patrons. Even before Weld had begun to entertain thoughts of a high-powered job in D.C., Trott was going after some of America's leading defense companies and pioneers of the space program. It was Trott's Criminal Division that launched and then revived the attack against NASA's Dr. Beggs and General Dynamics.

Trott was an early 1960s fixture in the Communist Party U.S.A.-dominated folk music scene, as a member of the Highwaymen singing group. Many of the Highwaymen's most successful songs were recorded under the direction of Sanga Music, a company owned by Communist Party fellow traveler Harry Leventhal. Leventhal's other famous clients included Pete Seeger and Woody and Arlo Guthrie. Through Leventhal, the Highwaymen became the property of United Artists, then run by Arthur Krim, a Hollywood organized crime-linked figure.

According to some sources, it was through Arthur and Mathilde Krim, both of whom were cronies of Armand Hammer, that Trott, after Harvard Law School, fell under the patronage of John Van de Kamp, the left-liberal California Attorney General and Hammer intimate. Given Hammer's role in recent years in shuttling Soviet-manufactured documents to the Justice Department's Office of Special Investigations to facilitate Nazi-hunting prosecutions like the Rudolph case, it is not surprising that Trott told senators considering his confirmation as Deputy Associate Attorney General that OSI, along with defense contract fraud, headed his list of departmental priorities.

The man from EATSCO

In the wake of an unsuccessful power play to oust Attorney General Meese earlier this spring, Weld and his close ally, Associate Attorney General Arnold Burns, were themselves forced to resign from the department. While publicly chastising Meese for his sleazy handling of the Wedtech case and other matters, Weld and Burns seem to have been caught up in a very nasty scandal that may yet implicate them both

in the Pollard spy scandal.

Just prior to his January 1986 appointment as number-two man at the Justice Department, New York City corporate attorney Arnold Burns had been involved in a string of offshore tax shelters which were apparently a revolving door for funds going to Israeli spy networks directly linked to Pollard and LEKEM. (Burns's law firm represents Sterling National Bank, the semi-official bank of the Pollard-linked Anti-Defamation League and a notorious haven for New York City mob money.) When the head of the Tax Fraud Section of the Justice Department, Roger Olson, received the file from the Internal Revenue Service for possible prosecution, he immediately turned it over to his boss, Weld, for consideration as a special prosecutor's matter. Weld quashed the investigation, according to reports published in the *Washington Times*. At the first opportunity, Weld and Burns had the tax unit chief fired.

When Weld and Burns fell, the main burden for carrying on the defense-bashing program fell on Theodore S. Greenberg. Greenberg moved over to the main Justice Department from the Alexandria, Virginia U.S. Attorney's office, four months before the Pentagon raid. At Justice, Greenberg conveniently took charge of the Defense Procurement Fraud Unit in the Fraud Section of the Criminal Division—the unit that Weld and Trott had reinforced, along the lines of their confirmation promises.

'The Enterprise'

In Alexandria, Greenberg had earned his stripes by overseeing the aggressive coverup of the EATSCO case, which was a crucial precursor to the Irangate scandal of 1986. As *EIR* has reported, Egyptian American Transport Services Company, according to recently declassified CIA documents, was the precursor to "the Enterprise" of General Secord, Tom Clines, convicted Libyan gunrunner Edwin Wilson, Pentagon bureaucrat Eric Von Marbod, and, allegedly, ex-CIA covert operations executive Ted Shackley. Ostensibly a freight-forwarding company set up to handle the billions of dollars in arms sales to Egypt following the Camp David accords, EATSCO appears to have been caught up in bigtime skimming of Pentagon funds.

When, as a spinoff of the Ed Wilson prosecution, honest DoJ officials and maritime auditors fell onto a \$71 million Pentagon payment to EATSCO, Mark Richard, a top department official allied with Weld and Trott, called in Greenberg, from the Alexandria U.S. Attorney's office, to bury the Clines-Secord-Shackley probe. By spring 1982, while Wilson remained a top-priority target of prosecutors, Greenberg quietly settled the EATSCO affair, through a series of plea agreements and penny-ante fines anticipating Weld's own later handling of the Bank of Boston case. With a clean bill of health from Greenberg, Tom Clines, the most visible of the ex-CIA figures caught up in the EATSCO affair, was free to move on to become Secord's chief arms procurer in the

Iran-Contra debacle.

Greenberg, for his part, went on to lead an assault on the Enterprise's main competition for control over America's counterterrorism program, the U.S. Army's Special Operations Division (SOD), an elite group of paramilitary and military intelligence professionals. Beginning in December 1983, just months after he had overseen the EATSCO coverup, Greenberg went to work at SOD and a particular sub-program codenamed "Yellow Fruit." According to a recent book-length account by Stephen Emerson of Greenberg's assault on the Pentagon's irregular warfare command, just before Christmas 1983, Greenberg led a raid on an SOD front company office, thus inaugurating a two-year probe that ended with a 1,670-page top secret Partial Prosecutors Memorandum, written by Greenberg, filling nine volumes. By November 1985, when the main case, against Army Lt. Col. Dale Duncan, finally went to trial, the only remaining charge was that Duncan had failed to account for a \$796 airline ticket to Honduras. The Fourth Circuit Court of Appeals subsequently threw out Duncan's conviction on even that Mickey Mouse charge. However, Special Operations Division was torn asunder and ultimately disbanded by Greenberg's "bull in a china shop" probe.

Yet another one of the faceless "permanent bureaucrats" at the Justice Department who have helped steer "Operation Ill Wind," as the DoJ codenamed the Pentagon procurement probe, is Mark Richard, a deputy head of the Criminal Division in charge of international liaison and of overseeing all prosecutions involving sensitive national security matters that might fall under the Classified Information Procedures Act.

While functioning as a backstop for all the Weld-Trott-Greenberg assaults upon the military, Richard has also been the principal figure at Justice advocating open channels of cooperation and exchange with counterparts in the Soviet bloc. Thus, Richard used the OSI prosecutions against Dr. Rudolph, the late Karl Linneas, and Austrian President Kurt Waldheim, to establish precedents in law for the use of Soviet evidence in American judicial proceedings.

The Bush factor

When the FBI raided the Pentagon, Attorney General Meese was reportedly inundated with calls from angry generals and admirals demanding to know "what the hell was going on." For Meese, in the twilight of his government career, the answer was simple. From the day that Weld and Trott took their seats at main Justice and launched "Operation Ill Wind," Meese was himself on the target list, and was, apparently, kept totally in the dark.

For Vice President George Bush—who championed Weld's appointment to the DoJ, and who had, at least up until the Weld-Burns resignations, apparently planned to bring Weld, as well as ex-Navy Secretary John Lehman, a major target of "Ill Wind," into his own administration if elected in November—the questions are just beginning.

The precedent: Beggs and General Dynamics

by Marsha Freeman

On Dec. 2, 1985, James Beggs, then head of NASA, and three other former or current officials of the General Dynamics Corporation were indicted on charges of violation of, and conspiracy to violate, Armed Services Procurement Regulations. On June 19, 1987, the U.S. Justice Department (DoJ) dropped all of the charges against the company and the four defendants.

Although one might argue that, since the charges were dropped, the industry and individuals were vindicated, the Justice Department's wrecking operation had already succeeded. Beggs was forced to resign as the administrator of the nation's space agency—a circumstance which led to the installation of the incompetent William Graham, and the loss in January 1986 of the Challenger Space Shuttle and seven astronauts. That "small error"—to launch a manned space mission in sub-freezing temperatures—has led to a down time of *two and a half years* for this country's most important military and civilian launch capability.

Seeing General Dynamics, the United States' third-largest defense contractor, under indictment, lesser fry among defense contractors started their own "whistle-blowing" operations, to have contract employees turn in their colleagues at the hint of any suspicion of wrongdoing.

As a result, companies which were the mainstay of federal contracts in defense, space, and other high-technology fields began to bow out of federal contracts, sensing that they were likely to be accused of criminal behavior no matter what they were doing.

This effect of the Justice Department's Fraud Division case against General Dynamics opened the floodgates for a wholesale attack on the military-industrial community, culminating in the recent dragnet raid on dozens of Pentagon contractors. Whether anyone is actually guilty of anything is not the issue. That will turn out to be irrelevant.

On April 30, 1985, Deputy U.S. Defense Secretary William Taft announced that in the near future, 30 major defense contractors would be indicted for defrauding the government. At that time, three top defense contractors—General Dynamics, McDonnell Douglas, and Rockwell International—were already being audited, along with a growing list of other defense companies.

While the Defense Department made the public announcement of the audits, behind the scenes the DoJ Criminal Division, headed by Stephen Trott, had secret investigations

already underway.

In 1984 the Criminal Division had sent special agent Gary Black to Los Angeles to handle a grand jury which had been set up to hand down indictments against General Dynamics. After one year, Black reported that there was no basis for an indictment, and there were no criminal violations by the company.

Black was immediately transferred back to Washington and placed in the Civil Division, and Robert Bellows from the Criminal Division was sent out to Los Angeles. Bellows never informed General Dynamics of the revival of the grand jury probe. Reportedly, he combined offers of immunity and threats of prosecution toward lower-level employees, to contrive the case against the company.

By the summer of the following year, 1986, William Weld—who had practiced for the job by attacking defense contractors while U.S. Attorney for Massachusetts—was on the scene in Washington. In his confirmation hearings before the Senate that fall, he stated that his major interest as head of the Criminal Division at DOJ would be "white collar crime."

Trott and Weld's case against General Dynamics began to fall apart as soon as a judge and jury started hearing the case. Federal Judge Ferdinand Fernandez stated in September 1986 that Defense Department procurement regulations were so complicated that no layman (judge or jury) could understand them. He therefore referred the case to the Armed Services Board of Contract Appeals, where it should have been sent for a ruling to begin with.

In a statement on June 22, 1987, Weld could not explain why 82 boxes of Army and General Dynamics documents that been obtained under the Freedom of Information Act, had been "overlooked" by the prosecution. There had never been any doubt in the industry or at NASA that the charges were bogus from the beginning. But the Justice Department had a free hand in running its witchhunt.

Though he was asked repeatedly by the White House and Congress to apologize to Beggs, after the charges against Beggs were dropped, Weld refused.

The 'charges'

If the charges against General Dynamics had led to convictions, research and development in the aerospace/defense industry of this nation would have ground to a halt. The particular charges involved the development of the Sergeant York gun. The Justice Department was seeking to set the precedent that any research and development expenditures in an area even remotely related to an ongoing contract, had to be charged to that contract, and could be charged to the company's internal R&D, even if the work were devoted to future technological capabilities.

In the case of any large company, the same personnel work on several different programs at the same time. At present, the military services grant contractors discretionary R&D funds under categories of "internal research and devel-

opment," and "bids and proposals" work, to carry out advanced development, and bid on new government contracts.

Each year, the military services which grant the contracts, review the contractor's R&D. The services can raise or lower the funding for the following year, depending upon how fruitful they consider the company's lines of research are.

This collaboration between the companies and the military services has worked to the benefit of both. The Justice Department decided in 1984, however, that this arrangement should be declared illegal, and that in the case of General Dynamics, *any* research work done on advanced anti-aircraft guns under internal research and development, should have been charged to the Sergeant York contract.

The irony in all this, is that in the years under question, General Dynamics spent more money on internal R&D and bids and proposals than was reimbursable by the Defense Department. As a result, the company had to swallow huge losses. Therefore, even if the company had misbilled the government, the government lost nothing. At worst, this was a "victimless crime."

If the DoJ had won its "legal" case, companies would have found it impossible to do R&D. Auditors would be snooping around, constantly questioning scientists and engineers, to find out which contract they were charging their work to. Since developments in any particular technology can be applied to perhaps dozens of specific pieces of equipment, how could you ever decide which contract should pay for it?

Why General Dynamics?

Many aerospace firms have been charged with government violations; many have been fined and stricken temporarily from bidding on new government work. Why was General Dynamics targeted for the grand jury treatment, leading to criminal indictments against top executives, and millions of dollars in legal fees?

In addition to being a top aerospace/defense contractor, an R&D house in areas such as fusion energy and other high-tech fields, and a major player in defense equipment procurement, General Dynamics had James Beggs as Corporate Executive Vice President/Aerospace before Beggs went to NASA in 1981.

In his position as NASA Administrator, Beggs oversaw the successful launch of 23 Space Shuttle missions, an annual increase in real dollars for the space program overall, and the initiation of the space station as the first new program in manned space flight in a decade.

Beggs was an articulate defender of the idea that the government must invest in advanced technology, and in that area, he went head-on against the "free enterprise fanatics" in the rest of the Reagan administration.

In a lecture at the end of 1984, Beggs asserted: "More than a century and a half ago, there were the Luddites. More recently, there was the Club of Rome. . . . The fundamental

error made by the Luddites, the Club of Rome, indeed, by the malthusians and others who have shared their philosophy, is one of forgetfulness. They forgot to remember that the human imagination is not finite.

"And as long as we are free to imagine what the future might be like and to work toward it, there are no limits. For me, this is the very real meaning of our enterprise in space."

Who could afford to keep Beggs in the administration, while the agenda shared by the Soviet Union and the Soviet/Eastern Establishment combine known as the Trust, was to destroy American defense and aerospace capabilities, while signing a parade of Munich-style "peace" treaties? How could the budget balancers clobber all R&D and spending, when the head of the space program was proving in public speeches that government investment in advanced technology and infrastructure was needed to provide new jobs, increased productivity, and real economic expansion?

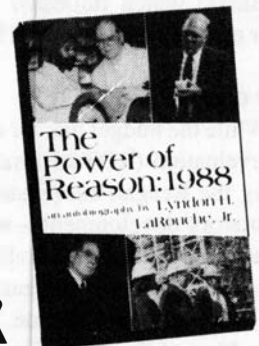
Since James Beggs left NASA, many in the Reagan White House have been working hard to kill the space station, prevent any long-term planning in space, and consign America's space capabilities, which had been developed for decades, in the hands of fly-by-night companies trying to raise speculative capital.

The Beggs/General Dynamics case was the paradigm of what the Justice Department had planned for the rest of the defense industry, for years.

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The defense budget: a study in decline

by Carol White

The current attacks upon the Pentagon are intended to create a picture of a bureaucracy which has wantonly wasted lavish public funds which were placed at its disposal. The truth is just the opposite. Defense spending under the Reagan administration over the past four years, compares unfavorably with the figures spent on defense when Jimmy Carter was President!

In Fiscal Year 1981 (which began in October 1980, the final year of Carter's term of office), real growth in defense budget authorization increased by 13.0%. This peak has never been reached during the Reagan years, and from fiscal 1986 to 1989, we have seen decrease rather than growth in the defense budget, every single year.

The last four years' net losses have amounted cumulatively to 10-11%, and expectations are that minimally, Gramm-Rudman cuts of approximately 9% will become mandatory this summer, as interest rate hikes and bank failures begin to have their impact. Worse yet, the Congressional Budget Office projects a budget deficit for FY 1990 of \$167 billion, which would entail automatic cuts in the military component of at least \$30 billion. It should be noted that these projections do not anticipate a financial crash of the magnitude which informed financial analysts predict will occur no later than January 1989.

The case of the SDI

While the budget line for research, development, testing, and evaluation (RDT&E) increased by 90%, in real terms, during the Reagan administration, money for research and exploratory development—in other words, development of the technology base—actually fell by 2.5%. Within that, the budget for President Reagan's Strategic Defense Initiative (SDI) suffered a similar fate.

In May of this year, Gen. James Abrahamson, director of the Strategic Defense Initiative Organization (SDIO), warned that the whole SDI effort would be undermined by any further cuts in the program. In previous years, cuts have been absorbed by a combination of narrowing the objectives of the program and stretch-outs. Abrahamson warned that the program would have to be dramatically restructured if more cuts were to be sustained.

Already the across-the-board defense cuts agreed to in last fall's budget summit between Congress and the White House had stripped \$1.7 billion from the amount originally requested by the SDIO, approximately \$6.5 billion for the SDI. The House cut \$1.5 billion from the budget, to bring it below last year's appropriation of \$3.5 billion. The Senate has sought a more modest reduction. A compromise figure is yet to be negotiated.

The present climate of scandal around the Pentagon is being orchestrated as a cover to justify the systematic destruction of the defenses of the United States and the Western alliance as a whole. One proof of this is the manner in which the bogus issue of competition has been raised. Allegedly, "insider" information was traded to industry as a way of allowing corporations to beat out the competition; but in fact the Congress has precluded such competition by forcing the program into premature choices, rather than allowing parallel lines of development. The SDI is a case in point.

At the same time that Abrahamson released his warning about the danger of further cuts in the SDI, he described how the cuts already sustained have sabotaged systems development of near-term applications, such as surveillance and early warning systems. One example is the case of Grumman and Lockheed, both of which are developing technologies for the SDI Boost-Phase Surveillance and Tracking System (BSTS). This same technology can provide early warning—within seconds—of missile attacks.

The SDIO must now terminate one of these two programs, thereby short-circuiting competition between the two corporations, which were developing systems based upon substantially different designs. Such competition is a key element in controlling costs.

While at the Moscow summit in May, President Reagan appeared to take a strong stand in defense of the SDI, against attacks on it by Mikhail Gorbachov, the reality is that a major policy shift is now in the works, to shift the program away from a multi-layered shield over the whole of the United States and Western Europe.

What is now being proposed is a version of the ludicrous proposal by Sen. Sam Nunn (D-Ga.) for an Accidental Launch Protection System (ALPS) of 100 missiles, which would conform to a narrow interpretation of the 1972 Anti-Ballistic Missile Treaty, in conformity to Gorbachov's demands. Since this proposal calls for the use of off-the-shelf—and therefore obsolete—technologies, it would be far cheaper than the SDI. This proposal is now being seconded by the Defense Science Board Task Force Subgroup on Strategic Air Defense, which was given the task of reevaluating the planned first-stage deployment of SDI by Defense Secretary Frank Carlucci at the time of Caspar Weinberger's resignation.

If the SDI is consigned to become a long-term research program, while a few obsolete missiles are placed around Washington, D.C., then the Reagan administration will have chalked up a far worse record than Neville Chamberlain.

Crusaders of the anti-defense lobby

by EIR Counterintelligence Staff

The following presidential commissions, congressmen, and institutions represent the anti-defense lobby that created the climate for the current witchhunt against the Pentagon procurement system.

The blue-ribbon commissions

Grace Commission: The main purpose of the President's Private Survey Sector Commission (Grace Commission) was to plan an austerity budget, which would slash necessary expenses like defense and privatize many essential services, while treating debt service payment as sacrosanct. That the Grace Commission chose to make a priority of debt service payment is hardly surprising, since the study brought together the biggest U.S. government creditors in banks and insurance companies—e.g., Morgan Guaranty, Merrill Lynch, Prudential insurance.

J. Peter Grace, the commission chairman, represents one of the most powerful institutions in the world: He is the head of the American Association of the Sovereign Military Order of Malta (SMOM), a branch of the 1,000-year-old chivalric organization also known as the Knights of Malta. Its members include leading Catholic aristocrats of the Western world, together with wealthy financiers and industrialists. When Grace speaks, he represents formidable economic and political power.

Nonetheless, Grace has been described by members of the Establishment as "a loose cannon." His commission recommended \$150 billion in budget cuts over three years. It also recommended privatizing large chunks of the military establishment with civilian noncombatants, while appointing an Assistant Secretary of Defense for Procurement.

After the Grace Commission turned in its voluminous reports, J. Peter Grace set up a private foundation of the President's Private Survey Sector to see that the commission reports were implemented. This foundation was behind a vicious attack against the attempt by then-Secretary of Defense Caspar Weinberger to rebuild the U.S. military; the attack took the form of the creation of a sideshow in Congress over overpriced screwdrivers, toilet seat covers, and so forth.

Day-to-day lobbying on the Grace Commission proposals is carried out by the Citizens Against Government Waste, whose co-chairmen are J. Peter Grace and newspaper columnist Jack Anderson. Other board members of CAGW are: Los Angeles Mayor Tom Bradley; Rep. Claude Pepper; Sen. William Proxmire; former Sen. George McGovern; Rep.

Esther Peterson; Hon. William Simon; Dan W. Lufkin; and Roger Milliken. The group receives private funding from such firms as Motorola Corporation, of which Robert Galvin is the chairman.

On defense procurement issues, the CAGW has been in close collaboration with Archibald Cox's Common Cause group. In Congress, the CAGW maintains liaison with the Congressional Grace Caucus, which includes Sens. Gordon Humphrey and Dennis DeConcini. CAGW board member Sen. William Proxmire recently co-sponsored, with Sen. Charles Grassley, Senate Bill 1958, which would set up regional fraud units to investigate defense contracts around the country.

Packard Commission: The President's Blue Ribbon Commission on Defense Management (Packard Commission) submitted its final report to the President in April 1986 before going out of business. The Packard Commission continued many of the Grace Commission's plans for an austerity military budget. Its chairman, David Packard, had been co-founder and chairman of the Hewlett-Packard Co., before becoming deputy secretary of defense (1969-71). Packard was a member of David Rockefeller's Trilateral Commission.

The Packard Commission included an Acquisition Task Force chaired by Louis W. Cabot, which recommended a series of major changes in the Executive and Legislative branches. Foremost among these was to create by statute the new position of Undersecretary of Defense for Acquisition, who was to have authority over all offices and agencies within the Office of the Secretary of Defense for that purpose. Another proposal was to restructure the Joint Requirements and Management Board (JRMB) under the new Undersecretary of Defense and the Vice Chairman of the Joint Chiefs of Staff, so that the JRMB would play a greater role across services in weapons procurement.

Business Executives for National Security, Inc.: This free trade association claims to have presaged all other organizations on the issue of defense procurement waste and corruption. J. Peter Grace of the Grace Commission, is the most outspoken board member of BENS, another front for his campaign for cuts in the defense budget. The founder of BENS and its board chairman is Stanley Weiss, who is chairman of American Minerals, headquartered in El Paso, Texas.

While BENS has publicly limited its activities to defense procurement, many of its board members and 400 corporate sponsors have been actively involved in promoting trade and détente with the Soviet Union, despite their liberal Republican political ethos. Weiss has been extensively involved in East-West trade in minerals, which verges upon breaching U.S. national security interests.

BENS is acting in the tradition of the W.R. Grace Corporation, which was part of the "Anglo-Soviet Trust" grouping that did business with the Bolsheviks during Russia's New Economic Policy period of the 1920s.

Other board members or leading corporate spokesmen for BENS include: Proctor Houghton, president, Houghton Chemical Co.; Philip M. Klutznick, senior partner, Klutznick Investments; Kenneth H. Miller, vice chairman, Merrill Lynch Capital Markets; Michael W. Sonnenfeldt, BENS national chairman for resources and president of the Harborside Corp., a New Jersey real estate investment company; and Felix Rohatyn, a senior partner in Lazard Frères Co., who designed the "Big MAC" New York City austerity budget.

BENS currently has three major areas of emphasis to "streamline" Pentagon procurement: 1) put an end to the "revolving door" between business and the military; 2) develop an effective testing system; and 3) employ openly advertised, sealed-bid competition on contracts. Although it is no longer actively involved with lobbying, BENS has worked closely with Sens. David Pryor and Charles Grassley.



Sen. Charles Grassley of Iowa has been a leading congressional "defense basher" for years (see page 71), and is taking the point on the Hill in the DoJ's attack on the American defense establishment.

On Capitol Hill

Sen. David Pryor (D-Ark.): One of the most vocal critics of defense procurement methods and the "military-industrial complex," Sen. Pryor made headlines during the 99th Congress with his accusations that the Pentagon was spending "\$600 on toilet seats." On Sept. 22, 1983, speaking before a subcommittee of the House Committee on Government Operations, Pryor blasted the Defense Science Board for its alleged "conflict of interest," because, he said, "The Defense Science Board . . . reads like a Who's Who in the Military-Industrial Complex. Executives of Martin Marietta, Hughes, TRW, Mitre, Lockheed, and RAND are among the members." Sounding like a 1960s Naderite-Marxist, he mooted the board's abolition.

Senator Pryor continued, "The credibility of the Defense Department with the public and the Congress has never been lower. Repeated reliance by the Pentagon on the Military-Industrial Complex, in the form of the Defense Science Board, for its advice about how hundreds of billions of dollars are to be spent within the Military-Industrial Complex, does not enhance its credibility. Likewise, the Defense Department does not help its credibility by failing to recognize the real dangers that conflicts of interest can create."

For all of his moral posturing, including opposition to chemical weapons development and production, Sen. Pryor is not secure on his ethical high horse. Capitol Hill sources report that Pryor refused to defend former Sen. Harrison Williams, who was framed up on false corruption charges and sent to prison, even though Pryor admitted that he believed the former senator to be innocent.

Sen. Nancy Landon Kassebaum (R-Kan.): The *New York Times* calls Sen. Kassebaum a leader of the "new breed of military reformer." She, Sen. Grassley, and Sen. Mark Andrews (R-N.D.), are known as the "Great Plains Rebels," despite their alleged "conservative" political orientation. Kassebaum was the "K" in the "KGB plan" to hold 1984 defense spending to crippling levels.

Sen. Charles Grassley (R-Iowa): Sponsor of Senate Bill 1958, which proposes to establish nationwide regional anti-fraud units through the Department of Justice, to combat alleged corruption in the defense procurement complex. In late 1983, Sen. Grassley held "show hearings" to lionize Defense Department "whistleblowers" such as George Spanton and Ernest Fitzgerald. Originally supported by the anti-defense Center for Defense Information, Fitzgerald is now a professional "disgruntled" DoD employee who has been making the media circuit after the Pentagon raid. Although a Republican from a state heavily influenced by the pro-Soviet Armand Hammer, Sen. Grassley voted against the MX missile. He co-sponsored, with Sens. Kassebaum and Biden, the famous 1984 "KGB" plan (named after the initials of its sponsors), which proposed to hold funding for federal agencies, including Defense, to the level of the previous year.

Sen. William V. Roth (R-Del.): One of a handful of senators who is a member of the Trilateral Commission, Sen. Roth has long specialized as a critic of the Defense Contract Audit Agency (DCAA). The Pentagon's watchdog agency, the DCAA has been accused of maintaining excessively close relations with defense contractors. Whistle-blower George R. Spanton was an auditor with DCAA.

Rep. James Courter (R-N.J.): Despite his pro-Strategic Defense Initiative profile, Courter has been an activist with the Military Reform Caucus, having served as its chairman. According to *Politics in America—The 100th Congress*, "Courter's hawkishness does not always equal loyalty to the agenda of the Pentagon leadership. He opposes the C-17, an airlifter much desired by the Air Force and Army, because he believes three other airplanes already in service can do the same job at a lower cost."

Sen. Dan Quayle (R-Ind.): A "conservative," Quayle has recently spearheaded the assault on defense contractors, from his position as chairman of the Armed Services Defense Acquisition Policy Subcommittee. That subcommittee was newly created, at Quayle's request, in 1986. Capitol Hill

sources point to Quayle staffer Henry Sokolski as a driving force behind the creation of that subcommittee and Quayle's anti-defense activities. Sokolski is a protégé of Albert Wohlstetter, the RAND strategist.

Private anti-defense projects

Project on Military Procurement: Founded in 1981 by Dina Rasor, the project claims to be concerned with "Pentagon waste." "The procurement bureaucracy," she asserts, "fosters a false sense of security and blind faith in technologically complex weapons that will not work effectively in combat." Rasor's real objectives are better shown by her funder, Stewart Mott, the moneybags for many of Washington's leftist and communist organizations, such as the Institute for Policy Studies.

Rasor's project admits overseeing a network of informants within the Department of Defense and industry. Her ring regularly leaks internal DoD memos and "unclassified" government documents, which the Project then conduits to congressional offices and the press. So, for example, one of the Project's agents stole an internal Lockheed document outlining the company's congressional lobbying strategy for getting its C-5B cargo plane approved. Rasor then passed the document to the press. Sources wonder what other DoD documents might be passed on, and into whose hands.

Rasor got her start at the libertarian National Taxpayers Union, working on the C-5A wing-modification issue. In January 1981, Rasor claims to have hooked up with dissident DoD officials who wanted to "get the truth out." Rasor's patrons at the time included A. Ernest Fitzgerald, then a fired Pentagon "whistle blower" suing to get his job back. Rasor then secured the funding of the National Taxpayers Legal Fund to establish her project. By April 1982, Rasor was picked up by Mott's Fund for Constitutional Government.

Since 1982, Rasor has worked closely with other congressional offices anxious to cut the defense budget. Thus Rasor smuggled an aide to Rep. Barbara Boxer onto Travis Air Force base to view a \$70,000 door and ladder on a Lockheed C-5. The ladder later became a centerpiece of a Senate extravaganza on exorbitant costs.

Rasor teamed up with the Justice Department's 1985 frame-up of General Dynamics and former NASA chairman James Beggs. "You're going to have to have someone, if proven guilty, go to jail," she ranted. The charges, which were a hoax, were dropped in 1987.

The Defense Budget Project: Founded by Gordon Adams in 1982, the Project publishes wildly inaccurate analyses of the defense programs. The Project's diatribes on defense spending and waste all conform to the notion that national security needs should have the same, expendable status, as any other part of the federal budget. Thus, in November 1987, Adams decried a "serious overemphasis on weapons purchases since 1981 and plans for a new generation of weapons programs after 1988."

Adams ridicules former Defense Secretary Weinberger for wanting the "Trident 2 missile and submarine, the Stealth bomber, the Midgetman missile, and initial hardware for the Strategic Defense Initiative." Showing how "concern about waste" is used as a cover for political maneuvers, Adams suggests that "conventional weapons programs should have preference over strategic programs," and asserts that "funds for any new programs should take second place after funds to operate and support existing forces," to deal with this budget "problem."

Adams lies that defense spending does not have a major impact on economic growth—despite the fact that defense production and defense research and development are the only areas that have kept the economy afloat under the great "Reagan recovery." Naturally, Pentagon "black box" programs incur the ire of Adams and Rasor, who paint images of enormous hidden waste.

The Defense Budget Project has also just begun a comparison of NATO and Warsaw Pact forces, as a new flank on its assault against the Pentagon. This program is directed by Natalie Goldring, formerly with "Mothers Embracing Nuclear Disarmament."

Project funders include the Rockefeller Brothers Fund, the Sloan Foundation, the Ford Foundation, the Field Foundation, and the Ruth Mott Foundation.

Center for Defense Information: Founded in the late 1970s, by retired U.S. Admirals Eugene LaRoque and Eugene Carroll, the CDI has been at the forefront of efforts to ram through various arm control treaties with the Soviet Union, including the INF accord. Last year the center hosted Soviet GRU (Military Intelligence) Gen. Mikhail Milshtein for a week, on behalf of this effort.

The CDI's publication *Defense Monitor* regularly publishes attacks on Pentagon waste as a pretext for attacking necessary defense programs. Specific CDI studies include: "Pentagon wastes billions of dollars every year because of deep-rooted flaws in its procedures for developing and buying new weapons," "Recent congressional reforms and acquisitions procedures will ease some symptoms, but will not alter the basis and bureaucratic symptoms causing waste," "Competition in weapons development and production is essential to improve deficiency and reduce abuse by large military contractors," and "In order to make reforms effective, Congress must impose stricter budgetary discipline upon the military services and insure that reliability and maintainability are designed into new methods."

Admiral LaRoque served at the Pentagon for seven years in Strategic Planning for the Joint Chiefs of Staff and as the Chief of Naval Operations. His last active duty was as director of the Inter-American Defense College, Washington, D.C. Admiral Carroll's last assignment at the Pentagon was as Assistant Deputy Chief of Naval Operations for Plans Policy and Operations. Thus, unlike other "watchdogs," the Admirals cannot claim leftist naiveté as their defense.

Defense Science Board sets out to 'ALPS' the SDI

Charles B. Stevens analyzes the nightmarish implications of the Defense Science Board's report on the Strategic Defense Initiative—the last act in a monstrous abortion.

Like the Grade C renditions of Edgar Allan Poe's great short stories by Vincent Price "horror" movies, the Defense Science Board report on the Strategic Defense Initiative is simply the last act in a monstrous abortion. Earlier this year Sen. Sam Nunn (D-Ga.) proposed to divert President Reagan's SDI missile defense program with his proposal to redirect the effort to producing what he termed an Accidental Launch Protection System (ALPS). That is, instead of the SDI focusing on any militarily effective system, the SDI should be reduced to providing a capability to intercept accidental launches of ballistic missiles.

Now the Defense Science Board has endorsed this redirection of the SDI with the proviso that Nunn's ALPS be reduced to simply defending Washington, D.C. and some portion of the eastern United States from an accidental missile launch. When combined with ongoing congressional budget slashing, this policy "would mean such a dramatic restructuring of the program that fundamentally it would go back to component type of research," as Strategic Defense Initiative Organization Director Lt. Gen. James A. Abrahamson warned earlier this year.

The path to hell

As Lyndon H. LaRouche has made clear, the general redirection of the SDI away from directed energy laser and relativistic particle beams toward Danny Graham's "tin-bending" High Frontier approach for utilizing only off-the-shelf "smart rocks" technology for missile defense would not only make the U.S. program second rate, but would lead to insurmountable problems with regard to the military effectiveness and integrity of a missile defense based on such technology. Indeed, the foes of the SDI, like vultures searching for a vulnerable point in the SDI shield, quickly focused

in on the great difficulties which Graham's space-based interceptors would face in terms of computer-controlled battle management, as documented in the recent Office of Technology Assessment review of computer software problems facing the SDI.

The history of war and war-fighting technology teaches us—if it teaches anything at all—that pragmatism is always the policy of defeat. Permitting the SDI to be compromised with pragmatic technology is now playing out its logic. As the Defense Science Board report of its SDI Milestone Panel states, in view of "political, and arms control uncertainties" the SDI should be returned to the pre-1983 mode—i.e., before President Reagan's March 23, 1983 inauguration of the SDI—of "step-by-step" programs and simple "component type of research."

In light of the Pentagon raids and the all-out assault on the U.S. aerospace defense industry, the Defense Science Board report could well be the death knell of the SDI. One industry observer drily noted, "This latest twist and turn in the SDI program suggests there are growing doubts about the SDI's future under the next administration, regardless of who wins the White House."

The SDI Milestone Panel which prepared the report consisted of: Robert R. Everett, president emeritus, MITRE Corp., panel chairman; Dr. Solomon J. Buchsbaum, executive vice president, customer systems, Bell Laboratories; Gen. Russell E. Dougherty, USAF (ret.), private consultant; Harry J. Gray, chairman emeritus of the board, United Technologies Corp.; Fred S. Hoffman, director, R&D Associates-Pan Heuristics; Walter E. Morrow, Jr., director MIT Lincoln Lab; Dr. William J. Perry, H&Q Technical Partners, Inc.; Gen. Samuel C. Phillips, USAF (ret.), private consultant; Ambassador Seymour Weiss, president, SY Associates.

Report of the Defense Science Board Task Force Subgroup on Strategic Air Defense

We excerpt below the text of the Strategic Defense Milestone Panel report, released in May 1988, which could sound the death knell of the SDI.

Summary

1) In view of the technical, budgetary, political, and arms control uncertainties surrounding the ballistic missile defense program, the Panel recommends planning a number of steps in the technical development and deployment of a system to meet the JCS [Joint Chiefs of Staff] requirements rather than a single major action.

2) From a development point of view, priority should be given to the sensors, processing, and communications necessary to provide an adequate assessment of what is actually going on, the nature and extent of the attack, and the detection and tracking of boosters and reentry vehicles. This framework is needed whatever weapons are actually used, and the research, development, and experimentation required to provide it involves most of the critical technologies. This surveillance system should evolve as the supporting technology becomes available, allowing the inclusion of whatever weapons are available and wanted. This restructuring would help assure priority attention to critical technical problems despite budget uncertainties.

3) Deployment should be in steps, each of which should provide some capability and have some value in itself. One possible set of steps is as follows:

First—A limited, treaty compliant, deployment of 100 fixed ground-based long-range interceptors cued from existing warning sensors. Such a system falls within our present demonstrated technical capabilities. It would be a limited deployment and as such would have limited capabilities, but it would provide some preferential defense as well as some protection against accidental or third country attacks or blackmail attempts.

Second—A treaty compliant deployment of the next generation of space surveillance systems to improve our early

warning detection and assessment of a ballistic missile attack and to lay the foundation for subsequent steps that can deal with larger and more sophisticated attacks.

Third—A deployment to protect the NCA [National Command Authority] against decapitation by ballistic missiles, including those from submarines. This would require the emplacement of shorter-range interceptors.

Fourth—Further expansion, including additional bases and ground-based interceptors and improved sensors to cope with countermeasures.

Fifth—The addition of space-based interceptors for boost and post-boost attack to fully meet the JCS requirement. This step might begin before step 4 was completed.

Sixth—The addition of space-based or ground-based directed energy weapons.

For each step the deployment decision would entail a separate and discrete act.

4) The first two deployment steps as well as the continued development of improved weapons up to the point of prototype demonstration could all reasonably be judged to be allowable under the narrow definition of the ABM Treaty. The third step may be achievable within the Treaty depending on the characteristics of the systems deployed. Subsequent deployment steps would require renegotiation of or withdrawal from the Treaty. The continued evolution of the surveillance system as described above does not appear to be constrained by the Treaty.

5) This approach would allow for more confident decisions and more flexibility in the face of uncertainties and would probably not require any more time in the long run.

6) The JCS have not addressed the utility of deployments short of the full Phase I deployment. Their views on the utility of possible phased deployments and the desirability of proceeding with them should be explored.

7) The Panel understands that the SDIO [Strategic Defense Initiative Organization] is evaluating this concept and is developing alternative plans for a stepped deployment.

8) We believe very strongly that capable long term engineering support for the SDIO is essential to carry out this large, complex program. The existing limitations on such support should be removed as a part of any agreement on the future of ballistic missile defenses.

Introduction

The Strategic Defense Milestone Panel was reconvened at the request of the Secretary of Defense to review the current plans for the Strategic Defense Initiative. The Panel met three times during February and March 1988, was briefed by the SDIO and held discussions with the Secretary and his staff, with General Abrahamson, and with General Herres. A list of the members participating is attached.

In general, we believe that the concerns we expressed last year are being addressed in a forceful manner but many concerns are yet to be satisfactorily resolved. This is not surprising since many of the problems facing the SDI are of substantial difficulty and require a great deal of work to solve. Although the plans for attacking these problems appear reasonable in themselves, we are concerned about the larger problems that result from the financial and political uncertainties that surround the program. These uncertainties lead to unrealistic schedules and to a wasteful process of replanning as funding changes. Varying interpretations of the constraints imposed by the ABM Treaty lead to confusion in the testing process.

About a year ago, a decision was made to develop the SDI system in phases. The SDIO is currently engaged in a demonstration and validation program looking toward a Milestone II decision on a proposed concept for a first phase deployment. Preparatory to this decision, SDIO will have to develop a detailed plan and schedule for FSED and deployment of the Phase One concept. Because of the complexity and cost of the Phase One concept, the time required to deploy it and the political sensitivity of issues related to the ABM Treaty, we believe that SDIO should plan the Phase One deployment as a sequence of steps, each accomplishing a useful mission. Such a sequential program, which pays for itself with incremental benefits as it goes, will be more likely to achieve support than one which contributes little or nothing until the completion of Phase One.

Typically, large complex systems whether military or commercial, have not been created all at once. Rather they have all evolved over a period of time with each new step built on the foundations of technology, management, and public acceptance previously established. Air defense systems were evolved in this fashion, as were air traffic control systems, commercial telephone systems, and carrier task forces. Further, these systems continue to evolve.

Development

The Strategic Defense System has been thought of by many as a collection of major components . . . tied together

by a Battle Management/C³ [Command, Control, and Communications] system of some sort. The concerns we expressed last year in our SDM Panel report focused on the surveillance, background, and signature measurement, discrimination, system engineering, and BM/C³. We believe it would be better to think about ballistic missile defenses as first of all a surveillance system together with its associate processing and communications, whose purpose is to determine the actual characteristics of an attack, to find the boosters against the background and to find the RVs [reentry vehicles] amid the decoys, chaff, nuclear effects, and other countermeasures and to determine where they are and where they are going. Given such information, decisions can be made, and actions taken within existing limitations. Actions can range from alerting to dispersal, to active defense, to striking back. Without adequate information none of these actions can be confidently taken.

The need for information is not limited to RVs of course. The characteristics of attacks of all sorts, from aircraft, cruise missiles, and other weapon systems armed with either nuclear or non-nuclear warheads, must be correctly and promptly determined if the country is to be defended.

Once a surveillance system exists it can be used to provide information to whatever weapon systems are available, ground- or space-based, KKV [kinetic kill vehicle] or DEW [directed energy weapon]. A limited surveillance system now exists, consisting of the warning satellites and radars. This system should evolve as better sensors, better information on objects and backgrounds, and better processing and communications are developed and deployed.

This way of looking at ballistic missile defenses should help to enforce an orderly set of priorities on the development program. It will continually emphasize the need for system design, for a measurement program, and for a close tie between ballistic missile defenses and the other deterrent forces.

Emphasis on a surveillance system will not, of course, remove or even weaken the need for weapons and their associated fire control. However, it will make possible an evolutionary approach to weapons development and procurement. The several types now under development could then be deployed when and if they make sense in themselves. Each element will not be hostage to the successful development and deployment of the others. A ballistic missile defense system will, in fact, exist at all times. The process is one of improving that system in ways and at rates which are both possible and acceptable.

Deployment

There are a number of possible ways in which a ballistic missile defense system might be deployed in steps. It is neither necessary nor possible to lay out a fixed plan for all steps at this time because the actual steps to be taken depend on technical advances, international relations, and public acceptance. The first step or two must be defined, however,

and subsequent steps outlined as possibilities. The purpose is to provide a set of options for future decision makers.

While the Panel is in no position to specify a plan in detail, we suggest the following possible directions for a stepped deployment plan.

First—A limited deployment of long-range, ground-based interceptors. These interceptors would be IR [infrared]-terminally-guided, their launch and initial direction being cued from the existing warning sensors. They would probably be somewhat larger, both to provide greater performance margins and to permit deployment before a final high-quantity production version of the interceptor is complete. The earlier version should have adequate performance margins to provide, from a single deployment site, a very thin area defense for much of CONUS [Continental United States]. If such an interceptor deployment were sited at Grand Forks or in the national capital region it would be Treaty-compliant so long as the number of interceptors remained below 100.

We were favorably impressed by the Phase One Engineering Team (POET) group's proposal for such a deployment. Capability would be limited, especially against countermeasures, but a thin defense over much of the country would provide some preferential defense against small attacks, and some protection against accidental unauthorized launches and against third country attacks and threats of blackmail.

The choice of an initial site involves political judgments and is beyond the scope of our Panel. We note that the Grand Forks site currently exists and would provide coverage over most of CONUS while a deployment in the national capital region would provide a beginning for a NCA defense. We note also that a decision to switch our permitted deployment from Grand Forks to the national capital region would have to be announced by October 1988, the end of the current five-year ABM Treaty review period.

Either choice would establish a base from which the BMD [Ballistic Missile Defense] system could evolve, put BMD into the military operational structure and teach valuable lessons about the management and operations of such a system. Last, but not least, it would make a start toward achieving symmetry with Soviet BMD deployment activities and, in this way, contribute to inhibiting breakout.

Second—Begin to update and improve our surveillance, in particular by deploying an improved satellite Early Warning System (EWS). Better space surveillance is needed to provide better warning and better attack assessment through better counting and tracking, whatever happens in active defense. Whether this improved space surveillance involves the currently specified BSTS [boat surveillance and tracking system] or something more like an improved satellite EWS is a matter for further thought. We should not think of an improved satellite EWS as the end of the line. Later and still better versions should be expected.

Improvements to other surveillance systems should be investigated as well. The process of measuring background

and gathering information on friendly and unfriendly objects in space is a continuing one and should be pursued as an intrinsic part of the evolution of the surveillance system, an evolution which would proceed in parallel with the other steps.

Third—Install shorter-range interceptors in the Washington area to protect the NCA against decapitation by ballistic missiles, including those from submarines. We prefer a dual-mode surface-to-air missile system with capabilities similar to those of the Soviet dual-mode SA-12, such as an improved version of Patriot, which would have capabilities against aircraft and cruise missiles as well as short range ballistic missiles. The use of equipment already in production would greatly reduce costs. HEDI [High Endoatmosphere Defense Intercept] is also a possibility.

Fourth—Further expansion, including additional bases and interceptors, to cover other parts of the country and cope with larger attacks and improved sensors to cope with countermeasures.

Fifth—The addition of space-based interceptors for boost and post-boost attack. The deployment of this step would presumably meet the JCS requirement.

Sixth—The addition of space- or ground-based directed energy weapons.

The development of these or equivalent steps would be carried to the point of decision but would not be deployed unless actually wanted at the time. Each step would build upon the previous steps, most of which would continue to coexist.

The ABM Treaty

There is not a force acting on the SDI program that is more damaging or more insidious than the present debate on the "narrow vs broad" interpretation of the ABM Treaty.

The notion of the "broad" interpretation of the ABM treaty has been promulgated presumably to give the SDIO program greater flexibility to plan and carry out its testing program. In fact, it has had the opposite effect; the present testing program is in a straitjacket. This has come about in large part because in the course of debate on "narrow" vs. "broad" interpretations of the treaty, the "narrow" interpretation of the treaty itself was so squeezed by both the opponents and proponents of the SDI that it lost all reasonableness. Whatever else is done, a way must be found to terminate this debate.

The Treaty is ambiguous in many of its details; two areas of ambiguity appear to be especially important for the kind of sequential program we believe is desirable. The first arises from the lack of a clear definition of "systems based on other physical principles" (OPP). The second ambiguity arises from the conflict between the Treaty's allowance of early warning radars on one hand and, on the other, its prohibitions on development of mobile, including space-borne, radars and its restrictions on deployment of stationary radars for acquisition, tracking and battle management. . . . [The] deleteri-

ous effect of this ambiguity, [is that] we currently operate satellites for early warning, but find that BSTS, which would perform similar functions, is considered questionable. Because the Soviets exploit ambiguities to the limit (and beyond as in the case of Krasnoyarsk), a U.S. policy that restricts us to activities that are unambiguously permitted by the Treaty could seriously impair our security.

We believe, therefore, that DoD should define a technically optimum testing and deployment program and should then adhere to that program except when Treaty constraints unambiguously require it to do otherwise. The DoD should place the burden of proof on those who would restrain the program.

In our opinion, there is a way of reading the treaty which separates the important from the less important. The Treaty limits the number of effective ABM interceptors each country can have by placing a limit of 100 on launchers, requiring that they be fixed, restricting them to limited areas, and prohibiting rapid reload and MIRVing [multiple, independent reentry vehicles]. The Treaty says nothing about the size, range, velocity, or guidance of the interceptors. The Treaty limits the radars to the vicinity of the launchers but permits warning radars around the periphery of the country. It says nothing about and therefore places no limits on warning satellites.

We believe that the first two deployment steps, plus the follow-on development of weapons up to the point of prototype demonstration, could be judged to be allowable under the Treaty. The third step may be achievable within the Treaty depending on the characteristics of the systems deployed. Subsequent deployment steps would require renegotiation of or withdrawal from the Treaty. The continued evolution of the surveillance system as previously described does not appear to be constrained by the Treaty.

We also believe step one to be treaty compliant by comparison with the existing Soviet ABM deployment. The step one system is very similar in general terms, contains only elements already in the existing Soviet system, and has capabilities which are similar to and may be less than the Soviet system. The differences are largely technical details which are not even mentioned let alone limited by the Treaty.

We do not see that the Treaty limits tactical warning and attack assessment (both sides had IR satellites at the time the Treaty was written) so step two should not violate the treaty.

Step three may or may not violate the Treaty depending on what is actually done. Numbers of SA-10s are deployed around Moscow and the Soviets are beginning to deploy SA-12s. Arguing by analogy as before, dual-mode surface-to-air missiles with capabilities comparable to the SA-12 can be deployed around Washington without violating the Treaty.

Schedule

A stepped process such as we have described would appear to lengthen the schedule by increasing the number of

deployments and requiring money for earlier deployment. The current schedules are very uncertain, however, not only because of technical uncertainties but because of funding uncertainties. If the present program enjoyed stable funding and support, it might go faster without intermediate steps. We believe, however, that the difficulty of supporting such a large decision all at once and of bringing all system elements to a satisfactory stage at the same time make the all-at-once plan very risky. The stepped plan allows much more confident decisions and much more flexibility in the face of uncertainties. Furthermore it allows decoupling the schedules of many of the system elements. We think a stepped plan will eventually lead to shorter schedules and lower costs than the current Phase I plan.

Requirements

The JCS requirement for Phase I was very important in placing a foundation under the SDI program. A stepped program such as described above would not meet the current requirement until something like the fifth step. The JCS have not addressed the utility of deployments short of the full Phase I. Their views on this matter need to be explored and the military utility of various steps agreed upon.

System engineering support

The Panel was pleased to learn that the ad hoc system engineering team under discussion last year has been established and is in operation under the title of Phase One Engineering Team or POET. We believe this is an important advance but are still concerned about the need for long-term support. We think that a stepped deployment increases this need if the steps are to be properly planned and integrated.

The SDIO's need for responsive, long-term systems engineering and technical assistance is very evident to the Panel; we think this need must be satisfied if we are to achieve an effective ballistic missile defense. The Systems Engineering and Integration contractor, although needed to meet other demands, is not a substitute. We recommend strongly that the Secretary of Defense make such support available to the Director, SDIO, from the resources of existing DoD FCRC's and ensure this support is fully responsive to the long-term needs of the SDIO. Should these actions be ineffective or inadequate in providing the type of quality of engineering and technical assistance required by the SDIO, an agreement should be reached with Congress to support the establishment of a new and separate FFRDC [Federally Funded Research and Development Center] to satisfy SDIO requirements.

SDIO

The concept of a stepped deployment and of an evolutionary surveillance, processing, and communications system has been discussed with Lt. Gen. Abrahamson and his staff. We understand that they are evaluating the idea and are developing alternative plans for a stepped development.

Ariane rocket moves into industrial phase

by Philippe Jamet and Laurent Rosenfeld

On June 15, at 13:19 hours European Time, the new Ariane-4 European Space Agency rocket took off from the Kourou, French Guiana launch complex, and put into a geostationary transfer orbit three satellites (Meteosat-P2, Amsat-3C, and Panamsat) representing a total weight of 3,200 kilograms (7,100 pounds). The successful launch of Ariane-4 is much more than just an improvement of the Ariane rocket family; it is a totally new phase in the development of the highly evolutionary European rocket, and beyond that, a new era for the European Space Agency: the age of industrial logistics.

For Europe, this launching symbolizes the maturity of the autonomous heavy launcher program started in 1973-74, whose obvious commercial success is based on the clever usage of several "windows" of commercial opportunity. At this time of extreme uncertainty about the future of the civilian space program in the United States, this independent European launch capability is of the utmost importance. The follow-on Ariane-5 rocket, will give Europe its first manned booster, which will carry the small shuttlecraft, Hermes, in the 1990s.

The Arianespace Corporation, which manufactures and markets the Ariane launcher, now enjoys a well-filled order backlog: About 25 future launches are already booked, representing 41 satellites and contracts for FF15 billion (U.S. \$2.8 billion), plus about 20 reservations (not yet firm orders). The company, which has already started or planned the production of 21 rockets, is planning soon to produce 50 rockets simultaneously, in order to achieve economies of scale (reducing costs by 15-20%).

A big step forward

One of the efficient features of the Ariane program has been its ability to improve from the simple first generation Ariane-1 design, to the more complex and much more powerful Ariane-4, which was just tested successfully on June 15, through the intermediate Ariane-2 and Ariane-3 designs. At each phase of this development, improvements, such as the addition of strap-on auxiliary boosters, combined with increased thrust and boosting duration, and an increased size of the payload capacity have allowed the European rocket to launch larger and larger satellites. For example, in the recent past, going from Ariane-3 to Ariane-4 allowed a 400 kilogram (890 pound) increase in the payload, by adding two small strap-on solid propellant boosters to the first stage.

The development of Ariane-4, required by the coming on the market of larger and heavier satellites (Aussat, Insat, Intelsat-7, NATO-4), thus follows this general rule of the European space program. One should also not forget the role of international competition, which has forced the new European launch vehicle to obey a number of imperatives:

1) A significant increase of the launching capability, both in terms of the mass and the size of the payload. Technically, the basic engines remaining the same, this is obtained by lengthening the duration of the thrust (by increasing the quantity of fuel): The thrust of the first stage now lasts 210 seconds, compared to 135 in the case of Ariane-3. This, however, makes the rocket heavier, and, therefore, requires an increase of the thrust itself, obtained through the strap-on boosters.

2) The creation of a whole range of possible configurations, able to offer a wide array of mission types. The rocket has a modular design, which can use two types of boosters in various combinations, which gives the Ariane-4 rocket six different configurations, each with different payload capabilities. The boosters can be either solid propellant boosters, or more powerful liquid propellant ones, and the rocket can have the following configurations:

- Ariane-40: No strap-on booster; this configuration, roughly equivalent to Ariane-2, allows a payload of 1,900 kilograms into a geostationary transfer orbit (GTO);
- Ariane-42P: Two solid boosters; again, this configuration is roughly equivalent to Ariane-3, with a GTO performance of 2,600 kilograms;
- Ariane-44P: Four solid boosters (3,000 kg in GTO);
- Ariane-42L: Two liquid boosters (3,200 kg in GTO);
- Ariane-44LP: Two solid and two liquid boosters (3,700 kg in GTO); this is the model which has been successfully tested this time, on June 15;
- Ariane-44L: Four liquid boosters (4,200 kg to 4,300 in GTO).

The liquid propellant boosters use the same basic Viking engine as the main engines of the first stage, but adapted to the specific use conditions of a booster. The larger capability, more than four metric tons for the Ariane-44L configuration (as opposed to 2,600 kg for Ariane-3, the most powerful version so far) allows launching of the very large communications satellites now in use. Ariane-44L has a maximum take-off mass of 460 metric tons and a maximum height of 60.4 meters.

3) The generalization of double or triple launches (i.e., several satellites on the same rocket). Launching two or three satellites in the same launch obviously allows a sharp reduction of the launching cost per satellite.

Going from Ariane-3 to Ariane-4 is thus a very big step forward for the European Space Agency. It is in this context unfortunate and stupid that the Europeans are only concentrating on commercial success in this area, without planning any planetary probes.

Toronto summit prescribes bigger austerity-poison dose

by Nicholas F. Benton

While attempting to gloss over the continued unraveling of the global monetary system in the wake of last October's stock market crash, leaders of the seven major non-communist industrialized nations, plus the European Community, produced a document at the conclusion of their annual Economic Summit in Toronto June 21, spelling out in unprecedented detail the "structural reforms" that each participating nation will undertake to better coordinate a global austerity policy aimed at keeping the disintegrating monetary system under a modicum of control.

A so-called "Annex on Structural Reforms" to the final Economic Declaration of the summit provided a nation-by-nation prescription of reform measures both under way and planned that the participants all agreed to. (*EIR* is one of the few publications to provide the complete text for its readers—see box.) For the nations with a trade surplus, the "structural reforms," in general, were designed to "stimulate domestic demand," while for the nations with a trade deficit, like the United States, the reforms were aimed at "reducing domestic demand." Either way, the substance of the measures is austerity, as it was also in the summit's prescription for dealing with the debt of Third World countries.

Combined with the "Annex" itself was an endorsement, in the larger "Economic Declaration," of the surveillance mechanism of the Organization of Economic Cooperation and Development (OECD), overseeing the performance of the participating nations in living up to their commitments to cram austerity measures down their citizens' throats.

Cue for interest rate hikes

The declaration made an inordinate number of references to the need to keep inflation rates down, which will be read by the markets as a signal that leaders are endorsing interest rate increases—the single most volatile factor that could

trigger a new crash.

Yet the final communiqué of the summit barely mentioned last October's crash. To the summit leaders, it was merely some "financial strains." Likewise, Reagan, in his press conference at the close of the summit, stumbled over reading a one-line reference to the crash, calling it "the instabilities of last October." It was because the coordination among the summit nations has been so strong, he intimated, that those "instabilities" had "so little impact on our underlying economies."

The surprisingly detailed "Annex" summary was the main tip-off that the attempts to gloss over the crash and the subsequent move of the global economy toward breakdown were a conscious charade. The enumeration of so many case-specific initiatives to bring the global economy into "balance" betrayed the shared view that the time for speaking in generalities was past, and some specific mandates were in order.

The "Annex" could be compared to a "wish list" of optimal policies that would avert an uncontrolled global crash by fine-tuning a coordinated, controlled collapse. They include everything from "strengthening the international competitiveness" of the U.S. industrial sector (i.e., lowering wages), to tax reform in Japan; deregulation, privatization, and reform of the Social Security System in Germany; trade union law reform in Britain; "flexibility in the labor market" in Italy; "financing the economy at the lowest possible cost" in France; liberalization of the financial services sector in Canada; and "improvement of competition policy" in the European Community.

Trade tensions

The list was evidently assembled to try to rein in the centrifugal forces, characteristic of a breakdown crisis, which were churning beneath the superficial calm of the summit.

These forces, powerful enough to snap all the best laid plans of the Group of 7 like so many dry twigs, took the form of growing frustrations and hostilities among member nations about unfair burdens imposed on them by the global austerity strategy—threatening to explode into uncontrolled trade wars.

Even the delegation from the European Community, which is known for bludgeoning European farmers into submission to free market dictates, had to put up a show of hostility to the Reagan administration's call for a so-called "zero option" in agriculture—that is, the end of all agricultural subsidies by the year 2000. EC "Trade Minister" Willy de Clerc said that the policy does not appreciate the fundamental difference between U.S. farmers and those in Europe. In Europe, he pointed out, 7.6 million farmers have less than 10 hectares of land, and are helpless, without supports, against the vagaries of weather and world food price fluctuations. Moreover, de Clerc said, the United States was duplicitous on the issue, granting supports for its own agriculture, such as \$1 billion in additional export enhancement funds, while forcing free market reforms on other nations.

EC spokesmen warned that if agricultural issues became

a major focus in Toronto, "it will ruin the summit." That did not prevent President Reagan from leading off the opening plenary session by highlighting the importance of his "zero option."

The paragraph in the final communiqué from the summit was a fierce battleground that was altered repeatedly during the final day. The EC lost out in the final version, accepting wording that conceded a "framework approach," that is "in line with long-term goals concerning the reduction of all direct and indirect subsidies," as opposed to the EC preference for "short-term measures," expressed in press briefings throughout the summit.

Similarly, the Japanese voiced repeated concern over whether further integration of the EC, combined with the pending U.S.-Canada free trade accord, would leave them out in the cold as the only nation among the G-7 not in some kind of trading bloc. They worried that they would become victims of "protectionism at the borders" of these other blocs, and did not get any satisfactory assurances to the contrary at the summit.

While the "Annex on Structural Reforms" spelled out the

The austerity dictates

The following is the text of the "Annex on Structural Reforms" issued at the Toronto summit:

1) EUROPE is pursuing structural reforms to complement macroeconomic policies in order to spur job creation, enhance growth potential, and achieve a sustainable pattern of external balances. Structural reform measures are being put into place in the framework of the Communities' program for a unified internal market by 1992; including full liberalization of capital movements; removal of physical, administrative, and technical barriers to allow the full mobility of persons, goods, and services and an improvement of competition policy. However, full achievement will depend on complete and timely implementation of the measures and on complementary policies including those in the fields of regional, social, and environmental policies and of technological co-operation.

2) The main elements of GERMANY'S structural reform and reduction, deregulation and privatization, reform of the postal and telecommunications system, increased flexibility in the labor market, and reform of the social security system.

3) In FRANCE, the main structural reforms will deal with improving the level of education and professional training and development for workers, and with major improvements in the functioning of financial markets in

order to facilitate the financing of the economy at the lowest possible cost.

4) ITALY will seek to promote training and education, increase the flexibility of the labor market to spur employment, improve the functioning of financial markets, revise the tax system to promote efficiency and eliminate distortions, and enhance public sector efficiency.

5) In the UNITED KINGDOM, there has already been a substantial program of tax reform, trade union law reform, deregulation, opening up of markets and privatization of state industries. This will continue. Further measures are being introduced to improve both the quality of education and the flexibility of the housing market.

6) JAPAN will pursue structural reforms to support and sustain the greater reliance on domestic demand-led growth which has quickened remarkably. Japan will promote reform of government regulations in key sectors including land use policies and the distribution system, and reform of the tax system.

7) For the UNITED STATES, where recent indications that the declining trend in private savings may have bottomed out are encouraging, it is nonetheless a priority to increase incentives to save. Also the United States will strengthen the international competitiveness of its industrial sector.

8) The most promising areas of structural reform in CANADA are implementation of the second stage of tax reform, the proposed liberalization of the financial services sector, and, most important, the implementation of the Free Trade Agreement with the United States.

details of austerity policies in all the G-7 nations and the EC, the broader "Economic Declaration" of the summit reached further, to make harsh demands upon three other groups of nations: 1) the so-called "newly industrialized countries (NICs)" of Asia, 2) middle-income debtor countries, and 3) the "poorest of the poor" sub-Saharan African countries. The summit leaders stressed that all three groups must play by the rigid rules outlined in their communiqué to keep the fragile world economy together.

- For the NICs, they stressed that "with increased economic importance comes greater international responsibilities." This means that these nations, like Taiwan, South Korea, and the Philippines, must "enter the dialogue and cooperative efforts" to "achieve the international adjustment necessary for sustained, balanced growth of the world economy." That means opening up their economies to austerity measures under international surveillance, the same as all the G-7 nations have.

- For the so-called "middle-income debtor" nations, typified by Brazil, Argentina, and Mexico, the summit leaders insisted on a "market-oriented case-by-case approach," supporting "the recent initiatives taken by the International Monetary Fund to strengthen its capacity to support medium-term programs of macroeconomic adjustment and structural reform." They endorsed the World Bank's role in "promoting adjustment in middle-income countries." This means backing the IMF-World Bank policy of devoting almost all resources to their infamous "conditionalities," carefully-monitored domestic austerity policies that take the name of "structural reforms." The reference to the "case-by-case" approach was in response to U.S. demands that no state funds go to provide debt relief for these nations, since most of their debt is owed to private banks. The so-called "poorest of the poor" nations in sub-Saharan Africa, where most of the media attention was focused during the conference, there was no consensus on how to provide debt relief, because, among other things, the United States refused to write off any debt. Therefore, there was a general endorsement of "easing the burden" of these nations, without being specific, while the IMF was again praised for its role as the controlling and monitoring agency for necessary "structural adjustments."

Closing sections on the environment and bioethics only confirmed the vicious intent behind the summit communiqué. On the environment, "over-intensive use of resources" was attacked—a nasty slap at African farmers who try to optimize yields from dry land.

The summit leaders also issued a joint political statement, which praised President Reagan and Soviet leader Gorbachov for the Intermediate Nuclear Force (INF) reduction treaty, and added, "We now look for deep cuts in U.S. and Soviet strategic offensive arms."

But with the world economy unraveling rapidly out of control, all the best laid plans of the summit leaders had more a ring of desperation than confident mandate.

Settlement for Kampuchea? Not yet

by Linda de Hoyos

"The Kampuchean problem is a lot more complicated, complex, and hard to solve than most great foreign 'experts' and 'specialists' believe," stated Cambodia's Prince Sihanouk in an open letter May 20 from Pyongyang, North Korea. Sihanouk's assessment is a word to the wise to those who believe that the apparent willingness of the Soviet Union, Vietnam, Thailand, and the United States to solve the nine-year old Cambodian conflict will lead to quick results.

Nevertheless, diplomatic events since May 20 have brought the Cambodian conflict to the forefront of Washington and Moscow's agenda for "regional settlements." The stage for recent initiatives around Cambodia was set by talks between U.S. Assistant Secretary of State for Far Eastern Affairs Gaston Sigur and Soviet Deputy Foreign Minister Igor Rogachev in April in Paris, with Cambodia the main issue under discussion. The tempo of events began to quicken when Thai Prime Minister Prem Tinsulanonda visited Moscow May 26 and assured Soviet General Secretary Mikhail Gorbachov that if Moscow used its influence to settle the Cambodian conflict, it would be rewarded by the ASEAN (non-communist) countries of Southeast Asia. Within a few days of Prem's visit, Vietnam announced it wants to pull 50,000 of its troops out of Cambodia this year.

Since then, events have followed apace:

On June 8, Vietnamese Foreign Minister Nguyen Co Thach met in New York at the United Nations with U.S. presidential envoy to Vietnam Gen. John Vessey and U.S. Assistant Secretary of State for Far Eastern Affairs Gaston Sigur. As indicated in columns by Jacques Beckaert in the *Bangkok Post*, Vessey (that is, the Pentagon) has been urging Thach to talk directly to Prince Sihanouk. Vietnam had turned down an offer for dialogue with Sihanouk in April, in the likely belief that China is Vietnam's proper negotiating partner and the Khmer factions—the Vietnamese-backed Phnom Penh government and the resistance coalition of Sihanouk, Son Sann, and the Chinese-backed Khmer Rouge—should talk among themselves. But the Pentagon views direct talks between Vietnam and Sihanouk as "very important." Be-

ckaert June 4 quoted a Pentagon source saying, "If we are convinced that Vietnam is withdrawing its troops and talks to Sihanouk, then we could help ensure that the Khmer Rouge does not return to power."

On June 13, Indonesia, which has served as ASEAN's official envoy-nation to Vietnam, announced that it had secured initial agreement for an informal conference—sometimes called a "cocktail party"—among the anti-Vietnamese resistance coalition, the Phnom Penh government, and Hanoi. On June 23, Vietnam's Thach indicated that he had agreed to "talk" but would not "negotiate" with Sihanouk at the Indonesia conference, now scheduled for late July.

On June 18, Thach visited Bangkok, his first visit to Thailand in nine years. Thach met with Prime Minister Prem, Thai Foreign Minister Siddhi Savestila, and former Prime Minister Kriangsak Chomanan. As prime minister, Kriangsak, who is known to be close to the Americans, first reopened relations with Vietnam after the war.

Thach's visit and high-level meetings are the first major step in realizing the general view of some Thai leaders that there is no problem between Vietnam and Thailand per se, despite the skirmishes over the last years between their armed forces on the Thai-Cambodian border. As Foreign Minister Siddhi said, "This could be the beginning of a new chapter in our bilateral relations and in our cooperation for a political solution for the Kampuchean problem."

In a press conference after the discussions, Siddhi said that agreement between Vietnam and Thailand had been reached in several areas. As reported by the *Bangkok Post* June 18, the two sides agreed "that the Cambodian problem be solved through political means; that the Cambodians exercise self-determination; that the withdrawal of Vietnamese troops is an important factor in the resolution of the conflict; that Cambodia must be a neutral and non-aligned country posing no threat to Thailand, Vietnam, or any other country."

Mr. Thach added in the Bangkok press conference that the key problem was preventing the Khmer Rouge from taking power back in Cambodia once Vietnamese troops were to withdraw. "If you have determination to disarm them and to prevent them [from returning to power], then it is very easy."

The Thach-Thailand talks hinge on a conception of a settlement in which Thailand is the pivot, as elaborated by *Bangkok Nation* columnist Kawi Khongkitthawon: "How much can we trust the Khmer Rouge?" said a foreign ministry official. "We must design a mechanism that would prevent them from retaking power and disarm them gradually." Meanwhile, Vietnam will be encouraged to quicken its troop withdrawal as involved parties and the international community find ways to prevent the Khmer Rouge guerrillas from returning to power. . . . As a good will gesture, Vietnam would be asked to withdraw another 170 kilometers, beyond the 30-kilometer safety zone, from the Thai-Kampuchean border—making this area available for repatriation of Kam-

puchean refugees living along the Thai-Kampuchean border.

"It is envisioned that within six months under international supervision and the assistance of international relief agencies, half of the 300,000 Kampuchean refugees could be settled in the 200-kilometer safety zone without great difficulty. . . .

"In the next step, Thailand would ensure that no more Chinese arms would cross the border to the Khmer Rouge guerrillas, as the ceasefire continues and the process of establishing a provisional government is in the making.

"In return, Thailand would like to see the Vietnamese withdrawal done systematically with a more definite time-frame and on a fixed territorial basis. Thai officials cite the Soviet withdrawal from Afghanistan as an example. Moscow announced that it would withdraw its estimated 110,000 troops within nine months, beginning from western Afghanistan."

The scenario then suggests that Sihanouk work for a coalition government with the current Phnom Penh government under the protection of an international peacekeeping force. At that point, an international conference would be convened to include: Vietnam, Thailand, China, the United States, and the Soviet Union. "Countries like the United States and the Soviet Union would act as guarantors to any agreement worked out by the Kampuchean groups."

With all this accomplished, "Thailand would call another international conference on the Economic Reconstruction of Indochina attended by countries which pledged to provide aid and technical know-how to the Indochinese states, after the settlement of the Kampuchean conflict."

And in Beijing?

As Thach and Siddhi were meeting in Bangkok, a story was released by the *Washington Post* to the effect that China had told U.S. officials that it was prepared to offer asylum to Pol Pot, the genocidal leader of the Khmer Rouge who ruled the country from 1975 to 1979. The implication of the news was that Beijing was now willing to remove Pol Pot from the immediate Kampuchean scene—a key demand of the Vietnamese. The news boosted the atmosphere of the talks in Thailand.

Within a week, however, Beijing officially denied the news. In a press conference in Beijing, Chinese Foreign Ministry spokesman Li Zhaoxing denounced the *Washington Post* report as "highly irresponsible" and "utterly groundless."

Meanwhile, Indian and Thai press report that there was no progress on the Cambodian conflict during the twelfth round of talks between China and the U.S.S.R. held over the week of June 16 in Moscow. And despite declarations from Soviet Foreign Minister Eduard Shevardnadze June 22 that "good chances" for a settlement emerged from the talks, diplomats in Thailand and Beijing can "detect no change" in the Chinese position that the Khmer Rouge must be a major partner in any resolution to the Cambodian conflict.

New commander named for Soviet Transcaucasus

by Konstantin George

The Soviet leadership is using the ongoing crisis in Armenia and Azerbaijan to militarize the entire Transcaucasus area, and to place the Armenian-inhabited Nagorno-Karabakh region inside Azerbaijan under direct Russian rule from Moscow. The militarization has been underscored with the naming in June of Gen. Lt. Igor Nikolayevich Rodionov as the new commander of the Transcaucasus Military District. The district embraces the three Transcaucasian republics of Georgia, Armenia, and Azerbaijan, and borders on Turkey and Iran, both potential theaters for future Soviet military operations.

Rodionov, an expert in mountain warfare and in the deployment of airborne and spetsnaz (special forces) troops, was commander of the Soviet forces in Afghanistan until early 1987, when he was named first deputy commander of the Moscow Military District.

The previous commander of the Transcaucasus Military District, General of the Army Konstantin A. Kochetov, has been given a major promotion, as the new commander of the Moscow Military District.

Since the Transcaucasus crisis began in February, with KGB-organized pogroms against Armenians in Azerbaijan, the Soviet military has used the crisis to reinforce its troops in the region, and to shift their deployment into Azerbaijan near the Iranian border. With the outbreak of ethnic clashes in southern Armenia in two villages very close to the Turkish border on June 17, a further pretext was provided, to extend the military deployments up to the Turkish border. Both villages are now patrolled by Soviet Army troops with armored vehicles and armored personnel carriers.

According to the Armenian leaders of the illegal "Karabakh Committee," which has led the general strike in Karabakh, 12 people—6 Armenians and 6 Azeris—were killed in these latest ethnic clashes. On June 19, Soviet foreign ministry spokesman Gennadi Gerasimov denied this information, maintaining that "there were no deaths, but eight were wounded on each side."

Soviet "dissident" sources, such as Sergei Grigoryants of *Glasnost* magazine, are now predicting direct rule from Moscow, in the form of giving Karabakh to neither Azerbaijan nor Armenia, but to make it an "autonomous republic" within the Russian Republic.

This evaluation was given further credence through an article that appeared on June 22 in the weekly *Sotsialisticheskaya Industriya*, which announced that the situation in Armenia is "returning to normal," and then praised the Armenians for now "behaving with tact." The article reported the June 15 resolution of the Armenian Supreme Soviet, demanding the incorporation of Karabakh into Armenia, adding that this was rejected by the Azerbaijan Supreme Soviet, which prompted the "Armenian Supreme Soviet to appeal to the U.S.S.R. Supreme Soviet to make a decision." The article left the question of Karabakh's juridical future totally open, abandoning the litany, standard since February, that "any changes in territorial status are out of the question."

Toward a crackdown in Azerbaijan

The same KGB hierarchy and Russian nomenklatura who have engineered a near civil war situation between two non-Russian nationalities (Armenians and Turkic Azeris) have also raised the direct rule policy as the means to trigger an Azeri explosion. An explosion in Azerbaijan would grant Moscow the excuse to engage in mass suppression of a Turkic population and to declare Karabakh an "autonomous" part of the Russian Republic, ruled from Moscow.

The shift toward detaching Karabakh from Azerbaijan is intended to drive the situation in Azerbaijan out of control, setting the stage for brutal repression.

There is rising Azeri rage, not only toward Armenians, but also toward Russians, and this is perhaps the major reason why now, in contrast to February during the clashes in Sumgait, Russian Army troops are patrolling the streets of Baku and other Azerbaijani cities, before riots erupt. The mood of the Azeris has not developed this way spontaneously. In the week of June 13-17, during the huge rallies by 100,000 Azeris in Baku, they were addressed by Azerbaijan's new party boss (since May 21), Abdul-Rakhman Khalil Ogly Vezirov, the former ambassador to Pakistan and a KGB-trained specialist on, among other things, promoting inter-ethnic conflicts (one can note the enormous rise in Soviet-directed communal warfare in Pakistan's cities during Vezirov's tenure there, 1986-88). Vezirov told the mob: "I would sooner get rid of my wife than give up Karabakh." Immediately after that speech, leaflets began circulating in Baku, saying: "Armenians go home within three days, or we'll cut you up like dogs." On June 18, an Azeri mob began to march on the Armenian quarter of Baku; and at that point, the Russian Army moved in, to guard both the Armenian and the Russian quarter of the city.

Round One of the Transcaucasus explosion was February-March. Round Two was a more intense series of events preceding the extraordinary national Party Conference at the end of June. Round Three is only a matter of time. It will consolidate the process of militarization of the Transcaucasus and the emergence of direct rule from Moscow—*de jure* in the case of Karabakh, and *de facto* for the region as a whole.

EKD lauds Russian Orthodox anti-Semites

by Our Special Correspondent

Speaking at a June 16-19 conference of the Evangelical Church (EKD) Academy in Tutzing, West Germany, influentials of the Protestant EKD propagandized in favor of the Gnostic anti-Western belief-structure of the Russian Orthodox Church, while admitting that the growth of the ROC signified a rise in anti-Semitism inside the Soviet Union.

The conference was on the theme of Gorbachov's *perestroika* reforms, and was conducted under the banner of a quote from one of Gorbachov's speeches: "We need democracy like breath needs air."

The gathering featured numerous Soviet personalities, including Ambassador to West Germany Yuli Kvitsinsky; Metropolitan Irinei, head of the Russian Orthodox Church for the region of southern Germany and Vienna, Austria; poetess Yevgenia Kazeva; and Dr. Andrei Nikoforov, assistant chief editor of the Moscow journal *U.S.A.—Economy, Politics, Ideology*.

Metropolitan Irinei was treated with special reverence by conference directors, and presided over a joint EKD-ROC "peace prayer" and mass after the last sessions of the conference on June 19. His presence was all the more significant, since the official two-week-long state-sponsored celebrations of "the Millennium of the Christianization of Russia" had just concluded on June 17. These celebrations, as *EIR* has documented in recent weeks, have heralded a mobilization to achieve the centuries-long Russian ambition of Moscow to become the "Third and Final Rome," center of a world empire.

Tutzing Academy director Claus-Jürgen Röpke exclaimed that dialogues between the ROC and the EKD may not be "as significant in the public eye" as other forms of dialogue, but have created "very important milestones" in German-Russian relations. He boasted that the late Martin Niemöller of the EKD had been the first "discussion partner" in the West with the ROC, beginning in the early 1950s.

In a recent article eulogizing his old ROC collaborator, Metropolitan Pitirim, Röpke described the emergence of the "Third Rome" idea in the 16th century, as the time of "the flowering of Russian culture." In the autumn of 1987, Röpke had been awarded by Patriarch Pimen the Order of Vladimir, the highest award of the Russian Orthodox Church.

Dr. Wieland Zademach, a sociologist of religion based

in Aulendorf, discussed in his June 19 presentation the various subtle changes in Soviet Russian religious philosophy and social thought in the past couple of decades, which have increasingly legitimized the ROC. He cited a statement of Russian writer Sergei Averintsev, that there was an "inseparable unity of Byzantine Christianity and the Russian soul," and that the Church had played a critical role in creating a "unified Russian national state." He also quoted Metropolitan Filaret from Kiev: "The Russian national consciousness developed on the foundation of Orthodox faith."

Zademach was asked what consequences the legitimization of the ROC would have on *other* religions in the U.S.S.R., particularly Islam and Judaism. As far as Islam was concerned, Zademach said, new opportunities for freedom of expression could be foreseen. As for Judaism, "There is a problem, because there is a growth of *nationalism of an anti-Semitic character*."

Other speakers underlined that the ROC is being cultivated by "reformer" Gorbachov. Wolfgang Leonhard, a professor at Yale University, stated that the ROC was one of the main pillars of support for Gorbachov against his opposition. Likewise, the official conference book display featured two types of books: German-language reproductions of speeches and writings of Gorbachov, and books fawning over the ROC and the "Russian Millennium."

The 'New Age'

Röpke and his friends are escalating their operations in favor of ROC Gnosticism. From June 24-26, the Academy is sponsoring an event at Schloss Schwanberg, in Bad Kitzingen, West Germany, on the theme, "Image of God in transformation." The conference is an attempt to create a new East-West satanic-Gnostic belief-structure, based on merging the Byzantine notion of the "goddess of wisdom" Sophia with the image of Christ—all under the hegemony of ROC theology.

The official conference brochure states that there is "no doubt that the talk of a time of change, a New Age, paradigm shifts, and transformation, is not only the vogue, but is a serious expression of a changing feeling of the self and of the world." Increasingly under attack, the brochure states, are the ideas of "man as producer," "rationalistic Logos-thought," and "patriarchal structures." Ever more, people are searching in "the myths of old religions, in Eastern spirituality, and in the depth of the collective unconsciousness for new ultimate conceptions of a holistic sense of being human."

In the Judeo-Christian tradition, the statement goes on, the "New Age" paradigm-shift will be brought by bringing to "the side of Christ, the 'true man and true God,' " the goddess "Sophia, Dame Wisdom." In "occidental theology," the statement complains, Sophia was "almost expelled. . . . But her tradition never really got lost completely. She always stayed alive in the Eastern Church, up to the great Russian philosophers of religion of this century."

Israel's 'new voices' seek policy change

On June 6, 1988, *Middle East Insider (MEI)*, a weekly subscription newsletter issued by *EIR* in Western Europe, conducted the following exclusive interview with Moshe Amirav, the spokesman for the Israel Council for Peace and Security, which was created last April. Until earlier this year, Mr. Amirav had been a member of the Herut faction of the Likud. He was stripped of all responsibilities inside the party and forced to leave after having met with Palestine Liberation Organization (PLO) representatives.

In the interview, *MEI* asked him the main aims of the Council, whose membership reads like a Who's Who of Israel's military establishment, with members such as Gen. Aharon Ya'ariv of Tel Aviv's Institute for Strategic Studies, Gen. Shlomo Gazit, formerly of military intelligence, Gen. Yitzhak Hofi, formerly of Mossad.

MEI: How would you define the aims and activities of the Council?

Amirav: The main target is to be active as a group in the political life in Israel, not as a party—we are not running for parliament—but as a pressure group on the idea that we have to go toward a settlement that will need to bring concessions, political concessions, territorial concessions, with the Palestinians. . . . We consider Israel to be strong enough to negotiate with the Palestinians and the Arab countries, and that the time is ready now, to have peace in the Middle East. The group consists of about 400 people, 100 of whom are retired generals, and the rest are academicians, professors, from all kinds of layers, industries, and high officials, former high-level officials within the government. The group is mainly engaged in propaganda, against what we call the propaganda of the right. The propaganda of the right today in Israel tries to separate peace from security. The Likud, the Takhya [Meir Kahane], and other elements, they say that there is a camp in Israel which is the peace camp, and they [the right] are the camp of Israel's security. What we are trying to say—and the people who are saying it, are people who had responsibilities in the army—is that not only will Israel's security not be harmed by a peace settlement, but to the contrary, a peace settlement will be the only security for Israel.

Unlike many others in Israel, we believe that there is

somebody to talk with, and there are partners who are ready to have peace with Israel, and we have to go and check it. We do not have a plan or a definitive solution, but what we have is a line of what we are saying; we cannot keep the status quo anymore, we have to give settlement a chance, and there are some of us who are raising questions. That is another aim of the Council, we have to raise new questions in Israel—not necessarily always give the answer. The questions that we raised in our meetings . . . [included] for instance, is a Palestinian Independent State really a danger to Israel? Because you know the consensus in Israel is that an independent state is a mortal danger. . . . So we raise such questions not in the detailed political aspect, but in terms of security. . . .

We ask ourselves if it is not better to have a demilitarized state in the West Bank and Gaza, rather than to give part of it to Jordan, which might in the future lead to a situation in which Syrian troops will be in the West Bank. . . .

We ask questions about the PLO: Is it really that the PLO doesn't want peace, is it really that the PLO is not ready for a concrete solution? Maybe there are elements in the PLO, in the mainstream of the PLO, who are ready today—maybe they were not ready before—to recognize the state of Israel. We would like to check it, we are not sure of it; the common consensus in Israel is that there is no one to talk with in the PLO. Maybe that is right but we raise questions . . . about what is said here, that the security line of Israel, on the East, has to be the Jordan River. We are not sure this is so, we have to see. Maybe in a peace settlement with Jordan, we can discuss to reduce the numbers of Jordanian brigades, of divisions, let's say from 26 to 10. It might be a better solution in a peace agreement, than to have the Israeli army on the Jordan line.

All these are questions that we are raising and many others, because we want them to be in the focus of public concern, of the public discussion right now. and it will be very difficult for those who are against [this] to say, "These are leftists, these are people who have not served in the army, these are no patriots." But we are patriots, we have served in the army, we are the mainstream in Israel, and we are raising these questions, because we think that this is the time for revolutionary thinking in this country and what we are going to do in the very near future, besides discussing these things,

is to explain and go on an offensive toward the Israeli public in the cities, in the small cities; we will send generals and professors to small places to speak out for our ideas. We won't give solutions in terms of what kind of maps there will be in the future, what kind of settlement, but we will raise all these questions, and we will say one definitive thing: It is time now for a settlement.

MEI: Will you ask each of the Knesset candidates in October to take a stand on what you are saying?

Amirav: We speak to the Israeli public. We are not a party, we think that all the parties speak only in slogans, we think that they are giving the public what they think the public would like to hear. They speak in slogans, and images which have nothing to do with the facts. In a time like this, it is very important to raise intelligent discussions with facts, analyses, and conclusions.

MEI: When the Council was created, there was talk that it also represented the views that the active military leadership cannot express.

Amirav: I don't know. I am not sure about what the active people in the army think. I do not think it is important, because the army does not think. Officers of the army in Israel are trained to obey orders from the political leadership, so they do not speak about politics in the army, and whoever is in the army has his own thoughts. . . . We are not trying even to say that we represent what the army thinks, because no one knows what the army, what the people in the army, think. What we are trying to say, is that when you speak about being strong, when you speak about security, when you speak about national security, the fact that you have a background in the army gives you a better basis to judge, and that's what we bring with us . . . the people who come from the army, and they bring that with them, but they are speaking as civilians. We are not dealing now with the army. . . .

MEI: You are making the point that Israel is strong enough from a military standpoint. Have you already looked at the economic side? There have been various proposals, such as a Marshall Plan for the region, stressing that common economic development would create the necessary bonds between the countries of the region.

Amirav: We will be organizing a symposium on this aspect that you are raising. . . . It will be at the Dan Hotel in Tel Aviv, next month. . . . Some of the most prominent Israeli economists will be attending this meeting, and some generals.

MEI: How do you analyze the recent superpower summit and their talks over the Middle East?

Amirav: We responded to it yesterday. We gave a very

positive response, especially to the situation in which the Soviet Union declared that it is standing for the security of Israel. And that in any arrangements in the future, the security of Israel will have to be taken into concern. We see that as a positive aspect from the Soviet Union. And we are very pleased with the pressures that the Soviet Union is putting on the PLO to recognize the State of Israel, because we see this recognition as a very important first step to pave the way for possibilities of negotiations between the PLO and Israel. The minute the PLO recognizes Israel, we believe that 70% of the population in Israel would be ready to speak with the PLO. Today, there was a survey in which 30% of the Israeli people said that they were ready to talk with the PLO. We are sure that this number will be doubled, even more than that, if the PLO recognizes the State of Israel.

MEI: In the next few days, the Arab summit will take place in Algiers. Do you expect the PLO to make such a step then?

Amirav: We hope that the Arab summit will listen to the *new voices* that are coming out of Israel. We think that, the same way we are listening to the new voices in the Arab world, they have to listen to the new voices in Israel. One of these voices is the voice of our Council.

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Destabilization of Turkey barely averted after hit attempt on premier

Whoever sponsored the June 18 assassination attempt against Turkish Prime Minister Turgut Özal, the investigation must be informed by the fact that its result would have been to throw Turkey into chaos, and with it, a large part of the Mediterranean and Middle Eastern region. The attempt, which may not be the last, occurred at a time when Turkey, the easternmost member of the NATO alliance, is playing a pivotal role in the region.

The hit on Özal might also be part of a broader "hot summer" strategy targeting leading Western figures. Just 24 hours earlier, German-speaking terrorists tried to blow up a hotel in Cadiz, Spain close to the Rota military base where NATO's Nuclear Planning Group was then meeting.

Yet, strangely enough, both terrorist operations were receiving scant attention in the press, less than a week after they occurred.

Setting Turkey back 15 years

What would have been the consequence of Özal's death? Turkish sources have described him as the guarantor of Turkey's Western orientation, both toward the European Community and NATO. A major feature of this is the ongoing reconciliation between Greece and Turkey, long engaged in a bitter quarrel over Cyprus. Though the reconciliation policy is backed by most of Turkey's political and social elite, there is no present alternative to Özal's personal leadership to implement it.

For example, the June 18-19 congress of Özal's Motherland Party heralded the integration inside the party of varying political factions, including former extreme right-wingers and Islamic fundamentalists. Bringing such divergent forces together is a political feat that only Özal could have accomplished.

As many have noted, without Özal, the party, which has a majority in the parliament, would simply dissolve, ending the political and social stability which has marked Turkish political life since the Army surrendered power to civilian politicians in 1983. This could set back Turkey's social and economic development 15 years.

Intelligence specialists say that were Özal killed, the Army would soon have to retake power, either through President Evren, or directly. With accusations flying in all directions,

Turkey's relations to its neighbors would deteriorate quickly, leading to a new crisis with Greece over Cyprus, and new tensions with immediate neighbors Syria, Bulgaria, Iraq, Iran, and the Soviet Union.

New Yalta dealings

At the May summit of Gorbachov and Reagan in Moscow, the United States and the Soviet Union failed to agree on how to impose their will quickly in the Middle East. Intelligence sources say that the only consensus reached was that the entire region, from Afghanistan to Greece, was up for grabs. Both powers would cooperate on an intelligence level, which would not preclude political rivalry.

Since that consensus, U.S.-Iran talks have stepped up, in part thanks to an agreement by Moscow to ease American efforts to obtain the release of hostages. In recent weeks, this has produced conflict with Turkey.

This was highlighted by the visit to Washington in the first week of June by Talal Talabani of the Kurdish Unity Party (PUK), which is headquartered in Teheran, Iran. (The Kurds occupy a territory that overlaps Iraq, Iran, and Turkey, and have traditionally resisted all three countries' authority.) In a slap at Turkey, the State Department rolled out the red carpet for Talabani. While Talabani's Kurdish separatists have primarily been fighting against *Iraqi* authority, Talabani early this year signed a cooperation accord with another Kurdish party, the PKK of Abdullah Ocalan, which is headquartered in the Syrian-controlled Bekaa Valley in Lebanon, and which has been responsible for almost daily massacres in Southeast Anatolia, Turkey.

Because of Syria's pivotal role in the hostage negotiations, Washington has applied little if any pressure on Damascus to stop these atrocities by Syria's Kurdish protégés against Turkish citizens.

Turkey is also under new pressure from Soviet quarters, which is related to recent months' turmoil in Soviet Armenia and Azerbaijan, regions with which Turkey has been associated for centuries. Most of the Armenian demonstrations on the issue of Nagorno-Karabakh (see page 42) were more anti-Azeri and anti-Turkish than anti-Soviet.

Last March, the Turkish government permitted the creation of an "Azerbaijan Information Center," which soon be-

came a virtual anti-Soviet government-in-exile of Azerbaijan. Moscow is now gearing up toward a military show of strength to bring both republics under control, while fostering a belt of upheaval from northern Pakistan to Baluchistan, Iran, and Kurdistan. This turns the tables on those Western strategists, notably former National Security Adviser Zbigniew Brzezinski, who thought they could foster an Islamic "arc of crisis" in that region which would undermine Soviet rule. For the Kremlin, Turkey becomes the NATO-member target of this reversed "arc of crisis."

The local factors

Presumably such geopolitical considerations and deals are alien to Prime Minister Özal's would-be murderer, 32-year-old Kartal Demirag. He is an ex-teacher who had been sentenced to 10 years in jail in 1986 for murder, but escaped under mysterious circumstances. As many have noted, Demirag looks like a carbon-copy of Mehmet Ali Agca, the would-be assassin of Pope John Paul II. Both belonged to the Grey Wolves of Alaspan Turkes. Demirag was reportedly safehoused by the National Liberation Front, an extremist splinter group principally based in West Germany, at the initiative of one Musa Sardar Celebi, a Frankfurt-based businessman who was interrogated for his past connections to Agca!

But as Turkish investigators have stressed, Demirag's political ties are a bit "too obvious." For a terrorist, he had left a great many leads behind in his hotel room. There was a network that supplied him with false papers and money. While such gross evidence seemed designed to mislead police, at least it establishes that Demirag was no "lone fanatic."

Prime Minister Turgut Özal himself stressed on June 21 that a mafia connection could not be ruled out. After all, he said, his economic policies have lost the cigarette-smuggling mafia at least 900 billion Turkish liras in recent months. Perhaps not enough to murder a prime minister for— but enough to accept a contract.

From there, the investigation proceeds down a well-known track. The cigarette-smuggling mafia leads to the Warsaw Pact's Bulgaria, where Marlboros are counterfeited and smuggled abroad. The same mafia deals in both drugs and weapons along a Middle East-to-Western Europe axis, and as in other countries, has penetrated high levels of the political parties and institutions in Turkey.

During the last six months Turkey has been rocked by the scandal that former Chief of Staff Gen. Necdet Urug and some other senior officers worked with the Istanbul mafia. The scandal prompted Özal to order an investigation into the intelligence service, MIT. On June 22, the *Wall Street Journal* aired the hypothesis a "lone" official of MIT may have been trying to take revenge by killing Özal. While this is unlikely, it would surprise no one if some officials in the army, the police, and MIT were found to have cooperated in the plot.

Are new 'Irangate' deals in the works?

by Thierry Lalevée

Is it a coincidence that rumors of the death of Iran's Ruhollah Khomeini began circulating in mid-June, at a time of intense negotiations between Iran and several Western nations, for the release of hostages? According to several intelligence specialists, the rumors are in fact a disinformation ploy, intended to convince gullible Western governments to bend over backward to appease the Teheran regime. If Khomeini is dead, or about to die, so the argument goes, who will question those who say that Iran's situation is rapidly changing, "potentially for the good," and that it is important to have a foot in the door?

By the time the disinformation ploy is effectively exposed, Khomeini may actually have died. But no one will have opposed the ongoing negotiations for what amounts to a resumption of the type of arms-for-hostages deals for which Lt. Col. Oliver North and others have been indicted.

If any conclusion is to be drawn from the Irangate scandal, it is that the bigger the lie, the better the cover it provides. Hence, what used to be terrorist nations and organizations have suddenly become transformed into "radical states showing signs of moderation," as Muammar Qaddafi's Libya is now described. It is not the regimes themselves that have changed, but for political expediency, the propaganda war has shifted.

The fallacy of this propaganda is shown most sharply in the case of the Middle East conflict, where Washington is day-by-day drawing closer to the Syria of President Hafez al Assad, who opposes negotiations with Israel, but also rejects any official talks with the PLO, which has just authored a new peace plan. It so happens that Syria occupies that part of Lebanon where the hostages are located, under control of the Iranian-backed Hezbollah.

The reality in the currently ongoing hostage negotiations is twofold. First, they are now receiving the backing of the Soviet Union, and were a direct issue of negotiations at the Moscow Summit at the end of May and beginning of June. General Secretary Mikhail Gorbachov has agreed to cooperate in the negotiations, notably through Soviet client state Syria, provided he is kept informed of the steps which are taken. Second, even though Khomeini is not officially dead, Iran's factional situation is extremely fluid. But to conclude

from this, as some do, that the coming months will see the rise of a pro-Western, more moderate faction in Iran, is nothing but wishful thinking. As Irangate has shown, and as was underlined in testimony before Independent Counsel Lawrence Walsh's investigators on June 10 by former CIA agent George Cave, Iranian negotiations with the United States have always involved the Iranian hardliners. Their rationale is simple enough: There is no contradiction in getting weapons and money from the United States, since this helps Iran fight America!

But the lessons of Irangate have not deterred the Western negotiators. President Reagan, sure of Gorbachov's backing, made a stopover in London after the Moscow Summit to brief Prime Minister Margaret Thatcher, and from that point on, American and British hostage negotiations have intensified.

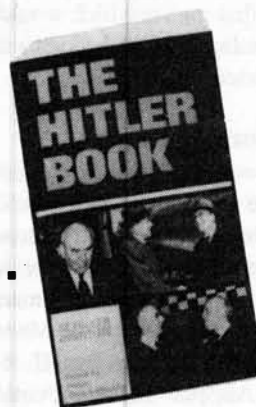
The top-secret negotiations have included a May 15 meeting in Geneva, a late-May meeting in Ankara between Defense Intelligence Agency boss Lt. Gen. Leonard H. Perroots and Iranian representatives, and there was a series of meetings in Algiers, starting June 1. On the American side, the negotiations have been centralized by U.N. Ambassador Vernon Walters, Assistant Secretary of State for Political Affairs John Whitehead, and Deputy Secretary of State for Middle Eastern Affairs Richard Murphy. The Iranian side has included Khomeini's son-in-law Sadeh Tabatabai, Deputy Foreign Minister Mohammed Javad Larijani, and U.N. Ambassador Ja'afar Mahalati. On the British side, the Church of England, Lord Kilbracken of the Anglo-Kurdish Association, the Foreign Office, and Lonrho, Ltd.'s chairman, Tiny Rowland, have all been involved.

New arms to Iran

The bottom line, of course, concerns money and weapons. In Ankara, General Perroots reportedly made the commitment that Washington would increase its deliveries of weapons to Afghan resistance movements, especially those based in Iran, now led by Hekmatyar, ensuring that these weapons *are actually delivered to Iran*. Since the United States is forbidden from delivering weapons directly to Iran, Washington also reportedly agreed to make available to European-based arms merchants, the kind of American equipment that Iran requires.

No less important are the demands of Syria. Indeed, most of the Iranian-held hostages have been holed up for several weeks in South Beirut. Syria could have intervened to release them at any time. But this was not done, because Syria wanted to wait for the conclusion of the negotiations between Iran and the West, as well as of bilateral Iranian-Syrian negotiations. One of Syria's demands to Washington is that it should dump the Lebanese Christian forces which control East Beirut. The word from Damascus is: When Beirut is reunified under Syrian control, then the hostages will be released. Washington could not care less about the Lebanese Christian forces, but its ability to force them to withdraw from East Beirut is in any case minimal.

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Japan, West Germany recognize Panama's Solís Palma government

by Robyn Quijano

On June 15, U.S. Secretary of State George Shultz announced that the United States intended to use the Toronto Summit of major industrialized nations to discuss ways of combating Panama's Gen. Manuel Antonio Noriega. The Reagan administration has been pressuring its allies throughout the world for four months to recognize Panama's deposed "President-in-hiding," Eric Arturo Delvalle, and join the United States' economic warfare against the government of Panamanian President Manuel Solís Palma.

On the same day Shultz announced his plan, the new ambassador from West Germany presented his credentials at Panama's presidential palace. On June 24, just days after the Toronto Summit, Japan's ambassador to Panama met with Foreign Minister Jorge Ritter in Panama City to convey his nation's recognition of the government.

When asked for an official reaction, State Department spokesman Charles Redman said, "Our view is that it is not the thing to do."

The State Department's arm-twisting has now officially failed, and the United States will shortly be the only government to recognize ex-President Delvalle, into whose bank accounts the Reagan administration is funneling tens of millions of dollars of payments belonging to the Panamanian government. Delvalle has just instructed U.S. companies and individuals operating in Panama to pay their taxes into his account at the New York Federal Reserve. The *Wall Street Journal* noted that, while the State Department says the money will be frozen until Noriega has been ousted, Delvalle expects to use it to regain power. This is a corruption scandal that U.S. allies are declaring they want nothing to do with.

A spokesman for the West German foreign ministry said, "Since the Solís Palma government seems to be generally accepted by the Panamanians," his presidency is therefore viewed as valid. Solís Palma's predecessor, Delvalle, seems to have pulled out, and isn't considered as in power by the Panamanians, noted the spokesman. He went on to explain, "It is German policy to have relations not with persons, but with countries."

Japanese officials told reporters in Tokyo that the recognition of President Solís Palma had been "put on hold" since March, when the State Department asked Tokyo not to grant

diplomatic recognition to the new government. But now that many European and Ibero-American nations have recognized the government, Japan made it official.

Despite Reagan administration aggression against the tiny nation of 2 million, Panama's foreign minister announced on June 21 that his government has no intention of breaking diplomatic relations with the United States. Foreign Minister Ritter told a meeting of the anti-imperialist organizations of the Caribbean and Central America: "We are not going to take the step which the U.S. is seeking as an excuse to show the world through the power of its press, that Panama created the current state of relations between the two countries. Our relations are historically one of common enterprise which is the canal, whose security we have to guard."

General Noriega also addressed this gathering, largely composed of leftists and communist-connected organizations. He began by stating that history and nations are created by God: "There is only one empire we can accept: the divine empire, a superior kind of justice—God. This is the only kind of imperialism we can accept, the only empire before which we bow."

Noriega described the operation against Panama as an experiment in psychological warfare against the nation's economy and prestige. "Experimental techniques used in the Philippines were transferred to Panama," he said. Philippines President Corazon Aquino is still waiting for the money the U.S. promised, just as now Washington is promising Panamanians \$5 billion if they give up the nation's sovereignty. "We must tell John Maisto [U.S. embassy deputy chief of mission, who ran operations against Ferdinand Marcos] to return to the Philippines to ask how much the Philippines received and how much they have rebuilt. The answer will be that the leftist forces, the communist parties, and the anarchist groups have grown and are now important in the Philippines."

Noriega described the role of the Panamanian Defense Forces: "The PDF is not the one that is offensive in a war of annihilation. Its war is against hunger, poverty, and illiteracy . . . that is our national security. Those armies where soldiers remain in garrisons playing the games of Napoleonic wars, are the armies of countries that now have guerrillas in their territories and have been unable to drive them out.

"This is the PDF, which inspires fear because its wealth, power, and aggressiveness lie in the morale and the capacity of each honest, patriotic, and nationalist man. That is our aggressiveness, that constitutes our combat capability, the capacity of the moral forces that surround us.

"There are no Cuban, Libyan, or foreign commando units in this territory, because the PDF does not need them," he said, and mocked the U.S. reports that Cuban commandos had entered a U.S. military base in Panama. "We are a defenseless people. We are a friendly people. Not one U.S. citizen has ever been kidnaped or attacked for ideological or political reasons here in Panama. Panama has not been like Lebanon for the U.S. people."

Mexican government tries to behead labor movement on eve of elections

by Héctor Apolinar

Editor's Note: *Mexico's presidential elections, held every six years, will occur on July 6. As EIR has reported in a series of recent articles (see especially the June 3 and June 10 issues), the 1988 elections will be a turning point, coming in the midst of an economic catastrophe accentuated by the current drought. The incumbent President, Miguel de la Madrid, has acceded to international creditors' demands to pay the ballooning debt by dismantling Mexico's drive for industrialization, which, under his two predecessors, had depended on channeling the country's oil revenues into productive investment.*

For the first time in nearly 50 years, the outcome of the elections cannot be confidently predicted. The candidate of the ruling Institutional Revolutionary Party (PRI), Carlos Salinas de Gortari, is being challenged by PRI dissident Cuauhtémoc Cárdenas, the son of Mexico's most beloved nationalist President, the late Lázaro Cárdenas, who is appealing to a deep mood of discontent in the PRI's labor and peasant mass base. In addition, a programmatic focus for a return to economic sovereignty and high-technology vectored growth is being provided by the campaign of Marivilia Carrasco, the leader of the Mexican Labor Party.

On the eve of the most controversial elections in half a century, the Mexican PRI's official candidate for President, Carlos Salinas de Gortari, is on a collision course with Mexico's powerful and influential labor movement. As budget and planning secretary for the De la Madrid administration, Salinas presided for five years over a strategy of wage-gouging and deindustrialization designed to convert Mexico into a Hong Kong-styled bankers' paradise based on cheap labor. Indeed, Salinas's primary efforts have been directed toward breaking the power of Mexico's unions, and his greatest accomplishment has been the halving of labor's purchasing power over the last five years.

Now, ironically, Salinas is forced to turn to these same unions for the votes which have always won elections for the PRI in the past. Without those votes, Salinas will in all likelihood still win the presidency, but without the majority that has traditionally given credibility to the PRI's claims to leadership in Mexico. Fully aware of the power it wields, the PRI-affiliated Mexican Labor Confederation (CTM) has issued an ultimatum to candidate Salinas, demanding a major turnabout in his economic program if he wants to receive a clear mandate to rule.

If the labor movement does not win its demand, or if it acquiesces to Salinas's empty promises, Mexico—once a prime candidate for the status of newly-industrialized nation—will accelerate in its tragic slide into bankruptcy and chaos under Salinas's promised austerity regime. The United States, in turn, will experience first-hand the effects of an "Iran" on its southern border.

The oil workers speak out

Labor's ultimatum was presented May 17 by the politically powerful leader of the Revolutionary Union of Oil Workers of the Mexican Republic (SRTPRM), Joaquín Hernández Galicia, one of the pillars of the CTM. He put the facts of life to Salinas very succinctly by reminding him, "If you don't change things in your campaign, only [CTM president] Don Fidel [Velázquez] and I will vote for you."

Hernández Galicia also told Salinas that many unions affiliated with the PRI were expressing their discontent with the party and its government for "five years of looting." Said Hernández, "The people are irritated by so many [price and rate] increases and by the [wage freeze] pact, which is an assault. . . . The only thing this government knows how to do is manufacture taxes. There is no doubt we have been looted, badly administered again. And history would judge us if we kept our mouths shut, showing ourselves to be

pusillanimous.”

The general secretary of the SRTPRM, Salvador Barragán, followed up Galicia's warning with one of his own. On May 18, he called on Salinas de Gortari to expel from the ranks of the PRI “the multimillionaires who often have encysted themselves within the government, to preserve the interests of [Emperor] Iturbide, of Maximiliano [Hapsburg], of the Porfirians; and they camouflage themselves among us as ‘revolutionaries,’ to confuse us with their phraseology.”

Barragán is known to have been referring to Treasury Secretary Gustavo Petricoli Iturbide, a descendent of the man who failed as Mexico's Emperor, and to Pedro Aspe Armella, Salinas's successor at Planning and Budget, whose ancestors were insiders of the Porfirio Díaz dictatorship against which the Mexican Revolution erupted in 1910.

Irregular warfare against labor

Labor's warnings have triggered a political earthquake. Immediately, in reprisal for speaking out, Galicia Hernández was made the target of a series of press slanders by de la Madrid's press secretary, Manuel Alonso. But at the same time, the bankers' forces represented by Salinas have begun an “irregular warfare campaign” against the union movement nationwide, intended to decapitate the CTM by wresting power from veteran CTM president Fidel Velázquez.

One such effort was made in mid-May, in the state of Guerrero, leading to an armed brawl that marked the first major incident of pre-electoral violence. At least 12 trade unionists were wounded, two of them by bullets, when Salinas's cohort Nezahualcóyotl de la Vega—also the general secretary of the CTM-affiliated union of radio and television workers—provoked a physical confrontation with Guerrero CTM chief Sen. Filiberto Viguera Lazaro, known for his loyalties to the national CTM leadership.

De la Vega, in turn, is said to have been deployed by Guerrero Gov. Francisco Ruiz Massieu, a brother-in-law to the PRI's presidential candidate. Ruiz Massieu is reportedly slated for the Attorney General's post in a Salinas administration. One CTM loyalist and supporter of dissident presidential candidate Cuauhtémoc Cárdenas, told the press that Gov. Ruiz Massieu was “behind the whole movement” to overthrow Senator Viguera.

The battle for control over the Guerrero labor movement was ended—at least for the moment—when the “old man” himself, CTM Secretary General Fidel Velázquez, intervened. On May 20, he convoked a special meeting of the state CTM to warn de la Vega's followers, “We don't want traitors and submissive ones to hide in our ranks, and much less to block the development of the CTM union movement.” Then, Velázquez went after Guerrero's governor, saying that to solve “this internal problem, the state government would have to stay out of this affair, as I have asked Francisco Ruiz Massieu to do.”

It is worth noting that both Ruiz Massieu and Nezahual-

cóyotl de la Vega are directly tied into the organized crime networks around the Televisa media empire, founded by former Mexican President Miguel Alemán, built up with the help of gangster Meyer Lansky, and now owned by Alemán's son.

In defense of sovereignty

It is no coincidence that the oil workers union has taken the lead in labor's mobilization against Mexico's decline.

‘The Bazdrech plan’

Carlos Bazdrech, the fascist theoretician, published his plan to eliminate the CTM in the May issue of *Nexos* magazine. He proposes that Salinas de Gortari impose the “second phase” of Miguel de la Madrid's economic reforms, i.e., “internal opening” of the economy to “eliminate privileges and restrictions . . . to promote support and control of the ‘corporative’ social base of the government.”

Bazdrech admits that this policy “would tend to be carried out at the cost of the [government's] social base or the leaders who supposedly control it.” Bazdrech, of course, assumes that the unions would fight his plan, but cynically asserts, “their knowledge of their weakness would bring them to discipline themselves to the decisions.” The Bazdrech Plan reveals the motive for the systematic campaign against the country's unions.

Bazdrech is representative of a key part of the government. He is a protégé of Leopoldo Solís, the president's chief economic adviser and designer of much of his financial policy. Solís—a member of the Inter-American Dialogue, which calls for “selectively” legalizing narcotics—has a powerful influence on Salinas's team through Manuel Camacho Solís, considered Salinas's political brains and probable Interior Secretary in a Salinas government.

Camacho Solís, now Ecology and Urban Development Secretary, wrote a book saying that there would only be “democratization” in Mexico when the CTM is destroyed and Fidel Velázquez dies. On the other hand, Bazdrech is chief adviser to Treasury Undersecretary Francisco Suárez, the man directly in charge of negotiations with Mexico's foreign creditors. The latter's father, Eduardo Suárez, represented Nazi financier Axel Wenner Gren's companies in Mexico.

Right now, Bazdrech is amplifying his plans at Princeton University, thanks to Fulbright and Ford Foundation fellowships.

The SRTPRM has long been the bulwark against the government's efforts to "privatize" Mexico's most vital national industry, namely, its oil, which is understood to be the key to a national industrialization and modernization effort. Pemex (Petróleos Mexicanos) was given a monopoly on oil exploration and exploitation by President Cárdenas in 1938, when he nationalized the industry.

The "privatization" of Pemex was especially sought after by Mario Ramón Beteta, its former director and the current governor of the State of Mexico. Beteta turned over some of Pemex's operations, like parts of its oil fleet, to his political cronies, but remains protected from punishment for this and a huge number of questionable business practices by his role in helping President Miguel de la Madrid make his way to the top.

Beteta's conduct is not fortuitous. The Beteta family closely collaborated with the Nazi "fifth column" in the 1940s. In particular, Mario Ramón's uncle Ramón was one of the darlings of Nazi spy Hilda Krueger, according to several U.S. intelligence reports found in the National Archives in Washington.

Beteta's privatization efforts have been carried on by his successor at Pemex. On May 4, one of the oil workers leaders, Alfredo López Ramos, accused current Pemex director, Francisco Rojas, of trying "to minimize" the union, during celebrations for the 50th anniversary of the oil nationalization, and of harboring "illusory dreams" of factionalizing the union by attacking "our organization, morally headed by Joaquín Hernández Galicia." López Ramos warned Pemex executives, "Nobody will be able to make the oil industry into booty, because its workers will never permit it."

Hernández Galicia himself asked the weekly *Impacto* of May 26, "How could it be said on March 18 [the anniversary] that Pemex will keep being the nation's patrimony, when at the same time they are planning to hand it over" to private interests?

Assassination attempts

The oil workers union has earned the hatred of many vested interests in and out of government. In years past, there were several assassination attempts against Hernández Galicia, all of which he escaped. In his May 17 interview, he warned that it could happen again: "I warn my enemies that a lot of them will get blown away first. Also, I protect myself."

Hernández Galicia, it seems, possesses confidential reports concerning a planned hit. In the daily *El Universal*, June 6, reporter Marco Antonio Vázquez Espinoza revealed that a May 30 assassination attempt against federal deputy and head of oil workers local 30, Emérico Rodríguez had failed. He wrote that the assault was "to shut up and discipline those who have not complacently subordinated themselves to politicians or officials who wanted to make the powerful union into their accomplice in deviations" of company funds.

Documentation

Mexican oil workers' chief Joaquín Hernández Galicia feels strong enough to talk straight about Mexico's problems, as shown in the following quotes from his Jan. 5, 1988 message to his union.

We could never understand how, by making more expensive the things the people need, not to live, but to survive, inflation is to be stopped. . . .

Every day, every month, the same thing has happened for five years: the same formula of increasing public service charges and taxes, covering it with phrases: "adjustments, strategies, recoveries, reconversions, schemes, conjunctures." We have been given clear proof that the formulas and their results have been the opposite of what was promised. Only a peaceful people like the Mexicans would put up with so much. But, will we go on putting up? . . .

We would be bad off, but not so bad off, if the economic measures were different, as we were promised at the beginning of this government. Austerity was for the people, and the benefits, real juicy benefits, were for the bankers, who once again looted Mexican savers. . . .

Sure, we are unhappy. And not only unhappy, but also irritated. The famous 15% [wage increase] was not enough even to pay transit fare increases. And what went up was not only fares, but all the products consumed by a nation on the edge of misery, indebted perhaps for more than 50 years, with millions of men without work, with millions of children without food. . . .

The workers' discontent with what's happening, could go right past us. Even though they are told that there are more painful measures, that the government is in serious financial straits, that external and internal circumstances oblige devaluation and price rises, they will never understand if they see that the sacrifices have not been equal, that the bankers and the millionaire caste have made more succulent deals at the cost of tightening the people's stomachs even more, that government officials live better than the prosperous men who manage the stock markets, industries, and businesses. There is no doubt: We have been badly administered once again.

History will judge those of us who remain silent as weak and pusillanimous, and those of us who speak up defending our children, our families, our Mexico. . . .

Five years of failures with the same as always. . . . We must change our path. . . . The path must not be misery, as it has been; the change must be toward salvation. We have been manipulated by pure phraseology for many years. It is time for us to mark the path, as it is marked by the Constitution: the state at the service of the people and not the people at the service of the state. . . .

Mexico's PAN, Panama's Crusade follow KGB manual from Harvard

by D.E. Pettingell

Gene Sharp, the author of one of the most sophisticated KGB-style low-intensity warfare manuals, *The Methods of Nonviolent Action*, has become a household name among militants of both Mexico's neo-fascist National Action Party (PAN) and Panama's impotent opposition organization, the National Civic Crusade. Both the PAN and the Civic Crusade have taken Sharp's work, prepared under the auspices of Harvard University's Center for International Affairs, as the "bible" in their efforts to disrupt and overthrow the constitutional governments of Mexico and Panama.

Between January and April of this year, about 200,000 PAN fanatics have attended intensive 15-hour seminars on weekends in approximately 35 cities in 19 Mexican states. "The war we are getting ready for could be waged after the July 6 elections," stated Hector Valenzuela recently. He is one of the PAN instructors who uses Sharp's manual. On that date, Mexico will be holding the most hotly contested presidential elections in over half a century. The PAN has threatened to use every form of "nonviolent" method proposed in Sharp's book to fight the Mexican government's alleged "vote fraud."

With Sharp's approval, PAN leader Jaime González Bernal, published *La Lucha Política No Violenta: Criterios y Técnicas (The Nonviolent Political Fight: Criteria and Techniques)* which adapts Sharp's methods to Mexican political "realities."

The training sessions are aimed at brainwashing "nonviolent activists" into provoking the "brutal repression" by the "opponent" or "regime," in Sharp's terms; and learning to suffer and develop "lack of fear" by resisting violence. "It is important . . . to maintain nonviolent discipline even in the face of brutal repression," Sharp recommends. "The opponent's own citizens, agents, and troops, disturbed by brutalities against nonviolent people, may begin to doubt the justice of this policy. Their initial uneasiness may grow into internal dissent."

The PAN instructors have stated that street riots and demonstrations will break out after the elections, leading the Mexican government to use force to restore order. "We want to give the government the opportunity to use violence," said Rodrigo Amerlinck, a Sharp pupil. "This would progressively weaken it."

The fundamental thesis of Sharp's work is that the "power" of the "governments and hierarchical systems depend on the obedience, assistance, and cooperation of the people which they rule." If these people decide to "limit or withhold" their contributions and obedience to the system, then the "regime will have to come to terms or it will be collapsed."

On May 29, PAN presidential candidate Manuel Clouthier proved that Sharp's "nonviolent" recommendations can blow up the country if applied nationwide, as they intend to do in July. Clouthier led thousands of PAN "nonviolent activists" in blocking 70 of Mexico's 75 major highways and the Laredo, Texas international bridge on the U.S.-Mexico border in protest against the ruling Revolutionary Institutional Party (PRI) for robbing the PAN of local elections in Monclova, south of the Texas border.

The PAN has gone so far as to suggest that, as Sharp's manual recommends, they might decide to "boycott the elections" (p. 291). "Where there is reason to believe that an election will not be conducted fairly or where there is refusal to recognize the authority of the regime conducting the election, an opposition movement may refuse to put up candidates and may urge people to refuse to vote." An alternative to this, according to Sharp, is to "boycott legislative bodies" by refusing to be sworn in or participate. "This would remove the facade of democracy," Sharp argues. On a number of occasions, PAN local congressmen have resigned elected posts in northern states to show their "noncooperation" with the "opponent" and seek media attention.

The apostle of chaos

Sharp spent most of the 1950s in Oslo, Norway writing, lecturing, and doing research at both the Institute for Philosophy of the University of Oslo and the Institute for Social Research, the grandfather of all "peace research" worldwide. The first version of Sharp's manual, titled *The Methods of Nonviolent Resistance and Direct Action*, was published by the Institute for Social Research in 1960. Both institutes have been penetrated by East bloc intelligence for decades.

During the late 1950s, Sharp contributed to creating the "pacifist" movement with such East bloc agents as Arne Naess and Johan Galtung (see article, page 55), whose works on "nonviolence" and "economic sanctions" represent an

important part of Sharp's bibliography.

In 1953, Sharp was imprisoned as a "conscientious objector" serving nine months of a two-year sentence. He was supported in his position by Albert Einstein. A year later, 1954, Sharp served as "personal secretary" to A.J. Muste, America's leading pacifist.

Through his role as an independent socialist in the 1930s, Muste was associated with, and trained many of the leading figures of today's Project Democracy. Muste and his associates drew upon the sociological theories of James Burnham, who advocated the destruction of the nation state. The echoes of this outlook are heard today in the ideas of "right-wing" social democratic spokesmen like Jeane Kirkpatrick. Also prominent in these circles are people like the RAND Corporation's Albert Wohlstetter, former Pentagon official Richard Perle, and their disciple, the State Department's Elliott Abrams.

Sharp's "nonviolent" tactics were put into practice during the 1960s anti-war mobilizations throughout the West. The counterculture of drugs, free sex, and "peace" that took over American youth in the 1960s is, in part, a by-product of Sharp's teachings. In his manual, Sharp states that "rock music" is a way of "nonviolent protest" and "persuasion." American rock music of the 1960s, he writes, conveyed "dissent and dissatisfaction," as did Bob Dylan's song, "Blowin' in the Wind."

In 1965, Sharp moved to Massachusetts where he is currently lecturing at Harvard University. He has become a "guru." "Nonviolent activists" from the United States and other parts of the world visit him in his Boston home to hear his advice.

In the fall of 1987, Sen. Edward Kennedy (D-Mass.) set up a meeting between Sharp and leading members of Panama's Civic Crusade. According to sources close to the Crusade, Sharp presented them with a "broad range" of options to overthrow Gen. Manuel A. Noriega, most of which have been adopted by both the Crusade and the U.S. government.

Panama: a case study

Elliott Abrams, in his capacity as Assistant Secretary of State for Inter-American Affairs, sold the Reagan administration the idea of giving diplomatic recognition to Eric Delvalle as the "legitimate" President of Panama after Delvalle had been constitutionally removed. Abrams was borrowing a page from Sharp's manual. On page 423, Sharp writes that one of the "methods of nonviolent political intervention" involves the "creation of a new government, or continued loyalty to an existent rival government to that of the opponent. If the parallel government receives overwhelming support from the populace, it may replace the opponent's established government." The U.S. recognition of a Panamanian "parallel" government turned out to be the Reagan administration's biggest foreign policy embarrassment.

Sharp also recommends that the "parallel government," in this case Delvalle's, seek "diplomatic recognition" from

other states. To date, the U.S. government continues to "recognize" Delvalle's "ambassador," refusing to accept credentials from anyone representing the constitutional government of Panama.

The economically unprecedented measures taken by the administration against Panama can be found in Sharp's work. Among the "methods of economic intervention," Sharp recommends "impounding or confiscating of assets," including "blocking the use of bank accounts, or of securities in brokerage accounts; preventing the payment of interest or dividends to enemy countries." (p. 410). Panama has been subjected to every one of these "nonviolent" actions by the administration.

In addition, Sharp points out that the "economy can be disrupted by monetary means" just as the Reagan administration did in preventing U.S. dollars from being sent to Panama, where dollars are the national currency.

The idea of setting up "alternative communications" (p. 400) such as the clandestine radio station recently approved by the CIA to be set up by the Crusade in Panama, comes from Sharp as well. The project folded after Delvalle disclosed the "secret" to a U.S. publication.

"One sanction sometimes used by international bodies against States . . . is expulsion from membership" (p. 346). Whether they know it or not, the other member nations of the Contadora and Contadora support Group of Eight—Mexico, Colombia, Venezuela, Brazil, Peru, Argentina, and Uruguay—were shamefully following Sharp's recommendations when they "temporarily suspended" Panama last March to show the Group's "disappointment" with internal events in Panama.

According to sources close to the Panamanian opposition, there were a number of additional recommendations Sharp made to Crusade leaders, but which they refused to follow, such as carrying out "rude gestures" like "lowering their trousers" in front of the U.S. Embassy in Panama, voluntary "destruction of own property," and fasting in order to "demonstrate the intensity of one's feelings of opposition." The Crusade argued that such "tactics," although they may prove effective in practice, "contradict" their "lifestyle." They refused to burn their BMWs.

Sharp's methods have not succeeded in overthrowing the Panamanian government due to the rather cosmetic nature of the so-called "opposition."

In Mexico, however, the government is confronted with a much more dangerous problem. The PAN has taken advantage of the population's dissatisfaction with the Mexican government's capitulation to foreign creditors and plans to channel the discontent to create chaos. Since the ruling PRI party has largely lost its ability to win an election fairly, some sections of the PRI will likely resort to fraud. For national security reasons, it would be advisable for the Mexican government to divorce itself from the type of foreign-imposed genocidal policies which have already taken a very high toll in weakening its political and electoral clout.

Eco-Nazis welcome AIDS to reduce world population

by Mark Burdman

An important figure in the international "peace movement" linked to the Soviet intelligence services and to the "Project Democracy" wing of the American CIA, has been identified as the guru of a group of radical ecologists in the United States who welcome the AIDS virus as a means of reducing the world's population.

The Italian newspaper *Corriere della Sera* in early June published editorials characterizing these radical ecologists as "ecological Nazis," or "eco-Nazis," who "love nature and hate man," and whose rallying slogan is, "Strength to AIDS." The paper identified the guru of the "eco-Nazis" as Norwegian Professor Arne Naess. *EIR* investigations show that Naess is a key figure in both Soviet intelligence and Project Democracy operations.

The "eco-Nazis" are by no means a fringe phenomenon, but are an operational arm of an emerging East-West "ecology and peace" movement.

At least one neo-Nazi organization, the West Germany-based "Nation Europa" group, has also begun circulating the evaluation that AIDS will be a "solution for the overpopulation problem" in Africa and elsewhere.

The East-West "ecology and peace" movement is being launched under the aegis of the World Commission on Environment, also known as the Brundtland Commission, headed by the Socialist International prime minister of Norway, Gro Harlem Brundtland. From July 2-4, the Helsinki-based World Peace Council, a Soviet front headed by the Indian Communist Party's Romesh Chandra, is sponsoring an international meeting on ecology near Oslo, Norway, with the specific aim of implementing the recommendations of the Brundtland Commission. Naess has been invited to participate in the proceedings.

Collaborators of Naess in Oslo characterize the Brundtland Commission's program for "sustainable development" as a "good beginning" toward the aim of reducing world population to between 100,000 and 1 million!

During a June 22 discussion, a follower of Naess in Norway said:

"From an ecological point of view, AIDS can be seen as a good thing. People get quite upset when this is stated publicly, but insofar as AIDS will reduce the population, it will

benefit the ecology, if one judges the population explosion as detrimental to the ecology. . . .

"There is certainly a relation between AIDS, ecology, and population. Arne Naess's belief is that the Earth would be sustainable with somewhere between 100,000 and 1 million people in total, worldwide, although one could argue about the *exact* number. It's a fairly low number compared to today, obviously, and when he said it, he was asked, 'Well, how are you going to get rid of all those people?' But the question is not of killing people, that's not what he means. He's just working out a good number, to keep the Earth going, and to have the different cultures that the world needs, while leaving nature untouched. It is a *future goal*. The world simply doesn't *need* so many people. . . .

"The question with AIDS is, if it really is going to kill off so many people as could be imagined. It's a long-term plan we are talking about: The world doesn't need so many people. We don't need to have so many children. We are not concerned with controlling the population explosion; that is not good enough. We want to work toward a reduction in the *total*. It requires radical sorts of planning, more radical than we've had so far."

'Should human beings disappear, I surely wouldn't mind'

The Naess disciples in the United States whom *Corriere della Sera* has identified as "eco-Nazis," belong to an organization called "Earth First," based in Tucson, Arizona. The group's leader, David Foreman, recently wrote in the group's publication, "AIDS is not a malediction, but the welcome and natural remedy to reduce the population on the planet. . . . Should human beings disappear, I surely wouldn't mind."

Foreman said that, just as the Black Plague ended the feudal era, so AIDS will end the industrial era of progress, which is a good thing, since industrial progress brings population growth. Foreman called for returning human life back to the stage of hunting and gathering.

In the same article, Foreman denounced those who want to send food aid to the people starving in northern Ethiopia, because this would keep too many people alive, and charac-

terized as a "crime," the discovery of the cure for cholera, since this has kept the population of Africa unnecessarily high.

According to *Corriere della Sera*, "Earth First" has received critical support from *Nation* magazine, a Washington weekly that is a mainstay of the American liberal establishment. The magazine's editorial board has historically had close links to the East bloc. One member, Victor Navasky, traveled to Norway, to attend meetings sponsored by Naess's buddies in the Norwegian Peace Society, on the subject of "ending the enemy image of the Soviet Union among the populations of the West."

Foreman and collaborators are part of a movement, founded in the early 1980s, which calls itself "Deep Ecology." Certain elements involved in "Deep Ecology" in the United States have become known as "eco-terrorists," since they violently attack loggers and others involved in activities that they regard as "destroying nature."

Arne Naess is one of the chief ideologues of the "Deep Ecology" groups. His book, *Ecology, Community, and Lifestyle*, was translated from Norwegian into English and published in the first half of 1988 by Cambridge University Press. He has worked out the conceptions of "Deep Ecology" with Bill Devall, of the Department of Sociology, Anthropology, and Social Welfare at Humboldt State University in Costa, California, and George Sessions, of the Department of Philosophy at Sierra College, in Rocklin, California.

A Naess disciple in Oslo describes the basic idea of "Deep Ecology" as, "One should protect nature. Just because people need nature for medicine, and for nature walks, we should not lose sight of nature's intrinsic value."

Naess was in the United States from April-May of this year, visiting Boston, Massachusetts and other parts of New England. He also spent time in the Caribbean.

Who is Arne Naess?

Born in 1912, Naess is a retired professor from the Institute of Philosophy and History of Ideas at the University of Oslo. In academic and intellectual circles in Scandinavia, he is known as one of the leading proponents of the Anglo-Austrian school of logical-positivism, the radical empiricism associated with such satanists as Ludwig Wittgenstein and Bertrand Russell.

Naess's activities during World War II are not clear. His brother, Anar Naess, built up Norway's merchant marine fleet during the Quisling regime; in the postwar period, this evolved into an oil-tanker fleet empire that has made him a multi-millionaire.

After the war, in the late 1940s, Arne Naess became involved in work with UNESCO in Paris. He then went back to Norway, and set up a program on experiments in "non-violent action," supposedly modeled on the teachings of Mahatma Gandhi. He was also one of the founders of the "peace research" or "peace studies" movement, together with Nor-

way's Johan Galtung. Together, they created the Peace Research Institute of Oslo, or PRIO, which is one of the most important such institutes in the world. Said one Norwegian insider: "Arne Naess was certainly one of the creators of the peace movement." Naess was also one of the earlier propagandists for "environmentalism," and helped create a new area of research, "eco-sophy."

One of his collaborators in the postwar experiments on "non-violent action," was a certain Prof. Gene Sharp, key ideological mentor of CIA/"Project Democracy" assets in the Philippines, Central America, and Mexico.

Naess and Brundtland

Naess's former research assistant at the University of Oslo, Taun Hofseth, works in the Norwegian government's Ministry of the Environment. Said he, there are "too many people in the world," and the population should be "reduced over a couple of hundred years" to much lower levels, in order to achieve "the aim of coexistence between man and nature." He further advocates strengthening of cooperation between "peace" and "ecology" groups, because "environmental conflicts will be the motor for precipitating political and military conflicts in future years, so the question of environment is very relevant to the question of peace and conflict resolution."

The Brundtland Commission was mandated by the United Nations General Assembly in 1983, to be the follow-up venture to the Socialist International's Brandt and Palme Commissions. It has been extremely active internationally during the past five years, and has become the institutional framework for bringing together East and West, North and South, in discussions to create an ecological-fascist world order, in which population reduction and the termination of agro-industrial progress would become the priority aims of governments. (See *EIR*, March 11, 1988, "Brundtland Commission Proposes Ecologists' Fascist World Order," and June 10, 1988, "Malthusians' genocide exposed in British, Italian press.")

In the short-term, the July 2-4 World Peace Council "Ecology Meeting" is the highlight event. A representative from the Soviet Peace Council in Moscow is slated to attend the meeting, as is Vassily Kollissov, dean of the economics faculty of Moscow State University. The meeting is preparatory to "The United Nations Conference on Sustainable Development," to be held in Oslo, July 9-10.

In the longer term, the more significant Brundtland follow-up is being done by the International Union for the Conservation of Nature (IUCN) in Geneva, which shares a building complex with the World Wildlife Fund (recently renamed the World Wide Fund for Nature) of Prince Philip of Great Britain. During the past months, the IUCN has set up a "Population and Sustainable Development" program, with funding from the Andrew Mellon Foundation in the United States.

Indian elections give Congress-I party a jolt

by Ramtanu Maitra

As the dark clouds moved over India promising a normal monsoon and bringing hope to the people and administration alike, the ruling Congress-I party in Delhi received a sharp message from voters in the June 16 by-elections: Shape up or face the consequences.

Seven parliamentary seats and 11 state assembly seats—vacated because of deaths or resignations—were contested in the northern states. The Congress-I, which had held all seven parliamentary seats and five of the assembly seats, lost ground, conceding four parliamentary seats to the Opposition parties. The results in one contest in Haryana will not be counted until charges of fraud are settled, but it is one more seat Congress-I may well lose. In the assembly contests in six different states, the Congress-I broke even—no gain, no loss.

Under normal circumstances, these results would not have attracted much attention. But the contest for the parliamentary seat from Allahabad changed all that. Allahabad, a city noted for educational, cultural, and political activities in the pre-independence days, is the ancestral residence of the Nehru family and has always sent major political leaders to the national scene. In December 1985, the “Rajiv-wave” swept Amitabh Bachchan, a movie star hailing from the city and featured in B-grade Hollywood-type movies, into the seat. Bachchan, a close friend of Prime Minister Rajiv Gandhi, defeated H.N. Bahuguna, an Opposition leader who had earlier been a Congress-I chief minister of Uttar Pradesh, with a massive margin of 157,000 votes.

Following Bachchan’s resignation last year in the wake of the Bofors arms-trading scandal and open accusation by the Opposition of involvement in illegal foreign exchange dealings, the vacant Allahabad seat became a subject of national interest. Former Finance Minister V.P. Singh’s subsequent “crusade” to expose “corruption in high places,” following his resignation as defense minister and exit from Congress-I, and his challenge to Bachchan for the seat, kept the juices flowing. In spite of repeated “leaks” that Bachchan, who is back in the movies, would pick up the gauntlet and contest Singh in Allahabad, at the 11th hour the Congress-I fielded Sunil Shastri, son of former Prime Minister Lal Bahadur Shastri. A political lightweight who had to evoke his father’s name constantly to give weight to his candidacy, Sunil Shastri had been brought into “big politics” by V.P. Singh in 1980. For a fleeting while a year ago, Shastri had

even bolted from the Congress-I and joined V.P. Singh’s “crusade.”

V.P. Singh’s political career would have been terminated if he had lost the election. This would also have put on ice, for a while at least, Opposition hopes of rallying behind Singh to oust the Congress-I in the next general elections. The Congress-I, for its part, made no bones that sending V.P. Singh to political oblivion was a priority. So, Opposition and Congress-I leaders converged on Allahabad from distant states, each claiming a resounding victory of their candidate of choice.

Another indication of the resentment against the Congress-I was the emergence of Kanshi Ram, leader of the Bahujan Samaj Party, a party representing the lower-caste Hindus and minorities such as the Muslims, as the third major contestant for the seat. Who was Kanshi Ram going to “hurt”—Singh or Shastri—and how much?

As it turned out, the verdict on June 16 by 450,000 Allahabad voters was clear-cut. V.P. Singh romped home with a majority of 110,000 votes. The Congress-I, hurt by Kanshi Ram who mopped up 18% of the votes, finished by polling an all-time low (for them) of 24% of the valid votes. Only 45% of the voters exercised their franchise.

Opposition parties overjoyed

The result has brought a tide of joy to the fractious Opposition and thrown a pall over the Congress-I camp. The trend in these by-elections shows that the Congress-I has lost support in Uttar Pradesh and Gujarat—two of the few remaining Congress-I bastions. The results also show that the Opposition parties can defeat the ruling party if they combine. In general, the Congress-I has been winning elections, securing 40-plus percent of the votes, while various Opposition parties split the rest.

However, the Opposition, which consists of such extremes of the political spectrum as the Communist parties, Bharatiya Janata Party (BJP), Janata Party, Lok Dal, and a multitude of regional parties, remains in disarray. While the Communists do not like the Congress-I, for example, they consider the BJP as enemy number-one. While to the voters, the Communists evoke the image of Moscow and Beijing running Delhi, the BJP evokes the image of a Hindu state where the minorities will be unwanted. Within the BJP itself, a struggle between the orthodox Hindus and pragmatists has been widely noted.

The Lok Dal, on the other hand, evokes the image of Delhi being run by rich kulaks who hate the industrial workers. The Janata Party, whose real strength is in the southern state of Karnataka but whose control is in the hands of Hindi-belt politicians without a base, is suffering badly as the northern politicians try to clip the wings of southern leaders.

The Allahabad election is not going to change all these things. But, it did provide the people an opportunity to tell the government: “Shape up or else. . . .”

Pro-drug cabal in legalization drive

A power broker in the ruling PRI, Hank González, joins with the drug-trafficking National Action Party to push legalization.

An unprecedented campaign to legalize drugs in Mexico was begun June 1 with a long article in the magazine *Siempre!* entitled "Drug Trafficking: Legalization or Capital Punishment?"

The article was written by Antonio Haas, an oligarchist from the drug-saturated northern state of Sinaloa. Haas endorses the recent statement of the U.S. "guru of conservative intellectuals" William F. Buckley, on ABC-TV's "Nightline," that "our neighbors finally realize . . . that the war against drug trafficking has not even touched the surface," and claiming that with the legalization of the drug trade, "the black markets in drugs would disappear."

Siempre! is owned by multi-millionaire Carlos Hank González, the former mayor of Mexico City (1976-82) and currently a top power broker within the ruling Institutional Revolutionary Party (PRI). The *Siempre!* article now appears to be but one flank of a rapidly spreading campaign by political and financial networks, to push the legalization of drugs.

Hank González's personal empire is right in the middle of it all.

On June 12, the Mexican press announced with great fanfare that Hank González was heading a group of "businessmen" and "public figures" bearing the name Columbus Group. According to the press reports, the group is collaborating with Oxford Analytics, "an organization headquartered in Great Britain in which experts of Oxford and Cambridge universities participate."

Some of the most prominent members of the Columbus Group, including Hank González, breakfasted the next morning with Mexican President Miguel de la Madrid, to present the results of a study, entitled "The Latin American Perspective," which purports to express their "faith, optimism, and confidence" in Latin America.

Shortly after the meeting with de la Madrid, the Columbus Group had lunch with the presidential candidate of the ruling PRI, Carlos Salinas de Gortari, who is expected to win in the July elections.

A review of the list of "businessmen" who accompanied Hank González in his meetings with the Mexican President and his intended successor, leads one to the conclusion that the Columbus Group should rather call itself "Dope, Inc.," in view of the number of prominent names that also appear in the pages of *EIR*'s best-selling book *Dope, Inc., Boston Bankers and Soviet Commissars*, published in 1985 in Spanish and in 1986 in English.

One can begin with Oswaldo Cisneros, of the Cisneros empire in Venezuela, whose unsavory history occupies 16 pages in that book. It was the Cisneros family that had the circulation of the book *banned* in Venezuela.

Then there was Manuel Ulloa, former prime minister of Peru, who sued the authors of *Dope, Inc.* for libeling him—and lost. Also part of the Columbus Group is Gilberto Arias, of the infamous clan of Nazi Arnulfo Arias

in Panama. Gilberto Arias is editor of the opposition daily *Extra*, and partner in a law firm involved in the Iran-Contra arms-trafficking scandal.

And that is without mentioning that Oxford and Cambridge themselves play a leading role in the revelations that appear in the best-selling exposé on the dirty role of the United Kingdom in the drug trade. And the list goes on.

In Mexico itself, Manuel Clouthier, the presidential candidate of the "conservative" National Action Party, the PAN, has his main business holdings in the food industry, of which Hank González is the acknowledged boss in Mexico. They both are among the 300 top business figures who rule Mexico, according to Clouthier's good friend Agustín Legorreta, who, as a member of the Inter-American Dialogue, is another proponent of drug legalization.

In 1985, the Mexican Labor Party published a book on the PAN, which revealed the party's links to the Dope, Inc. mafia. The book also revealed the historic links of the PAN to the oil interests of the Buckley family, and to William F. Buckley, to whom drug legalization proponent Antonio Haas refers so admiringly. Buckley, in turn, is a regular writer for the PAN magazine *La Nación*, as is Haas.

This crowd would have plenty to worry about if Mexico geared up the war on drugs. In his pro-legalization article in Hank's magazine, Haas argues that the threat of capital punishment against drug traffickers could be directed as a "political weapon" against "any political enemy."

Haas then cites, attempting to dismiss it as a slander, a case the PAN usually hates to mention: Clouthier was caught years ago renting some of his warehouses in Sinaloa to a "businessman" storing 30 tons of marijuana.

Leadership vacuum in Colombia

Nearly all have agreed that President Virgilio Barco must go, but who—or what—will replace him?

Rumors of a letter circulating nationwide, demanding the resignation of Colombian President Virgilio Barco, have triggered increasingly overt calls for an alternative to the defective leadership being exercised by the former World Bank official. Elements from both the opposition Conservative and ruling Liberal parties have begun to suggest various formulas for filling the leadership vacuum at a moment of virtual national dissolution, under the combined effects of narco-terrorism and economic crisis.

Most striking was a column in the June 20 edition of the daily *El Tiempo*, by Juan Diego Jaramillo, the political heir to Social Conservative Party leader and kidnap victim Alvaro Gómez Hurtado. Entitled "Doctrine of a Coup," Jaramillo wrote, "If things continue as they are, a coup would not be the product of a perverse secret conspiracy, but the result of involuntary circumstances demanding the rupture of the hierarchies to achieve national salvation."

Columnist Enrique Caballero, a mouthpiece for certain Liberal factions, wrote June 19 in the anti-government daily *El Espectador*, that Barco's disastrous choices for new ministerial collaborators, far from meeting the popular clamor for action on the government's part, have given proof positive of the need for a changing of the guard: "It is painful to say it, but President Barco, who has shown such eloquent signs of insensitivity and irresponsibility, has given the final demonstration that he was never intended to govern. The blame is not

his. It is that of the great Liberal Party which brought him to the [presidential] palace."

Caballero revived discussion of Barco's possible replacement—for reasons of ill health—by a carefully chosen vice-president, known in Colombia as the *designado*: "The moment for solving this crisis in a form that will not derail the institutions is not far away, fortunately. The opportunity is the upcoming [August 1988] election of the *designado*."

The fight to fill the presidential vacuum—one way or the other—has broken out into the open. A business-sponsored dinner to pay homage to Gen. Ruiz Barrera, the courageous anti-terrorist commander of the IV Army Brigade based in the violence-ridden city of Medellín, was immediately denounced by the editors of the daily *El Mundo* as the conspiracy behind the Barco resignation push.

The owner of *El Mundo* is Bernardo Guerra Serna, a powerful Liberal Party chieftain closely linked to former Colombian President Alfonso López Michelsen, and, reputedly, to the cocaine trafficking clans that dominate Medellín.

The many prominent figures who attended the dinner of honor, including members of the National Industrialists Association, etc., charged that *El Mundo*'s accusations were themselves "a diabolical conspiracy."

While Colombia's ruling forces fight it out, the narco-terrorists have upped the ante. A clear pattern of attacks has emerged against the country's two most vital economic sectors:

oil, of which Colombia has only recently become a net exporter; and coffee, the country's number-one foreign exchange source. Towns in the department of Caldas, Colombia's major coffee center, have been repeatedly assaulted by guerrilla commandos targeting police stations, government offices, and the coffers of the local agricultural bank. In addition, at least three national leaders of the coffee industry have been kidnaped in recent weeks.

Official reports just released reveal that Colombia has been unable to export more than 11 million barrels of oil in 1988 because of over 40 guerrilla attacks against the country's main pipeline, the 800-kilometer Coveñas-Caño Limón connection. At least \$70 million have been lost to Colombia from a combination of oil spills, pipeline repairs, and more than 55 days of suspended pumping of crude.

The constant sabotage attacks on the country's oil installations have been carried out by the ELN in the name of "fighting imperialism." And yet, it has been widely acknowledged that the greatest economic losses are not suffered by such multinationals as Occidental Petroleum Co., which has given millions in protection money to the Castroite ELN. Rather, it has been the state oil company Ecopetrol which has borne the brunt of the damage and is now teetering on the edge of bankruptcy—precisely the objective of the terrorists.

Desperate appeals to the ELN terrorists to stop their assaults and negotiate a settlement by the newly named energy minister, Oscar Mejía Vallejo, and by Attorney General Horacio Serpa Uribe, were answered the next day with three new dynamite attacks. Mejía acknowledged that the attacks "apparently are the ELN's negative response to our request for a dialogue."

International Intelligence

Japanese minister to visit Jerusalem

Japanese Foreign Minister Sosuke Uno planned to stop in Jerusalem at the end of a trip that would also take him to three Arab countries the last week of June. It was to be the first journey to Israel by a Japanese cabinet minister.

Mr. Uno also planned stops in Syria, Jordan, and Egypt, and to meet with Yasser Arafat.

Senior Japanese officials, who played down the significance of the visit, apparently to avoid offending Arab countries, nevertheless admitted that in their view, it is time for Japan to become more active politically in the Middle East.

According to Takashi Onda, director general of the Foreign Ministry's Middle Eastern and African affairs bureau, Uno would not be coming with any new proposals, but would repeat Japan's basic position that Israel withdraw from the occupied territories, that a Palestinian state be created, and that Arab countries recognize Israel's right to exist.

Yaacov Cohen, the Israeli ambassador in Tokyo, said, "We see this as a positive signal to the business community and to others in Japan to have more dealings with Israel."

Bomb prosecutor's home in Peru

Incendiary bombs were thrown into the bedroom of the woman who is charged with prosecuting the recently captured Osmán Morote, the number-two man in Peru's Shining Path terrorists.

Prosecutor Dora Altamirano said that shortly after midnight June 17, two terrorists entered her bedroom and threw the bombs. She said the bombs, which only caused minor material damage, were intended as a warning. She protested that there was only one guard at her home at the time of the incident.

On June 15, Lima prosecutor Daniel Caballero ordered his subordinates to scrupu-

lously protect Morote's constitutional rights. Peru's leftist political leader, Alfonso Barantes, said July 16, "Now Morote is adhering to bourgeois law and saying, 'I remain silent, send me to trial,' " while he and his people "simply liquidate anybody who falls into their hands without letting them have a lawyer or letting them refuse to speak."

On June 19, the Shining Path terrorists conducted dynamite attacks against targets in Lima and surrounding towns. Explosions rocked police stations and government offices. It was the second anniversary of a prison uprising by captured terrorists, in which army intervention left over 400 prisoners dead.

Sikh violence continues to grow

Three people were killed and nearly 30 wounded by a bomb thrown from a car in the New Delhi suburb of Tilak Naga on June 20, BBC reported. A day earlier, 17 persons were killed and at least 25 seriously injured in the town of Kurukshetra in northern Haryana, India, when a bomb concealed in a bag by Sikh extremists went off in a crowd gathered to watch a television show in the marketplace. The bomb was apparently detonated by remote control.

The crowd was watching a television version of the Hindu epic, *Ramayana*. Kurukshetra is a holy town to Hindus.

Another seven people were reported killed in other incidents in the Sikh-dominated Punjab the same day.

The total killed in Punjab by Sikh extremists so far this year is 1,320. Last year, 1,030 people died.

Russian Church's rise bodes ill for Jews

Soviet Jewish emigré Ida Nudel warned of the "fakery" of Gorbachov's reforms, of growing anti-Semitism in the U.S.S.R., and of the dangers of Edgar Bronfman's deal-making with the Kremlin to permit Jewish emigration, in an interview with Britain's *Independent* daily June 20.

On Gorbachov, she said, "He is the best cosmetician in the world, he deserves a special prize for that. I'm frightened. In my opinion, the Soviet Union is a boiling pot with all the problems of society coming to the surface. The Armenians, the Azerbaijanis, these Tatar people, Balts, all of them are boiling now."

Describing herself as "a product of anti-Semitism," she claimed that "the most disturbing" phenomenon was that anti-Semitism was now open in the U.S.S.R., especially as Jews are increasingly being blamed for the crisis in the Soviet economy.

While noting that the rise of the ultra-chauvinistic Pamyat movement might encourage more Jews to emigrate from the U.S.S.R., she bitterly attacked attempts by Israel and World Jewish Congress leader Edgar Bronfman to force Soviet Jewish emigrants to go to Israel via Romania. "I'm not happy with forcing Soviet people to go to Israel. Israel is a country you need to choose personally, and not every Jew loves Israel. It would be more just to give them the choice."

Soviets threaten to 'alter' Afghan pull-out

Radio Moscow on June 20 gave more hints that the Soviet Union may not be pulling out of Afghanistan after all, when it repeated a warning that the U.S.S.R. might "alter the program" for the withdrawal of troops from the invaded country, if Pakistan and the United States continued aiding the resistance fighters. Such a warning was issued by Tass on May 28. Radio Moscow denounced the United States for "encouraging Pakistan to violate the Geneva accords," governing the withdrawal.

According to Western intelligence sources as well as Yugoslav news reports, the Soviets to date have withdrawn far fewer forces than the Geneva timetable called for.

On June 18, Radio Volga, the Soviet military station, as well as Radio Moscow attacked Pakistan for "failing to adhere to the Geneva agreement" on Afghanistan. Citing Lt. Gen. Boris Gromov, the Soviet commander in Afghanistan, Radio Volga

Briefly

said that since May, "clashes increased twofold" because Pakistan continued to aid and train "terrorists." Radio Volga also emphasized strongly what it called "the acute political struggle" going on inside Pakistan, between those "who want a settlement" and those "who want fighting to continue in Afghanistan."

Meanwhile, the Soviet commander has admitted that "special forces" were sent to Afghanistan's border regions and engaged in fighting. Lt. General Gromov, in an interview with Radio Volga, said that on the eve of the Soviet troop withdrawal, "special forces" were deployed "to talk to the people" along the withdrawal routes, where "they clashed with a group of rebel bandits."

Otherwise, he said, "the Soviet troop withdrawal is proceeding according to schedule." Gromov was referred to in *Pravda* May 13 as commander of the "limited contingent" of Soviet troops in Afghanistan.

Basque terrorists get U.S. secret gov't bucks

The National Endowment for Democracy in the United States, the public arm of the "Project Democracy" networks made famous by Oliver North's Iran-Contra shenanigans, includes in its latest budget "\$130,000 for the Basque pro-separatist trade union, ELA-STV," according to a report appearing in the Madrid daily *ABC*.

"The time has come for people to realize, that the National Endowment for Democracy has no business interfering in democratic nations," writes José Maria Carrascal, the daily's New York correspondent.

According to Carrascal, "The total sum for ELA-STV may turn out to be closer to a million dollars since 1983. The Endowment supports extremist opposition groups in countries which already are democratic, which means . . . that it is actually intervening against democracy itself. For example, last year, it was revealed that the extreme-right French group, Union Nationale Inter-universitaire, got \$575,000 from the Endowment. . . ."

"ELA-STV is now the largest trade union in the Basque Provinces. These funds were

approved by the Endowment's Board, where there sit people as well known as Henry Kissinger and Lane Kirkland."

EIR's Special Report, *Project Democracy, the Secret Government Behind the Iran-Contra Affair*, exposed the State Department-funded private entity for connections to Soviet-linked terrorism and drug-running.

North Koreans to blow up Olympics?

A Japanese specialist on Korea, Katsumi Sato, wrote in the magazine *Bungei Shunju* in mid-June that it is highly likely North Korea will try to thwart the summer Olympics in Seoul, and that the country may go as far as starting a large-scale shooting incident in the demilitarized zone (DMZ), or even "triggering a war." It is "the only option North Korea now has," he suggests.

The Pyongyang regime is claiming that the Olympics are "an intrigue of South Korea and the United States to perpetuate the division of the Korean peninsula," he noted, and has demanded that the Soviet Union, China, and other East bloc countries boycott the games, which they have refused to do.

The author suggests that North Korea's Kim Il Sung and his son, "who make policies based on information quite apart from reality," may also consider destroying nuclear power plants to create a Chernobyl type of emergency.

Meanwhile, the Japanese government is voicing concern about North Korea's recent deployment of surface-to-air missiles and jet fighters near its borders with South Korea, and its increased military ties with Moscow. A Japanese Defense Ministry official noted in an interview with Bangkok's *The Nation* June 18, that the Soviet-made SA-5 missiles, "with their range of 300 kilometers, can hit aircraft at Kimpo Airport," Seoul's commercial field, which also serves as a military base.

He noted that on two occasions in recent months, Soviet warplanes have violated Japanese airspace and then landed in North Korea. "There has been no reduction in Soviet military activity in the Far East since Gorbachov came to power," he stressed.

● **KAMPUCHEA'S** partition could result from a "diplomatic" solution that may be put together in Indonesia in July, said Sino-Soviet expert Gerald Segal on BBC June 21. The Khmer Rouge, the most powerful guerrilla force with many senior and middle-level commanders, but still "with blood on their hands" from the Pol Pot regime, could take control of the region west of the Mekong River, while Vietnamese-backed forces hold the territory east of the Mekong.

● **WEST GERMAN** Defense Minister Rupert Scholz met with Defense Secretary Frank Carlucci for more than an hour in Washington on June 20, the first of the new minister's two days of meetings with U.S. officials. Scholz is much more suspicious of Russian intentions than are Reagan's horoscope casters.

● **ISRAELI** officials are already looking toward parliamentary elections not scheduled before October. During their recent visits to the United States, both Prime Minister Yitzhak Shamir and Foreign Minister Shimon Peres spent their time in private-dinner fundraising. Peres reportedly raised up to \$2 million in one week of meetings.

● **THE CHINESE** are reported to be negotiating to deliver to Syria its new M-9 600-km middle-range ground-to-ground missiles, now under development. Most likely being built with Israeli technology, the M-9 is much more accurate than the CSS-2 delivered to the Saudis a few months ago. The news made headlines inside Israel.

● **EXPLODING** television sets, says the Soviet journal *Ogonyok* cited in June 18 *Wall Street Journal*, caused 18,000 fires, \$25 million in damage, 512 serious injuries, and 927 deaths in the Soviet Union from 1980 to 1986.

The blooming of a delphic fraud

by Mark Burdman

The Closing of the American Mind: How Higher Education Has Failed Democracy and Impoverished the Souls of Today's Students*

by Allan Bloom, foreword by Saul Bellow
Simon and Shuster, New York, 1987
\$18.95 hardbound, 392 pp. with index.

"Sometimes I can't believe it. It's fun being No. 1 on the best-seller list. It's like being declared Cary Grant, or a rock star. All this energy passing through."—Allan Bloom, author of *The Closing of the American Mind*, in an interview with the *International Herald Tribune*, January 8, 1988.

It is a symptom of our troubled times, that Allan Bloom's *Closing of the American Mind*, has become, during 1987 and the early parts of 1988, one of the most widely spoken-about commentaries on the current state of affairs in the United States. Bloom's book deals with very real and disturbing issues, and the author is quite clever in his own way. But the book, taken as a whole, is a nasty, although not unsophisticated, fraud.

During 1987-88, Bloom has received an extraordinary degree of attention both in the United States and internationally. He has been featured in the press of Great Britain, Israel, India, Italy, Spain, and elsewhere, and has been on interview shows on French television. The Swiss publishing house Kundig, SA of Geneva presented its first-ever "Rousseau

*Published in West Germany under the title, *Die Niedergang des amerikanischen Geistes: Ein Plaidoyer für die Erneuerung der westlichen Kultur*, by Hoffman und Campe, Hamburg, 1988, 516 pp.

Prize" to Bloom in April 1987, at the annual Geneva Book Fair. A German-language version has been produced in the spring of 1988, and is featured in bookstores throughout the Federal Republic of Germany.

The *Japan Times* of Aug. 21, 1987 portrayed the best-seller status of Bloom's book as an "unmistakable sign" of a "backlash in the United States" against rock music," and this acclaim was echoed in the *Daily Telegraph* of London in March 1988. It is hard to reconcile that praise with the "rock star" quote with which this review began, but it is precisely such a curiosity, that points to the success of the fraud.

It is no accident that many of those so enthusiastically praising Bloom, are those who become apoplectic at the very mention of the name, "Lyndon LaRouche." Bloom may indeed portray himself as the champion of Socrates and the Platonic Academy, but it is to the Oracle of Apollo at Delphi that one must look for his epistemological-philosophical roots. This book is delphic fare, and one of the more curious examples of "pseudo-LaRouche" around.

Bloom is a creature of the University of Chicago, belonging to what might be called "the neo-conservative wing of the liberal Aspen Institute." He signs the preface to the book, "Chicago, May, 1986," an interesting time and an interesting place. At that time, soon after the victory of LaRouche candidates in statewide elections in Illinois, Aspen's intelligentsia undoubtedly became aware that LaRouche's years-long campaigns for the revival of education and cultural optimism had been one among the issues that had tapped a responsive chord in the American population. That may not entirely explain the reason Bloom wrote the book, but it has a lot to do with its popularization. Certainly it is the case, for example, that the Rousseau Prize award to Bloom was seen by the

prize's patrons as a counter to LaRouche. And, indeed, some of his promoters, like book-jacket endorser Bernard Lewis of Oxford and Princeton, are important figures in that same "Project Democracy" nexus in the United States, that ran such violent campaigns against LaRouche candidates when they insisted on the restoration of classical education, during New York school board elections in 1983.

The question of Socrates

The readers whom Bloom addresses are the growing number of Americans lately becoming most disenchanted with the rock-drug-sex counterculture of the recent 25 years. As the "Flapper Era" of the 1920s ended with the Hoover depression, the mid-1980s upsurge of hard times—and the shocking advent of the AIDS pandemic—has reminded our citizens that there are other values in life than the mere pleasures of kaleidoscopic successions of new fads in sexual play and foreplay. Bloom captures and addresses this ongoing, rapid shift in popular moods; it is to that mood-shift that he appeals.

The book's political purpose has been to capture the attention of the book-reading American undergoing that mood-shift, to give that reader a new orientation in outlook, and to prevent the healthy reaffirmation of traditional values to which a majority of Americans would naturally tend to return.

Hence, the book begins with an aura of rationality, mirroring some of the concerns made popular by LaRouche and his associates over the past two decades.

He states that the United States is in a state of educational and philosophical crisis, if not near collapse, caused by the infusion of moral relativism, value relativism, etc., which have undermined the earlier belief in natural law derived from the Founding Fathers. This moral relativism comes from the pernicious influence of John Dewey, Margaret Mead, Charles Beard, Oliver Wendell Holmes, Britain's John Stuart Mill, and the like.

So far, so good, although from the beginning Bloom evidences no capability to differentiate between "Cartesian rationality" and a true understanding of natural law. Nonetheless, it is not bad as a beginning. If the book were nothing more than this, and were we to give a charitable reading of his last chapter's attacks on the devastations caused by the 1960s and his appeal to return to reading Socrates, we might conclude that Bloom is nothing worse than a flawed rationalist with a confused understanding of Socrates.

It is because of this pretension of rationalism and classicism that Bloom's book may ensnare certain honest patriots in the United States and elsewhere. Certainly, *The Closing of the American Mind* reflects a deep and real concern. Illiteracy, both in the literal sense of reading and writing, both also about history and politics, has become epidemic. Reporting on the popularity of Bloom's book, the *Times* of London of Sept. 9, 1987 reported on a U.S. government survey which found that more than a third of American 17-

year-olds thought the Watergate affair happened before 1950, and that the U.S. Navy beat the Spanish Armada in 1898. One survey organizer was quoted: "We are raising a generation of historical and literary incompetents."

In this holocaust, a certain faction of the American policy elite has looked to reviving awareness of Socrates, as critical to the United States today. For example, in a Sept. 4, 1987 speech at the University of Wyoming, then-U.S. Defense Secretary Caspar Weinberger said: "If I were to search for a great man who best embodied the love of free inquiry and the love of free citizenship, it would be Socrates."

Indeed, the matter of Socrates has become a subject of impassioned debate in the United States, although the debate often has the appearance of the proverbial dog-and-pony show. Hence, the new book of leftist scribbler I.F. Stone praising the judicial murder of Socrates, has led to a counter-movement defending Socrates, in which spokesmen like Bloom and kooky logical-positivist Sidney Hook have taken pro-Socrates public stands. Matters have gotten so curious, that on May 1, the Italian Communist Party daily *L'Unita*, which had in the days immediately before this been concocting new and absurd slanders against LaRouche, published an attack on Socrates as "reactionary," and praised I.F. Stone to the skies. As an example of the "reactionary" influence of Socrates inside the United States, they cited Allan Bloom! When Bloom starts serving as a decoy, or symbol, for attacks on LaRouche, the expert in the field of counterintelligence begins to have a most interesting time!

Mud and cynicism

After the introductory moments, the book begins to get strange, if not psychedelic. Part 1, under the overall heading "Students," is a mixture of provocative truisms and impressionistic meanderings, which ends up creating mud. Take his section on "Music," the one that has won him so much acclaim for his attacks on rock music. In the midst of some precise comments about the deadly effects of rock music on the mind, one finds the most incoherent commentaries on music as such. What is one to make of this, for example:

"Plato's teaching about music is, put simply, that rhythm and melody, accompanied by dance, are the barbarous expression of the soul. Barbarous, not animal. Music is the medium of the *human* soul in its most ecstatic condition of wonder and terror. Nietzsche, who in large measure agrees with Plato's analysis, says in *The Birth of Tragedy* (not to be forgotten is the rest of the title, *Out of the Spirit of Music*) that a mixture of cruelty and coarse sensuality characterized this state, which of course was religious, in the service of gods. Music is the soul's primitive and primary speech and its alogon, without articulate speech or reason. It is not only reasonable, it is hostile to reason. Even when articulate speech is added, it is utterly subordinate to and determined by the music and the passions it expresses."

Elsewhere, Bloom admits that he "instinctively" sided

with gifted students who “responded to the beat of the newly emerging rock music,” as opposed to “good” students who studied physics and listened to classical music, because the former expressed “real, if coarse, feelings as opposed to artificial and dead ones.” Not surprisingly, he asserts, “Classical music is dead among the young.”

This is not the only section in Part 1 where Bloom reeks with cynicism. Under the subhead, “Relationships,” he writes: “The honesty of this generation of students causes them to laugh when asked to act as though they were powerful agents in world history. They know the truth of Tocqueville’s dictum that ‘in democratic societies, each citizen is habitually busy with the contemplation of a very petty object, which is himself,’ a contemplation now intensified by a greater indifference to the past and the loss of a national view of the future. *The only common project engaging the youthful imagination is the exploration of space, which everyone knows to be empty*” (emphasis added).

Bloom’s Teutonic nightmare

But it is in Part 2, under the overall heading, “Nihilism, American Style,” that Bloom really begins to go wild. Suddenly, here, Bloom has discovered that the problems with American universities result from a “German invasion” of the universities. His bias about Germany was prepared earlier, with the observation: “A phenomenon like Wagner’s *Gesamtkunstwerk*, a high work of art which is intended to be

wholly German, of Germans, for Germans, and by Germans, and an expression of collective consciousness, is inconceivable to Americans.”

What drive! Would the Nazis object to such a characterization of Germany? But then, it gets much worse, and much more evil, and very consciously and slyly so. The first chapter of Part 2 is entitled, “The German Connection.” Here, in a nominal attempt to draw parallels between Weimar Germany of the 1920s-30s and America of the 1960s, Bloom comes to his own version of German collective guilt. For Bloom, the importation of words like “charisma,” “life-style,” “commitment,” “identity,” etc., from German-speaking usages into American life, is a function of (in his language) “German ideas,” which came from “the peak of Western intellectual life, in Germany,” from “German thought,” “German thinkers.” Like whom? Sigmund Freud, Max Weber, Herbert Marcuse, and the Frankfurt School. “Freud and Weber were part of that great pre-Hitlerian German classical tradition, which everyone respected,” he says. Then, some pages later, “Our intellectual skyline has been altered by German thinkers even more radically than has our physical skyline by German architects.” It is “my insistence on the Germanness of all this.”

Leave aside for the moment that Freud, for example, was not a German, as any Hapsburgian Austrian nostalgic for the *fin de siècle* period of the late 19th century will tell you. Nor, for that matter, was Nietzsche, who has impeccable Swiss credentials. And identifying Marcuse in ID-format style as “German” is not too different from labeling Benedict Arnold “American.”

On the other side, Bloom’s sins of omission are formidable. Not only is there no mention of such great German Golden Renaissance figures as Nicolaus of Cusa and barely a sentence on Gottfried Leibniz, but Friedrich Schiller, who represents the high point of Weimar Classical culture, gets brief, and mostly derogatory, attention. Yet, despite Allan Bloom, Schiller’s plays are a *truly Socratic* intervention into the mind, as are his lectures on universal history and his aesthetic letters. The latter, in particular, address precisely the issues that Bloom’s book pretends to concern itself with. It is another of those curious “coincidences” that Bloom’s book went to print, soon after the publication and-circulation in the United States of a new Schiller Institute-commissioned translation of Schiller’s *Aesthetic Letters*.

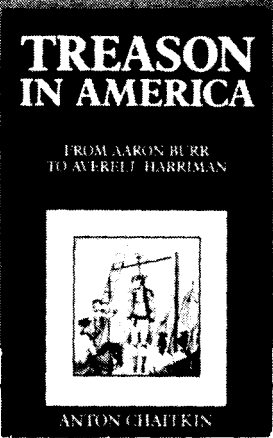
The giveaway that Bloom has committed a conscious fraud, is that none of this “German invasion” diatribe has anything to do with the book’s prefatory remarks on Oliver Wendell Holmes, John Dewey, et al. Suddenly, we have a Teutonic *deus ex machina* that has tormented us all. But, if Bloom really believes this, why did he not say so at the outset? To put the same question upside down, why does he never in the body of the book develop what he says in his introductory comments?

The most likely of explanations, is that Bloom knows “which side his bread is buttered on.” In the book, one finds

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Bloom repeatedly asserting that the university in American society today must compensate for the lack of an "aristocracy" in the United States. The true philosopher, he insists, always gravitates to the man with money and leisure, because only that latter can appreciate "the beautiful and the useless." Who owns Bloom's soul, and why he builds a willful fraud on the German question, becomes clear.

Bloom's patrons are the circles associated with the Aspen Institute, the organization originally set up by Anglophile, Bertrand Russell-worshipper Robert Hutchins and now patronized by Robert O. Anderson, the oil magnate and business partner of Lonrho PLC head "Tiny" Rowland of Great Britain. Anderson is also the patron of the Club of Rome, the Trilateral Commission, and the "environmentalist" movement. He is one of the central figures in the East-West "Anglo-Soviet Trust." It is because he needs the support of such influentials, that Bloom builds his anti-German construct. After all, it was the Aspen Institute, through the work of such as New York lawyer-financier John J. McCloy, which ran, together with Britain's Wilton Park, the post-World War II "reeducation" of the German elites. Bloom's book "reeducates" Americans about German philosophy.

Other elements in Bloom's "German problem," are dealt with in an accompanying piece by George Gregory, on the curious Mr. Leo Strauss.

The truth that Bloom hides, is that the problem with American universities and American culture since the sixties, is not a "German" matter affecting the United States. The roots are the proliferation of the "New Age" movement, which launched the rock-sex-drug counterculture in the first place. It is not hard to find the roots of the "New Age," but this is where Bloom refuses to tread. There, one finds both an "Anglo" dimension, typified by satanist Aleister Crowley, the Huxleys, and the like, and a strong Russian element, typified by Dostoevsky. It is at the merger of these two, embodied in such movements as "Theosophy," that one finds the mother of the troubles of the past two generations in the United States. It is the "New Age," not accidentally, which also wrecked Germany, not only because of the prevalence of Aquarian cults inside Germany itself, and the cultism of the Nazi inner circle, but also because of such imported influences as those of Dostoevsky and Nietzsche. In the former, the "Third Reich" was an adaption to Germany of Dostoevsky's mystical "Third and Final Rome" doctrine for Muscovite Russia; the Frankfurt School explicitly labeled its own program, "The Dostoevsky Project," since the Frankfurt School founders saw in Dostoevsky's writings an efficient approach to undermining Western Judeo-Christian culture.

As for Nietzsche, the reader of Bloom's book can discover for himself what Bloom thinks of Nietzsche. Nietzsche may have hated Socrates, but Bloom can't hate Nietzsche. His prose whenever he talks of Nietzsche is the prose usually reserved for a god of the pantheon, and it is here, too, that Bloom reveals his true emotional loyalties, and which establishes *The Closing of the American Mind* as a fascist tract.

Bloom's only regret is that Nietzsche, in the past 20 years, has been usurped by the gutter New Left; his book is an attempt to place Nietzsche in a central place in the neo-conservative American pantheon.

'The eternal childhood'

The proper characterization of Bloom's emotional state of mind is "auto-erotic." When he is purporting to be rational, his is the rationalism of Descartes, and that rationalism necessarily brings with it an irrationalist component, the irrationalism of the "rock star" enjoying the "energy passing through." The university, which he yearns to be the institution of "Socratic philosophizing," is, in reality, a return to what Bloom calls "the eternal childhood." His argument, permeating the third section of the book, is that the United States, being a "democracy" and lacking an "aristocracy," must compensate for this by nurturing the university: "I bless a society that tolerates and supports an eternal childhood for some, a childhood whose playfulness can in turn be a blessing to society."

Bloom's Socrates is not the Socrates of impassioned love of mankind's development, conveyed in the Judeo-Christian tradition by the word "agapē" but an erotic devotion to the motherly warmth of a university setting. In the universe of "Bloom the rock star," eros, indeed is what matters: "Rousseau admired Plato and thought he had deep insight into human beings, but rather more as a poet than a philosopher or scientist. Plato was indeed the philosopher for lovers, but Rousseau, without consulting Plato, taught that eros is the child of sex and imagination. Its activity is poetry, the source of what Rousseau understood to be the life-creating and -enhancing illusions and thereby the source of the ultimate grounds of the folk-minds that make peoples possible. In Plato, eros led to philosophy, which in turn led to the rational quest for the best regime, the *one* good political order vs. the plurality of cultures."

Ultimately, the attractiveness of *The Closing of the American Mind* is paradoxical. While it appeals to those disenchanted with the excesses of the rock-sex-drug counterculture (what the London *Economist* referred to, in comments on Bloom, as the "New Seriousness" of the yuppies), the book ultimately appeals to the same emotional matrix as drug use does. It is an invitation to "auto-erotic" fantasizing about an "eternal childhood," a world in which the mobilization of young minds to combat AIDS, to conquer new vistas in science, to prevent mass starvation in large areas of the Third World, etc., plays no part. It is no accident, in this respect, that one of Bloom's book-jacket endorsers, former Aspen Institute-Berlin board member Conor Cruise O'Brien of Ireland, has become a leading international propagandist, through his column in the *Times* of London, for the legalization of drugs. *The Closing of the American Mind* is a narcotic by other means, and its international success has helped "close" the path to the kinds of intellectual and moral solutions the world now so desperately needs.

'What is our goal in Korea? I don't know'

by Mary McCourt Burdman

The Korean War

by Max Hastings

Michael Joseph, London, 1987

£14.95, 476 pp. with index.

Every condition for the disaster in Vietnam, and the U.S. strategic withdrawal from Asia, as *Daily Telegraph* editor Max Hastings documents in this book, was created in the "forgotten war" of the 20th century, the Korean War—which began just five years after the military and moral triumph of the World War II victory. Hastings proclaims that he wants to counter the neglect of the Korean War in current history writing, and especially the neglect of the role that British forces played there. He is not one of those who regards the Korean War with "bitter distaste," he says, but states in his foreword that he remains "convinced of the rightness of the American commitment to Korea in June 1950."

Here is the issue. The "American commitment" that Hastings supports was strictly limited. It was just to preserve South Korea against the vicious attack by Kim Il Sung, the winning of the relative freedom for the population of South Korea, of ensuring they now have "incomparably more fulfilling lives" than those who must live under Kim Il Sung's tyranny.

The Korean War is well written, and many passages which recount the tragedies of the war, including the U.S. Marines' retreat from the Chosin Reservoir, the rout of the U.N. forces by the Chinese invasion in the winter of 1950-51, the prison camps, the destruction of the Korean population, are so vivid that they are painful to read. But such tragedies, terrible as they were, were on a small scale compared to the strategic shift that took the United States and its allies from the victory of World War II to the depravation of Vietnam and the current abandoning of most of the globe to the Soviet war machine.

Most telling is Hastings's treatment of Gen. Douglas MacArthur. After the reluctant acknowledgement of MacArthur's military genius even liberals have to make, Hastings spends pages attacking MacArthur as obsolete and a threat to

the Yalta order. The dangerous conflict between MacArthur and the Washington bureaucracy, he writes, "was essentially a simple one. MacArthur did not believe in the concept of limited war. He acknowledged the Thomist doctrine of just wars."

Limited war and the Yalta order

America's European allies, especially the British, and increasingly the Truman administration, wanted only limited war. This was critical, because, of course, the troops were in Korea only under the authority of the United Nations. There were two issues the British used to limit the war: the economic collapse that made it almost impossible for them to muster even the limited force they sent to Korea, and the controversy over tactical atomic weapons which MacArthur and other U.S. military leaders thought could be used to threaten China and force it out of the war. "If MacArthur had had his way," Hastings writes, "the cost to the moral credibility of the United States around the world would almost certainly have been historically disastrous."

"Middle America" also did not like limited war, Hastings complains. Truman's problem was that he could not "explain to his own people the realities of the new world in which they lived, where immense military power could not always be translated into effective foreign influence. . . . Americans were learning to come to terms with a world of constant crises, of problems chronically resistant to solutions."

Here are Hastings's true colors. A note on his background helps clarify the matter. Hastings, known among some of London's journalists as "Bomber Hastings," was made editor of Britain's *Daily Telegraph*, in 1986, part of the transformation from a traditional British conservative paper, to a liberal one, with a small "l." One marker is the consistent, irrational hostility of this paper's attacks on U.S. political figure Lyndon LaRouche. *The Telegraph* was bought up in February 1986 by Conrad Black of the Canadian Argus Corporation. Argus is a known intelligence operation, linked to senior Anglo-American intelligence and Western-Soviet Trust figure Arthur Ross, patron of such organizations as the Institute for East-West Security Studies. Black himself is a member of the Trilateral Commission and Bilderberg Society. Hastings was then installed as editor.

Hastings praises what he calls the Truman administration's "finest minds" for realizing the change in the world. Yet these "fine minds," he documents, presided over the massive cost-cutting demobilization and destruction of the U.S. military, that left the victors of 1945 almost helpless before the North Korean onslaught in 1950. It was one such "fine mind," Secretary of State Dean Acheson, whose "careless," as Hastings says, exclusion of South Korea from the perimeter of U.S. vital interests in the Far East practically invited Kim Il Sung to war.

One of the most interesting things in the book is how well Hastings documents the role of both the British postwar La-

bour government, and the British military, in undercutting a war-winning policy in Korea. The view of the British Chiefs of Staff, he writes, is that there is "no question of using the atomic bomb in Korea. . . . [There] we want, with the minimum loss of life and expense on either side, to restore the *status quo* and the integrity of South Korea."

The result was that Gen. Matthew Ridgway took command, to carry out the U.N. forces policies to a T. "The United Nations' objectives from the spring of 1951 to the end in 1953 were plainly limited," Hastings writes. "At an acceptable cost in casualties to Eighth Army, Ridgway's forces sought to kill sufficient communists and defend sufficient real estate to secure peace." It was Ridgway whose method of stemming the Chinese onslaught in February 1951 is chilling, when one thinks of Robert McNamara's "bodycounts": Ridgway initiated Operation KILLER, with the public intention of killing communists—not defeating them. But MacArthur thought, according to his close associate Courtney Whitney, "that Red Chinese aggression in Asia could not be stopped by killing Chinese, no matter how many, in Korea, so long as her power to make war remained inviolate."

Limited war policy led to the day, April 22, 1951, when U.S. Gen. James Van Fleet, asked what was the goal in Korea, said, "I don't know." Ironically, Hastings has to acknowledge that, through a series of bloody holding actions, the U.N. troops broke the attack of the Chinese army in Korea, so primitively equipped it could not fight a sustained campaign. In May 1951, he writes, "had the political will existed, the communist front now lay open. The morale of the Chinese armies in Korea was shattered." Instead, came the negotiations, giving the communist forces four vital months to dig in, exactly along the line where they remain dug in today.

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Books Received

Spy: America's First Double Agent, by Arthur Mulin, Capra Press, Santa Barbara, Calif., 1987, \$18.95 hardbound, 420pp.

Terry Waite: Man With A Mission, by Trevor Barnes, William B. Eerdmans Pub. Co., Grand Rapids, Mich., 1987, \$4.95 paper, 142pp.

Gucci: An Insiders Account of the Battle For The Gucci Empire, by Gerald McKnight, Donald I. Fine, Inc., New York, 1987, \$18.95 hardbound, 384pp.

Ike the Soldier: As They Knew Him, by Merle Miller, G.P. Putnam's Sons, New York, 1987, \$24.95 hardbound, 859pp.

Occupation: A Novel of Postwar Japan, by John Toland, Doubleday and Co. Inc, New York, 1987, \$19.95 hardbound, 453pp.

Elections American Style, editor: A. James Reichley, The Brookings Institution, Washington, D.C., 1987, \$32.95 hardbound, 291pp.

Russia and the Negro: Blacks in Russian History and Thought, by Allison Blakely, Howard University Press, Washington, D.C., 1986, \$17.95 hardbound, 201pp.

Beyond the Laboratory: Scientists As Political Activists in 1930's America, by Peter J. Kuznick, The University of Chicago Press, Chicago, Ill., 1987, \$29.95 hardbound, 263pp.

Living Hungry in America, by Dr. J. Larry Brown and H.F. Pizer, MacMillan Pub. Co., New York, 1987, \$18.95 hardbound, 212pp.

Albert Einstein: Letter To Solovine, introduction by Maurice Solovine, Philosophical Library, New York, 1986, \$9.95 paper, 159pp.

Who's Got Einstein's Office? Eccentricity and Genius At the Institute For Advanced Study, by Ed Regis, Addison-Wesley, Reading, Mass., 1987, \$17.95 hardbound, 316pp.

Welcome to Moonbase, by Ben Bova, Ballantine Books, New York, 1987, \$9.95 paper, 254pp.

The Hunting of the Quark: A True Story of Modern Physics, by Michael Riordan, Simon and Schuster/A Touchstone Book, New York, 1987, \$21.95 hardbound, 399pp.

FSLIC hole deepens, as budget sequestration looms

by Webster G. Tarpley

Behind the scenes at the June 20-21 Toronto Economic Summit, Treasury Secretary James Baker and his team of Bushmen were apparently able to extract commitments from certain financial power centers, including the Japanese, to administer yet another dose of adrenaline and formaldehyde to the putrescent United States dollar. The purpose of these arrangements, which are seen by knowledgeable financial observers as being highly artificial and very short-term, is simply to prevent a crash of the dollar before the November presidential elections in the United States.

Using the obvious types of strong-arm tactics, Baker and his henchmen have seemingly overcome the Japanese reluctance to increase yet again their long positions in the dollar. Japanese traders are now buying dollars, and many of the dollars are being used to buy U.S. Treasury securities. That has furnished an ephemeral stability to the bond market, and the bond market in turn has added a modest impetus to what the British call the "mugs' rally" of the New York Stock Exchange, bringing the Dow Jones Industrial Average to a new post-crash high of around 2,150.

How long can it last? Not long, despite Baker's determination to run the United States Treasury as a demagogic adjunct to the Bush for President Campaign. Even as Baker's latest machinations were becoming evident, the Federal Home Loan Bank Board was announcing a new all-time record loss of \$3.8 billion rolled up by the nation's thrift institutions in the first quarter of the year. On the same day, the Treasury Department released its own set of figures, foreshadowing a budget crisis that will erupt with the Aug. 15 "deficit snapshot" which must be furnished by the Office of Management and Budget (OMB) and the Congressional Budget Office (CBO), according to the provisions of the Gramm-Rudman-Hollings Act. That "snapshot" is due on the same day that

the Republican National Convention opens in New Orleans. There is thus the concrete possibility that the brutal reality of budget sequestration—across the board, automatic cuts, equally divided between defense and non-defense spending categories—may be on the front page at the height of the presidential campaign, raising issues that both Bush and Michael Dukakis would prefer to ignore.

In addition, there remains the issue of the second crash or further recrudescence of financial panic, which Baker's measures are of course designed to postpone at all costs. Baker deludes himself that he is controlling the process, but in reality it is the process that is controlling Baker. If Baker thinks that by jacking the Dow up to 2,150, he has evaded the inexorable forces of depression, he is wrong. During 1930, the post-crash recovery of the Dow Industrials reached the levels seen immediately before the October 1929 crash. In today's terms, that is about 2,250. Therefore, even a further rise of the Dow to 2,250 falls amply within the margins of the "uncanny replay" of 1930—the nemesis from which Bush and Baker are trying to escape.

Crisis at the thrift institutions

On June 21, the Federal Home Loan Bank Board informed the public that between January and March of this year, American savings and loan institutions suffered an aggregate loss of \$3.8 billion, a record high, and substantially up from the previous record loss of \$3.2 billion for the fourth quarter of last year. The thrift "industry" is therefore now losing money at the staggering rate of some \$15.2 billion per year, with a significant acceleration in the rate of loss.

According to James Barth, the chief economist of the Bank Board, 954 unprofitable thrifts lost a total of \$5.106 billion in the first quarter, down slightly from the \$5.129 lost

by 1,098 unprofitable institutions in the previous quarter. This was balanced against a profit of about \$1.3 billion posted by 2,164 profitable thrifts in the first quarter of 1988, compared to a similar profit of around \$1.3 billion by 2,049 profitable institutions in the last quarter of 1987.

The thesis of the Bank Board is that the thrifts are bifurcated into two groups, the solvent ones and the insolvent ones, with the solvent group improving and the insolvent group deteriorating rapidly. Thus, the Bank Board stresses that its Dallas district alone accounts for \$3.9 billion in losses. Inside the Dallas district, 117 Texas thrifts are responsible for fully \$3.3 billion in losses. Most of the 20 "worst offenders" on the loss and insolvency list are in Texas, with losses of about \$3 billion. A single thrift institution, the Sunbelt Savings Association of Dallas, by itself accounted for a loss of \$1.2 billion in the first quarter. According to the Bank Board, a large portion of the losses was generated through "writedowns" of the real estate assets that the thrifts have been carrying on their books.

The Bank Board is upset that the bankrupt thrifts, in order to attract deposits, must pay interest rates that are between 15 and 25 basis points above the money market norms, thus forcing the still-solvent institutions to pay higher interest rates to compete with them.

The Bank Board's own figures indicate that the problem cannot be so narrowly defined. Barth conceded that there are 504 thrifts that are insolvent according to generally accepted accounting principles (GAAP), and these institutions lost a total of \$4.6 billion. The largest concentrations of these totally bankrupt thrifts are in Texas (133), Illinois (54), California (32), Louisiana (29), Florida (20), Ohio (19), and Oklahoma (19)—a pattern of some regional diversity. In addition to the GAAP-insolvent institutions, there is a second group of upwards of 500 thrifts of very little net worth, known among financial observers as the "walking dead." This means that at least a thousand thrifts are in big trouble—about one-third of the total.

The Bank Board concedes that the "insolvent institutions dominate the picture of the industry," but asserts that "we have the funds" to "deal with the seriously troubled institutions." The Bank Board wants to liquidate or merge thrifts to "get the hopelessly insolvent thrifts out of the system" and "get the cost of funds down." The Bank Board's criteria are allegedly to deal with the institutions which are deteriorating fastest, "where the hole is rapidly getting deeper," not necessarily starting with the biggest losers.

The plain fact is that the Federal Savings and Loan Insurance Corporation lacks the funds to reimburse the depositors of all the bankrupt thrifts. The FSLIC says \$22.7 billion would be needed to bail out 511 insolvent institutions; the General Accounting office says the figure is between \$29 and \$36 billion; and non-government estimates begin at \$75 billion. By contrast, when the FSLIC paid out a record \$1.35 billion several weeks ago to wind up two bankrupt S&Ls in

Costa Mesa, California, that expenditure was reported to be about 40% of the FSLIC's cash on hand. In that operation, the agency acquired real estate and real estate loans with a book value of \$607 million. Bank Board head Danny Wall hopes to sell off these assets for \$418 million. But that estimate is more than the FSLIC has realized from such distressed merchandise sales in any recent year. Wall will be attempting to market rental apartments, condominiums, and commercial buildings which the *Wall Street Journal* describes as "the country's least desirable real estate." The very attempt to liquidate such extensive assets may by itself provoke the panic collapse of the U.S. real estate bubble, and drive many more thrifts into bankruptcy.

Selling insolvent thrifts to investors like the Merabank of Phoenix, Arizona is also no solution, since such deals require large, long-term "assistance packages" to protect the buyers from losses on bad loans and foreclosed real estate (about \$84 million in the Merabank deal alone, for only three S&Ls). With thrift losses increasing, there is no way FSLIC can liquidate insolvent thrifts without massively looting the taxpayers.

Gramm-Rudman sequestration ahead

On June 23, just after the Toronto Summit, Beryl Sprinkel of the White House Council of Economic Advisers told the press that the administration's rosy scenario for the economy had turned out to be not rosy enough: "The economy is better than our expectations." But hours later, OMB director James Miller was describing himself as "very concerned" about the specter of Gramm-Rudman sequestration to the tune of at least \$10 billion, after the Aug. 15 snapshot.

The deficit target for FY1989, beginning Oct. 1, is \$136 billion, plus a \$10 billion margin of error. The initial snapshot is to be followed by detailed CBO and OMB reports on the deficit on Aug. 20 and 25, followed by an initial presidential sequestration order, if needed, on Aug. 25, followed by a detailed message to Congress within 15 days. Then there will be revised CBO and OMB deficit estimates on Oct. 10 and 15, followed by the President's final sequestration order on Oct. 15. Quite a wind-up for a presidential campaign!

How deep the trouble is for next year's budget may be gauged from the troubles of this year's budget. Although the Gramm-Rudman limit is \$144 billion (plus the \$10 billion margin of error), the Reagan administration is slyly projecting a \$146.7 billion deficit. But the Congressional Budget Office says it will be at least an illegal \$157 billion. In reality, the first eight months of FY1988, now concluded, have already accumulated a deficit of \$127.49 billion, up from \$119.88 billion in the corresponding period last year. In September, probably starting about Sept. 10 when the Congress receives the detailed automatic cuts order from the White House, the stage is set for a new budget confrontation of a more concentrated kind than that of October-November 1987.

DoJ's 'Pentagate' is just beginning

by Leo Scanlon

The full scope of the FBI's ongoing terror campaign against the U.S. defense establishment was underlined by Henry Hudson, U.S. Attorney for the Eastern District of Virginia, who announced that the Department of Justice (DoJ) investigation of "corruption in defense procurement" is not expected to produce any indictments before the end of the year. In other words, the investigation is an open-ended attack on the defense community. Hudson made the remarks during several grandstand appearances at the end of June, wherein he briefed congressional and administration officials on the "investigation."

The Soviet government newspaper *Izvestia* wasted no time in applauding the KGB-style actions of the FBI against the Pentagon. Washington correspondent A. Blinov wrote on June 19, "The illegal operation facilitated the peculiar union between military bureaucracy and business elements: Very often leading Pentagon positions were filled by former corporation leaders." The newspaper particularly scored Pentagon funding for advanced weapons systems in secretly funded, or "black" programs. After all, the elimination of these high-technology programs is a top priority for the Soviets.

The political nature of the Justice Department's investigation, and the underhanded role of its author William Weld, former head of the DoJ's Criminal Division, were identified in an Aug. 11, 1987 letter from former Secretary of Defense Caspar Weinberger to Attorney General Ed Meese, protesting the testimony Weld had delivered to Congress that summer. According to a report in the *Washington Post* on June 23, Weinberger said that Weld's "statement that military officials overlook infractions of defense contractors . . . [was] most objectionable" and a "disservice to the administration, to the Department of Defense, and to the many men and women involved in Defense acquisition. I am sure you will agree Ed, that our departments should not try to point fingers and lay blame on each other as Assistant Attorney General Weld's statement appears to do, particularly in a public forum."

Unbeknownst to Weinberger, Weld was already planning his spectacular attack on the Pentagon. Law enforcement sources told the *Washington Post* that the investigation, which Weld was conducting at the time the letter was written, was concealed from Weinberger and Meese at the urging of Henry Hudson—allegedly because of fear of leaks.

Yet it turns out that Weld and his cronies have much to fear themselves from any truthful investigation: It is now reported that Weld's mentor and co-conspirator in the Justice Department, former Deputy Attorney General Arnold Burns, was at that time pushing to secure a seat on the federal bench for his "former" law partner, Stuart Summit, while the firm was paying Burns nearly \$1 million! Burns and Weld were both forced to resign from the Justice Department on March 29 of this year, following a failed power play against Meese.

Permanent investigations

With Hudson's revelation that he will be "investigating" until after the general election, the planned outline of the DoJ scheme is coming into view. The raid is only the beginning of the terrorization of defense contractors being planned by the DoJ. Press reports claim that several of the individuals first named in the probe have begun to cooperate with the prosecutors, by implicating others. The small circle of consultants tied to Assistant Secretary of the Navy Melvyn Paisley, and the interlocked companies they are associated with, are important only because they allow the investigation to proceed to the defense community at large, as well as to the Congress, through the political action committees they controlled.

The investigation itself is being coordinated by a vast apparatus of bureaucrats that was created for exactly such operations. An important step in making such witchhunts possible, was the 1981-82 consolidation of the inspectors general (IGs) of the various Executive branch agencies into the President's Council on Integrity and Efficiency (PCIE), an organization which is mandated to achieve 27,000 successful prosecutions and 10,000 administrative sanctions against individuals and firms doing business with the government by the end of 1988!

Each IG's office coordinates up to several hundred investigators, who are primarily assigned to review financial practices and guard against fraudulent practices within their departments. Since their consolidation into the PCIE, the IG staffs have been brought into the web of political police practices directed by the FBI's Oliver "Buck" Revell, who chairs the Investigation/Law Enforcement Committee of the PCIE. Revell's position mirrors the coordinating role he played in the dirty-tricks branch of the Iran-Contra networks.

According to June Brown, IG of the Department of Defense, the largest investigation prior to the current one is ongoing in Los Angeles, under the code name "DEFCON" (Defense Contractor). The DEFCON investigation is being used as a training school for investigators from around the country. It has resulted in 50 indictments or prosecutions since 1985. The present investigation will dwarf this in scope, and will consolidate the principle of open-ended, unrestricted investigations that are permitted by the "Webster Guidelines" governing the FBI. These guidelines are manifestly unconstitutional, and will be exposed in future articles.

Senator Grassley: a profile in treason

by Kathleen Klenetsky

If “Pentagate” succeeds in its objective—destroying the American defense establishment—it will be thanks in large part to the efforts of Sen. Charles Grassley—rightly designated by the *Wall Street Journal*'s June 24 lead editorial as “Congress's biggest defense basher.”

The second-term Republican senator from Iowa has been a key player in efforts to whip up a mountainous scandal against the Pentagon through the molehill of alleged malfeasance in the military procurement process.

Indeed, it was Grassley who elicited from William Weld, at the latter's August 1986 confirmation hearings for a top Justice Department post, a pledge to launch an all-out assault against the Defense Department, once he took over as head of the DoJ's Criminal Division. Within days of his confirmation, Weld initiated the “investigation” which led to the Pentagon raid.

During his stint on Capitol Hill, Grassley has done yeoman work to create the circumstances in which the Justice Department could propose to dismantle the country's national defense institutions. Starting in the early 1980s, he began a campaign to focus attention on alleged waste and fraud in Pentagon procurement, which earned him national media attention. In this process, he reportedly collaborated with such groups as Businessmen for National Security, a gaggle of peacenik corporate types founded by liberal philanthropist Stanley Weiss, and the Defense Budget Project.

More recently, he clambered on board the “Pentagon restructuring” bandwagon. He backed the Packard Commission and worked to ensure passage of the Nunn-Goldwater defense reorganization bill, over the protest of all the service chiefs, including Marine Commandant P.X. Kelley, who warned that it would cause “significant degradation in the efficiency and effectiveness of the defense establishment—to the point where I would have deep concerns for the future security of the United States.”

Like other leading lights in the Pentagon scandal-mongering network, Grassley has attempted to cloak his vendetta against the Pentagon with professed concern about saving taxpayers money and restraining the ballooning federal deficit. In 1983, he sponsored legislation that would have imposed an across-the-board freeze on the federal budget, including the defense component. The measure earned the appropriate sobriquet, the KGB freeze, after its key sponsors, Senators Kassebaum, Grassley, and Biden. That measure

failed, but Grassley achieved much the same goal through the Gramm-Rudman amendment, which he supported and which has led to a negative real growth in the Pentagon budget.

Defense budget is ‘manure’

Grassley's yakking about fiscal responsibility hides an attitude toward national defense bordering on the treasonous. He revealed what he really thinks at a June 1985 American Stock Exchange conference. The U.S. defense budget is “a five-pound bag of manure in a four-pound pile,” ranted Grassley, who went on to castigate then-Defense Secretary Caspar Weinberger for “hyping up” the Soviet threat.

Grassley has been a longtime member of the Military Reform Caucus, founded by former Sen. Gary Hart, whose program calls for getting rid of high-technology weapons, and whose members generally favor reducing U.S. military commitments abroad, including to Western Europe.

He opposes the MX missile, and while claiming to support the Strategic Defense Initiative, he voted for Sen. Bennett Johnston's (D-La.) initiative to keep SDI funding increases below 3%, which would effectively kill the program. He also supports Sen. Sam Nunn's (D-Ga.) proposal to turn the SDI into a limited, low-tech system to protect against an accidental nuclear launch, which would deprive the United States and its allies of the same degree of protection against atomic weapons which the Soviets are expected to deploy shortly.

Grassley's determination to turn the United States into a third-rate power carries over into other areas as well. For example, he supported Senate Majority Leader Robert Byrd's move last year to curtail the Reagan administration's decision to protect merchant shipping in the Persian Gulf, and he has been a vocal supporter of Washington's efforts to unseat Panama's defense chief, Gen. Manuel Noriega. Grassley also voted for a Senate resolution which charged Mexico with failing to curb drugs.

Where does a supposedly conservative Republican get such un-American politics? In Grassley's case, the obvious source is his home state. As *EIR* documented in its Sept. 11, 1987 issue, Iowa has been a hotbed of Soviet penetration going back to FDR's Agriculture Secretary Henry Wallace, due primarily to the dominant influence of the international grain companies.

Grassley has worked closely with many of Iowa's numerous “peace” organizations, including Beyond War and Business for Peace, the latter founded by Des Moines banker John Chrystal. Business for Peace's head, Fred Weitz, praises Grassley for “clearly accepting the need to work out solutions with the East bloc.”

Chuck Day, the director of the more openly pro-Soviet Starpac (Stop the Arms Race Political Action Committee), believes that “we should take off our hats” to Grassley for his crackdown on “military overexpenditures.”

Democratic meetings provide clues to Atlanta convention

by Patricia Salisbury

Democratic Party members have been meeting in conventions across the country for the past month to complete the final stages of selecting the delegates who will choose the Democratic Party nominee. While Massachusetts Governor Michael Dukakis may appear to have the Democratic Party nomination locked up, many of the state conventions indicate restiveness and dissatisfaction within the traditional constituencies in the Democratic Party.

At two of the major meetings, Texas and Virginia, Jesse Jackson delegates waged bitter, if losing, fights to increase their delegate strength, and at several conventions, supporters of presidential candidate Lyndon LaRouche had substantial policy impact. However, the signs are that the forces backing Michael Dukakis intend the tightest control of the convention possible, running the danger of alienating the Jackson supporters, and almost certainly on a track to emerge with a policy program which has no relevance to the problems facing the nation.

Texas Party adopts pro-space resolution

The Texas Democratic Party Convention meeting in Houston on June 18 was one of the largest, with over 10,000 people attending. The meeting was heavily influenced by the fact that a supporter of the LaRouche faction within the party, Claude Jones, had recently been elected chairman of the Harris County Democratic Party, which includes the city of Houston. Members of the LaRouche faction had a prominent booth at the convention with a policy focus on the need for the nation to adopt a Moon-Mars colonization program and displayed a large sign saying "Democrats Must Land a Woman on Mars." The Texas Convention did go on to adopt a very strong pro-space program resolution.

Ironically, Texas State Democratic Party Chairman Bob Slagle illustrated the alienation of the party leadership from constituency pro-progress concerns. Slagle, in his remarks at the convention, had much praise for the defense-wrecking operations of U.S. Attorney Henry Hudson, who led the illegal raid on the Pentagon (see *Feature*, this issue) and attacked the very government programs and industries which are critical to the space exploration effort.

A few weeks earlier, a strong intervention by supporters

of Lyndon LaRouche resulted in virtually the entire Oklahoma Democratic Party Convention being dominated by a debate over a resolution on a \$26 per barrel trigger price for oil, a measure which is crucial to saving the domestic oil industry and the economy of the Southwest. The resolution, although it emerged in only a very watered-down version at the convention, has passed the Oklahoma House of Representatives.

The LaRouche delegation at the Texas meeting also addressed the issues of AIDS and the economic and food crises. These policy concerns of the LaRouche faction were strongly represented when Harris County Democratic chairman Claude Jones addressed the Black Caucus. His speech focused on the threat to human life from AIDS, and from policy decisions to treat AIDS and other diseases from the standpoint of "cost-accounting."

Jones warned that the Democratic Party must nominate a candidate who will build hospitals and be committed to spending the money needed to achieve victory over AIDS. He also stressed the need for emergency economic reforms to stop the depression, which will otherwise result in genocide. Jones was well-received by the delegates attending the caucus, most of whom were pledged to Jesse Jackson, and received a standing ovation at the end of his address.

Otherwise, the concerns of the Jackson delegation were primarily expressed in bitterly fought battles over delegate selection with the Dukakis forces. Candidate Jackson's address to the convention, while limited to familiar themes and generalities such as "keep your eyes on the prize," fired up his delegates who proceeded to wage a battle over the selection of at-large delegates to Atlanta, arguing that they should be apportioned according to the popular vote in the Texas primary rather than the results of the caucus process. Since Jackson's supporters refused to give in, some of the meetings on this issue ran long into the night. Many were enraged when Dukakis emerged with the majority of the at-large delegates, and grumbled openly about their "unfair treatment."

Likely nominee Dukakis also addressed the convention, and the behavior of his supporters did nothing to placate the Jackson wing. Dukakis spoke before a large organized rally,

with a virtual army of Dukakis people on the floor with walkie-talkies, to keep the delegates awake. While the pro-Dukakis politicians opened every speech with extensive praise for Jesse Jackson and the "great job" he's done for the Party, most of the Jackson supporters viewed this as a condescending way of saying, "It's over, now get to work for Dukakis." Many Jackson delegates, frustrated over the seeming-inevitability of the Dukakis nomination and being patronized by Dukakis campaign workers, have been overheard saying, "If this is how they're going to treat us, we might as well go for Bush."

A large grouping within the Texas Democratic Party, which is reported to include Texas Commissioner of Agriculture Jim Hightower, have been taking a hard-line Jackson-for-vice president stance. Another grouping within the Texas Party is supporting Texas Senator Lloyd Bentsen for vice president.

Dissatisfaction at Virginia convention

The convention of the Virginia Democratic Party June 3-4, also erupted into dissatisfaction and battling, and laid little basis for party unity around a serious program. Despite the fact that Jesse Jackson carried the state, and should have had a majority at the convention on at least key issues on every vote taken, the Jackson forces were defeated. Much of the ire of the Jackson delegation was directed at former Virginia Governor Chuck Robb, who had been quoted in the press questioning Jesse Jackson's credentials for the vice presidency, and who was appearing at the convention to collect the Party's nomination for U.S. Senator.

When a move by Jackson delegates to nominate another candidate for U.S. Senate failed to make it to the floor, the more radical wing of the Jackson camp staged a disruptive rally when Robb spoke. The only fight over substance, however, was led by supporters of Lyndon LaRouche, who initiated a move to open the resolutions section of the meeting to debate and amendment, and who addressed the convention on the issue of the economic and AIDS crises.

California convention pro forma

The convention of the California Democratic Party June 18 was run in a completely pro forma and tight-fisted manner, probably a foretaste of what the Establishment of the party will try to pull off at the Atlanta National Convention. Most of the business of the convention was carried on in caucuses convened by the supporters of the different presidential candidates, and attempts by supporters of Lyndon LaRouche to raise policy considerations were rebuffed.

The joint assembly of all the party members was convened to rubberstamp a prearranged deal on a state party leadership slate which had been agreed to between the Dukakis and Jackson forces. Distraught rank and file supporters of Jesse Jackson, who objected that they had never seen the slate, were ignored by the chairman, and the meeting was adjourned less than nine minutes after it had been convened.

Project Democracy: The 'parallel government' behind the Iran-Contra affair

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Elephants & Donkeys by Kathleen Klenetsky

Bush, Dukakis team up to wreck war on drugs

George Bush and Mike Dukakis have caught on to the fact that American voters view the drug plague as one of the country's leading problems, and are consequently vying with each other for the anti-drug warrior-of-the-year award.

But despite all the campaign-trail brouhaha which this has generated of late, in the real world, both candidates have in fact aided and abetted the dope lobby, and should be held responsible for its campaign to turn Americans into a bunch of doped-up zombies.

Take Bush: Stung by Dukakis's charges that the Reagan administration's war on drugs has been a chaotic failure, and by revelations concerning his connections to the drug-running Contras, Bush has been casting about for some gimmick to bolster his badly tattered anti-drug image.

In June, he endorsed a new House Republican measure which seeks to shift the country's war on drugs away from stopping the influx of illegal narcotics into the United States, into an ineffectual campaign to reduce demand, by focusing on the domestic consumer.

Although efforts to crack down on dope use certainly have their part to play in a comprehensive anti-drug campaign, anything that lessens the pressure on the supply and distribution networks is a grievous mistake, one which will only make it easier for

drugs to enter the United States. With all of his experience with the drug issue, Bush certainly knows that.

Like everything cooked up by the Heritage Foundation, the legislative package is a bad joke—so bad that it must have the international drug mafia in stitches at this abject surrender. Instead of beefing up U.S. surveillance and interdiction capabilities, and boosting aid to drug-producing countries that are desperately fighting drug traffickers, the bill focuses on the consumer, calling for such penalties as denying drivers' licenses and federal grants, like student loans, to convicted drug users and traffickers. This might help deter the casual user—if funds were really committed to enforcement. But is it really supposed to stop an addict, or someone raking in millions of dollars through drug sales?

Yet Bush, who attended the June 15 Capitol Hill press conference where the proposal was unveiled, embraced it as "better than anything the Democrats are going to produce."

The House program comes directly out of a drug policy project being conducted by the Heritage Foundation, the supposedly conservative think tank which houses various socialists, libertarians, and related types.

Program director Jeff Eisenach disclosed in May that he has been holding regular briefings on the Hill, sponsored by Sen. Phil Gramm (R-Texas) and others, to push the idea that "surveillance and interdiction aren't working," and that Washington's "current drug policy is such a failure, that if we don't shift it dramatically, the drive for legalization will become unstoppable."

According to Eisenach, his Capitol Hill briefings carry this message: "Why continue to go after the drug kingpins and the pushers, when that hasn't achieved anything? What we need to do is go after the 23 million

Americans who use drugs monthly. If we take away their drivers' licenses, maybe they'll stop using drugs."

Dukakis 'will legalize drugs'

As for Dukakis, who's been running around recently calling the Reagan administration's anti-drug effort a chaotic failure, he's being looked to as a champion by the dope lobby. At the annual national conference of NORML (the National Organization for the Reform of Marijuana Laws) which took place in Washington over the June 18 weekend, Yippie spokesman Dana Beal stated bluntly that if Dukakis were to be elected President, "he would legalize marijuana."

Beal's hopes are not misplaced. Dukakis's home state of Massachusetts has some of the most liberal drug laws in the nation. You can be caught with over 10,000 pounds of marijuana there, and, if it is your first offense, you will receive no jail term and no fine—only probation. A first-offense cocaine-possession conviction carries a penalty of 0-3½ years.

Perhaps this is what Dukakis really means by his "Massachusetts miracle"!

Furthermore, Dukakis's chief representative to the committee drafting the Democratic Party platform, former Congressman Michael Barnes, belongs to the Inter-American Dialogue, the Aspen Institute project which has called for legalizing drugs, as a way of allowing drug-producing countries in the Third World to get enough foreign exchange to pay back their debts to the major money-center banks.

If Dukakis were truly opposed to drugs, the first thing he'd do would be to toughen up his own state's laws. The second would be to fire Barnes.

Japan at Toronto: patience running out

At the Toronto Economic Summit June 19-21, Japanese sources told me that their nation's patience with the rest of the G-7 industrialized nations is wearing very thin.

The Japanese, taking a low profile, did not make such feelings known in a way easily detectable to the Western eye. But, according to one well-placed source, from the Japanese point of view, some comments from their government leaders in recent weeks have been unprecedented in their candor.

The two leading examples were the remark by Prime Minister Noboru Takeshita in Europe just prior to the Economic Summit, warning that too much outside pressure against Japan could trigger a "nationalistic" backlash in his country, and the remark by Foreign Minister Uno following a speech by U.S. Defense Secretary Frank Carlucci in Tokyo earlier in the month. Uno said that Carlucci had "made a major mistake" by telling the Japanese population that they had to make a greater commitment to support global strategic military efforts.

In typically Japanese fashion, when this reporter asked a press spokesman about the significance of Takeshita's warning, the spokesman's response during the open briefing session was to deny that any warning was meant by the remark.

After the public briefing, however, another press aide approached me, and gave me a detailed account of the question to Takeshita at that press conference, and of Takeshita's answer. He demonstrated in this way that, in fact, Takeshita did imply a warning in his remark.

In reality, the Japanese were treated extremely rudely at the Economic Summit. There were clearly racist influences underlying much of the hostility to the Japanese economic model, as well as that of the "newly industrialized countries" of Asia, reflected in the formal pronouncements of the G-7.

The more than 4,000 journalists present noticed that the Japanese press briefing room was located two flights of stairs away from the briefing centers of the other major nations, at the other end of the enormous convention center. The Japanese were stuck off in a corner by themselves, even though they had the most ambitious briefing schedule of any nation present. Consequently, attendance at their briefings was uniformly the lowest.

The Japanese held no fewer than five press briefings per day in English, apart from briefings they held for their own media in Japanese.

All the other nations held their press briefings in their native languages only, with no translations provided. Some held only one briefing per day, the others two at most.

Perhaps the biggest direct insult to the Japanese came when U.S. Treasury Secretary James Baker III, during a briefing at the U.S. press center, denied that the Japanese had raised any question with him concerning further integration of the European Community, and the pending U.S.-Canada free trade agreement, which would create two trading blocs that would be protectionist toward third parties, such as Japan.

During their frequent briefings, the Japanese repeatedly said that, since the creation of these two blocs leaves them as the only member of the G-7 not in a trading bloc, they were asking a lot of questions about whether these blocs would put them at a disadvantage.

"We are not making any accusations, but just asking questions. Our businessmen do a great deal of business in Canada and Europe, and this means a great deal to them," one Japanese briefing officer said.

But, when I asked Baker about this, he insulted them by denying that the issue had ever been raised with him. So, many reporters went to the next Japanese briefing seeking a clarification. One asked the same question I had put to Baker of the Japanese spokesman. Sure enough, the spokesman reiterated that this was a major question with them, which they had raised on numerous occasions.

It turned out, according to reports the next morning, that at the dinner meeting of the foreign ministers later that night, this was virtually the sole subject of discussion, perhaps because of Baker's outrageous public evasion. An obtuse response to the concern was even contained in the final economic declaration of the summit, implying that further integration of the EC and the U.S.-Canada trade agreement were steps in the direction of free trade and, as such, would strengthen the force of free trade worldwide.

But, as a spokesman for the EC told me, although this may be the "spirit" of these accords, "There is no legally binding commitment to the fact that there will not wind up being protectionism at our borders."

A Japanese spokesman told me that Japan would not move to turn its trading partners among the "newly industrialized countries" of Asia into a third trading bloc. He cited mainly cultural and geographic factors standing in the way of any such arrangement in the near future, but he did hold out the possibility of some kind of special relationship—although not exactly the same as the other two—emerging over time.

House slashes defense spending for fiscal 1989

The House approved a \$282.6 billion defense bill by a vote of 360-53, effectively cutting the current budget by as much as 10% in real terms. The bill cuts the SDI budget to \$2.5 billion, while providing more money for drug interdiction, and transfers \$60 million of the Navy's funds to the Coast Guard. The legislation would give the Pentagon \$556.6 million less than the amount requested by the Reagan administration.

The bill funds all Pentagon operations for the year beginning Oct. 1 except military construction projects, civil defense, and nuclear warheads, which are covered by other legislation. A similar spending bill is now pending in the Senate.

There was unusually little conflict in the debate on the bill compared to previous years. Rather, the real battle over arms-control provisions is being waged in the debate surrounding Pentagon authorization proposals, currently being considered by a House-Senate conference committee.

Congress moves to scrap three nuclear subs

House and Senate conferees, working on the Pentagon spending bill, have decided to scrap three nuclear missile-carrying submarines to keep the United States near the limits of the defunct SALT II arms treaty. The agreement is one of several compromises that lawmakers have made on arms control issues to reconcile House and Senate versions of the Fiscal Year 1989 Defense Authorization Bill.

The three submarines that would be destroyed by the bill are the USS

Daniel Webster, the USS Henry Clay, and the USS James Monroe. They would be dismantled during scheduled overhauls. Each submarine holds 16 Poseidon missiles capable of carrying 1 to 10 warheads.

Other elements of the bill, on which the conference committee is said to be approaching agreement are:

- Eliminating a measure in the House version which would ban all but the smallest U.S. nuclear tests. This measure would have allowed only tests with a force of one kiloton or less. The Senate was opposed to this measure. The conferees have similarly dropped a House provision that would bar the United States from testing "depressed trajectory" nuclear missiles, which reach their targets more quickly by flying on a flattened course rather than an arc.

- One rather devastating provision of the compromise bill would prohibit the Reagan administration, for the second year in a row, from conducting Strategic Defense Initiative tests that fall outside the traditional interpretation of the 1972 Anti-Ballistic Missile treaty.

Drought brings reality home to Capitol Hill

"Whom the Gods would destroy, they first make mad," goes the saying. Well, economic madness has reigned for some time on Capitol Hill, with austerity policies already wreaking havoc throughout the land. But now, the destruction is about to descend upon us in the form of the worst food crisis in this country's history. If the madness does not cease quickly, the *Götterdämmerung* will be upon this nation—with no hope of return.

The drought has had a very sobering effect on those who realize the dimensions of the crisis—legislators from farm states. "We will find out in the next couple weeks if the real severe damage, the total economic disaster that we fear, is going to unfold," said Rep. Vin Weber (R-Minn.) on the House floor on June 16, "when we find out if we get enough rainfall to bring the soybean crop and the corn crop to maturation."

Although weather conditions, which may appear to fall under the category, "Acts of God," may have been the immediate cause of the present dilemma, the policy of the Reagan administration (and previous administrations for that matter) created the pre-conditions for these weather conditions, and the fact that they have led to disaster. Rep. Jamie Whitten (D-Miss.), chairman of the Agriculture subcommittee of the Appropriations Committee, indicated some of these preconditions:

"May I point out that in eight years, 261,000 farmers have gone broke, hundreds have committed suicide. The farmers are the only group in the world that was told by the government they had to pay in one year everything they owed. This occurred even though the government caused their financial problems by withholding the farmers' commodities from the world markets and by using the PIK program. Under PIK, we reduced 11% of our production while our competitors overseas increased their production by 11%."

The government has been playing down the extent of the crisis, although this is getting progressively more difficult to do. The House had passed an agricultural bill which included a major reduction in reimbursement for losses by the Commodity Credit Corp., the agency that administers price and

income-support payments to farmers. Spending in the measure is \$12 billion less than current levels and \$2.5 billion less than the Reagan administration had requested.

A bipartisan congressional task force has been set up to deal with the drought. Although Senate Agriculture Committee chairman Patrick Leahy (D-Vt.) has rejected any form of major water or irrigation project to help resolve the situation, there is hopefully enough pro-farmer sentiment on the congressional task force set up to deal with the drought, to begin taking the required measures. It is obvious, however, that the austerity measures of the U.S. political establishment and the survival of the U.S. population are now mutually opposed. One of them has got to go.

Chappell adamantly denies any wrongdoing

In the face of a politically motivated FBI "fishing expedition," rumors are spreading that several congressmen may be implicated in Pentagate, among them Florida Democrat Bill Chappell. U.S. Attorney Henry Hudson has assured legislators that no Capitol Hill people are involved, although information is being "leaked" from the Justice Department, indicating that legislators will be the next targets of Hudson's "great purge."

Many are being intimidated by the Gestapo-like tactics of the Hudson-led investigation, but others, like Rep. Chappell, are starting to fight back.

Chappell, chairman of the House Defense Appropriations subcommittee, was formerly Speaker of the Florida House of Representatives. In his capacity as subcommittee chairman, he has naturally played a role in the

consideration of weapons systems. Chappell called any insinuations of wrongdoing in his capacity as subcommittee chairman "bunk," pointing to the fact that this is an election year, and all kinds of wild accusations are being thrown around in order to silence political opponents.

After the Pentagate operation broke in the media, several newspapers reported that Representative Chappell's name had come up in conversations overheard in a wiretap placed on the phone of Charles Gardner, a former vice president of Unisys, one of the firms which had been served with a search warrant in connection with the FBI sweep. "I have had conversations with Gardner in this office, as I have with most of the top contracting people in the country," said Chappell. "But I'm not interested in who gets a contract. I'm interested in finding the programs that will do the job and let the Pentagon come back and tell us which way they think we should go."

Congressmen hit by election year mudslide

It is not only the Pentagate scandal which is about to erupt in what promises to be the bloodiest and dirtiest political election campaign of the century. Doubts concerning the ethical conduct of numerous congressmen are now being circulated in what promises to make the "Great Purges" of Joseph Stalin look like a tea party.

One of the issues being raised is whether congressmen receiving a considerable amount of their campaign funding from political action committee (PAC) contributions are not being unduly influenced in their political decision-making. A recent book by a

former Capitol Hill aide, called, *The Best Congress Money Can Buy*, which is becoming something of an "in" book in Washington these days, says that Congress is permeated by "legalized corruption" involving honorariums and appearance fees.

It is undoubtedly the case that many such improprieties are rampant on Capitol Hill. But, as in the case of Pentagate, there is a distinct smell that the "scandals" are politically motivated—and not for reasons of mere partisan politics. In spite of the many moral flaws of a good number of our elected representatives, their sensitivity to their constituents makes them something of an institutional opposition to the type of austerity policies which are being promoted by the political elites in this country. The wave of scandals about to hit Congress seems to be primarily aimed at Watergating any opposition to such policies. The country is in the process of being shoved down the tubes, politically and economically—and anyone who dares oppose that process is looking for trouble. Such are the conclusions meant to be drawn by the congressional "scandals in the wings" now taking form.

Senate committee sabotages space station

The Senate Appropriations subcommittee held the budget for the space station to \$200 million. NASA had requested \$967 million. The funds are designed to last until January 1989.

At that time, the new administration will have to determine whether to continue support for the project, which NASA officials have said, at this level of funding, would probably be better abandoned.

National News

NDPC chairman injured in assault

Warren J. Hamerman, chairman of the National Democratic Policy Committee (NDPC) and an outspoken opponent of the Reagan administration's AIDS policy, was seriously injured on June 16. The incident occurred at about 7:15 a.m., when a car drove directly at Hamerman, who was on a bicycle, causing him to be thrown to the ground.

As Hamerman was rounding a corner on a usually deserted back street near his home in Leesburg, Virginia, a red car accelerated and steered directly at him. To avoid being hit, Hamerman had to steer into a high curb, causing the bike to fall. After Hamerman had fallen and slid along the pavement under the bike, the driver of the car stopped to look at him, writhing in pain on the ground. The driver then gunned his engine and sped off.

Police officers investigating the incident said they classify it as a "hit-and-run."

Hamerman suffered multiple abrasions and massive contusions of the leg, arm, and rib cage.

As chairman of the Biological Holocaust Task Force of *Executive Intelligence Review* magazine, Hamerman has become well-known for his outspoken opposition to the "AIDS lobby" and the do-nothing policy of the Reagan administration on AIDS.

As NDPC chairman, Hamerman was the only figure to testify in opposition to the nomination of William F. Weld to head the Justice Department's Criminal Division in 1986. Weld was the architect not only of the Justice Department's frame-up of Lyndon LaRouche and associates in 1986-87, but Weld also spearheaded the recent search-and-seizure operations directed at Pentagon officials and defense industries.

The National Democratic Policy Committee is the mass-based political action committee of the LaRouche wing of the Democratic Party.

Both police officials and private investigators are continuing to investigate the hit-and-run assault on Hamerman, with a number of promising leads being pursued. Security experts note that the probability of the attack being premeditated is quite high, since

the incident occurred near Hamerman's home at a location where he had ridden almost every morning at exactly the same time for many months.

START treaty before 1989?

In a commentary appearing in the *Washington Post* June 21, arms control expert Paul Nitze argued the case for a START treaty, saying it would "reduce the Soviet threat to our retaliatory forces and put us in a stronger position to ensure the continued survivability and effectiveness of our nuclear deterrent," provided that the strategic forces needed to maintain that deterrent were modernized.

Positing a 50% increase in Soviet-deployed nuclear weapons by 1995 without a START treaty, Nitze said that such an increase "would make it much more difficult for the United States to establish an equitable balance and ensure the survivability of our retaliatory forces."

Nitze argued that at the Moscow summit, forward motion occurred in two of the most difficult areas, mobile missile verification and air-launched cruise missiles. "Given a positive effort by the Soviets," he concluded, "I believe it is possible to complete a worthwhile START agreement before President Reagan leaves office in January 1989. The task is immensely difficult, but if there is a real opportunity we should not miss it."

Former CIA station chief indicted

José Fernandez, former CIA station chief in Costa Rica, was indicted June 20 on charges that he defrauded the government by "deceitfully . . . directing and concealing a program" to supply the Nicaraguan Contras with arms and other supplies after Congress passed the 1984 Boland Amendment banning such aid.

It is further charged that Fernandez (a.k.a. Tomas Castillo) lied to the Tower Commission when he told them he was unsure whether Oliver North was involved in the Contra supply operation, or whether the supplies contained weapons and ammunition.

The indictment of Fernandez is being viewed by Washington, D.C. intelligence community sources as an unmistakable message that further indictments of CIA personnel may be expected. According to these sources, Fernandez was Gen. Richard Secord's chief liaison to the CIA for the Central American project.

In addition to his longtime close ties to former CIA operative Theodore Shackley, a key Irangate figure, Fernandez was also one of the principal contacts between U.S. intelligence and the Mossad networks involved in the Central American guns-for-drugs operations.

Reportedly, the inspector general of the CIA fully supported special prosecutor Walsh's indictment, which seems to reflect an agency desire to distance the Shackley-Secord crowd from official intelligence institutions.

U.S. considering armed border barrier?

The United States should consider building an armed barrier on the Mexican border, says a document submitted to Defense Secretary Frank Carlucci in late 1987. The document, whose existence is reported in the Mexican magazine *Punto*, also says that augmentation of the military budget for the Gulf of Mexico and the Caribbean is an unpostponable priority.

The document was written by Daniel Fitzsimmons, chief of analysis for Latin America for the Center of Intelligence Operations of the U.S. Army.

The document cites a 1986 study that concluded it would require 100,000 soldiers, several aircraft carrier task forces, and \$7-9 billion a year to contain the Nicaraguan Sandinistas and control Mexican immigration.

Fitzsimmons says that at least six divi-

sions would be needed to seal the Mexican border, which would be necessary if Central America exploded, if Mexico fails to control its population growth, or experiences other social upheavals.

Judge throws out Iran-Contra suit

A federal judge in Miami has thrown out a lawsuit by the Christie Institute against many of the individuals involved in the Iran-Contra scandal.

The two-year old civil suit was filed on behalf of two journalists who were wounded in a bombing at La Penca, Nicaragua during a press conference by dissident Contra leader Eden Pastora. The suit charged that Lt. Col. Oliver North, Gen. Richard Secord, Albert Hakim, Gen. John Singlaub, and virtually the entire Contra leadership were responsible for the bombing.

The lawsuit was summarily dismissed on June 22 on grounds of insufficient evidence. According to sources familiar with the case, the suit, which documented the drug connections of the Contras and related illegal covert operations by the Iran-Contra principals, was ill-prepared.

Soviets begin U.S. peace march

About 220 Soviet citizens, waving banners reading, "We Are One Family" and "Our Goal Is a Nuclear-free World," have begun a month-long walking tour of the United States, ostensibly to press for more disarmament.

The Russians came from each of the 15 Soviet republics. Among them was Vladimir Fedosov, a deputy of the Supreme Soviet. Also among the "peace marchers" are foreign correspondents for *Pravda*, *Izvestia*, and other Soviet newspapers—jobs well known as postings for KGB operatives.

The Soviets were greeted by members

of a California delegation of peaceniks on June 16 as they arrived at Dulles International Airport outside Washington, D.C. The greeters were part of "International Peace Walk, Inc.," a group which has organized sympathizers in the United States to kick in \$3,500 apiece to go to Russia in August for an "international peace walk" to "end the arms race."

Meanwhile, the 200 Soviets are trekking around the United States in July, stopping at such places as Swarthmore College outside Philadelphia, Pennsylvania; Baltimore, Maryland; Grinnell, Iowa; and finally, California.

In the spirit of *glasnost*, the Soviets did not provide a list of their delegates to the U.S. State Department until the day before they arrived, ensuring that there would not be time to find all the KGB agents among them.

Burns facing ethics charges

Attorney General Ed Meese "probably will be forced by the Ethics in Government Act to initiate a formal conflict-of-interest probe" of former Deputy Attorney General Arnold Burns, according to the *Washington Times*.

Burns is slated to appear before the Senate Judiciary Committee July 6 to answer questions about his actions to obtain a seat on the federal bench for his "former" law partner, Stuart Summit, while he was being paid nearly \$1 million by his "former" law firm.

Summit has already testified that Burns was the only administration official who talked to him about his appointment to the 2nd U.S. Court of Appeals before President Reagan officially nominated him to that post last year.

A senior Justice Department official said Summit's nomination "was railroaded through the department and the White House by Arnie," the *Times* reported. The unnamed official said that Burns "just said, 'Get it done,' and no one at the time focused on the fact that this man was technically still Arnie's business partner. Now people are just shaking their heads."

Briefly

● **BLOOD VIALS** found on New Jersey beaches the week of June 12, have tested positive for both the AIDS virus and the hepatitis B virus. Law enforcement officials remain stumped as to the origins of the five-inch-long plastic vials, each of which contained blood which tested positive for AIDS.

● **THE PILOT** who lied to the Miami grand jury and Congress that Panama's Gen. Manuel Noriega was a drug-runner, received his "pay-off" in the form of a very light sentence from U.S. District Judge Sidney Aronovitz. Floyd Carlton, whom Noriega had turned over to the Drug Enforcement Administration for drug-running in 1985, pleaded guilty to a reduced one-count charge and was given nine years in prison, with parole possible in three years.

● **PATRICK BUCHANAN**, former White House communications director, pleaded in his June 22 syndicated column, "Don't turn Pentagonate into a national tragedy. . . . While the pursuit of one set of scoundrels is under way . . . conservatives ought not to permit another set to use this scandal to discredit American rearmament." Buchanan failed to condemn the Pentagon raid itself.

● **MICHAEL DUKAKIS** is now under preliminary investigation by the FBI in to determine whether he or other state officials gave inside information to the owners of a site selected for a multimillion-dollar prison facility.

● **BUSH CAMPAIGN** and Republican Party sources report that Sen. Robert Dole and Rep. Jack Kemp are the top contenders for the vice presidential slot on a Bush ticket, the *Washington Times* said June 23. Said an unnamed Bush campaign official. "Most of the GOP chairman in the South are for Kemp." Both men have been asked to make major addresses at the GOP convention Aug. 15-18 in New Orleans.

Editorial

Pray for rain???

The destruction of the wheat, soybean, and corn crop in the U.S. grain belt, is likely to result in actual famine in some parts of the world, otherwise dependent on American grain imports for their margin of survival. Take, for instance, lands in Africa and the Near East which lie in the path of locust hordes.

Even in the United States itself, we may see an increase in the numbers of people who suffer from serious malnutrition, who depend now for their sustenance on the surplus foods given to soup kitchens. Such supplies are in danger of drying up.

There is also the case of the farmer unable to plant a crop under present drought conditions, who will not benefit from price rises, and may even go further in debt if the government demands that advance payments on the crop already distributed by the Department of Agriculture be repaid.

The situation is extremely dangerous, but there may be a bright side to the crisis, if it shocks people into action now—before it is too late. Perhaps we needed this drought, just as in Biblical times the floods were interpreted as a final warning by the Lord to a heedless hedonistic people.

Even without the drought, U.S. agriculture has been systematically devastated by policies which drove farmers off the land, and removed fields from cultivation. Cattle herds were being decimated. Worse still, not only was there no attempt to maintain stores at an adequate level, but their reduction to amounts below the level of safety was accounted a policy success.

A similar situation has existed in the infrastructure necessary to support agriculture. Railway lines were not maintained; irrigation projects were at a standstill; and the electricity grid was being operated far above the margin necessary to allow normal surges in demand, so that brownouts and blackouts were predicted for the summer months.

The drought has exacerbated all of these problems, but it has also underscored them in a particularly stark fashion. For example, what insanity could have prompted the proposal to disassemble the Shoreham

nuclear plant merely to propitiate a bunch of anti-nuclear fanatics? Yet, this is on the verge of occurring in New York State.

The so-called greenhouse effect is now eliciting new interest as a possible explanation for the unusually dry and hot weather. The immediate cause of the present drought is thought to be a diversion of the jet stream, which ordinarily brings cool air into southern Canada, but has now been pushed into more northerly regions.

The reasons behind this are not understood by meteorologists, but such things have occurred before, for example, in the United Kingdom, in 1976. Any long-term heating of the Earth due to increased carbon dioxide in the atmosphere might possibly be exacerbating the drought, but can by no means be considered as causal.

We can look for a more likely cause for the shift in weather patterns, in the elimination of rain forests in the Amazon. These forests acted as energy pumps for global weather systems, yet they have been wantonly cut down, because of the enforced use of charcoal as an energy source by countries such as Brazil, which were ordered to cut back on the development of nuclear energy by the United States.

Whatever the causes of the drought, a certain course of action is obvious. We must have a crash program to immediately bring as many nuclear plants as possible on line. (One good way would be the mass production of modular units.) Then, the promise of fusion power must be promptly realized.

We obviously need large-scale water projects such as the North American Water and Power Alliance (Nawapa), which would pump water from Alaska, through Canada and into the western United States and down through Mexico.

What if a greenhouse effect is occurring? If this is the case, we can expect a shift of rainfall patterns to the poles and equators. This would present us with an engineering problem on the scale of that which we will have to face in order to colonize the planet Mars. Just the sort of problem which we should be solving!

The trail leads from Russia's KGB . . . to Shabtai Kalmanowitch . . . to Armand Hammer . . . to George Bush.

Now, for the first time, *EIR* tears the mask off Vice President George Bush's full and witting involvement in the Irangate scandal—and in Moscow's takeover of the U.S. intelligence establishment.

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SPECIAL

REPORT

The Kalmanowitch Report:

Moscow's Moles in the Reagan-Bush Administration

with a preface by Lyndon H. LaRouche, Jr.

On December 23, 1987, some were shocked at the news that Israeli playboy and arms trafficker Shabtai Kalmanowitch had been caught working as a top agent for the Soviet KGB. But it was no shock to George Bush's "secret government," which had just finished brainwashing President Reagan into accepting Moscow's phony "peace" treaties.

For more than 20 years Moscow has been using the Israeli intelligence services as a conveyor-belt to place its agents high within the U.S. government. And although "little fish" Jonathan Jay Pollard was caught passing U.S. secrets to Israel—and from there to the KGB—the man who recruited Pollard still walks free at Tufts University in Massachusetts.

The threads of the Kalmanowitch story lead into the most sophisticated sorts of Soviet warfare against the West: from the brothels and casinos of Bophuthatswana in South Africa, to the burgeoning Russian mafia in the United States, to the "State Department socialist" Roy Godson, to Soviet agent Armand Hammer, and directly into the Reagan-Bush White House.

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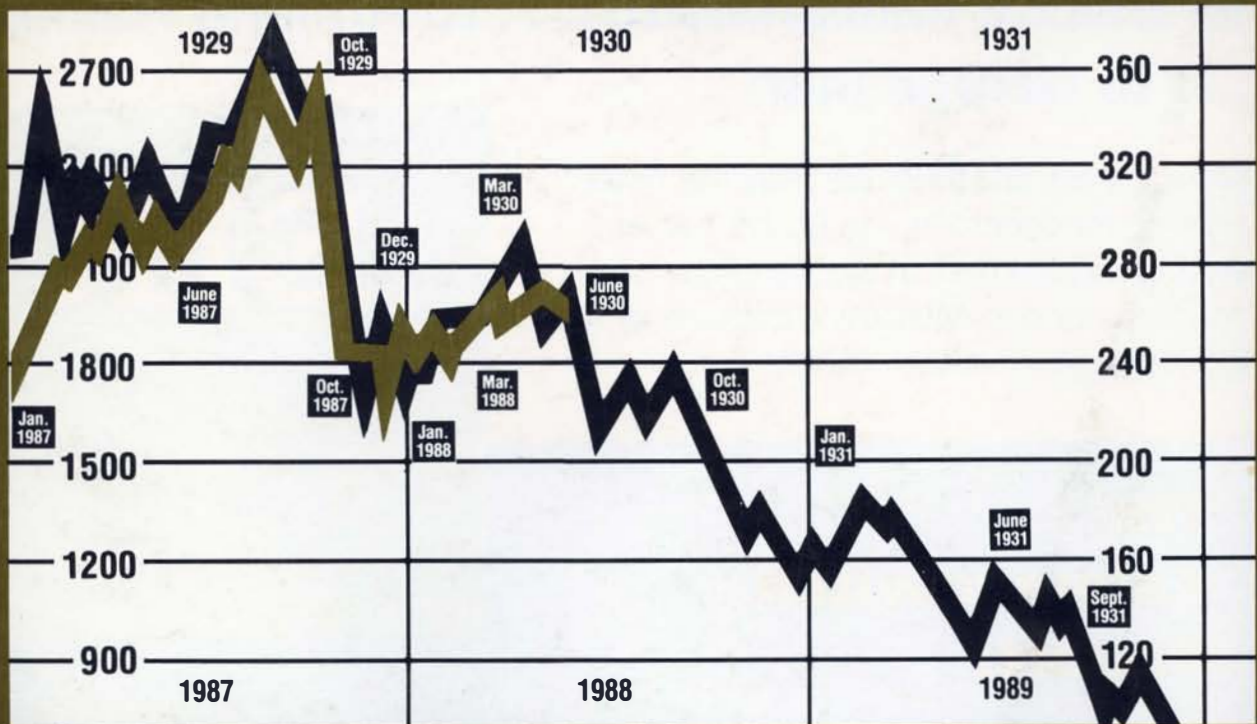
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