

EIR

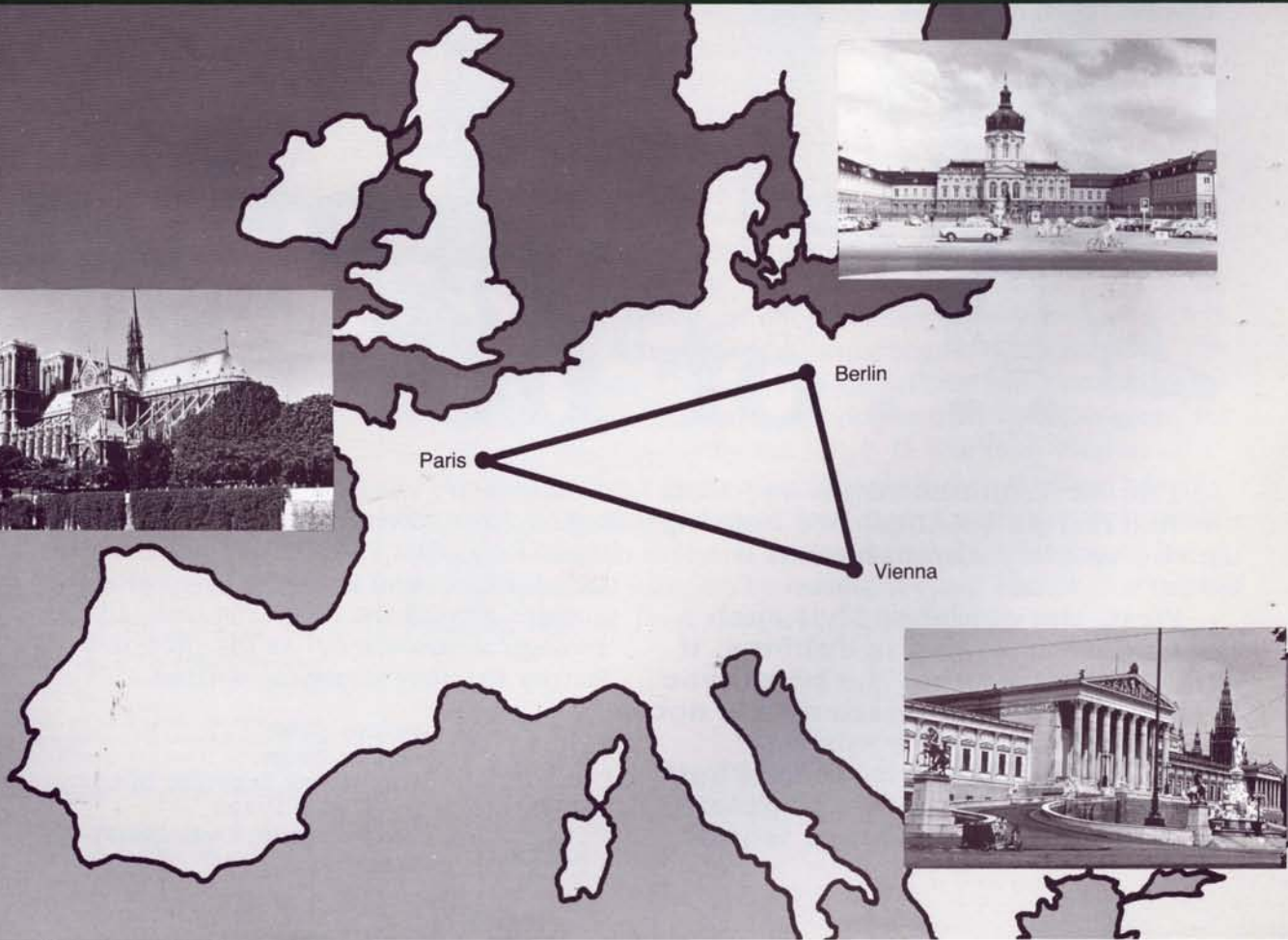
Executive Intelligence Review

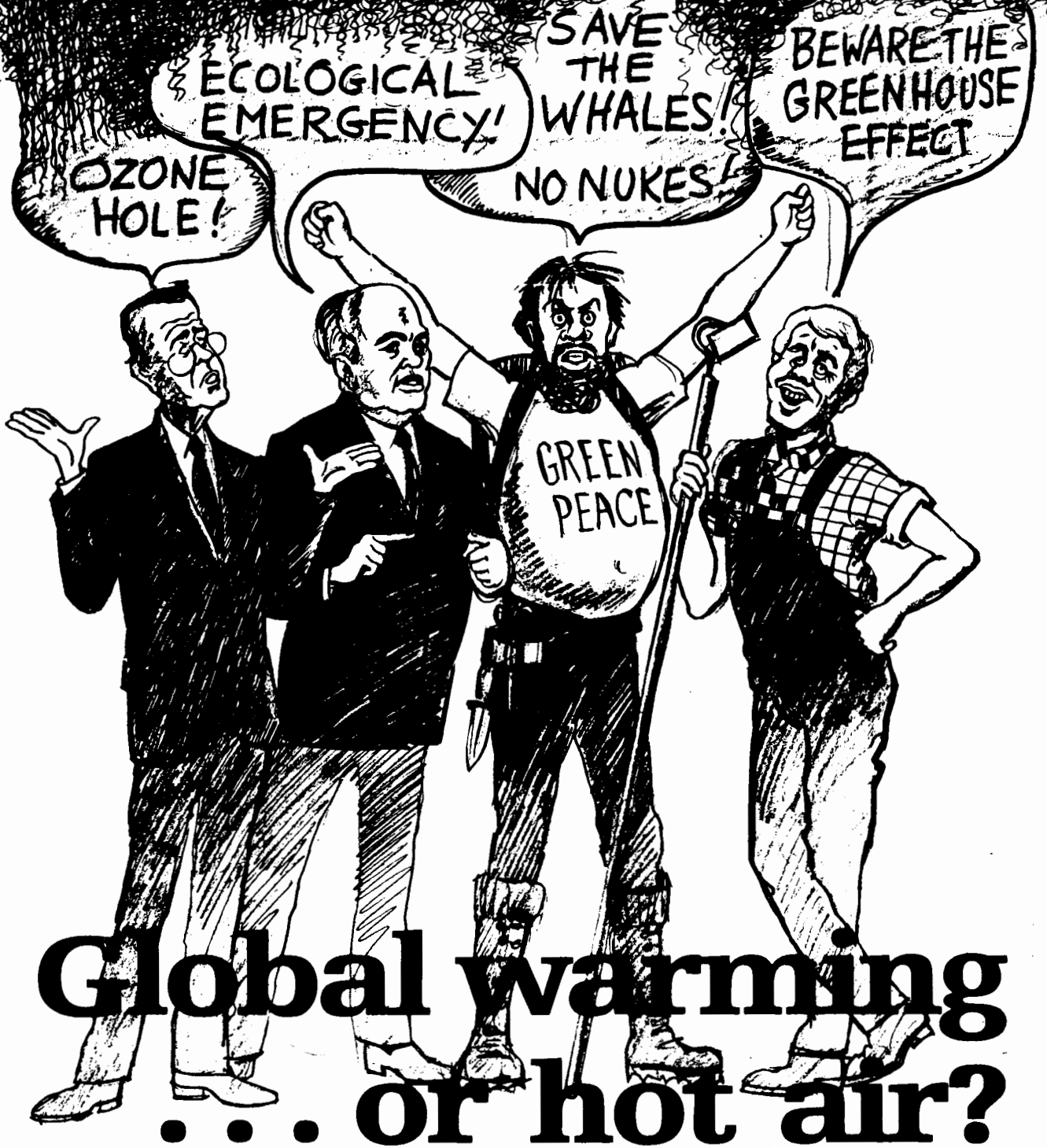
February 2, 1990 • Vol. 17 No. 6

\$10.00

International law expert rips Panama invasion
Bush careens toward showdown with Congress
Shuttle crew brings science laboratory home

Paris-Berlin-Vienna triangle: locomotive of world economy





The environmentalists say that "industrial pollutants" are heating up the world's climate-what a hoax!

First, the evidence that such a heating is occurring is dubious; if it is occurring, what can be proven is that industrial emissions are not the cause. And the "remedies" proposed by George Bush, Mikhail Gorbachov, and the other "greenies" will only make things worse.

Executive Intelligence Review's Special Report, "The 'Greenhouse Effect' Hoax: A World Federalist Plot," assembles the scientific evidence, and analyzes the political purpose behind the hoax: the drive to use "ecological emergency" as the pretext to destroy the sovereignty of nations.

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REPORT

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EIR

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

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Our American readers should know that in Europe and elsewhere abroad, the Jan. 22 rejection of the main appeal in the case of Lyndon LaRouche and six fellow political prisoners, and the brutal abuse of LaRouche fundraiser Michael Billington, are being read as clear signs that only massive *political* pressure against the “Herbert Hoover” Bush administration will bring the United States to its senses. Together with Bush’s vile behavior on the Chinese student visa issue (p. 58), these actions toward the LaRouche movement recall the criminal arrogance that has marked the last days of many a tyranny.

Turn to page 61 for news on the Fourth Circuit Court’s ruling. The brief facts of the Billington case are as follows. After being sentenced to 77 years by a Virginia judge for alleged “securities violations,” Mr. Billington has been put in “administrative detention” in a federal prison facility in Connecticut. This young man, whose only crime has been to selflessly devote himself to the uplifting of humanity, is as of this writing confined in a 12’ by 6’ cell in isolation, pending what the prison system calls “reclassification.” It makes sense to flood the White House with letters and calls demanding that President George Bush release the exculpatory evidence, as detailed in *EIR*’s last issue, which will free Lyndon LaRouche, Michael Billington, and the other five jailed political organizers who have now been unjustly imprisoned for one year.

The *Feature* gives the positive reasons why so many of our allies are clamoring for the LaRouche movement to be accorded its human and civil rights. As the Soviet empire, and the U.S. economy, spin into a physical breakdown, LaRouche has commissioned a program that will turn central Europe into a beehive of advanced productive activity, out of which a world economic boom can be generated. The Paris-Berlin-Vienna Triangle proposal outlined here exemplifies the policy-making role LaRouche will play in the 102nd Congress, for which he is campaigning for the 10th C.D. seat from Virginia.

World opinion is turning increasingly against the Bush administration for its economic follies, if not as yet for its strategic insanity. See page 44 for an exclusive commentary on the flouting of law in the Noriega case, authored by leading Western European constitutional law scholar, Professor F.A. von der Heydte.

Nora Hamerman

EIR Contents

Science & Technology

18 Shuttle crew brings science laboratory home

The experimental results expected from the Long Duration Exposure Facility, launched six years ago and now back on Earth, will be invaluable for ascertaining how to maintain a permanent presence in near-Earth space. Marsha Freeman reports.

25 Hermann J. Oberth: father of space flight

In memoriam, by John Zavrel.

Departments

12 Dateline Mexico

Brady Plan corpse finally buried.

13 Report from Rio

Citibank leaves with empty hands.

14 Andean Report

Venezuelan economy: ruin in one year.

15 Panama Report

Despite promises, Panama gets no money.

53 Report from Bonn

Reconstruction of a ruined country.

54 Report from Rome

A way out of the Vietnam tragedy.

55 View from London

Tories hit by economic crisis.

72 Editorial

One better than Herbert Hoover.

Economics

4 Interest rate rise drives U.S. collapse

Japan's virtual boycott of the U.S. bond market is dashing fantasies of a "soft landing" for what remains of the U.S. economy.

6 U.S. construction industry is ready for a blowout

8 Currency Rates

9 Agriculture

Urban farm boys push radical plans.

10 Banking

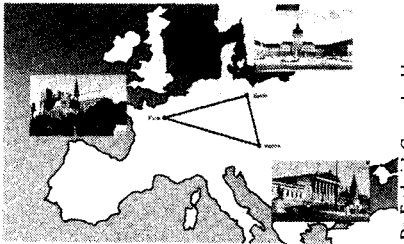
Northeastern banking collapsing.

11 International Credit

A new bank for Eastern Europe.

16 Business Briefs

Feature



Dr. Frederick Guggenbuehl

Glorious monuments of the European past—the 12th century Cathedral of Notre-Dame in Paris, the 18th century Charlottenburger Schloss in Berlin, and the early-19th century Houses of Parliament in Vienna—will be joined by high-speed rail transport in the scientific and cultural renaissance of the 21st century.

26 Paris-Berlin-Vienna triangle: locomotive of the world economy

Following the guidelines laid out by U.S. congressional candidate Lyndon LaRouche, an international team sponsored by the Schiller Institute presents major components of a plan to save the world economy by transforming continental Europe's transportation infrastructure, making that region into the world's greatest economic power.

International

36 Azerbaijan war brings Soviet leadership crisis to a head

Whether or not Gorbachov goes, his policies have been junked by the Politburo.

38 The weakening of Benazir Bhutto and its fallout

The Pakistani prime minister is being forced to call early elections as the Kashmir crisis flares dangerously between Pakistan and India.

40 When Russia held Iranian Azerbaijan

42 Noriega's 'drugs' were really tamales

Documentation: World criticism of invasion of Panama.

44 The U.S. invasion of Panama: an evaluation from the standpoint of international law

by Prof. Friedrich August Baron von der Heydte.

47 Colombian Liberals embrace drug mafia

49 Social Democrats, crazier than ever, welcome chaos in U.S.S.R.

50 Some queries for the Soviet strategists

By guest columnist Argus.

56 International Intelligence

National

58 Bush: on the slippery slope to political doom

He scraped through his vote in support of the Chinese butchers, but the Furies will make short work of the President as the U.S. economy careens into the depths of depression.

60 Court puts LaRouche Democrat on Texas ballot

61 4th Circuit upholds travesty of justice against LaRouche

President Bush knows LaRouche is innocent.

62 Gen. Powell acts like idiot to reservists

63 Bush's rhetoric thin at pro-life march

64 Beethoven's 'Fidelio' at C=256: more of the mass than the opera

In honor of political prisoners everywhere, the Lubo Opera and Schiller Institute produced the first modern full performance of an opera at the scientific tuning of the great composers, in New York City.

66 McMartin Preschool verdict 'not guilty'

67 Eye on Washington

West can't stop Gorbachov's fall.

68 Congressional Closeup

70 National News

Interest rate rise drives U.S. collapse

by Steve Parsons

Something much more terrifying than the generalized weakening of the bond and stock markets is now stalking Wall Street. And it's not simply the rekindled fears of "recession," nor that the much-heralded "soft landing" is looking a lot harder. The specter is that foreign investors, particularly the Japanese, are beginning to turn their backs on U.S. financial markets. On Jan. 23, the Japanese virtually boycotted the \$5 billion issue of 40-year Resolution Funding Corporation bonds, the government-backed securities marketed to raise capital for the savings and loans bailout.

In recent years, and especially the last two, the Japanese have spearheaded a veritable boom in foreign investments in U.S. markets, and have provided a kind of "floor" for block purchases of U.S. securities. Foreigners have purchased as much as 40% of U.S. Treasury issues, while providing an increasing amount of funds underpinning the real estate and junk bond markets. Furthermore, Japan's big banks have furnished 40-60% of the bank funds for leveraged buyout acquisitions in the U.S. All of this is about to be sharply curtailed.

Some brokers have dismissed the Japanese abstention from the Refco auction as simply confirmation of what the Japanese themselves have been saying for months: that they have no interest in 40-year securities and "regard Refco bonds as a glut on an already full U.S. bond market," to quote one European investor. Others might point to Refco's general lack of appeal among all bidders.

But it's not merely the Refco bond issue that is at stake. Fears of another Japanese boycott at the \$30 billion U.S. Treasury quarterly refunding auction in mid-February are reportedly at near-hysterical levels at such prestigious investment houses as Goldman Sachs and Salomon Brothers, which face potentially catastrophic losses if the recent plunge in bond prices continues.

Technical factors? Or is it political?

On one level, the reason for foreign investors pulling back from U.S. government securities is straightforward. Until a few months ago, U.S. bonds enjoyed a 3-4 percentage point differential over Japanese and continental European securities. But now, Japanese interest rates on long-term bonds have risen to near 7%, about 1.5 points below that for U.S. long-term Treasuries. West German rates are well above 7%. There simply is no incentive to continue pouring money into U.S. issues, especially when even a mild slide in the dollar could easily nullify the small differential.

Analysts and so-called experts point to a variety of technical factors for the interest rate boosts by Japan and Europe, ranging from concerns over rising domestic inflation to changes in accounting and reporting practices in their own nations. But are these the only reasons, or is there something even more fundamental?

The sharp boost in foreign interest rates was initiated by the Swiss, just two days after a meeting of European central bankers in mid-December. West Germany had already significantly raised its rates during the fall. And two weeks later, on Dec. 25, the Japanese unexpectedly boosted their key discount rate one-half point to 4.25%.

It is no secret that the Bush administration, along with Mrs. Thatcher's government, are bent on stifling all European initiatives centered around the European Monetary System and the creation of a new banking facility to facilitate the huge lending requirements for the myriad development deals involving Central Europe. Everything coming from the U.S. is designed to balkanize Europe through its condominium with Moscow. No other Western government has been so hasty—as shown by Secretary of State James Baker's astounding rush to meet East Germany's Hans Modrow on Dec. 12, immedi-

ately after the Bush-Gorbachov “seasick summit”—to reassure East Germany’s Communists of its support for “stability.”

The U.S. political insanity toward Europe has been matched only by its idiocy in economics and finance. It should be recalled that last spring’s report of the Bank for International Settlements castigated the market and currency manipulations of the United States, fueled by reckless lending and credit policies. Such games, it warned, provide only the illusion of financial health; what is needed are more “traditional” policies like old-fashioned investment and real production.

The Bush administration and its Wall Street controllers have not only spurned such admonitions, but have been more determined than ever to keep the American shell game going—despite the near blowout of the junk bond market in September, the near-crash of the stock market in October, and a rising tide of bankruptcies and falling profits throughout the fourth quarter.

Europe will not go down with the American ship of fools. It is thus quite likely that, technical factors notwithstanding, at least certain integral members of the international financial elite have moved to cool out the U.S. economic excesses through what they hope will be a slow attrition, using as the wedge rising interest rates and a curtailment of loose foreign capital into U.S. markets. As Federal Reserve chairman Alan Greenspan told Congress Jan. 25, foreign investment in the U.S. has soared from just \$221 billion in 1975 to \$1.8 trillion in 1988. Even more incredibly, foreign purchases of Treasury securities had risen to more than \$3 trillion in 1988, from a level of only \$100-200 billion in the early 1980s!

Rising interest rates abroad have certainly precluded the Fed’s bowing to the increasingly shrill demands of the administration for lower rates and looser credit as the hyperinflationary “solution” to an economy careening more and more into deflationary collapse. While there is no doubt that such a shakeout in U.S. markets is both necessary and inevitable, there is no preventing the collapse that is inalterably under way.

The final phase of bankruptcy

When the junk bond market and the leveraged buyout empires created with it began to collapse last September with the defaults on debt by the Campeau retail conglomerate, jailed physical economist Lyndon LaRouche denoted this as the onset of what would later become a domino-like fall of the banking system itself.

No matter how much banking authorities, Wall Street cognoscenti, and Bush administration spin-artists try to portray the imminent demise of Campeau and Bank of New England as “isolated problems” or “market corrections,” these failures do mark a sharp turning point in the banking and market collapse.

“Naturally,” said LaRouche on Jan. 16, “the Bush men around Washington and their fellow travelers around the

world are coming up for anything but the truth as the explanation for today’s financial panic.

“Since the Bush administration’s existence depends upon avoiding a financial crash, in which case Mr. Bush would become the new Mr. Hoover . . . no Bush man will admit . . . that a financial crisis has finally arisen, that the Great Depression is actually in motion. . . .

“The reason for the bankruptcies is very simple. The Anglo-American system is bankrupt. As we have said before, the United States is more than \$20 trillion in debt, and the debt service on this debt approaches the magnitude of the nominal gross national product of the nation. Technically . . . every penny we make has to go into paying debt service. . . .

“Lo and behold! A financial crisis occurred in a bankrupt system! And the Bush administration would have you believe that there is no connection between the fact that the U.S. economy is bankrupt, and that the international financial system is having crises. . . . They believed that if they could stop the *perception* of the crisis in the United States, they could stop the crisis. The crisis is, however, ongoing.”

In just the first weeks this year, the combination of rising interest rates, falling corporate performance, and worsening business indicators has generated a 250-point stock market drop, while bond prices have tumbled. Following the 77-point tumble in the Dow Jones index and the bond market plunge on Jan. 23, LaRouche observed:

“The breaks in the bond market are a symptom of the avalanche sooner or later to come. It is possible that we could be sliding into the abyss of the great financial crash of 1990 now; it is possible this might be merely a warning shock before the big shock yet to come. It is possible that these matters could be delayed as late as late March or even later, under very unlikely circumstances but possible circumstances; it is also possible that the big crash could hit this week or next.

“Whenever this crash hits, it is the end of every policy—economic policy, monetary policy, financial policy—to which George Bush and his co-thinkers have been committed for over 25 years. It is those policies which the Bush administration continues to defend with such stubborn commitment, which have caused the collapse of the United States economy, into almost a rust-bucket, and the ultimate collapse of the financial system, as a result of the collapse of the economy.

“What we need now is a rapid and fundamental change in policy to organize an economic recovery. Undoubtedly, this will have to come from the Democrats, from Democratic leadership, a Democratic leadership which believes in investment in scientific and technological progress, as did Franklin Roosevelt when he organized the recovery from the Great Depression of the 1930s and as did Sen. John Kennedy, when his space program, his investment tax credit program, and other programs organized a recovery from the deep recession of 1957-1959. I offer such a program, and certain conclusions follow from that.”

U.S. construction industry is ready for a blowout

by Anthony K. Wikrent

U.S. home builders are screaming for relief from new savings and loan regulations that have dried up all credit for new home construction. Housing and Urban Development Secretary Jack Kemp has promised that the Bushmen will come up with some program to help, but under prevailing axioms of policy, the U.S. physical economy is now collapsing so rapidly that there is no way to prop up the housing market without triggering a hyperinflationary spiral. The problem is made even more dangerous by the impossibly high levels of debt being carried by some of the largest home-building and construction materials companies that have been involved in highly leveraged transactions (HLTs), known as leveraged buyouts.

The National Association of Home Builders held its annual convention in Atlanta in January, and "the most immediate thing on everybody's mind," according to NAHB Staff Vice President Jay Shackford, were the new "loans to one borrower" rules imposed on savings and loan associations. Under the new rules, imposed by the Comptroller of the Currency in August 1989, S&Ls are not allowed to loan more than 15% of their capital to any one borrower, as compared to 100% previously.

With the 15% limit, many home builders who had developed close working relationships with their local S&Ls over many years, or even decades, suddenly found themselves cut off from their traditional source of credit. Some builders were even compelled to abandon construction in the middle of a project.

The effects were not long in making themselves felt. Housing starts have fallen to their lowest level in seven years. From the January 1989 annualized peak of 1.678 million seasonally adjusted housing starts, construction of new homes slid 24.7% to 1.264 million starts in September, then bounced up in October before collapsing even further, to a seasonally adjusted rate of 1.235 million in December. That left housing starts for the year of 1989 at 1.37 million, the lowest since the 1.06 million of 1982.

The latest survey of its members by the National Electrical Contractors Association showed that "slow collections from customers" (such as home builders) had replaced a lack of skilled labor as the leading problem, mentioned by 35% of the 315 contractors that responded. The comment of a contractor in Colorado was revealing: "Banks and S&Ls don't or won't lend the funds to do the work." Twenty-

one percent of the contractors reported that sales declined in 1989, compared to 13% in 1988.

Administration's policy inadequate

President Bush spoke at the NAHB Convention, but steered clear of the S&L issue. Instead, Bush stated that he was in favor of lowering interest rates, and ran through a series of statistics showing that the demand for housing rapidly increases as interest rates are lowered.

But the collapse of the bond markets on Jan. 23, and the need to keep interest rates ahead of the Germans and Japanese in order to continue attracting foreign money, makes it impossible for the Federal Reserve to lower rates, as Bush desires. (See *Banking*, page 10).

Jack Kemp told the NAHB Convention that he would urge the Federal Home Loan Mortgage Corp., the Federal National Mortgage Association, and the Federal Housing Administration to develop a "joint venture credit facility" to meet the home builders' demands for credits. But Kemp's proposal, while welcomed by the NAHB attendees, is far removed from draft form, let alone implementation. The home builders are demanding that the Comptroller of the Currency grant a two-year transition period, while the details of Kemp's plan are worked out. Shackford points out that projects now under construction had their financing arranged before the "loans to one borrower" rules took effect, but by spring, and certainly by summer, the real crunch will be felt, when projects that are trying to arrange financing now—and can't—are unable to begin. As the incoming NAHB chairman, Martin Perlman of Houston, warned the *Wall Street Journal*, "Thrift reform left a vacuum in the production side of our industry."

If the federal government does not arrange new home construction financing in time, a financial shock wave is guaranteed by the failure of highly indebted large construction materials and home construction companies. These companies, such as MDC Holdings, Inc., General Homes Corp., and U.S. Home Corp. were loaded with debt when they were bought out in HLTs over the past few years. Debt expense often exceeds operating revenue. Hillsborough Holdings, the front set up by LBO outfit Kohlberg Kravis Roberts and Co. to buy out home builder Jim Walter Co., already filed for bankruptcy on Dec. 28, 1989.

U.S. Home had over \$1 billion in sales in 1983 and 1984 from operations in 29 metropolitan areas in Arizona,

California, Florida, Texas, and nine other states, making it one of the largest builders of single-family houses in the country. The company has lost money in three of the past seven years. Despite having sold off many of its operations to buy down debt (sales are now around \$600 million a year), its junk bonds were forced to offer a yield as high as 26% last summer, and the company was issuing more stock in lieu of cash to pay its bondholders.

General Homes, with sales of about \$300 million in Houston, Dallas, Phoenix, Atlanta, New Orleans, and many areas in Florida, has been in default on its debt obligations for over a year, after losing \$30.0 million in 1987 and \$124.7 million in 1988. It has been trying to reorganize its finances by persuading bondholders to exchange their junk bonds for preferred stock.

MDC Holdings has operations in Arizona, California, Colorado, and the Washington, D.C.-Baltimore area. With sales of over \$700 million in 1987 and 1988, MDC is also one of the largest home builders in the U.S. Last year MDC sold its operations in Colorado in a complex transaction aimed at stopping the interest expense hemorrhage. MDC also tried to sell its operations in California last year, but without success. At the time, demand for land was so high, that purchases required cash up front—which MDC just did not have.

Other companies heavily involved in real estate are also

likely to be hit hard by the collapse of home-building finance. Examples are Southmark Co., the real estate-based financial services company already in default on its debt payments, and Financial Trustco, which has about 15% of its revenues derived from real estate financing.

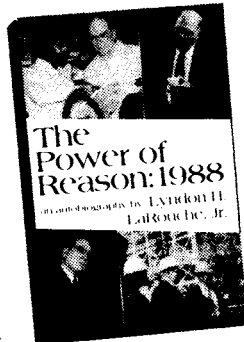
Suppliers also in trouble

Upstream from the home builders, USG Corp., the world's largest producer of gypsum and wood fiber hard-board products, and National Gypsum Co., about half the size of USG, are both struggling under huge debt loads, with their junk bonds forced to offer premiums of 20% or greater, according to a study done by Morgan Stanley in October. The third major U.S. producer of gypsum products is Celetex, a subsidiary of Hillsborough Holdings, now in bankruptcy.

No better example of the financial and economic insanity of the Anglo-American elites can be found than that of USG, founded in 1901 as the United States Gypsum Co. by the merger of 35 gypsum producers. Gypsum is a major component in wallboard, plaster, and portland cement. There is no practical substitute for its use in cement as a retarder. In 1905, Sewell L. Avery took charge of the company and built it into the largest processor of gypsum in the world, supplying a third of U.S. demand for gypsum products. Avery epitomized a true captain of industry: He deeply mistrusted the

FED UP WITH WASHINGTON POLITICIANS?

Then
Throw
The Book
At Them
(but read it first)



THE POWER OF REASON: 1988

An Autobiography by Lyndon H. LaRouche, Jr.

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pirates of finance, and during his 46 years in charge, United States Gypsum *never borrowed a cent*. Avery's aversion to debt helped his company weather the Great Depression rather well: It was one of the few companies that was able to continue paying a dividend to its shareholders.

In 1987, USG came under attack by Desert Partners, an unlisted Midland, Texas front for corporate raiders Brown and Wagner, who had worked with T. Boone Pickens. Despite huge paper losses, Brown and Wagner stepped up their acquisition of USG after the 1987 stock market collapse. In 1988, the management of USG decided to ward off Brown and Wagner's threat of a hostile takeover by assuming a staggering \$3.1 billion in debt in July, blasting the net worth of USG from plus \$609.8 million, to negative \$1.471 billion.

"We decided that we were best equipped to run this business with that level of debt—certainly better equipped than Wagner and Brown," Matt Gonring, a spokesman for USG, explained. "Was it possible to avoid the debt? We looked, and it seemed there was no other way." As a result, USG's interest expense soared from \$34.2 million in 1986 and \$69.2 million in 1987, to \$178.3 million in 1988 and \$287 million in 1989. USG reported the first quarterly loss ever in its 88-year history in early 1989, but has since brought down its debt by selling off three divisions, including Masonite, which had sales of up to \$500 million annually.

But, Avery's policy of ploughing a large part of the profits into new and more efficient capital equipment was abruptly abandoned. Capital spending was slashed, and 500 of USG's 15,000 employees were dismissed. "We were a company that used to keep our facilities up to date," Gonring stated, "always buying the latest, most efficient equipment. So, we were in a position where we could go a few years without reinvesting, and it wouldn't hurt us very much. But you can't do that forever."

Spending on research and development was also curtailed. "We shifted to projects that were focused on less capital requirements, and products that have a shorter lead time to the market," Gonring explained. "We can't afford to abandon R&D, like many other companies do after a recapitalization. In this business, R&D is the lifeblood of our future. Would we like more money for R&D? Yes! But, you have to restructure your operation as tightly as possible. We reduced the support staff, and tried to keep the Ph.D.'s."

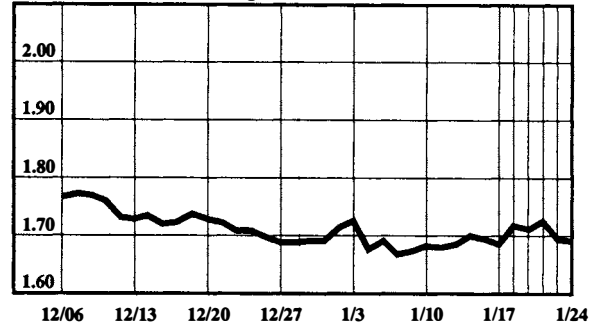
In October 1989, the company sold its 19-story Chicago headquarters building for desperately needed cash. USG signed a lease, and is now paying rent to remain in its former headquarters until 1992!

USG also brought a suit against Merrill Lynch, which had advised Brown and Wagner. Fourteen months earlier, USG had retained Merrill Lynch to advise it in its acquisition of Masonite Co. USG charged that Merrill Lynch improperly used inside information it had gained as USG's adviser, to help Brown and Wagner. Merrill Lynch chose to settle out of court rather than go to trial.

Currency Rates

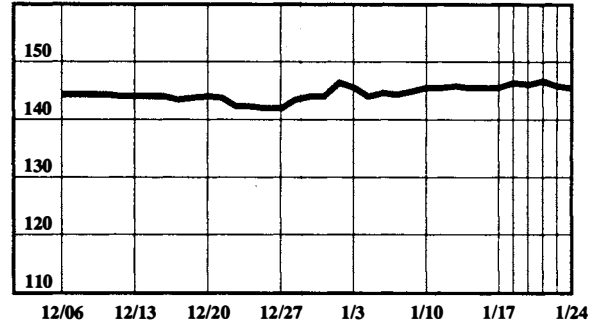
The dollar in deutschemarks

New York late afternoon fixing



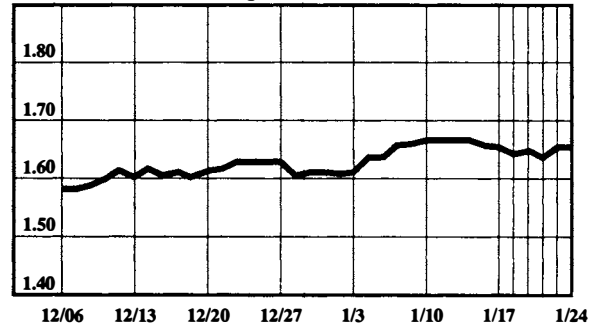
The dollar in yen

New York late afternoon fixing



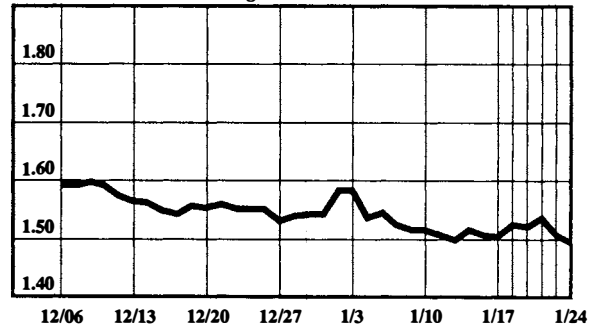
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Urban farm boys push radical plans

Millions of dollars pour into think tanks like the AFT to misinform the public about farmers and food safety.

As the 1990 session of the 101st Congress began in Washington D.C. on Jan. 22, if you were watching the environmentalist lobby, you would have seen press conferences, news releases, and pseudo-science reports and studies coming out to feed the perception-hype needed to push their program into law.

At the National Press Club in Washington on Monday, Jan. 22, there was a 10:00 a.m. news conference by the Sierra Club to release its latest study on air pollution, an 11:00 a.m. news conference by the Environmental Protection Agency, and a 12:30 p.m. news conference by the American Farmland Trust, in which they released an environmentalist study on agriculture.

If you are involved in agriculture and farming, you would probably not be aware that most of the major proposals for the 1990 Farm Bill originate from front groups funded by the Eastern Establishment, whose policy is to slowly choke modern farming through environmental regulations.

A major front group being used by the Eastern Establishment is the American Farmland Trust (AFT). Set up in 1980 at the beginning of the environmentalist push, the AFT just released the latest of their many studies, entitled, "Agriculture and the Environment, A Study of Farmer Practices and Perceptions."

Released at the Jan. 22 press conference, the study, according to AFT president Ralph Grossi, indicates "that farmers will want to adopt new techniques because those new ways of producing food and fiber make sense

to the farmer who wants to maximize profits." This sounds as if farmers are waiting in line to have the government tell them it's okay to stop using fertilizer and chemicals, because this is causing farm bankruptcies. The truth is that this 24-page study covers up the real food problem, which is that farm commodity prices are being deliberately held below the cost of production by government policy, not high fertilizer and chemical costs.

Through news reporters with little if any knowledge of agriculture, urban farm-boy groups like the AFT can easily manipulate the perceptions of an unsuspecting public into thinking that farmers will make more profit by reducing the inputs necessary to produce high yields, while the real policy of the Eastern Establishment—to reduce food production and the number of self-supporting farms—is accomplished through environmentalist dictates.

Grossi announced at the press conference that "the survey gives us information about the extent to which the farmers are already using practices that could potentially substitute for chemical inputs or otherwise permit growers to reduce their use of chemicals."

What is the AFT going to do with this information? Grossi says, "We are going to make recommendations to Congress—recommendations that we hope will lead to provisions in the new farm bill." High on the list of items that AFT would like to see included in the 1990 Farm Bill would be a program to reduce the "use of chemical fertilizers and pesticides."

"We've put piles of paper on government desks—enough to choke a horse," says Bill Raven, vice president of sales for Des Plaines, Ill.-based Sandoz Crop Protection Corp., "But we're not communicating with the people who are affected by our products."

Millions of dollars pouring into urban farm boy think tanks, like the AFT, are being used to misinform and change the public's "perception" of farmers and food safety.

During the first week in January, after speaking to the Kansas State Board of Agriculture, Agriculture Secretary Clayton Yeutter essentially verified that farm prices are not a major concern in the farm bill debate. Yeutter told the press, "The administration and the Congress are likely to spend more time on environmental issues in the 1990 farm bill than they will on traditional price/income support issues."

In his speech Yeutter asserted, "Farmers are the leading environmentalists in this country." He added, "LISA, Low Input Sustainable Agriculture, which is the use of less fertilizer and pesticides, is a concept that needs more research and field trials before anyone should expect farmers to start abandoning agricultural chemicals."

Yeutter criticized people who push the food safety panic button after measuring chemical residues in parts per trillion. "There is too much hysteria in this whole issue today," he said.

Grossi says the AFT study shows that, "The LISA label is a dead end and should be eliminated from our discussions of agricultural production practices." Why? The reason is that most farmers do not use excess fertilizer or chemicals, thus they are already low input and sustainable. Farmers aren't buying into the tricky LISA terminology double-talk.

Northeastern banking collapsing

The fourth-quarter figures paint a devastating picture, and this time it's top commercial banks, not the thrifts.

The fourth-quarter figures for the U.S. banking system show that the banking crisis of which this publication has been warning is rapidly gaining momentum, and is breaking out of its "perception management" containment. The run on the banks has started.

The most glaring example is the Bank of New England, one of the nation's 20 largest banks, which is on the verge of collapse and is desperately trying to find buyers for its assets before the Feds are forced to close it. The Bank of New England posted a Texas-size \$1.2 billion loss for the fourth quarter, giving it a loss for the year of \$1.05 billion. During 1989, the bank's assets fell from \$32 billion to \$29 billion; its non-performing loans, estimated at \$500 million at the end of the third quarter, finished the year at an estimated \$2.25 billion—compared to a mid-December estimate of \$1.6 billion.

Such a rapid rise in bad loans reflects the speed at which the region's economy is collapsing. It also shows what happens when federal bank auditors comb through the books of a bank which has been reluctant to admit its real estate losses—a point which should not be missed when analyzing the financial numbers reported by other banks across the nation.

The other two big Boston banks, the Bank of Boston and Shawmut National, managed to post small profits for 1989, at least on paper.

The Bank of Boston posted a \$70.4 million profit for the year, a drop of 78% from 1988, but that figure includes \$199 million from the sale of its credit card operations and a settle-

ment of some of its pension obligations. Without those items, the bank would have posted a substantial loss.

Shawmut posted a mere \$3.9 million profit for the fourth quarter, giving it a profit of \$201.7 million for the year. Shawmut reported its non-performing loans and foreclosed assets at \$535.6 million at the end of the year, against a loan loss reserve of \$383 million.

Such figures indicate that both the Bank of Boston and Shawmut are being less than forthcoming about the true losses in their real estate portfolios.

As the *Boston Globe* put it on Jan. 21, "The way things are going in banking here, bankers feel like breaking out champagne whenever positive integers get typed on their company's balance sheet. Enjoy it, guys. You won't be seeing many pluses for a while."

While the New England problems are getting most of the attention, the problem is actually much wider. Banks all over the Northeast are bleeding, including the titans of Wall Street. J.P. Morgan, the most aristocratic of U.S. banks, posted a \$1.27 billion loss for 1989, compared to a profit of \$1 billion in 1988. Citicorp, the nation's largest bank, lost \$784 million in the fourth quarter, giving it a profit of \$489 million for 1988, a 73% drop from 1988's \$1.86 billion profit. Manufacturer's Hanover lost \$518 million for the year, despite a \$69 million gain from the sale of its CIT Group subsidiary to a Japanese firm. Bankers Trust posted a \$979.9 million loss for the year, compared to a

profit of \$648 million in 1988.

Most of these huge losses at the Wall Street banks were due to their belated admission that their Ibero-American loans are uncollectable. Their real estate losses, which they have only begun to reveal, will hit even harder.

What these figures reflect, and what the banks, the regulators, and the Bush administration are all so desperately trying to hide, is that the nation's commercial banking system is in worse shape than the savings and loans.

Take again the case of the Bank of New England. This bank is bankrupt. It is hemorrhaging from its mounting real estate losses, is undoubtedly facing serious deposit runs from institutional investors, and yet it remains open. Were it a thrift, it would have been quickly closed amid a barrage of publicity about how the people running it were crooks—but it is not a thrift, it is a major commercial bank, which lives by a different set of rules.

The federal banking regulators have said repeatedly that they will act much more quickly in New England than they did in Texas, to stem the flow of red ink. They will not, they insist, be caught "asleep at the switch" again. The actions of the regulators to force the Bank of New England to admit its real estate losses would suggest that the regulators are more active, but in what way? Are they really trying to clean up the banks, or are they just purging BNE of its bad loans so that they can sell it? If they are serious about cleaning up the banking system, then one should expect them to quickly move on to the Bank of Boston and Shawmut, and to Wall Street.

Otherwise, it's just the same old song and dance, in which the big banks are untouchable, and only the little guys get "regulated."

A new bank for Eastern Europe

The behind-the-scenes battles over what the proposed new bank could do, reveal two opposing philosophies.

Top officials from 34 nations convened in Paris for two days of talks on Jan. 15 to thrash out details of a new institution which would provide credit for the economic reconstruction of Eastern Europe. Besides the 12 nations of the European Community and the EFTA countries of Western Europe, Poland, Czechoslovakia, and Hungary were present, as well as Japan, the Soviet Union, and the United States.

The proposal to create a new "development bank" for Eastern Europe was first tabled Nov. 18 in Paris by French President François Mitterrand at the summit of the 12 EC heads of state. Since then the fur has been flying as circles especially in Britain and the U.S. tried to come up with a plausible scheme to stop the emergence of a potent new West European bank capable of channeling tens of billions of dollars of low-interest credit into rebuilding Eastern Europe's battered economies.

As a result, no final decision was made Jan. 16 in Paris in setting the form of the bank. A few preliminary decisions were made which could ultimately enable the new bank to make a serious contribution. While all nations were invited to become shareholders in the new bank, it was agreed that starting capital and voting majority would be firmly West European, with 53% control. Equal shares of 8.5% will be held respectively by the U.S.S.R., Japan, and the United States. The initial capitalization of the "European Bank for Reconstruction and Development," was set at 10 billion European Currency Units (ECU), about \$12 billion.

According to a spokesman for one leading continental European central bank, the development bank will be modeled on the European Investment Bank, the Luxembourg-based bank which finances regional development inside the EC. "The French want it to be modeled on the EIB and that will be the result as it stands. It will be a European bank in that respect." The distinction is vital. The heart of the closed-door battles in Paris, according to reports, was a split over what the new bank's task should be. The lineup reportedly was between an Anglo-American axis and a Franco-German centered grouping. In obviously guarded public press comments after the two-day Paris meeting, Mitterrand's special adviser Jacques Attali referred to "certain disagreements" among participants about the bank's structure and purpose.

Informed reports say the core issue is whether the new bank will be allowed to grant credit for major rebuilding of infrastructure in Eastern Europe, especially railroads and highways, electricity, and water projects. After 40 years of Communist economic planning and looting, such infrastructure is the *sine qua non* of any serious economic improvement. These reports say that Bush's Washington is the major voice, backed by Thatcher's London, insisting that the new bank be banned from infrastructure loans. The ruined infrastructure in Britain and the United States should amply discredit such silly objections.

The U.S.-British position is that the monies be limited strictly to "free market" private sector loans. In a compromise, the meeting agreed the

bank would extend loans "essentially aimed at the private sector but not excluding public infrastructure projects." A second demand by the Anglo-American bloc was that the bank adhere to the overall requirements of the hated International Monetary Fund, the precise austerity formula which has sunk the Third World economies and now threatens the future of the Mazowiecki government in Poland. Attali dodged more pointed questions on the implications of this in a nervous reply to the effect that the new bank will be adhering to IMF requirements regarding country budget and balance of payments austerity, but he insisted, "this austerity is only for a short term."

The Franco-German side otherwise firmly favors pouring low-interest credit into rebuilding basic transportation and energy infrastructure in Eastern Europe. The French and German view is that the criteria applied by Western banks during their loans in the 1970s to Communist regimes no longer pertain to the revolutionary changes sweeping Eastern Europe since last autumn.

The Mitterrand initiative got further support from EC Commission president Jacques Delors. In a speech that same week to the European Parliament (Strasbourg), Delors called for an investment from the European Community of 19 billion ECU per year for the next 10 years—more than \$200 billion over the decade to rebuild and invest in Eastern Europe's emerging economic potentials. The Delors proposal was warmly applauded by German Chancellor Helmut Kohl who took time to address a special gathering of the French elite at the Institut Français des Relations Internationales on the issue of Franco-German cooperation in the rebuilding of Eastern Europe, in the context of an emerging Western European economic region.

Brady Plan corpse finally buried

The signing of the much-touted debt renegotiation for Mexico has turned into a non-event.

The upcoming signing of the debt renegotiation agreement, the so-called Brady Plan, so extravagantly trumpeted to the Mexican people on July 23, 1989 by Mexican President Carlos Salinas de Gortari, has become a virtual non-event.

The Feb. 4 signing ceremony in Mexico City, to which Salinas has invited the senior executives of the 15 leading banks in the deal because he "is keen to use the occasion to meet senior bankers in Mexico," according to the London *Financial Times* of Jan. 18, was covered, if at all in the English-speaking press, by tiny stories that looked like obituaries.

Ignoring the signing ceremony, the Jan. 23 *Wall Street Journal* finally admitted what *EIR* readers have known for the past 10 months: that the Brady Plan is dead; in fact, it was never alive. "The Brady debt-reduction strategy, the main U.S. policy effort aimed at that region, is dying," the *Journal* wrote in a story headlined "Brady Strategy: Rest in Peace."

In its March 24 and 31, 1989, issues, *EIR* outlined why Treasury Secretary James Brady's plan to renegotiate Third World debt was stillborn, a fact only now recognized by the *Journal*.

The deal to be signed doesn't save Mexico money, and humiliates the Mexican government. Where Salinas told the nation last July 23 that "we no longer carry the weight of excessive debt" because of the deal, Mexico's debt may even rise above its present level of about \$105 billion. Where the deal was supposed to open the door to renewed financing from the international banks for Mexico's economic

development, 99% of the banks have indicated they no longer want to lend to Mexico, and are happy to be able to get out of Mexican lending through the present deal.

Under the deal, which applies only to the \$48 billion of Mexico's debt that corresponds to the medium- and long-term loans extended by private banks, banks holding 41% of the debt, or \$19.7 billion, have chosen to accept replacement government bonds at market interest rates at 65¢ on the dollar, or \$13.0 billion, for a \$6.7 billion reduction of debt.

However, as part of the deal, the International Monetary Fund, the World Bank, and Japan have lent Mexico \$6 billion in new money—to which Mexico had to add \$1 billion of its own money—to be used to guarantee principal and interest payments on the new bonds. The principal will be secured by 30-year zero coupon U.S. Treasury bonds to be held in U.S. Treasury vaults.

The second option was chosen by banks holding 49% of the \$48 billion total, whereby they will exchange \$23.5 billion in loans for an equivalent value of Mexican government bonds, to be serviced at a fixed 6.5% interest rate. The interest will therefore come to \$1.5 billion, instead of \$2.4 billion.

These two options together might save Mexico as much as \$1.5 billion a year in interest payments, out of \$10 billion in total interest due. But Mexico's interest due went up by twice that much between 1988 and 1989 when interest rates went up 3 points. And the country's total debt remains unchanged.

The third option, the so-called "new money" alternative, was supposed to have generated substantial amounts of new loans. But banks holding only 10% of the \$48 billion, chose this option. The deal obligates these banks to lend \$1.2 billion over three years—or \$400 million a year—in exchange for which Mexico will continue to service their debts at face value and market interest rates.

Rumor has it that this group of banks—the only ones who still want to be "players" in Mexico—may consist of only *two* banks, one of which, Citibank, the architect and driving force of the debt deal, probably accounts for most of the \$4.8 billion.

The *Journal* admitted the strategy was "deeply flawed from the start" because it "primarily addressed the banks' desire to get out of Latin America and other big Third World borrowers, and paid little heed to satisfying those nations' need for international finance.

"The new stress on trying to cut back bank loans has halted what bank lending was previously getting through to Latin America," the *Journal* said. In 1989, there was no flow of commercial bank credit, compared with \$6 billion of "new money" lent to Mexico, \$5.2 billion to Brazil, and \$1.95 billion to Argentina over the three previous years.

The refusal of nearly every bank to lend any more money to Mexico, despite Mexico's best efforts to be a "good boy," is a stunning rebuff for Salinas, who had counted on billions a year in new loans from the banks.

For its deal, Mexico gets a collar around its neck tying it to a leg on the desk of the U.S. Treasury Secretary—bondage based on U.S. government bonds, held in Washington, to "guarantee" Mexico's performance—a rather humiliating spectacle in its own right.

Citibank leaves with empty hands

Giving Brazil the ability to resist creditor blackmail is the outgoing Sarney government's primary concern now.

On Jan. 17, President José Sarney announced that Brazil was again postponing payment of \$980 million worth of interest on debt owed to the Club of Paris, which had been rolled over to Jan. 2 of this year. At the same time, the Central Bank determined to withhold money—profits and dividends—usually sent abroad by foreign companies.

"We want to keep a high level of reserves, to avoid the exchange crisis that hyperinflation could unleash. Brazil will only pay creditors that which does not compromise the reserves," said Sarney.

Since last September, the Brazilian government began to take various actions that would guarantee at least \$8 billion in liquid reserves to its successor, to be able to stand up to the international banks from a position of strength. Since then, it has suspended interest payments to the private banks, while offering staggered payments to the Club of Paris.

The portion that came due Jan. 2 will be paid the same way, according to spokesmen of the Finance Ministry.

The de facto moratorium with the private banks means that until March, when President-elect Fernando Collor de Melo assumes office, the country will not pay out \$4.5 billion in interest on the foreign debt, nor \$2.5 billion worth of foreign companies' remittances. Last year, a record sum of \$7.1 billion in reserves was sent abroad.

The pressures of the creditor bank committee for Brazil to resume payments has been fierce. Citibank, the country's largest private creditor, has been the most intense, effecting direct

pressure from abroad and also using the mediation of its national agents. On Nov. 16, one day after the first round of the presidential elections, Citibank's John Reed stopped off in Brasilia following a trip to Argentina, where he met with Finance Minister Mailson da Nóbrega.

Reed returned yet again on Jan. 17, bringing with him the president of the advisory committee of the foreign banks, William Rhodes. The two bankers met with President-elect Collor, thanks to the mediation of former Finance Minister Mario Henrique Simonsen. Simonsen is an international vice president of Citibank, and the bankers are pressuring for Simonsen's appointment to the Finance Ministry under a Collor presidency.

According to Collor's economic adviser Zélia Cardoso, the President-elect made it clear to the bankers that a "hard and sovereign negotiation" over the foreign debt would ensue when he took office.

After meeting with da Nóbrega, the two bankers demanded a "symbolic payment" of \$230 million, but the irritated finance minister refused to comply, arguing: "I am not going to disorganize the economy, burning up reserves to sustain the private banks." The "symbolic payment," in fact, would have enabled Citibank to offset the \$784 million worth of damage it suffered in the last quarter of 1989, when it was forced to increase its loan-loss reserves by \$1 billion to compensate for non-payment by debtors like Brazil and Argentina.

The creditor banks may protest and demand as they please, but the

reality is that the Collor government will find it extremely difficult to meet any payments. As of March, when the Collor government takes power, exchange reserves will reach \$7.2 billion, precisely the amount that is owed abroad.

Further, based on national security concerns, a decision has been made to keep permanent exchange reserves at the level of three months' worth of imports, or \$5.7 billion.

"It is unreasonable for the private banks to believe they are going to receive debt arrears just because the government changed. They know that it would be suicide to pay back debt by sacrificing reserves," declared the director of the Central Bank's department of economic research Silvio Rodrigues on Jan. 22. The bank itself estimates that even with a trade balance of \$15 billion for 1990, the new government will need \$3-4 billion more from the banks to cover back debt.

In this situation, the best thing the new government can do is to acknowledge what President Sarney has belatedly recognized. In an interview with *Jornal do Brasil* Jan. 17, Sarney said that the debt question will only be resolved by the unity of at least four of Latin America's debtor nations: Brazil, Argentina, Colombia, and Venezuela.

"I am convinced that unity is indispensable, despite the difficulties in achieving it. I don't refer anymore to Mexico, which is sleeping alongside the American giant. We lost the great opportunity to negotiate the debt in 1982, during the so-called Black September," said Sarney. The creditor banks "were negotiating, giving lip-service to the issue and preparing to resist, and today we are without negotiating power."

Brazil, he added, "and all of Latin America could go bankrupt, and the creditor banks wouldn't care."

Venezuelan economy: ruin in one year

New gasoline price hikes are expected to trigger Caracas riots again, as opposition to Carlos Andrés Pérez becomes universal.

Since Carlos Andrés Pérez took office as President on Feb. 2, 1989, he has "reconstructed" Venezuela's economy as advised by Harvard economist Jeffrey Sachs and the International Monetary Fund (IMF). Pérez did succeed in cutting Venezuela's imports by 39% and raising its non-oil exports by 42%. That enabled him to pay all the usurious interest due on the \$21 billion foreign debt. But U.S. Treasury Secretary Nicholas Brady's promise to "reduce" the foreign debt never materialized.

And the economy is being decimated by the austerity measures. In mid-January, the central bank confirmed the Gross Domestic Product fell by 8.1% in 1989, the biggest drop in Venezuela's history. Pérez had projected a 2-2.7% fall.

Like most IMF demagogues, social democrat Pérez claimed his austerity program was intended to "reduce inflation." However, Pérez doubled prices on basics such as gasoline, halved food subsidies, and raised interest rates to the sky. The only ones surprised by the record increase of more than 81% in the official price index were those who believed the 35% Pérez forecast for 1989.

The central bank figures show private sector product fell 12.6% in 1989. Manufacturing output was down 14%. Construction, an indicator of business confidence, fell 30.1%.

When Pérez first applied his shock austerity in February 1989, Venezuelans suspected the intent was genocide. A thousand were killed by the army in the ensuing riots.

On Jan. 17, the Venezuelan Association of Concentrated Animal Feed

(AFACA) confirmed that chicken consumption had been cut 45%, egg consumption by 25%, pork by 55%, and milk by 50%. The AFACA assessed, "the national government's economic adjustments" resulted in "increased production costs . . . and an abrupt fall in the population's buying power." Animal feed production fell 33% during 1989, from 4.1 to 2.8 million tons. This year's production is expected to fall to 2.1 million tons, that is 48% under 1988.

Things are so bad that 80% of eligible 18-year-olds had voluntarily registered for military conscription by Jan. 16. In normal times, youths hid during the "recruitment period," whenever they spotted a military or police official. The daily *Ultimas Noticias* commented on Jan. 16, "unemployment, the high cost of living and the poverty-induced inability to go to school, in short, the economic package has filled the barracks and ended the recruitment drama."

Malnutrition and the breakdown of health services is leading to epidemics. The Health Ministry announced Jan. 22 that 398 new cases of dengue hemorrhagic fever had been registered in a single day, bringing the total to 4,920 registered cases and 48 deaths nationwide. Pan American Health Organization biologist Carlos Machado calculated "that in Venezuela there are more than 100,000 cases."

Except for government officials, the whole country is demanding economic policy changes. Fedecamaras, the conservative business organization which initially got suckered into supporting the austerity program, now

complains it has "caused great business mortality. Dairymen oppose further milk price increases, on the expectation they would reduce consumption another 20%."

The National Peasant Federation warned that new increases in gasoline and fertilizer prices promised by Pérez in his letter of intent to the IMF would sink agriculture. The Workers Confederation of Venezuela is considering strikes against the gasoline price increase and what it considers unjustified layoffs and price increases by some companies.

Hooded students looted and burned food delivery trucks, claiming they were protesting high prices and the U.S. invasion of Panama.

The Christian Democratic Party (COPEI) charged the government's economic party had "an inhuman social cost" and that the new price increases were "a provocation" of the poor. Its chief, Eduardo Fernández, however, is still saying Pérez's program is a "bad copy" of his own.

President Pérez, while warning of social convulsions, is plunging ahead with the IMF program. Even sectors of his ruling Democratic Action party (AD) are calling for dumping his economy policy. Pedro Conde Regardiz, a party economist, retorted, "You can't call it 'equilibrium' or 'adjustment,' but only 'recession,' since there is an 8.1% drop in the Gross Domestic Product, people still expect inflation and devaluations, the public debt is increasing, and . . . the debt problem has not been solved." Conde charged Jan. 23, "there is submission to the IMF . . . which seeks to change Venezuela's place in a new international division of labor, which would preclude our country's industrialization." Instead, "a great part of our public and private industrial sector would be taken over and controlled" by the industrialized countries.

Despite promises, Panama gets no funds

Bush aid package is full of smoke and mirrors, and he still hasn't returned money stolen from Panama.

President George Bush announced on Jan. 25 an aid package for Panama "valued at about \$1 billion." But it is unlikely that Panama will ever get more than 5% of that money. Administration officials said that the package would only provide \$40-\$50 million in actual cash to rebuild housing and other infrastructure destroyed by Bush's invasion of Dec. 20. According to the officials, the package is not likely to compensate Panamanian businesses for the estimated \$1 billion in losses they suffered from looting in the wake of the invasion, nor will there be any reparations paid to the families of the estimated 4,000-7,000 Panamanian civilians killed.

A substantial chunk of the aid will go to the banks, to help pay off some of Panama's estimated \$730 million in arrears to foreign creditors. The rest of the package is made up of such items as import credits, trade credits, and giving preferential treatment to Panamanian exports to the United States. Chances of Panama getting money anytime soon are slim. Not only does the package require congressional approval—in an election year no less—but much of the funding is supposed to come from cuts in other federal programs.

More than one month after the invasion, the U.S. has yet to return all the money stolen from Panama under the two-year economic war waged by the Reagan and Bush administrations against that country, supposedly to oust Panamanian Defense Forces commander Gen. Manuel Noriega. Of the \$400 million the U.S. admits it owes Panama (Panamanian sources

say the amount is closer to \$700 million), only half, an estimated \$200 million, will be returned, according to the *Los Angeles Times* of Jan. 22. The rest will be used by the U.S. to help pay off Panama's foreign creditors.

Rubén Darío Carles, Comptroller-General of the U.S.-run Panamanian government, hinted "that the government might use some financial sleight of hand to avoid the political humiliation of accepting less than the full \$400 million," the *Times* reported. "How could we justify to the Panamanian people that their money was going to pay some international banker," Carles told the *Times*.

Bush's proposed aid package is a public relations gimmick, to calm down Ibero-America's anger with the U.S. invasion of Panama. The plan was announced on the eve of a tour by Vice President Dan Quayle to Honduras, Jamaica, and Panama. Quayle's trip had to be restricted to those three countries after several key nations said he was not welcome.

By announcing the plan now, Bush hopes to buy some time for the tottering U.S.-installed government of Guillermo Endara. Panama's economic situation is "chaotic," said José Galán, deputy Minister of Planning Jan. 24. Comptroller Carles has even invoked the emergency decrees adopted by the much-maligned Noriega government to deal with the crisis. First Vice President Ricardo Arias Calderón warned on Jan. 24 that Panama needed help urgently, "before there is a social explosion."

But on U.S. orders, the government's priority is to resume payment

on Panama's \$5 billion foreign debt, said Deputy Minister Galán on Jan. 24, after a meeting with officials of the International Monetary Fund, the World Bank, and the Inter-American Development Bank. State-owned enterprises, including the nation's ports and the trans-isthmian Panama railroad, will be sold off, Galán said. Government salaries will also "be adjusted," he said.

As part of a "reconstruction plan" designed by Galán and monetarist economists Guillermo Chapman and Marcos Fernández, the government has proposed an "emergency employment program" to deal with the one-third of the labor force that is unemployed. It demands suspension of minimum wage laws, cuts in social security and other benefits, and abolishing laws that protect employees from arbitrary layoffs.

The plan rejects any "massive investment program" for the next two years, and it specifically calls on the government to abstain from investing in housing "because there are [private] units that have to be sold first." None of those units will be affordable to the estimated 30,000 left homeless by the U.S. bombings of poor neighborhoods such as Chorrillo, because rent control laws have been abolished to "stimulate private enterprise."

One growth area that has been stimulated is crime. Armed robberies of banks and other businesses in broad daylight now take place daily in Panama's financial district. An American citizen, William Joyce, chief financial officer of the Panama Canal Commission, was murdered during a robbery at his home. Two days earlier, on Jan. 22, the canal's chief environmental officer, also an American, was robbed at gunpoint and left tied up by his assailants. Prior to the invasion, it was unheard of for Americans to be victims of such crimes in Panama.

Business Briefs

Education

Most other nations outspend the U.S.

The United States spends less on elementary and secondary education than most other industrialized countries, relative to the size of each country's economy, a new study by the Economic Policy Institute has found.

The U.S. spent 4.1% of its national income on elementary and secondary education, compared to 7.0% by Sweden, 5.9% by Austria, 5.8% by Switzerland, 5.3% by Norway, and between 4.2% and 4.9% by Belgium, Denmark, Japan, Canada, West Germany, France, the Netherlands, the United Kingdom, and Italy. Only Australia and Ireland spent less relatively than the U.S.

The report calculated that the U.S. would have to increase spending by \$20 billion each year to reach the average level of 4.6%.

The White House criticized the report in a statement issued on Jan. 17. The report was based on spending compared to the gross domestic product of the surveyed nations, and said a more accurate calculation is gross spending per student, in which the U.S. finished second only behind Switzerland. Spending on education has increased 27% in the last decade in the U.S., the statement said, adding that the fact U.S. test scores do not reflect this investment "makes it clear that money is not the problem, but rather, how the money is spent."

Transportation

U.S. railroad system is shrinking

There are 128,000 miles of railroad in use currently in the United States, 90,000 miles less than in 1960, and these seven major freight-hauling railroads are expected to sell or abandon more lines in the 1990s, the *Richmond Times-Dispatch* (Virginia) reported Jan. 21.

"We have a study that tells us we could abandon about a third of our existing route miles and lose only about 8% of our business,"

said Frank N. Wilner of the Association of American Railroads. "How much smaller is it going to get? There's just absolutely no telling."

Wilner said the fate of the railroads depends upon several factors, the two most important being, 1) the ability of railroads to negotiate labor agreements that are competitive with trucking, and 2) "whether or not government continues to give preference to motor carriers and barge operators by subsidizing their rights of way."

"This is not to say that there's not going to be a railroad industry in the 21st century," Wilner said. "Of course there's going to be. The question is, 'Will we still be serving 40,000 communities as we are today? Will we still be competing with trucks for highway business? Or will we retrench just to handling primarily coal and grain and steel and ore and lumber and chemicals between just a few major city pairs?'"

"We have a lot of money tied up in track and when decisions have to be made as to whether you buy new locomotives that today are running about \$1.5 million each, you have to ask the question, 'Could this money be invested better somewhere else?'"

Environment

Clean air bill called \$30 billion boondoggle

The air toxics policy about to be adopted by the Bush administration is a \$30 billion boondoggle, syndicated columnist Warren Brookes charged Jan. 17.

Brookes reports that industry groups estimate the cost of the Air Toxics section of S. 1630 alone to be between \$20 and \$30 billion, 10-15 times the \$1.8 billion now spent for the National Cancer Institute for a disease that kills 470,000 each year. "That represents a cost per cancer avoided of between \$40 million and \$86 million each," he reports.

But based on several studies for "cancers avoided," which he reviews, Brookes wrote, "the likely reduction in cancers is not 350 to 500 a year, but something on the order of 3 to 5, or \$4 billion to \$9 billion per life prolonged."

Health

Trauma care system is in shambles

"Trauma system failure is not imminent. It has already occurred in our community," said Dr. David Prentice, the chairman of the medical emergency services committee of the Harris County Medical Society in Houston, Texas.

An estimated 4,000 to 6,000 Houstonians are severely injured each year and require timely and high-tech medical care to survive. "We are not able to ensure in our community that these 4,000 to 6,000 patients will receive appropriate care in a timely fashion," said Prentice.

Ben Taub Hospital, which provides medical care to the county's indigent, now operates the only Level 1 trauma center in Houston, since Hermann Hospital closed its doors to ambulances. "Ben Taub Hospital is already saturated with the people it is charged to take care of," said Dr. Kenneth Mattox, director of Ben Taub's emergency medical services. Houston needs "four to six Level 1 trauma centers, and we have one. That one may not be able to serve you except in a severe emergency."

Genocide

Harlem life expectancy less than in Bangladesh

The life expectancy of men in Harlem, New York City, is shorter than that for men living in the Third World nation of Bangladesh, according to a study by two doctors at Harlem Hospital published in the *New England Journal of Medicine*, and reported in the Jan. 18 *New York Post*.

A man in Harlem is less likely to live to the age of 45 than a man in Bangladesh, one of the poorest nations in the world. In Bangladesh, 55% of men live to age 65; in Harlem, only 40% do.

In 1979-81, 6,415 people died in Harlem, which is 96% black and 41% officially "poor," versus 3,994 in an average white American community. The main causes of the "excess

mortality" in Harlem are, in order, cardiovascular disease, cirrhosis, homicide, neoplasm, and drug dependency, mostly linked to greater crime, drugs, malnutrition, AIDS, and poor health care.

The study identifies 53 other mostly minority "health areas" with age-adjusted mortality rates roughly twice the national average for whites.

Energy

Japanese agency touts nuclear power benefits

The annual white paper of Japan's Science and Technology Agency, recently approved by the Japanese cabinet, stressed the environmental benefits of nuclear power.

The white paper suggested that industrialized nations increase their reliance on nuclear power to leave more fossil fuels in the ground for developing nations and future generations.

Yukiko Araki, a Science and Technology Agency representative, stressed that the use of nuclear power was a "key measure" in solving the problems of acid rain and global warming, according to an article in *Insight* magazine.

Space

European space program enters second decade

The launch of France's SPOT 2 observation satellite on Jan. 20 from French Guiana, marked the beginning of the second decade of Western Europe's Ariane space program.

SPOT 2, the second of a series of four observation satellites for France's National Center for Space Studies (CNES), will provide high resolution and stereoscopic pictures of the Earth for military, geographic, and agricultural uses. SPOT 1 was launched by Ariane in February 1986.

Ariane has had 16 straight successful launches since September 1987 despite frequent

delays due to technical and labor problems. The program suffered a setback in the spring of 1986 when a commercial payload failed to achieve orbit. The program was given a boost by the explosion of U.S. Shuttle Challenger in 1986 which led to the Reagan administration decision to end the Shuttle's role as a commercial satellite launcher.

Debt

Wall Street discovers Brady Plan corpse

Ten months after *EIR* reported its obituary, Wall Street has discovered that the Brady Plan for "helping" the most severely indebted nations, mainly Ibero-America and the Philippines, died.

Headlined, "Brady Strategy: Rest In Peace," the *Wall Street Journal's* Peter Truell on Jan. 23 said, "Latin America is languishing. The Brady debt-reduction strategy, the main U.S. policy effort aimed at that region, is dying."

The Brady Plan has resulted in banks halting further lending, which leaves the debtor countries high and dry, Truell points out. "Measured against Brady's original goal, even the Mexican transaction is a failure. It doesn't reduce the country's debt by much. Mexico's \$100 billion-plus foreign debt, in fact, will probably rise over the next few years."

Truell insists that the only solution for Latin America is more bank lending. But without a reorganization of existing debts, a drastic lowering of interest rates, and a vast infrastructure and industrialization program, debt will merely increase.

In its March 24, 1989 issue, *EIR* had said, "Brady's '20% solution' hoax is doomed to fail," and had correctly identified that Mexico's interest payments would fall by only 6%, instead of Brady's touted 20%; that it wouldn't reduce Mexico's debt, and it hasn't; and that the plan was intended mainly for Mexico, instead of the 15 or more major debtor nations which Brady claimed. To date, Mexico is the only country to even commence Brady Plan negotiations.

Briefly

● **THE MAGDEBURG, G.D.R.** municipal council passed a resolution addressed to the East German ministry of transportation calling for the new high-speed Hanover-Berlin railway route to include its highly industrialized city. The government proposed route leads from Hanover through Stendal to Berlin.

● **CATERPILLAR TRACTOR**, the leading U.S. producer of heavy construction equipment, attacked the U.S. Federal Reserve for its tight money policy, stating, "there is a high probability that Federal Reserve Policy will push the U.S. economy into a recession." Caterpillar's profit was down 29% for 1989.

● **KELLOGG**, the world's largest breakfast cereal maker, announced its first decline in annual earnings in 37 years, which it blamed on a downturn in sales. Fourth quarter profits dropped 42.6% to \$57.9 million, and dropped 2.1% for 1989.

● **'TAKEOVERS** financed with junk bonds are going to run into some difficulty. Some people have said all along that these things are time bombs waiting to go off," admitted former Federated Department Stores vice president David Poneman, in the Jan. 21 *Richmond Times-Dispatch*.

● **FUNDS FOR TAKEOVERS** are four times higher than for corporate research and development. In 1986, the nation spent \$204 billion on corporate mergers, compared with \$56 billion on R&D, and \$81 billion for plant and equipment, according to James Brock, author of *Dangerous Pursuits: Mergers and Acquisitions in the Age of Wall Street*.

● **'THE MOST DEPRESSING** news at the New York Stock Exchange," the *New York Times* moaned on Jan. 21, "may have been the year's first sale of a seat in that august body. The price: \$390,000, the lowest tab since 1985." The highest price ever paid was \$1.15 million in September 1987, just before the crash.

Shuttle crew brings science laboratory home

In space for nearly six years, the Long Duration Exposure Facility is now back on Earth, with a treasure trove of scientific information. Marsha Freeman reports.

The crew of Columbia on the thirty-third flight of the Space Shuttle, completed a scientific mission on January 20, 1990 that began on April 7, 1984, the day that a Shuttle crew aboard the Challenger deployed the 21-ton Long Duration Exposure Facility (LDEF), stocked with 57 scientific experiments that were to be exposed to the space environment for less than a year. But delays in the Shuttle schedule, and then the suspension of flights for 32 months after the Challenger explosion, left LDEF silently orbiting the Earth longer than expected. As time went on, scientists feared that if it were not recovered by 1991 it would continue to lose altitude until it descended through the Earth's atmosphere and burned up. As the Sun's activities intensified this past summer, reaching the peak in its 11-year sunspot cycle, that burn-up danger loomed nearer and nearer.

But on Jan. 12, on day 4 of the STS-32 flight, LDEF was chased down, grappled and photographed, and gently placed in Shuttle Columbia's payload bay. When Columbia finally landed early on Jan. 20, LDEF was safely home.

For years, some 200 principal scientists involved in LDEF's 57 experiments will be discovering what effects materials, components, and even living tissue are subjected to during nearly six years in Earth orbit. Damage from radiation, energetic particles, micrometeoroids, man-made debris, extreme temperature variations, and near-vacuum conditions will be seen for the first time.

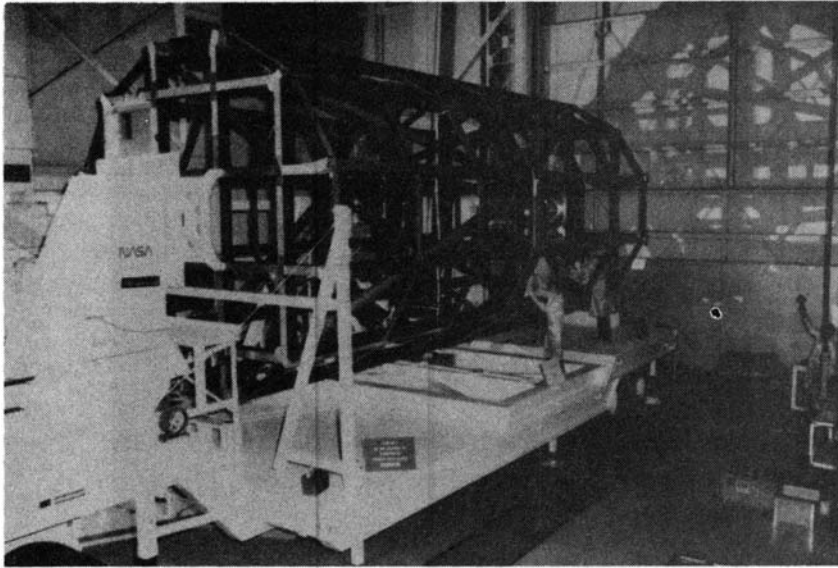
Over 40 of the experiments on LDEF will have some bearing on the design and fabrication of hardware to be deployed in space in the future. Though it is likely that, because LDEF was so late in returning to Earth, Space Station Freedom fabrication will begin before the experimental results from LDEF could be used, many other spacecraft will benefit from this long-duration stay in orbit.

Because LDEF was in space for such a long time, experiments designed to capture "rare events" such as micrometeoroid impacts have had potential fivefold increases in scientific return. Similarly, experiments to test materials for long-duration missions benefited from this longer-than-planned sojourn. It is likely, however, that other experiments which depended upon systems that only "lived" for a year after deployment will be highly degraded. The damage to some experiments, seen by the Shuttle crew and captured on film, indicated that some fragile materials did not survive well on their extended mission. These results are also important.

Racing the Sun

When scientists found out that LDEF would have to spend more years in orbit than planned, they figured out that at the expected rate of orbital decay, NASA had until 1991 to retrieve it. The Long Duration Exposure Facility was launched into an orbit of about 257 nautical miles high, or 288 statute miles. Contrary to popular notions, space is not "empty" or a pure vacuum, especially just a few hundred miles above the Earth. Both atomic hydrogen from our atmosphere and the particles from the solar wind create friction or drag on an orbiting satellite.

Then last August, the Sun's record-setting burst of activity threatened to shorten considerably the time NASA had to plan LDEF's retrieval. That month's solar activity exceeded the predicted level by 100%. A major flare on Aug. 12 bombarded five Shuttle astronauts with a high—though not dangerous—dose of radiation. The solar flare eruption was 9,000 times greater than normal. On Earth, power transmission line surges shut down electricity deliveries in Canada. Such solar flares, spewing out tons of energetic particles and energy cause the "atmosphere" inside the Sun's heliosphere to ex-



The Long Duration Exposure Facility, which carried 57 experiments into space, is undergoing final checkout at the NASA Langley Research Center, prior to shipment to the Kennedy Space Center in 1983. The 12-sided cylinder has space for up to 86 experiment trays.

pand, which increases the drag on satellites. In August, scientists predicted that if this level of activity continued, LDEF, which was then at an altitude of 217 nautical miles, could fall to 130 nautical miles by mid-January 1990.

At that time, LDEF chief scientist William Kinard estimated that since the Shuttle retrieval maneuver required the orbiter to approach LDEF from below to catch up to it, it would bring the Shuttle too close to the Earth's atmosphere to make the maneuver safe. The retrieval mission would have to be canceled. However, when the STS-32 crew grabbed LDEF last week, it had not fallen farther than to 179.5 nautical miles above Earth, because solar flares are still unpredictable.

Six years ago, the Long Duration Exposure Facility was released into orbit using the Shuttle's Remote Manipulator System, or robot arm, the same way the arm was used to pick it up. One end of the 12-sided LDEF cylinder faced toward Earth and the other out toward space as it flew in orbit perpendicular to the Earth. On Jan. 9, 1990, Shuttle Columbia was launched into an orbit which placed it 1,800 miles behind LDEF and 35 miles below it.

In order to catch up to an orbiting object and rendezvous with it, you do not go faster by flooring the gas pedal, but by orbiting at a lower altitude. Shuttle astronauts orbiting a few hundred miles above Earth circle the Earth about once every 90 minutes. A satellite in geosynchronous orbit, 22,300 miles up, takes a full 24 hours to go around the Earth. Therefore, over the first three days of STS-32, the Shuttle orbited below LDEF, closing the gap. Early on the morning of the Jan. 12 retrieval, Columbia had closed in to a distance of 16 miles, and the chase across the sky was caught on video tape by a photographer on the ground in Houston. By 9:30 a.m., the Columbia had circled around LDEF and was slowly closing in on it from above. Columbia was now upside down and

flying backwards, in relation to Earth. Mission specialist Bonnie Dunbar slowly rolled the robot arm into position, and at 10:07 a.m. it was only 10 feet away from LDEF. From cameras on the robot arm and from inside the orbiter, one could see the black of space, the multi-colored, shining laboratory, the white Shuttle orbiter robot arm, and California below.

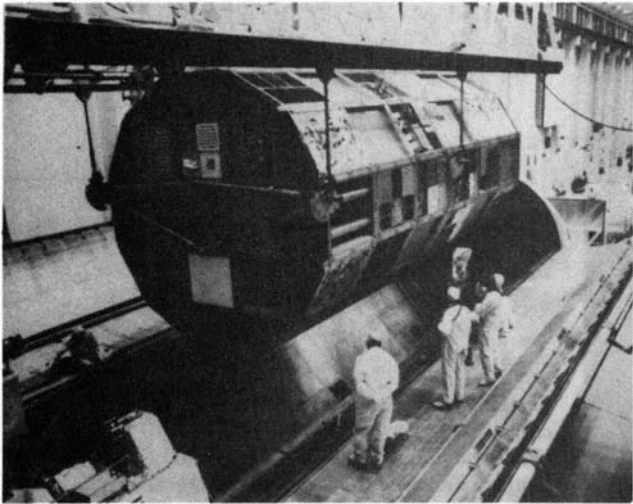
Nine minutes later the huge scientific laboratory was grappled by the arm, and for the next few hours was slowly rotated while the crew photographed each of the 57 experiments. The photographic survey was extremely important, as scientists expected that some of the most damaged, fragile experiments, may not have made the return to Earth intact. Any shaking in Columbia's payload bay, the gravitational acceleration of landing, and the reexposure of some experiments to the Earth's atmosphere, they fear, may have destroyed some specimens.

Grappling LDEF provided the opportunity to practice securing a large structure into the payload bay, which will be required over the next decades: For example, LDEF weighs 75% as much as the Hubble Space Telescope, which will have to be grappled by the Shuttle in order to be serviced while in orbit. It was important to NASA to demonstrate this Shuttle capability.

When LDEF was returned to the orbiter's payload bay, it had completed more than 32,400 orbits of the Earth and had traveled nearly the distance from the Earth to Saturn.

Remarkable scientific laboratory

The Long Duration Exposure Facility itself is an empty structure with trays facing outward to hold up to 86 experiments, arrayed on every surface of the 12-sided cylinder. On its first journey into space there were 57 different experiments on LDEF, some filling only a portion of a tray, and others needing more than one. Some experiments had detectors



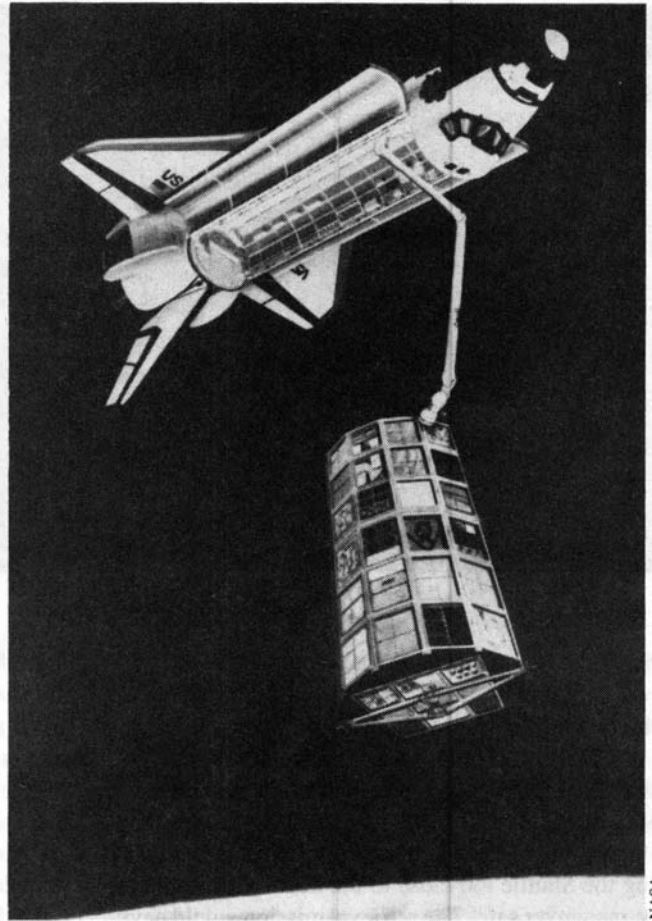
At the Kennedy Space Center Operation and Checkout Building, LDEF is placed into a payload canister for transfer to the launch pad. The 57 experiments have been placed on the structure. At the pad, LDEF was placed into the cargo bay of Challenger for launch.

placed in various parts of the structure. Through these experiments, more than 10,000 specimens were exposed to the space environment.

Each tray on LDEF is 3 by 4 feet, and up to 12 inches in depth. When it is empty, LDEF weighs 8,000 pounds. With the 57 experiments on board for this trip, the laboratory weighed more than 21,000 pounds. It fills up half the length of the 60 foot long payload bay, and it is 14 feet wide. When Columbia landed at Edwards Air Force Base in California, it was the heaviest orbiter ever to return to Earth.

The Long Duration Exposure Facility was built at the NASA Langley Research Center in Virginia, and delivered to the Kennedy Space Center in Florida in 1983, where the experiments from both around the country and the world were mated to the structure. About half the experiments on this mission were completely passive, intended only to be quietly exposed to space. The other half were active in some way. Active experiments included small, individual power sources to record data or close doors to exposure surfaces after a given period of time, and perform other experiment functions. Some of these experiments were designed to only function for a year. The laboratory carried experiments from 33 private companies, 21 universities, 7 NASA research centers, 9 Defense Department laboratories, and 8 foreign countries.

The objective of the exposure facility was to expose materials, components, detectors, and other equipment to space, and therefore the structure has no attitude control jets or engines of any kind, which would contaminate the samples. Such firings would also jolt the structure. Because it was passively stabilized, LDEF experienced very low acceleration forces.



This artist's conception shows the relative positions of LDEF, the Shuttle, and the Earth during the retrieval of LDEF. Relative to Earth, Columbia was flying backwards and upside-down.

If people do not generally remember the Long Duration Exposure Facility deployment from the Shuttle Challenger in April 1984, it is because that mission also performed the spectacular capture and repair of the Solar Maximum Mission satellite. When the astronauts examined Solar Max, they found that its thermal blankets were perforated with small holes which were believed to be from man-made debris, such as chips of paint from Shuttle orbiters. Solar Max had been in orbit for four years. Now, with LDEF, scientists will have an opportunity to examine the effects of nearly six years in space.

Science in orbit

Some things that go on in space happen only infrequently. The longer a spacecraft is in orbit, therefore, the greater the probability of capturing these rare events. A number of science experiments were designed to measure the effect of both natural and "man-made" micrometeorites.

These small bodies are less than about one-tenth of a millimeter in diameter, and scientists believe that the natural

micrometeorites can yield important data about the nature, origin, and evolution of the Solar System, and the physical and chemical nature of the Earth's upper atmosphere. Many scientists surmise that micrometeorites originally came from comets. The Long Duration Exposure Facility carried a number of experiments using different materials and methods for capturing and analyzing these small bodies.

Using a multiple thin foil array, an experiment from scientists in the United Kingdom captured micrometeorites and space debris particles to determine the size, velocity, composition, and distribution of near-Earth solid particles.

In an experiment to study meteoroid impact craters on various materials, the small craters made from impacts will be the primary objects of investigation. Metals and glass materials were used in the experiment. Scientists from France expect interplanetary dust particles to form well-defined craters.

The chemistry of the micrometeoroids experiment aims to compare space samples with the same kinds of bodies that reach the surface of the Earth. The dust debris collection experiment uses multilayer thin film detectors to collect micrometeoroids for chemical analysis. This was the first opportunity for scientists to capture primary space material, and bring it back to their laboratories on Earth for thorough analysis.

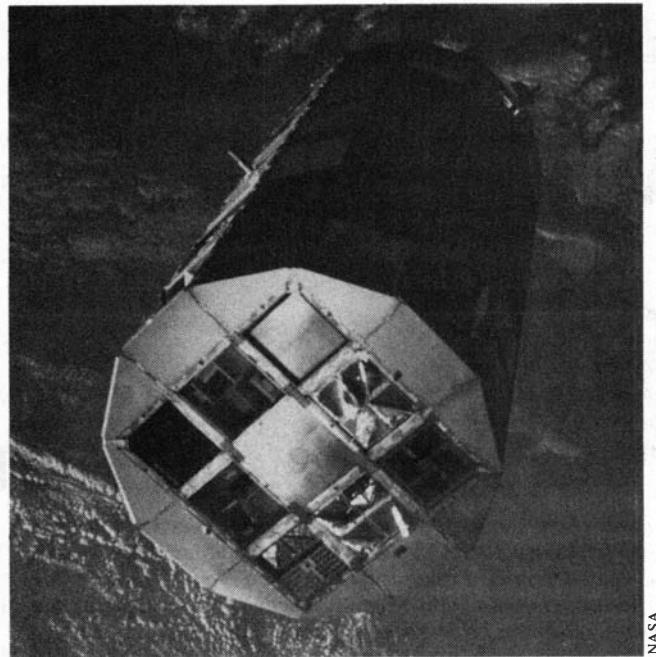
An interesting group of researchers from both the United States and four different institutions in the Federal Republic of Germany are studying the chemical and isotopic measurements of micrometeoroids, by secondary mass spectroscopy. Germanium targets covered with a thin metallized plastic foil were used to collect the residue from impacting micrometeoroids.

A second area of scientific research that also benefited from LDEF's extended stay in orbit, that is also of great practical importance, is the effect of radiation in space. One experiment was designed specifically to examine the heavy ions trapped in the Earth's Van Allen radiation belts. These are the ultra-heavy nuclei from galactic radiation, and low-energy nuclei of nitrogen and oxygen from Earth's atmosphere, and space-neon.

The number and energy spectrum-flux of trapped protons will be measured in another experiment, which will study the impact relative to human and electronic systems. These charged particles may also induce radioactivity in materials, which will be noted. The Long Duration Exposure Facility itself will be carefully examined to see if radiation was induced in the structure.

A third, related experiment will measure the energy transfer spectrum behind various configurations that might be used to shield people from radiation in space. It is clear that shielding for crews traveling beyond the Van Allen Belts is needed. The best technology with which to provide shielding in space is still under development.

Clearly a major concern is how to accurately determine the dosage of radiation living systems will be exposed to in



At the Columbia approached LDEF, it was clear that some of the thermal control material had peeled across the surface of at least two trays. The astronauts aboard Columbia said they looked like opened sardine cans.

space. This is true for astronauts who will spend months on Space Station Freedom, where they will have some protection from the Earth's Van Allen belts, and for those who will venture beyond Earth's protection, to the Moon and Mars.

Students to study 'space tomatoes'

One of the most highly publicized and important experiments aboard the Long Duration Exposure Facility is called SEEDS, for Space Exposed Experiment Developed for Students. The SEEDS experiment on this flight was precisely that—12.5 million tomato seeds provided by the George W. Park Seed Company, in South Carolina.

An equal number of tomato seeds were kept on the ground as a control group, and the Park Seed Company reports that those control seeds are sprouting well, after nearly six years. So far over 100,000 school classes have requested their packets of space and control seeds, to participate in the project. The objective of this experiment is to involve students in a "national project to generate interest in science and related disciplines."

Jim Alston and William Park from the Park Seed Company also designed their own experiment, to evaluate the effects of the space environment on the survivability of several hundred types of flower and vegetable seeds stored under sealed and vented conditions on LDEF. They will investigate the possible mutants and changes in mutation rates in the living tissue.



NASA

This photo was taken from a live television transmission from Columbia on Jan. 12, as the robot arm had just made contact with the grapple fixture on LDEF. The Teflon tape used to seal the experiment and the Kapton reflective material have peeled away from the "Heavy Ions in Space" experiment.

A second system for studying the effect of cosmic radiation on biological systems was provided by two scientists from the West German space agency. Their experiment contained biomolecules, cysts, spores, and plant seeds in a "free-flyer biostack experiment." They hope to help establish radiation protection guidelines for man and biological experiments in future space flights, by measuring the effect of cosmic radiation on living tissue.

Cosmologists also took advantage of the LDEF laboratory. The interstellar-gas experiment collected atoms to better understand nucleosynthesis, the interstellar wind inside the heliosphere, and the isotopic composition of the interstellar medium outside the heliosphere.

Ultra-heavy cosmic ray nuclei were the object of study of an experiment by scientists from Ireland and the Netherlands. By investigating the charge spectra of these ultra-heavy cosmic ray nuclei, the researchers from the two countries hope to develop a better understanding of the physical processes of cosmic ray nuclei production and the acceleration at the source regions in interstellar space.

Noted space scientist S. Fred Singer is leading an experiment to measure the distribution of masses and the orbits of interplanetary dust particles to better understand their origin and evolution. This experiment is not confined to any one tray on LDEF. There are detectors located around the entire periphery of the satellite and on both ends, which can measure the flux and the direction of the interplanetary dust.

There is no question that the LDEF experiments will provide a bonanza of unique data for space scientists. This and other information will be crucial for designing the next-generation space infrastructure, and to help answer some of

the most basic questions that scientists have concerning the origins of the solar system.

Which materials can withstand space?

Earth-orbital space is a very hostile environment. Anything up there is bombarded with atomic oxygen from the Earth's atmosphere, high-energy particles from the Sun and the interstellar medium, man-made debris as small as paint chips and as large as motor parts orbiting 17,000 miles per hour, and the rapid temperature changes that occur when a spacecraft goes from night to day every 90 minutes in orbit.

Space Station Freedom is being designed to last for 30 years in orbit. The Hubble Space Telescope and other laboratories in the Great Observatories program will similarly be made to last several decades. The Moon-Mars mission of the next century will require fleets of spacecraft which will not come back to Earth, but rather will shuttle crews and cargo from Freedom to the Moon, and will be parked and maintained at the Freedom Station for years. These craft will constantly travel through and beyond the protective Van Allen radiation belts.

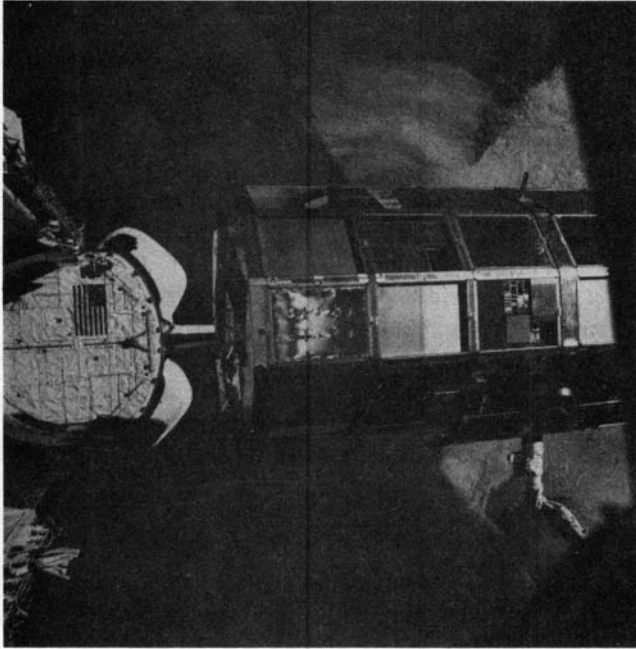
Aboard LDEF were many experiments to subject both common and new, experimental materials to the environment of space. As we found out from the experience with Solar Max, the thermal blanket materials that protect spacecraft from the rigors of space temperatures are damaged by long stays in orbit.

The atomic-oxygen-stimulated outgassing experiment on the Long Duration Exposure Facility exposed different thermal control surfaces to space to determine the effect of the oxygen impingement in producing optically damaging outgassed products. The experiment samples are located on both the leading and trailing edges of LDEF. The leading edge is being hit directly by particles coming at it, as it flies in the head-on direction. Scientists expected that the trailing edge would receive less damage, and possibly none, in the same way your face gets wet walking into a rain storm, while your back stays relatively dry.

Scientists hope that the results from this experiment may help explain so-far-unexplained Skylab contamination when the United States's first space station was in orbit nearly 20 years ago.

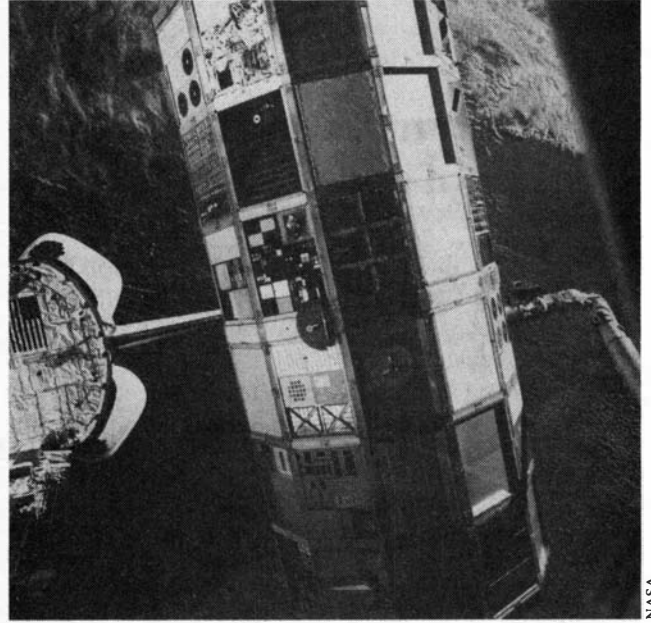
Thin film coating interactions with atomic oxygen were studied by a team from Huntsville, Alabama, with samples also on the leading and trailing edges of LDEF. The mechanical properties of high-toughness graphite-epoxy composite material after extended exposure to space is being studied on LDEF, as are thermal expansion properties. Thermal stability is a critical factor in selecting composites for many applications such as optical platforms, and this experiment will evaluate two epoxy resins currently used in space structures.

Another experiment is studying the dimensional stability and mechanical characteristics of a mix of materials used in thermal coatings and adhesives. The thermal coatings include



NASA

In this picture, taken during the LDEF photo survey, the peeled thermal material on the end is clear. The Atlantic coast of Namibia is the backdrop of the survey.



NASA

As Mission Specialist Bonnie Dunbar slowly rotated LDEF at the end of the robot arm, Marsha Ivens photographed the experiments. The remarkable integrity of most of the trays is visible in the picture.

applications on solar reflectors and mirrors laid on aluminum and carbon substrates.

One interesting experiment by scientists at Grumman Aerospace Corporation is to test the performance of materials being considered for use in phased-array radar antenna designs. Degradation caused by thermal cycles, ultraviolet and charged particle radiation, and high voltage plasma interaction will be evaluated.

Other experiments will investigate space exposure effects of composite materials specifically being considered for large space structures, including Mylar and Teflon. Material specimens will be analyzed that are being considered for solar power components, thermal control systems, laser communication components, laser mirror coatings, laser-hardened materials, antenna materials, and electronic devices.

One experiment, from Rockwell International and the Technical University of Denmark, investigated a novel method for growing crystals in space from solutions. Space crystals are larger and more perfect than those grown under the gravity conditions on Earth, and have been particularly useful in unraveling the structure of complex biological molecules.

Two or more reactant solutions were diffused slowly toward each other in a region of pure solvent. There they were expected to react to form single crystals of substances which have important applications in optics and electronics.

Another unusual experiment was designed to assess the effect of long-term exposure to space of films, tapes, and lines that are candidate materials for balloons.

Heat pipes will be needed for the next-generation large-power systems in space to get rid of waste heat. Three experiments on LDEF specifically studied aspects of the functioning of heat pipes in microgravity using varying geometrical configurations and materials.

Power and propulsion

Today's near-Earth civilian spacecraft are powered with solar cell arrays. Dozens of solar array materials were tested on LDEF, to help increase the reliability of these energy systems, and make their lifespans more predictable.

One researcher from the NASA Lewis Research Center, which specializes in energy and propulsion research and development, tested several types of advanced and conventional solar cells. The energy distribution in the extraterrestrial solar spectrum was also measured by the experiment.

A West German experimenter designed specimens to investigate methods to control effects such as contamination, electrical conductance, and optical degradation on mirror and solar cell coatings, developed by the firm Messerschmitt-Bölkow-Blohm.

Researchers at solid rocket manufacturer Morton-Thiokol, Inc. in Utah are looking at the "space aging" of motors. Structural materials and propellants from the STAR/PAM-D series of motors were tested, as well as advanced composite cases and nozzle materials that are planned for future use. This data will be important for Thiokol to have, to decide in which applications solid rocket motors are superior.

Hermann J. Oberth: father of space flight

After a brief illness, Professor Hermann Julius Oberth, the world-recognized "Father of Space Flight," passed away on Thursday, Dec. 28, at the age of 95 in Feucht, West Germany.

In 1923, Oberth gained early fame and recognition by authoring *The Rocket into Interplanetary Space*, and later, *Ways to Space Travel*. He pioneered in rocket research and design, along with American-born Robert H. Goddard and Konstantin E. Tsiolkovsky of Russia.

Prior to World War II, Oberth began a work research program at the Institute of Technology, and during the war, he worked with Dr. Wernher von Braun (who had studied under Oberth previously). Von Braun said of Oberth, "Not only do I owe him my first introduction to the technology of rockets and space flight; he gave me the guiding star for my whole life." Always a visionary, Oberth maintained that his goal was not the launching of rockets, but "travel through space, and the exploration of the unknown."

In 1955 Professor Oberth was asked to join the rocket

development center in Huntsville, Alabama where he remained for three years. During this time, he was instrumental in helping launch America's first satellite, the Explorer I, in January 1958. In July 1969, he was invited to Cape Canaveral where he viewed the launching of the Saturn-Apollo rocket taking Armstrong, Aldrin, and Collins to the Moon. This event capped the realization of his 70-year dream.

Oberth is credited with being the first to explore concepts of inertial guidance systems, life support systems, zero-gravity effects, orbiting space stations, and space mirrors. For his lifelong work as a prophet and pioneer of space flight, he is recognized in the International Space Hall of Fame in Alamogordo, New Mexico.

A most prolific writer all his life, Hermann Oberth wrote numerous books, articles, scientific, and philosophical papers and studies.

The occasion of Professor Oberth's 95th birthday on June 25, 1989 saw the opening of a traveling exhibition, "Hermann Oberth: The Father of Space Flight," at the Alabama Space and Rocket Center in Huntsville, Alabama.

Professor Oberth is survived by his daughter, Dr. Erna Roth-Oberth, who lives in Feucht near Nuremberg, which is also the location of the Hermann Oberth Museum, and by his son Adolf Oberth, who lives in California.—*John Zavrel*

Electronic and optical components

Holograms in space? One LDEF experiment, designed by researchers at the Georgia Institute of Technology, will determine the effect of long-term exposure to the space radiation environment on four iron-doped lithium niobate crystal holograms. These systems, if they can withstand the space environment, would have applications in ultra-high-capacity space data storage and retrieval systems.

Filters and detectors used for various wavelengths of the electromagnetic spectrum were tested on the Long Duration Exposure Facility. Multilayer filters used for sensing atmospheric temperature and composition were tested, since understanding their optical behavior is critical to their long-term performance.

Detectors placed on spacecraft last for years. But it has not been known how the degradation of the detector materials affects their performance. This is crucial, because readings may reflect changes in the material more than changes in the phenomena the detector is supposed to be measuring. Questions of this kind have arisen, for example, in the detectors analyzing the supposed "hole" in the ozone layer, which may be the result of faulty measurements.

Pyroelectric infrared detectors, used to monitor air pollu-

tion and used in the thermal mapping of the Earth, were exposed on LDEF so that space effects could be understood and factored in to ensure the validity of measurements.

In order to qualify new ultraviolet optical components, it is useful to know the effects the space environment has on components such as thin films, gas filters, photocathodes, and crystal filters. French researchers carried out such an experiment on LDEF.

In the future, fiber optics will be used in space and aboard space facilities, just as this technology is replacing standard communications transmission systems on Earth today. Scientists from France exposed fiber optic waveguides to space on LDEF. The results will allow the researchers to design laboratory tests that simulate space radiation effects for further study.

Scientists from the University of California's Jet Propulsion Laboratory tested fiber optic data transmission equipment for degradation, and a researcher from the Air Force Weapons Laboratory at Kirtland Air Force Base, New Mexico, carried out an experiment to assess the survivability of radiation hardened fiber optic data link designs. These test results will allow the design of new systems which have already benefited from being "tested" in space.

LDEF chief scientist William Kinard expects that scientists will be examining the results from their experiments for the rest of this decade.

First glance after six years

While the Columbia was still in orbit, scientists on the ground were peeking at LDEF through the eyes of the cameras on the Shuttle. Kinard stated that there appeared to be no structural damage to LDEF itself.

As the Columbia approached LDEF it was clear that thermal covers over two trays had peeled back, and were described by the astronauts as resembling a half-opened sardine can.

As expected, on the leading edge of LDEF, which was flying head-on into the oncoming particles and radiation, the trays looked as if they had sustained more damage than the experiments along the lateral sides of the cylinder. The thin film experiments looked as though they had been substantially eroded by the atomic oxygen in orbit.

The crew reported that they saw pieces of material they could not identify, floating in formation alongside LDEF. Kinard could not tell if these pieces had come off the facility's experiments when the laboratory was slightly jostled on grapple by the robot arm, or if the pieces had broken loose earlier and were orbiting along with the structure for a period of time.

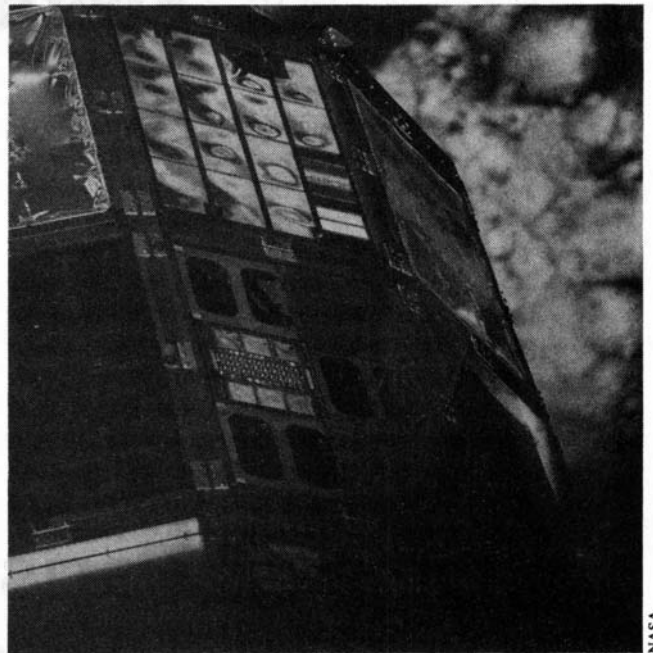
The scientists were surprised to find that there was not much difference in damage between the end of LDEF facing outward, toward space, and the end that faced in toward Earth. They had expected the Earth end to sustain more damage.

NASA has put together four major teams of researchers to examine LDEF immediately upon return. One will look at the entire spacecraft for meteoroid and debris damage. The radiation team will measure the background radiation LDEF endured, and check for induced radiation in the whole facility.

The materials group will check the overall damage on various kinds of materials experiments, and the systems team will look at the power, mechanical, and electronic systems, to see how they performed.

After that initial survey, the trays will be removed very slowly and carefully from LDEF, at a rate of only three per day. They are being returned to the principal investigators for study, and at the end of February, results of these first looks will be released. Six months after that, investigators will present a more comprehensive picture of what it meant to spend nearly six years in space.

Kinard stated that LDEF could be turned around and outfitted with new experiments in about 18 months. Due to the tight Shuttle schedule and the demands that will be made on the Space Transportation System once Space Station Freedom begins deployment, it is not likely that the Long Duration Exposure Facility will fly again. "The Space Station may become our next long duration facility," Kinard stated. But the results from LDEF will have benefits for every kind of



In this closeup from the LDEF photographic survey, an experiment from the NASA Johnson Space Center is at the center top, and just below it is an experiment from France. In the top tray, the shiny surfaces catch the Earth's clouds and reflect them back to the crew.

spacecraft—unmanned, remote sensing, military, as well as manned—that will be designed in the future. The systems developed for LDEF will likely be used for, perhaps smaller, LDEF-like unmanned structures to continue testing the long-term effects of space. Perhaps Space Station Freedom will have such a facility flying free alongside it in the future.

The Shuttle Columbia flight successfully ended a most remarkable, nearly six-year science experiment. It took advantage of the unique capability of the Space Shuttle to bring astronauts into orbit in order to capture spacecraft out there, and to bring payloads back to Earth.

This year another Shuttle crew will deliver the Hubble Space Telescope into orbit, and later crews will grapple it with the robot arm to perform maintenance, make any necessary repairs, and update its component technology. If it were absolutely necessary, the Shuttle could also bring it back to Earth.

This year's Hubble Telescope launch will open the era of long-duration, nearly permanent operational facilities in space. The Great Observatories program will eventually be comprised of four large telescopes, each looking into space through a different part of the electromagnetic spectrum. Scientists will see things they could never see from the surface of the Earth.

Freedom will be the first space station designed to give man the opportunity to live and work in space for decades.

Paris-Berlin-Vienna triangle: locomotive of the world economy

The following document grows out of a series of policy statements by Lyndon LaRouche, candidate for U.S. Congress in the Tenth District of Virginia, concerning the future of Europe. His proposal forms the core of the economic policies which LaRouche intends to implement upon his taking office in Washington. It was first aired in his Berlin declaration of Oct. 12, 1988, and was later expanded upon in his October 1989 call for an European East-West fast-rail axis, and recent proposals concerning the "Paris-Berlin-Vienna triangle."

The present outline was elaborated according to LaRouche's specifications by an international working group sponsored by the Schiller Institute. Additional materials are available and in preparation which develop more fully various aspects of this outline.

Introduction

You have in your hands the essential elements of a program to make the triangular area between Paris, Berlin, and Vienna into the center of the world economy by the year 2000. The cornerstone of the program is to establish an integrated, computerized high-speed rail system for freight and passenger transport throughout the region. By focusing investment into this and a few other crucial areas of industrial infrastructure, we transform the Paris-Berlin-Vienna triangle into the greatest concentration of productive economic power the world has ever seen.

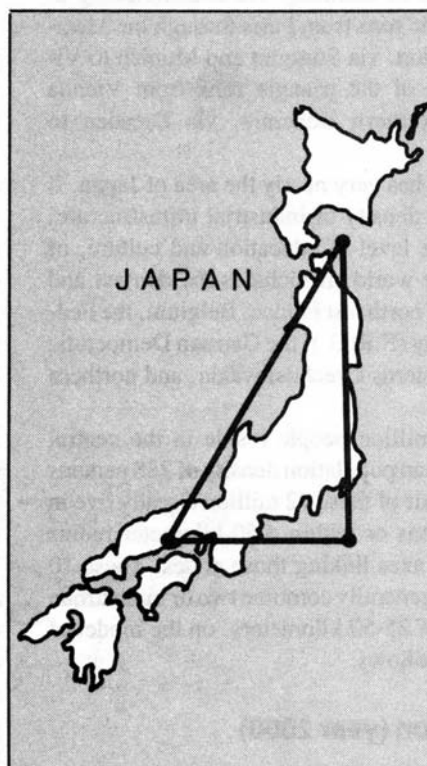
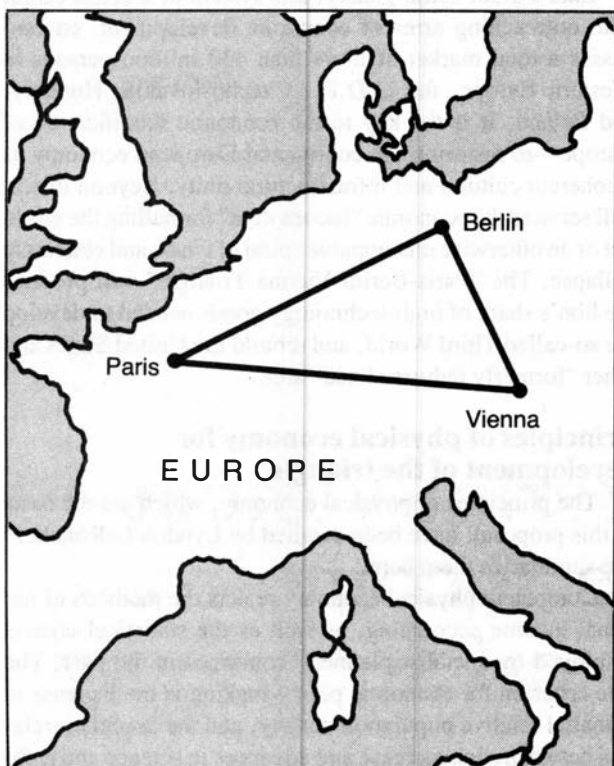
This program is economically and historically necessary.

The world is presently going into the deepest depression of the twentieth century.

In the West, Adam Smith's so-called "free market system" has destroyed the economy of United States. The combination of Volcker interest rate measures, deregulation of banking and other sectors, and pursuit of "ecological" and "post-industrial society" policies under Carter, Reagan, and now Bush, has turned

FIGURE 1

The European development triangle compared to Japan's industrial triangle



Lyndon H. LaRouche, shown on Oct. 12, 1988, in Berlin, when he launched his plan to rescue the Polish economy and achieve German reunification.

yesterday's leading industrial economy into a virtual junkyard today. America's productive base has shrunk to the point, where it no longer possesses the resources to accomplish its own recovery. Great Britain, too has been transformed into a largely "post-industrial" society. All that remains of any economic soundness is in continental central Europe, Japan, and a few smaller countries, such as the Republic of China (Taiwan) and South Korea.

With few exceptions, the developing sector nations are in their economic death struggles. Increasingly over the last twenty years, they have been victims of the same "free market" practices which the East India Company employed in its genocidal looting of Asia during the nineteenth century. The new name for this is the "conditionalities" policy of the International Monetary Fund and World Bank. As a consequence, entire areas of the Third World, and central Africa in particular, are now threatened with depopulation.

In the East, the failures of the communist system, aggravated by Gorbachov's and others' experiments with the "free market system," have caused a precipitous collapse of the economies of the Soviet Union and of the nations it has subjugated and looted for the last forty years. Here, too, the means required to escape from an endless spiral of physical collapse must come from outside the Soviet empire and its Comecon victims. The only hope lies in those remaining

islands of economic productivity in the world, which have not been ruined by the two-headed monster of Karl Marx and Adam Smith.

To recover from this global crisis demands a return to what used to be called the American System. Before that, it was known as Leibnizian physical economy, Leibniz's improvements on Colbertism. It was developed under the name of the "American System" by Friedrich List, and is the organic outgrowth of Western European Christian civilization. This is what we must return to.

We must have a common approach to mobilize the now very scarce resources to save the world economy. To do this, we must develop very quickly, in addition to Japan, a center of output which can rescue the world economy from collapse. That center must be in continental Europe. Its core is the triangular region spanned between Paris, Berlin, and Vienna. This area will develop, over the next five to ten years, the highest density of physical economic activity ever to be realized on the surface of this planet.

The Paris-Berlin-Vienna triangle: a 'European Japan'

The central region is a curvilinear triangle with corners at Paris, Berlin, and Vienna (Figure 1). The sides of this triangle are at the same time great infrastructural axes of

rapid freight and passenger transport. The northern side runs from Paris through the steel region around Lille/Charleroi, through the Ruhr region of Germany via Braunschweig to Berlin. The Southern side runs from Paris through the Metz-Nancy-Saarbrücken region, via Stuttgart and Munich to Vienna. The eastern side of the triangle runs from Vienna through Prague and northern Bohemia, via Dresden to Berlin.

This central triangle has very nearly the area of Japan. It already has the greatest density of industrial infrastructure, and the greatest average level of education and culture, of any major region of the world. It includes the densest and most productive areas of northeast France, Belgium, the Federal Republic of Germany (F.R.G.), the German Democratic Republic (G.D.R.), westerns Czechoslovakia, and northern Austria.

Approximately 92 million people reside in the central triangle today, with a mean population density of 288 persons per square kilometer. Half of these 92 million already live in 10 great industrial regions or within a 50-kilometer radius of major infrastructural axes linking those nodes. These 10 industrial nodes, which generally combine two or more urban centers inside a radius of 25-50 kilometers, on the model of the Ruhr region, are as follows:

Projected population (year 2000)

Paris region	8 million
Lille-Charleroi region	3 million
Ruhr region	10 million
Metz-Nancy-Saarbrücken region	1.5 million
Rhine-Main-Neckar region	2.5 million
Stuttgart region	2 million
Munich region	2 million
Berlin region	4 million
Leipzig-Zwickau-Dresden region	3.5 million
Vienna-Bratislava region	2 million
Prague-Pízen-North Bohemia region	3 million
Projected population of these centers:	41.5 million

The densification of infrastructure within the central triangle creates entire corridors and nodal regions of development (**Figure 2**). Here ideal conditions are generated for the emergence of new cities, such as a new “Leibniz City” to be built on the present F.R.G.-G.D.R. border, at the convergence of the corridors linking the Ruhr, Rhine-Main, and Munich regions with Leipzig-Zwickau-Dresden.

Spinning off from this central triangle, are great infrastructure corridors linking it to the entirety of Europe. One arm reaches out from Berlin to Warsaw, and down to the Polish industrial center of Krakow-Katowice; another reaches up through Hamburg to Scandinavia; another via Paris to

the rest of France and Spain; another via Basel into Italy; another via Vienna to Budapest, and so on.

Like a giant spiral galaxy, this system of a dense center with outreaching arms of economic development, encompasses a total market of more than 430 million persons in Western Europe, the G.D.R., Czechoslovakia, Hungary, and Poland. It is the key to the economic reunification of Europe—to restoring the continental European economy as a coherent cultural and infrastructural unity. Beyond this, it will serve as the economic “locomotive” for pulling the world out of an otherwise unstoppable spiral of chaos and economic collapse. The “Paris-Berlin-Vienna Triangle” will produce the lion’s share of high-technology goods needed to develop the so-called Third World, and rebuild the United States and other “formerly industrialized” areas.

Principles of physical economy for development of the triangle

The principles of physical economy, which are the basis of this proposal, have been detailed by Lyndon LaRouche.* We summarize them here.

Competent physical economy rejects the methods of national income accounting, as well as the statistical criteria employed by socialist planned economies in the past. The sole criterion for economic policy-making is the increase in potential relative population density, and the lawful correlation between such increase and advances in science and technology.

Leaving aside the insane European Community policies designed to dismantle agriculture, steel, and other productive capacities, our central triangle could support more than four times its present population density—based upon existing technology. Successful maintenance of an economy requires, however, that we continually increase the potential population density. This does not mean that the actual population increases in the same proportion, but rather that the per capita power of the population, to maintain itself at an increasing material quality of existence and productive power, must grow.

It is that continually increasing power—that increasing potential population density of the Paris-Berlin-Vienna triangle—which, translated into the production and export of high-technology capital goods, will provide the basis for global economic recovery. For this to succeed, the following fundamental criteria must be fulfilled:

1) *Technology must advance.*

Scientific and technological progress is the source of all growth in the productive powers of labor. Such progress occurs through creative discoveries of individual human minds, and the assimilation and embodiment of such new discoveries in the productive practice of the entire economy. Under

* Most recently, in his *In Defense of Common Sense*, Schiller Institute, Washington, D.C., 1989.

the present parameters of technology, achievement of necessary rates of technological progress requires that the portion of the labor force employed in scientific research and development must be increased from present levels (1.4% in the F.R.G.) to no less than 5%, and preferably closer to 10% over the next decade. In addition, a minimum of 50% of the workforce must be employed in the productive sectors of the economy (compared with 45% in the F.R.G. today, 36% in France, and less than 30% in the United States). This means abandoning the "post-industrial" policies of the European Commission, which are designed to transfer more and more of the workforce into superfluous service sector employment.

2) *The per capita level of quality and quantity of content of market-baskets, for both households' and producers' goods, must correlate with the level of technology, and must increase with advances in technology.*

For example, the per capita availability of high-technology machines, instruments, and scientific equipment for industrial investment as well as for education and research purposes, must increase dramatically over the next 10 years. Tomorrow's children must grow up with lasers, superconductors, plasma devices, and biophysics—just as today's generation is growing up with computers.

3) *With technological progress, the ratio of rural to urban employment of operatives must decline "asymptotically" toward a certain minimum value, subject to the condition that the output of agriculture must increase per capita of the population as a whole.*

Housing and infrastructure of existing cities must be modernized, with emphasis on the latest technologies in rapid mass transit and distribution of goods. Industries, and above all capital goods industries, should for the most part be concentrated in such well-functioning cities, making the most efficient use of infrastructure. Rather than expand existing big cities beyond their infrastructural optimum, it is better to build new, modern cities of medium size (i.e. Cusa City, Leibniz City, etc). At the same time, an end must be put to the deliberate destruction of agriculture and associated agro-industry in the European Community as a result of manipulated "free market" policies.

4) *The ratio of employment of operatives in production of producers' goods must increase relative to employment in production of households' goods, subject to the condition that the per capita household market-basket is improved.*

The F.R.G. economy is already oriented toward production of capital goods incorporating the latest advances in science and technology. This characteristic will become ever more pronounced in the course of the next 5-10 years, and will extend to the entire central triangle as the economies of East Germany and Czechoslovakia are modernized. The orientation toward advanced capital-goods production demands continual improvement in the levels of cultural, education, and living conditions, at low relative cost relative to the total labor input into the economy.

5) *The per capita throughput of usable energy must increase.*

"Usable energy" excludes losses in transmission due to breakdowns or use of inefficient equipment; these losses are currently very high in the eastern portion of the triangle (G.D.R. and Czechoslovakia). Major investments in energy systems must be implemented to attain in real terms the F.R.G. figures of 739 watts per capita of usable electricity production and a total final energy consumption of 4,300 kg SKE per capita. The projected technological parameters of the next half-century include an increase of more than an order of magnitude in per capita energy throughput, mainly as a result of increasing energy-intensity of industry and infrastructure.

6) *The energy-flux density of prevailing forms of energy, must increase.*

Not only the nominal quantity, but also the quality of energy must increase as a function of technological advance. This can be measured as an increase in the number of watts per square meter flowing through critical surfaces of generation or application of energy. For example, modern nuclear energy plants have an energy-flux density approximately an order of magnitude higher than fossil fuel plants. The technological parameters of the next decade dictate that what we call "thermal energy" (i.e., heat) must be replaced to an increasing degree by coherent forms of electromagnetic radiation, as typified by use of lasers in machine tools and chemical synthesis. In addition, classical fossil fuels must be increasingly replaced by synthetic fuels—especially hydrogen—providing a higher energy-flux density of combustion.

Density functions

The crucial areas for investment are determined by "density functions" defined in terms of energy throughput per capita, per square kilometer and per unit of potential population-density, energy-flux density of technology, and density of infrastructure.

Figure 3 shows a map of estimated energy-densities in kilowatts per square kilometer for the Central European region. Observe the maximum peak densities over the Ruhr area of Germany. Within a central core of this region, comprising 4,500 square kilometers (a radius of about 38 kilometers) and a population of about 5 million, the density of electricity consumption rises to 2.7 million watts per square kilometer—14 times higher than for the F.R.G. as a whole. At the same time, the Ruhr region has one of the highest densities of railroads, roads, inland shipping facilities, and pipelines in Europe. A similar situation obtains in the most productive industrial areas of Japan.

On the condition that an economy is operating according to the constraints outlined above, the achievement of maximum density of infrastructure and energy throughput translates into the following interrelated parameters:

Continued on page 32

FIGURE 2
Development axes of the European triangle

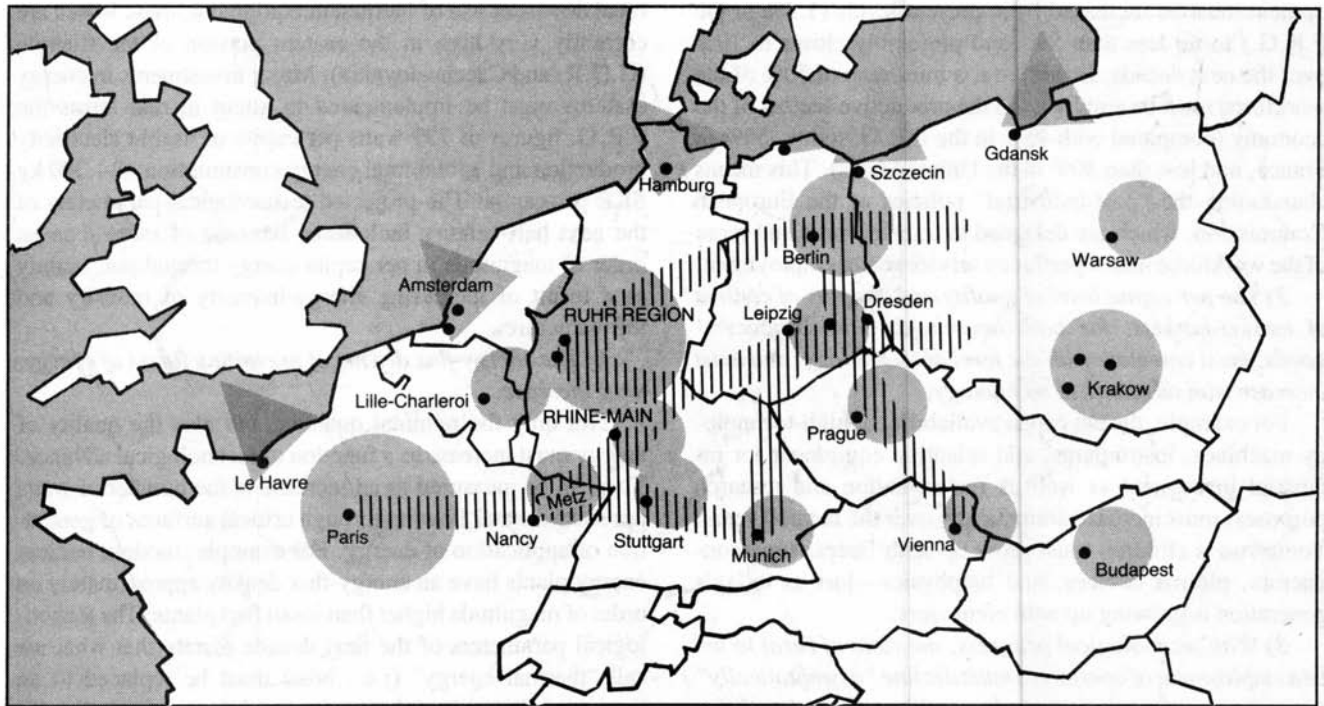


FIGURE 4
Proposed fast freight lines in the "triangle"

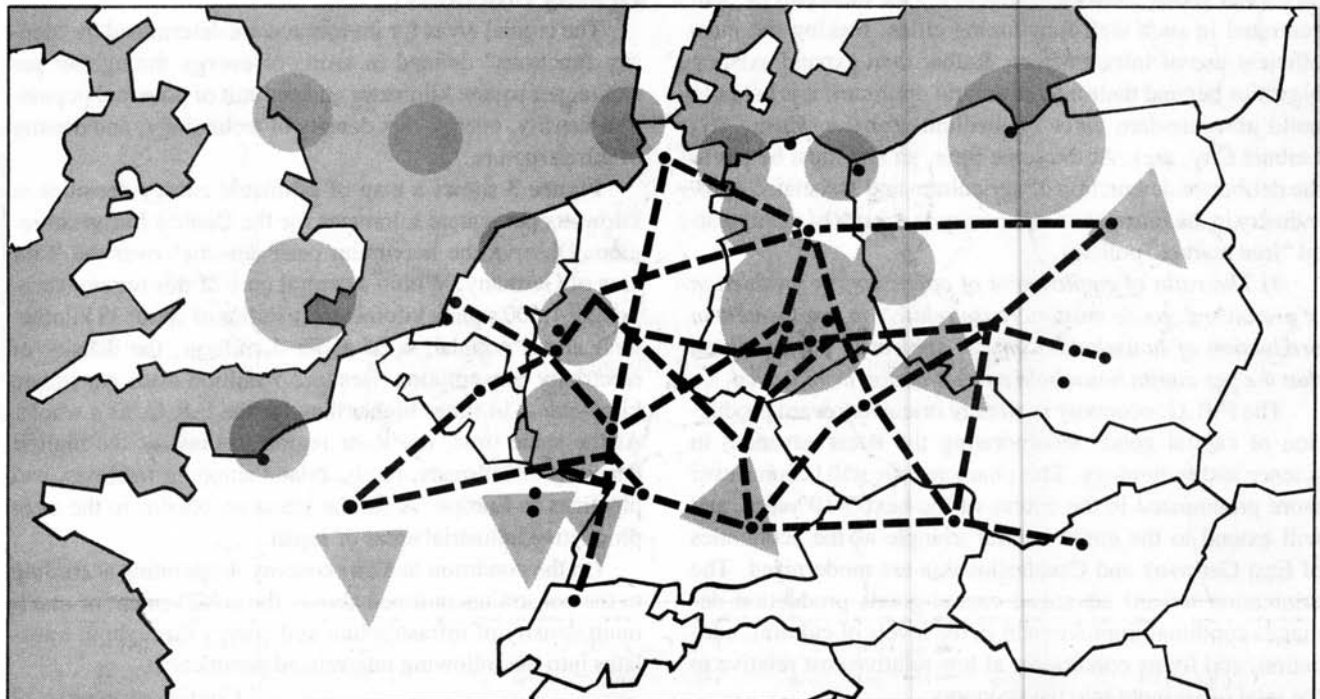


FIGURE 6
Proposed Central European river and canal system

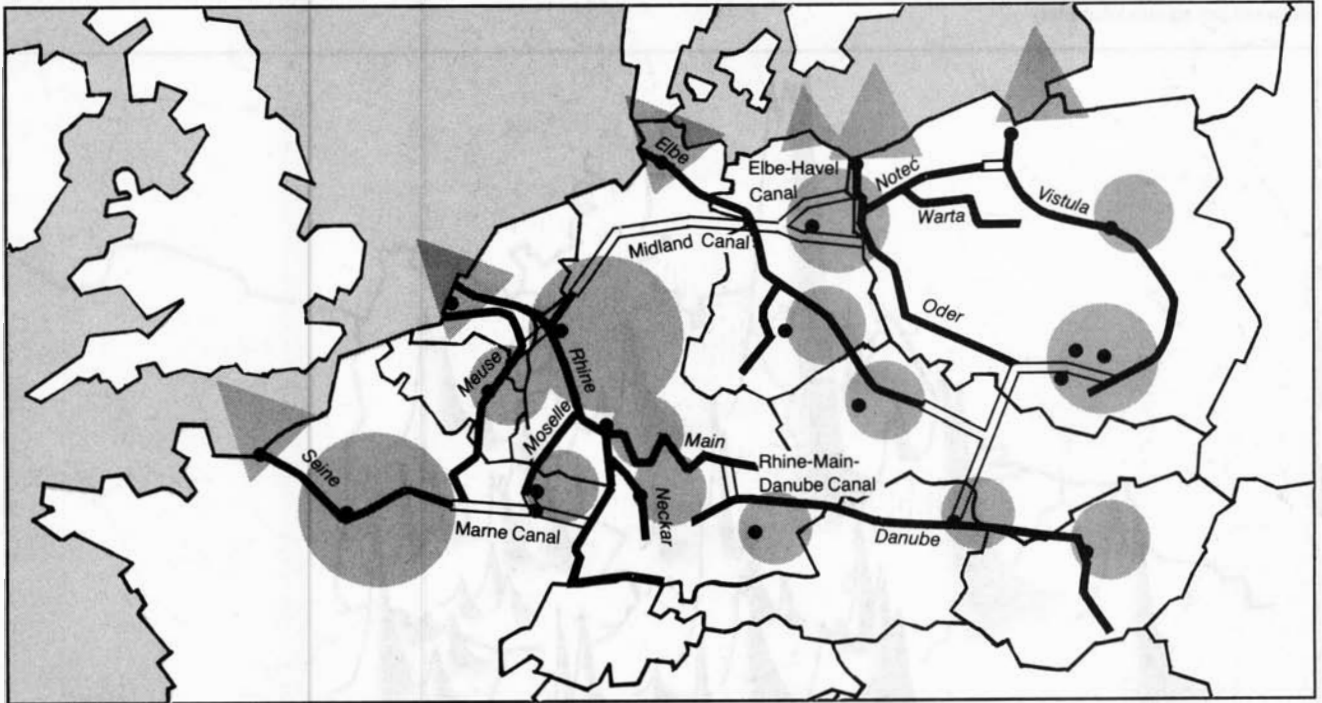


FIGURE 7
Oil and gas pipelines, with proposed HTGR nuclear reactors and gasification centers

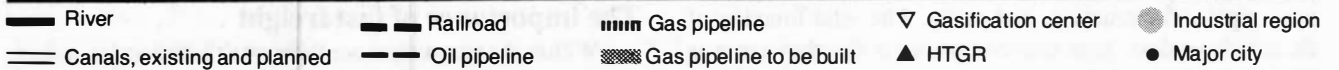
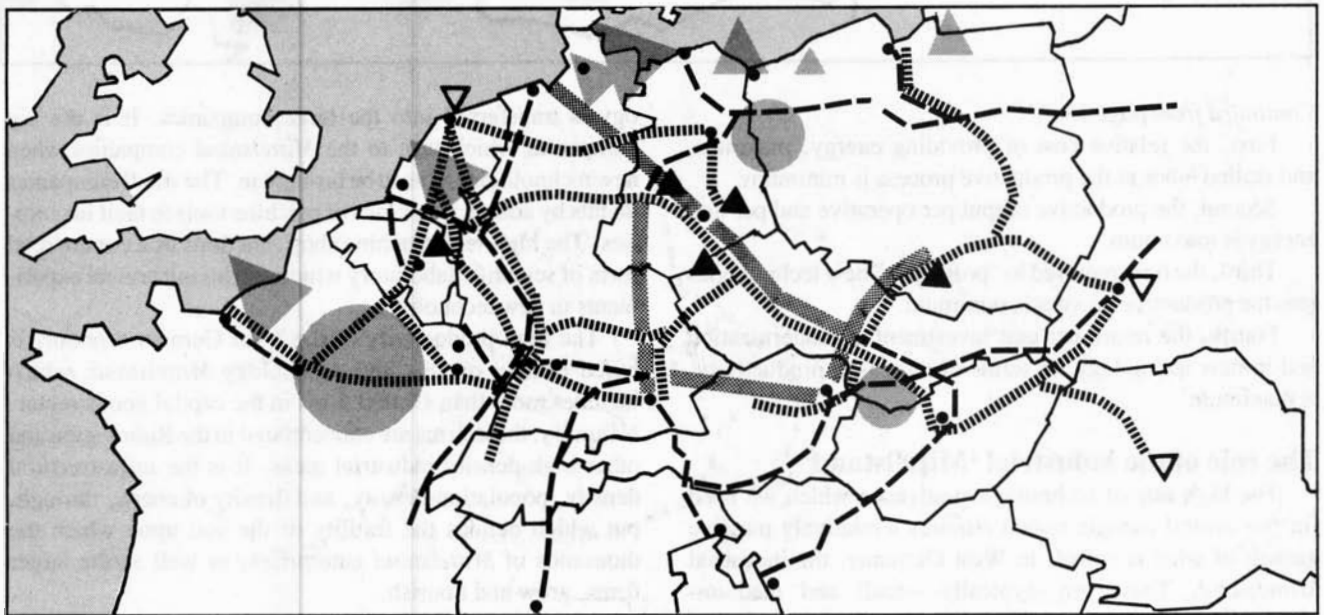
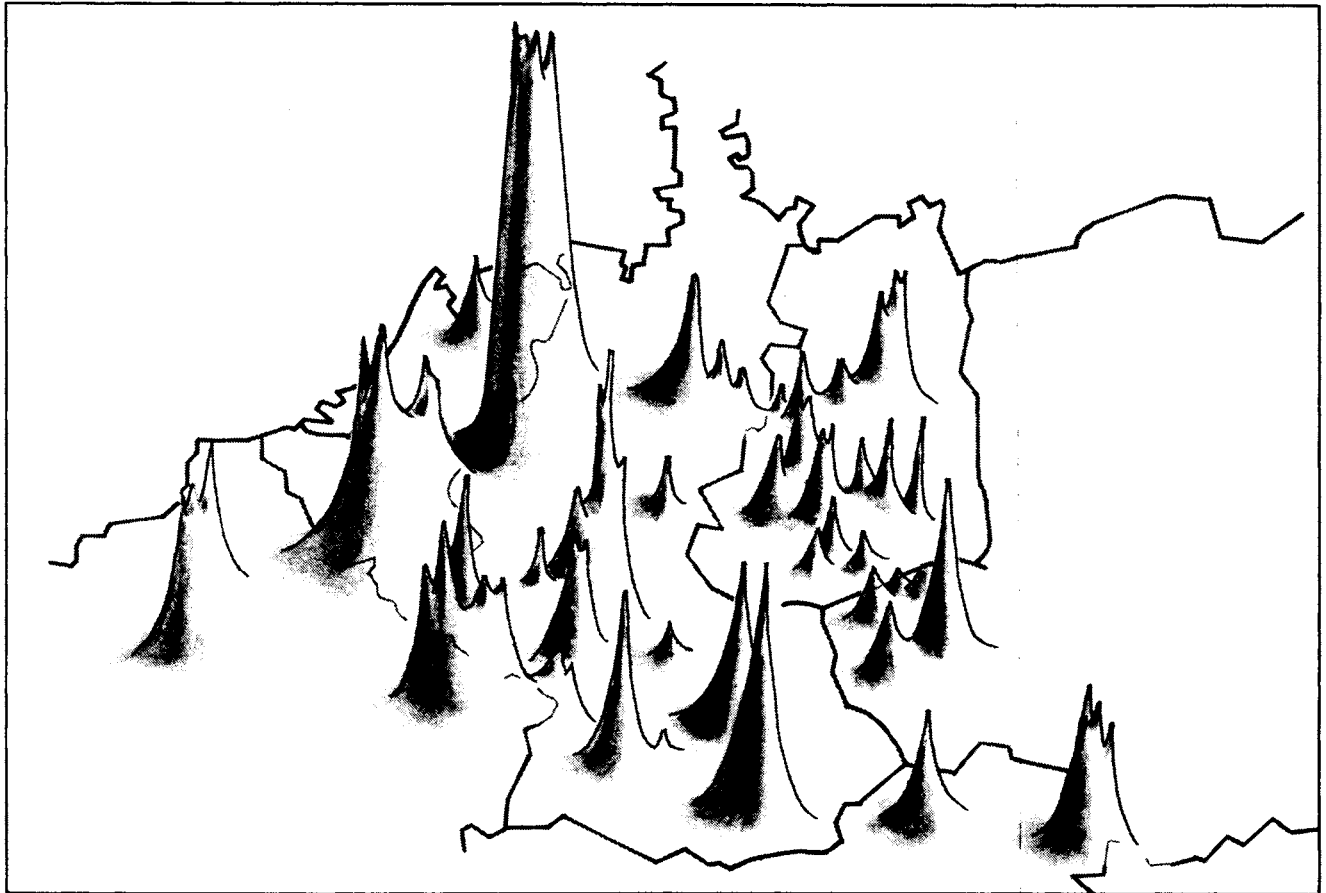


FIGURE 3

Estimated energy-densities in Central Europe

(kilowatts per square kilometer)



Continued from page 29

First, the relative cost of providing energy, materials, and skilled labor to the productive process is minimum.

Second, the productive output per operative and per unit energy is maximum.

Third, the time required to “propagate” new technologies into the productive process is minimum.

Fourth, the return per unit investment in modernization and in new technology, in terms of increased productivity, is maximum.

The role of the industrial ‘Mittelstand’

The high rate of technological advance which we need for our central triangle region requires a relatively massive growth of what is called, in West Germany, the industrial *Mittelstand*. These are—typically—small and medium-sized, high-technology machine shops involved in manufacture, repair, construction, and crafts. The vital function of these independent, high-tech companies is that they serve as the transmission belt by which advanced science and technol-

ogy is transferred into the large companies. It is the big companies which turn to the *Mittelstand* companies when new technologies have to be brought in. The small companies do this by adding new kinds of machine tools to their inventories. The high-tech machine shop functions as a commercial form of scientific laboratory which carries out crucial experiments in new technology.

The high productivity of the West German economy is based exactly on this high-technology *Mittelstand*, which includes more than 16,000 firms in the capital goods sector. Naturally, these firms are concentrated in the Ruhr region and other high-density industrial areas. It is the infrastructural density, population-density, and density of energy throughput which defines the fertility of the soil upon which the thousands of *Mittelstand* enterprises, as well as the larger firms, grow and flourish.

The importance of fast freight

Within the parameters we have established so far, a decisive change must occur in the mode of transport of goods

within the triangle. The situation of the F.R.G. exemplifies the reason.

Of the 3.2 billion tons of freight transported in the F.R.G. every year, for a total of 255 billion ton-kilometers, approximately 85% are "bulk goods" such as coal, oil, grain, ores, cement, steel mill products, bulk chemicals, etc. Excluding short-haul truck transport to and from loading facilities, the majority of these bulk goods are moved by rail and inland shipping, which are far cheaper per ton-kilometer for these sorts of goods. Where possible, those goods with the least value per ton—such as stone and gravel—are moved by inland waterways, which have the lowest transport cost per ton-kilometer, but also the longest transport times. For such bulk goods, the transport costs are liable to make up a sizable portion of the total cost on delivery; since the transport time is generally not critical, the cheapest mode of conveyance is chosen. Over the next 5-10 years, the quantity of bulk goods to be transported within the "triangle" may increase by as much as 100%. This requires upgrading the central European river and canal system, as well as existing rail connections, in the manner described below.

The situation with the remaining 15% of goods—semi-finished and finished goods—is different. High-technology capital goods, in particular, constitute many orders of magnitude greater value per ton to the economy. Not only is the cost of transport generally only a small fraction of the production cost, but the aggregate time and quantity of such goods located either in transport or storage, rather than in use, is a significant cost to the economy. As the rate of technological development increases, another factor becomes decisive: The time required to obtain the newest instruments and equipment becomes an ever more important limiting factor for how rapidly high-technology projects can proceed. This is most evident in such areas as space technology which require an elaborate division of labor among dozens or even hundreds of independent firms and scientific institutes. These considerations apply most emphatically to the high-technology *Mittelstand* whose role we described above.

This is why a massive improvement of fast-freight capabilities is the single most essential factor in transforming our Paris-Berlin-Vienna triangle into the high-technology capital goods center of the world.

In the F.R.G. the expansion of fast freight over the past 15 years has been achieved almost entirely by long-haul trucking. More than 72% of all finished and semi-finished goods are now transported in this way, even though long-distance trucking is intrinsically far more costly in energy and labor compared to rail transport between points serviced by both. A limit is rapidly being reached, however, beyond which further expansion of long-haul trucking is no longer possible, even on the excellent road system existing in the West German part of the "triangle." Meanwhile, the amount of high-quality capital goods to be moved within the central region will grow nearly exponentially over the next 10-20

years. For these and other reasons, a different answer must be found.

The key to the solution lies in the density functions discussed above. Over 80% of the energy-density and infrastructure density of the "triangle" is concentrated in 10 great industrial areas and along the transport corridors connecting those centers. This means that the cheapest and most efficient solution is high-speed rail transport between a limited number of centers, connecting to short-haul trucking to cover the areas around the rail nodes. To replace long-haul trucking, however, the delivery times for a fast-rail system must be reduced from the present container-transport times of up to several weeks, down to mere hours.

We now examine the infrastructure requirements of the region in greater detail.

Transport infrastructure for the 'triangle'

The key to development of the region is a massive upgrading of the railroads with emphasis on rapid, computerized container transport of freight. What is required is an integrated system of fast freight trains, loading and unloading facilities, and short-haul trucking. The system must be capable of handling 250-300 million tons yearly of (mainly) finished and semi-finished goods with a door-to-door delivery time of 36 hours or less between points within the major industrial centers.

The key fast freight lines are indicated in **Figure 4**. These lines are to be constructed so as to permit routine operation at speeds of 140-160 kilometers per hour. Thus, a fast freight train leaving from Paris to Vienna should arrive in less than 12 hours. The essential requirement is the highest quality of track construction, and a minimum of stops and waits between the centers.

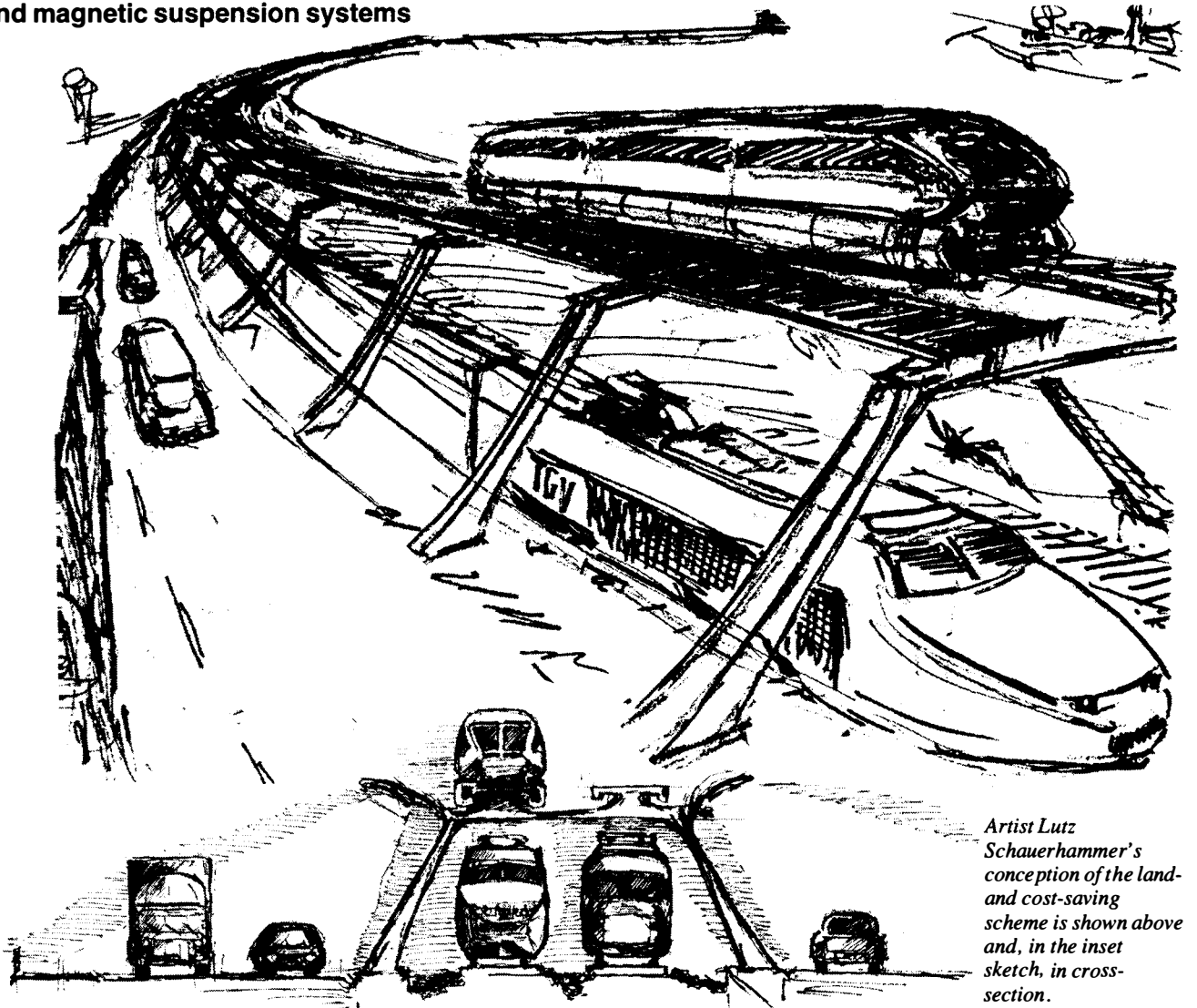
The majority of these lines belong to already existing rail corridors, and require mainly an upgrading of existing tracks to take the higher velocities and load factors. Much of this work can be accomplished rapidly using semiautomatic equipment already standard in the business.

Essential to the functioning of the system is the establishment of computerized container-loading facilities on the outskirts of the major industrial centers. At these nodes the rapid point-to-point rail transport connects to the surface-covering capability of modern trucking and local rail systems. The container-transfer process must be automated and exceedingly rapid; a large center may have as much as 20,000 tons of fast freight moving in and out every day, with freight trains arriving every 60 minutes or less.

Passenger transport between industrial centers shall be mainly by high-speed ground transportation at velocities between 250 and 500 kilometers per hour. Travel time between any two major centers in the triangle shall be reduced to a maximum of 3½ hours. The TGV-ICE and magnetic levitation systems provide the necessary technology. In a first stage, fast passenger and fast freight

FIGURE 5

A 'transport pipeline' integrating superhighways, high-speed trains, and magnetic suspension systems



Artist Lutz Schauerhammer's conception of the land- and cost-saving scheme is shown above and, in the inset sketch, in cross-section.

will use much of the same track in a dual-purpose mode. As the fast freight load increases, passenger transport will progressively be moved off those lines, allowing them to be used for freight only. With the separation of passengers and freight, an increasing portion of passenger transport will be taken up by magnetic levitation systems operating at the highest velocities.

High-speed long-distance ground transportation will be integrated with modern rapid transit networks within the urban centers in such a way, that door-to-door travel times will be less than, or not significantly longer than, air travel between the same points today.

New superhighways should be integrated with fast rail lines and magnetic suspension systems in "transport pipelines" making the optimum use of precious land area and

savings in construction time and cost (Figure 5).

For the efficient transport of bulk goods (such as raw materials, steel, chemicals, grain, etc.) the following infrastructural improvements are required:

I. Modernization of existing medium-speed rail systems, including a total overhaul of the systems in G.D.R. and northern Czechoslovakia. Emphasis is to be placed upon renewing East-West rail connections which were disrupted by the division of Europe, including emphatically the corridors running from the northern Ruhr region via Braunschweig to Berlin, via Kassel-Göttingen-Nordheim into Leipzig, and further to the south from Frankfurt via Erfurt. In addition, attention should be given to the direction Munich-Prague and Vienna-Prague.

II. Completion and improvement of the Central European

river and canal system to make it fully usable by 1,350-ton Europa-class ships (**Figure 6**). Once the long-planned Elbe-Danube connection is constructed, the center of this system will form a closed ring: It will run from the Ruhr region via the Midland canal to Magdeburg and Berlin; via Magdeburg on the Elbe southward via the planned Elbe-Oder-Danube canal, with connection to Prague on the Moldau, to Bratislava; then up the Danube via Vienna connecting to the Rhine-Main-Danube canal near Regensburg, continuing on the Main down to Frankfurt, and from there down the Rhine back to the Ruhr region.

Huge flows of materials will circulate in this ring of waterways, like a giant whirlpool, with arms spinning out to the harbors of Amsterdam-Antwerp, Bremerhaven, Hamburg, and Rostock; via the Oder, Notec, and Vistula into Poland, via the Danube to Budapest; on the Rhine up to Basel; on canals and via the Mosel to Alsace-Lorraine; and via the Rhine-Marne canal through to Paris and from there to Le Havre.

Energy infrastructure

Cheap and plentiful energy—above all electricity—is the second key to an “economic miracle” in the Paris-Berlin-Vienna triangle. The model to be followed is France’s nuclear energy program as originally planned under Charles de Gaulle. Not only does nuclear energy provide France with electricity at half the cost of alternative sources, but its use can eliminate the terrible pollution caused by heavy use of brown coal in the G.D.R. and other East bloc countries.

Based upon raising per capita energy levels to a value slightly above the present F.R.G. values, an installed electric generation capacity of approximately 120 GWe is required for the central triangle.

The most urgent task is to rebuild the energy systems of the eastern side of the triangle, i.e. the G.D.R. and western Czechoslovakia. For this purpose, beyond immediate measures to modernize coal power plants which still have useful life, nuclear energy is the only viable solution. Construction of an additional 6 GWe of nuclear power in the G.D.R., and 4 GWe in western Czechoslovakia should be begun as soon as possible.

For a variety of reasons, the high temperature gas cooled reactor (HTGR) is the most attractive design for the eastern and central areas of the triangle. This reactor type is intrinsically the safest in existence—it shuts itself down by physical mechanisms and is incapable of producing a “meltdown.” HTGR modules of about 150 MWe can be produced in assembly-line fashion and installed in 27 months or less. They can provide high-temperature industrial process heat as well as electricity and lower-temperature heat for district heating. Their inherent safety characteristics permit them to be installed directly inside urban industrial centers.

Moreover, the HTGR provides the key to efficient and pollution-free exploitation of the brown coalfields of the G.D.R., Czechoslovakia, and the Ruhr region. The basic technology is available for using HTGR process heat to produce synthetic natural gas by gasification of brown coal. HTGR centers should be located in the coalfields, where they can use the dense energy infrastructure already existing there. These centers will feed large quantities of synthetic natural gas into the system—helping to reduce import dependency—and provide electricity now produced by the giant brown coal combustion plants. Production of liquid fuels by nuclear process-heat liquefaction of coal is also possible.

The technical quality of the electricity grids in the G.D.R. and Czechoslovakia must be upgraded to permit their integration with the West European system. In addition, the dependency upon Soviet oil and natural gas should be reduced, in part by a series of additions and changes in the pipeline systems permitting gas and oil to be pumped into the eastern side of the triangle from the west (**Figure 7**).

Communications

Modernization of telecommunications systems in the G.D.R. and western Czechoslovakia must proceed at the highest technical standards required by the central triangle as the world’s most advanced industrial region of the year 2000 and beyond. The logical step is to go directly to the digitized radiotelephone system already projected for Western Europe (“D-system”). Within five years or so, people will be able to communicate with each other anywhere in central Europe, without interruption: at home, at work, in automobiles and trains.

The same system must provide data-links for rapid access to scientific information. There is no way the present library systems in central Europe could satisfy the demands which will arise when 5-10% of the labor force is engaged in scientific research and development. The entire existing literature, from the classics to the latest books and periodicals, must be made electronically accessible, from the schoolroom, home, and workplace. The technical means now exist to accomplish this, an accomplishment which will contribute greatly toward raising standards of education at all levels.

Final notes

This outline only contains the bare essentials of a program for infrastructural development of the “Paris-Berlin-Vienna Triangle.” Many important questions could not be touched upon here, such as the necessary credit measures, the implications for development of Poland and other nations, or how to revive the great European centers of learning as part of a scientific and cultural renaissance. These and other points will be addressed in other locations. Our purpose here is to provide a “lexicon” for future discussions, and a common basis of understanding for what must be done to put the world once more on the track toward peace and prosperity.

Azerbaijan war brings Soviet leadership crisis to a head

by Konstantin George

The Soviet leadership crisis will come to a head at the next Central Committee Plenum Feb. 5-6. The formal agenda will be the Baltic crisis and "preparations for the 28th Party Congress." But such formulations from the Soviet news agency TASS can only be greeted with laughter. The real agenda is defined by the totality of the crisis which is engulfing the Russian empire. This plenum will be a brawl, filled with accusations and counteraccusations, as each tries to pin the blame on the other for the avalanche of social, political, and economic disasters.

The shift toward truly cataclysmic internal developments is dramatized by developments in the Transcaucasus, Ukraine, and actions taken by the Soviet military command.

Military occupation of Azerbaijan

In the Transcaucasus, the Soviet military occupation and massacres of thousands in Azerbaijan has created a totally new situation. The irreversible process of a protracted Azeri guerrilla war against Russian occupation has begun. At some point during 1990, sooner or later, armed resistance will spread to the large Turkic populations of the Central Asian republics across the Caspian Sea from Azerbaijan. For Moscow, the nightmare of a decade or more of very bloody insurgency along its entire Moslem southern rim, has now become reality.

TASS reports on Jan. 25 that "the situation in Baku is normalizing" are lies, but are in any case irrelevant. In Baku itself, as even the Soviet media admit, shooting continues, and the Azerbaijan general strike continues uninterrupted as we go to press on Jan. 27. What Moscow reports as signs of "normalization," the partial re-opening of food shops and some urban transport, merely reflect decisions taken by the Azerbaijan Popular Front strike and resistance leadership to

ensure that people receive food staples during the general strike.

Baku, in any case, is only one city, and by no means representative on all counts of what is going on elsewhere in Azerbaijan. Indeed, the Azerbaijani guerrilla war against the Soviet Army is *not* occurring in Baku, but in the hilly and mountainous interior provinces of that republic. It is there that most of the massacres and nearly all the heavily armed resistance has been going on. If one reviews all Soviet media coverage of Azerbaijan since the military intervention began on Jan. 20, one will find not a shred of actual news on what has been happening on the ground in the interior provinces of Azerbaijan, in southern Azerbaijan near the Iranian border, and in the Azerbaijan exclave of Nakhichevan, positioned between Armenia and the Soviet border with Iran and Turkey. In short, *wartime censorship* has been imposed over what is really going on.

The first official Soviet admission of how serious the guerrilla war already is, was provided in figures released by Defense Minister Dmitri Yazov Jan. 26, when he asserted that the Red Army, KGB, and Interior Troops are facing at least 40,000 well-armed guerrilla fighters, "well-organized," supplied with radio equipment, and coordinated by "command centers."

Callup of Army reserves

The second indication of a shift in the nature of the crisis was the partial mobilization of Soviet Army reservists announced by Defense Minister Yazov on Jan. 18, timed to coincide with the decision to pour troops into the Transcaucasus. The callup, which involved no more than 100,000 troops, was, from a purely military standpoint, not that significant, and certainly, strictly measured from the standpoint

of what additional capacity it added to the Soviet Army and where it added that capacity, represented no immediate military threat to the West.

But the mobilization, from a historical-strategic standpoint, was extremely important: It means that a political point of no return has been crossed. For the first time in Soviet postwar history, a reserve callup was necessitated because of a war inside the U.S.S.R.'s borders. Reflecting the extreme instability among the empire's non-Russian populations, the callup was confined to reservists from Russia and the areas of eastern Ukraine with large mixed populations of Ukrainians and Russians. Moscow did not dare call up reservists from the Baltic or Transcaucasian republics, or from the Turkic republics of Central Asia.

The reserve callup was not popular. The families of recently demobilized Afghanistan War veterans—the bulk of those called up—were not exactly elated at the prospect of sons and husbands being sent to fight in a “second Afghanistan” in Azerbaijan. Demonstrations, led by mothers and wives, against the mobilization were held in cities throughout southern Russia and the eastern Ukraine. To avoid a total explosion against the mobilization, Moscow's Defense Ministry was forced to categorically declare that none of the reservists called up would be sent to the Transcaucasus. Moscow has never before felt compelled to issue such a statement.

Demonstrations in the Ukraine

On the very weekend that the massacres of the Soviet Army and security forces inaugurated the guerrilla war in the Transcaucasus, an even bigger shock rocked the Kremlin. This one came from Ukraine, with 50 million inhabitants, by far the largest of the non-Russian republics.

The occasion was Sunday, Jan. 21, the 72nd anniversary of Ukraine's 1918 anti-Bolshevik declaration of independence from the Russian Empire, and the creation of a republic. Over 1 million Ukrainians demanding independence formed a 500-kilometer-long human chain, from the western Ukrainian city of Lvov to the capital of Kiev. Mass rallies were held in Kiev, Lvov, and some 30 other Ukrainian towns and cities, with heavy worker representation, especially from the miners. At each rally, the main slogans were for independence and “Down with the Communist Party!”

These rallies are only the beginning of a “Ukrainian Spring.” The leading role of the miners and industrial workers in the protests points to a new mass strike wave in the republic. The Ukrainian coal miners of the Donbass and other regions already had played the key leadership role in the coal miners' strikes that swept the Soviet Union last summer. As the events of last summer showed, a Ukrainian strike wave will not occur in a vacuum. It will inevitably be joined by strikes and protests among the Russian work force.

In short, the period in which the crisis was mainly confined to the empire's rim has ended. From now on, both the outlying regions and the Slavic core will both be in revolt.

Events are moving rapidly. Until Jan. 13, when the Transcaucasus crisis erupted, the Soviet leadership was expending its energy on dealing with the Baltic Republic of Lithuania's campaign to leave the Soviet Union. By Jan. 25, only 12 days later, that same Soviet leadership would give up their dachas in exchange for returning to the “paradise” of Jan. 12, when the main immediate crisis was that in Lithuania.

The Ukraine eruption, coming immediately on top of the mess in the Transcaucasus, triggered a full-scale leadership crisis in Moscow. On Jan. 22, an emergency Politburo meeting was held. Decisions taken at that meeting, combined with an announcement made in Vienna that same day by Gen. Mikhail Moiseyev, Chief of the Soviet General Staff, revealed the profundity of the crisis.

The Politburo decided to postpone the next Central Committee Plenum from Jan. 29 until Feb. 5. Only three days before that decision, Soviet President Mikhail Gorbachov had stated “definitively” that the next plenum would be held on Jan. 29; thus, Gorbachov had been overruled by a Politburo majority. His close ally, Aleksander Yakovlev, was also gruffly overruled. It was Yakovlev who had been responsible for preparing the draft documents for 28th Party Congress—documents that will be discussed and voted on at the Feb. 5-6 plenum. The Politburo rejected the drafts, and made a point of not only returning them for amendments, but returning them *personally* to Gorbachov, so that *he* would have to do the amending. In plain English, Gorbachov was told to choose between Yakovlev and the will of the majority. That majority, of course, includes the military.

It was, therefore, most revealing that it was the Soviet General Staff, through General Moiseyev, that revealed—on the same day as that Politburo session—that the Warsaw Pact's highest organ, the Political Consultative Committee, was no longer chaired by the General Secretary of the CPSU (Gorbachov), but by a dual chairmanship consisting of the Soviet President (Gorbachov) and prime minister (Nikolai Ryzhkov).

Moiseyev's declaration marked the second major whittling-down of Gorbachov's military-related executive powers since November, when Ryzhkov's Politburo colleague, Lev Zaikov, who like Ryzhkov, stems from the U.S.S.R.'s military-industrial complex, was named first deputy chairman of the U.S.S.R. Defense Council, in reality the country's highest executive organ. That move made Zaikov nominally “number two” on that body, under its chairman, Gorbachov. But in reality, it placed Zaikov in charge of running the crucial Defense Council on a day-to-day basis.

Gorbachov's trouble is merely a surface reflection of the crisis that will continue to escalate, regardless of who is nominally at the helm. The process of dissolution, so evident in the events of the two weeks between Jan. 13 and Jan. 25, has inaugurated a new page in history, filled with hope for the rebirth of sovereign states, but equally filled with danger from a mortally wounded beast.

The weakening of Benazir Bhutto and its fallout

by Ramtanu Maitra and Susan Maitra

Pakistan Prime Minister Benazir Bhutto is acting desperate in the face of a rising crescendo for early elections. On Jan. 21, the day Pakistan's "establishment representative," Foreign Minister Yaqub Khan, arrived in New Delhi to discuss the growing difficulties in bilateral relations, Bhutto, in a statement broadcast by the state-run television, announced that the recent developments in the state of Jammu and Kashmir (the Indian part of Kashmir) "are not only a matter of grave concern for the people of Pakistan but have caused resentment in the Muslim Ummah [nation]."

Prime Minister Bhutto is referring to the increased confrontation between the secessionists and fundamentalists with the law-and-order officials, causing death and despair all over the Kashmir Valley. Since the beginning of the winter, the Jammu and Kashmir Liberation Front (JKLF), helped by a cache of arms and unlimited funds reportedly from outside, and various other secessionist groups and the fundamentalists have taken to the streets demanding an independent Kashmir and demonstrating they are ready to sacrifice their lives for it. The situation has grown worse over the last few weeks and New Delhi has appointed a governor known for his no-nonsense style, and put the state under Governor's Rule.

A disputed territory

Kashmir, a disputed territory, is located in the north of the subcontinent bordering China, India, and Pakistan. Its northernmost point is not far from Afghanistan and the Soviet Union. The dispute arose soon after the British exit in 1947, leaving a partitioned subcontinent and 500-odd princely states, including Kashmir, to determine whether to merge with India or Pakistan. Before the Maharaja of Kashmir could announce his intention to merge with India, the princely state of Kashmir experienced an invasion from the west. Although Pakistan, to date, claims that the invaders were locals, there were strong indications that they were actually Pakistani soliders dressed as locals. The lightning strike helped the invaders to occupy almost

half of the state. Since then, an uneasy line of actual control separates the two nations in Kashmir.

While India has officially integrated Jammu and Kashmir as part of the Indian Union, the Pakistan-held part has remained Azad Kashmir (Free Kashmir) and autonomous. However, for all practical purposes, Azad Kashmir is as much a part of Pakistan as the other four provinces in that country. Pakistan insists that all of Kashmir is part of Pakistan and part of it is "illegally" held by the Indians, and demands that Kashmir must be liberated. India, though apparently more flexible, has never renounced its claim to the entire Kashmir.

Since the majority of the people living in Kashmir are Muslims, the *raison d'être* behind the formation of Pakistan in 1947, the Kashmir issue has been kept in the forefront by the anti-India lobby in Pakistan. This is a powerful lobby politically, consisting of the mullahs belonging to many fundamentalist groupings, the new-look Islamic army created by the late President Mohammad Zia ul-Haq and pseudo-nationalists who use the anti-India rhetoric to slander anyone they choose. The Simla Agreement in 1972, signed by Prime Minister Zulfikar Ali Bhutto and Indian Prime Minister Indira Gandhi, laid the foundation for a bilateral negotiation to settle Kashmir and other disputed issues between the two nations. However, with the takeover by President Zia in 1977 through a military coup which ended up in the hanging of Prime Minister Bhutto two years later, the winds were taken out of the agreement. There were hopes when Benazir Bhutto took over as prime minister that the Simla Agreement would be the basis for the two countries to negotiate solutions to disputed matters and develop a constructive relationship.

As late as last October, while in Kuala Lumpur, Benazir Bhutto told the *Business Times* that the outstanding disputes with India over Kashmir and Siachen glacier (another point of contention) should be settled on "a step by step" basis "to build mutual trust and confidence." In three months Bhutto has changed her tune; she is now competing with her enemies within Pakistan to out-shout each other on the Kashmir issue.

What went wrong?

Between October 1989 and January 1990 Bhutto has been seriously weakened politically. The no-confidence motion brought by the combined opposition to oust the Bhutto administration through votes in the National Assembly last November, showed that in one year Bhutto had lost 23 member-supporters in the National Assembly, and she survived the opposition onslaught by the skin of her teeth. During the horse-trading to win over various Assembly members, Bhutto came under serious attack from the mullahs belonging to the Jamaat-e-Islami and the chief minister of Punjab, Nawaz Sharif. Bhutto was labeled an agent of the "Zionist" and "Indian" lobby. The prime minister's failure to counter the

charges politically was apparent.

Since Bhutto has handed over the running of Pakistan's rickety economy to the International Monetary Fund, as a measure to please Washington, the economic promises that she and her party, the Pakistan People's Party (PPP), made to the people prior to the 1988 elections, have been left unfulfilled. Pakistan's economy is now bracing up for a strong dose of austerity, the kind that began street riots in Venezuela last February.

The failure to move the economy, the loss of supporters to ruthless opponents in the Combined Opposition in the National Assembly, and her inability to divert the slanders of the mullahs and the Muslim League, have crippled Bhutto. Added to her problem is the much-ballyhooed military exercise carried out by the Pakistan Army. Code-named Zarb-e-Momeen (Strike of the Faithful), the exercise was a media hype to refurbish the Army's image as the main institution in the protection of national security. The effort was led by Chief of Army staff Gen. Mirza Aslam Beg—an immigrant from the Indian state of Uttar Pradesh who makes known his view that it is India which is the enemy, while Afghanistan is a fraternal brother. The Army was on the defensive when the 1988 elections were held following President Zia's sudden death after presiding over a highly unpopular rule of 11 years. It is almost a repeat performance of the 1970s. Then, after an ignominious surrender to the Indian Army and loss of the eastern wing of Pakistan—not to speak of the atrocities committed in what is now Bangladesh—the army leaders were in deep depression. But six years of Prime Minister Zulfikar Ali Bhutto's misrule brought the Army back as a better alternative.

Mischief making

During the last month or so, a massive campaign has been started by the opposition to dismiss the "fascist" PPP regime and hold fresh elections soon. Although the charge is led by the unscrupulous Punjab chief minister, the pressure on the President to dismiss the Bhutto administration is apparently coming also from the army and the mullahs. U.S. Ambassador to Pakistan Robert Oakley, who, according to one scribe, sits through meetings of top-level Pakistani government officials—which surely makes things awkward for Bhutto—is meeting each and every opposition leader in Pakistan. Apparently, the Bush administration has not made up its mind to give the green light for fresh elections. It is somewhat interlinked with the fact that Washington is in the process of decoupling from the Afghanistan imbroglio in order to lay the ground for a summer Bush-Gorbachov summit. It is expected that the date for signing the "negative symmetry" accord will be determined soon after the Baker-Shevardnadze meeting in Moscow on Feb. 6-7.

Nonetheless, it is evident that U.S. Ambassador Robert Oakley will soon give President Ghulam Ishaq Khan the

necessary signals and a mid-term poll may be held in Pakistan as soon as early summer. This is also understood by Benazir Bhutto, as indicated when she told the BBC in a recent interview that her party is prepared to face mid-term polls. This is the first time that Bhutto, who had earlier repeatedly rejected the notion, has hinted at the possibility of snap elections. Reportedly, she has also met with the chief election commissioner recently.

Having accepted this eventuality, Bhutto, not unlike her father, is trying to woo the disparate forces who have rejected her because of her Western upbringing, gender, and family name. It is this desperate wooing that culminated in her call for the Muslim Ummah to take note of the "injustices committed by the Indian government" in Kashmir. Whether she will be able to make the mullahs lift the charge that she is "pro-India" is yet another matter, but the risk she is taking, besides being politically counterproductive, is enormous.

Though Bhutto's outburst on Kashmir must be viewed against this background and should not occasion undue reaction in India, her statement that her government supports the "just cause of the Kashmiri people" and that she would make "no compromise on the question of the right of self-determination of the people of Jammu and Kashmir because this right belongs to them," sends the wrong signals to the mischief makers.

Already, Sardar Abdul Qayyum Khan, president of Azad Kashmir and who recently shared the podium in Islamabad with the Pakistan-based JKLF leader, Amanullah Khan, has told newsmen that more deaths in the Indian part of Kashmir "could spark a tidal wave" across the porous 1,400 km border. "People are becoming deaf to reason and logic," Khan said. "An emotional situation is brewing," he added. There is also fear that Bhutto's statement, since it refers to the Muslim Ummah, will draw anti-India reactions from Saudi Arabia and other Arab nations, who are already funding the Muslim fundamentalists in Jammu and Kashmir.

In India, on the other hand, the Hindu fundamentalist-led Bharatiya Janata Party (BJP), which now supports the government from outside and wields a good deal of influence on the Punjab and Kashmir issues, has strongly condemned Bhutto's outburst. Party theoretician K.R. Malkani, in a polemical article in the *Times of India* on Jan. 22, pointed out: "Reopening the territorial issue will be like opening a Pandora's Box. In the process, even a Muslim-majority province like Sindh may wish to opt out of Pakistan! These are games at which two can play—and the bigger side no doubt has the better hand!"

Malkani's veiled threat is an indicator of just how far-reaching an effect rash statements have. Bhutto's political weakness can become a handy alibi for furthering tensions in the subcontinent. Bhutto should know that there are many waiting in the wings—Britain and China in particular—to see yet another flare-up between India and Pakistan.

When Russia held Iranian Azerbaijan

We print here excerpts from EIR's 1984 Special Report, "How Moscow Plays the Muslim Card in the Middle East," about the Soviet occupation of the northern half of Iran after World War II, and Moscow's subsequent sponsorship of the so-called Democratic Party of Azerbaijan. Today's Transcaucasus crisis has brought these matters alive again, with the prospects of the Azerbaijan Soviet Socialist Republic bolting to join Iran, or Moscow, in its move to prevent that, marching south once again.

Some of the Soviet personnel mentioned have disappeared or changed their posts. Former Politburo member Geidar Aliyev, the career intelligence officer from Azerbaijan, was made a first deputy prime minister of the U.S.S.R. in 1982. Aliyev lost his Communist Party and government posts in October 1987, at the age of 64, after reportedly suffering a serious heart attack. But the Soviet press reported his presence at various government meetings during the following year, and other sources have alluded to his continuing involvement in Azerbaijani politics. Abdul-Rakhman Vezirov, the Azerbaijani party chief ousted Jan. 20, after Armenian complaints he had fanned the violence in Azerbaijan, had old intelligence ties to Aliyev. Vezirov had served overseas, as Soviet ambassador to Pakistan, among other postings.

Though the dramatis personae have changed, the Soviet intelligence agencies' ability to undercut genuine nationalists by means of provocation and instigation of violence is much in evidence in the present crisis. It relies on the networks described here.

The center of aspirations

The Soviets never made any bones about where the Middle East ranks on their list of geopolitical priorities. A Nov. 25, 1940 note from the Soviet government to the Third Reich spelled out Soviet demands for further definition of the spheres of influence carved up between them in the Molotov-Ribbentrop agreement the year before. Moscow consented to join the Germany-Italy-Japan alliance (it never did) only if granted a land and naval base in the area of the Bosphorus

and the Dardanelles and only "provided the area south of Batum and Baku in the general direction of the Persian Gulf is recognized as the center of the aspirations of the Soviet Union."

The Azerbaijani Communist Party

By the late 1920s, the Communist International's Third World operations were reshaped to emphasize the building of individual Communist parties, but the role of the Azerbaijani Communist Party, with its heritage from the "Islam-Marxist" N. Narimanov (shot in the 1930s as a "nationalist deviationist"), stayed as strong as ever. The party's approach, later perfected by Geidar Aliyev, was to exploit indigenous belief structures, but tame them away from the disruptive excesses of Islamo-Marxists and shape them as a means for the outward expansion of influence. Azerbaijan supplied organizers and administrators to Soviet Central Asia proper, establishing Baku as the hub of Soviet activity in the Islamic world. The Turkish, Iranian, and Iraqi Communist parties were organized from Baku.

Baku was also a staging-place for operations of the GPU and the NKVD, the acronyms by which the Soviet state security organization today called the Committee for State Security (KGB) was known in the 1920s and 1930s. The GPU had an Eastern Department and a general Foreign Department in which there was an Eastern Section handling operations in Iran, Afghanistan, Turkey, and Iraq. Beginning in the 1920s, the GPU built up an extensive network of deep-penetration agents, to the point where defectors testified that GPU agents included functionaries in important Iranian government ministries, consuls of the Iranian diplomatic service, Iranian police officials on the take and even a prince of the House of Qajars. Soviet operatives typically included members of Iranian and Azerbaijani families that split themselves on two tracks so as to have a stake in the future of their area, no matter who ended up controlling it; such was the case of the two Taghi-Zade brothers, known as the Red and the White Taghi-Zades. The former acted as a Soviet agent run out of Baku, maintaining a liaison for the Soviets with German intelligence networks in Iran during the 1930s, while the Tabriz-based "White" brother, Sayid Hassan Taghi-Zade, became an Iranian senator and eventually the Iranian delegate to the United Nations, lodging complaints against Soviet behavior in Iran in 1946.

Also in Iran, the GPU attempted to develop leverage by cultivating ethnic minorities—Kurds and Armenians. In the case of the Armenians, this involved a GPU interface with the Armenian Apostolic Church, several of whose bishops deployed on GPU missions from the church's center in Yerevan, Soviet Armenia, into Iran, China, India and elsewhere.

Soviet occupation

What the accumulated Soviet capabilities meant for adjacent countries became evident at the end of World War II,

when Soviet troops occupied the northern half of Iran, and for a period of nearly a year showed every intention of staying there to secure that “center of aspirations . . . in the general direction of the Persian Gulf” about which they had informed the Third Reich’s Foreign Ministry before the Hitler-Stalin Pact was broken. In August 1945, as an agreed-upon early 1946 deadline for Soviet withdrawal from northern Iran drew near, the Soviets threw their backing behind the formation of an independent Democratic Party of Azerbaijan. On Dec. 12, 1945, they backed the proclamation of the autonomous Republic of Azerbaijan, with its capital in the north Iranian city of Tabriz. Kurdish separatists simultaneously set up a Kurdish People’s Government, holding a strip of territory to the west of the Azerbaijani entity and bordering on Iraq, Turkey, and the Armenian S.S.R.

The head of the “independent Azerbaijan” operation was an Iranian Communist named Jaafar Pischevari, who was none other than the Islamo-Marxist Sultan-Zade, who had attended the Communist University in Soviet Turkestan and been present at the Sixth Congress of the Comintern in 1928. He had also been an official in the short-lived Soviet Republic of Ghilan, which existed in 1920 and 1921 when the Red Army occupied the southern coast of the Caspian Sea; Josef Stalin had supported hanging on to Ghilan, but Lenin defeated that policy at the time.

The Soviet Army did pull out of Iran in 1946, but the Azerbaijani party leadership kept its agents in the Azeri part of Iran, running them in close collaboration with the KGB. The leadership of the Democratic Party of Azerbaijan in large part relocated to Baku and points north, including Moscow and Leipzig, East Germany—a center for unreconstructed Nazis working in the Communist intelligence services. Pischevari was killed in a car crash in the Soviet Union in 1947. One of the Democratic Party of Azerbaijan’s prominent military figures, Gen. Golam Yayha Daneshian, lived in Baku after 1946 and was multiply honored with Soviet military and political medals. He and other of the “Democratic Azerbaijan” exiles maintained ties across the unusually porous border between Soviet Azerbaijan and Iran. After the Khomeini revolution, they or their agents returned there more frequently.

The wartime and postwar head of the Azerbaijani party, Mir Diafir Bagirov, reportedly fond of the slogan “Long live the united people of Azerbaijan!” was a close friend of the KGB chief Lavrenti Beria, whose experience in Baku went back to pre-1917 days when he reported both to the Czarist Okhrana and to the Baku party chief Anastas Mikoyan. With Beria, until Beria’s execution in 1953, and alone, until he himself was eliminated in 1956, Bagirov personally ran agents in merchant circles in Iranian Azerbaijan.

Aliyev

Future Azerbaijani Communist chief Geidar Aliyev reportedly had roots in the religious establishment. It is be-

lieved that one of his relatives was Ali-Zade, longtime head of the Muslim Spiritual Administration of the Transcaucasus. In the summer of 1945, when Pischevari was preparing his “independent Azerbaijan” gambit, Sheikh-ul-Islam Ali-Zade went on a special asset-building mission to Iran, visiting Tabriz, Qazvin, and Teheran on invitation from the Iranian Muslim official, Sheikh-ul-Islam Malayeri. This was the time when Moscow was sending every conceivable religious emissary into the Middle East, starting with the grand tour of the region made by Patriarch Aleksei (Simansky) of the Russian Orthodox Church/Moscow Patriarchate. Iran was still under joint British and Russian occupation. In each zone, there were prisoners in jail for collaboration with the Nazis during the war. Many of these had been members of a Nazi fifth column brought into being by skilled experts playing an anti-imperialist card, in the way the Soviets do today. The story of Ali-Zade’s visit goes, that Malayeri asked him if he could not get “poor, innocent Iranians . . . still kept in jail for their alleged connivance with the Germans” to be set free. “Can you use your influence with the Soviet ambassador to effect their speedy release? If you do, you will give us an irrefutable proof of the position you enjoy with your authorities.” Ali-Zade did prevail upon the Soviet ambassador, the internees were set free, and Moscow propaganda capitalized on the whole affair to make Britain look bad for not releasing the analogous people in the southern part of the country.

Geidar Aliyev, born in 1923, launched his career through the KGB during those years. According to Soviet emigré Ilya Zemtsov, who worked under Aliyev in Baku, the former covert communications officer behind German lines was assigned to a newly expanded Eastern Department of the KGB in 1953. In the following years, says Zemtsov, Aliyev was deployed in Iran, Turkey, Pakistan, Afghanistan, and Turkey again.

In 1957 he got his degree from the History Faculty, State University of Azerbaijan, and by 1964 he was deputy chairman of the Azerbaijani KGB with the rank of colonel. In 1967, the year Yuri Andropov became national KGB chairman, Aliyev was made head of the KGB in Azerbaijan. When Ayatollah Khomeini was living in Iraq in the 1960s, agents from Aliyev’s Azerbaijani KGB maintained a Soviet liaison with him, according to an Iranian source.

In 1969, Aliyev took over as First Secretary of the Azerbaijani Communist Party.

Just months before his November 1982 elevation to full Politburo membership, according to the *Times* of London, Aliyev told visitors in Baku of his “personal hope that the Azerbaijanis will be united in the future.”

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Noriega's 'drugs' were really tamales

by Carlos Wesley

News that the "50 kilos of cocaine" allegedly found at the headquarters of Panamanian Gen. Manuel Noriega by U.S. forces after the Dec. 20 invasion were nothing more than corn tamales wrapped in banana leaves, a traditional Christmas fare, has made the Bush administration the laughing-stock of the Western Hemisphere.

In Colombia, radio and television reporters break out in giggles every time they read the story. Headlines from the Mexican press of Jan. 24 sum up Ibero-America's reaction:

● *El Nacional*: "Noriega's case goes flat . . . U.S. charges proven false. . . . U.S. Southern Command mistook tamales for cocaine." The paper also ran an AFP wire: "Perhaps, in order to salvage something, the spokesman claimed that the tamales were tools for the practice of witchcraft by Noriega. But witchcraft is not one of the charges for which the Panamanian military is being tried in Miami."

● *El Universal*: "Charges against Noriega go up in smoke. Many of the U.S. accusations against Noriega are false. . . . Alleged cocaine shipments found in his office turned out to be tamales. . . . List of assets claimed to be his, was wrong; they belong to the Panamanian government. . . . Southern Command issues retraction."

The Brazilian daily *Jornal do Brasil* ridiculed the tamales story in an article Jan. 24 by its special correspondent in Panama, Manoel Francisco Brito. When the tamales were first discovered, Brito wrote, it "was greeted as one of the strongest proofs of the links between the Panamanian ex-dictator and the traffickers. . . . So much so that on the fifth of this month, when Noriega was formally presented in federal court in Miami to hear the charges against him, the prosecutor advised the judge that the 'powder' would be included as proof of the accusation." But "the 'powder' was taking a long time leaving Panama—and now it is known why." Brito added, "If the army is not only incapable of differentiating cocaine from macumba powder, and it took them a whole month to discover their error, how can they confront traffickers?"

On Jan. 25, protesters demonstrated in front of the U.S. embassy in Mexico "to warn that a U.S. military invasion of Mexico is imminent because the country is full of tamales," reported Reuters. "Scores of people joined in the protest outside the heavily guarded embassy, shouting slogans that included 'They Invaded Panama Because of Tamales' and 'Yankees Get Out of Panama.' . . . 'We have come to this embassy to show the true nature of tamales. . . . They are inoffensive, none of them are hallucinogenic and they can't

be injected or snorted.' "

A Panamanian source said, "first it was watermelons, now it is tamales," in recalling that the first U.S. invasion of Panama in 1856, when the country was still part of Colombia, came about when an American who was drunk purchased a slice of watermelon from a street vendor and refused to pay for it. The ensuing argument ended in a fight in which the American was fatally wounded, and the Marines were ordered in "to protect American lives."

Protecting the real drug general

The Bush administration's credibility is also being challenged by television networks which are demanding that the Pentagon release the combat footage of the Panama invasion, particularly the AC-130 bombing of Panamanian Defense Forces headquarters, which could show whether it was the U.S. bombardment, or, as the Bush administration claims, elements of the Dignity Battalions, that caused the burning of El Chorrillo district, killing hundreds and leaving thousands homeless. The Pentagon now claims that it has lost the footage from the AC-130 bombardment.

The Bush administration's disinformation claim of "Noriega's massive wealth," a lie promoted especially by U.S. Deputy Secretary of State Lawrence Eagleburger in a speech to a meeting of the Organization of American States (OAS) on Aug. 31, 1989, is also under attack. According to the Jan. 22 *Miami Herald*, U.S. officials "privately concede that the U.S. government may have liberally mixed fact with fiction in its efforts to convince the world of Noriega's crimes. The U.S. State Department's case against Panama's Noriega contained many inaccuracies, documents seized by the U.S.-installed government show."

The *Miami Herald* neglected to say that Eagleburger's outburst was in defense of Panama's real drug general, Rubén Darío Paredes, who preceded Noriega as head of the PDF. It was Paredes who publicly admitted a personal relationship with Medellín drug cartel kingpin Jorge Ochoa, and whose son was killed by the drug cartel—together with Cesar Rodríguez, a pilot running weapons for the Nicaraguan Contras and Colombia's narco-terrorist M-19, and Nubia Pino de Bravo, widow of a pilot for the drug mob—in a drug deal that went sour, who gave the drug mafias entry into Panama. It was when Noriega stopped Paredes's bid for the presidency of Panama and began to dismantle the drug apparatus established by Paredes and many of the people that the United States has now appointed to be the government of Panama, that Henry Kissinger and the Reagan and Bush administrations decided to get rid of Noriega.

Judge William Hoeveler, at a Jan. 19 hearing on the Noriega case, stunned the courtroom with the announcement that he was scheduling the trial of Noriega for March 5, months earlier than expected, indicating the government's intention to railroad a conviction. It remains to be seen what effect these revelations will have.

Documentation

World criticism of invasion of Panama

Mexico: Alejandro Ramos of *El Financiero*, in a commentary published in the *Journal of Commerce* Jan. 16, entitled, "Keep Dan Quayle at Home":

"Mr. Quayle's trip, along with the Bush administration policy of 'shoot first and ask questions later,' will sow instability in a region that already is overwhelmed by an economic crisis of 10 years' duration, a crisis that has pushed the living conditions of hundreds of millions of people back to a level of extreme poverty. . . ."

"This situation leaves the U.S. without allies, but with satellites which provide fertile ground for social instability and future strong anti-American sentiment."

Mexico: Carlos Moncada Ochoa, *Impacto*, Jan. 18:

"During a press conference in Cincinnati, U.S. President George Bush unveiled a new concept of beauty. He said the operation by which the Panamanian people were massacred was 'beautifully coordinated.' There are pyromaniacs who enjoy the spectacle of fire, and to achieve that, burn down houses and buildings; spectators who enjoy it when blood pours down the face of a boxer or the flank of a bull. . . . These types have been shown up. Beauty is now dropping with paratroopers, tanks, flame-throwers, rockets, and bombs on an innocent people, wiping out entire neighborhoods, burying the victims as unknown persons, imposing a President, sacking embassies, and playing grating rock and roll at the Vatican's representatives. We would have thought that all of that were despicable. But no; Mr. Bush affirms that it is beautiful."

Great Britain: *Private Eye*, Jan. 11:

"There can be no defense for the position of the supine U.S. media, which have so far made no serious inquiry into how many Panamanian civilians died while being 'liberated.' Estimates of casualties range from hundreds to thousands, but counting seems the last thing on the mind of the new U.S.-installed government. . . ."

"New Panamanian president Guillermo Endara was for many years a leading camp follower of previous president Arias, who was deposed three times by the U.S. An admirer of Hitler and Mussolini, Arias was a white supremacist who tried to expel all West Indians from the country."

United States: *Baltimore Sun*, Jan. 19:

U.S. officials interviewed by the *Sun* were very upset at the U.S. raid on the residence of the Nicaraguan ambassador, and said that the U.S. also stores weapons. One State Department official said the searching of the Cuban ambassador's

car "exposes every American ambassador to the possibility of an armed blockade. He would have to agree to be searched. This is appalling. This is the most appalling thing I've ever seen."

United States: former State Department official Charles Meachling, Jr., *Miami Herald*, Jan. 22:

Meachling argues that the capture of Noriega was a violation of the Geneva Convention on the treatment of prisoners of war and says that this is racist and "demonstrates the contempt" in which the administration holds Latin America. When he surrendered, Noriega "was a prisoner of war in every sense, and, under the laws of war, entitled to the same treatment as any other general, officer, or PDF enlisted man for that matter. . . ."

Thereafter, instead of the routine courtesies afforded to surrendering enemy officers in America's other wars, including German and Japanese officers suspected of atrocities, Noriega was turned over to agents of the DEA, stripped of his uniform, and, in medieval fashion, manacled and shipped to the U.S. in chains. On arrival he was subjected to a mug shot, in his undershirt, while holding a prison number over his chest. The photograph was then released to the press. This degrading treatment, inflicted on a surrendering commander-in-chief, violates U.S. Army regulations and provisions of the Third Geneva Convention that require honorable treatment of prisoners of war in accordance with age and rank. It is unheard-of treatment of an ex-government leader and military commander, at least in civilized countries and since the dark ages. By comparison, Sitting Bull, the Sioux Chief who massacred Custer, and Emilio Aguinaldo, who led a rebellion against U.S. forces in the Philippines, got the red carpet.

"There is the additional question of what authority the U.S. Army had to turn Noriega over to the DEA, and whether it could thereby relinquish responsibility for his subsequent mistreatment. The Geneva Convention expressly forbids deprivation or renunciation of a prisoner's POW status. After World War II, German Army commanders were not absolved for the prisoners turned over to the Gestapo or the SS. Considering all the protection afforded POWs by the Geneva Convention, and Noriega's POW status, it is a mystery why Noriega's attorneys did not immediately move to return him to military custody."

United States: *Oakland Tribune*, Jan. 22:

"No one has bothered to tell the American soldiers who risked their lives in the belief they were liberating Panama from the grips of drug profiteers. But while they patrol the streets of Panama City, the new government is quietly appointing one drug-linked individual after another to some of the highest posts in the land. . . ."

"President Endara's appointments read like a 'who's who' of Panama's oligarchy. Many of those individuals have personal or business associations with the drug money-laundering industry."

The U.S. invasion of Panama

by Prof. Friedrich August Baron von der Heydte

Professor von der Heydte, of the Federal Republic of Germany, wrote this evaluation in January 1990.

The military action of the United States of America against Panama meets the criteria of an undeclared war of aggression in violation of international law. In the course of the fighting, the United States furthermore committed war crimes, and subsequently occupied the country in violation of international law. An appropriate reaction of world public opinion has as yet been prevented solely by the timing chosen by the Bush administration, parallel to the breathtaking upheavals in Eastern Europe, particularly Romania.

The United States of America is solely responsible for the outbreak of hostilities against Panama in violation of international law. The military invasion of regular American armed forces into a foreign national territory—the Republic of Panama—represents an armed invasion constituting an undeclared war of aggression.

Regrettably, the determination of a state of affairs in violation of international law cannot be evaded, so that one is compelled to draw historical parallels between this action by the U.S.A. and the invasion of Poland ordered by Hitler. Here, too, a nation which did not want war was invaded without a formal declaration of war—by Nazi Germany. Hitler created the transparent pretext with the attack upon the radio station of Gleiwitz which Hitler himself orchestrated. It is painful and shocking alike, that the leading power of the West, which presents itself as the worldwide guarantor of freedom and democracy, could sink so low as to invade the small nation of Panama. As in the case of Poland 50 years ago, Panama had incurred no guilt whatsoever for war hostilities directed against the United States, nor other activities which could be so construed, which might have justified the military action of the United States.

Washington can not make claim to any of the grounds of justification foreseen in international law and under the aegis of the United Nations Organization. According to the principles recognized by all nations, a military assault upon a foreign territory is justified, if at all, if, firstly, one's own territory is the object of an aggression or one's own central sover-

eign rights are violated by a foreign power; secondly, to prevent crimes against humanity in the terms of the United Nations Charter (e.g., mass murder/genocide such as the policy of annihilation perpetrated by the Nazis against the Jews, or systematic, large-scale mistreatment of population groups).

The exchange of gunfire in front of the headquarters of the Panamanian armed forces, for example, cited by President George Bush, in which one American soldier was killed, is thus not sufficient cause for the military action of the American armed forces against the Panamanian nation. Available information indicates, that this incident was caused by American personnel having penetrated a restricted area of the Panamanian armed forces without authorization.

Even if there had been provocations of one form or another by Panamanian authorities, the American action was out of proportion in every respect. The principle of proportionality prohibits exaggerated reactions to provocations. Hostile actions of other nations may be answered only with means which correspond to the posited abuse of law.

Presuming that there had been actual Panamanian transgressions, permissible responses would, at most, have been constituted by sanctions—e.g., a protest note, equivalent actions against Panamanian citizens in the United States or within American sovereign territory. The American action has nothing to do with sanctions, i.e., a response limited to specific means.

The efforts of the American government to justify its armed invasion of Panama are untenable:

- The argument that the intention was to bring General Noriega to trial in the U.S.A. disregards the protection of every head of state under international law. The personal qualities of character of a person who stands at the head of a state, how he may have come to power, and actions he may have committed prior to his having come to power, are irrelevant to his status in international law. I cannot and will not reply to, nor judge the issues with respect to the concrete case of General Noriega—these issues are, however, simply irrelevant in international law since, in the terms of international law, the status of one who stands at the head of a state

is a *Questio facti* and not a *Questio juri*. A military action against another state founded upon the person of a head of state—even in cases where the person at issue is demonstrably an evil criminal such as Ceausescu or Qaddafi—is therefore a breach of international law.

One is compelled to draw historical parallels between this action by the U.S.A. and the invasion of Poland ordered by Hitler.

● The American claim that the invasion of Panama, by means of the overthrow of Noriega, was to serve the reestablishment of democracy in Panama, disregards the fact, that the means by which a head of state or a government has obtained power, never justifies a military intervention from the outside. Every nation is sovereign with respect to its form of government. If other nations disapprove of the political conditions of a country, the sole instruments at their disposal are instruments of diplomatic and political influence. They may recall their ambassadors, apply economic and other sanctions; non-military support for resistance against a dictatorship is also permitted, which furthermore does not represent interference into the country's international affairs, but they may not launch a war. To declare the American invasion in Panama to have been the extension of aid requested by legitimate resisters against the regime, is out of the question for the very reason that the new head of government Guillermo Endara, installed with the aid of the United States, was not even informed of the imminent invasion beforehand.

● The intervention also cannot be justified as necessary measures to protect the life of American citizens in Panama. As mentioned above, international law permits military action against another nation only to put an end to crimes against humanity—such as genocide, mass enslavement, and mistreatment. In Panama, to the contrary, there was no such severe threat to American citizens *as such*, which might have justified such measures.

The commando action in Entebbe, where, in the face of previous lack of success and passivity of the community of nations against international terrorism, Israeli military personnel saved the lives of Israeli citizens, and in the course of the action violated the national sovereignty of Uganda and killed terrorists and citizens of a third country, has led to intensified discussion on the permissibility under international law of such an action. Even in the light of this debate, the American invasion of Panama cannot be justified by any stretching of interpretations as a “humanitarian intervention.” At its conference in Madrid in 1976, the International Law Association reached agreement, that an intervention

in defense of human rights is only permissible under the following conditions:

A. an immediate threat of genocide or other widespread arbitrary deprivation of human life in violation of international law;

B. an exhaustion of diplomatic and other peaceful techniques for protecting the threatened rights to the extent possible and consistent with protection of threatened rights;

C. the unavailability of effective action by an international agency, regional organization or the United Nations;

D. a proportional use of force which does not threaten greater destruction of values than the human rights at stake and which does not exceed the minimum force necessary to protect the threatened rights;

E. the minimal effect on authority structures necessary to protect the threatened rights;

F. the minimal interference with self-determination to protect the threatened rights;

G. a prompt disengagement, consistent with the purpose of the action; and

H. immediate full reporting to the Security Council and any appropriate regional organization and compliance with Security Council and applicable regional directives.

Not a single one of the criteria cited here were fulfilled with respect to the situation at the end in Panama nor by the execution of the military action. The references to the alleged threat to American citizens are therefore pure excuses in justification of a clear and evident breach of international law.

● President Bush also cannot invoke the claim that the American intervention was intended to secure adherence to the treaties on the Panama Canal.

The content of the treaty yields nothing which could justify an armed intervention. From General Noriega there issued no threat to the neutrality of the canal assured by treaty.

And, without being in possession of final evidentiary proof, much goes to indicate, that the Bush administration acted out of a purely power-politics “Nasser Complex” in its invasion of Panama. It seems evident, furthermore, that General Noriega had comprehensive knowledge of secret intelligence service and also simply illegal activities—such as the Iran-Contra affair—of various U.S. administrations. The intent was evidently to replace an uncongenial accessory—particularly with respect to earlier activities of President Bush—with less knowledgeable, more compliant people at the head of the government of Panama. The comparison with the Suez war of 1956, in which Great Britain, France, and Israel invaded Egypt, under Nasser, militarily, in order to maintain control over the Suez Canal, seems to me a very fruitful one, if one wants to understand the strategic, power-

politics background of the U.S. invasion of Panama. One can imagine Egypt having been conquered and occupied. A President Nasser, fleeing, forced out of the embassy of a third country under corresponding pretexts, brought to England, and brought to trial there!

There is no question in my mind, that all of the American efforts to justify their invasion of Panama will not be able to stand before international law. The government of the United States of America therefore attempts to invoke the "law" which it has itself posited. The directive of the American Attorney General Richard Thornburgh announced recently, to authorize arrests of persons by organs of the American Executive branch *abroad and without the consensus of the foreign authorities concerned*, is an expression of this self-posed "law," which flies in the face of international law.

Were this principle admissible, which intends to proclaim the whim of a world power as "law," then there were nothing to be criticized legally in the many violent kidnappings by the KGB and the Stasi, particularly in West Berlin in the 1940s and 1950s. In the end, most of these persons kidnaped by force were convicted in "trials" in the East bloc.

There is no more self-evident foundation of national sovereignty than the principle, that executive actions in foreign countries may only occur with the agreement of the country concerned.

That the United States of America wants to take leave of this principle of classical international law is consistent with a development which I recently characterized in a *Festschrift* essay,

that it is characteristic of a world power that it make claim to being *legibus solutus*—especially when it is an issue of its imposing its interests beyond its national borders. Here recall only the military occupation of Afghanistan by the Soviet Union or the support for the Contras by the United States of America: Both measures can be grounded and justified only by the fact, that they were carried out by a world power. If a nation, which does not possess world power status, had implemented measures of this kind beyond its own borders, a cry of outrage would have gone throughout the world. . . .

That was my thesis published in the *Festschrift* for Schindler.

Aside from the already-ascertained violation of international law constituted by the initiation of hostilities against Panama, the military action of the United States is itself characterized by grave violations of the prevailing law of war.

On the whole, the military measures of the U.S.A. were out of proportion, i.e., were not consistent in extent and intensity with the military aims posited. Particularly with the air bombardment and heavy artillery fire upon numerous city quarters of Panama City, as a result of which thousands of

civilians were killed and wounded, the United States committed a war crime which is proscribed internationally. It was a return to the bombing war of World War II.

For good reason, Anglo-American interests have in the past attempted to enforce their conception of law, according to which, under a broad interpretation of the concept of "military targets," it were permissible to affect large parts of the adversary civilian population by air attacks. The "eloquent silence" of the international military tribunal in Nuremberg on the issue of area- and terror-bombardment is consistent with this point of view. Nevertheless, principles have in the meantime crystalized out of international common law, which prohibit the use of weapons and methods of combat which affect combatants and non-combatants, military and civilian targets without distinction. The Addendum to the Geneva Red Cross Convention accepted by consensus in 1976, although it was not ratified by many states, prohibits in particular, in Art. 46, Par. 3:

a) to attack without distinction, as one single objective, by bombardment or any other method, a zone containing several military objectives, which are situated in populated areas, and are at some distance from each other;

b) to launch attacks which may be expected to entail incidental losses among the civilian population and cause the destruction of civilian objects to an extent disproportionate to the direct and substantial military advantage anticipated.

Also according to the terms of prevailing international law treaties, attacks upon military objects in the broadest sense are always impermissible, if the civilian losses occurring as side effects are in no proportion to the military advantages to be gained by the damage or destruction of the military object. There is no doubt that the U.S.A. in Panama has clearly violated these stipulations.

Moreover, the U.S. armed forces present in Panama must be appropriately characterized as an occupation army since hostilities have ceased. The occupation character of the U.S. military presence is also manifest in the mass internment of civilians suspected of having been followers of the Noriega regime. The term "concentration camp" is fitting here, because it precisely describes the "driving together," i.e., concentration of a collective of persons, who are distinguished by common characteristics such as race, religion or, as in this case, political point of view. The persons so affected are subjected, without the judgment of a court, in primitive tent camps surrounded by barbed-wire, to a treatment tantamount to punishment. Since most of them are non-combatants—moreover in an undeclared war—these are not prisoner-of-war camps; they are concentration camps, such as those set up by the British in South Africa at the beginning of the 20th century.

A further aspect of the American disregard for the principles of law prevailing among civilized peoples is the massive pressure exerted against the Papal Nunciature in Panama. The behavior of the American occupation troops toward the Papal Nunciature in Panama is unjustifiable in international law. It is an unconditional principle of international law, that the freedom of movement of foreign diplomats be guaranteed, and their immunity and the right to refuge in diplomatic missions respected, and to guarantee the free access to the missions of foreign nations under all circumstances and for everyone. The pressure exerted by the American government by means of noise terror through rock music and the threat, confirmed in the meantime, to abrogate the immunity of the Vatican Embassy if Noriega did not surrender, is in violation of international law. This breach of international law is merely underscored by the fact, that Noriega has in the meantime surrendered and been brought to the U.S.A., and is thus by no means over and done with. Historical parallels can at most be found perhaps in disparate incidents of Hitler's Germany against Polish diplomats in 1939 and 1940, as well as in the action of Napoleon Bonaparte against Pope Pius VII between 1809 and 1814. Even the communist regime under Stalin did not dare to violate the integrity of foreign embassies.

Also Moscow condemned the American invasion in Panama, although the unprecedented American action against the binding principles of law of civilized nations is nothing but the application of the Brezhnev doctrine to the American sphere of interests. One might interpret this posture as a welcome turn by Gorbachov away from the Brezhnev doctrine.

The peoples' right to self-determination stands in opposition to the power politics of the world powers, which, as subjects of international law, claim for themselves a special status. It is a hopeful omen, that the principle of arbitrary whim has never been crowned with lasting success in the life of the peoples. The estrangement of the United States of America from the path of classical international law is consistent with a vast loss of culture in law "at home." Indeed, one must say, that the breach of international law becomes the mirror image of the erosion of the nation-under-law in the United States itself.

Professor Von der Heydte, a noted expert on civil and international law, is the author of the book-length study *Der moderne Kleinkrieg*, which was published in English in 1986 under the title *Modern Irregular Warfare: In Defense Policy and as a Military Phenomenon*. In 1962, he was named Brigadier General of the Reserves for the West German army, the Bundeswehr; from 1966-70, he was a member of the Bavarian State Parliament for the Christian Social Union party.

Colombian Liberals embrace drug mafia

by José Restrepo

The ruling Liberal Party of Colombia, under the influence of former President and drug mafia asset Alfonso López Michelsen, has officially embraced drug legalization in its 1990 electoral platform. According to the just-released document, the Liberal Party urges the Colombian government "to adopt and study a policy toward drug trafficking, following the course of world tendencies which propose drug legalization."

The statement was issued on the heels of López Michelsen's unilateral offer to the drug cartels just one week earlier, that they could expect "appropriate treatment" (i.e., amnesty) from the authorities, were they to release a score of kidnap victims and pledge to abandon their illegal trafficking activities. The López offer, made despite President Virgilio Barco's repeated refusal to negotiate a deal with the cartels, was immediately accepted by the so-called "Extraditables." López's initiative appears to have produced the first important chink in the government's anti-drug armor: Not wishing to have hostage blood on his hands, Barco publicly declared his willingness to be "flexible" on the issue.

A mafia 'musketeer'

The brazenness of López Michelsen and his mafiosi cohorts in fronting for the drug cartels is not undertaken without a certain degree of nervousness, however, for in their own self-congratulatory propaganda they worry openly about how the anti-drug forces around Lyndon LaRouche will counterattack. López's media mouthpiece, co-owner of the newspaper *El Tiempo* Roberto Posada Garcé Peña, editorialized on Jan. 21 that López's "patriotic service" and "historic act" will doubtless "revive the moral disciples of LaRouche" in their campaign of denunciation against the former Colombian President.

Wrote García Peña, under his pen-name D'Artagnan, "It was exactly positions like this which cost López the attacks of Lyndon LaRouche (former U.S. presidential candidate and founder of the American Labor Party [sic]), the power behind individuals who until recently distributed his writ-

ings, such as *Executive Review* [sic] in the streets of Europe, in which López was the object of all kinds of incriminations for his occasional contact with the drug trade in Panama in 1984. . . .

“The state has the moral obligation . . . to end the war [on drugs] with the least social cost possible. Many are the lives and goods already lost because of this violence. Such is the role that former President López has played in this whole scenario. It is not simply episodic. It is an historic role, although it may hurt some, and comes with some very high personal costs, since the moral disciples of LaRouche everywhere will surely not hesitate to revive, in order to stigmatize him for his supposed links to the drug trade, and to incriminate him.”

In his Jan. 19 *El Tiempo* column, D’Artagnan proposed as the “sole solution” to the drug trade “the legalization of the production and consumption of cocaine . . . as [presidential candidate Ernesto] Samper Pizano has bravely maintained.” The next day, the same pro-legalization crew urged the Barco government to adopt the role of mafia spokesman in talks with the United States. *El Tiempo* devoted its Jan. 20 editorial to proposing that the Colombian government take advantage of the Feb. 15 presidential anti-drug summit in Cartagena to discuss the drug traffickers’ conditions with President Bush. “In Cartagena, the new situation created by the drug traffickers’ offer could be defined with seriousness and decision.”

López versus EIR

This is not the first time that López and his apologists have attacked *EIR*. In 1984, shortly after López held clandestine negotiations with cocaine czars Pablo Escobar and Jorge Luis Ochoa in Panama, the former President sent a telegram to then-President Belisario Betancur, in which he moaned that “in Panama, New York, Madrid, Copenhagen, and I presume throughout the world, the report has been circulating in *Intelligence Executive Review* [sic] that I have been at the service of the drug mafia.” López called on the Betancur government to take action so that “my honor not be universally exposed in newspapers like *ABC* of Madrid.” That “exposure” served at the time to stop López’s pro-legalization lobbying dead in its tracks.

This time, thanks to López’s expertise in political blackmail, the cartels and their legalization allies have gained a foot in the door. Pablo Escobar will no doubt release his hostages—one by one—but only if President Barco agrees to dance at the end of López Michelsen’s leash. Confidential sources have assured *EIR* that the cartel’s first condition for release of the hostages will be a lifting of the state of siege imposed by President Barco in the aftermath of the October 1989 mafia slaying of presidential candidate Luis Carlos Galán. It was under the state of siege that the measures currently employed in the war against drugs, including extradition and confiscation of cartel assets, were authorized. The cartel’s final condition will be legalization of the drug trade.

López’s political heir and presidential candidate for the Liberal Party, Ernesto Samper Pizano, greeted the Extraditables’ favorable response to López’s letter as a cartel offer of “unconditional surrender.” So it was also played up in the international news media. But in a letter written to *El Tiempo* on Jan. 24, cartel chieftain Pablo Escobar made it crystal-clear what kind of “retirement” he has in mind. Escobar wrote that “if some day the Colombian government should decide to fight bravely and sovereignly for the peace of our people, it would find a long and interminable list of extraditables, drug traffickers, assassins, and paramilitary forces who wish to accompany it in the peace process.” At no point did Escobar talk about “surrender.”

Aside from the LaRouche forces in Colombia, López has come under attack from serious anti-drug proponents in Colombian political circles. The daily *El Espectador* has devoted repeated editorials to denouncing López’s shameless complicity in cartel blackmail of the country. And on Jan. 22, Alfonso Cano, whose brother Guillermo was of the assassinated director of *El Espectador*, wrote that “a dialogue with the criminals is a moral impossibility. Further, it is a juridical impossibility, since they are confessed criminals.”

The U.S. connection

López’s actions are well-coordinated with powerful interest groups inside the United States which seek to open the way for a legalized drug trade. Immediately after the joint López-Escobar initiative, several major U.S. dailies began their own legalization drumbeat. The *Washington Post* editorialized on Jan. 19 that López’s deal with the drug traffickers “is political plea-bargaining writ large, but it is not to be dismissed.”

On Jan. 22, the *Washington Times*—with a long history of advocating legalization of everything from marijuana to heroin—“reported” on page one that the entire Washington, D.C. government bureaucracy is involved in drugs, and that many officials actually sell drugs. The next day, the *Times* devoted a front-page article to praising the “Holland model,” where the state itself makes legalized drugs available. The message of both articles? The war on drugs doesn’t work, and the answer is legalization.

On Jan. 23, the *New York Times* published a commentary by lawyer Frederick Campbell, who proposed “carefully controlled legalization” as the “key element in a strategy to put drug pushers out of business.” Campbell revealed what he means by “controlled” when he suggested that were drug addicts to be supplied by licensed clinics which could assure that female addicts did not get pregnant, there would be fewer “crack babies” to contend with.

The *Wall Street Journal* also dedicated its entire letters to the editor page on Jan. 23 to a “debate” on legalization. One of the legalization advocates was Stephen Hochman, former member of the New York State Advisory Council on Substance Abuse.

Social Democrats, crazier than ever, welcome chaos in U.S.S.R.

by Scott Thompson

Those nice folks at Project Democracy who brought us the Iran-Contra debacle and have more recently done their best to bankrupt the Solidarnosc government in Poland by pressing it to make brutal austerity concessions to the International Monetary Fund (IMF), are at it again.

In a series of interviews with this publication and articles elsewhere, spokesmen for the international social democracy have responded to the economic and social chaos occasioned by Gorbachov's failed perestroika policies by demanding more money for their political intelligence operations.

Yet, the analysis that the social democrats are peddling into the U.S. intelligence community through the likes of Leo Cherne, the social democratic-trained vice chairman of the President's Foreign Intelligence Advisory Board (PFI-AB), contain a fatal error on what is happening now in the U.S.S.R.: a miscalculation that may tend to disarm the West while the forces of Great Russian nationalism rise up for a global showdown with the West.

In 1983-84 the "crumbling empire" thesis about the Soviet Union was being touted in the National Security Council by a combination of social democrats and others who were influenced by the Bolshevik opponents of Stalin. As political statesman Lyndon LaRouche warned at that time, any internal breakdown of the Soviet Union occasioned by the failure of the communist economic system would bring about a resurgence of the "pagan Rus" culture, which was historically the most bitter opponent of Western civilization.

LaRouche also noted that the immediate cause of the "crumbling empire" was that Soviet Marshal Nikolai Ogarkov had directed the Soviet economy toward completely modernizing the Soviet military to build a war-winning capability.

While none then foresaw the added disaster that Mikhail Gorbachov would wreak upon the Soviet economy through his failed perestroika policies, the essence of LaRouche's forecast is now coming to bear fruit, namely that the "crumbling empire" occasioned by economic collapse is bringing to the fore the forces of Great Russian nationalism, which is armed to the teeth with modern, strategic weapons.

The Soviet Commonwealth?

One social democratic idiot with impeccable credentials is Zbigniew Brzezinski, the former Carter national security adviser, who is today a member of President's Foreign Intelli-

gence Advisory Board, and who penned "Post-Communist Nationalism," the lead article for the winter issue of *Foreign Affairs*, the journal of the Council on Foreign Relations. While Brzezinski is smart enough to recognize that Great Russian nationalism will emerge with the demise of Soviet-style Communism, he writes that the way to counter a revival of "messianic complexes" such as the doctrine that Moscow must become the "Third and Final Rome," is to double funding of the National Endowment for Democracy (NED), the above-ground arm of the shadowy interventionist apparatus Oliver North called "Project Democracy."

Through U.S. government funding of the NED for mounting Project Democracy operations inside the U.S.S.R., Brzezinski argues that the Russian empire might devolve peacefully into "a genuine confederation or commonwealth," where Great Russian nationalism would be transformed "from masters to partners." Such "a decentralized Eurasian confederation," similar to the 1950s transformation of Britain, Brzezinski argues, "might be a less unacceptable arrangement."

This pie in the sky view overlooks the fact that because of economic collapse, the Soviet Union is heading toward bloody civil war, where the Great Russian nationalists will at least share control over the largest thermonuclear arsenal in history.

See no evil

Edward Gudava, a spokesman for the New York-based Center for Democracy, Inc., the main instrument using NED funds to operate inside the Soviet Union, spoke to this reporter on Dec. 10. Gudava was even more lunatic than Brzezinski. While stating that it would be a good thing for the Soviet Union to collapse under the weight of conflicting nationalities, so that the enslaved outer republics could gain freedom, he hysterically denied that this would bring Great Russian nationalism to the fore.

And, he just as vigorously argued that the Russians would not take such "crazy steps" as mobilization for war, when their empire "crumbled," basically because he thought the Nomenklatura (families of top state bureaucrats) would stop nationalists like Soviet Marshal Ogarkov from doing so. Equally erroneously, Gudava denied that Moscow Center—influenced by Great Russian nationalists—would mount a crackdown, even though the empire might be torn asunder

by the eruption of Baltic, Georgian, Ukrainian, Turkic, and other nationalisms seeking freedom from the empire of misery.

Asked why there would be no resurgence of Great Russian nationalism, if the empire crumbled, Gudava stated that there had been a shift in the millennia-old "pagan Rus" cultural matrix, which meant that no new Stalinist-Great Russian nationalist combination could come to the fore, of the sort that mobilized "Mother Russia" to win World War II. But the only reasons he could ultimately muster were that external forces such as the United Nations would never tolerate it, while the internal growth of such groups as the Project Democracy-linked Democratic Union in the U.S.S.R. would block it.

Ludmila Thorne, director of Soviet Affairs for Freedom House, also denies that there will be a Great Russian nationalist revival, if the Soviet empire crumbles. Freedom House's honorary chairman is Leo Cherne, who had been a lifelong friend of the late Director of Central Intelligence William Casey and serves on PFIAB with Brzezinski. Again, Thorne said the reason why this revival would be blocked was the existence of the Democratic Union and thousands of like-minded groups.

Creatures of Project Democracy

Is it any wonder that such lunacy is being peddled by the Center for Democracy, Inc. and its principal funder, the National Endowment for Democracy and the affiliated Freedom House, since they are all part of the same Project Democracy secret government apparatus that the Iran-Contra scandal has proved to be such a dismal failure in Central America?

The NED is headed by Carl Gershman, a social democratic sidekick of Leo Cherne. The NED's board includes: Lane Kirkland and Albert Shanker of the AFL-CIO; Anglo-Soviet agent of influence Henry Kissinger, who today wears two hats as a member of PFIAB and as head of a network of global consulting firms whose clients always seem to profit from Kissinger's advice to the President; and Sally Shelton-Colby, the wife of former Director of Central Intelligence William Colby, who, like Kissinger, has represented Wall Street banks in their attempts at usurious debt collection from Ibero-American nations: all in the name of fostering "free enterprise" and "democracy."

Documents released from the NED under the Freedom of Information Act show the money trail from its own U.S. Congress-supplied budget to the Center for Democracy, Inc. for supporting operations like the Democratic Union and Armenian leader Sergei Grigoryant's *Glasnost* magazine in the U.S.S.R.

The head of the center, Yuri N. Yarim-Agaev, admits that the KGB had given him exceptional kid-glove treatment compared to other Soviet human rights dissidents before he came to the United States.

Some queries for the

by Argus

From Jan. 16 through Feb. 5, top U.S. military officials, including Joint Chiefs of Staff head Gen. Colin Powell, have been meeting in Vienna with leading military officials from the Soviet Union and over 30 other countries, for discussions on military doctrine. Guest columnist Argus offers some pointed suggestions as to what kinds of issues U.S. and other Western officials should be bringing up to their supposedly "peace loving" Soviet counterparts.

Any U.S. groups, official or unofficial, which have been or are expecting to go to the Soviet Union specifically to discuss military affairs with the Soviet military staff officers (and there have been a number of such groups during the past year) had better be armed with a number of pointed questions to get discussion on straight rails. Otherwise, such visitors are likely to be snowed under by Ministry of Defense and General Staff propaganda or a lavish show of hospitality that, to quote Shakespeare, "signify nothing."

Almost anyone tuned in on world affairs these days presumably knows that the Gorbachov regime has been promoting what it calls "new thinking" redounding to the military sphere *qua* "sufficient defense." Our own officials, including Generals Scowcroft and Powell in the present administration, and Admiral Crowe, former Chief of the Joint Chiefs, have discussed such matters with their Soviet counterparts, in fact, on U.S. or Soviet territory during summit visits or on special tours to military installations.

Unfortunately, seldom if ever do our people confront the Soviets with the kinds of queries that would make them realize that we have some worries about their intentions and their past record, that we know their latest military literature from cover to cover, that we want clarification and straight-from-the-shoulder-board responses. In a recent address about Soviet defense to one of our War Colleges, one of the above (Powell) did not even canvass Soviet military thinking or strategy as discussed in Soviet military literature.

One, then, is tempted to ask our own people, if you don't know or care what they're *thinking*, how can you guess what they might be *doing*?

Also, our side, distracted by glasnost and other baubles, seems hesitant to ponder whether the Soviets might be engaging in strategic deception as they disclaim any hostile intent

Soviet strategists

and continue to “fabric-soften” the NATO West.

First, about what they’re doing

The following questions are grist for some questions to be put by any U.S. delegations tasked seriously to inquire about current Soviet military activities:

- You say you wish to defuse regional tensions and violent hot spots in non-European parts of the world. Why, then, do you continue to deploy 627,500 troops abroad (your own figures), spend more than \$15 billion a year to prop up expansionist communist regimes or fight guerrilla groups in the Third World, and continue to be the world’s number-one supplier of such arms as SS-1 Scud and SS-21 Scarab intermediate-range missiles to such countries as North Korea, Libya, Syria, Iraq, and Iran, and of many other classes of ground, air, and infantry weapons, including small arms and AK-47s, to dozens of other places including Cuba, Ethiopia, Nicaragua, states in Southeast Asia, etc.? We’re beginning to wonder, on the basis of hard intelligence, whether perhaps you’re helping North Korea become nuclear. . . .

Above all, if you believe in peace, why do you continue to underwrite the war in Afghanistan? You know that the local population there has been virtually decimated and demoralized. You must be aware that Afghans obviously are fed up with Soviet interference—no less, say, than were or are the populations of Eastern Europe. . . .

- Moreover, why is it that your arms exports, in contrast to the less numerous Western shipments (of mostly defensive arms), are predominantly offensive in nature?

- You say that you now believe only in “adequate,” not “preponderant” or “superior” military strength (which, by the way, is commended in your current required-reading Officer’s Bookshelf-type military literature) in relation to possible enemies. However, your defense propaganda has always stoutly maintained that you do not seek military superiority but instead only what you call “parity.” If true, why, then, do you continue to produce and deploy offensive weaponry in numbers that are so obviously superior to Western quantities? Does “parity” perhaps mean to you what “equality” meant to the pigs in George Orwell’s *Animal Farm*—namely that “some pigs are more equal than others”?

- You describe your civil defense measures, on which

you continue to spend billions of rubles, as a “strategic” necessity. How, then, can you accuse the West of such measures when, in fact, its civil defense expenditures, manuals, exercises, etc., are a tiny fraction of what your side does by way of civil defense? How do you square such accusations given your publication of a brand new civil defense manual, published in Minsk just two years ago, containing detailed measures for saving millions of citizens in a possible (you suggest “not improbable”) Western nuclear attack? In fact, in the manual you describe Western defense policy as “aggressive.”

- You say that your present defense measures are purely “defensist” (*oboronitelny*), not “offensist” (*nastupatelny*). Why, then, are you building and girding such types of strategic missile silos and deploying so many mobile missiles that are obviously designed to mount a first strike while the remainder are protected or concealed so as to survive a retaliatory strike? How can such missiles be described as “purely defensive” when their warheads are so numerous and powerful as to be designed to target (as counter-force and counter-value weapons) either or both “force” objectives (enemy silos or other military installations) as well as “value” objectives (cities with large populations and manufacturing assets)?

- You claim that your present and future military buildup is strictly “responsive,” the result of Western armament one-upmanship and pursuit of “firsts.” If true, how do you explain your own many “firsts” to date, going back to the first air-dropped H-bomb, first artificial satellite, first submarine-launched missile, first multiple-warhead missile (MRV), etc., up to such latter-day “firsts” as your cold-launch missile capability (repeated use of the same launch pad in order to accommodate volleys of missiles fired in succession), presently orbiting anti-satellite vehicle (ASAT), laser-beam anti-missile installations (Dushanbe), apparently unique research on “Star Wars” (admitted by your leader Gorbachov in December 1987), etc.?

One of your oldest proverbs says: “You can tell a bird by its flight.” Your above-catalogued actions, as one of *our* own maxims says, would seem to “speak louder than words.”

As to your thinking

You continue to publish far more military texts than the West and with far more “classical” war-fighting themes and formulas than your potential adversaries. In fact, despite your disclaimers (by both civilian and military spokespersons), your literature during the past five years, and more noticeably in the 1960s and 1970s, established a number of presumably permanent (or so the writers said) Soviet military strategic principles.

Meantime, some of your visitors to our shores (such as Gen. M. A. Milshtein, whose background and career are replete with functions in military counterintelligence and propaganda) have claimed in recent years that we should not take

seriously such past volumes as Marshal V. D. Sokolovsky's multiple-edition *Military Strategy*. Instead, you insist, examine the text of, say, Marshal Nikolai Ogarkov's *Soviet Military Encyclopedia* article on strategy (published in 1980) or see what's written in your monthly *Military Review*.

But the problem with this is the following. Some of your most up-to-date literature still presents principles that can only be called offensist and "traditional." Meanwhile, your allegedly "outdated" (Milshtein to the *New York Times*, Aug. 25, 1980) military literature, as exemplified by the Sokolovsky classic, is required reading for your officers and men according to some of your post-1980 military texts. We wonder if you are not trying to bamboozle us by softpedaling (after 1976 or so) some of your basic principles.

The latest example of positive referencing of Sokolovsky came in the Gorbachov-period book by your Deputy Chief of the General Staff, Gen. M. A. Gareyev. His volume won top honors by being awarded the 1986 Frunze Prize.

A series of questions thus grows out of a deep reading of this past and current literature. The problems revolve about the following "boilerplated" principles within your military science, military art, strategy, and doctrine.

Namely, you insist that:

- Offense is one side of the coin, defense the other. The two are inseparable, your military authors insist, for *any* type of operation—strategic (inter-continental), theater, or local (tactical). Ergo, at the strategic level, for instance, this means (as you have also written openly) that strategic-range nuclear missiles require both an offensive edge as well as an anti-ballistic missile (ABM) protection. (Hence, your modernized Moscow ABM radars and missiles, your apparent capability to mount national border-to-border ABM radar and missile protection as evidenced by your deployments of ABM-capable missiles throughout the Soviet Union, as discussed in the U.S. Department of Defense annual *Soviet Military Power*, etc.) Is this why the U.S. is protesting (quietly) your storing so much ordnance in the front facing NATO?

Your offensist thinking obviously has been backed up with offensist arms deployment in the past as well as up to the present in the central and eastern portion of the European theater.

- You continue to lay great stress on the crucial "opening phase" or even the "very eve" ("*nakanunye*") of a prospective war as ultimately "decisive" in attaining victory. In the prize-winning 1986 Gareyev text, for example, you openly anticipate a Third World crisis that might threaten to involve the two superpowers. In this very context you anticipate an enemy's (the U.S.?) revving up for war and the need for the Soviet side to nip such a putative surge in the bud so as not to be caught unawares. The need for such preemption, Gareyev suggests, was the prime lesson learned from the Soviet experience with Nazi Germany in June 1941. The Germans had launched a surprise attack. But such an attack could have been preempted, or if not totally so under condi-

tions of 1941, the "impending attack" (Gareyev) could be so preempted under conditions of the modern communications, readiness, and fast-flying missiles of the 1990s. Nuclear war may be "infeasible," but not what you call "active defense," *pravilno*?

Do you not continue to adhere to a Soviet "*launch-on-warning*" strategy as the safest, most effective one for your side? Once the secret Defense Council decides that an enemy military threat could become a reality, you are prepared to strike that enemy first in order to prevent your being struck first.

In this regard, do you not continue to claim that it is the West that has a first-strike strategy? Such, in any case, is stated in Soviet military texts published as recently as 1987-88. Have you, then, really backed off from exhorting such basic military principles (in part, as you suggest, derived from Karl Clausewitz) as:

- Preparing deeply for war in peacetime? Viewing war as the continuation of peace and peace as the continuation of war (Lenin) with potential enemies, such as the Western "imperialists"—a war/peace continuum, in other words?

- Exploiting arms control in order to strengthen the Soviet Union and its allies militarily (which has been proffered by one of your military writers)?

- Utilizing surprise, stealth, concealment ("*maskirova*"), as you have on the battlefield so often in the past both before and during combat. Such methods seem bound up in Lenin's notion that attempts to stigmatize this or another side—whether a state or class—for having struck first are irrelevant. For proletarian class and inter-state warfare, your Leader indicated in one of his writings, labeling the "just side" (communist) an "aggressor" for having launched an offensive is silly. The ends justify the means, Lenin was fond of stressing.

Thus, given this mind-set, concealing, say, Soviet mobilization for war (which is overtly commended in the *Soviet Military Encyclopedia*) or preparing to catch an enemy (such as Finland in 1939 or Afghanistan in 1979) unawares by (today) blinding his means of detecting your impending attack (which you are testing out for use in war) are logical undertakings by your side.

Final query: Was Nikita Khrushchov perhaps speaking the truth in January 1960 when he talked about such devious methods? Addressing the Supreme Soviet, your leader said at that time that your side would "conceal reserves of missiles" from the West—missiles that could thereby be safely used in successive attacks since enemy retaliation had not found or destroyed them. You may claim that that was "a long 30 years ago, much since has changed." But how can our side be sure? How hard is it to conceal a man-sized warhead or a freight car-length missile? Didn't you conceal whole factories, in some cases underground, in World War II? Does not your one-time Chief of the General Staff Sokolovsky recommend in his text that even electric power plants must be concealed?

Reconstruction of a ruined country

A labor strike wave is wringing concessions from the faltering East German SED regime.

The end of the regime is near, but the real trouble will only begin then," is what many East Germans feel and say, pointing at the huge problems that have to be solved after the demise of the SED party that has ruled for the past 44 years.

The "trouble" is the heritage the SED regime has left behind for the new leaders to deal with. Opposition spokesmen have even voiced their suspicion that the communists have consciously played for time, blocking substantial reforms in the economy, in order to give the first post-SED government that is expected to take power after the elections of May 6, the worst possible start.

Whoever takes power after May 6, whether an all-party coalition by the opposition, or only some of the non-SED parties, will be faced with the giant task of rebuilding this country, making it a home for the 16 million people still living there. According to experts, it is a project in the range of 500 billion deutschemarks or more, to put the cities, the roads, the railway system, the plants, and the energy grid back into shape.

Even those economic specialists in both Germanys who still believe in a pragmatic approach rather than a crash program of the type proposed by Lyndon H. LaRouche, but are more optimistic as to the chances of rapid recovery, are thinking in terms of five to ten years that it will take to reconstruct the East German economy. Many other experts—pragmatists as well—are more pessimistic, and think that real recovery will not take off before another 10-20 rough years pass.

Many East Germans, especially the younger ones, don't want to wait that long. The programmatic views they have come across so far, haven't convinced them; they prefer to live and work in the West. This is a big problem, reflected in the fact that still, about 2,000 East Germans are moving into West Germany every day. It will be a big problem also for the new, non-SED government expected to take power after the first-ever free elections on May 6. Lest something dramatically positive occur after May 6, close to 1 million East Germans will leave their homes to begin a new life in West Germany, in the course of this year.

Based on the 340,000 refugees of 1989, this means that in 1990, most of the industrial plants in East Germany would face a drain of 5% and more of their workforce, the state railways and the public highway sector the same percentage, and the hospitals would lose another 25% of their personnel.

Fortunately, the great majority of East Germans show optimism (though a cautious one) and want to stay home and fight for the chance of economic recovery. This is the potential from which the growing mass labor strike movement, extending to all sectors of the economy and all strata of society, including the armed forces, is recruiting its members.

Immense social pressure has steadily been building up over the past three weeks against the interim SED-led government of Hans Modrow, which has been besieged by an endless wave of warning strikes in all sectors of the economy, all strata of society.

Even the police joined the warning strike movement publicly on Jan. 24, when 800 policemen took to the streets of Leipzig, displaying banners against the SED and the Stasi secret police, declaring their firm solidarity with the political opposition groups.

There were other clear signs at the end of January that the SED regime is close to its end. On Sunday, Jan. 21, a group of leading party members around vice-chairman Wolfgang Berghofer quit their membership and held a public press conference stating their support for the program of the re-established Social Democratic party.

Numerous party officials at the municipal and district administration level in many cities walked out of the SED as well. Faced with the collapse of his party organization, Prime Minister Hans Modrow decided to make far-reaching concessions. He opened his Jan. 22 address to the government-opposition "roundtable" in East Berlin with a statement offering the opposition groups seats in his cabinet for the period until the May 6 polls.

On Jan. 25, the East German cabinet meeting resolved to remove regulations discriminating against the founding of private enterprises in sectors competitive to the state-sector industries. The cabinet also announced it was lifting the upper limit of 10 workers that could be employed in non-state enterprises, and removing the discriminatory tax clauses that take away up to 96% of the annual net revenue of a private company.

The Modrow regime also declared its commitment to grant private middle-sized enterprises free access to the deutschemark-denominated credit line that the West German government made available starting Jan. 1. The credits will be at low interest rates of between 4-7% over a period of 15-20 years, and include a grace period of five years.

A way out of the Vietnam tragedy

Catholic priests provide a firsthand report on conditions in Vietnam, and a proposal for how Western governments can help.

Last June, at an international conference in Geneva, the U.N. High Commission on Refugees decided to limit the grants of "refugee" status it gave fleeing Vietnamese—and to send back home the "illegal immigrants" who don't meet the guidelines. On Dec. 15, Hong Kong authorities, on orders of the British government, started to forcibly deport Vietnamese refugees.

At a recent memorial for 117 Vietnamese martyrs canonized in 1989 by the Pope, a young Vietnamese priest told us, "Those who propose sending the Vietnamese refugees back home do it in the name of a false charity, which amounts to a death sentence, because no one can guarantee what will happen to these refugees. Even though the situation in the refugee camps is very difficult, don't forget that these people risked their lives to flee Vietnam."

He added, "The collapse of communist imperialism offers a way out. Vietnam suffers from great isolation. The country's economy is on the floor. With all the changes going on in the East bloc, those countries are surely not going to throw money in the name of 'communist brotherhood.' So the international community should tell the Vietnam government: 'We're available to help you, give you economic aid, but you have to start down the road to democratic reforms and declare free elections.'"

He appealed to Western governments "to help the refugees and accept them in the Free World, until the Vietnamese government offers real guarantees. The only guarantee is a change

in the political system."

In June, more than 200,000 students in Vietnam took to the streets in their country's capital to protest miserable living conditions. At the time we interviewed Father Gildo Domini, who visited the south of Vietnam after having been expelled 14 months earlier, in April 1989.

"My first impression," the Jesuit father remarked, "is that the *doi moi* (change) in Vietnam is real. But this renewal is barely under way, and therefore it is very fragile and superficial, while the main problems remain unresolved."

"The economy is falling into disastrous conditions. There is much poverty, which creates discontent and mistrust toward the ruling authorities, who after 14 years of government have shown themselves to be incompetent, greedy, and corrupt. Certain data show this clearly: The *doi moi* was begun only in trade and tourism activities, which led of course to immediate cash flows into the state coffers, while sectors like government investment are in a state of fearful neglect. Out of a population of 65 million, there are only 110,000 university students. The teachers are badly paid. They get the equivalent of \$8 a month and are forced to seek outside work to live.

"Also, in the area of private initiative, the government is pursuing a mistaken and contradictory policy. For the past year private initiative has been allowed, but such high taxes are imposed on it that many small factories and stores which had just begun activity have been forced to close their doors. The north-south division of the

country remains a reality. The North is poor, and the Communist leadership is highly fanatical and ideological. The South is more developed; Saigon alone produces 40% of Vietnam's GNP.

"In the political realm a certain 'democratization' has begun. Freedom of movement is allowed and a new election law is under study, but the violations of human rights are still very numerous. Many political prisoners are still held in reeducation camps. There is no free press. There is systematic discrimination against believers and non-Communist citizens.

"The Catholic Church's situation is very delicate. While certain freedoms are conceded—four seminaries have opened, many new churches have been built, and in Saigon catechism is being taught—there is no law to safeguard the rights of believers and freedom of action for the Church as such in regard to sacraments, liturgy, and pastoral work.

"The choice and the number of seminarians is government-controlled. The existence of Catholic organizations is banned. Printing of religious materials is forbidden in many cases. Priests are not allowed to exercise their ministry. The ruling authorities try to divide the bishops by making ties of benign tolerance with some dioceses and bishops, and harshly persecuting others.

"The Vietnamese students' call for democracy must be given greater support especially in the light of the tragic turn of events in China. It is our conviction that such desires will not go unheeded because, as the statesman Thomas Paine wrote on the eve of the American War of Independence, against British colonialism: 'Tyranny, like hell, is not easy to overcome; yet it is consoling to know that the harder the struggle is, the more glorious is the victory.'"

Tories hit by economic crisis

Thatcher's party is hurting, and it may even be heading for a split over policy toward European federalism.

In Britain, the first few weeks of January are notoriously tedious ones in public life. In public school jargon, the Lent Term—shortest, wettest, and most miserable—is under way. Yet, as any boarding-school boy will know, the first few weeks of the Lent are extremely useful for finding out who's in, who's out, and who's going to be the boy everybody will persecute for the rest of the year.

Below the surface, a lot is happening.

First, the laughable stock market "boom" of the first week in January is—as predicted by a few of us—already looking pretty sick. By Monday Jan. 22, with both New York and the supposedly indestructible Tokyo markets on the slide, London's FTSE Index skidded more than 30 points. At the same time, assorted skullduggery came to light in the City's "world-beating" financial markets, including the astonishing news that the Department of Trade and Industry, as long ago as last September, had lodged a formal objection to the £13 billion Goldsmith bid for British-American Tobacco. For some reason, despite an early intention to inform investors of this important fact, the press release was never issued.

As is so often the case, the first the City knew of the objection was when it was presented as evidence in an Illinois courtroom.

Meanwhile, the consequences of Chancellor of the Exchequer John Major's decision to let inflation rip during the winter of 1989 rather than face electoral defeat, have become only too apparent with the huge Ford pay claim and the refusal of ambu-

lance drivers to fall in line with the government's pay policy.

By the third week of January, big-index numbers from those parts of the government's statistical service not pressed into diddling the figures showed that Britain was careening toward stagflation—with rising unemployment, rising prices, and falling output all at the same time.

Meanwhile, on the issue of the European Community, the Tory machine moved ever closer toward breakup, as rebel MPs formed the so-called Positive Europe Group, dedicated to fighting Mrs. Thatcher and the Bruges Group. Britain's political commentators are still dismissing the idea of a Tory split as unthinkable—they have spent every year since the mid-50s predicting a left-right split in the Labour Party and are unable to accept the likelihood of a Conservative bust-up.

Nevertheless, the Tory Party has been fudging the European issue since the time of Edward Heath, and these unprincipled compromises are now coming into the open. There are now Tories who are asking what will happen to those millions of Britons who refuse to join a European super-state at any price. Under the U.N. Charter, they are entitled to somewhere of their own to live.

Hovering between the Bruges Thatcherites and the Positive Europe Group are the opportunistic New Cliveden group of appeasers in the government, Kenneth Baker, Geoffrey Howe, Douglas Hurd, and others. They lean toward appeasement of the European Community's imperialistic institutions, but at the same time fear for the future of their chosen vehicle

of advancement—the Tory Party—if it were to split finally on the European issue.

The only real hope for the Conservatives lies in the continuing underlying unelectability of the Labour Party, whose ruling figures are, in the words of one Sunday columnist, trying to whistle a tune they do not know and do not like.

The Tories, however, would be wise not to place too much hope in the lightweightness of the new "Social Market Labour Party." They have a serious problem of their own looming—the disaffection of the "Euro-MPs," who are due to meet Mrs. Thatcher later this month for a "full and frank" exchange of views on the government's attitude to further integration into the European Community.

In a public row in the *Times* of London between Thatcher loyalists and the "Euro-MPs," the latter made it clear they do not consider themselves representatives of the British government or even, particularly, of the British people, but "men of Europe" whose loyalty lies with Jacques Delors (the head of the Single Market 1992 project in Brussels) and his friends.

For years, the Tory Party hid its splits on Europe behind a clever, cynical formula called "Strong Voices in Europe." The "Euro-MPs" were the strong voices, making heard the demands of both Britain and British conservatism in the councils of Europe.

This formula has now reached the end of its life, and nothing seems at hand to replace it.

A Conservative split on Europe is not inevitable, but seems much more likely than it did even six months ago.

Mr. Atkinson is a guest columnist, who also writes for newspapers in London.

International Intelligence

Philippines angry at U.S. plan to cut aid

Philippines Foreign Minister Raul Manglapus blasted the Bush administration and Senate Minority Leader Robert Dole (R-Kan.) on Jan. 18, and suggested that the United States should consider reducing its standard of living to meet its foreign aid pledges to its traditional allies—in particular, the Philippines. He was responding to the proposal by Dole for 5% cuts in U.S. aid to Israel, Egypt, the Philippines, Turkey, and Pakistan to enable Washington to help Panama and the new democracies in Eastern Europe.

President Corazon Aquino had warned on Jan. 16 that U.S. failure to live up to aid pledges could damage prospects for a new agreement concerning the U.S. bases in the Philippines.

"When Bob Dole said supporting freedom is not free, we feel that we would like to remind everyone, we have been at the frontline of America's defense here for free since 1903," Manglapus said, according to Reuters. Asked what the Philippines would do if the United States went ahead with the proposed cuts, Manglapus said: The Philippines "will know what to do."

Kohl upholds goal of German unification

West German Chancellor Helmut Kohl insists that German unity be declared the ultimate goal of any treaty signed between the two parts of Germany.

In a Bonn parliamentary debate on Jan. 18, Rudolf Seiters, the spokesman for the chancellor's office, declared that the government's policy on the planned treaty must be the firmly stated will to unity of the nation. Anything less than that would make a new treaty meaningless.

The chancellor's offer of such a treaty is addressed to the first freely elected parliament and government of East Germany, which is supposed to be achieved in the May

6 elections. Seiters specified that in the meantime, the Bonn government will continue to talk to East Berlin leader Hans Modrow on "the most urgent tasks." Kohl will probably meet the Communist leader next in mid-February.

In an interview with the *Washington Post* published on Jan. 17, Kohl "appeared to take issue with the Bush administration's insistence that unification be achieved 'in the context of Germany's continued commitment to the North Atlantic Treaty Organization,'" according to the *Post*. "It's a new situation and we have to talk reasonably about this new situation," Kohl said. Reminded that Secretary of State Baker had stipulated the NATO condition in a Dec. 12 speech in Berlin, Kohl responded that "things have moved forward again, things have changed."

"Everything we do here, everything we say, goes along in very close communication with our American friends, and with our European friends, with our French friends and also in very open dialogue with Gorbachov," Kohl added.

Soviets pull out MiGs from Cam Ranh Bay

The Soviet Union has pulled out its only squadron of MiG fighter planes and some of its Badger bombers from Vietnam's Cam Ranh Bay military base, according to Western intelligence sources based in Bangkok. The *International Herald Tribune* has reported that there are no longer any submarines or large warships at the base. Maritime reconnaissance and antisubmarine war planes, Soviet electronic surveillance, and an interception center remain in operation.

Soviet officials had earlier told a Bangkok daily, the *Nation*, that Moscow would probably announce a unilateral military withdrawal from Cam Ranh Bay, regardless of whether or not the United States dismantled its military facilities in the Philippines. But indeed, such a *quid pro quo* may be exactly what Moscow is seeking. The withdrawal of the MiGs from Vietnam is thought

by some analysts to put added pressure on Vietnam and the Heng Samrin government in Cambodia to settle the Cambodian conflict.

In a related development, the *Washington Post* on Jan. 20 quoted Soviet Foreign Minister Eduard Shevardnadze claiming that "the day is near when there will be no Soviet military presence in Asia beyond Soviet borders." Shevardnadze told this to U.S. Senators Timothy Wirth (D-Colo.), Albert Gore, Jr. (D-Tenn.), Claiborne Pell (D-R.I.), and Lloyd Bentsen (D-Tex.). Naturally, he implied to the senators that the United States should do likewise.

Ibero-American clerics appeal to U.S. on Panama

The Latin American Council of Churches appealed to U.S. churches in a letter Jan. 1 to repudiate the invasion of Panama. The letter, released to the public on Jan. 19, asked, "How long will the Christian churches in the U.S. continue to tolerate, and in some cases even justify, these actions that not only violate the most basic human rights, but also the right that the weakest or smallest countries have to make their own decisions and to write their own history?"

The letter asked if Christians in the U.S. are capable of speaking in biblical terms against political authorities. "Will the Episcopal Church particularly be able to firmly exercise its discipline upon a President that boasts of being an active member of this confession of faith? Or are we sad victims of the 'pagan ideology of national security' that has led so many Christians throughout the world to the sin of unfaithfulness and apostasy?"

KGB protecting Stasi agents

The KGB is safehousing senior officers of the "disbanded" East German security police, the Stasi, who have escaped public investigation, according to a report by the usu-

Briefly

ally well-informed Werner Kahl in the West German daily *Die Welt* on Jan. 18.

Not only have key Stasi files been clandestinely transferred to "pre-arranged secret depots of the [East German] Army," Kahl writes, but the KGB headquarters in East Berlin is providing shelter (and, likely, a new operational base) to Stasi personnel gone underground, for the time being, as long as the democracy movement continues to protest in the streets. The KGB headquarters is off limits to all East Germans, has a special "autonomous status," and is accessible only to a few select people with security clearance.

Intelligence analysts in Europe are paying close attention to the covert contacts between the East German communists and the Stasi on the one side, and Moscow on the other, in light of recent strange incidents in East Germany, such as the sacking of the Stasi headquarters. East Germany's communist prime minister, Hans Modrow, met Warsaw Pact Gen. P.G. Lushev in East Berlin recently, but no details were made public.

But the *Wiesbadener Kurier* newspaper in West Germany cited "Western secret intelligence sources" who claim that Modrow called on the Soviets to come to his help with troops "if need be."

Gorbachov had reportedly turned down a similar request from deposed East German party chief Erich Honecker on Oct. 7.

Euro Parliament, U.N. blast U.S. role in Panama

The European Parliament on Jan. 18 denounced the U.S. invasion of Panama as a "flagrant violation of the sovereignty and integrity of an independent state." It characterized the illegal U.S. search of the residence of the Nicaraguan ambassador and the harassment of the embassies of Panama, Cuba, and the Vatican as "violations of the Vienna convention pertaining to inviolability of diplomatic missions."

The condemnation of the U.S. invasion was motivated by both the Socialist and Christian Democratic members of the Euro-

pean Parliament. According to French radio reports, the main opposition to the statement came from the British Tories.

The following day, the U.N. Security Council voted to condemn the U.S. raid of the Nicaraguan ambassador's residence, but the U.S. vetoed the statement. Even Canada and France, which have otherwise backed the invasion of Panama, joined 11 other countries in the Security Council in voting to censure the U.S. for its action. Britain abstained, and the U.S. cast the sole vote opposed.

The resolution declared the U.S. raid "a violation of the privileges and immunities recognized under international law and codified in the Vienna conventions on diplomatic and consular relations."

Chinese regional leaders convene in Beijing

The top Chinese leadership pulled the provincial, regional, and municipal Communist Party leadership into a national meeting in Beijing Jan. 10-11, the official news agency Xinhua reported—the second such national meeting in three weeks. Communist Party chief Jiang Zemin, Prime Minister Li Peng, internal security head Qiao Shi, and others led the meeting, and stressed the need for political orthodoxy and better intelligence on the state of the party.

Top officials also addressed a five-day national meeting of the provincial justice bureaus in Beijing which ended on Jan. 13. Prime Minister Li stressed that "the judicial department in China is of the greatest importance in safeguarding public security and political stability and unity," and "faced with the new situation," the judicial departments should settle issues based on Marxism, Leninism, and Mao Zedong-Thought.

The meeting concluded, Xinhua reported, that "all policemen of judicial departments must fully perform their duty of exercising dictatorship over criminals and reforming them through labor." The meeting also stressed control of schools, universities, and prisons.

● **DENMARK** has issued a strong attack on developments in Cambodia. "The violent fighting of recent weeks has caused widespread fear that the country will be returned to the horror regime of Pol Pot," said Foreign Minister Uffe Ellemann-Jensen. "This must never be allowed to happen. The Danish government supports a solution which will shut out any possibility that the Khmer Rouge should ever have a chance of resuming its terror regime."

● **GEN. BORIS GROMOV** is a key man to watch on the Soviet political scene, European intelligence sources report. Gromov, the former military commander in Afghanistan and now head of the Kiev Military District, has been writing Russian nationalist tracts in the Soviet military paper *Krasnaya Zvezda*. Gromov has the reputation of being a particularly nasty brute.

● **MARGARET THATCHER** and François Mitterrand discussed the crisis in the Soviet Union and the East bloc, in a meeting in Paris on Jan. 20, the London *Times* reports. President Mitterrand had been in Hungary two days before.

● **THERE ARE 'STRAWS** in the wind" about a plan for the partition of Iran, with the Soviets taking the north and the U.S. taking the south, a European intelligence source reports. Such a development, in his view, is more likely than any unilateral Soviet military move into northern Iran.

● **MARKUS WOLF**, the former head of the East German Stasi secret police, is putting out disinformation to justify a potential crackdown there. "We are close to a great fire" he told the British *Daily Telegraph* in an interview published Jan. 17. Wolf lied that the revolution could soon degenerate into lawlessness, as people are "full of hatred and revenge."

Bush: on the slippery slope to political doom

by Kathleen Klenetsky

President George Bush could barely suppress his glee at the press conference he hastily convened after the Senate sustained his veto of a bill that would have allowed Chinese students to remain in the United States to escape political persecution by the butchers of Beijing. Having suffered a stunning setback in the House, where his veto was overridden by a whopping 390-25 vote, Bush was able to browbeat and blackmail the Senate into backing up his immoral position.

"I'm very, very pleased with the results on the Hill today," Bush jubilantly proclaimed to the media. "It gives me the confidence that I can go forward the way I think is correct here."

Bush's smugness promises to be short-lived. If he was able to snatch victory from the jaws of defeat on this particular issue, it was at a terrible political cost.

In purely pragmatic terms, the President was forced to spend tremendous political capital to get his way. "Armtwisting is civilized behavior, compared to the tactics Bush's people used to knock the Senate into line," one Washington observer noted. "What they did was more like knee-capping and leg-breaking."

The President also made the issue one of personal loyalty to him—but that trick can be used only so many times. Despite these heavy-handed tactics, only 69 out of 535 senators and congressmen voted for Bush's position.

More importantly, Bush now stands indelibly labeled, in the minds of most Americans and indeed most of the world's population, as a traitor to the American ideals of freedom and human dignity, and a staunch opponent, along with China's murderous old guard, of the revolutionary upsurge sweeping the globe.

The honeymoon is over

Bush may have saved himself from a devastating political defeat this time around, but the China issue is not about to

go away. Another confrontation between the President and Congress will occur in early February, when several Democratic proposals to slap sanctions on Beijing will be debated. Furthermore, the Senate Foreign Relations Committee is reportedly preparing to haul Deputy Secretary of State Lawrence Eagleburger in, to question him whether his ties to Kissinger Associates, with its myriad business deals with the Chinese regime, played a part in the administration's consistent kowtowing to Beijing.

If anything, the Senate vote on the China bill was the last gasp of the bipartisan cooperation which Bush enjoyed during his first year in office. His second year will be a very different experience. A host of crises, which the Bush crew is utterly incapable of dealing with, is looming, and the political sharks are hungrily beginning to circle.

The economy is clearly Bush's most vulnerable point. It is no longer possible to obscure the fact that the U.S. economy is in depression, and that a massive financial blowout is imminent.

For Bush, the bad economic news is multiplying like rabbits. One day before his triumphal press conference on the China vote, William Seidman, chairman of the Resolution Trust Corp. that was set up to handle the S&L bailout, testified to Congress that the bailout will require more than the \$50 billion figure the Bush team has clung to. Two days later, Federal Reserve Chairman Alan Greenspan warned that foreign capital is set to flee the United States, which eventuality will bring the economy down in a flash.

Bush is caught in a real Catch-22: He needs to push up interest rates, to keep capital at home; and he needs to lower interest rates, to stave off a deflationary collapse. His current economic policies offer no way out of this morass, and unless he shifts within the next weeks and months, he will be "Hoo-verized," both by objective economic conditions, and by the

political process.

Bush's vulnerability on economics is emerging as a major target of opportunity for his political opponents. As Clark Clifford, the Democratic Party elder statesman, told an *EIR* correspondent late last year, the crumbling economy will be Bush's political undoing.

Already, Bush's opposition is turning the economy against him. The first salvo was fired by Sen. Daniel Patrick Moynihan (D-N.Y.), who has given the administration a big headache with his proposal to roll back Social Security taxes and change the accounting practice, employed by the Reagan and Bush administrations, that permits the Social Security trust fund to be treated as general revenue, even though it is supposed to be reserved solely to pay benefits to beneficiaries.

The effect of this practice, of course, has been to hide the real size of the deficit. In an appearance on CBS-TV's "Face the Nation" Jan. 21, Moynihan denounced the practice as a "scam" and "almost illegal."

The Bush crew is strenuously resisting Moynihan's idea. If implemented, it would not only ring the death knell for Bush's proposal to reduce the capital gains tax; it would also force the President to seek a significant tax hike, both to compensate for the loss in Social Security revenue, as well as to meet the Gramm-Rudman-Hollings deficit-reduction requirements, which would automatically become much more severe once the Social Security fund was removed from general revenues.

Although the Democratic leadership has distanced itself publicly from Moynihan's proposal, Bush is still squirming—with reason. New York Gov. Mario Cuomo has endorsed the initiative—no doubt with an eye on the 1992 elections—and support for it is reportedly growing among rank-and-file Democrats and Republicans on the Hill.

Political analysts from both sides of the aisle say that the Moynihan gambit has the White House extremely nervous. Republican pundit Kevin Phillips told the *Washington Times* that it "could go through the Republicans like a hot knife through butter." Robert Shapiro, of the Democratic Party-linked Progressive Policy Institute, said the tax cut "is going to become a cutting issue for the Democrats. That's a fight the President can't win."

A similar reading came from former Reagan adviser Lyn Nofziger. The Moynihan proposal "is the best political issue to come along in a long time. If [the Democrats] play it right, it can make a hell of a difference in the 1990 campaign. . . . Two-thirds of the House Republicans are inclined to support the Moynihan initiative if it comes in that way."

The Moynihan proposal is just the beginning of the brawl which will dominate administration-congressional relations during the coming year. The pressures stemming from the intensifying economic collapse will make what has become an extremely messy and vitriolic process much more so, and Bush is sure to be damaged in the process. Given that 1990 is an election year, with every House

seat up for grabs, there will be no limits to the anti-Bush politicking that will unfold.

Trouble is brewing for Bush on other fronts, as well. Congress is prepared for a showdown with him on the Clean Air bill and child-care, while his foreign policy record is coming under increasing criticism. Ironically, even the invasion of Panama—which Republican National Committee chairman Lee Atwater hailed as a "political jackpot" for Bush and the Republicans—is turning into a political liability. The "hot tamale" incident in Panama has made the Bushmen look like complete idiots, and Bush's opponents are zeroing in to exploit this window of vulnerability.

Sen. Ted Kennedy (D-Mass.), who cannot be excluded as a contender to replace Bush in the Oval Office, is positioning himself as a critic of the President's foreign policy. In two statements issued the last week in January, Kennedy condemned the Senate China vote "a victory for President Bush and the Chinese leadership that was responsible for Tiananmen Square," and questioned the legality and political effectiveness of the Panama invasion. "Certainly the United States does not have the right under international law or any other law that I know of to roam the hemisphere, bringing dictators to justice or installing new governments by force on other nations," said Kennedy. "Coupled with the irresponsible sacking of the Nicaraguan ambassador's residence by U.S. forces in Panama City, the outcry against the invasion has significantly boosted the prospects of the Sandinistas in the Nicaraguan elections that will take place next month. President Bush may have captured Noriega, but at the cost of electing [Sandinista President Daniel] Ortega."

Bush's sinking ship

Bush's political weakness runs so deep, that even Republicans have been forced to acknowledge that he may be on the verge of political death. The pro-administration *Washington Times* reported Jan. 22 that a group of political analysts it had gathered together concluded that Bush faces a wide range of problems that "could send his public approval rating plummeting." According to the group, which includes several well-known Republicans, the biggest danger Bush faces is the economy. Bush "doesn't need a full-scale recession to cause tremendous erosion in his political support," said Paul Weyrich, president of the Free Congress Foundation.

The analysts also stressed that Bush remains "politically weak and unfeared on Capitol Hill"—as the *Washington Times* put it. "George Bush has to fear that the Democrats will all of a sudden stand up and decide they're going to fight him. George is very much of a compromiser, and I'm not sure how he would react if there is aggressive opposition to him," said Lyn Nofziger. "Congress is not afraid of George Bush," said William Schneider of the GOP-linked American Enterprise Institute, pointing to the China issue and the Moynihan proposal as areas where Bush will experience "a lot of trouble."

Court puts LaRouche Dem on Texas ballot

by Patricia Salisbury

On Jan. 25 a Texas state appeals court panel overruled the local chairman of the Dallas, Texas Democratic Party and upheld the right of LaRouche Democrat Greg Witherspoon to appear on the primary ballot as a candidate for Democratic Party chairman for Dallas County. The three-judge panel heard 40 minutes of arguments from American Civil Liberties Union Attorney Eliot Shavin, who argued that the role of political parties is to encourage political participation, not exclude it. John Pouland, chairman of the Dallas party, was asserting an arbitrary right to exclude anyone he considered a LaRouche supporter.

A great deal was at stake in this case. Pouland had started the controversy when he informed Witherspoon that he would not be permitted on the ballot, despite having fulfilled every requirement, solely because of his association with LaRouche. Had Pouland's outrageous decision been allowed to stand, it would have denied the right to run for office to anyone not approved by the party bureaucracy. Pouland had argued that because in Pouland's opinion Lyndon LaRouche does not uphold the U.S. Constitution, a LaRouche Democrat such as Witherspoon could not take an oath to uphold the Constitution.

Witherspoon, a black activist, denounced this as a travesty. In an appearance before the County Democratic Committee on Jan. 22, Witherspoon demanded the right to speak, and told the committee, "My grandfather spilled his blood for the right to vote. You will not keep me off the ballot." Pointing to his two young children who were present at the meeting he said, "This is what it's about. It is their freedom which is at stake. I will not let you take away their freedom. And you better beware that when they grow up, they won't treat you as nicely as I have."

Witherspoon also pulled no punches in exposing the political forces behind the attempt to exclude him from the ballot. Denouncing the Anti-Defamation League, which is notorious for using charges of anti-Semitism and racism to protect the drug lobby and smear anyone who attacks it, Witherspoon charged, "This is an operation being run by the ADL; Mr. Pouland is the front-man."

Witherspoon's charges were borne out in the court proceedings when Pouland entered a series of quotes from a book-length slander of Lyndon LaRouche penned by the ADL-financed Dennis King. When one of the judges on the panel asked Pouland to substantiate his charge that Witherspoon would not make good on his oath to uphold the U.S. Constitution, Pouland offered the slanders in the King book as alleged proof. When the incredulous judge then asked Pouland if he really meant that the King book represented a proof on the public record, Pouland hemmed and hawed, finally admitting that this was the main basis for his argument. ACLU Attorney Shavin denounced the book as "hearsay upon hearsay," and said that its admission into the courtroom was an outrage to the panel. The judges appeared to have agreed as they issued the writ of mandamus ordering Pouland to place Witherspoon's name on the ballot. They added the proviso, "no motion for a further hearing on this matter will be entertained."

While a victory against fascism was won in Texas, a related battle is still raging in Illinois, where courts are acceding to the campaign of state Attorney General Neil Hartigan to disqualify a slate of LaRouche associated Democrats for state office. The effort has reached a fever pitch, since two of the candidates, Mark Fairchild and Janice Hart, won the Democratic Party nominations for the state-wide offices of lieutenant governor and secretary of state in 1986. The efforts of the Democratic Party bureaucracy in Illinois are even more flagrant violations of the electoral process than in Texas, in that Hartigan, himself a candidate for governor, has used the power and personnel of his office to terrorize both campaign workers and citizens who signed the nominating petitions for the LaRouche slate. Hartigan was forced to admit that members of the Attorney General's staff called petition signers in an attempt to invalidate signatures and prove "a pattern of fraud, and misrepresentation." Hartigan is attempting to explain this malfeasance away by arguing that the staff did it on their own time, or as volunteers.

Illinois fight even more vicious

Despite these admissions to the media, the State Board of Elections voted 7-1 on Jan. 24 to uphold a decision by an Election Board hearing officer to disqualify the slate. The hearing officer, while ignoring arguments that the Attorney General was deploying the powers of his office against a political opponent, disqualified the slate on the basis that several petition circulators worked for the same literature distribution company, and that circulators were campaign volunteers who had an interest in the outcome of the court case. Observers of this decision wonder what candidate could ever qualify for public office, if the activities of campaign volunteers were automatically ruled fraudulent.

The full State Board of Elections, apparently wanting to avoid some of the pitfalls of the hearing officer, threw out the findings of fraud, but maintained that the slate had not collected sufficient valid signatures, since it refused to reinstate the signatures which the hearing officer had ruled "fraudulent." This absurd illogic and injustice is being contested in court by the LaRouche slate, which is also bringing an independent case charging Hartigan with misuse of his office.

4th Circuit upholds travesty of justice against LaRouche

A three-judge panel from the Fourth Circuit Court of Appeals in Richmond, Virginia ignored the legal arguments and appeals of over 800 lawyers internationally, and upheld the conviction and jailing of U.S. political leader Lyndon LaRouche on Jan. 22. The 48-page opinion, written by Judge Brian Murnaghan, and unanimously adopted, echoes the prosecution's justification of the political prosecution on all counts, against LaRouche and his six co-defendants.

Political prisoner LaRouche, on being informed of the denial, but without having seen the document, said: "I know that the judge and the prosecution in the district court knew that all of the seven defendants are innocent of the crimes that they are alleged to have committed. . . . It is my belief that the circuit court has overwhelming evidence to know or suspect that the defendants are innocent." LaRouche added that he is a "strategic hostage" to the condominium between the Bush administration and Gorbachov, by which Bush is selling out the West to the Russians.

He also noted that President George Bush continues to sit on a secret file containing exculpatory evidence for the defense—evidence which District Court Judge Albert V. Bryan, Jr. refused to release to the defense before trial. Similar lawless behavior by the Justice Department has characterized the Irangate proceedings. LaRouche was sentenced to 15 years in jail by Judge Bryan—an unprecedented sentence for the white-collar crime he was alleged to have committed.

LaRouche was convicted of conspiracy to defraud the Internal Revenue Service and loan fraud conspiracy on Dec. 16, 1988, in a prosecution that took less than two months from arraignment to conviction. The railroading on the Alexandria "rocket docket" was undertaken by the federal government after the prosecution de facto lost its case against LaRouche and several defendants in Boston. The decision to "get LaRouche" was taken by a "Get LaRouche" strike force working hand in glove with the Russians, who consider LaRouche "enemy number one" for his advocacy of U.S. economic and strategic strength. Convicted with LaRouche were Edward Spannaus and William Wertz—both serving 5 years; and Michael Billington, Paul Greenberg, Joyce Rubinstein, and Dennis Small, all serving 3 years.

Over 800 lawyers signed on to *amicus curiae* briefs, telling the Fourth Circuit that, if the LaRouche conviction is allowed to stand, there is no hope for any controversial political figure to get a fair trial.

Justifying the railroad

The Fourth Circuit decision hardly mentions the constitutional issues raised in the LaRouche appeal, which was argued by former U.S. Attorney General Ramsey Clark. Clark concentrated in his oral argument on the denial of due process reflected in the fact that there was no "meaningful voir dire" (questioning) of the jury, and that it was selected in 20 minutes. Without even attempting to counter Clark's assertion, the Fourth Circuit simply rubberstamped Judge Bryan's actions. The judges state that defense lawyers waived any objection by not complaining enough about Bryan's decision. Bryan had denied extensive questions for the potential jurors submitted by the attorneys 11 days earlier.

The judges also totally ignored the major reason given by Clark as to why extra-careful jury screening should occur: the wild and extensive hostile pre-trial publicity given LaRouche in the Alexandria area. The panel also dismissed the defense's contention that due process and Sixth Amendment rights to effective assistance of counsel were violated by the rush to trial. In so doing, it ignored the facts of the record on the lawyers' objections.

In effect, the panel asserts that there was nothing the defense could have done to prove their innocence; that therefore no more time—such as that required to prepare defendants to testify—could have reversed the verdict.

The Fourth Circuit also justified Judge Bryan's imposition of an *in limine* ruling which, it admits, "was granted to prevent the defendants from introducing into the trial claims such as government harassment, vindictive prosecution, and financial warfare." Judge Bryan also ruled out defense argument on the federal government being solely responsible for bankrupting the companies which held the loan obligations involved. Although the court was doubtless aware of the fact, chief federal bankruptcy judge Martin V.B. Bostetter has since ruled that the federal government's action was illegal and taken in "objective bad faith."

Also noteworthy to the hundreds of thousands of persons, including lawyers, who understand that the case was a political prosecution by a "Get LaRouche" taskforce, is the Fourth Circuit panel's adoption of the prosecution argument that politics had nothing to do with the case. It reads: "The defendants also contend that they should have been permitted to establish at trial that the NCLC [the LaRouche-founded National Caucus of Labor Committees] was a *bona fide* political organization. But the government told the jury that the defendants' political activities should not be considered and the court instructed the jury that political association was constitutionally protected. The political nature of the organization was irrelevant to the case."

Gen. Powell acts like idiot to reservists

by Scott Thompson

General Colin Powell, the Bush administration's political appointee to be chairman of the Joint Chiefs of Staff, cut an absurd figure when he spoke to the Reserve Officers Association on Jan. 22, and told them that the threat from the Soviet Union had diminished and that he would ask the U.S. Congress to reduce the size of American forces. This incredible statement from a person holding the same position once held by Gen. Douglas MacArthur, comes at a time when the economic and social collapse of the Soviet Union has moved the world into a pre-war situation.

Flush with the triumph of deploying 26,000 troops to crush tiny Panama, the general was unequivocal in stating that "the Soviet threat is diminishing." This led him "to the conclusion that something fundamental has changed" in the "geostrategic situation." But Powell confessed that regardless of whether the threat were less, economic conditions would demand reducing forces. "The reality is," Powell said, "that we must plan on our defense budget going down several percentage points every year for the foreseeable future."

On Jan. 8, Powell had been embarrassed at a press conference at Schwäbisch Hall, West Germany when *EIR*'s William Salisbury, the only black reporter present, asked Powell whether the invasion of Panama, a small Third World country, had created a negative international image of the U.S. Armed Forces which itself has a large percentage of blacks and minorities among its ranks.

Rather than fight those in Congress chasing the mirage of a "peace dividend," Powell told the reservists Jan. 22: "My personal strategy for the upcoming budget hearings will be a simple one. I will willingly and gladly admit that the world is changing and the threat is no longer as great. I will also tell Congress where and how and how much I believe we can safely reduce the defense budget."

Powell presumes to do the impossible. He claims that the Pentagon will reduce forces, while not "abandoning a winning strategy." The highest priority will be to maintain some strategic modernization, which will mean cuts in other areas, including, especially numbers of troops and quite likely numbers of troops forward deployed in Asia and Europe. Even though budget cuts are delaying deployment of the Strategic Defense Initiative and other needed modernization

projects, General Powell appears ready to concede the battle.

He either does not know, or is afraid to state, the truth that the internal collapse of the Russian empire dramatically increases the danger of war, especially if the United States does not also increase deterrence. Powell did admit that the Soviet Union is the main enemy of the United States, which, despite political changes and arms control negotiations, which he favors, "will continue to be the only nation with the military capability to destroy us or threaten our position and national interests in the world." Yet, he opined, the changes there might "lead to a system of world peace which the political prophets have spoken of" "where we can devote the minimum resources necessary to our defense."

Bad intelligence

An intelligence assessment supporting General Powell's views was delivered the next day to reservists by one Colonel Tucker, the chief briefing officer of the Defense Intelligence Agency (DIA). Colonel Tucker implicitly conceded that the Soviet General Staff had originally supported perestroika because it wanted to build an "advanced industrial base" by which to create a "leaner, meaner military" that pursued "qualitative, rather than quantitative parameters." He claimed that Mikhail Gorbachov's implementation of perestroika had been an unmitigated disaster, which put off the creation of a modern Soviet military with weapons operating on new physical principles until 15-20 years in the future.

Nonetheless, he argued that Mikhail Gorbachov, whose special relationship with President George Bush for a global power-sharing pact is the key strategic blunder of the United States, is virtually unassailable. Again, either because of ignorance or overt lies, he said there was no coup potential in the Russian military and that hard-line Gorbachov opponents in the party, like Ligachov, had no power base. The question of an emerging Great Russian nationalist reaction to Russian internal collapse apparently did not even enter the DIA equation of what the DIA was either permitted to think or permitted to tell the public.

Stranger still was Tucker's assertion that Soviet forces in Europe had "become more defensive," as Mikhail Gorbachov said they would. This stood in stark contrast to his hour-long presentation showing that even under Gorbachov, the Soviets have modernized every weapons system. Among these new systems were two mobile missile systems, which included the SS-24 Mod 1, whose ten MIRVed warheads could burst any missile silo in the United States, destroying the possibility of a retaliatory strike from land-based ICBMs. Also, the Soviets have replaced all the nuclear firepower targeting Western Europe since allegedly junking their SS-20s under the INF treaty, through a variety of means. If this tremendous modernization of weapons systems means a "diminished threat" such that Powell can call for "reduced forces," the real substance of the DIA analysis does not support the case.

Bush's rhetoric thin at pro-life march

by Linda Everett

"Like the Berlin Wall, the formidable wall of apathy against unborn babies shall fall." Some 200,000 to 225,000 Americans (unofficial police estimates) from all over the country poured into Washington, D.C. on Jan. 22, the 17th anniversary of the Supreme Court's infamous *Roe v. Wade* decision, to signal their opposition to the ruling that legalized abortion on demand, and to commemorate the 27 million lives—one-third of all American children—lost to abortion since 1973.

Tens of thousands attended hundreds of events which were as varied as a candlelight vigil in New Castle, Pennsylvania; a memorial service in Tallahassee, Florida; a Nashville, Tennessee legislators' reception; and a Lincoln, Nebraska "Walk For Life." Six thousand people marched in Olympia, Washington; 5,000 in Wisconsin; 4,000 in Ohio; and 1,000 in Chattanooga, Tennessee. A week earlier, several national leaders of the pro-life movement addressed a panel during the Martin Luther King Tribunal in Washington, where the fight for the rights of the unborn was put in the same context of the fight for justice for American statesman Lyndon LaRouche and the struggles for democracy and sovereignty of people in Eastern Europe, China, Lebanon, and Panama.

The national focus for this anniversary and for those of the last 16 years, centers around the annual D.C. rally and March for Life with vigorous lobbying in Congress afterwards. This year's events also included an all-night prayer vigil beginning and ending with several thousand attending religious services at the National Shrine. Among the congressional speakers at the rally were Senators Jesse Helms (R-N.C.) and Gordon Humphrey (R-N.H.), and Representatives Chris Smith (R-N.J.) and Robert Dornan (R-Cal.).

President Bush, who spoke to the rally via telephone hookup, lacked his recently acquired zeal in opposing abortion. "I want to take a minute to share my deep personal concern about abortion on demand which I oppose," the President said. "And I think all of you know my deep conviction on *Roe v. Wade*. Human life in all forms must be respected." The President concluded his one-minute message by endorsing the moral superiority of adoption over abortion. Nellie Gray, president of March For Life, noted that the President stood by his word when he twice vetoed the budget for Washington, D.C. which included federal funding of abortions for the poor. That veto eliminated \$2 million targeted to pay for abortions of some 10,000 District children a year.

But thousands are growing leery of George Bush's "pro-

life" stance. Rally participants wanted to talk about Bush's recent genocide in Panama and his schmoozing, Kissinger-style, with Chinese butchers who today ruthlessly force abortions on women (some nine months pregnant) in Tibet—just as in China. As several rally signs read, "Chinese student martyrs know George Bush is not pro-life."

Senator Helms told the crowd that their yearly pilgrimage to Washington is "a mission of mercy."

Rep. Dornan didn't need the microphone when he announced to the rally that "God Bless the U.S.A. stands for the United States of America—not the United States of Abortion!" A few New Yorkers, tiring of his jesuitical rhetoric, sported "Excommunicate Cuomo" signs, but everyone applauded the former governor of New York, Hugh Carey, when he told them, "You are here today as the best example of what this country stands for."

Abortion is child abuse, not humanism

Another congressional veteran of pro-life battles who addressed the rally was Rep. Chris Smith. "Future generations of Americans," he said, "will inevitably look back on America's slaughter and abuse of unborn children, about 4,000 babies killed per day—and will be utterly perplexed as to how a society that manifested such concern for civil rights at home, and human rights abroad, could have been so blinded and fooled by the abortionists." Smith said abortionists have cloaked their killing in the language of humanism, but it is really an issue of child abuse—and that is not a matter of choice in a civilized society. "Just as the Berlin Wall wasn't destroyed in a day . . . the formidable wall of ignorance, apathy, and prejudice against unborn babies, likewise, will be toppled incrementally. . . . Like the Wall in Berlin, this wall, too, shall fall."

Among the religious leaders at the podium were several representatives of the Orthodox Church of America, along with Roman Catholic bishops from Scranton and Philadelphia, Pennsylvania, New Orleans, Louisiana, North Carolina, Florida, and Ohio, as well as three cardinals: John O'Connor of New York, James Hickey of Washington, D.C., and Bernard Law of Boston. Rabbi Levin of Brooklyn blew the shofar after reading a prayer that said the blowing of the ram's horn was a call to arms ("Who shall prepare himself for battle") to fight abortion which severs man's partial partnership with God.

Later in the day, Dr. Bernard Nathanson, a former abortionist now solidly pro-life, targeted political candidates who base their "principles" on the direction of the political winds. About those "pro-life" candidates who changed camps to grab pro-abortion votes, Nathanson says, this is the first time we see rats swimming toward a sinking ship. Referring to candidates who waffled on abortion, and, as a result, lost their races (the pro-abortion crowd didn't want them, either), the doctor quipped this the first time we see a sinking ship destroying the rats.

Beethoven's 'Fidelio' at C=256: more of the mass than the opera

by Kathy S. Wolfe

Ludwig van Beethoven's sole opera, *Fidelio*, "has more of the mass than the opera to it," the great conductor Wilhelm Furtwängler wrote, for it proclaims that there is a divine spark in man, a "sacred . . . religion of humanity." This spark makes man forever free, lifting him above the beasts, and above the power of any chains on Earth.

The Schiller Institute's Jan. 21 concert-presentation of *Fidelio* at New York City's Alice Tully Hall, sung by the Lubo Opera Company and conducted by Anthony Morss with Philip Levin's 18th-Century Ensemble orchestra, powerfully demonstrated this simple truth.

Fidelio, composed 1802-15, is exceptional among 19th-century operas for its assertion of cultural optimism: the idea that God has constructed the universe according to moral law, and that man can *know* this law, and thereby control his destiny. Law No. 1 is that God is good; therefore, the universe is good, and good men can defeat evil—if they are courageous. As Beethoven put it, in his "Heiligenstadt Testament" written at the onset of his deafness, "I shall speak, out of my silence. . . . Mankind, help yourself, for you are able!"

The Schiller Institute made history by reinstating Beethoven's pitch of C=256 (A=430) for the first time this century, as proposed by former presidential candidate Lyndon H. LaRouche, Jr. Since Beethoven used this pitch precisely because he considered it God's law for music, there can be no true *Fidelio* without it.

Morss and ensemble went further, however, than the letter of the law. In this day of soap opera, with moral law out of fashion, the opera houses reduce *Fidelio* to a Wagnerian outpouring of homogenized sound, another tragic saga of the cruelty of life, a musical "Rambo."

Instead, the Schiller Institute concert brought the beauty of the human voices together with the uniquely human tones of Levin's 18th-century instruments, to a stunning result: musical transparency. The distinct musical voices, the differentiated, human ideas, with which Beethoven constructed his mass, could actually be heard, for the first time since the death of Brahms. This, combined with the sight of such diverse musicians, assembled with a purpose, to such highly

developed end, was an overwhelming testament to the divine power of the human spirit.

Patriots in East Germany today, fighting for the dignity of the individual human mind against terrifying odds, trace their movement and their moral strength directly back to that of Furtwängler, an ardent anti-Nazi. The Schiller Institute program quoted the great conductor's 1948 statement on *Fidelio*:

"Now that political events in Germany have restored to the concepts of human dignity and liberty their original significance, this opera . . . gives us comfort and courage. . . . That which moves us is not a material effect, nor the fact of imprisonment: Any film could create the same effect. No, it is the music, it is Beethoven himself. It is this 'nostalgia of liberty' he feels . . . which brings us to tears. His *Fidelio* has more of the mass than the opera to it: The sentiments come from the sphere of the sacred, and preach a religion of humanity which we never found so beautiful or necessary as we do today."

The nominal plot of the opera is important enough; it proves that Beethoven was no Sunday moralizer. He openly defied the crowned heads of Europe, by relating the story of the French republican Lafayette, hero of the American Revolution, freed from prison by his wife Adrienne. Beethoven's heroine, Leonore, disguises herself as the boy Fidelio, to take a job in the prison where her husband, Florestan, is held. Beethoven immortalized the evil British Prime Minister William Pitt, who demanded Lafayette's chaining, in the character of the prison governor Pizarro.

Thus, at the outset Beethoven raised the fundamental question of all human moral law: What sort of love is it, which risks life itself, selflessly, for the beloved? The biblical term or label used for this sort of love is *agapē*, as described by St. Paul in Corinthians I:13. Beethoven, however, was not out to label soup cans. He constructed *Fidelio* as a whole, as the answer to this question. He proves, with a geometer's rigor, that the human mind has been so constructed by God, that, with courage, it will grow toward *agapē*, toward the Divine.

That is, liberty for what? For the dignity of man.

This proof is what this reviewer heard, after decades of *Fidelios*, recorded and live, for the first time here.

Instruments close to human voice

Beethoven proceeds by forcing us to witness the development of the human mind itself. He shows the emotions of the child, then of the simple adult, then of the heroic adult, and finally of the pure lover of God. Each of these distinct emotion-states is associated with a *distinct type* of human voice—for example, a light soprano versus a heavier dramatic soprano—and also with a distinct quality of voice in the orchestral instruments—for example, a flute versus a clarinet, or the winds versus the strings or the brass.

From the opening bars of the overture, with nary a singer, it was the differentiation *between* the types of instruments in the original-instrument orchestra, which hit one like lightning. The instruments, simply, sounded like human voices. Morss, who has evidently learned a great deal from Furtwängler's recordings of *Fidelio*, is not Furtwängler, but he had something Furtwängler didn't have: the right instruments.

It was far, far more than just the fact that the lower pitch made each separate instrumental voice more full—which it did. This was like the scene in “The Wizard of Oz,” when Dorothy's house falls into Munchkin land, and the film, previously black and white in the drab Kansas segment, shifts suddenly into Living Color. Your modern orchestra is black and white, and you don't realize it, until you hear color!

This reviewer never realized before, that Beethoven has constructed the entire opera, overture first, around this. The overture counterposes four bars of full orchestra, to a series of different wind solos: first horns, then clarinets, then bassoons, then oboes. With Levin's ensemble, each of the four had a totally different color, for the first time. Then, these were counterposed against the warmer *tutti* of the strings.

Many of the orchestral players had never before had the opportunity to play much Beethoven, since “original” instruments have generally been restricted up to now to the Baroque repertoire. Their enjoyment was visible on their faces. True, they made some bleeps and squeaks; but the blame should be placed on the idiots who designed the modern instruments, which admit inferior technique and make instruction on the real thing—and performances—so rare.

Beethoven's real voicing only hit home, however, after the opening soprano-tenor duet after the overture. The human voices, too, were meant to be differently colored—to work with the differentiated instruments.

Development into humanity

Beethoven begins with the mind of the child, the duet revealing the emotions of Marzelline, the jailkeeper's teenage daughter—a light soprano—and her adolescent boyfriend, the turnkey Jaquino—a light tenor. In the midst of tragedy, the audience is made to laugh at Marzelline's notion

of love, for she has fallen for a woman, Leonore, disguised as Fidelio. As a kitten might run between food dishes, she transfers her affections, located mainly below the belt, from Jaquino to Fidelio.

Well, this is not love. As LaRouche has pointed out, true classical drama is never pathetic, but always slightly ironic.

The shocker at the Schiller Institute concert, however, was that with the right instruments at the right pitch, one could hear how Beethoven had coordinated certain comic woodwind passages, with the “childish” voices of Marzelline and Jaquino.

Next comes the jailer, father Rocco, who is more grown up, but who does love his money and his comfort: a deeper voice, a bass. Blind to the reality that his faithful servant, Fidelio, is a woman, he plans to marry Fidelio to his daughter. That isn't love, either.

Then comes the disguised heroine, Fidelio, a darker, dramatic soprano, in agony (“O namenlose Pein!”). Yet another, distinct, emotion-state. Their first quartet, the much-hackneyed “Mir ist so wunderbar,” was a revelation. Four totally distinct human voices, supported by totally distinct orchestral voices! After the comedy of the woodwinds in the teenage duet, the quartet's opening viola passage was an unexpectedly warm, intense contrast. Jodi Laski-Mihova sang a rich Fidelio, and Maryann Polesinelli's Marzelline soared over the ensemble.

In sum, we were merely getting what was ordered, after a 100-year wait. Some of what occurred even surprised Morss—but that's the joy of scientific experiment. I was especially struck by the richer contrast of the horns and the soprano in Mrs. Laski-Mihova's beautiful Leonore aria in E major, the same key as the overture. The soprano instinctively tried to take a broader tempo, but Morss went on, too fast. By the time Beethoven reached his pinnacle in Act I, the Prisoners' Chorus, enough space had been created for an even broader tempo; again, Morss was too quick.

Act II was even better—but, as Pizarro says, my time is up, so two final notes. With these instruments and with good voices at this pitch, the dungeon quartet in which Leonore reveals herself, shows the density of contrapuntal singularities of Beethoven's late string quartets. By this point, the audience had realized that Leonore's level of selfless love for Florestan, associated with her instrumentation, is a far higher emotion-state than any on stage.

Beethoven, however, is not done. At the moment when the minister hands her the key to unlock Florestan's shackles, Leonore turns, not to anyone on Earth, but to Heaven. “O God!” she sings, “what an instant,” and the orchestra beneath makes an instantaneous, radical shift, from A to F, such that a great light seems to break through the sky above the scene. The transformation is indeed instantaneous, the same sort of transformation which occurs in the mass, during the taking of the sacrament. This is the quality of love embodied in the death and resurrection of Christ, as Furtwängler indicated.

McMartin Preschool verdict 'not guilty'

by Carol White

Now that the verdict is in, and Peggy McMartin Buckey and her son Raymond have been judged innocent of the child abuse at the pre-school center they ran in Manhattan Beach, California, the question is: Have we witnessed a massive miscarriage of justice, or as the press and the defense claim, were the charges merely a product of mass hysteria? A majority of the jurors held a press conference following the acquittal, in which they stated their belief that the children had in fact been molested; furthermore, while they acquitted the Buckeys on 52 counts, on an additional 13 they remained deadlocked.

The jurors pointed to a failure by the prosecution to substantiate the case against the Buckeys beyond a reasonable doubt.

Sexual abuse of the children at the prestigious McMartin Preschool was alleged when one mother discovered evidence that her son had been sodomized after she took him to a doctor, having discovered blood in the area around his rectum. The police were notified, and in turn notified the other parents of children at the school, requesting them to report any unusual behavior by their children.

Despite documentation of sexual abuse of other children at the school, the primary evidence was the word of the children. More than 400 present and past students at the school were interviewed, and reported that they had been forced to participate in pornography, rape, sodomy, eating feces, sex acts with animals, animal mutilation, Satanic rites, and the viewing of corpses. The defense contended that the children had been coached by social workers and others to fantasize these stories.

One problem in establishing the case, was that parents in general prioritized gaining medical and psychological help for their children, over and above developing an evidentiary record. The defense used this to claim that the children had been coached by psychologists and social workers, in the stories which they told. Had only a few children been involved, this would appear to be a more credible contention.

Children who have been sexually abused, whether by Satanists or by pedophiles, will tend to be ashamed of having participated in those acts, and will try to block them from memory and deny that they occurred. Play therapy and reas-

urance that what they have to say will not render them unacceptable, are key to eliciting the story of what really occurred.

In order to avert severe personality damage to children, under such circumstances, it is essential that they be able to freely discuss what was done to them, and their own part in this. So many children were involved in the McMartin case, that there was a shortage of trained professionals to deal with the situation—a circumstance which may account for some interviews in which questions to the children by professionals subsequently appeared to be leading.

Judge Pounders, who celebrated the conclusion of the case by breaking open a bottle of champagne in court, told the *Los Angeles Times* Jan. 19 that "I found it difficult to determine how they would view the evidence in the first place. I thought that based on the evidence that was presented, the jury could do almost anything and still find rational support for it. It is very difficult to test the credibility of children, and when you go beyond that, the natural tendency for adults is to look for corroboration. It was very difficult to find corroboration in this case."

The response of the children was predictably bitter. They had suffered through five years of examination and cross examination. The same article quotes one boy, now 15 years old, who said: "We all know that we are telling the truth. No matter what the jury says, whatever anybody says, this is the truth. We were molested."

Fading memories

The McMartin investigation had gone on for five years; the trial itself lasted almost three. Some of the events described by child witnesses occurred three years before the first investigation. Under the circumstances, the children's accounts have become less vivid over time, and discrepancies crept into their testimonies. A preschool child does not have the same conceptual framework as an adult. The children reported that they had been sodomized and forced to participate in oral copulation and other crimes. They also claimed that they had been photographed while performing these acts.

An eight-year-old child witness had testified during the trial that she had been raped, photographed, tied up and placed in a dark closet by her teachers five years earlier.

One child told of a movie star, a city attorney, a priest, and four nuns, who he claimed had been among his molesters. This testimony has been used to debunk the testimony by the child witnesses; however, in the Matamoros case and the Manson Family killings, jet-set figures from the entertainment industry and organized crime were involved.

District Attorney Ira Reiner, who took over the case in 1984, was once the defense attorney for Manson Family killer Leslie van Houten. He delayed prosecution of the McMartin case many years, while the children's memories faded, and while the defense worked on discrediting their testimony and their debriefers.

West can't stop Gorbachov's fall

West German intelligence expert General Scherer's realistic prognosis is taken with new seriousness here.

Gen. Paul-Albert Scherer, former head of military intelligence and counterintelligence for the West German military and personal adviser to Chancellor Helmut Schmidt in the 1970s, addressed a capacity audience at the National Press Club Jan. 24 on his grim prognosis for the future of the Soviet Union.

It was Scherer's third trip to Washington, D.C. in a year. Last April, his prognosis for the early demise of Soviet leader Gorbachov was met with considerable skepticism. On his return visit in October, the events in Tiananmen Square had begun to shift perceptions of events in the communist world, and Scherer's evaluations got a better hearing.

This trip, however, as Gorbachov is mired in the economic and ethnic crises unfolding daily, General Scherer's perspective has suddenly found policymakers in Washington very receptive and eager to learn more.

Now, there is a general view that Gorbachov's days are numbered. Just before Scherer began his seminar, a few blocks away President Bush held a press conference where he conceded that he "couldn't predict" the outcome of the internal crises in the Soviet Union. Concerning the survivability of Gorbachov, Bush said, "I don't know. It is serious."

Those who came to hear Scherer this time were mainly from foreign embassies and think tanks, including especially naval representatives. Foremost on their minds was what would follow Gorbachov's demise, and how the West should respond.

Stating that conditions in the Soviet Union are irreversible at this point,

Scherer provoked one attendee with a British accent to ask in a troubled tone (paraphrasing his question), "You paint a very grim picture, and you say that it is useless to try to support Gorbachov. But who should we deal with, then? Surely, we in the West prefer to deal with someone in the Soviet Union who represents some stabilizing influence there."

Scherer shrugged his shoulders and said, "Any group that follows Gorbachov into power will attempt a Beijing solution. There is nothing we can do about this. We can't change this. We are forced to stand on the sidelines and become the witnesses to a great historical tragedy."

The West should "keep its powder dry" against the tendency of a Soviet Union "caught in the vortex of self-disintegration to lash out in a military fashion, especially if a faction rises to power which views the West as a military 'paper tiger.'"

"As a 71-year-old man," he said, "I have been traveling around Europe, and am on my third trip to the U.S. in less than a year trying to fight the blinding of the Western world by Gorbachov." He said the first task of "containment" of a disintegrating Soviet empire is psychological, namely, "not to be blinded by what the enemy is up to."

Scherer said three ingredients compose the current Soviet internal situation: 1) total disagreement between the elites and the masses over questions of policy; 2) a collapse of the authority of the Soviet state apparatus; and 3) a crippling of the collective consciousness. "There is no spirit of self-sacrifice any longer," he said.

The high morale which accompanied the promises of reform when Gorbachov came to power began to vanish in 1987, and now more than two-thirds of the 18 million bureaucrats (not counting their families) who comprise the four pillars of Soviet power (the party, the political/administrative apparatus, the military, and the state security) are strongly opposed to him. Despite this low morale, he added, "a messianic outlook" still exists in the Soviet population, which "could lead to a path of military confrontation."

The crisis in the Soviet empire became irreversible, Scherer said, when the Kremlin leadership failed to move on reforms that would have had to be launched no later than 1976.

Now, he said, the Soviet Union is "an empire of economic misery that is unequaled in world history." But still, the size of the Soviet military budget "is actually continuing to increase as the emphasis is placed on modernization, while outdated systems are junked."

Only 13% of the factories in the Soviet Union operate at a profit, he said, and of 280 million people, 46 million earn less than 77 rubles a month—not counting 50 million pensioners who receive 58 rubles.

"No factories can carry out the production of consumer goods to turn this situation around," he said, noting that 75% of the 4 billion Deutschmark line of credit extended by West Germany to the Soviets for building a consumer goods industry has almost all been already eaten up by direct purchase of finished goods from Western Europe.

The bottom line: "Any help to Gorbachov is now too late," and will only fall into the hands of those who will follow him with brutal repression internally, and military aggression beyond their borders.

Administration officials deny Soviet threat

The leading intelligence and military officials of the Bush administration told the Senate Arms Service Committee that a reduced Soviet military threat will justify large cuts in the defense budgets. The hearings were held during the week prior to the Jan. 30 release of the defense budget, which envisions cutbacks in global troop strength, closing of domestic and foreign military bases, and the shutdown of weapons production lines.

Director of Central Intelligence William Webster told the panel, "Overall, the conventional threat to the United States and our alliance partners in Europe has decreased as a result of changes in Eastern Europe and Soviet force reductions." He added that Soviet leader Mikhail Gorbachov's military reductions in Eastern Europe have caused a decline in Soviet and Warsaw Pact strength, and "probably lengthen the time it would take for the Soviets to mobilize for any large-scale attack in Europe."

The CIA chief identified Fidel Castro as the Latin American leader most likely to undertake actions which will be in conflict with U.S. interests.

Brig. Gen. R.J. O'Lear, intelligence director of the U.S. European Command, and the director of the Defense Intelligence Agency each testified that they shared this assessment of a reduced Soviet threat.

Former Reagan administration official Richard Perle told the committee, "We should reduce force structure to reflect the lessened Warsaw Pact threat." He advocated unilateral reductions of U.S. troops in Europe, deeper even than the Vienna CFE negotiations call for.

Perle's disarmament plan includes

"skipping the next generation of weapons systems" and scrapping the Midgetman and MX strategic missiles. The Strategic Defense Initiative, he opined, should be "reoriented to R&D with deployment of a limited system" in the near term.

Relishing his role as the saboteur of the SDI program inside the Reagan administration, Perle told the astonished senators, "I never thought we could produce a perfect defense," and said that despite his "hardline" public posture, his present views do not represent any change of heart. With regard to the Soviet ability to continue production of new generations of strategic weapons systems, Perle revealed, "I never believed it then, and nobody believes it now."

His fundamental point is that "the canonical threat against which a defensive NATO alliance has long been poised is no longer credible."

A note of caution was sounded by Edward L. Warner of the Rand Corporation, who said, "We have great difficulty validating or disproving Soviet claims of purely defensive exercises. I would not [exclude], however, that modern, maneuver-oriented . . . operations involve basic 'building bloc' operations at the tactical level that are common to both offense and defense." He added that the restructured ground forces will be "balanced, versatile combined-arms formations" capable of drawing on the enormous stockpile of pre-positioned material stocked in the East bloc.

He further pointed out that projections of Soviet strength reductions are valid "assuming that the Soviets do not significantly increase artillery strength"—which is exactly what they are doing. Under conditions of long mobilization, Warner warned, "the

Warsaw Pact would . . . retain a substantial portion of its very considerable current advantage."

A more cautious—and realistic—note was sounded by Chief of Naval Operations Carlisle Trost, who told an industry association: "Some of the louder voices being heard that are calling for very large, and in my opinion unreasonable, unwise, and premature cuts, are those of former senior defense officials who imply by their comments that current defense planning is not keeping touch with the rapidly changing world. . . . I think it is they who may not fully appreciate the complex and uncertain threats that our forces face today. . . . There is a point . . . below which this nation will not be able to maintain the necessary military force levels of a superpower."

DoJ won't pursue charges against Rep. Frank

In response to queries by the *Washington Times*, the Justice Department and Jay Stephens, U.S. Attorney for the District of Columbia, refused to comment on why they are not prosecuting Rep. Barney Frank (D-Mass.) for felonies which he admits having committed. Frank has confessed to buying services from male prostitutes and employing a man whom he knew to be a working prostitute. The prostitute, Steven Gobie, was running his service out of Frank's Capitol Hill apartment.

The lack of action on the part of the Justice Department in the Frank case contrasts with the "sting" against Washington, D.C.'s black mayor, Marion Barry. Some suspect that the long-term investigation of Barry was based on racism. Barry, who was photographed taking cocaine in a Wash-

ington hotel, was charged with a misdemeanor, whereas the Frank admissions could constitute a felony.

John Banzhaf, a George Washington University law professor and legal activist, is seeking Frank's prosecution. "The only big difference that I can see is that one is white and one is black," said Banzhaf. "I'm the first white guy to stand up and say that this does raise the suspicion of racism." He has been joined by the Conservative Caucus and two Washington Baptist ministers, Rev. Cleveland Sparrow and Rev. John Martin.

Substitute sought for discredited Gramm-Rudman

With most recent calculations by the Congressional Budget Office indicating that the Congress will miss the Gramm-Rudman deficit target of \$100 billion, attempts are being made to scrap the discredited legislation, and formulate a believable austerity package.

At its inception, the Gramm-Rudman-Hollings budget law was lauded as the "definitive" solution to the growing federal budget deficit. Cutting the deficit in turn was seen as the general panacea to the growing U.S. economic crisis. It gradually became apparent, however, that a variety of bookkeeping ruses was being utilized in order to create merely the appearance that the deficit was being reduced. Even such finagling did not succeed in squeezing the budget into the iron corset of Gramm-Rudman-Hollings.

A new proposal by House Budget Committee chairman Leon Panetta (D-Calif.) would essentially replace Gramm-Rudman. Abandoning the au-

tomatic, across-the-board cuts of Gramm-Rudman, the Panetta proposal represents a pay-as-you-go budgeting system that promises more modest but less illusory annual reductions in the federal deficit. It would require any spending increases or tax cuts to be offset dollar for dollar by additional revenue or other spending reductions, except for Social Security expenses and increases in other mandatory benefit programs driven strictly by demographic changes.

Knowledgeable sources in the House Budget Committee calculate that the Panetta bill would result in real deficit cuts of about \$18 billion in the first year, about half what Gramm-Rudman-Hollings requires. Panetta's bill would also require the President to specify how to pay for spending increases or tax reductions, and mandate that any deficit-cutting measures continue to result in saving over a five-year period.

Another alternative plan has been floated by the Senate Budget Committee chairman James Sasser (D-Tenn.). The Sasser plan would also eliminate the automatic spending cuts of Gramm-Rudman.

As the economy continues to plunge more deeply into depression, it is most likely that all such stop-gap measures to shore up the economy, without a fundamental reorientation of economic policy, will end up on the same shoals of conceptual bankruptcy as their Gramm-Rudman predecessor.

Dole seeks to cut aid to embattled allies

Robert Dole (R-Kan.), the Senate Minority Leader, has proposed a 5% cut in aid to Turkey, Egypt, Pakistan, the

Philippines, and other states, "now that the Cold War is over," under the pretext of using these funds for such purposes as rebuilding Panama.

On Jan. 19, at a press conference preceding his meeting with Prime Minister Turgut Özal of Turkey, George Bush said he was "very pleased" with the Dole plan. The President expressed "delight that somebody understands that it is the President that ought to set these priorities" (rather than the Senate).

It is not expected that Israel will have any trouble maintaining the current level of U.S. aid. That cannot be said for Turkey, Egypt, and other states now targeted for U.S.-Soviet destabilization.

Cheney imposes ban on military buildup

Defense Secretary Richard Cheney, who is scheduled to propose force-structure and weapons cuts to Congress when he presents his fiscal 1991 budget, on Jan. 24 declared a moratorium on most new military construction projects for the next three months. Military and congressional officials said the prohibition on new contracts is likely to affect much of the \$8.5 billion construction budget approved for the current fiscal year.

In a memorandum to Pentagon officials on Jan. 23, Cheney said that he ordered the moratorium "in light of the coming changes in the force structure and disposition of the U.S. armed forces." The new order was issued less than a week after Cheney ordered a military-wide freeze on civilian hiring for the remainder of this fiscal year, which ends Sept. 30.

National News

Texas AFL-CIO invites LaRouche Dem

Harley Schlanger, a LaRouche Democrat and candidate for U.S. Senate, addressed 400 members of the Committee on Political Education committee of the Texas AFL-CIO at its candidate screening meeting in Austin on Jan. 24. The address was a first, in that in past years LaRouche supporters have been pointedly "disinvited" from the event.

Schlanger presented the LaRouche program, and fight for economic justice, explaining the causes of the current economic collapse. He also presented the reasons for the attack on LaRouche and his associates, reporting in some detail on the judicial railroad, and the exculpatory evidence withheld by George Bush.

Schlanger's Democratic primary opponent for the Senate seat held by Sen. Phil Gramm (R), the little-known former State Senator Hugh Palmer, called for Japan and Western Europe to pick up the financial burden of their military defense.

A conflict over whom to endorse for governor resulted in the AFL-CIO giving no endorsements to candidates for statewide office, leaving local party officials to back whomever they wish.

Trade restrictions to East bloc eased

The White House confirmed on Jan. 22 that it intends to ease its CoCom trade restrictions of security-sensitive technology to the East bloc.

"The Bush administration has decided to support increased sales of advanced computers, telecommunications equipment, and machine tools to East bloc nations that have shed their Communist governments and have begun liberalizing their economies," the *Washington Post* reported.

The decision was made by the National Security Council on Jan. 19, and on Jan. 20, high-ranking Commerce, Defense, and State Department officials left for London

to brief European allies of the changed position, the *Post* said.

White House spokesman Marlin Fitzwater said that the NSC is "responding to the changing political and military environment" in Eastern Europe in recommending five points on trade: 1) to support continued reforms in Eastern Europe; 2) to strengthen the protection of certain national security-sensitive technologies from being made accessible to potential adversaries; 3) to update the list of such technologies; 4) to decontrol certain "off the shelf" technologies which have been on the CoCom list but which are readily available in the West; and 5) to provide guidance to U.S. exporters on the above new policies.

Fitzwater denied the move was in reaction to fear of "reversals" in the East bloc, and also denied that the Pentagon is opposed to these reforms.

Pundits finally see imminent Gorbachov fall

Now that Soviet leader Mikhail Gorbachov's fall from power is likely imminent, several so-called strategists are now saying this publicly.

George Kennan told the Senate Foreign Relations Committee on Jan. 17 that the failure of Gorbachov's reforms "to meet even the normal demands of consumers" has created difficulty and danger for the Soviet President. But Kennan still said Gorbachov is likely to survive because "it is questionable whether there is any among his potential rivals who would like, at the present time, to assume the burden in his place." Kennan had been an enthusiastic supporter of the Yalta division of East and West Europe after World War II, but when this policy became a dismal failure, he wrote the "Mr. X" piece advocating "containment" as a policy alternative.

On Jan. 22, *Journal of Commerce* Moscow correspondent Mark Berniker wrote, "Mr. Gorbachov's hold on power is slipping away at breakneck speed with the growing crises in Lithuania and Azerbaijan. . . . A source close to Vladimir Falin, who is one of the top advisers in the Central Committee of the Soviet Politburo, believes Mr. Gorbachov

will be lucky if he survives until spring. . . . Prime Minister Ryzhkov has the support of orthodox Communists, and will likely build a coalition among hardliners and the military leadership to secure his power."

Also, Henry Kissinger said on a BBC interview program on Jan. 12 that Gorbachov could be swept from power, according to the *Hindustan Times*. "When [the current turmoil] reaches the area which has been Russian for over 100 years, either Gorbachov goes or force is used to quell the agitation," Kissinger said. If Gorbachov "has really foresworn the use of force . . . the Baltic states will go away and then other states can follow," something the Soviet Army wouldn't stand for.

G.D.R. opposition leader tours U.S.

Klaus Grasslaub, who was a guest speaker at the Martin Luther King Tribunal meeting in Washington, D.C. on Jan. 14 from Zwickau, East Germany, was extremely happy to be in the United States but expressed shock that, despite America's great wealth, conditions in the inner cities and former industrial areas were as bad as in the Soviet-ruled G.D.R.

At the White House at a candlelight vigil on Jan. 15, he asked about the homeless people there, "Doesn't your government provide housing for these people?"

During a tour of Pennsylvania, the East German, who has taken part in the democratic opposition movement in his country and came here as the guest of a West German friend, visited once-industrialized areas, including former steel towns. The devastated conditions of the neighborhoods, the shut-down and torn-down steel mills reminded him of the G.D.R. "Where are the workers? What are they doing now that they no longer work in the mills?" he asked.

After unemployment benefits run out, the government does not acknowledge the existence of these people; hence, the "official" 5.3% unemployment statistics. Out of seven mills still visible, only two were in operation. The main difference between the

Mon Valley and the G.D.R., is that the mills in the G.D.R. still function, he said.

Soviets-U.S. speed up START talks

U.S. and Soviet officials have resumed negotiations earlier than expected in a push to get a strategic arms (START) treaty ready for the June Bush-Gorbachov summit. The heads of the two delegations, U.S. Ambassador Richard Burt and Soviet Ambassador Yuri Nazarkin, met on Jan. 21 in Geneva.

Early resumption of the talks has caused speculation that the U.S. is prepared to make some more big concessions to the Soviets, in order to give Gorbachov a START treaty and bolster his political standing.

"It's constructive pressure," Burt told reporters after the meeting. "I'm very optimistic we will resolve the major outstanding issues in the negotiations by June and we will complete an agreement by [the end of] 1990. That's what President Bush wants."

Originally, the talks were to resume after Secretary of State James Baker's meeting in Moscow with Soviet Foreign Minister Eduard Shevardnadze Feb. 6-7. The decision to start them sooner "is an indication of a desire to get going," a spokesman for the U.S. delegation told Reuters. "We're here to solve the problems."

Former security adviser warns of 'tacit Yalta'

Lt. Gen. William Odom, the head of the U.S. National Security Agency until July 1989, warned that the Bush-Baker team may be preparing a "tacit Yalta" with the Russians, the Jan. 21 *Sunday Telegraph* of London reported.

According to the *Sunday Telegraph*, Odom is concerned that the U.S. President and Secretary of State are placing "stability" ahead of a chance for "liberal democracy and decolonization" of the Soviet empire. This, says Odom, "would smack of a tacit Yalta," and would be unacceptable. "The first priority is to get the Soviets off East

German soil without getting us out of West Germany," he said.

Former Secretary of State Al Haig attacked the U.S.-U.S.S.R. condominium in a Jan. 18 *New York Times* commentary entitled "An Alliance for All Europe." "The reconstruction of a new Europe, without American participation at every stage, would simply repeat the historic blunders of the 1920s," Haig writes. "We must not become an inadvertent accomplice in a Soviet attempt to divert Eastern Europe's march to democracy into the dead end of reform communism. . . . We must never accept the idea that the alternative to a Soviet threat can only be a German threat, and that the alternative to the Cold War is a U.S.-Soviet condominium to 'hold down the Germans.' This is the *realpolitik* that could produce another war, not a true and lasting peace." Haig says that a "whole and free Europe" can only be assured by ultimately bringing the Warsaw Pact nations into NATO.

BCCI drug plea relieves Bush

The Luxembourg-based Bank of Credit and Commerce International, which was to have gone on trial Jan. 18 in a Tampa federal court on charges of laundering over \$32 million in drug money, agreed to a last-minute plea bargain on Jan. 16. The trial could have proved very embarrassing to the Bush administration.

Although Panamanian Gen. Manuel Noriega was not mentioned in the original BCCI indictment handed down in Tampa in October 1988, U.S. prosecutors have been saying that the trial would highlight Noriega's alleged drug dealings with the bank. But in a recent court filing, BCCI's lawyers threatened that if prosecutors brought up Noriega's activities, they would request government documents to "demonstrate that much of the money in the accounts in question came from United States government agencies, not drug transactions."

Almost immediately, federal prosecutors decided to accept a plea bargain, instead of going to trial.

Briefly

● **FOOD FOR PEACE** representative Fred Huenefeld called for the maximum possible 1990 U.S. rice crop Jan. 24, in testimony before the "Delta Commission" governors of six rice-growing states meeting in Monroe, Louisiana. If planting were increased from the current 2.3 to 3 million acres, an additional 3.85 billion pounds of rice, which could feed 7 million people, could be available this year.

● **PRESIDENT BUSH** endorsed creation of a cabinet-level "Department of Environment" on Jan. 24, saying he was "following in the footsteps of Theodore Roosevelt" in "support for conservation and environmental protection."

● **BENJAMIN HOOKS**, executive director of the NAACP, said Jan. 21 that the arrest of D.C. Mayor Marion Barry for cocaine possession in an FBI sting, was because of his race. "There is no question . . . there has been undue emphasis on harassing black elected officials," Hooks said.

● **ELIOT JANEWAY** told *EIR* that George Bush is not only not handling the economic crisis, "he's not handling anything!" The economist said Jan. 19, "There is no sign that any of Bush's advisers" has awakened to the fact that the economy is falling apart.

● **'HAIL TO THE CHIEF**, but can Bushgate be far behind?" asked the Jan. 21 London *Observer*. Despite Bush's current popularity, the media, "like those seas at Malta, can be unpredictable and could decide to turn at any moment."

● **JOHN POSZGAI**, who escaped Hungary in the 1950s, says there is less freedom in the U.S. than under the communist dictatorship he fled. Poszgai was convicted for filling five acres of his land, a former dump, with soil. The Third Circuit Court of Appeals refused to overturn his sentence of three years in jail and a \$202,000 fine, for this wetlands environmental violation.

Editorial

One better than Herbert Hoover

The idea that George Bush is another Herbert Hoover is beginning to catch on. The wild swings in the international stock and bond markets aren't helping his image, which is beginning to look like the American economy: sick. Every day there is news of more layoffs.

Bush's "peace dividend" means major cutbacks in aerospace, at a time when the automobile industry is in bad trouble as well. These two sectors of heavy industry are the core of American industrial potential, and have served as a test bed for research and development as well.

A new study, to be released by the National Science Foundation, shows that U.S. spending in research and development is no longer keeping pace with the official rate of inflation. Furthermore, the composition of the money spent, is vectored toward product development and away from basic research.

In a healthy economy, the exact opposite occurs: R&D spending continues to increase as a proportion of Gross National Product. Japan is a case in point, with a brisk rate of increase in spending on fundamental research.

One reason for this has been the role of corporate takeovers, since corporate raiders are interested in immediate cash profits rather than in future production. Another is the pressure upon Pentagon spending.

There was a sizable increase in corporate spending in 1984—almost 12%. This concurs with expectations that President Reagan's program for the Strategic Defense Initiative, would be carried out as a crash effort. By 1985, the increase was reduced to just under 8% as the SDI increasingly stalled, and condominium deals between the United States and the U.S.S.R. were put on the agenda. Then 1986 showed a sharp drop—down to a mere 2%.

The improvement was precisely the role which Lyndon LaRouche foresaw for the SDI, when he designed the program. It was the Apollo program-like impact on the U.S. economy as a whole, of a crash program for the development of a multi-layered defensive shield, which could have stimulated productivity

across-the-board for decades to come.

Government investment in advanced systems design has always been a science driver for the economy as a whole. For every \$1 spent by NASA on R&D, in preparation for the moonshot, the U.S. economy got a \$10 payback in increased productivity. Similarly, the Defense Advanced Research Projects Agency sponsored research which gave us entire lines of products, from personal computers to the engineering work station.

Just as President Bush is busy assuring us that the Soviets are teddy bears, and the Chinese Maoists really love freedom, so we no longer have any enemies except maybe those nasty Japanese who insist on keeping their economy healthy by constantly increasing productivity, so now he is going one better.

Bush is pushing for a Clean Air Act, which the Business Roundtable estimates will be an annual \$104 billion tax on the U.S. economy. Moneys which could be invested in R&D for higher technologies, will instead be spent to develop parallel technology to that which already exists today.

Were the basic eco-structure of the globe really threatened, then of course, some form of investment in protection for it would be necessary. Even so, we would approach the problem by looking for a high technology solution.

For example, the present hoopla about chlorofluorocarbons is a hoax, but were it really true, the solution is precisely the one rejected by Edgar Bronfman's environmentalist lobby. The correct solution would be to use food irradiation as a cost-effective, and in some instances more healthful substitute for refrigeration.

The problem is that dishonest environmentalist rhetoric has been adopted by the President out of whole cloth. He has even proposed to elevate the head of the Environmental Protection Agency to a cabinet-level appointment. Poor Bush is going Herbert Hoover one better: He is not only oblivious to the reality of the present deepening economic crisis, he is actively promulgating policies to make it worse!

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