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EIR

From the Editor

We'd like to direct your attention to two articles in this issue which expose deadly threats to the Western alliance which are unknown to most of the American and world public, thanks to the lying and cover-up by the liberal media. Both function as "updates" to EIR's \$250 "Global Showdown" Special Report, issued in July, reporting on imperial Russia's plans for world domination by 1988.

First, the interview with SACLANT Admiral Wesley McDonald on page 57 outlines the rapid growth of the Soviet military threat to the Atlantic. After you read this you will ask yourself, as we did, whether anyone proposing to cut the U.S. defense budget, or to withdraw U.S. military commitments from Western Europe, or to offer to "bargain away" the Strategic Defense Initiative in a summit with the Russians, could be anything but a conscious agent of Soviet interests.

From that standpoint, we suggest that you read the Feature dossier (page 30) on Armand Hammer, the "capitalist" who flaunts his role in shaping Reagan administration relations with China and Russia, and who has a record of collaboration with the enemies of industrial capitalism since the 1920s.

To sharpen the line between industrial capitalism and Hammer's brand of cultish opportunism, the first eight pages of *Economics* this week give a unique battle report on the fight between the Dope, Inc./ International Monetary Fund crowd, and the proponents of industrial development in Peru, Brazil, and Argentina. Exactly the same point is made, closer to home, in Leif Johnson's vivid portrayal of Detroit auto magnate and presidential hopeful Lee Iacocca, on page 12. The name of Iacocca's brand of "entrepreneurship," as Johnson proves, is fascism.

The mission of American System industrial capitalism—which we are fighting for—is to colonize outer space and use that superior science to solve apparently overwhelming problems on earth, such as epidemic disease and desertification. Warren Hamerman presents an exciting perspective for this in an article inaugurating our *Science* section, page 24; it is complemented by the interview with former astronaut Joseph Allen on page 17, about getting private industry into space. But, as the firsthand story of the Tsukuba science fair on page 16 shows—our Japanese allies may arrive first!

Nora Hamerman

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NSIPS/Philip Ulanowsky

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EIR book has narcotics financiers on the run

by Robyn Quijano

After one month in office, Peruvian President Alan García has turned a collapsing, demoralized nation, plagued by terrorism and the takeover of the shards of its economy by the international cocaine mafia, into a battleground of hope. García's war on drugs has already accomplished the capture of 11 airports and cocaine-refining facilities in the Amazon jungle, worth billions of dollars, destroying the refining capability of over one-third of South America's cocaine exports. And while the street-level mafia is on the run, García is investigating over 200 officials of the previous government for corruption, lion-dollar dope trade.

Manuel Ulloa, former prime minister and the "brains" behind the government of President Fernando Belaúnde Terry, is one of the "citizen's above suspicion" who is feeling the heat. While Ulloa has not recently repeated his long-standing position that the cocaine industry should be legalized in Peru, he has come to bat for the International Monetary Fund (IMF), which designed the drug-dominated "free enterprise" economy that has lowered the standard of living in Peru to starvation levels in the past five years.

"Ulloa Is With the IMF Again," is the Lima daily *La República's* headline characterizing Senator Ulloa's rejection of Prime Minister Luis Alva Castro's presentation of Peru's new economic policies to the national congress. García's plan to pay only 10% of the nation's export earnings for debt service during the next year, known in Ibero-America as the "10% solution," "seems to us imprudent, something like a provocation," the paper commented. "Something could happen to us, Mr. Minister. . . . No matter how much we disagree with the IMF, we can't do without it." *La República* observed that the senate broke out in laughter when Ulloa claimed that his government had "cut the path for the decision taken and announced by the President of the Republic on July 28."

Since his inauguration on July 28, García has not only promised a total war on drugs, and a battle to regain the economic sovereignty of the country, but he has broken with the IMF, handed the population tangible results on the drug fight, and dramatically increased the value of the national currency, the sol, in the newly reconquered cocaine-growing area, as speculators have fled.

García's popularity has gone from 53% to 80%, according to Reuters, which reported on Aug. 28 that García ended his first month in office "with his popularity rising and local support consolidated for his tough stand against the country's foreign creditor banks." He has "already slowed inflation, raised the living standards of the poor, and dismissed corrupt senior police officials in Peru's biggest effort to stamp out the cocaine trade. . . . Public opinion polls put his popularity at 80%." Reuters concluded by alerting banks which have not yet made a definitive move against the new government, "Thanks to its ample international reserves, Peru can initially weather any potential retaliation by foreign creditors."

Narco-terrorism exposed

Peru won another major battle in its war against drugs with its discovery and destruction of a 1,200-meter clandestine airport and cocaine-refining facility worth half a billion dollars, in Yahuma in the Amazon jungle. At the same site, evidence was discovered proving that the drug mafia and the Shining Path (*Sendero Luminoso*) terrorists form one subversive operation. This barbaric communist gang, that claims to be an "indigenous peoples' movement," has held Peru hostage for more than three years, massacring people in the countryside and carrying out spectacular acts of sabotage, such as blowing up power stations and depriving Lima of electricity for days.

The Peruvian counterterror agency DIRCOTE announced on Aug. 28 that the airports and facilities of the

Cabalococha cocaine region were used as major stations of arms contraband, and that sophisticated arms as well as video cassettes, propaganda, emblems and flags of Shining Path and the Colombian M-19 terrorists have been found within the narcotics complexes. The Peruvian daily *Ojo* reported that the video cassettes contained "subversive slogans and methods for preparing seditious acts. . . . This fact confirms the links between narcotics traffickers and Colombian and Peruvian terrorist groups, provided with huge amounts of money to finance the acquisition of arms and modern equipment. Preliminary investigations indicate that the subversive groups act as protectors of the narcotics mafia, which set up its fiefdom in Cabalococha."

On the same day that the narco-terrorist connections were exposed in Peru, the former head of the M-19 terrorists was killed in a shoot-out with Colombian police in the city of Cali, when police raided their hideout. Iván Marino Ospina, one of the founders of the M-19, and a Peruvian member of Shining Path, were among those killed. Radio Cadena Nacional and *El Tiempo* newspaper from Colombia quoted military sources saying that Iván Marino had just come back from Libya, where he had gone to negotiate a shipment of arms from Colonel Qaddafi.

The mass-circulation daily *El Popular* ran banner headlines the same day, "Drug Traffic and Terror on the Same Black Path," reviewing the first Peruvian edition of *Narcotráfico, SA*, the Spanish-language edition of the best seller *Dope Inc.*, written by investigators from *EIR*. The article, the third in a five-part series, detailed the truth about the drug and terrorist operations of Shining Path. The series began on Aug. 26 with front-page banner headlines, "*Narcotráfico* Runs Peru's Foreign Debt; Explosive Book on Drugs and Politics; IMF Pressured Morales Bermudez for Investments and the Mafia Came to Plant Coca; Manuel Ulloa Helped Create Narcoeconomy in the Country, According to Investigator Lyndon H. LaRouche."

The paper described *EIR* as "a U.S. entity which works all over the world fighting" Dope, Inc., adding that LaRouche's life has been threatened many times.

"Book Reveals the Tentacles of the Drug Traffic," was the headline in the Peruvian government-owned tabloid *Tercera de la Cronica*. It began, "Events, incredible to the edge of fantasy, but which in reality occur, to the disgrace of the human race, are detailed in simple and clear language in the book *Narcotráfico, SA—The New Opium War*. . . . Lyndon LaRouche is the inspiration of the investigation which produced this book, and also of the movement of international struggle against narcotics traffic."

Ulloa under fire

As the news hit the streets of the sordid connection among the drug mafias, their financiers, their terrorist protectors, and the bankers' cartel that launders \$200 billion a year of drug money, the board of directors and the middle-level

management of Dope, Inc. panicked. The Lima daily *Expreso*, owned by Manuel Ulloa, ran an article headlined "Suit for \$100 million Will Be Lodged by Ulloa Elias Against Yankee Magazine," reporting that Ulloa intends to sue *EIR* for defamation, citing *Narcotráfico* and an Aug. 16 article in *EIR* ("To Aid Peru's War on Drugs: Open the Ulloa File!"). The paper reported, "Ulloa Elias will personally initiate the suit and, for that purpose, he will soon travel to the United States."

A spokesman for *EIR* responded: "The book *Narcotráfico, SA* has been available to the Peruvian public for over seven months, yet only now does former finance minister and prime minister Ulloa decide to howl in protest. Furthermore, we and others, including various Peruvian magazines, have said the same thing—and worse—about Ulloa numerous times in the past. Why is Ulloa acting only now?"

"The reason is that Manuel Ulloa is terrified that Peru finally has a government, that of Alan García, which has declared a serious war on drugs—something which the previous Belaúnde/Ulloa government never did. In fact, it was under the very noses of the last government that the cocaine trade flourished in Peru virtually unopposed, and took over that country's economy. This is a fact which has been stated by President García. It is a fact known to U.S. authorities. And it is a fact which Ulloa is desperately trying to sweep under the rug, by raising the diversionary issue of a supposed suit against *EIR*."

"In point of fact, it is more than likely that the real reason Ulloa has announced that he plans to file suit against *EIR* in the United States, is that he is trying to fabricate an excuse to flee Peru before further evidence arises linking him to the cocaine trade. . . ."

"But more than likely, no suit will come to pass: By then, Manuel Ulloa will probably either be in jail in Peru, or fending off extradition requests from some foreign hideout."

A spokesman for *EIR* later responded to reports from reliable sources that Shining Path terrorists might target *EIR* staff members and members of the Peruvian National Anti-Drug Coalition, who have been distributing *Narcotráfico, SA* in Lima, stating that, should any violence occur against them, Ulloa "will be held personally accountable."

Within hours of Ulloa's announced suit against *EIR*, National Anti-Drug Coalition board member Liliana Pazos received a series of threatening phone calls, including one in which a female caller said: "Mrs. Liliana, when you arrive home, you will not find your [one-year-old] son." Four days before, another member of the Coalition received a death threat while selling copies of *Narcotráfico, SA* in the streets of Lima. An individual came up to her and said: "Don't you know that you could be shot in the back for doing this?"

Ulloa's panic was obviously increased when Lima dailies on Aug. 29 reported that Ulloa will be tried for complicity in aiding tax evasion by Occidental Petroleum and other oil multinationals doing business in Peru.

García hits IMF: 'agent of domination'

by Liliana Pazos

Peruvian President Alan García Pérez, in a speech to the First National Conference on the Foreign Debt on Aug. 21 in Lima, repudiated the International Monetary Fund and set forward his own economic program.

"The debt is unpayable," he said, "unpayable under the conditions in which it was contracted, unpayable under the conditions they want to impose on us; and with these conditions we are not going to pay. . . . We will pay when a new international economic order gives our exports their worth, the worth of the labor of Latin Americans, whose efforts are equal, humanly measured, to those of citizens of the wealthy countries."

García explained that the debt was inflated due to "unequal trade, the product of a neo-colonial order in which many have served as partners in crime.

"The foreign debt was accepted under usurious and one-sided terms; the foreign debt was accepted with interest rates that inhibit any possibility of repayment." This policy was applied across the board to every country in Latin America, and has prevented their economies from progressing, said García, who went on to condemn "the imposition of economic policies that devalued the Peruvian sol and the Argentine peso, that devalued all the Latin American currencies in order to overvalue the dollar, with which we must pay our debt. The foreign debt in itself has created new mechanisms under a new financial imperialism to continue increasing the interest payments, thanks also to the overvaluation of that currency which, like imperial coin, governs all the economies of the world."

As if that were not enough, García continued, Peru's creditors (banks, financial institutions, and governments) imposed on it "that dark and shadowy personality of the 20th century that is the International Monetary Fund, agent of domination and exploitation, which not only oversees payment commitments but seeks also to impose economic policies. . . . And then along it comes with its letter of intent, which some accept, proposing domestic interest rates, devaluation of our currency, proposing policies that only we ourselves should be proposing to our people.

"Therefore we must respond with national pride . . . telling our creditors that we know of their sins . . . and we must tell the IMF that we will not accept their letters of intent, because I was not elected by the Fund's officials, but by 20 million Peruvians, to guarantee their independence and their development."

Continental unity

The Peruvian President called on the other countries of Ibero-America to support his proposals, to join his battle for continental integration. Peru is highly vulnerable, he said, in that it depends on a large volume of food imports, and yet despite this has taken on the job of providing an example to the other countries, running the risk of incurring a break with the International Monetary Fund.

"We believe that Latin America can give only one response; that if they continue to delay on giving this response, tomorrow it will be the people who demand of their rulers the fulfillment of their responsibilities, and if we don't yet know how to unify ourselves as the creditors have unified themselves, it is only because we have not achieved sufficient historic consciousness as a continent. We will urge from the government, and continue to urge, all that will bring Latin America into a single position.

"We hope that at some point all the governments of Latin America will have the same response. Meanwhile, weak in appearance, we will continue to give our responses, and the first of these is that we will negotiate with the IMF neither our budget, nor our exchange rate policy, nor our interest rates, nor the amount we will set aside for paying the foreign debt.

"Either we climb aboard the train of history or we remain behind in the station. I, for one, together with the Peruvian people, am certain that we will have a place on that train, and in first class; not in second with those who stay behind, but rather a place among those prepared to follow through on their convictions."

War on drugs

The García government clearly understands that the fight against usurious banking policies and the fight against drugs are two facets of the same war, since it is generally the usurer banks which launder the drug money. "We have set a standard for what is moral, and we will not stop until we have definitively eradicated and exterminated the drug trade from our country," the President said. Since his inauguration on July 28, Alan García has initiated military operations against the cocaine mafia, notably the Aug. 13 raid on a giant cocaine-processing complex in the region of Caballococha.

The spokesmen for the financial oligarchy have responded to García's challenge with open threats. Two days after his address to the debt conference, the daily *Expreso* published on page one: "Take care that they don't kill you, Alan

García is told!" The appearance of this warning in *Expresso* is no coincidence, given that the paper's owner, Manuel Ulloa Elías, agent of the international financial oligarchy and twice prime minister and finance minister, is the leading figure responsible for the flourishing of the drug trade in Peru.

The "man from the Bahamas," as Ulloa is known in financial circles, is also being investigated for his ties to the dope pushers, exposed during President García's "Villa Coca" drug bust at the beginning of August, according to the daily *El Popular*.

Worthless paper?

Prime Minister and Finance Minister Luis Alva Castro, in the closing address to the Lima debt conference, considered what the international bankers are likely to do next to retaliate against Peru: classify its foreign debt as worthless. "On Oct. 15," he said, "the banks may well declare these [debt] documents deteriorated in value, and nothing will have happened . . . just as nothing will have happened if they don't do that; the situation will remain exactly the same, because it is impossible to pay the debt under current conditions."

Alva Castro described the government's economic program for restoring the Peruvian economy to health: "The government has established eight rules for regulating the national economy. The first of these is that production, and not financial speculation, will be profitable. The second is that selectivity will be exercised concerning what to reactivate and make profitable, attending to the necessities of food, clothing, housing, and transport."

The fourth rule, Alva Castro continued, is to give encouragement to activities which generate foreign reserves: import substitution and non-traditional exports. The fifth is the productive use of available liquidity, and the seventh is the selective assignment of foreign exchange for the most productive and priority needs. The eighth rule, he concluded, would be that of combined austerity and productivity in public expenditures.

Neither Kissinger nor Castro

While President García was addressing the debt conference in Lima, television Channel Nine was reporting that outside the meeting, the Andean Labor Party was carrying out "a peculiar demonstration in support of García and against the IMF." The demonstrators, ridiculing both Henry Kissinger and Fidel Castro, explained to the press the strange coincidence of these two individuals' programs in defense of the IMF and the drug trade. "Kissinger" appeared with a sign pinned to his chest, saying in English, "My man is Fidel."

It was rumored in Lima that this demonstration put a stop to persistent rumors that Kissinger was planning to visit Peru, to pull in the reins on President García.

Luis Vásquez, economic adviser to the National Work-

ers' Union (CNT) and secretary general of the Andean Labor Party, explained to the crowd that the economic proposals of Kissinger and Castro are similar, "because they both leave the usurious system of the international banks intact, while refusing to touch the IMF." Both endorse the "Russian model"—applied by Peru's previous Belaúnde government—of renegotiating the debt through payment in foodstuffs. Vásquez added, "These banks which now seek to collect the debt under the Russian model are the same ones under investigation for laundering drug money."

President García has distanced himself from Fidel Castro's debt proposals by insisting that he is not proposing a unilateral moratorium. "It is not a question of saying we won't pay," he told the Lima conference. "This can be said by other protagonists of Latin American history. . . . We need certain types of capital which would be beneficial. . . . We need government-to-government loans at 3% interest payable in 30 years. . . . We could contract these loans and pay them much later."

President García insisted that the banks have no moral authority to demand payment on the debt, since "any judge of the democratic United States would rule in our favor, if we were to say that they had violated anti-trust laws by forming banking syndicates."

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350,000 say 'No to IMF' in Buenos Aires

On Aug. 29, Argentina's CGT trade union federation brought 350,000 workers into the streets of Buenos Aires to demonstrate against the International Monetary Fund. All political parties, except for that of President Raúl Alfonsín, united around the slogan, "No to the IMF." Workers converged on the central plaza in columns which came from the industrial zones and the interior of the country. Bank workers, who have not been active in recent years, made up a huge column. Observers commented that this shows that Alfonsín's program of capitulating to the IMF has lost support from white collar sectors.

The strike was called for in a document the CGT issued one month earlier on July 30, entitled, "Defend the Nation and Labor, to Defeat Inflation." Excerpts follow:

On April 22, the national plenary of the CGT put into motion an action plan under the slogan, "Democracy begins with the right of Argentine workers to work." The official response has meant that the number of workers fired, suspended or with reduced wages and working hours, has increased catastrophically in a manner totally unprecedented in the history of Argentine labor. . . . Our action plan . . . demanded urgent and concrete official action against inflation, unemployment, speculation, and the deterioration of wages, used by this government as a variable in its adjustment of the economy.

At that time we demanded "a mobilization of creative intelligence and imagination to emerge from the crisis without repeating the International Monetary Fund's recipes, which have not only failed in our country, but in the entire world. . . ."

In response to this demand, the government signed a new memorandum of understanding with the IMF, which aggravated the already existing recessive measures, and immediately announced the adoption of so-called anti-inflationary measures which, in their restrictive character, go beyond even the IMF's most severe guidelines. . . .

We workers have always maintained, and we energetically repeat, *that the only legitimate and true means of fighting inflation is by producing more*, because the reduction of production maintains the fundamental cause of the problem, which is insufficient supply. . . .

The new measures adopted have perfected the perverse nature of the adjustment, *which not only takes wages as its variable, but transfers the primary rigor of same to mass*

unemployment, as a deliberate result of the profoundly monetarist plans put into effect by the government.

These policies, explicitly assumed by the government, are an aggression against the national interest, which is indistinct from sectors of labor and production, and subject the people, who are defenseless in the face of arbitrary economic action, to inhuman living conditions.

The gravity of the situation compromises our destiny as a socially just and economically free nation, and attempts to institutionalize policies of national shrinkage, against which we fought during the [military] dictatorship. We thereby seek today, with the most honorable of intentions, and the deepest patriotic sentiment, agreements to achieve a complete rectification of the current policy direction.

We reject the arrogance of those who take exclusively into account the opinion of international financial power centers, to which they offer detailed reports of our reality which, not even at the official legislative level, do we Argentines know. . . .

The acute symptoms of crisis which approach in the international power centers, and which make the international economic future most uncertain, demand that we strengthen our economy through independent plans which do not expose us to crude conditions, with no possibility of defense. . . .

We believe that the only option for a country, like a family, to emerge from crisis is to produce to the maximum; we believe that work, the Argentine project, not subject to foreign strategies, and credit converted in the motor of growth, are the only efficient factors for national reactivation. . . .

We have witnessed, through the work of earlier monetarists, the planned destruction of our national productive apparatus. We don't want to see new monetarists put up the auction sign for what little has survived in our country. We therefore appeal to all of our spiritual, intellectual, economic and political values so that, together, we can launch a project to liberate Argentina. . . .

Our national proposal

As a first contribution toward a reordering that would allow us to defeat inflation without stopping national growth, we put forward our National Proposal.

Foreign Debt:

1. Establish a moratorium on the payment of service on the so-called debt, because of the vital necessity of applying all national resources to the immediate reactivation of the national economy.

2. Submit to the National Congress, as established by the Constitution, the decision on the nature and legitimacy of the so-called foreign debt, and on the commitments and terms to be negotiated, once the current national emergency is over, definitively excluding any formula that implies renunciation of sovereign immunity, which admits foreign judicial jurisdiction, and makes the State the sole guarantor for repayment of credits contracted or under discussion. . . .

Friedmanite coup is stalled in Brazil

by Silvia Palacios

The plans to totally liberalize the Brazilian economy, sell the big state enterprises to foreign capital, and execute Henry Kissinger's scheme to trade portions of the foreign debt for equity in state and private firms, suffered a setback in the last week of August, when Finance Minister Francisco Dornelles and the chief of the Central Bank, Carlos Lembruger, up to now the two negotiators of the foreign debt, suddenly resigned.

It is speculated that the country will harden its line in negotiations with the International Monetary Fund, given that the new economic team thinks that the interest payments on the debt are excessive. Will Brazil support the President of Peru, Alan García, who has a strategy precisely to limit these murderous interest payments?

Dornelles was trying to do subject the economy to a "shock treatment," such as Argentina imposed on itself two months ago. On Aug. 17, before leaving for Washington for talks with the IMF directorate, Dornelles said he was opposed to all negotiations on the debt "within the context of the Cartagena group", the informal group of Ibero-American governments that formed a debtors' club last year in Cartagena in Colombia. He said that there should also be "no restriction on the entry of foreign capital." Previously, on Aug. 8, the minister violently attacked the state enterprises, saying that all of them, without distinction, should be re-privatized, including the strategic oil firm Petrobras, and be put up for sale to foreign capital. With these words, he declared war on the nationalist group inside and outside the army, the staunchest defenders of the state companies and projects. His attack was taken as a forewarning of the resignation which everyone was hoping he would hand in by December at the latest.

The resignation was precipitated because while Dornelles was in Paris, the acting finance minister, Marcos Vital, at a private luncheon with the Brazilian Federation of Banking Associations, urged the attendees to pressure the government to impose the shock treatment: "There is no other alternative and this must be understood. We have to make drastic cuts in public spending." Vital's behavior was taken as a challenge to President Sarney, who fired him, forcing Dornelles's resignation.

The new finance minister, Dilson Funaro, a Sao Paulo businessman, opposes the IMF's recessionary dogmas. The new president of the Central Bank is Fernão Botelho Bracher;

both belong to the team of Paulo Rosemberg, special commissioner of Economic Affairs of President José Sarney. In his first statement, Funaro indicated that he intends to maintain growth in the economy and lower the internal interest rates.

Sao Paulo rejects Argentine model

The choice of the finance minister coheres with the rejection of the "Argentine model" by the Sao Paulo business sector. On Aug. 16, in a meeting with the planning minister, a businessman of the Pão de Azucar group, Abílio Tínez, said that "I don't trust what is being done in Argentina." He said Brazil must export, but not as we have up to now by "exporting at any price down to our own reserve stocks"; to continue exports we must "renovate our industrial plant with new technologies."

The new economic team surprised Alexandre Kafka, Brazil's representative in the IMF, who on Aug. 26 telephoned Fulnaro to assure him that the "international compromises" and accords with the banks must be respected. Kafka, who doesn't even speak Portuguese, the national language of Brazil, has been since 1965 the handpicked toady of the European oligarchist families to run monetary policy in Brazil.

The new officials will have to prove that they can resist the assaults of the "Kissinger boys," the "club" to which Dornelles, Chancellor Olavo Setúbal, and others belong. This crowd has on its agenda de-nationalizing of the economy and implementing the debt-for-equity swindle. Although they lost Dornelles, in exchange they got André Lara Rezende, new director of the Central Bank's public debt division, and one of the authors of the notorious "austral program" imposed by Presidente Raul Alfonsín in Argentina.

On Aug. 15, the director of the capital market area of the Central Bank, Roberto Castello Branco, who also resigned, stated that there may be modifications "in the legislation to favor the entry of foreign capital, especially in portfolio investments."

In the second week of August, the president of the Rio de Janeiro stock market, Enio Rodríguez, was in Brasilia and left each of the economic ministries with a detailed proposal for the creation of a mechanism to facilitate conversion of foreign debt into investments through the stock market. The author of the project is Carlos Longoni, ex-president of the Central Bank.

This proposal has the backing of the director of the foreign division of the Central Bank, Carlos Eduardo de Freitas, who despite having stepped down together with Lembruger, was put back in the same post. On Aug. 15, he asserted that his office is studying how to change a circular issued in November 1984, which introduced limits on the conversion of credits into investments.

The battlefield has been well defined—either the Argentine model, or the Peruvian. The ball is now in the court of the new economic team and President Sarney.

Book Review

Peronist leader charts path for Argentina's economic development

by Cynthia Rush

Propuesta para 30 Milliones

(A Proposal for 30 Million)

by Juan Gabriel Labaké

Buenos Aires, Argentina, August 1985

A Proposal for 30 Million, the second book written by Peronist leader Juan Gabriel Labaké, is a timely intervention into the heated debate on the Ibero-American debt crisis. Presented on Aug. 28 in Buenos Aires to an overflow crowd gathered at the Casa San Luis, the book indicts the government of President Raul Alfonsín for submitting to the austerity demands of the International Monetary Fund (IMF), and offers an alternative program for the development of Argentina's enormous industrial and agricultural potential.

Labaké, an executive committee member of the Peronist Supreme Command, named in 1984 by former President Mrs. María Estela Martínez de Perón, will shortly embark on a tour of five Ibero-American nations in order to discuss the ideas outlined in his book with government, political, and trade union leaders in those nations.

Like Peruvian President Alan García Pérez, Labaké calls for limiting payment of Argentina's debt service, set at \$6 billion for 1985, so that capital can be redirected into productive investment. He bases this proposal, and the plan for Argentina's integral development, on the necessity of forging the integration of the Ibero-American continent, including creating a common market and debtors' cartel, and the rapid construction of the large infrastructure projects urgently needed. It is this continental perspective which distinguishes Labaké from other Argentine leaders who have called for putting a cap on interest payments.

The failure of Alfonsín

Labaké charges that Raul Alfonsín turned his back on the 52% of the electorate which voted him into power on Oct. 30, 1983. The newly elected President could have used this popular support to implement a program to rebuild the na-

tion's devastated economy; the Peronists were willing to back up such a growth perspective, despite their electoral defeat. Alfonsín even signed the June 6, 1984 "Act of Agreement" with representatives of 15 other political parties, in which he agreed that the renegotiation of the foreign debt "must be carried out on the basis of an economic program that permits a deployment of Argentina's potentialities, without damage to national interests and dignity. The gravity and depth of the inherited crisis," the Act continued, "impose the establishment of guidelines for [economic] reconstruction."

But Alfonsín's words proved meaningless, Labaké asserts. While promising not to pay the debt with the "hunger of the people," he brought veteran anglophile Dr. Raul Prebisch into his cabinet to negotiate an "orthodox adjustment program" with the IMF. Just two days after Alfonsín signed the "Act of Agreement," Prebisch was off in Washington discussing the details of this program with IMF Director Jacques de Larosière.

It was Prebisch, Labaké recalls, whose 1955 economic plan eventually brought Argentina to its knees after the ouster of Gen. Juan Perón, and forced it to join the IMF/World Bank and accept membership in GATT. And, he points out, the "Rohatyn Plan" that Prebisch advocates for the Third World, would loot the debtor nations' services, infrastructure, and productive capabilities, just as Lazard Frères investment banker Felix Rohatyn did to New York City in the mid-1970s, under the guise of returning that city to "solvency."

A development program

Labaké describes his alternative to Alfonsín's IMF program as "a national plan for greatness with justice." Its goal is to make Argentina one of the 10 or 12 leading world powers within a decade. The plan has six basic recommendations:

1) Forge national unity, extending dialogue to all major sectors of the economy on the basis of a proposal for economic growth.

2) Completely reformulate debt policy, limiting debt-service payments to no more than \$2 billion annually over the next five years; define a new relationship to the United States, to reach a reasonable agreement in which the nation's

fundamental goals are respected, for the project of continental integration; and refinance foreign debt on conditions coherent with a program of national industrial development.

3) Reaffirm the Peronist doctrine of the "third position," seeking new international alliances with nations "whose national interests coincide with ours, that is, which have the same problems of dependence."

4) Oppose Finance Minister Juan Sourrouille's oil and agro-export "Austral Plan," with a program for the integral development of industry and agriculture, including the construction of seven infrastructural "development poles" in strategic locations around the country, especially in border areas. This proposal calls for expanding land under cultivation from the current 30 million hectares to at least 60 million, to double wheat and grain production, and increase overall food production by 200-300%. An aggressive immigration policy, with emphasis on the nations of Africa and Asia, and especially the rest of Ibero-America, could increase Argentina's population from the current 30 million up to 50 million by the year 2000.

5) Foster cultural nationalism, which rejects such foreign ideologies as Marxism, social democracy or classic liberalism. Reassert national and traditional values. Labaké asserts that Juan Perón's simultaneous defense of the nation's interests above all classes or parties, and the interests of the working population, defied all efforts by foreign power centers to classify him as "left" or "right."

6) Defend the population's right to social justice and political participation. Labaké asserts that the conditions under which large percentages of the Argentine population are forced increasingly to exist, are a violation of human dignity. The IMF's austerity policies have taken their toll in terms of rising rates of infant mortality, poverty, joblessness, and a drop in real wages. Especially in Argentina's northern provinces and border areas, living conditions approach subhuman levels.

Debtor unity

The author underscores that the ability to implement a national industrial development program depends on forging the programmatic unity of the continent's debtors. No nation by itself is strong enough to negotiate favorable conditions for internal development with creditor nations. As the cases of Brazil and Mexico prove, there is no such thing as a "privileged relationship" with the United States, or other creditor governments.

Among the Ibero-American debtors whose debt is most unpayable today because of the IMF "adjustment" policy, Argentina has a special responsibility, Labaké asserts. It must "lead a concrete movement for the unity and integration of Latin America, which permits the joint development of the region, and the refinancing of the debt through a debtors' club, even when some of the region's larger nations may be reluctant to join forces."

On the basis of such unity, debtors can proceed to negotiate conditions and periods of repayment, and interest rates: Argentina and Ibero-America would be able to define an independent path of economic development, with 4 to 5-year grace periods, 20 to 25-year periods for repayment of capital, and interest rates one point above the dollar inflation rate. Under this program, Argentina would make annual interest payments of no more than \$2 billion over the next five years, at which point, it will have generated sufficient surplus to pay considerably more than that.

The Ibero-American debt crisis, Labaké asserts, is not a product of debtor "irresponsibility." It can only be explained in the context of the collapsing world monetary system, which, he notes, is "sitting on a time bomb." Third World debt may be close to \$1 trillion, but the entire world debt is almost \$10 trillion. "That is, the foreign debt of the underdeveloped nations, which serves as a pretext for imposing the IMF's recipes, represents only 8% of the total world debt."

"The cracks in the system are appearing on the inside walls, within the advanced countries, or rather in *the central country*, which invented and promoted the Bretton Woods system," Labaké states. The bankruptcies of thousands of U.S. farmers and small- and medium-sized industries, as well as the failures of such important institutions as Continental Illinois, the Financial Corporation of America, the Manila (Philippines) branch of Citibank, and savings and loan banks in Ohio and Maryland, make the appropriate point, he underscores.

Worst-case scenario

The author emphasizes that even the suggestion of a "debtors' club" causes panic among the creditors. Perhaps, Labaké suggests, they understand that if such a cartel were to be formed, "we could survive, but the banks could not."

However, Labaké continues, if creditors were to respond with a blockade or military reprisals to the formation of an Ibero-American debtors' cartel—action which the author feels is unlikely—the continent is uniquely positioned to defend itself. It is virtually self-sufficient in production of food, energy, and strategic metals. Even problems in the production of chemical-industrial inputs, and electrical equipment, are not insurmountable.

Labaké recalls that World War II blockade conditions forced Ibero-American countries to develop their national industries. Idle industrial capacity in Argentina, Brazil and Mexico, created by IMF policies, could easily be reactivated under these conditions to expand the volume of manufactured goods produced by the region, and change the export structure of the entire area, now based almost entirely on export of primary products. The monetary resources accruing from industrial reactivation could then be used to finance construction of large infrastructure projects throughout Ibero-America, such as the interconnection of the Orinoco, Amazon, and Rio de la Plata river basins in the Southern Cone.

Lido 'Duce' Iacocca: McNamara's clone in the White House by 1988?

by Leif Johnson

Anything you know about Lido "Lee" Iacocca isn't true. Lido Iacocca is not a self-made man, he did not save the Chrysler Corporation, he does not believe in curbing imports, he does not believe in keeping American industry strong, he did not "fight inflation," his "successful" cars were death traps, he is absolutely not "not running" for the presidency, he was not fired by Henry Ford II in July 1978, and he most assuredly isn't just a cigar chomping, successful Archie Bunker who likes to astonish his listeners by telling the truth.

America's biggest consumer fraud is indeed running for the presidency. It will be a cross between Robert Strange McNamara, the man who created Lido Iacocca, and Felix "The Fixer" Rohatyn, the man who designed the Chrysler Loan Guarantee Board—a presidency that would resemble Italian dictator Benito Mussolini's corporate state.

The pieces for the presidential bid are already in place. Months ago Max Fisher's henchman-mayor, Coleman Young of Detroit, announced his endorsement of Iacocca, leading to the endorsement by Michigan's two U.S. Senators Riegle and Levin, followed by the Aug. 23 bandwagon-joining by Michigan Gov. James Blanchard.

The muscle is to be provided by the United Auto Workers (UAW), whose ten month long celebration of its 50th birthday has been aptly described by a UAW unionist as "nothing but a campaign machine for Iacocca." The irony of a union using its 50th anniversary to boost an individual dedicated to destroying that institution is not lost on most; Iacocca is not popular in Detroit.

Lido Iacocca's campaign is being crafted in the traditional mold of twentieth century dictators: a strong man, ruthlessly successful, capable of forcing the nation to "take the hard choices." Self-willed, bluntly direct and "honest," a true man in a nation of corrupted hangers-on, complacent weaklings, incompetent bureaucrats and failed leaders. A man who can make the people bite the bullet, force a nation to accept dictates that hurt, that are unpopular but he knows are necessary for survival in a hostile and vicious world. And invincible; a man with such drive that opposition crumbles, and success attends his every footstep. Success, success at any price. As the nation's woes fill its citizens with the hollowness of failed lives, poverty, bankruptcy, and unemployment, at least one man can be looked upon as successful. Il Duce.

This is the image. There are no issues but the triumph of will. Policies? We won't announce them now, but they will be distasteful and they will be successfully implemented. The corporate state will be in Lido's favorite phrase, "Lean and mean."

At a July 18 Detroit press conference called to tout the \$600 million second-quarter profits, a reporter asked if he would have done anything different at Chrysler since 1978. Lido answered, "You mean over the last five years? . . . If you had to take one single thing out, I think it worked out as well as anything in a lifetime could work out. Our dealings with the banks, with the unions, with our employees, the quality of sacrifice. It worked. So you look at the positive side—it worked."

The reporter followed up, "Who do you feel may have paid most of the recovery?" Lido became eloquent: "I think everybody paid rather equally. We tried to do it that way or it wouldn't have succeeded. That's a story in itself. The perception was that everybody suffered equally. Whether they did or not exactly doesn't matter in life. It's the illusion. . . . Everybody felt that everybody was pulling his oar . . . everybody took a pounding."

Few in that press conference may have known what Lido was referring to: The "saving" of Chrysler was no more than a gigantic operation by Felix Rohatyn of Lazard Freres bank to cheat the workforce of \$1.5 billion, cheat the suppliers of several hundred million, cheat the federal government of inestimable millions in taxes, and finally local governments of many millions in property taxes, while destroying half of the company's production capacity and unemploying 100,000 workers. The illusion was the "salvation" of the company.

Reporters asked about the upcoming Chrysler-UAW contract negotiations: "Do you drop a Saturn agreement on the [bargaining] table and say let's start from here?"

Lido answers: "I would say no less than that. . . . I think now we have a new era starting here, and we should start looking at what's good about it and we should do as well or better. I mean, that's progress. We are, however, the first national contract up. These have been individual plans or projects in the future. This is for real this fall."

The "Saturn agreement" referred to is the handshake accord between General Motors and the UAW covering the workforce at the planned 1990 Saturn auto plant in Spring

Hill, Tennessee. That agreement stipulates that there be no grievance procedures, no shop committeemen, no seniority, no job classifications, no collective pension system and wages set at 80% of average U.S. auto wages. In other words no union—or not quite. The union merges indelibly into the management, a move pioneered by Lido who put the UAW president on the board of Chrysler. Union officials become the “kapos” or enforcers of the company, keeping the men chained to “new era” corporate feudalism.

Now mark Lido’s words: “This is for real this fall.”

Remarkably, no reporter thought to ask Lido why he was asking for a dismantling of the union and massive sacrifices after boasting of an \$852 million second quarter earnings. Dazzled perhaps by Iacocca’s success, they listened intently while he acted the part: “We had a great second quarter. The people out there like our stuff. Our share is up, and GM’s down, and that about tells it all. . . . Chrysler’s pre-tax earnings for the quarter were \$852 million, and that was record . . . for the six months we also set a record with nearly \$1.6 billion in earnings . . . and here’s maybe the strongest figure of all, our earnings per share after taxes did manage to break \$5 for the quarter.” And so it went. . . .

Who created Lido ‘Duce’ Iacocca?

Iacocca is the creature of Robert Strange McNamara, whom he met as a Ford Motors executive. McNamara became notorious, after leaving Ford, as U.S. secretary of defense 1961-68, where he acquired his reputation for fanatical cost-accounting that destroyed U.S. strategic capabilities and was gruesomely carried out in the Vietnam “body count.” From 1968 to 1981, as president of the World Bank, McNamara deliberately enforced genocidal credit policies. His violent irrationalism is thought to be related to his devotion to the Lucis (actually, Lucifer) Trust, a gnostic cult headquartered at the United Nations.

But McNamara is an oligarchical “operator,” not the figurehead. A different personality is needed, one that craves fame with the fixation of a moth with a light. Lido was early identified as embodying the right personality.

Lido Iacocca was named for Lido Beach in Venice, Italy, the capital of the Western oligarchy and the creators of the failed Duce Gabriel d’Annunzio and the “successful Duce” Mussolini. Lido’s father dreamed and worked for wealth, buying restaurants, auto dealerships, movie houses, and real estate in Allentown, Pennsylvania.

The desire for success permeated Lido; early friends remember when he joined Ford in 1946 that he wrote his predictions for his corporate climb in a small notebook. Lido attended Lehigh University, graduating with an engineering degree, then took a graduate degree at Princeton. Lido became convinced that engineering would never get him to the top, but marketing would.

He was right. Walter Chrysler had died in 1940. Henry Ford, 80 by the end of World War II, was about to be bounced out of the company he had founded. The great engineers and

capitalists were being ousted by the financial oligarchs. In Detroit, General Motors, the creation of Morgan Bank to destroy the capitalists, Ford, Chrysler, and others, was devoted to halting the engineering perfection of automobiles, substituting “styling.”

The financial oligarchs have had unqualified “success”: No major technological advance has occurred in the auto industry since World War II. The industry’s immense resources have been devoted not only to the insane “styling” changes but to de-engineering autos to guarantee part break-downs and rusting in almost precisely known time or mileage frames. Another major effort was devoted to producing the same number (but ultimately much smaller cars) with ever fewer workers—never increasing the worldwide market for autos, tractors, farm equipment, and transportation equipment including aircraft, an essential ingredient in world economic development. Everything became “market share”; as Lido boasted to the reporters on July 18, “Our share is up, and GM’s is down, and that about tells it all.”

In late spring 1945 Leander Hamilton McCormick-Goodheart, a Briton working with the McNamara-FBI faction that ousted the elder Henry Ford and developed the Ford Foundation as a major source of oligarchical evil, toured American universities to recruit the new crop of technocrats and marketing men who would clean out the remaining “Ford men.” McCormick-Goodheart’s debonair appearance and new Lincoln dazzled Lido, who in turn impressed McCormick-Goodheart as bearing the proper hunger for success. Said McCormick-Goodheart, “When I first saw him, I noticed a tremendous directivity in the young man, a tremendous awareness of where he was going. He had a goal, and it stuck out, as much as saying, ‘I know where I’m going to do with myself.’”

Lido was telling his classmates that he would be a Ford vice-president by the age of 35. After a year at Princeton, Lido reported to Dearborn, Michigan to enter the Ford training program. Lido convinced his superiors to cut his training time by a third and was assigned as a field manager in Chester, Pennsylvania. “Field managers” goad the local dealers to push advertising, sales gimmicks, and anything else to sell cars. For Lido it was overtime on weekdays to guarantee success; on the weekends delivering the success stories to mother in Allentown.

In 1956, the McNamara management at Ford see their clone making it. Lido drummed up a sales binge with the slogan “’56 for ’56” meaning \$56 a month for a ’56 Ford. He had realized that the potential to string Americans out on credit had not been tapped. More cars could be sold if the right monthly payment were arranged.

McNamara orders Lido to corporate headquarters and stuffs him with the cost-reduction accounting schemes that had set the path for a series of small cars that Lido would later ride into the company presidency. Lido absorbed McNamara’s philosophy. Numbers was everything; individuals, developing true leaders, encouraging invention was

nothing. Statistical juggling, akin to that done by insurance companies, the creation of the Venetian oligarchy, was the measure of reality. As McNamara later said, "Iacocca was worth his weight in gold."

Just the opposite of the Model T, a car that Ford designed for ruggedness and many uses, the new cars were tailored to absorb a chunk of Mr. Everyman's paycheck. Style was first and foremost geared to getting the signature on the monthly payment contract. While these cars, beginning with the Ford Falcon and GM's Corvair, were meant to extract the most money for the least product, there was a more sinister motive for the new small cars. Americans had come to expect a "family car," one that would hold the parents and children.

Population control agents like Robert McNamara were appalled at the baby boom and the cultural optimism that such family formation implied immediately after World War II. Small cars made packing the family in the family car uncomfortable, but more, the cult of the small cars kept the young couples thinking young—thinking non-family. The longer a couple put off children, the fewer children.

McNamara's best known "population control" operation was his running of the Vietnam War. Lido learned those lessons well. In a bargaining session with the Ford UAW, Lido leaned over the table to Hank Wilson, then head of the UAW at Dearborn Assembly and philosophized: "Just remember, Hank, you can't look at employees as people. They're just numbers and productivity."

The presidential race begins

The new small car, designed not to weigh over 2,500 pounds (half the normal car weight), not be longer than 15 feet and, above all, not cost more than \$2,500. The car hit the infantile "sporty" fantasy in the public and twanged their urgent desire, after the deep 1957-59 economic collapse, to have something "new."

Lido was the cover story of the Mussolini-supporting Luce family press. *Time's* cover splashed Lido riding the hood of a Mustang with the title, "Ford's Young One." The rhetoric was what you would expect: "At 39, after 17 years in the auto business, this tall, rugged son of Italian immigrant parents is the hottest young man in Detroit, and probably the most ingenious automotive merchandising expert since GM's hard-selling Harlow Curtice."

Three days later Lido is *Newsweek's* cover story.

This 20-year media campaign has been so successful that a poll taken by *Metropolitan Detroit* magazine in August found that 92% of those called knew the Iacocca name, although less than a quarter could identify any policy he was connected with.

After his next car, the Pinto, the *New York Times* gave him a cover story article in its widely distributed Magazine Section. It begins, "Iacocca. A giant in a city and in an industry that have had many giants. . . ." Lido's 1970 "new car," the Pinto, designed once again for the same market—those who want something new, shiny and sporty but can't

afford the time payments above a sticker price of \$2,000. Lido pledges to push 400,000 of these in the first year—and succeeds, to the woe of the nation.

Never in the industry's history was a more murderous car built. The Pinto contained a motor designed to wear out at 50,000 miles, a quarter the life of Japanese imports. It also contained a design flaw, dictated by "style" and cost-cutting that killed. The gas tank on this low-slung model was mounted behind the rear axle instead of over it. When struck from the rear even at quite low speeds, the thin metal skin crumpled like tin foil, pinching the gas tank between the rear vehicle and the Pinto's axle. Passengers trapped in the tiny passenger compartment by the impact, were incinerated by the exploding gas tank.

The most notorious of such collisions occurred in August 1978, when three teenage Ohio girls were incinerated after being hit by a van that sustained little front-end damage. The girls, including owner Judy Ulrich, were Lido's ideal market. Judy's dad had bought the car as a gift on her high school graduation.

In a subsequent criminal trial, Ford attorneys argued that the car was not much worse than other sub-compacts and that adding an \$11 sheet metal fire shield in the car would not be "cost effective." In grotesque McNamara logic, the company assigned \$200,000 as the "cost" of a victim's death and \$67,000 as the "cost" of a victim's injury, proving that the \$11 per vehicle shield cost more than the deaths. The body counts aren't complete; many of the two million Pintos are still on the road.

Preparing the nation for austerity

Now an established success in the McNamara mold, Lido is moved into the "successful man speaks on the issues" spotlight. The oligarchy's issue was "inflation" and Lido takes the stump as the tough cop for President Nixon's Phase 1,2,3 austerity program. On Aug. 15, 1971, in a move to unhinge the world monetary system, Paul Volcker, then Undersecretary of the Treasury, convinced President Nixon to de-couple the American dollar from gold, and institute a progressively tighter three-phase austerity program against labor. By government fiat, all labor contracts were trimmed to the austerity guidelines.

Lido was unsatisfied. To a business audience Lido thundered on Nov. 4, 1971, "There will have to be some heavy-handed edicts laid down if Phase 2 is going to work." He demanded the canceling of the 1970 Ford contract which gave employees a 3% wage increase and a cost of living escalator. The issue wasn't the opportunity to take back some wages, although that was not undesirable. Lido was leading the charge to make the U.S. government the oligarch's instrument of controlling business and labor.

When, but in time of war, does the government assume emergency powers to regulate and supersede private contracts, such as trade union agreements? The Vietnam War did not require such regulation, so a plausible emergency had to

be created.

Lido was the spokesman. "Inflation May Doom Nixon" he declared from Detroit on Jan. 18, 1971. Few of America's press failed to give prominent coverage. The oligarchs' phoney "war on inflation" was on, a war against the American economy which was to be viciously intensified when in 1979, under Paul Volcker, the Federal Reserve Bank's powers were used to create a usury never before seen in the nation, even during the Civil War.

While Paul Volcker proceeded to put the American economy through a drubbing worse than the 1973 and 1979 oil hoaxes, the next round of "emergency powers" control of the economy was under way. Lido was brought in, by the controller of the Rockefeller estate, J. Richardson Dillworth, and the crony of the grain cartel families, Manufacturers Hanover Bank chairman Gabriel Hauge.

Lido was never, as the cover story goes, "fired" by Henry Ford in July 1978. Henry II may be an irascible degenerate, but he never controlled the company. He was a figurehead from the day he was installed by the coup against his grandfather by John Bugas, the former station chief of the FBI in Detroit, and the McNamara group known as the "Quiz Kids." Lido was being shifted to a special operation at Chrysler, a Phase 4 of the Volcker-Nixon austerity.

When Lido was installed at Chrysler in November 1978, the corporation had long been in the hands of cost accountants. Lyn Townsend, an accountant from Touche Ross, had been at the helm of Chrysler for a decade. Derisively known as the "bean counter," for his 3 by 5 index card which he carried in his wallet, listing auto shipments scheduled for the month, the day, and the cumulative for the month to date, Townsend slashed costs, engineering, and employees while "pushing" as many units as he could. Any bookkeeping trick was used to report cars sold, profits were borrowed from the next quarter for the current one and from the next year for the present. Tens of thousands of cars littered storage lots. Possibly, Townsend had driven the company to edge of bankruptcy—to perpetrate the great Chrysler bailout and recovery hoax.

It worked like this: Using the emergency of the world's tenth largest industrial company going bankrupt, all companies, governments and individuals would be called in and told to make sacrifices. The federal government would act the enforcer, issuing loan guarantees against the "givebacks" the victims were laying on the table.

This was not a case of bankruptcy where the court gives a business protection from the claims of creditors. This was merely using the threat of bankruptcy to squeeze the hundreds of thousands of workers, vendors, small banks, local and state governments, foreign governments, to shell out. The media would broadcast the "lesson": Through pain and sacrifice, success would come. In the fascist lexicon, through purging the population in war, eliminating the elderly, feeble, insane, and politically and racially unwanted, the nation emerges strong and united.

The prolonged "debate" in Congress was a total sham. The ultimate result, the Chrysler Loan Guarantee Board, was virtually identical to the plan put forth at the May 1979 Chrysler stockholders annual meeting by Felix Rohatyn, of the Lazard Freres bank in New York. The second major participant was Manufacturers Hanover's Gabriel Hauge, the man who put Lido into the Chrysler chairmanship.

Rohatyn already had a big "success" in his resumé, having destroyed the government of New York City by first inducing its bankruptcy. He then marched in with a creditor's committee (the Municipal Assistance Corporation) and got complete control of local finances—with federal guarantees. The plan to use an international corporation was even more ambitious. Anyone linked to the company, in the U.S. or in the many foreign nations, was expected to bow to Rohatyn's dictates.

Labor was told that even though the company was not in bankruptcy, their contract was being scrapped—and much worse, with over \$1.5 billion in wage losses, not counting those 100,000 permanently laid off—at the whim of the company, acting on behalf of its banking creditors and with the mandate of the United States government.

Vendors were forced to negotiate bills owed them from Chrysler, forced to take extensive non-payment periods, forced to accept price reductions on their products sold to Chrysler, and forced to extend loans to the company. In all this they had no recourse to law to compel payment of bona fide bills as they would with any non-bankrupt corporation. If the company were bankrupt, the vendors would have had legal recourse, if not full reimbursement.

Local governments were similarly stripped of their legal rights to assess and collect tax revenues. The company merely asked how much taxes the locality was prepared to give and negotiated from there. The locality's right to assess and collect taxes, with taxpayer right of legal appeal of the assessments, was destroyed.

Oligarchical financial control of government, business, labor, and agriculture is fascism, and America took a giant step in this direction with the Rohatyn-Hauge Chrysler bailout. Though imposition of fascist corporatism was the primary objective, there was nothing wrong with making a little money in the process. After the 100,000 layoffs, the remaining 90,000 workers shelled out over \$1.5 billion in wages and benefits. The vendors not directly and indirectly bankrupted by the "bailout" came up with tens of millions, while the losses to Federal, local and state governments tallied in the hundreds of millions. Even Chrysler dealers antied up \$80 million.

The creditor banks were "forced" to take \$800 million in Chrysler preferred stock. Most of the 400 banks were smaller and suffered from the long wait for the stock to appreciate after the company's "recovery." The larger banks, including Hauge's Manufacturers Hanover, could afford to wait and gained handsomely from the profit figures that Lido puffed at quarterly press conferences.

Japan to lead space colonization

by Sophie Tanapura

With the Tsukuba Expo '85 coming to an end on Sept. 16, Japan, the host country, must be highly commended for having succeeded in getting across to the world its message for the 21st century. Visited by this author only recently, the Expo was one of the most exciting tributes to man's struggle to learn, master, and enhance his natural environment. Since his existence for the past 2 million years—relatively short compared to the 5 billion years of the solar system—man in different cultures and geographic locations has made science and technology the major driving force, without which mankind would not have developed to where it is today.

The IBM-Japan pavilion paid due recognition to this in their exhibit on the "Roots of Science," starting with Pythagoras among the Greeks, through Avicenna of the Islamic Renaissance in the 10th century, past Europeans such as Leonardo da Vinci of Italy, Johannes Kepler and G.W. Leibniz of Germany, the great American Benjamin Franklin, right on to other contributions of the 20th century. The Mitsubishi company took visitors in a train ride through the millions of years of the history of the Earth and on into the universe. The Fujitsu Pavilion, with its creative computer, allowed you to journey through space and time from a nebula to our solar system, down to the microscopic level of amino acids and DNA.

The pavilions, especially those of Japanese private companies and the communications networks, have been organized with the very latest technologies in such a way as to excite the younger generation about science.

The much-talked-about linear motor car, known as the "High-Speed Surface Transport" (HSST), made its first public appearance at the Tsukuba Expo. Traveling about one centimeter above the track, the HSST was designed by Japan Air Lines and Sumitomo Electric Industries. The first version (unmanned) achieved a top speed of 307.8 km/h. The second (manned) was equipped with riding comforts. The Expo '85 HSST model, the newest, makes use of aeronautical engineering and can carry 48 persons at 30km/h along a 350-meter track. All of this made the Tsukuba Expo '85 itself a city of the future in a new world.

Only 15 years before the start of the 21st century, Expo '85 brings to the fore Japan's advance investment in its effort to lead this future world as a country dedicated to science and technology, the prime movers of its national growth achievements. Some 3 trillion yen went into the Tsukuba Expo '85,

and before this, 650 million yen had already gone into the little-known area of Tsukuba. About 50 kilometers northeast of Tokyo, Tsukuba has been transformed into a futuristic city of science and technology, where you can even take a very close look at a synchrotron.

The now-famous Malaysian "Look East" policy is precisely centered around benefiting from the availability of Japanese science and technology, once the language barrier is hurdled. For that, Malaysia has successfully launched a two-year Japan Center within the structure of the University of Malaysia in Kuala Lumpur where around 100 native Malaysians (*bumiputras*) are given priority each year. Courses in Japanese and the sciences are designed to allow them to continue their university education at centers of higher learning in Japan itself. And coming to Tsukuba is the dream of many foreign science students.

Whichever Japanese pavilion you visited, you were invariably introduced to a review of the latest space technologies. The theme of conquering and colonizing space is omnipresent. Aspects of simulated space travel, robots for spaceship repair, a future space colony as well as a Moon base, were all presented.

In preparation for agriculture in space, one of the most popular wonders is the enormous single tomato plant growing on a huge trellis that has yielded some 12,000 tomatoes through conventional hydroponic culture, in which the soil is replaced with water. Using the hydroponic technique, sugar cane that grows only three meters per year in tropical and subtropical areas, reaches heights of six meters in seven months. With this technique, one muskmelon stock bearing generally only one fruit will now bear around eight melons per stock. Efficient use of light energy and water are key. As we move into space, the familiar horizontal low-energy soil cultivation will have to give way to vertical high-energy non-soil cultivation. In the meantime, high-yield hydroponic cultivation can help solve food shortage situations in desert areas or where land area is limited.

In robotics, Japan is forging 10 years ahead of the United States and the European nations, where robot development has been retarded because of unemployment problems. The Tsukuba Expo '85 was like a pageant of the world's ultra-modern robots, talking with visitors, presenting shows, and playing musical instruments. The most impressive robot achievements perhaps could be seen at the Toshiba pavilion. Six robot hands spun tops along a sword edge, a rope, and on top of a pole, all with amazingly delicate and ultra-precise movements.

However, the most disappointing part of the Tsukuba Expo '85 was the various degrees of inadequacy of most of the foreign government pavilions. Emphasis was placed on encouraging Japanese tourism to those countries, rather than participation in co-prosperity of the 21st century. Japan is preparing her next generation for the space age. How prepared is the rest of the world for this challenge?



Private industry moves into space; firm prepares orbiting factory

On Aug. 20, the National Aeronautics and Space Administration and the private Houston-based firm, Space Industries, Inc. (SII) signed an agreement to facilitate the involvement of private industry in space manufacturing. SII will design and build an Industrial Space Facility (ISF), which will be the first man-tended factory in Earth orbit. It will be compatible with the Space Shuttle and with the space station that is planned for initial operation in the early 1990s.

The factory will operate automatically most of the time, and will be visited by Shuttle crews periodically.

The ISF will be launched as early as 1989, and will provide a generic manufacturing capability for many of the promising unique space products, such as new pharmaceuticals, crystals, and metal alloys, that are planned for commercial development.

Joseph P. Allen, the Executive Vice-President of SII, was a NASA astronaut for 18 years, from 1967-85. While with NASA, he was also an assistant administrator, with responsibility for legislative affairs.

EIR: The Industrial Space Facility that you are planning to build and deploy, you do not plan to use yourself. Will industry rent space from you in the ISF?

Allen: That's correct. We see ourselves in the same role as a builder of a small, modern automated factory facility, which is leased or sold to a company that has manufacturing to be done.

EIR: Developing countries have also been invited by NASA to participate in the Space Station. Could your facility be an avenue for them to do experiments in space, or even commercial processing?

Allen: It may be an avenue. We have not done that yet. It's just much too early to do that. But, yes, there's nothing about this facility that precludes that being done, if it were not in conflict with the federal government regulations involving the transfer of technology, and other things. We have no control over that and would be bound by it, and would abide

by restrictions, but quite possibly, there would be none.

EIR: Is the industrial process inside your facility proprietary for the company paying to lease it?

Allen: Yes.

EIR: Your facility is approximately the same size as the pressurized Spacelab module, but Spacelab remains in the Shuttle payload bay at all times. Your factory orbits independently. How does the ISF get into orbit, and how is it serviced by the Shuttle?

Allen: The ISF is taken up aboard the Shuttle. It is docked with the facility, and the people in the Shuttle go into the factory, get it all set up—and by in it, I mean literally just float into it in shirtsleeves, through a tunnel that connects the two. Then, when it's all set up, the people go back into the Shuttle, close the door behind them, and then it is uncoupled. It's left to operate on its own, in space, and the next time the Shuttle is in the neighborhood, so to speak, it docks to the facility again, and people can go in, check it, harvest the product that's there, resupply it with raw materials, and then once again go aboard the mother ship and leave the facility to operate on its own. We envision people going into it only when the Shuttle is right there by it—we think approximately once every two to three months.

When our facility is operating in space without people there, it will be pressurized; we will not dump the atmosphere to the vacuum, and later re-pressurize it when people visit, although it would be possible to do that if there were a manufacturing need to do that—if we wanted to use the vacuum to manufacture in a vacuum. It stays pressurized all the time. When the Shuttle comes up to it, and docks with it, the air revitalization system of the Shuttle is what is used to make sure that the atmosphere is correct in the facility. This is exactly the way the Spacelab is used today.

EIR: Factories on Earth require repair crews on-call all the time. It will certainly be more expensive and inconvenient to

repair your factory in space. What kind of advances in automating and robotic technology are necessary to have an industrial facility in Earth orbit?

Allen: Your question is quite a good one. It turns out that the answer to that really has nothing to do with the space environment, but more with the complexity of the manufacturing process itself. There are numbers of products manufactured down here by automatic processes that are pretty well developed now. With careful planning, there are facilities that will operate for weeks on end without breaking down or needing human attention. To be sure, those are processes that involve fairly simple manipulation of materials that may be just a chemical process, that kind of goes on. A good part of the petrochemical processing industry is like that, right now—large chemical processors where raw materials come in at one end, finished material comes out the other end, together with waste materials. These things all do operate very automatically and for long periods of time before they need maintenance and cleaning. Probably some of the first users of this facility will be manufacturers that use fairly simple techniques and not complicated robots in the science fiction sense, that must continue to work without breaking for long periods of time.

However, we envision this as a facility that would begin to operate as early as 1990, but could continue operating for several decades, for the foreseeable future after that, and as manufacturing processes become more and more automated, ours is a facility that could be used for more and more complicated manufacturing processes. The space facility itself is inherently very simple and it will certainly tend itself over long periods of time, we're confident, without breaking down. Exactly what manufacturing is done internal to it, though, once again, is more the business of the user of it than the business of us, who will maintain the facility.

EIR: You would see starting off with a liquid or fluid process, then, before going to crystals or metal alloy manufacturing?

Allen: Probably so. I'm guessing, but it appears to be the easiest, to begin with.

EIR: Have you made any use of technology the Japanese have developed, in advanced robotics?

Allen: Not to my knowledge, but if we were to come across some, believe me we would try to adapt them.

EIR: Do you see the possibility of spin-offs from your technology to basic industry here on Earth?

Allen: First of all, the location is out on the frontiers, so the very fact that we're there suggests that new things should be learned, all of which is good, and may be useful in many other phases of American industry. That has been one of the strong selling points of the space program. If there is anything unique in what we're doing, it is that we have very, very

optimistic hopes of doing it using privately invested dollars, not to be confused with the investment of tax dollars through the appropriations and authorizations of the Congress. That is really probably the only unique thing that we're bringing to this, but that in itself is significant. It is some proof that American investors recognize that this is important and want to put some of their own private money in this effort.

EIR: The memorandum of understanding you signed with NASA indicated that the work that you are doing may have some value for the Space Station planning group.

Allen: No question. In that sense, they can view us as a precursor-type of space station to their much larger and more difficult assignment. They should be able to learn from what it is we're going to do, partly because we're much smaller than what they're doing. Also, we will do it before they do it. They can watch us and we will share approaches, ideas, and data, and we're confident, as are they, that they will learn from our efforts. We hope that we don't make some bad mistakes and they learn from our bad mistakes, but even if we did, they would save themselves from making the same mistakes later. It should be a very complementary effort that we're setting out upon here, and that fact is recognized by the memorandum of understanding.

EIR: Are there any specific problems that you have to solve that will benefit Space Station planning?

Allen: Many. I'll give two. In order for our system to work, we must be able to dock the Space Shuttle to it. The same thing is true for the Space Station. The Shuttle is a versatile and remarkable machine, and there's no doubt that it will be possible to dock it to orbiting facilities; but it's never been done yet. The precise technique to do that has to be worked out, and we will have to work that out. Space Station people will be able to use every bit of that information.

Another example: The Space Station will be the first time that America has had a large permanently orbiting body that is going to be changing its size and shape as it grows. When engineers see that, they realize that they must understand the modes of vibration of that body. That's not going to be easy to do, because it is going to change its size and shape as it gets larger and larger. We are going to develop a technique, that is state-of-the-art, of measuring the various modes of possible vibration in a fairly large orbiting body, and we have a new idea of how that can be done. It's not very expensive and does not require construction of much test gear on the ground. We're going to do the testing itself in orbit. We are quite hopeful that this technique will work, and if it does work, it's going to save NASA major, major problems in what they have ahead—if they can use our idea.

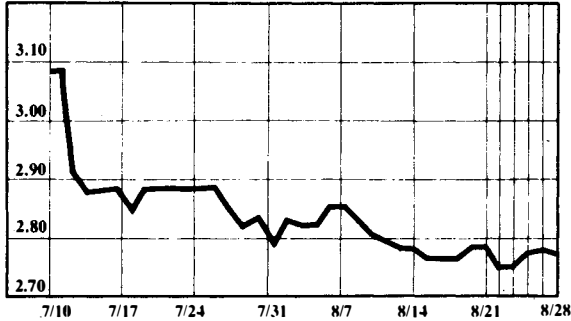
EIR: So, you will be transferring technology back to the government!

Allen: Exactly so.

Currency Rates

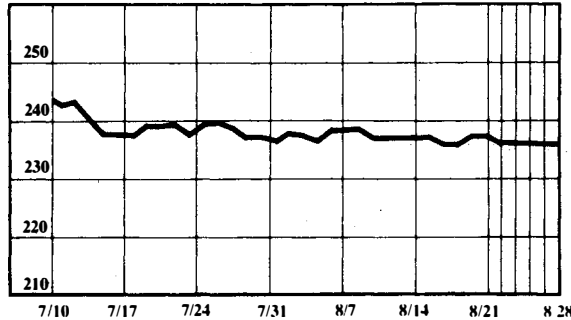
The dollar in deutschemarks

New York late afternoon fixing



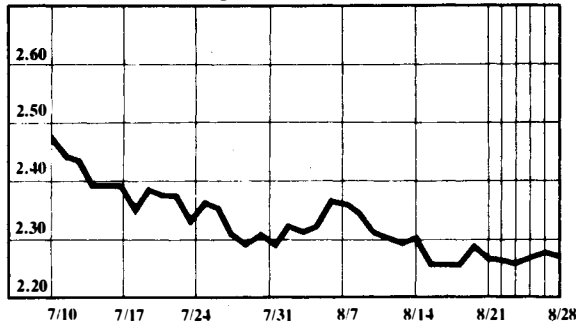
The dollar in yen

New York late afternoon fixing



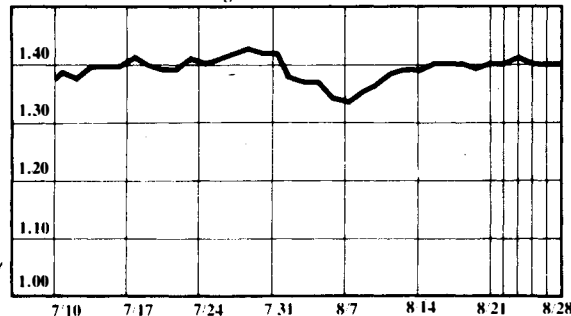
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IMF pressure builds

Unless the stance of Peru is imitated, coups, unrest, and economic catastrophe await most nations.

While world attention is focused on the crisis in South Africa, another crisis is unfolding in the rest of Africa of potentially far vaster dimensions, an economic crisis which is approaching a "catastrophe," according to some sources. The coming months will be crucial in determining whether the continent will be crushed under the weight of its debt and IMF conditionalities, or will follow the example of Peru and fight for its development, mobilizing its population and all resources available.

Nigeria is a case in point: The bloodless coup that overthrew the regime of Gen. Muhammed Buhari on Aug. 27 must be seen in the light of the pressure applied by the International Monetary Fund on Nigeria to accept conditionalities in exchange for a \$2.5 billion loan. The British *Financial Times* commented that Nigerians must be "wryly reflecting that it is probably the first time that a government's overthrow has been caused—in part at least—by failure to reach agreement with the IMF." Of course, other governments have been destabilized and overthrown for that very reason, but it is the first time the IMF issue has been so clear. The business daily expressed the hope that Nigeria would now agree to IMF demands.

Buhari steadfastly refused to submit to IMF demands for the devaluation of the currency, the naira. However, the policy he implemented was to make payment of foreign debt a priority. Lack of foreign exchange for urgently needed imports meant that factories were operating at a fraction of their capacity, and that unemploy-

ment was on the increase. This year, 44% of export revenues were due to be used purely for debt service, while imports at a projected naira 3.15 billion would be 70% below 1981-82 levels of N11.3 billion.

Dissatisfaction with the economic situation led to unrest and strikes: The response of the Buhari government was to ban various trade union and student organizations, and to clamp down on the press. Decree Number 4 was issued on July 23, banning political comments and discussion of Nigeria's future.

However, the key issue is the economy. The new head of state, Maj.-Gen. Ibrahim Babangida, in his first radio broadcast to the nation, announced: "It might well be in the interests of Nigeria to reach agreement with the IMF." But using 44% of export earnings to pay foreign debt is "unrealistic," he is reported to have said.

A Nigerian source commented: "There will be no major changes in economic policy, if in fact the previous government had an economic policy. Basically, Buhari made a lot of noise about resisting the IMF, but our economy is in disarray. Nigeria has no alternative but to go to the IMF. Nigeria needs to bow to stay alive; at least, that's the way the government has seen the country developing. The policy has been to export oil, and borrow money to pay for imports. What's the alternative? Unless you mobilize all your population and all the resources that you have for another kind of development, there is no alternative."

That alternative mobilization, however, is exactly what must be done.

The summit of the Organization of African Unity had called for an urgent summit meeting on the question of African debt, declaring that most of the continent's countries were approaching "economic collapse." A recent meeting of the U.N. Economic and Social Council in Geneva called on the General Assembly to hold a special session on the African crisis. The statistics are a shock: By the end of 1985, Africa's debt is estimated to reach \$170 billion, or 59% of the continent's Gross National Product. In 1984, one-quarter of Africa's total export earnings went to debt service, and that amount is increasing. Total debt service paid by sub-Saharan Africa was \$5.7 billion in 1983, \$9.7 billion in 1984, and \$11.1 billion in 1985.

Resistance to the IMF is strong: Congo is facing severe economic difficulties, following the fall in the oil price (Congo is the fourth-largest oil producing country in Africa) and increasing debt, the country is approaching a point where it will be unable to pay either debt or debt service. Its foreign debt is \$1.5 billion, not an enormous sum, but debt service consumes 45% of government revenues, or one-third of export revenues. The government is refusing to submit to IMF demands, rejecting such "interference."

Guinea is also reluctant to implement IMF "reforms," for fear of provoking unrest in the country, almost bankrupt after 26 years of rule by Sekou Touré. However, international banks and France, to whom Guinea appealed for help, have refused to aid the new regime until they sign with the IMF. An attempted coup last month was no doubt an attempt to persuade the authorities that they should submit.

Wall Street's pet conservative

Howard Phillips shows how the gnomes of Zurich continue to pull conservatives' strings.

Mr. Howard Phillips, chairman of the ten-year-old Conservative Caucus and publisher of Phillips Issues and Strategy Bulletin, seems to take all the "correct positions" for an American patriot. He is against the International Monetary Fund, David Rockefeller, and communism, so he states. But here again lurks an agent of the "gnomes of Zurich" among newsletters.

Mr. Howard Phillips exposed himself most clearly at the Aug. 1 meeting of conservative fundraisers lead by Richard Viguerie and Terry Dolan. Asked by an *EIR* reporter about Donald Regan's Trilateral Commission coup in the White House, Phillips responded angrily: "Donald Regan is not the problem. . . . Donald Regan is better than James Baker. George Shultz is the biggest problem in America, not Don Regan."

The valiant conservatives' meeting had been called to form a "coalition to dump Shultz," a well-known liberal, as Secretary of State. Still no reason to defend Mr. Regan. Those present could not even agree on demanding Shultz's resignation, it transpired. But why defend the man from Merrill Lynch?

Again, the hallmark of a Swiss agent in newslettery is to pose no positive solutions to the now obvious U.S. banking and economic crisis, but merely to terrify Americans that the "end is near" and try to frighten them into moving their money out of America. In particular, the gnomes refuse to identify the actual enemies of America—the Swiss-run drug lobby.

Occasionally, they smile, and

show their fangs inadvertently. As mentioned last time, Mr. L. T. Patterson advises readers to hand their cash to the Swiss banks. Mr. Phillips' slip endorsement of Donald Regan demonstrates his real controllers—the "conservative" financiers at Merrill Lynch and their business partner, Crédit Suisse, Switzerland's number-two bank.

When Donald Regan was appointed White House chief of staff, Phillips titled his Jan. 14 newsletter, "Regan a Marginal Net Plus for Conservatives." Phillips, in the usual Swiss "Oracle of Delphi" manner, first gave a host of details about how "on the one hand" Donald Regan is "a member of the Council on Foreign Relations, the Business Roundtable, and the Committee on Economic Development (run by the Rockefellers), at best a pro-establishment Wall Street Republican." Phillips even gave damning evidence that "Regan positioned himself during the 1970s to become Secretary of Treasury in a Democratic Administration," donating thousands of dollars to Democrats, to the Carter-Mondale campaign in 1979, and to Carter personally.

Phillips then turns and lies that Regan is better at the White House than James Baker because "Regan will try to follow, rather than lead, his President. . . . The alternative to living in Baker's shadow is an alliance with Reagan's Reaganites, including Caspar Weinberger. . . ."

By his March 25 letter, Phillips had become an open Regan fan, urging readers to "Write to White House

Chief of Staff Donald Regan. Congratulate him on the MX victory and thank him for assigning a key role on his staff to Pat Buchanan," another faker.

The hapless Phillips ends where all liars do. Naturally, anyone who works with Donald Regan would refuse to denounce the international drug trade, and so with him. On the two major issues he covers, the IMF and Latin America, Howard Phillips is a total fraud.

Phillips rants against the 1983 IMF Appropriations Bill as the "\$8.4 Billion Bank Bailout," but when *EIR* led the fight to stop the bill in November 1983, he was nowhere to be found. Worse, Phillips' only objection to the IMF in yards of coverage is that the IMF sends money to "foreigners" in Latin America and elsewhere, to promote pig-headed protectionism among patriots.

Phillips says nary a word about the IMF's worst actual crimes: genocide in Africa; the IMF's forcing Colombia, Peru, Guatemala, and other nations to grow drugs to pay their debt; and the April 1985 IMF takeover of the U.S. government itself. This coup, engineered by Donald Regan at the IMF's 1985 Interim Committee meeting, has led to the gutting of the U.S. defense budget in the name of IMF austerity. But it is never mentioned by Mr. Phillips.

Otherwise, while devoting letter after letter to Nicaragua, Mr. Phillips never mentions the real Swiss and Soviet war against Latin America—the drug war. Where are the exposés, which *EIR* weekly publishes for all to see, on Peru, Colombia, Guatemala, and the Nazi drug-pushing PAN party of Mexico? While a continent sells drugs to enrich the money-laundry mechanisms at Merrill Lynch and Crédit Suisse, Mr. Phillips fiddles.

Business Briefs

International Credit

Venezuela seeks joint action on debt

Venezuela has called for joint action on the continent's foreign debt, for the first time in many months. At the Latin American Parliament on Aug. 28, Venezuelan Finance Minister Manuel Azpurua said that the debt problem should receive "political treatment."

Each country should negotiate separately, he stated, but many financial problems are common to all Ibero-American nations, and therefore, actions should also be taken in common.

Azpurua also warned that if the United States continues protectionist practices which close off American markets to Ibero-American exports, "it will be difficult for these nations to comply with their debt payments."

Venezuela, he said, "feels the need for mechanisms to prevent surprise or annoying hikes in interest charged by international banks."

Invisible Hand

Brazil hit for lack of anti-drug action

The government of Brazil was roasted for its do-nothing policy toward drug traffic at the Conference of American Navies taking place in Caracas, Venezuela. In a public session on Aug. 28, the Venezuelan National Guard representative protested that Brazil is the only country in South America which produces acetone, ether, and other solvents without which cocaine refining cannot take place. He called on countries in the region to unite to stop such chemicals from being moved by cocaine mafias, and asked Brazil to give Venezuela a list of all the companies importing the chemicals into his country.

The Peruvians agreed and asked that all shipments of acetone on Amazonian rivers be prohibited.

The Brazilian Navy representative claimed that Brazil was already controlling river traffic, and noted that the government had established a committee to draft tougher drug laws.

However, when Brazilian Justice Minister Fernando Lyra, a leftist, receives dossiers on the drug problem in Brazil and suggestions for dealing with it from subordinates, he customarily files them in his wastebasket, according to a source in the ministry. Lyra's faction is also reportedly planning to deflect pressures to act against the drug mafia from neighbors and the U.S. Drug Enforcement Administration by setting up do-nothing anti-drug operations.

Technology

Pentagon awards SDI contracts

The Pentagon announced on Aug. 28 that \$59.7 million in government contracts have been awarded to Lockheed, TRW, and Grumman to provide preliminary designs for a missile-tracking system that will be a key component of the Strategic Defense Initiative.

The three defense firms will take part in a 12-month study to provide the designs for a system to track enemy missiles shortly after lift-off, or what is termed their boost phase.

Meanwhile, several British high-technology firms are "impatient" with the British government's stalling over reaching an agreement with the United States for British participation in the beam-weapon program. The companies are said to be apprehensive over possible loss of contracts in areas like guided missiles and electronic control systems to firms from other countries, the Aug. 29 *Financial Times* of London reports.

The newspaper quotes Chris Musgrave, defense sales market manager for Thorn EMI's Software Sciences: "We are not waiting for the discussions [between the U.S. and U.K. governments] to finish. Our view is that these could go on forever."

According to the *Financial Times*, the British Defense Ministry has been trying to

"delay" reaching a technology-provision agreement with the U.S. Defense Department.

International Trade

Reagan rejects shoe quotas

President Reagan announced on Aug. 28 that he will not accept a recommendation to impose import quotas or other tariffs on shoes imported into the United States.

The President issued a strongly worded statement saying that such protectionism was economically suicidal, and would result in "a dangerous step down the road to a trade war."

The administration decision drew criticism from Capitol Hill, where the protectionist lobby, led by Sen. Lloyd Bentsen (D-Tex.), vowed to redouble its campaign to pass tough protectionist legislation once Congress reconvenes. Bentsen has been particularly keen on destroying relations between the United States and its key Asian ally, Japan, using the trade issue.

Reagan's decision is "just another sign that the administration lacks a coherent, understandable policy" for dealing with the trade deficit, charged Bentsen, while Sen. Bob Kasten (R-Wis.) called it "truly a tragedy."

Food

Journal wants U.S. to keep feeding Red Army

The *Wall Street Journal*, which on Aug. 27 printed an op-ed column endorsing Henry Kissinger and Zbigniew Brzezinski's program for the United States to militarily desert Europe, called "decoupling," two days later ran a commentary by a Soviet "defector" urging the United States to keep supplying food to the Kremlin war machine.

Felix Kogan, a former consultant to the Central Committee of the Soviet Commu-

Briefly

nist Party who is now resident at the University of Missouri, writes: "It's best for the U.S. to achieve long-term reliability as a supplier in the grain market," that is, keep selling large amounts of grain to Moscow. Because the Soviet leadership will not divert money from defense to invest in the Soviet agricultural sector, the Soviet leadership will continue to be forced to make food purchases abroad, he explained.

His argument, in effect, is that the United States should subsidize Soviet defense spending by meeting Soviet needs for agricultural commodities it cannot produce because of that defense spending—a strange argument indeed for a presumably disenfranchised "defector."

Kogan also stated that U.S. Secretary of Agriculture John Block's current trip to the Soviet Union "is a welcome expression of the U.S. commitment to promote Soviet purchases of U.S. farm commodities. And, as Mr. Block indicated last week, the trip is 'important to the overall political relationship' as well."

Wall Street Journal editor Robert Bartley is a member of the Trilateral Commission, of which both Brzezinski and Kissinger have been directors.

The Debt Bomb

Mexico can't pay, says economist

Mexico is unable to pay its foreign debt, reported Angel Aceves Sucedo, a Mexican senator and director of the Institute of Economic, Political, and Social Studies, which is operated by the country's ruling PRI party. He stated on Aug. 27: "Due to the present worldwide economic stagnation, Mexico is not in a condition to pay the foreign debt and we are coming to the embarrassing situation of the 'I know I owe, but payment I ain't got.'"

If the present economic situation continues, he added, "we could have the case of an involuntary debt moratorium." He called the debt situation of the Ibero-American continent as a whole "not viable any more, because there are only two roads: to become

indebted in order to grow, or to stop growing in order to pay."

Aceves stated that in the case of Mexico, "If the income is limited for any reason, or the public expenses increase, for whatever reason, Mexico will find itself without possibilities of paying."

Regional Integration

Thai leader asks ASEAN summit

Former Thai Prime Minister Kukrit Pramoj on Aug. 27 reiterated his earlier call for an emergency ASEAN summit, directed toward common action in areas of trade and finance.

The Thai leader pointed out that the combined natural resources and labor power of the countries of the Association of Southeast Asian Nations (Thailand, Malaysia, Singapore, Indonesia, Philippines, and Brunei) would give them a "considerable bargaining power for the region's economic benefit."

Kukrit told reporters in Bangkok that regional press have heralded his proposal and at least one Malaysian cabinet minister has welcomed the idea, but the Thai government itself has not responded.

Clearly, some such action is needed. The economy of Thailand is now in worse condition than at any time in the last 30 years, the executive chairman of the Bangkok Bank told 43 of the country's leading businessmen during a one-day seminar last week. If current trends continue, growth this year will be only 3.8%, well below the government target figure of 5%, and it may fall further to 3% if the United States imposes cuts on Thailand's textile exports.

The employers confederation of Thailand has voted to freeze the minimum wage "indefinitely" because of the shaky condition of the economy. Labour Congress leader Vichai Thosuwanchira was not enthusiastic about the announcement, but agreed that in difficult times, the most important thing is for workers to hold onto their jobs. Employers are insisting that if wages go up, many businessmen will simply close down operations.

● **OTTO LAMBSDORFF**, who resigned as West German economics minister when indicted in connection with a bribery scandal last summer, went on trial on Aug. 29 with two co-defendants, former Economics Minister Hans Friderichs, and former corporate manager for the Flick firm, Eberhard von Brauchitsch. The two former ministers are accused of accepting \$170,000 in bribes from Von Brauchitsch for the Free Democratic Party (FDP). Count Lambsdorff and Friderichs headed the Dresdner Bank until last March.

● **JOHN M. WALKER, JR.**, Assistant Treasury Secretary for Enforcement and Operations, will leave his post on Sept. 9 to become a federal judge for the Southern District of New York. He has been praised for his enforcement of the Bank Secrecy Act of 1980. To date, six large banks have been hit with fines for failure to report cash transactions believed linked to drug trafficking.

● **THE IMF** is not a monster, we are in fact working with it," declared an official of the International Confederation of Free Trade Unions (ICTU) in Brussels. The ICTU is working against the government of Tunisia, in apparent coordination with the International Monetary Fund and Libya's Qaddafi. "I know that for you," he told an *EIR* reporter, "the IMF is a monster, but that's not the case." An ICTU delegation recently went to Tunisia to support a wave of strikes which began just as Libya began expelling Tunisian workers.

● **CHASE MANHATTAN** is close to buying up a third ailing Maryland thrift institution, Friendship S&L of Chevy Chase, which has about \$300 million in assets, the *New York Times* reported on Aug. 27. A week earlier, Chase announced an agreement to buy 50% of the stock of the Chesapeake S&L of Annapolis for \$3.8 million (\$100 million assets), and is still negotiating for the purchase of Merritt Commercial S&L of Baltimore.

Space medicine to rescue the Earth's biosphere

by Warren J. Hamerman

How can mankind, in the context of initiating a challenging Moon-Mars colonization mission, reverse the full-scale threat to the Earth's biosphere caused by the draconian and incompetent global policies of the International Monetary Fund (IMF) and World Bank?

If we can transform the Martian desert into arable and inhabitable land, then reversing the galloping desertification on Earth is a relatively straightforward task. Already in the four Skylab missions of NASA, between May 1973 and February 1974, *Potential Agricultural Zones (PAZs)*, were targeted in to-be-rehabilitated desert areas of Africa (Sahara, Sub-Sahara, Namib and Kalahari) and elsewhere. As the examples of California's Imperial Valley, Egypt's "New Cities Program" and Israel's Negev and Sinai projects have demonstrated, currently existing deserts are all *PAZs*.

With the technology to actually create "livable" atmospheres and optimal weather patterns on foreign planets, then the work of modifying and controlling weather and atmospheric phenomena on Earth can be readily accomplished. If we can provide the *life-support systems* for sustaining astronauts in space flight and eventually creating the life-support systems for long-term missions such as space stations and the inevitable colonizations, then space-age medicine and exobiology can be applied to providing the maximum life support for every man, woman, and child on the Earth.

The space program approaches the question of health in a totally centralized, top-down fashion, precisely the method which we must employ to rehabilitate the world's population and the biosphere from the IMF wreckage. In 1961 NASA announced that it would construct, on-site near Houston,

Texas, a \$60 million Research and Command Center (RCC) for the Project Apollo Program. From the foundation up, so to speak, a Life Sciences Team was set up, with the responsibility of ensuring that the astronauts remained in good health and physically fit to perform their assignments in space, land on the moon, and return safely to Earth before the end of the 1960s. This mission was successfully achieved in July of 1969 when Apollo 11 brilliantly executed the first lunar landing and return to Earth.

How fragile is the Earth's biosphere? The entire biological envelope around the Earth is rather small in width but incredibly well-designed. The highest point above the Earth's surface where biology can be naturally found—spore-forming bacteria and fungi—is approximately 20 kilometers, while the lowest depth under the ocean for "life" is approximately 11 kilometers. The total width, in other words, of about 31 kilometers or 15 miles can be walked in about four hours at a normal pace. (**Figure 1**) Actually, the situation is even more compact. Within the zone of a few hundred feet above and below the surface, the vast majority of all biomass conversion occurs.

Our atmosphere functions as a wondrously-designed laser to tune and focus certain optimal wavelengths from the electromagnetic spectrum, while filtering out unwanted bands. The atmosphere of Biosphere I (Earth) functions, along with the magnetic field, as a filter or blanket to protect living things from most of the radiation types which could be damaging. NASA scientists have established, that in the electromagnetic system, there are only two principal "windows" for the sun's radiation to penetrate to the Earth's surface. One window

encompasses visible light and part of the ultraviolet and infrared frequencies; the other window includes radio frequencies of about 10^9 Herz. Other radiation is effectively blocked. (Source: *Post-Viking Biological Investigations of Mars*, Committee on Planetary Biology and Chemical Evolution, 1977, Washington, D.C.)

The thermodynamics of the process as a whole operates in such a way as to keep the temperature band in the zone of biomass conversion within the tolerances for living systems, which at the extremes function between -12° and $+80^\circ$ centigrade. The biosphere as a whole also operates with tolerance bands with respect to pressure, pH (acidity or alkalinity), ionization and radiation, and water accessibility. In all, only about 20 key elements are combined in certain definite proportions to comprise the "structures" of living things. The composition of the Earth's atmosphere is measured as: 20.9% oxygen; 78.0% nitrogen; 0.04% carbon dioxide; and trace amounts of other gases.

Also significant, is the overall ratio of the biologically important water-soluble electrolytes. These water-soluble electrolytes play an essential role in enzymatic and physiological function. (The most significant of these ions include Na, K, Mg, Ca, Cl, S, and P.)

Man is a relative "latecomer" on Biosphere I. The age of the Earth is generally given as 4.5 billion years, with the oceans having formed 3.5 billion years ago. The oldest known primitive organisms appeared 3 billion years ago, while the oldest known photosynthetic and nitrogen-fixing organisms appeared 2 billion years ago. The Earth's oxidizing atmosphere is 1.5 billion years old and the oldest plant is 400-500 million years old. Man's primate predecessors appeared only 1.5 to 2.0 million years ago. The human species itself can be traced to, at best, activities beginning well under 100,000 years ago.

The history of the biosphere demonstrates that the universe does not tend to a statistical thermodynamic equilibrium. The totally unique feature of the biosphere on Earth is that as human civilization has developed, it is the human economy's enormous technological capability which now plays the qualitatively determining feature for good or bad in terms of large-scale biospheric events—desertification, droughts, deforestation, weather patterns, and atmospheric phenomena.

This fact was dramatically stated by one of the astronauts in the Skylab program:

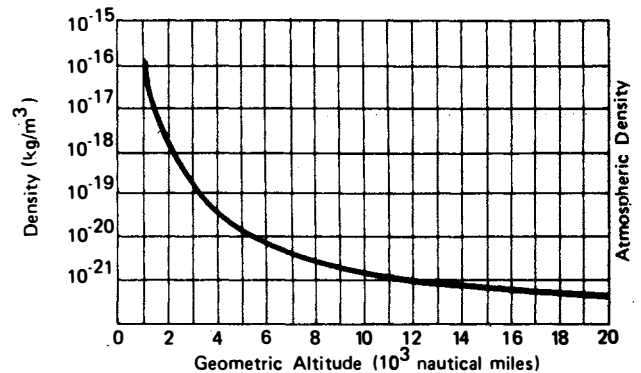
From space "it is easier to see man's influence on the Earth, on the vegetation, than it is to find natural vegetation differences."

Astronauts on Earth

Already through the combined technologies and experience of Space Medicine and Exobiology in designing and managing Life Support Systems for the astronauts in the Mercury (six manned missions from May 1961 to May 1963), Gemini (ten manned missions including the first U.S. extra-

FIGURE 1

Atmospheric density as a function of altitude



The rapid decrease is correlated with a decrease in both atmospheric pressure and partial pressure of oxygen. (Source: *Arnauld E. Nicogossian and James F. Parker, Space Physiology and Medicine*, Washington, D.C.: NASA, 1982.)

vehicular activity), Apollo (11 missions from September 1968 to December 1972 including the transport of 29 astronauts and successful landing of 12 on the lunar surface), Skylab (four missions from May 14, 1973 through February 1974) and the Space Shuttle or "Space Transportation System" (STS) Projects (ongoing missions beginning April 12, 1981), the United States has developed the capacity for maximizing the health of man. The Soviets have accumulated parallel capabilities in their successive programs of Sputnik, Vostok, Voskhod, Soyuz, and Salyut.

While not all of the considerations involved in human life support in space are directly applicable to Earth, the vast bulk of the experience and knowledge are immediately transferable and relevant to improving human society on Earth. Furthermore, the basic principles underlying the astronauts' health and life-support systems are of vital importance for implementation on Earth. (Figure 2)

The basic concept involved in maximizing the health of each individual astronaut was that since each astronaut was a "precious national asset" who was "irreplaceable," then every step must be taken to maximize his health in dealing with known and unknown dangers.

To replace the global biological holocaust created by the IMF and World Bank, we propose that the space-age approach of maximized life support is what must be applied to every man, woman, and child on Earth. In other words, our program mission in the post-IMF era will be to treat the children of Africa, Asia, and Ibero-America as "irreplaceable" astronauts.

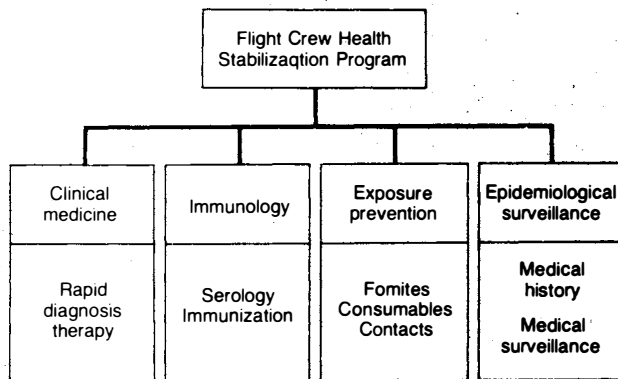
In short, economic policy can be usefully viewed as "life-support" policy, in which the basic medical engineering prin-

ciples proceed from several considerations: 1) a generous margin of safety; 2) redundant systems; and 3) optimizing nutritional and immunological programs.

Space medical engineering

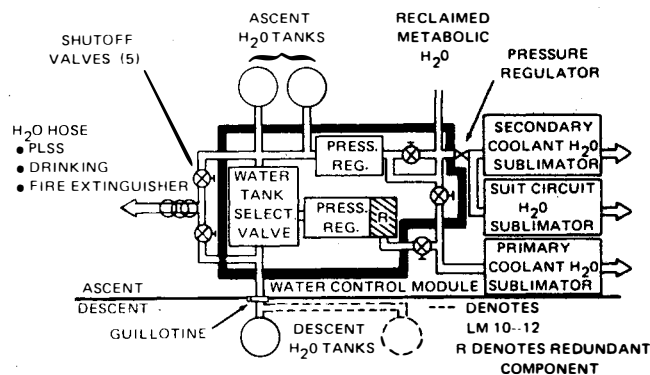
The general requirements of a life-support system include: a) supplying the nutrient substances involved in metabolism; b) maintaining a breathable atmosphere, tolerable temperature, pressure, pH and so forth; c) providing a sanitation system for the removal of waste products; and d) pro-

FIGURE 2
Elements of the Apollo Flight Crew Health Stabilization Program



This plan was designed to minimize or entirely eliminate the possibility of adverse alterations in the health of flight crews during the immediate preflight, flight, and postflight periods. (Source: National Aeronautics and Space Administration, Biomedical Results of Apollo, Washington, D.C., 1975.)

FIGURE 3
Water Management Section of Apollo Lunar Module Environmental Control System



(Source: Biomedical Results of Apollo.)

tecting the individual against known and unknown diseases. Figure 3 and Table 1 show some aspects of the system.

Among the fruits of space medicine exists a wonderful model for the optimum immunological and nutritional programs appropriate for transfer immediately to all people on Earth, were we to seriously embark on a post-IMF global program to eliminate the *biological holocaust* conditions currently devastating Africa, Asia, and Ibero-America and threatening the rest of the biosphere as well. (Table 2)

The nutritional program for the astronauts was based upon the straightforward fact that man requires approximately 40 separate organic compounds and minerals in his daily diet. (Table 3) Human metabolism derives its energy through the release of energy through chemical oxidation of food-stuffs. The total energy requirements are not constant but

Table 1
Preflight procedures for Apollo mission

1. The discovery of latent illnesses during the process of selection of astronauts and the preparation for missions.
2. The implementation of the health stabilization program and other preventive measures.
3. Determination of individual drug sensitivity to the contents of the Apollo medical kits.
4. Providing baseline data against which to compare postflight data for determination of space flight effects.
5. Prevention of any situations which might delay or otherwise interfere with operational aspects of the missions.

Source: Biomedical Results of Apollo

Table 2
Apollo program immunization requirements

Disease	Required immunization of astronaut	Required immuniz. of family members of astronaut
Diphtheria	Yes	Yes
Pertussis	No	Yes
Tetanus	Yes	Yes
Typhoid	Yes	No
Influenza	Yes	Yes
Mumps	Yes	Yes
Poliomyelitis	Yes	Yes
Rubella	Yes	Yes
Rubeola	Yes	Yes
Smallpox	Yes	Yes
Yellow Fever	Yes	Yes
Other	(*)	(*)

* Only as indicated for travel to endemic areas.

Source: Biomedical Results of Apollo.

depend upon the total energy to be expended in work (physical and mental). (Table 4) Nonetheless, both the U.S. astronaut program and the Soviet cosmonaut program independently converged upon providing diets in the range of 2,500 to 3,000 kcal/day. (Figure 4) Of the total energy input, approximately 11-18% of the energy was desirable in the form of protein. (Table 5) The human diet must contain the basis for the 20 different amino acids necessary for the functioning of the human biological "systems" (immunological, digestive, neurological, etc.). In addition to the supply of whole protein, the astronauts are supplied with a full spectrum of vitamins, minerals, and micro-nutrients.

Through the experiences of manned space programs, particularly as longer-term missions occurred, the total energy content of the diet in both the astronaut and cosmonaut programs has steadily increased. For example, the first Soviet flights had daily caloric intake of 2,600 kcal; the Soyuz program began at the level of 2,800 kcal; by Salyut 6 the diet was 3,150 kcal. The American program's energy content in space has been somewhat lower, on average—about 2,500 kcal—except in the Apollo lunar landing missions where it was 2,800 to 3,000 kcal. The Space Shuttle mission crews

have eaten diets in the range of 3,000 kcal per crewman. (Source: *Space Physiology and Medicine*.) Thus, the astronaut and cosmonaut nutritional intake lies in the overall range of 2,500 to 3,000 kcal.

It is this quality and quantity of diet which must become the norm among all people on Earth, under the theme to "Make Every Child As Healthy As An Astronaut." As a complement to the nutritional and immunological programs, an entire array of advanced technologies for use in medicine have already been developed as a byproduct of research on lasers, x-ray microscopy and holography, nuclear magnetic resonance (NMR), etc. (See "Advanced Technologies Can Conquer Disease," *Fusion*, March-April, 1985.)

For instance, the gravity-free conditions of space have proven ideal for developing the process of *continuous flow electrophoresis* (CFE) for separation of proteins, enzymes, and hormones. Electrophoresis on Earth is of critical medical and pharmaceutical-producing importance because, through electrical stimulation of a biological substance, the constituents of a mixture are separated so that they can be analyzed. Without gravity, under space conditions, the process is 450 times more productive.

Furthermore, the collapsed sanitation systems of human communities on Earth have much to learn in concepts of design, materials, and construction from the NASA spacecraft sanitation systems. For example, the Apollo project's

Table 3
Typical composition and caloric content of Apollo daily meal

Food composition of daily meal				
Meal A	Meal B	Meal C		
Fruit cocktail	Chicken salad	Beef stew		
Bacon squares	Beef with vegetables	Potato salad		
Strawberry cubes	Butterscotch pudding	Sweet pastry cubes		
Cocoa	Fruitcake	Grapefruit drink		
Orange drink	Pineapple-grapefruit drink			
Food values				
Constituents	Meal A	Meal B	Meal C	TOTAL
Energy (kcal)	759.0	1123.0	911.0	2793.0
Protein (g)	28.5	45.2	28.7	102.4
Fat (g)	25.4	42.0	32.4	99.8
Carbohydr. (g)	106.4	140.0	125.7	372.1
Ash (g)	7.0	6.8	7.3	21.1
Ca (mg)	176.0	505.0	486.0	1168.0
P (mg)	342.0	712.0	592.0	1646.0
Fe (mg)	3.3	4.8	4.9	13.0
Na (mg)	1659.0	1526.0	1916.0	5101.0
K (mg)	818.0	863.0	1047.0	2728.0
Mg (mg)	64.3	89.5	95.3	249.1
Cl as NaCl (g)	4.30	3.05	3.94	11.29

Source: *Space physiology and medicine*.

Table 4
Metabolic rates during Skylab extravehicular activity (EVA)

Mission	Duration (hours)	Metabolic rate (kcal/hr)		
		CDR*	PLT*	SPT*
Skylab 2 EVA-1 (Gas cooling only)	0.55		330	260
	3.38	315		265
	1.56	280		
Skylab 3 EVA-1	6.51		265	240
	4.51	310		250
	2.68	225		180
Skylab 4 EVA-1	6.56		230	250
	6.90	155	205	
	3.46	145		220
	5.31	220		185
Total time	83.6			

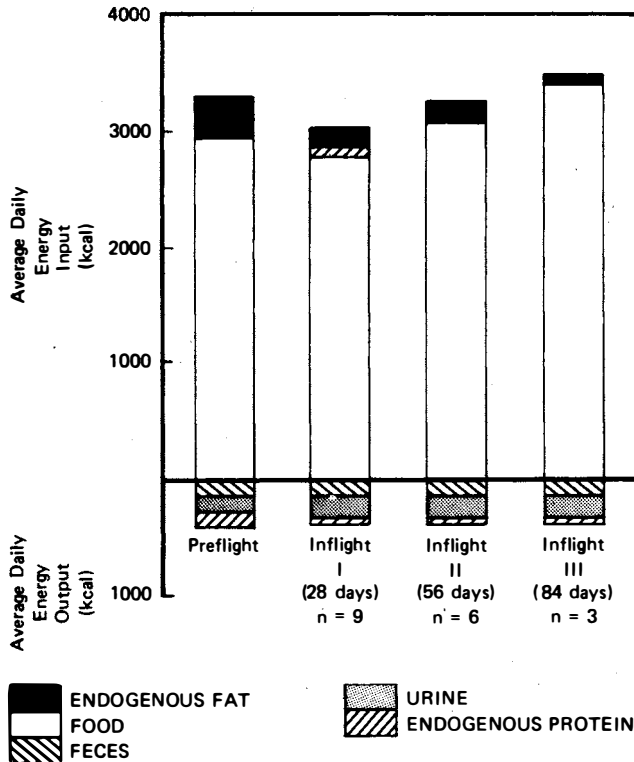
* X: 230 kcal/hr

* Respectively, Commander, Pilot, Second Pilot.

Source: *Space Physiology and Medicine*.

FIGURE 4

Components of average daily energy balance, for preflight period and 3 inflight periods (Skylab).



Energy input includes calories from food intake and from utilization of endogenous fat and protein stores. Energy output includes loss of calories through feces and urine, measured by bomb calorimetry; protein accretion through the addition of muscle mass; and fat disposition. This figure demonstrates that fat was utilized in the preflight period, and also during each of the inflight periods. Protein accretion occurred during the preflight period and later inflight as well, but endogenous protein was broken down during the first 28 days inflight. Food intake was markedly reduced during the first inflight period, but increased thereafter. (Source: Space Physiology and Medicine.)

Table 5
Nutritional composition of typical Apollo diet

Nutrient	Percent of dry weight
Protein	18.0%
Fat	17.0%
Total carbohydrate	61.0%
Fiber	1.0%
Minerals	3.0%

Source: Biomedical Results of Apollo.

Personal Hygiene Station (PHS) interfaced with a Waste Management System (WMS) is useful for study. Further advances in technology beyond the WMS-PHS concept have been incorporated in the Space Shuttle's Waste Collection System (WCS). The WCS is a multi-functional system designed to collect and process biowastes from the crew members.

Additionally, the approach of NASA in giving each astronaut an overview of preventative health measures through basic biomedical training, at least in approximation, ought to be among the standard fare of schooling for secondary school students on Earth.

Rescuing Biosphere I

Were we to successfully complete our Moon-Mars mission, the planet Earth (Biosphere I) would only be the first *biosphere*, or life-supporting sphere, in space as we proceed to consciously create the conditions of atmosphere, temperature, necessary elements, and even gravity through human technology, to sustain colonies on the Moon, Mars, and elsewhere. From this standpoint, the task of applying such thinking to a crash program to "rehabilitate" the Earth from the IMF's policies does not seem like such an unmanageable task, despite the already manifest disastrous consequences of the IMF's policies—massive outbreaks of human disease, as well as unusual intensities of flora and fauna epidemics, and breakdowns in the Earth's weather patterns resulting in anomalous instances and perturbations in drought, flooding, and other weather events. Elsewhere, the case has been exhaustively documented that these large-scale events are the direct result of consciously designed IMF and World Bank policies and not the aberrant after-effects of "irrational Mother Nature."

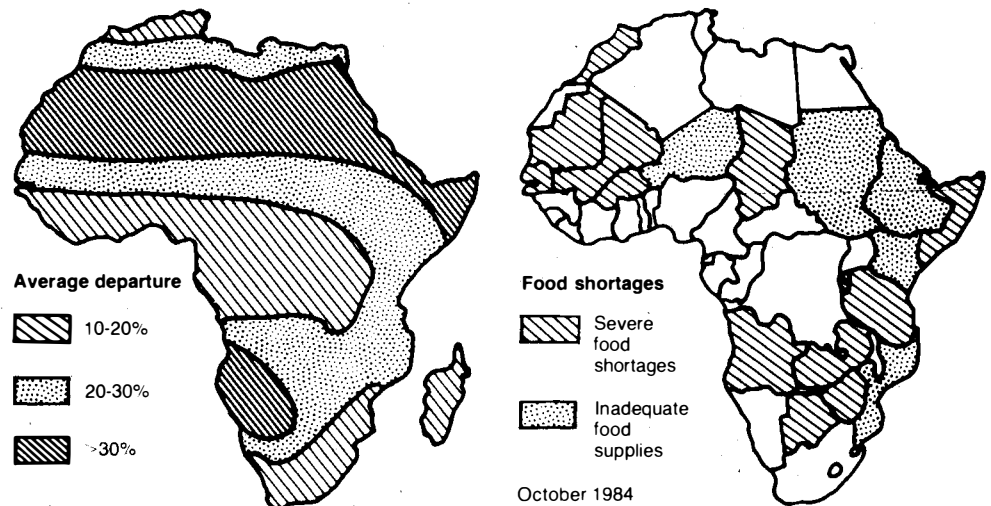
Through the destruction of the productivity of the human economy as a whole, more primitive organisms have come to the fore. The process for the biosphere as a totality can be thought of as a large-scale "cancer." In a human cancer the highly differentiated "species" function of cells break down. Associated with the loss of differentiated function or "skill level" of various cells, tissues, and organs, is a loss of polarity and structure. In short, the cancerous growth takes over, consuming the energy throughput of the system, to reproduce an unspecialized mass, or blob—a totally parasitic, non-functional growth which only reproduces itself. As the center of the cancer or tumor rots, the cells clump, can't diffuse oxygen and nutrients in the blood, and cannibalize the very individual which is feeding their growth.

No free energy is added to the individual's system as a whole, and he or she loses all redundancy of living function and reserve capacity. The immunological system tends to break down. In time, the individual dies from infections and malnutrition caused by the parasitic diversion of energy to "support" the tumor. The IMF's policies upon the human economy have had the effect of setting a "cancerous process" in motion for the biosphere as a whole.

FIGURE 5

Rainfall variability and food disasters in Africa

The map on the left shows the distribution of the average departure of rainfall in Africa from the long-term mean, expressed as a percentage. On the right is the Food and Agricultural Organization's (highly underestimated) survey of those African countries affected by severe food shortages and inadequate food supplies in October 1984. Those areas with the highest long-term variability are hit first by any regression in the biosphere's energy potential. (Source: The Global Climate System, World Meteorological Organization, 1985.)



The causal relationship between the IMF's policies of brutal economic austerity regimes and the outbreak of "cancerous" breakdown for the biosphere as a whole is discussed in the *EIR* Special Report issued July 1, 1985, entitled *Economic Breakdown and the Threat of Global Pandemics* (see especially LaRouche's "The Role of Economic Science in Projecting Pandemics as a Feature of Economic Breakdown.")

The economic breakdown of the world economy has been the direct outcome of the conscious takedown of the *energy intensity* and *capital intensity* of the human economy. Human economies function according to the same thermodynamic principles as living processes. Under conditions of increasing throughputs of energy-intensity and capital-intensity, associated with periods of technological progress and sustained generation of "free energy," the society *grows* and is what we call a healthy economy. It is through improvements in land and the productivity of labor with technology that man has been capable of increasing the *potential relative population density* of his species. Historically this process has been characterized by the increase of human population nearly 500-fold, from primitive man's population of 10 million to the currently-approaching 5 billion.

Conversely, human economies, like living organisms, can also be starved of energy, capital, and nutrient throughput as the IMF "conditionalities" program has implemented. Such societies eventually cannibalize themselves and die, favoring the reproduction of lower parasitic species over man. Moreover, the human economy has uniquely developed to the point where it is the total qualitative and increasingly quantitative singularity in the biosphere, for better or worse. Thus, under conditions of human progress man improves nature through large-scale capital-intensive infrastructure projects—such as rehabilitating deserts, weather modification, rerouting waterways, and so forth. Equally, under IMF re-

gimes which order the destruction of photosynthetically-dense human agricultural zones as well as the laterization of jungle and forest areas, the collapse of energy throughput, the looting of natural resources without replacement, and so forth, large-scale biospheric processes are disrupted. (Figure 5)

The sensor and camera capabilities of Landsat, Seasat, meteorological, and other advanced satellite systems have given man the capacity to monitor the changing conditions on the Earth's surface and in the atmosphere. Through the evaluation of light and heat wave radiation, the distinct "signature" of the entire Earth's land and sea cover has been mapped and stored in Biosphere Data Banks which give precise readings on different types of vegetation and even whether a body of water is clear or polluted. Already, as a "spinoff" from the space program, man has developed the technological capability to "manage" the processes in the biosphere.

Mankind clearly stands at a monumental crossroads, with the full capability to create new biospheres through the colonization of other planets and moons while exploring the frontiers of our solar system and probing outward into interstellar space. In the post-IMF era, the human population will grow rapidly to tens of billions, as we begin our historic mission to "improve" the universe. To accomplish these goals, of course, we will need many, many astronauts. Therefore, we can think of no greater necessity than beginning to treat every African, Asian, and Ibero-American child as a potential astronaut, with the full nutritional, immunological and medical program that implies.

To replace the IMF we need a NASA-style mission control coordinating center to not only guide our course along this exhilarating pathway, but also to translate these capabilities into an immediate upgrading of the "health" of the world's population and our biosphere on Earth.

Armand Hammer: Soviet 'fixer' from Lenin to the present

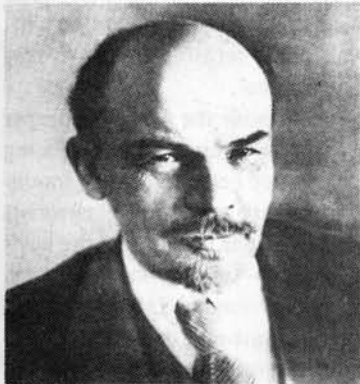
by Scott Thompson

Armand Hammer, the 87-year-old chief executive officer of Occidental Petroleum Corporation, was recently hailed by the editor of *Pravda* for his role in setting up the November summit meeting between President Reagan and General Secretary Gorbachov. Since his early-1920s cavorting about Soviet Russia with the blessings of V. I. Lenin, Hammer, the "maverick" billionaire, has been the principal "back channel" for American access to the top levels of the Kremlin hierarchy. Hammer, who purports to be the "first American capitalist" to have promoted business relations with the fledgling Bolshevik regime, has met on numerous occasions with every Soviet leader except Josef Stalin; he has had an "in" with every American President since Franklin Delano Roosevelt.

Yet, as this dossier will show—in part through the first-ever publication of recently declassified State Department documents—Hammer has for decades been an agent of Soviet influence, as was his father Julius before him, one of the founders of the Communist Party U.S.A. Armand Hammer is no "capitalist" in the progressive sense of American System economists Alexander Hamilton or Henry Carey; he is an agent of the cultish, oligarchical worldview, which seeks to divide the world along the lines of a "New Yalta" pact, into Western and Soviet Empires. Hammer's foolish promoters in the West, like Britain's Lord Carrington or Henry Kissinger's cohorts in the U.S. State Department, argue that the "New Yalta" game will allow crisis management within the bounds of the strategic doctrine of Mutual Assured Destruction (MAD), until the presumed inevitable "crumbling" of the Soviet Empire. The Soviet marshals, however, laugh silently as they watch the military and economic decline of the West, which they believe will deliver them the prize of world domination by approximately 1988.

Consider the benefit which Moscow gains from Hammer's most recent activities:

- The Soviet Union intends to use Hammer's Geneva summit to force President Reagan to bargain away the U.S. Strategic Defense Initiative for antiballistic missile defense.
- Hammer is playing a leading role in orchestrating the ongoing Soviet-Israeli



Armand Hammer and friends (clockwise, from lower left): V.I. Lenin, Leonid Brezhnev, Muammar Qaddafi. The lower right picture shows victims of Peru's Shining Path terrorist guerrillas. Hammer's Occidental Petroleum Corp. has been caught financing terrorism in Ibero-America.

rapprochement, part of a plan for a "New Yalta" settlement for the Mideast—which would effectively exclude the United States from the region.

- Well-informed Israeli intelligence sources report that Hammer is part of a bid in Israel to make Ariel Sharon, "the butcher of Lebanon," the uncrowned "King of Israel," crushing the Palestinians, Jordan, Egypt, and other moderate Arab regimes, in alliance with Soviet client-state Syria.

- Hammer's Occidental Petroleum Corp. is financing the narco-terrorist Ejercito Liberacion Nacional (ELN) in Colombia. Hammer hires the terrorists, pays their salaries, and calls it "protection" money.

- Hammer maintains ongoing ties with the outlaw regime of Libyan dictator Muammar Qaddafi, the principal funder of international terrorism.

- Hammer cultivates extensive contacts with organized crime circles, from the days of bootlegging during Prohibition, to the "new mafia." He is a leading dealer in the international art market, which one informed observer of Hammer's activities has called "even dirtier in terms of money-laundering potential than the narcotics trade."

Since President Reagan's first inauguration, the attitude of his administration toward "Hammer the Fixer" has been a schizophrenic one. A memorandum circulated in the Reagan White House in 1981, according to author Joseph Finder, warning that Hammer "had been in his early days in the employ of the KGB." Yet, the Kissinger faction, represented by Secretary of State George Shultz has successfully swept

these warnings aside, and promoted Hammer's back-channel negotiations.

We examine now the dossier of this Russian agent's current manipulations.

The Soviet-Israeli deal

On Jan. 28, 1985, Israeli Prime Minister Shimon Peres announced that Armand Hammer was acting as a go-between for Moscow and Jerusalem, in an effort to renew diplomatic relations severed after the 1967 Mideast War. "We approached the Kremlin on the 40th anniversary of their victory over the Nazis through the American Jew, Armand Hammer, who was a friend of Lenin," the prime minister said. "The answer we got, and I quote, 'The matter of Israel depends on the relationship of the Soviet Union and the United States.'"

What is really at issue here? The Soviets are holding out to Israel the "carrot" of mass emigration of Jews to Israel, to populate the West Bank, in return for Israel's accommodation to the "New Yalta" arrangement. Israel would disengage from its alliance with the United States, and join forces with Soviet client state Syria to eliminate the pro-Arafat Palestinians and Arab moderate regimes.

Hammer's go-between role has since developed into two different tracks of diplomacy for Israeli-Soviet recognition and rapprochement: One involves Hammer's acquaintance Edgar Bronfman, of the Seagrams family organized crime fortune; the other involves contact between the Israeli and Soviet ambassadors in Paris.

Bronfman, as chairman of the World Jewish Congress,

will go to Moscow in the fall, on behalf of Shimon Peres and the U.S. State Department, for meetings, possibly with the Soviet foreign trade minister, to continue the discussion of Jewish emigration and treatment of the "refuseniks." Active in this enterprise, along with Hammer and Bronfman, is attorney Samuel Pizar, a friend of Hammer, Henry Kissinger, et al., who helped steer Seagrams to sell its liquors in Russia and Russian vodka in the United States. Pizar is based in New York and Paris.

Soviet Ambassador Yuli Vorontsov and Israeli Ambassador Ovadia Sofer met in Paris in July to discuss a "New Yalta" settlement for the Mideast, which would include: 1) easing Jewish emigration to Israel; and, 2) Israeli negotiations with Syria for return of parts of the Golan Heights. As the London *Economist* commented (quoted in the *Washington Times* on July 29), this Israeli-Soviet deal puts Israel in the driver's seat, where it can choose between having the Jordanian-Palestinian initiative for peace into "a Middle East diplomatic free-for-all, with Syria included, or be aborted altogether." This plays into the hands of Henry Kissinger, who is advocating a role for the Syrians in the "Mideast peace process."

Israeli intelligence sources report that Hammer figures in a current plot to make Gen. Ariel Sharon the uncrowned "King of Israel," liquidating what remains of the pro-Arafat Palestinians, with Syrian backing and implicit Soviet support. As current minister of trade and industry, Sharon has tried to interest Hammer and his business partners from a group known as "Operation Independence"—which includes Detroit organized crime kingpin Max Fisher and Charles Bronfman—in Israeli projects. These include purchase of 26% of the Israeli Chemical Company, one of the larger Israeli-state-owned firms, which Sharon sought unsuccessfully to unload on Hammer.

These sources state that, in exchange for exclusive oil-drilling rights in Israel, Hammer has agreed to act as a back-channel to Moscow for Sharon. Last November, at an Israeli Bonds dinner where he was awarded a 1984 Golda Meir Leadership Award, Hammer did announce that he was forming a syndicate for oil exploration in Israel, with \$1 million in seed money out of his own pocket. Today, Hammer's HEI Oil and Gas Corporation is a partner with Isramco, Inc., a publicly quoted U.S. company; Joel (Jerusalem and Exploration, Ltd.), its sister Israeli company; and Delek, a major local petroleum distributor. Operating on a concession near the Negev desert, which covers 40% of the area of Israel, this consortium has drilled four wells so far and plans over 5,000. Other major oil companies, with the exception of William F. Buckley's family firm, have stayed out of Israel for fear of retaliation from Arab states.

Hammer's terrorists in Colombia

On May 13, 1985 in an interview with the *Wall Street Journal*, Armand Hammer made the shocking admission that Occidental Petroleum is paying the narco-terrorists who kid-

napped the brother of Colombian President Betancur, the anti-drug fighter, in April 1984, and have tried to destabilize President Belisario Betancur's government. According to the paper, "a modus vivendi with the environment" of narco-terrorists was reached, which includes "giving money, food, transportation and medicine to the guerrillas." "We are giving jobs to the guerrillas," says Dr. Hammer. "We give them the catering jobs, and we take care of the local population. It has worked out so far, and they in turn protect us from other guerrillas."

The Ejercito Liberacion Nacional (ELN), with which Armand Hammer's Occidental Petroleum has made this deal, was founded by the pro-Cuban Vasquez brothers and Fr. Camilo Torres, and is the only narco-terrorist group to refuse a truce with the Betancur government.

Does Hammer's relationship with the ELN go deeper than the "protection racket" which Hammer admits to being a victim of? Consider the close ties between Cuban intelligence and the Libyan government in training terrorists throughout Central America. Consider further that the basis for Hammer's third—and largest—fortune was Oxy's oil discoveries in Libya, where he has remained, with the good will of dictator Qaddafi—a man known to demand "favors" for support of his international assassination and terrorism bureau.

State Department: 'We're impressed'

On July 4, Viktor G. Afanasyev, editor-in-chief of *Pravda*, declared that the agreement to hold a Reagan-Gorbachov had resulted from long negotiations, and that Armand Hammer, who met for one-and-a-half hours with Gorbachov on June 17, "did quite a bit to facilitate" the summit.

What is the State Department's view of Hammer's strange, unofficial diplomacy? A source close to former U.S. Assistant Secretary of State for European Affairs Richard Burt declared: "We're very impressed with Dr. Armand Hammer and all of his various contacts with the Soviets. . . . Of course, any friend of Father Lenin is a friend of Mikhail Gorbachov." According to this source, Deputy Assistant Secretary Mark Palmer maintains contact on a regular basis with Hammer (see "Richard Burt's ties to Soviet espionage," *EIR*, July 29, 1985).

Author Joseph Finder reports that Hammer not only maintains contact with Palmer and has a nodding acquaintance with Secretary of State George Shultz, but has managed to worm his way into the White House, with ongoing contacts at the National Security Council staff. Nonetheless, Finder states in his book *Red Carpet*: "There remains considerable uncertainty about his connections with the Soviet Union. Early in 1981, a memorandum circulated in the Reagan administration warning that Hammer had been in his early days in the employ of the KGB. The memo, dated February 13th . . . discusses Julius, the early Communist ties, references to the Hammers in Lenin's works, and so on. 'Hammer was reported by a former Soviet intelligence officer, now

dead, to be an agent of Soviet intelligence in the 1920s,' the memo states. 'Since the 1920s,' Hammer has consistently supported Soviet interests, however, never in the typical communist or left-radical manner.'"

Hammer, of course, denies the charge that he is or ever has been a KGB agent; but records now available from the National Archives make an even stronger case that he worked for the Soviet intelligence service since its founding. Even the dubious James Angleton, the former chief of counterintelligence for the Central Intelligence Agency, has charged that Hammer is "part of the Trust," working in the Soviet disinformation program to infiltrate and take over opposition to the Bolsheviks, with a special assignment of neutralizing American capitalists, through a program set up by Felix Dzerzhinsky of the Cheka (a predecessor of the KGB) and Vladimir Lenin personally.

There is considerable dispute within the Reagan administration over whether or not to use Hammer's influence in the People's Republic of China, which rivals that he has in the Soviet Union, for the purpose of the present nuclear exchange package being worked out between the United States and the P.R.C. After four years of negotiation, Occidental Petroleum signed an agreement on April 29, 1984, while President Reagan was visiting China, to develop the world's largest open pit coal mine. Oil exploration, so far unsuccessful, has been carried on off the coast of the P.R.C. by Occidental Petroleum as well.

These are a few highlights of Occidental Petroleum's industrial and political influence, which also includes major business activities in the United Kingdom, with the discovery of the North Sea oilfield; in Libya, which accounts for 20% of Occidental Petroleum's gross sales; in Peru, where Occidental produces crude oil in the Peruvian jungle with Petroperu, as well as owning chemical companies purchased from W. R. Grace Corp., which had been nationalized by the Velasco government; in Bolivia, the center of cocaine production for the Colombian narco-terrorists, where Occidental has two production-sharing agreements with the Bolivian national oil company YPF; and in Pakistan, where recent discoveries of oil and natural gas have been made. Occidental's holdings in Venezuela were nationalized, shortly after a major oil discovery.

Peruvian President Alan García rescinded Hammer's oil contracts on Aug. 28, 1985, calling for the end of "colonial conceptions."

'The Bolshevik secret regime'

Armand Hammer's family is from the Venetian trading port of Odessa, a distinction shared with Alexander Helphand Parvus, who was the controller of Leon Trotsky during the 1905 Revolution, and a significant influence upon the Bolsheviks in the 1917 Revolution, as a pro-Bolshevik capitalist. Actually Parvus was an agent of Volpi di Misurata—known as "the last doge of Venice"—whose actions before and after World War I were responsible for collapsing the Ottoman,

German, Austro-Hungarian, and Russian Empires. Another Odessa Jew is Vladimir Jabotinskii, the follower of Benito Mussolini and of Benedetto Croce, the ideologue of "universal fascism."

Born in Russia in 1898, Hammer was raised from the age of one in the United States by his adoptive parents, Julius and Rose Hammer. Before his arrest, conviction, and imprisonment in Sing Sing on charges of manslaughter, stemming from a criminal abortion in which his patient, the wife of a former Russian official had died, Julius Hammer (alias Heimmann) had been a co-founder of the Communist Party U.S.A., working closely with Jay Lovestone, Benjamin Gitlow, and Bertram Wolfe.

Recently declassified documents from the National Archives, written by U.S. State Department intelligence agents in the 1920s and 1930s, detail the agency of Julius Hammer and his son. But even this dossier has been sanitized, with certain Scotland Yard reports, letters from J. Edgar Hoover, and other items removed by government officials sympathetic to Hammer's treasonous brand of "détente."

A letter from the Special Agent in Charge of the New York Division of the State Department to R. C. Bannerman, the Chief Special Agent, Washington, D.C., dated November 1926 and coded "confidential," states:

In response to your request I hand you herewith a copy of a report I sent your office on March 5th, 1924, which will throw considerable light on not only the criminal record of this man [Julius Hammer, released on parole through the Jewish Board of Guardians of Mortimer Schiff to visit his son, Armand, in Moscow—ST] but his Bolshevik activities and his connections with dangerous radical elements in the United States whose chief object was to create a revolution and overturning of our Government. . . . Dr. Julius Hammer's early activities were a part of the original movements among certain Jewish elements to establish, under Jewish-American fronts, corporations and purchasing agencies such as were actually controlled by Soviet-Jewish elements, under the direction of the Soviet Government of Russia. His later activities, while along these same lines, are more concealed. He is believed to be at present a part of the Bolshevik secret regime. . . .

Accompanying dossiers and memos shed further light on the activity of the Hammers during that period:

1) "One of the angles utilized by the Soviet Government in starting trade relations with the United States was the Allied Drug and Chemical Company," owned jointly by Julius and Armand Hammer, and founded in 1917.

2) Armand and Julius Hammer's Allied Drug business partner, Abraham A. Heller, "a notorious Bolshevik," "was actually the Commercial Agent of the Soviet Government of Russia, working in close cooperation with Ludwig Maertens, the alleged Ambassador from Russia" to the United

States, whom Sir Winston Churchill personally investigated and linked with American Comintern leader Boris Reinstein.

3) Armand Hammer created the Society for Technical Aid to Russia, with the assistance of Elizabeth Gurley Flynn, "a notorious radical and Sinn Fein agitator," and also shows up in documents as an associate of Agnes Smedley, a leading member of the Richard Sorge espionage network and American Communist representative to Mao Tse-tung.

4) Armand Hammer, in traveling for the first time to Russia in December 1921 under cover of business on behalf of the Allied Drug Company, "was carrying messages from Ludwig Maertens, to his colleagues in Russia."

5) Armand Hammer created the Allied American Corporation (Alamerico) to open an asbestos concession in the Urals, working with the assistance of Isaac Hoorgin, "a director of the German-Russian Transportation Company, which is a joint enterprise of the Soviet government and the Harriman interests in New York."

6) Hoorgin was a propagandist for the Soviets, responsible on a trip to the United States "for a considerable revival in propaganda work."

7) Among Alamerico's business associates, apart from Soviet concessionaire Averell Harriman, the future U.S. ambassador to Russia during World War II, were "Mr. Eugene Meyer, the present head of the Government War Finance Corporation, Mr. Bernard Baruch, the former head of the American War Industries Board during the late war [World War I—ST]," and, Mortimer L. Schiff of the Jewish Board of Guardians, who got Julius Hammer paroled.

8) Mortimer Schiff's father Jacob, allied with E. H. Harriman through the investment house of Kuhn, Loeb, had, according to another source, "predicted, in fact encouraged, a Russian revolution" working as the American side of the "Parvus Plan."

9) After receiving the first Soviet concession in the Urals for mining asbestos, Armand Hammer had published in the *New York Times* of June 14, 1922, a letter which he received from Lenin, in which the Bolshevik leader is quoted as saying: "You have my best wishes for the success of your first concession, as it is one of the utmost importance for the future trade relations between our republic and the United States."

The State Department's investigation of Hammer was concluded with an exchange of documents to British authorities that include Memorandum No. 1378, dated April 11, 1932 and coded "secret," which states:

With reference to previous correspondence regarding Julius Hammer and Messrs. Armand Hammer and Company, the authorities here have received a report from the Baltic that Armand Julievich HAMMER and Victor Julievich HAMMER, who also calls himself VYER, both continue to carry out secret missions for the Soviet Government and travel between the United States and Europe for that purpose. It is

further stated that they are frequently accompanied by a woman, Olga VADINA [alias, Olga von Root—ST], said to be an OGPU agent, and who was allowed to leave Russia for the purpose of helping them.

While these documents were being written, the Hammers were in the process of trading their asbestos concession, pen and pencil factory, and other Russian business interests, for Romanoff art treasures, to be sold in the United States at the Hammers' L'Ermitage Galleries. As Hammer himself boasted after his meeting with Lenin in 1921, these concessions had Lenin's full support. "Now here is what I'll do," Lenin said. "I'll appoint a special committee of two, one of whom will be connected with the Peasants' and Workers' Inspection Commissariat, and the other with the All-Russian Extraordinary Commission—Cheka—to deal with this matter and give you all the help they can." Not content with this marriage of Hammer's enterprise with the secret police of Felix Dzerzhinsky, which carried out at least one "liquidation" or execution to eliminate "red tape" facing Hammer's business enterprise, Lenin wrote a document addressed "to I.

V. Stalin for members of the Politburo of the Central Committee of the Russian Communist Party," which reads:

Urgent. Secret.

Comrade Stalin, you are requested to circulate this to all members of the Central Committee (and especially include Comrade Zinoviev).

On the basis of information from [Comintern leader] Comrade Reinstein, I am giving Armand Hammer and B. Mishel special recommendations from me and I ask all members of the Central Committee to fully support these persons and their enterprise. This is a small road to the American "business" world and we must do everything possible to utilize this path. If you have any objections, I ask that you inform my secretary by telephone . . . so that I can clear up any matters (and carry them through the Politburo in final form) before my departure, that is immediately.

Lenin

Frisky whiskey and organized crime

Armand Hammer's second fortune—after the sale of his Russian properties for Romanoff treasure and his bargain-basement buy-out of Averell Harriman's manganese concession—was made dealing in whiskey. Through the family's association with Jay Lovestone, other members of the Bukharinite faction of the American Communist Party, and Felix Dzerzhinsky's OGPU, Hammer already had contact with that group of Arnold Rothstein's syndicate which worked closely with the precursors of the KGB in the New York City garment district. Hammer's organized crime ties may even have gone back to the Prohibition era, when his Allied Drug Company sold tincture-of-ginger and imported "crude drugs of every

kind," according to Bob Considine's *The Remarkable Life of Dr. Armand Hammer*:

His first war with the giants was waged against the background of the Volstead Act—Prohibition. He wanted his share of the tincture-of-ginger market. Some unsung Southern chemist, bootlegger, or bathtub mixer had discovered . . . tincture-of-ginger . . . could make a person as drunk as he ever was when liquor was legal. . . . [Hammer] discovered that ginger prices were soaring. So he sent his buyers into the handful of countries that exported ginger to the United States—India, the Fiji Islands, and Nigeria. They bought so much of it . . . he virtually cornered the market. . . . His experience with ginger led him into the business of importing crude drugs of every kind.

Hammer's early "bootlegging" blossomed, after his work in the Soviet Union, into a major whiskey enterprise, the United Distillers Ltd., which rivaled that of his fellow "rum-runners," the Bronfmans' Seagrams Company. Hammer sold it out in 1943 for \$10 million to Louis Rosentiel, a supplier to the Cleveland "Purple Gang" and "Capone mob," who also "went legit," founding Schenley's liquor company. Another competitor of Hammer in the potato alcohol trade, during World War II was Joseph Kennedy, who wedded the Irish and Italian mafias in Boston, through his access to contracts for high-grade Scotch during Prohibition.

One of the secrets to Hammer's whiskey fortune is Freddie Gimbel, who got him back into the booze business and who had been part of the original circle of "citizens above suspicion" promoting Arnold Rothstein, the "godfather" of the modern organized crime syndicate. Rothstein's stable included: Charles "Lucky" Luciano, Frank Costello, Meyer Lansky, Abner "Longy" Zwillman, Arthur "Dutch" Schultz, Louis "Lepke" Buchalter, and Jack "Legs" Diamond. These were the hands and feet of the syndicate, overseen by the Kennedys, Bronfmans, Jacobs brothers, and Hammers—all of whom "went legit."

A clue to Hammer's organized crime ties is his father's close friendship with the Bukharinite Jay Lovestone, who worked with the OGPU secret intelligence agency until at least 1936, according to those who knew him as general secretary of the CPUSA. In the garment industry throughout the 1920s, a \$1,750,000 loan at 25% interest by the OGPU's secret arm of the CPUSA, secured "goon squads" of "professional gorillas," led by Antony Cafano; a former bootlegger with the Capone mob named "Little Augie Pisano"; and Jack "Legs" Diamond for the CPUSA.

Through Occidental board member Arthur B. Krim, the chairman of Orion Pictures, and long-time Hammer attorney Louis Nizer, a senior partner in a Los Angeles law firm with Krim, Hammer is today part of the KGB connection to the "new mafia" of former Capone mob attorneys Sidney Korshak and Paul Ziffren, along with MGM chairman Kirk Kirkorian. Korshak made a fortune in the 1960s in part-

nership with Bernie Cornfeld's Investors Overseas Services (IOS), a flight-capital, dirty-money-laundering facility tied to Meyer Lansky's financial laundromat services, through Cornfeld's former Harvard roommate Ed Cowett, which had part of the Las Vegas "skim" and had been set up with backing of Paris-based Zionist lobby leader Edmond de Rothschild and the European black nobility-linked Dreyfus Fund.

Armand Hammer would himself turn up associated with Robert Vesco, who ultimately looted IOS of \$200 million and, like Hammer, was an illegal contributor to Richard Nixon's Committee to Re-Elect the President (CREEP—violations for which Vesco walked, while Hammer was convicted). Vesco today has cornered a large part of the cocaine market in the "Silver Triangle" of Bolivia, Colombia, and the Caribbean, from a safehaven in Havana provided by Fidel Castro. His association with Hammer began through Occidental Petroleum's dealings with Charter Oil Company, at the height of the "Billygate" affair over the illegal Libyan dealings of President Carter's brother.

Drive to collapse the West

Armand Hammer began amassing his third and largest fortune when Occidental Petroleum, an ailing California oil company that he bought into for \$34,000 in the 1950s, struck a major oil find on concessions obtained from the Libyan regime of King Idris. According to court documents from the law firm Allen and Company, which worked with Hammer to secure the concession in 1966, Hammer paid some \$8 million in bribes, including the promise of a \$200,000 payment to a "notorious international swindler and Nazi collaborator," General de Rovin.

After the coup d'état in September 1969 that toppled King Idris in favor of Muammar Qaddafi, Hammer became the centerpiece for a plot, which the CIA suspected of being hatched in Moscow, to drive oil prices for the West sky-high. Qaddafi demanded that Hammer capitulate to demands for a 40¢ per barrel price increase and greater Libyan interest in Occidental's holdings—or face nationalization. The CIA's counterintelligence unit suspected that Hammer may have turned to the Soviets for help; message traffic from the Soviet embassy in Tripoli showed that the Kremlin was following every turn of the sensitive negotiations.

Forbes magazine wrote of Hammer's handling of this affair: "On September 1, Occidental caved in. . . . It was the beginning of the end of cheap energy. . . . In retrospect, Oxy's Libyan settlement may have been the most important single event since the end of World War II—and one that marked a turning point for the modern world. Hammer had saved his Libyan concession at a terrible price to the industrial world. But he did so at remarkably little cost to himself."

As a result of these manipulations, today Hammer makes even more money, producing one-fifth again as much oil in Libya, since prices for crude oil after his capitulation and Henry Kissinger's orchestrated 1973 oil-price rise drove prices

toward \$30 a barrel.

Occidental's Libyan oil interests brought it into partnership during the years of the Carter administration with Raymond Mason's Charter Oil Company, which was then largely owned by Ed Ball of St. Joe's Paper Company and the Florida National Bank, on whose board Hammer sits. Another firm involved at the time with Charter was Carl Lindner's American Financial Corp., which had helped place Detroit organized-crime kingpin and Kissinger crony Max Fisher as chairman of United Brands Company, which the Drug Enforcement Administration has charged is a key component of Robert Vesco's narcotics trafficking from the "Silver Triangle."

While Hammer was in negotiations with Charter Company, the President's brother Billy Carter, after trips to Libya with indicted arms trafficker and assassin Frank Terpil, offered the firm cheap supplies of Libyan crude, with the full support of Qaddafi. Another hidden partner in the deal was fugitive financier Vesco, whom Charter's Mason admitted having hired as a consultant, even though Vesco was facing indictment, hiding out in the Bahamas. According to syndicated columnist Jack Anderson's articles on "Billygate," Vesco offered over \$20 million in bribes to the White House for release of embargoed C-130 aircraft to Libya. Well-informed intelligence sources then reported that Armand Hammer was himself the "go-between," on Leonid Brezhnev's orders, to activate Soviet assets in the United States on behalf of Jimmy Carter's re-election in 1980.

Hammer and the Pugwash crowd

Starting during the period of Nikita Khrushchev's rule in the Soviet Union, Armand Hammer began to work his way back into Moscow leadership circles, playing on his friendship with V. I. Lenin as Russia's first concessionaire. Hammer had turned Occidental Petroleum into a fertilizer giant, and in meetings with Khrushchev he discussed a project, the basis for the current European-Soviet pipeline deal, to convert Siberian natural gas for sale in the United States; both as an energy source and a source of ammonia and urea for fertilizer. Although this deal fell through because of indifference from the Kennedy administration, after the Cuban Missile Crisis and Khrushchev's 1964 overthrow, Hammer worked his way into the good graces of Khrushchev's successor, through meetings with Soviet ideological watchdog Mikhail Suslov and KGB agent Dzhermen Gvishiani.

Gvishiani, the son-in-law of Aleksei Kosygin, was until recently the deputy chairman of the U.S.S.R. State Committee on Science and Technology. He is a principal Soviet spokesman for the "New Yalta" deal with the Western oligarchy, an interlocutor of such U.S. Eastern Establishment figures as McGeorge Bundy and Henry Kissinger. He is the only Soviet member of the genocidal Club of Rome, and co-founded, with Bundy, the Austrian-based International Institute for Applied Systems Analysis (IIASA). Gvishiani ended up in the middle of an espionage case which led the Reagan

administration to cut off funding to IIASA.

With Gvishiani's patronage, doors opened for Hammer in Moscow.

Hammer also briefly entered into partnership with Cyrus Eaton, Sr., funder of Bertrand Russell's back-channel to Moscow, the Pugwash Conference, through which Bundy, Kissinger, and others pre-negotiated U.S. acceptance of the doctrines of Mutual Assured Destruction, limited nuclear warfare, and ensured the U.S. failure to develop Ballistic Missile Defense—while the Soviets continued work to create a nuclear war-winning strategy. As a partner in Cyrus Eaton's Tower International, Hammer also worked in partnership with the Kennedys' Sargent Shriver and the Lazard Frères-connected David Karr, who had to quit the Office of War Information during World War II when his role as a journalist for the CPUSA's *Daily Worker* surfaced in an FBI report.

This combine not only built a \$100 million trade center in downtown Moscow, secured the \$200 million Olympic Medallion contract, but also succeeded in gaining Leonid Brezhnev's acceptance of a \$20 billion fertilizer barter deal that should stretch into the early 21st century, involving trade in Hammer's super-phosphate fertilizer from Florida for Soviet natural gas conversion to ammonia. Key to the deal from the U.S. side was Henry Kissinger, who shortly after his own negotiation of the treasonous 1972 ABM-SALT treaty, opened the door of the Nixon White House for Hammer.

Hammer underlined Kissinger's support for his enterprise, in a letter to the *New York Times* published Dec. 20, 1981:

Occidental's historic fertilizer barter agreement with the Soviet Union is misunderstood. Certainly it appeared controversial, but it was part of our national foreign policy, initiated immediately following President Nixon's 1972 Moscow summit conference. The transaction was studied by the Administration and the Congress. Over the course of a year, a task force of Cabinet departments, including the Secretaries of State, Commerce and Treasury, as well as Henry Kissinger, then national security adviser, reviewed and approved it. This culminated in the issuance of President Nixon's "national interest letter" to William J. Casey, then president of the Export-Import Bank, now Director of Central Intelligence.

It is time that Western leaders wake up to Armand Hammer's duplicity, lest they become what Lenin called the "useful idiots" who would sell Russia the rope by which to hang them. It is time to nationalize Hammer's holdings, starting in Colombia, then to call in his \$180 million Export-Import Bank loan that was the seed crystal for his \$20 billion fertilizer barter deal, and finally, to turn the IRS loose on his shadier international art dealings—not to mention his ties with the "new mafia," from Robert Vesco to Sidney Korshak, the now deceased David Karr, and other organized crime figures.

GLOBAL SHOWDOWN

The Russian Imperial War Plan for 1988



What the director of the CIA does not know . . .

What the President's National Security Adviser is incapable of understanding . . .

What many conservatives lack the guts to read . . .

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A deeper matter of concern in the latest spy warfare

by Criton Zoakos

Virtually all the intelligence organizations of the Western alliance, virtually simultaneously, throughout 1985, are finding themselves in their profoundest turmoil since the end of the Second World War. At present, the center of public attention is occupied by two spectaculars—the dramatic series of defections, counter-defections, and exposures of spies in the German services, and, a vicious effort of the French Socialist government to gut and demoralize the traditional intelligence establishment of France, around the “Rainbow Warrior” affair.

Earlier in the year, a number of spy scandals erupted in the United States involving Soviet penetration within the American Armed Services. Meanwhile, the British and Israeli services, remained “scandal free” as they augmented dramatically their cooperation with the Russian service, especially on the strategic level. On the strategic level in particular, the British maintained a high profile effort to conform with two Soviet demands in particular: a) to stop or slow down the American “Strategic Defense Initiative,” and b) to “decouple” the strategic security concerns of the United States from those of Western Europe.

The highly publicized apparent failures of Western intelligence services, e.g., the “Walker Affair,” the “Tiedge Affair,” the Rainbow Warrior scandal, throughout the year, have been accompanied by virtually unpublicized, similar apparent failures of the Soviet services: the defections of the first secretaries from the Soviet embassies in Athens and Rome, the “disappearance,” in the West, of at least two senior Soviet scientists, and so forth. Yet, neither the Soviet defections, nor the Western defections and other embarrassments, are what they appear to be in newspaper coverage.

What, then, are they?

Official United States intelligence capabilities, even at their best, are at a tragic disadvantage, in their efforts to evaluate exactly what is going on in the current spate of intelligence warfare. Given that we now are before an emergency, having to live with the virtually complete destruction of U.S. on-the-ground “human intelligence” capabilities over the years, as well as the traditional neglect of rigorous analytical and methodological habits, it would perhaps be justified to suggest a “rule of thumb” for sorting out what might otherwise appear a “hopeless mess.”

As a rule, operations officers during this period, contrary to what they often believe, do not have access to “facts,” respecting what is going on during the present intelligence war. What appear to them to be “hard facts,” are, for the most part, vague “acoustical signatures” registering on their “sonars,” in the midst of this battle of “submarines.” When they capture the “acoustical signal” of a Soviet defector, they do not know whether they are dealing with a “real submarine” or a decoy. When they aim their torpedoes against an “acoustical signal” identified as foe, they do not know whether that signal has been deliberately latched onto a friendly object by the enemy in order to invite its destruction.

The following “rule of thumb” will be useful in clearing up the confusion and uncertainty: The known Soviet strategic objective between now and the projected Reagan-Gorbachov Summit is twofold: a) derail or slow down the Strategic Defense Initiative; b) “decouple” the national security policies of Europe from those of the United States. The battles fought in the present intelligence war are to be judged from the effect they have on these two Soviet strategic objectives.

The man behind the effort to wreck the French intelligence "establishment" over the so-called Rainbow Warrior Affair, more than anyone else, appears to be the notorious Regis Debray, Socialist President François Mitterrand's special intelligence advisor at the Elysée Palace, and a confidant of Madame Mitterrand. Regis Debray, in fact, is following the blueprint established by his mentor, one "Michel Pablo," a.k.a. Michael Raptis, who took apart and then put back together again the Greek intelligence services under Socialist Prime Minister Andreas Papandreou. Both "Pablo" and Regis Debray are prominent, "high profile" members of a larger political intelligence network in France known as the "Curiel Network," named after the Egyptian Alexandrine Nazi-Communist Henri Curiel, the founder of the Egyptian Communist Party.

The "Curiel Network" initially was founded as a joint asset of the Nazis and the Cheka/Komintern after the infamous Tashkent Conference of the "Toilers of the East." Henri Curiel until his assassination in 1979, Michel Pablo until this day, their old bankroller, Nazi Swiss banker François Genoud, and their long-time partners in the intelligence organizations of Syria, Libya, Iran, and elsewhere, continued to conduct operations under their favorite "Nazi-Communist" political profile, but primarily as assets of Soviet intelligence organizations. In 1983-84, Michel Pablo, from his privileged position as confidant of Andreas Papandreou, succeeded in wrecking the traditional Greek intelligence service. During 1985, that service had been rebuilt as a junior asset of the Soviet KGB. Its current head, Air Force General Philipp Macedos, is an avowed Communist.

What is up in France and Germany?

Regis Debray at the Elysée Palace, with the Rainbow Warrior Affair, has initiated a wrecking operation against the French services which is projected to be followed by a "restructuring" in the near future to make it serviceable to KGB use. To what end, we shall see below.

The West German intelligence crisis cannot be seen separately from the appointment of Richard Burt as United States Ambassador to Bonn. First of all, it will be recalled, that Richard Burt, in his capacity as Undersecretary of State for European Affairs and almost two weeks prior to his confirmation as ambassador by the Senate, was in Berlin arranging a very strange "spy exchange" over Checkpoint Charlie under the ostentatious glare of invited television camera lights. For reasons not yet known, Undersecretary Burt had his friends in the Social Democratic and Free Democratic party publications in West Germany circulate the impression that the "spy exchange" was the fruit of Burt's own tireless efforts.

No matter what the reasons for this curious publicity, the effect was that Richard Burt's work had been inextricably linked with that of Hans Joachim Tiedge, the counterintelligence chief of the West German Bundesverfassungsschutz who has now defected to East Germany. This is not the first time that Burt is discovered rubbing shoulders with East Bloc

intelligence. In 1981, the Senate Intelligence Committee investigated his role, then as journalist of the *New York Times*, in passing sensitive national security information obtained from then-NSC chief Zbigniew Brzezinski. So, what is the significance of the possibility that the new U.S. ambassador to Bonn being a "Soviet spy," or at least associated with Hans Joachim Tiedge?

The significance is in *policy*. Richard Burt, still in political association with Zbigniew Brzezinski, is an advocate of a policy which calls for the decoupling of Europe from the United States, exactly condition (b) of our "rule of thumb." The policy of decoupling is being advocated in public, both orally and in writing by Brzezinski, and all his colleagues in the resurgent Trilateral Commission, and by such "right-wing Social Democrats" as Irving Kristol, Ben Wattenberg, and the whole crowd at Georgetown's Center for Strategic and International Studies, including current U.S. Ambassador to NATO David Abshire. Among this policy's chief advocates is Deputy Secretary of State John Cunningham Whitehead, of Goldman Sachs and the International Rescue Committee, which specializes in "East Bloc defections," and "spy exchanges."

The net effect, so far, of the massive "German spy scandal" which followed Richard Burt's "spy exchange" in Berlin, has been the virtually total, if, hopefully, temporary, cutoff of all intelligence cooperation between West Germany and other Western nations. Most significantly, as a result of the intelligence crisis, all U.S.-German cooperation on the Strategic Defense Initiative has, at least, again hopefully temporarily, been suspended. This again conforms with condition (a) of our rule of thumb: Soviet policy objective to derail the SDI.

Application of this rule of thumb to the entire panorama of intelligence warfare in the last few months will produce similar conclusions. No matter where operations appear to originate from, in most instances, the net result has been, one inch closer to "decoupling," one inch further from the SDI. The causes for the disorientation with the United States intelligence community can fairly be attributed to a certain problem at the top-wrung of the analysis and evaluations end: One influential group, around Leo Cherne, the chairman of the President's Foreign Intelligence Advisory Board, believes that a "decoupled" Europe will encourage Russian "nationalist" tendencies within the political elite of the Soviet Union, to the purported "detriment" of the Communist Central Committee. Brzezinski, Whitehead, Burt, and the entire State Department, are committed to this policy. Leo Cherne's and John Whitehead's International Rescue Committee, manufactures bushels-full of "Russian nationalist defectors" who put into circulation tall tales of "nationalist dissent" spearheaded by such "heroic Russian nationalist officers" and Marshal Nikolai Ogarkov.

The U.S. intelligence establishment is deeply penetrated by a Soviet operation which promotes this dangerous myth. This will be the subject of our installment next week.

Soviets, out of arguments against the SDI, boycott Erice gathering

by Paolo Raimondi and Ralf Schauerhammer

To the great surprise and disappointment of all Western appeasers, the Soviet leadership of Gorbachov and Ogarkov chose a gathering of scientists at Erice, Sicily, to repeat a provocative and threatening "nyet" to any discussion with the United States on the Strategic Defense Initiative (SDI). On Aug. 20, it was announced that the Soviets were boycotting the week-long conference, organized by Prof. Antonino Zichichi from the CERN research institute of Geneva, and chairman of the Erice-based Ettore Majorana Center for Scientific Culture.

This year's conference, the fifth in a series of international scientific gatherings begun in 1981, was dedicated to "The SDI, Computer Simulations, and New Proposals to Stop the Arms Race." The first seminar in 1981 was dedicated to "The Worldwide Implication of Nuclear War," and was followed by "How to Avoid Nuclear War" in 1982, "The Technical Basis for Peace" in 1983, and "The Nuclear Winter and the New Defense Systems: Problems and Perspectives" in 1984.

The conferences' importance stemmed from first, the high-level participation of American scientists from the Lawrence Livermore and Los Alamos scientific laboratories, led by Edward Teller, the influential scientific adviser to President Reagan on space defense, and second, to the high degree of attention given to the proceedings by President Reagan and Pope John Paul II personally.

President Reagan sent a very warm message to the conference, indicating his intention to look for any commitment from the Kremlin to discuss the SDI and real disarmament. Wrote Reagan: "Our aim in this research program is not to achieve superiority, but to maintain and enhance the essential strategic balance which has kept the peace for forty years. This is especially important in light of Soviet activities. For over two decades, the Soviet Union has not only pursued its well-known offensive nuclear build-up, but has also pursued a wide range of strategic defensive efforts. The Soviets currently have the world's only deployed anti-ballistic missile system, and have a long-standing and intensive research program in many of the same areas the U.S. is now exploring. The U.S. research is fully consistent with the ABM treaty. . . . Discussions on potential defenses are still years in the future, but we are even now seeking to discuss with the Soviet Union in the Geneva negotiations how together we might move

towards a safer and more stable world."

Each year, the Soviets have also sent a relatively high-level delegation from the Academy of Science, led by Prof. Yevgenii Velikhov, the laser scientist.

For this fifth seminar, Prof. Zichichi announced a big delegation from the United States with top scientists like Edward Teller, Robert Budwine, William Barletta, Greg Canavan, and others involved in the SDI work at the Livermore and Los Alamos laboratories; a 12-man delegation from the Chinese Academy of Science; important European representatives including retired French Col. Marc Geneste, the father of the N-bomb; a large number of European ambassadors and experts from the Geneva U.N.O. disarmament talks; and scientific representatives from the developing sector.

The Soviets had promised Prof. Zichichi, through the mediation of Italian Foreign Minister Giulio Andreotti, a strong delegation led by Velikhov and including two Nobel Prize winners, Prof. Basov and Aleksandr Prokhorov, along with Yuri Gromyko, son of the Soviet President. Andreotti himself had discussed Soviet participation in Stockholm with the new Soviet Foreign Minister, Edvard Shevardnadze. Andreotti's plan was in fact to transform the meeting into a major event for unilateral disarmament of the West. In particular, he planned to counterpose "pure scientists" to the dirty politicians and governments responsible for exploiting science for wars and the arms race—all of this, to Soviet delight, aimed at the U.S. SDI.

But the scandal of the Soviet boycott exploded in Andreotti's face. There was not even an explanation from Moscow. The story fabricated to maintain appearances concerned the disappearance of two leading Soviet officials: Vladimir Alexandrov, 44, a mathematician and expert in computers and nuclear winter scenarios and simulations, who was last seen in Madrid in April; and diplomat Vitalii Yurtschenko, who disappeared from the Soviet embassy in Rome at the end of July without a trace. Alexandrov had taken part in other Erice seminars, and at last year's, in particular, he presented a computer simulation purporting to demonstrate the complete destruction of life on Earth in the event of nuclear war. His theories have been taken up by many in the West, like Carl Sagan, to terrorize the population and justify proposals for unilateral disarmament. Yurtschenko, according to Wes-

term sources, was scheduled to be called back to Moscow to reconstruct the movements of Alexandrov.

Andreotti and company pointed to these disappearances to argue that the Soviets did not let their scientists go to Erice because of fears for their representatives' security, especially after mafia killings in Palermo in preceding weeks. Zichichi lamely commented of the Soviet scientists: "I know that they are with us." Another representative of the CERN center in Switzerland, a certain Jean-Marie Michaud, circulated at the conference center telling all—in a threatening tone—that no one should say that the Soviet boycott has any political significance.

Noteworthy for the context of this year's boycott is that today, no one competently opposes the new defense systems on scientific, military, political, or moral grounds. Last year, the American delegation led by Teller and Lowell Wood of the Livermore Laboratory, convinced their Soviet counterparts to sign a joint memorandum on studying the feasibility of the SDI. Twelve months later, research in the U.S.A. has proven the systems' feasibility—not to mention research in the Soviet Union—leaving no credibility to the Soviets' anti-SDI arguments.

Teller's speech

In his speech and interventions, Prof. Teller made the issue very clear. First, he denounced the Soviets for their violations of the ABM treaty, saying: "U.S. official sources indicate that the Soviets have lasers—not x-ray lasers yet—for defense in the region of Saryshagan. They have the first anti-missile radar center in Krasnoyarsk, in open violation of the ABM treaty, even if they say that it is only for air defense." Teller reported himself very optimistic on the SDI, especially in regard to x-ray lasers. "Ground-based lasers will be the essential weapons for defense," he said, adding that work on space stations must continue, even if they are very vulnerable to lasers.

He supported the idea of mirrors in space to direct laser rays against Soviet missiles in their boost phase, and emphasized that it is wrong and nonsensical to speak of Europe remaining vulnerable to Soviet missiles because the shield will protect only American territory. "We intend to have a cap over Soviet territory, to prevent anything from being launched from there in general."

Teller went a step farther, stating his expectation that the first deployment of laser defense technology would not be directed against ICBMs, but against short-range missiles: The first application could be in Europe! Teller gave a time-frame of five years or even less, depending on how seriously the program is taken.

Speaking of the civilian technological spinoffs of SDI research, Teller announced that the x-ray laser alone will produce a revolution in biological research, allowing scientists to take three-dimensional pictures, study the interior of cells, and investigate in detail a cancer cell.

The progress of the SDI research was corroborated by Budwine, Canavan, and Barletta. Barletta, who is working on free-electron laser (FEL) research, stated that in only two years, the FEL has developed from an exotic technology to one of the primary candidates for a directed-energy weapon. The accelerator technology needed to produce these beams has been developed by an international scientific community. The miniaturized, high-power accelerators being developed at Livermore for the FEL are already on the verge of commercial use as portable, electrically-operated radiation sources for food preservation, etc.

Greg Canavan, who spoke on "Concepts for Strategic Defense," addressed four relevant points of the SDI: technical feasibility, costs, questions of strategic stability, and the moral question. The first two points, he said, are now settled in the United States. He cited an article in the magazine *Nature* in May 1985. From the figures reported there, one could conclude that not hundreds, but only 79 laser stations would be needed to kill Soviet missiles with boost phases as short as 100 seconds (an SS-18 needs about 700 seconds), and even a shortening of the boost phase to 40 seconds would only double the number of stations required. At this point, he revealed that the figures came from the prominent opponent of the SDI, IBM scientist Richard Garwin, and added that physicist Hans Bethe had just published another anti-SDI analysis—which made the program look even better!

The second item on the conference agenda, "Climatic Effects of Nuclear War," popularly known as "nuclear winter," was taken up by scientists Knox and Shapiro of Livermore and John Hallett of Reno's Desert Research Institute. They systematically destroyed these catastrophe scenarios, demonstrating that many of the assumptions were arbitrary or wrong. The corrections indicated by Knox showed that the most extreme estimation of climate changes and other repercussions of nuclear war have to be lowered by a factor of 12.

European participation

Another very significant result of the meeting was the high-level participation of Europeans, who underlined their support for the SDI. A representative of the Spanish government rose to announce that Spain is available to cooperate with the U.S.A. on the SDI.

Col. Marc Geneste from France opened the conference by stating his support for the SDI and its complementarity with France's Eureka proposal. Eureka and European technological cooperation in SDI-related spheres is not new, but was conceptualized before President Mitterrand made the proposal, he stated. Col. Geneste also developed an interesting distinction: "We can now have a victory of defense over war, if we can prove that the two means of offense, land forces and projectiles, can be neutralized." N-bombs neutralize tank and land-force attacks. Now, the SDI can neutralize missiles. "Defense can really win against war," he repeated.

What outcome for the Maghreb crisis?

by Thierry Lalevée

In one of his latest rantings, Libya's Muammar Qaddafi announced on Aug. 28: "I will use force to achieve Arab unity." Libya, he said, was committed to "abolishing borders which have been established by the colonial powers."

Libya's commitment to its version of Arab unity is certainly not new. Nor is it new that Libya is committed to using force in pursuit of a political goal which has grown out of the geopolitical fantasies of the ruling Senussi Sufi Brotherhood for an "Islamic Sahel Caliphate," backed by the military might of the Soviet Union.

Whether such a dream ever comes to fruition, will be very concretely decided according to the outcome of the ongoing Tunisia-Libya crisis, featuring Qaddafi's threat to invade his neighbor. Begun in early August with a deliberate Libyan provocation, the crisis is far from settled. At its roots has been the indecisiveness of most of the Western countries ostensibly opposed to Qaddafi's terrorist regime.

While the Tunisian government stood firm, and deployed its own military forces at the borders when, on Aug. 23, Libya began massing some 25,000 troops there, such firmness found little echo internationally. Indeed, as Tunis demanded that the expulsion of its workers be halted, that their wages and savings, which had been expropriated in Tripoli, be returned, and that Libyan troops be withdrawn, it confronted only a new escalation from Libya.

On Aug. 24, Libyan jet fighters systematically violated Tunisian airspace. A day later, the Libyan navy was deployed in international waters opposite the Tunisian cities of Sfax and Monastir, sending flares up all night, as if toying with the idea of a naval bombardment.

The United States stated that its Sixth Fleet based in Naples would be deployed in the Gulf of Sirte to "show the flag" and indicate to the Libyans the price it would have to pay should it violate Tunisian sovereignty—but this assurance was only verbal. Granted, the U.S. administration intervened on two occasions on Aug. 26 and 27 to state that the "pledge given by the United States to President Bourguiba" during his last visit to Washington would be fully implemented should Libya act. The political commitment was important, but somehow left the impression that Washington was in no hurry to be implicated in a crisis with Libya's madman.

Libya itself had made no secret that it wanted a confrontation with the Americans: "Get the Americans involved.

That will be more interesting," said a spokesman of the Libyan foreign ministry to the Tunisian ambassador on Aug. 22.

As for Paris, on Aug. 25, the new French ambassador, Eric Rouleau, conveyed to Tunisian Prime Minister Mohammed M'zali that "France is standing by Tunisia." But the French ambassador to Tripoli told the Libyan authorities the following day: "Paris has given no guarantee to Tunis whatsoever." The Quai d'Orsay then made matters worse by refusing to clarify.

The only real and solid deterrent to Libya emerged from Algeria. Since May 1983, Algeria and Tunisia have had a friendship treaty which, although containing no military clause per se, stipulates that whenever the sovereignty of one is endangered, the other will come to its aid. A full activation of that clause was discussed during the weekend of Aug. 25 between Tunisian Foreign Minister Caid Essbi and Algerian President Chadli Benjedid.

Hence, the immediate Tunisian backdown Qaddafi had hoped for was not forthcoming. Instead, stronger ties developed between Tunisia and Algeria, and extended to Mali and Niger, both affected by the expulsion of foreign workers from Libya. The threat loomed that such ties could also be extended to Cairo, which, despite its exclusion from the Arab League, was bound to become involved.

Another annoying fact for the colonel was the visible change emerging in Morocco, with which Libya only a year ago signed a "Treaty of Unity." Moroccan officials seem to have realized that just as they had used Libya to neutralize the Polisario rebels in the Western Sahara, Tripoli was using the same relationship to neutralize Rabat diplomatically, giving Qaddafi a freer hand for destabilization of the entire Maghreb. So, Morocco proposed that it mediate in the conflict with Tunisia—hardly the behavior of a country "united" to Libya.

Libya may thus be militarily checked, but is not the end of the crisis, as observers have remarked.

First, Tunisia is facing the problem of re-integrating into its economy some 25,000 jobless workers expelled from Libya without papers or money. The potential for unrest is incalculable. Second, countries like Mali and Niger face yet deeper problems of drought and famine. Third, Libya is making no secret that, with aid of its North Korean and East German technicians, it is preparing another adventure into Chad, parallel with its consolidation of a pro-Libyan coup in Sudan—hence, the encirclement of Egypt.

Few doubt that Libyan thrusts into the Central African Republic, Zaire, and ultimately Nigeria—the major prize—would follow.

These are reasons enough to give more forceful backing to the regional resistance to Qaddafi, without forgetting that Libya does have economic problems. The international economic boycott demanded by the Egyptian foreign minister on Aug. 26 seems to be the most natural step for the United States to take.

Labor minister to challenge IMF plans

by Valerie Rush

The unprecedented appointment of veteran trade union leader Jorge Carrillo to the post of labor minister in Colombia on Aug. 20 is setting off fireworks in that country, as the issue of whether Colombia will continue to submit to drastic International Monetary Fund austerity conditions is now on the front burner.

In statement after statement to the press, the minister-designate has warned that the Colombian working population's ravaged living standards must be restored at all costs, and that if this means a break with the international banks and the IMF, so be it.

In an interview with the magazine *Semana* in the last week of August, Carrillo challenged the IMF-dictated decree of a 10% ceiling on wage increases, insisting that "if the cost of living increases more than 20%, you can't raise that of the workers only 10%. . . . This measure is not good for business either, nor for the economy, since the workers will have less money to buy with. I will fight to change this measure, and I believe I can count on the support of the President."

Semana interjected, "But surely the finance minister and the IMF are not going to agree," to which Carrillo responded: "All of this depends, as in many cases, on the President. We cannot stay on good terms with the international banks at the cost of sacrificing the population. Look what has happened to those theoretically wealthy countries like Argentina, Brazil, Mexico, and even Bolivia, following their agreements with the IMF."

In another interview, Carrillo declared: "Our nations will continue to pay [their debts] insofar as their economies are reactivated. However, if they continue to humiliate us, forget it, we won't be able to pay. . . . The fact is that industries in the country cannot continue working to pay interest. Colombia has to pay \$1.7 billion to cover the service on the foreign debt. We must slow down the rhythm of the devaluation of our currency, or we will degenerate into chaos. . . . Our products are being bought at bargain prices, and everything we have to import costs much more."

Threats from the oligarchy

Carrillo's pledge to do battle with the austerity program forced on Colombia through the blackmail of the IMF and the ready compliance of Finance Minister Roberto Junguito has resulted in expressions of outrage from the Colombian oligarchy, including not-so-subtle death threats.

El Tiempo, mouthpiece of the drug-tainted oligarchic elements within the opposition Liberal Party, immediately followed news of Carrillo's appointment with an editorial comparing him to martyred labor leader Raquel Mercado, murdered by the M-19 terrorists in 1976. Similar "praise" was issued by Cornelio Reyes, a follower of the neo-fascist Alvaro Gómez Hurtado, who published a column in the newspaper *El Siglo* of Aug. 28 allegedly applauding Carrillo's political vision, and noting that "such was the case of the sacrificed José Raquel Mercado."

Carrillo's repeated insistence that his ministry would be devoted to defending the Colombian working man and, therefore that he would not play the game of impartial arbiter, has drawn nervous responses from elements within the business community, but outright threats of destabilization from the oligarchs who see in Carrillo's aggressive pro-labor stance a major obstacle both to IMF austerity and to their plans to impose a drug economy in Colombia.

On Aug. 28, one of *El Tiempo's* editors, Hernando Santos, published a lengthy public letter to Carrillo, in which he expressed "my concern that you, as labor minister, have *a priori* declared that you will not be impartial to the labor disputes that come before you. . . . Who will invest in a new business, or hire additional personnel when the labor minister has said he will impose wage increases above the inflation rate and declares at the same time that prices will be frozen?"

Santos showed his hand, however, by concluding his letter with an attack on President Belisario Betancur himself for putting "so many obstacles in the way of private investment." Should Betancur proceed with an anti-IMF program such as Carrillo advocates, Santos threatened, the oligarchy will respond to Carrillo's initiatives with orchestrated capital flight.

The issues at stake in the Carrillo appointment are clear. As *Semana* wrote in its introduction to the interview with the new labor minister, "What truly surprises one about the appointment is not the alarm of the business associations . . . but rather the fact that it appears to go against the very policy of the government. . . . Jorge Carrillo says, and it is true, that both the President and his finance minister know his ideas. But the ideas are exactly the opposite of those which reflect the recent economic measures and which form part of the packet of 'friendly' agreements with the International Monetary Fund."

As everyone in Colombia knows, Betancur has known Carrillo for years and is intimately aware of the labor leader's commitments and loyalties. His decision to bring Carrillo into the cabinet at this time is, therefore, most deliberate.

Neutrality does not mean Finlandization

by Laurent Murawiec

Moscow is angry: Switzerland, writes the daily of the Soviet Armed Forces *Krasnaya Zvezda*, and in particular its military, is being "Americanized at an accelerated pace." The July 16 diatribe issued by the Soviet General Staff followed a much-publicized visit of Switzerland's defense minister Jean-Pascal Delamuraz to Washington, where the minister, to the horror of domestic left-wing critics, showed great interest in the Strategic Defense Initiative and possible Swiss cooperation. "Switzerland, a potential ally of NATO," raged *Krasnaya Zvezda*, is "considered by the Pentagon as a potential ally in case of a military conflict in Europe and a kind of strategic link in the 'gap' between NATO partners West Germany and Italy."

The reported theme of the major, fall 1984 general staff exercises conducted by the Swiss Army had equally little to please Moscow: Journalistic sources in Switzerland and France put out a scenario with World War III starting in November 1985 with extreme instability in Greece following Papan-dreou's electoral victory, Soviet and Bulgarian military exploitation of the confusion there, and an outbreak of war in the Balkans. The alleged scenario (no confirmation has been obtained from official Swiss sources) then called for a partial invasion and occupation of Switzerland by the Warsaw Pact, and resulting military collaboration between NATO and the Swiss. Whether the reported details of the wargames were actually those proposed by the Swiss Army or not, the conclusion certainly represents the mood in the military and much of the country.

It is no accident that the leading Swiss newspaper, *Neue Zürcher Zeitung*, has maintained the best record of factual and objective coverage of the SDI of any major European media. Interest in SDI participation is high in the Swiss military and the high-technology areas of industry. Swiss technological excellence in optics and high-precision tools and instruments makes an obvious partner in both the SDI and a European defense initiative.

A ruckus broke out last spring when General Roger Mabilard, chief of the Army Instructors Corps, told a gathering of instructors that "for all those who carry the burden of responsibility, the journalist is in the best of cases at least a potential enemy," a sharp reference to rampant pacifism in the Swiss media, and described the corps he leads as something of a national elite. The leaking of the address set off a

national debate with undertones touching the very nature of Swiss neutrality: While the Swiss Constitution prescribes neutrality with respect to other nations, can there be any neutrality between Western civilization of which Switzerland is part, and the barbaric Russian Empire?

What neutrality may mean under world circumstances today was a focus of debate at the recent *EIR* press conference in Geneva, where *EIR*'s "Global Showdown" report was presented to diplomats, military, and media representatives. The *Tribune de Genève*, one of the two major dailies there, gave positive coverage to the report, and it is being reviewed at the highest levels of the parliamentary and military structures.

Inevitably, a conflict of interest will have to be solved in Switzerland: The Swiss-based food cartel giants such as André, Continental, etc., are playing the Soviet game internationally; the Soviets find ready partners in various banks of Basel, Zurich, and Geneva; the recycling of drug money has also found in Swiss banks one of its most central nodes; the Bank for International Settlements and its twin-sister the Swiss National Bank are playing a crucial role in the destruction of the Western economies, and those of the Third World; hospitality and facilities for international action are also granted to such international Nazi-Communists as Lausanne's François Genoud and his friend Ahmed Ben Bella, who have a bevy of Swiss Islamic converts to help them. Such eminent Swiss figures as Jacques Freymond, former head of the Geneva Graduate Institute for International Studies and a leading member of the Club of Rome, and Denis de Rougemont, the godfather of environmentalism, are still wreaking havoc with the Western world from their Swiss base.

The paradigm is that of World War II: Swiss financiers and ideologues played a significant role in supporting Adolf Hitler from 1923 onward, and ended up making their country the high-tech workshop of the Axis during the war. A Berlin-based group of SS Intelligence chief Walter Schellenberg and Reichsbank officials considered Switzerland as "our financial pivot," and actively discouraged any intention to invade Switzerland, profitably using Swiss National Bank and BIS facilities to raise funds for the Reich (as the Swiss National Bank's former archivist admitted in a recent article in the bank's own magazine, after *EIR* and other researchers published damning evidence). On the other hand, Hitler was deterred by the war preparedness shown by the Swiss Army and its head, General Henri Guisan, whose 1939 appointment had been a signal that the pro-Nazi currents would not swing the country. Hitler knew that partisan warfare in the East and the Balkans would have paled in comparison to mountain warfare. Still, Switzerland in effect functioned as a satrapy of the Reich for the duration of the war.

The backers of the invidious "neutralist" media, the Socialist-Communist and ultra-liberal politicians who work closely with the West German Social Democrats, are the same ones who try to run down the Swiss militia system.

Book Review

The nation-state against the empire

by D. Stephen Pepper

Richelieu and Olivares

by J. H. Elliott

Cambridge University Press, 1984

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The 17th century saw a great struggle between the Hapsburg dynasty and the revived French state. The future of Europe was at stake: Either Europe would be based on the nation-state, or it would be dominated by imperial dynasties. This struggle pitted France, under the guidance of Cardinal Richelieu, against Spain directed by the Count-Duke Olivares.

Richelieu was the great Cardinal and first minister of France under Louis XIII. The Count-Duke, the most gifted secular statesman that Spain had produced in the 17th century, occupied the same position under Philip IV.

This short study by the leading academic historian of Hapsburg Spain is of great relevance to our contemporary statesmen, because one can discover in it the critical features of statecraft which determined that Richelieu would win and Olivares would lose. This is not so much because Elliott has set out to teach us these principles. On the contrary, he has managed to obscure them through his academic devotion to detail. But it is clear enough that Richelieu defeated Olivares because the great Cardinal possessed a high degree of decisiveness, what the great Prussian commander Clausewitz termed *Entschlossenheit*.

The book contains another critical lesson for U.S. and Western European policy-makers. If Spain had broken with its Hapsburg connections, it could have easily defeated France. Spain had nearly 300,000 men under arms, twice that of its rival. But Olivares was convinced that he needed the Hapsburg empire. Elliott observes (p. 74), "France, in comparison with the Spanish monarchy, was by the 17th century a relatively compact and unified state . . . the problems of the Spanish Hapsburgs were more akin to those of their Austrian cousins, who were also rulers of disparate kingdoms and provinces, and who would likewise attempt to weld them together into some form of supranational community with

the person of the Emperor as the focus of loyalty."

As Friedrich Schiller has shown in his dramatic poem *Don Carlos* and in his *History of the Thirty Years War*, there is a fundamental conflict between the development of a nation state and the priorities of empire. But Olivares refused to recognize the irreconcilable differences between his role as head of the Spanish government, and the imperial ambitions of the Hapsburgs: "The guiding principle of the Count-Duke's foreign policy was that Madrid and Vienna, the two branches of the House of Austria, 'must never, for any reason, be divided'" (p. 120).

Olivares therefore had to deflect that very sentiment of nascent nationalism that Richelieu harnessed for his victory. In France a rising optimism prevailed, whereas dark pessimism ruled in Spain. One ally of Richelieu wrote, "France has ceased to be the France of yesterday, so sick and decrepit . . . beneath the same faces I see different men, and in the same kingdom another state. The outward appearance remains, but the interior has been renewed. There has been a moral revolution, a transformation of spirit. . . ." Compare this with the comment of one of Olivares' ministerial colleagues: "It is true that we are approaching our end, but in other hands we would have perished sooner."

France's optimism was allied with Richelieu's bold decisiveness. The war between France and Spain broke out in 1635, having been preceded by critical skirmishes in northern Italy in 1627-29, known as the War of the Mantuan Succession. Richelieu won the advantage because he acted more rapidly than his opponent. Elliott comments (p. 96): ". . . the French operation took him [Olivares] and everybody else by surprise. At the end of February 1629 Louis XIII and Richelieu led an army across the Alps, and defeated Charles Emmanuel of Savoy at Susa in the first week of March." Olivares foresaw "total ruin." Richelieu now pressed his advantage. "Great affairs," he wrote the King, "were sometimes the matter of a fleeting moment which, if once allowed to pass, would never again return."

Today, Henry Kissinger is the living advocate of Hapsburg politics. He argues that we must have an offensive-defensive alliance with the oligarchy world-wide. We must wait, bide our time because Russia is a "crumbling empire"; we must not act boldly for fear of upsetting the delicate "balance of power"—the same imperial recipe that undid Olivares, a far nobler figure than his modern successor.

But whence will come the policies of Richelieu? When Lyndon LaRouche advises the U.S. President to warn Libya that if it invades Tunisia, we will bomb them into the Stone Age, his proposal falls on deaf ears in official Washington. It is "impractical," "exaggerated," and dangerous besides—in a word, it is decisive. But only if the United States dumps the International Monetary Fund, and ceases to play the unworthy role of servant of empire, can its leaders discover precisely that quality of boldness that will ensure victory. That is why this book, despite its academic obfuscations, contains lessons for today.

The first PAN-symp governor falls

Oscar Ornelas, stooge of ex-banker Vallina of Chihuahua, steps down months before a new governor is elected.

After Sonora and Nuevo León, the hottest arena of the Party of Treason, the National Action Party (PAN), is Chihuahua. The new candidate for governor, to take office next March, will be unveiled by the ruling PRI party in November.

As we have documented in this column, Chihuahua was the first state where the ex-bankers launched their revenge for the 1982 nationalization, by then-President José López Portillo, of the banks that were running capital flight out of Mexico. At that time, Eloy S. Vallina (boss of the Comermex Group and head of the Chihuahua Group), stated that the government had taken away their banks, but they were going to take away Chihuahua.

In fact, in the 1983 elections, the Chihuahua Group won four mayoralties, including that of the state capital and Ciudad Juárez, and various state deputies. They almost took the governorship. This was all possible thanks to the fact that the PRI governor, Oscar Ornelas Kuchle, was a Vallina stooge.

Now the federal government has forced the resignation of Gov. Oscar Ornelas, only days before the presidential *Informe* (annual address to the nation).

With only a few months to go to the municipal and state elections, Chihuahua has turned into a powderkeg, where the ex-bankers have concentrated their power on seizing the governorship through the PAN, since they lost their bid for power in the other

northern states. They have taken this state as a model for what they want to do throughout the north: set up runaway assembly plants as a substitute for developing national industry. The idea is to bring them in as part of a political project which will undermine the Mexican system and turn it into an imitation of Singapore and Taiwan.

At present, 21% of the assembly plants in the country are in Chihuahua, which has the highest rate of establishment of new shops. The situation has reached the extreme of transforming whole sections of the country into colonies or appendages of the U.S. economy, as in Ciudad Juárez, where the process of selling off the economic and social life to foreign interests has reached 75% and all economic life depends on the activity of the runaway assembly shops. In Chihuahua the situation is not just restricted to the border area of Ciudad Juárez, which borders Texas. In fact new assembly shops have been opened in the state capital, Chihuahua City, which already hosts large transnational companies.

The project, as we have indicated, is headed by the so-called Chihuahua Group, which represents Eloy S. Vallina, behind whom there is a cluster of Mexican and foreign political and economic interests. Among them is Anibal de Iturbide, the heir-apparent to the throne of the Mexican Empire set up early in the last century by Agustín de Iturbide.

This nexus is not just in the PAN—it extends to the PRI itself in the state.

The key figure is Oscar Flores Sánchez, former attorney and stockholder of the Comermex Bank, when it belonged to the Chihuahua Group. The Flores Sánchez group is thinking of putting up, as its candidate for the PRI's nominee for governor, Fernando Baeza, currently a deputy in the federal Congress. He made his political career under the protection of his boss Flores Sánchez, and played an obscure role in the attorney general's office when Flores Sánchez headed it.

Among the economic and political connections and backups which the Chihuahua Group can count on, is Antonio Ortiz Mena, a native of the state, who stands for the Kissinger-Rockefeller interests. Ortiz Mena's policy is that of his protectors: runaway assembly plants, tourism, and dope.

There are other top figures inside the federal Mexican government tightly linked to the Chihuahua group, such as Antonio Enríquez Savignac, the secretary of tourism. He also hails from Chihuahua, and has been a protégé of Ortiz Mena since he worked from the Inter-American Development Bank (IABD). This "mafia" recently called for the legalization of casinos in Mexico, as part of an effort to turn Mexico into a laundry of dirty money from the international drug traffic.

The powerful international interests to which Enríquez Savignac is linked by family ties are well documented. He is married to a scion of the Boston "Brahmin" Cabot Lodge family, linked to dirty-money laundering from drug dollars through the Bank of Boston.

One of the brothers of the tourism secretary, Manuel Enríquez Savignac, is the honorary lifelong consul of the Kingdom of Belgium in Chihuahua, and currently is carrying out a program to set up Belgian assembly shops on Chihuahuan soil.

Terrorists up the ante in India

The terrorist international is out to destroy the gains made by Rajiv Gandhi's statesmanship.

The murder of a moderate Sikh political leader in India and the break-up of the talks between Tamil leaders and the Sri Lankan government in Thimpu, Bhutan, point to the determination in certain quarters that the Indian subcontinent remain a focus of turmoil and destabilization.

On Aug. 20, weeks after Prime Minister Gandhi and Sant Harchand Singh Longowal, leader of the Sikhs' Akali Dal political party, reached a historic agreement on the Punjab crisis which paved the way for state elections and a restoration of civilian rule in the troubled border state, Longowal was assassinated.

The assassination was a major blow. Although the murder of the moderate Longowal can be expected to sharply alienate mainstream Sikh opinion, the assassination nonetheless leaves a vacuum of leadership in the Sikh community that could prove disastrous, and threatens to undermine the process of restoring normalcy to Punjab altogether.

Sikh terrorist networks safe-housed in Canada and Britain, where they are linked to Iranian fundamentalists, certain Pakistani agents and others, had vowed renewed terrorist activity in Punjab. Two of the assassins were arrested on the spot, and two others believed to have been complicit in the plot are now being stalked. Indian police are investigating claims by one of the assassins that he was financed and directed from Pakistan, and have sealed off the border as a security measure in conjunction with state elections still scheduled for the end of

September.

At the same time, on Aug. 16, talks in Sri Lanka between Tamil political leaders and the Jayewardene government aimed at finding a settlement to the two-year-old ethnic crisis there—talks which had been fostered and assisted by the Indian government—blew up.

Representatives of the militant Tamil separatist groups stalked out of the talks in protest against alleged Sri Lankan security forces killing of civilians. Press reports indicate that in fact a land mine placed by Tamil terrorists had exploded near the army camp at Vavuniya, in Sri Lanka, and in response soldiers rampaged, killing hundreds. Within six hours of the walkout, Tamil guerrilla attacks began in full force, and the fragile ceasefire was definitively buried in a fresh wave of violence.

Prime Minister Gandhi immediately offered to mediate a resumption of the talks, inviting the militant Tamils, based in the southern Indian state of Tamil Nadu, to meet with him and convey their proposals. The militant groups dragged their heels, caucusing instead in Madras and rallying sympathy for their continued intransigence on the issue of a separate state. At least one of the separatist organizations had already declared that it would launch an armed struggle for "Tamil Eelam"—the name for a separate Tamil nation in Sri Lanka.

The so-called Liberation Tigers of Tamil Eelam (LTTE) declared that they would arm Sri Lankan Tamil civilians to prepare for total war to es-

tablish a separate Tamil state in northern and eastern Sri Lanka. The "hit and run" tactics employed so far, said LTTE leader A.S. Balasingam in Madras, would be replaced by all-out war.

On Aug. 23 the Indian government moved against the terrorist leaders. The government ordered Mr. Balasingam, and two other terrorist-separatist leaders, to leave the country on the grounds of violation of immigration laws. Balasingam, though born in Sri Lanka, holds a British passport.

In response the Tamil militant groups in conjunction with the state opposition party the DMK, a militant Tamil chauvinist party, organized protest demonstrations throughout Tamil Nadu in an effort to force Prime Minister Gandhi's hand. A strike and rail blockade was declared that paralyzed the state, and had resulted in the arrest of some 3,500 people in Tamil Nadu as of this writing. DMK President Karunanidhi blamed Rajiv Gandhi for the continued violence in Sri Lanka, charging that he had not raised his voice against the alleged army atrocities against Tamil civilians.

In a bid to defuse the situation, Prime Minister Gandhi revoked the deportation order against one of the militants, C.S. Chandrasaran. Chandrasaran, who held a U.S. visa, was sent to New York but refused to request entry there and demanded to be sent back to India. On return, Chandrasaran, head of the so-called Organization for Protection of Tamils from Genocide, declared that only Indian military intervention in Sri Lanka would resolve the crisis.

Rajiv Gandhi has explicitly rejected such intervention, demands for which are nothing but a provocation aimed at keeping India's relations with its South Asian neighbors hostile and unstable.

Decisive elections for NATO's future

On the eve of Norway's and Sweden's elections, the Swedish air force head has broken the silence on the Soviet military threat.

Until the last week of August, campaigns leading into mid-September elections in both Norway and Sweden were characterized by a glaring lack of debate on vital strategic issues, in spite of their strategically critical positions. As was the case with the election of Andreas Papandreu in Greece, a victory of the Social Democrats in Norway and a firm re-election of Olof Palme in Sweden might deal a devastating blow to the Atlantic Alliance.

But in late August the tacit and mutual agreements of silence showed signs of breaking down in both countries, as Soviet provocations increased, and as the effect of press conferences held by *EIR* in both Stockholm and Oslo on its recently issued *Global Showdown* special report began to be felt.

In Norway, where national elections will take place on Sept. 9, conservative Prime Minister Kaare Willoch accused a leader of the Labor Party of showing "a lack of national responsibility." The rebuke came after Labor Party Vice-Chairman Einar Foerda had declared to the Danish pro-terrorist newspaper *Information* that, regardless of the outcome of the elections, the main campaigns of the Labor Party will center on the "NATO question," i.e., on pulling Norway de facto out of the Atlantic Alliance, much as Papandreu has done in Greece. Indeed, Foerda maintains close ties to the Greek Prime Minister, as well as to Arne Treholt, the Norwegian Socialist International leader convicted last June of being a Soviet spy and currently serving a maximum sentence in prison.

Until the week of Aug. 26, opinion polls had consistently given the ruling Conservative Party one or two percentage points over the Social Democrats, whose platform is one of outright appeasement of Moscow, but the latest polls show the Labor Party leading.

In Sweden, Soviet aggressive designs were brought more openly into the national debate. General Olson, the head of the Swedish Air Force, declared on Aug. 26 to the daily *Expressen* that "the Soviet Union has recently made a dramatic shift from a defensive to an offensive posture," in the Military Districts of the Baltic and Leningrad, aimed against Sweden and NATO's Northern Flank. "My duty to the nation requires me to reveal this information," he stated.

Swedish military sources cited by *Expressen* claim that the Russians have created 8 new regiments (approximately 800 aircraft) on the northern flank. These regiments are being equipped with the SU-24 "Fencer" fighter-bomber, which can fly from the Soviet Baltic states to England or northern Scandinavia, and back, without refueling.

Gen. Sven-Olof Olson has demanded that the Swedish Air Force be equipped and strengthened to meet this threat. Over the past three years, Socialist Prime Minister Olof Palme has repeatedly denied Air Force requests to purchase more Viggen jets for the Air Force, whose combat-ready 400-plane capability is the substance of Swedish defense.

It is therefore not surprising that Soviet secret operations are targeting

precisely those forces, and that Air Force pilots have been the object of profiling and mapping by Soviet Special Forces or "Spetsnaz" operations. As has been reported in the past, East bloc citizens, posing as door-to-door salesman, visit the homes of Air Force pilots to collect information. Just what kind of information and for what reasons were reported in the Aug. 27 edition of the Swedish daily, *Svenska Dagbladet*, based on the theories of "Swedish security forces as to why the salesmen are being deployed by a foreign power in peace time."

According to previously known information, at least 113 Swedish pilots were visited between 1980 and 1984 by "Polish citizens pretending to sell paintings." A special study found that a full 60% of the pilots at one air base had received such a visit. Further studies indicate that not only pilots, but others, such as submarine crews and top executives of key defense industries, have also been profiled.

Possible reasons given for the "visits" include: updating information as to officers' addresses and habits; initial steps toward trying to recruit the officers as agents; placing various forms of sensors and bugging devices in the officers' homes; even more seriously, of placing remote-controlled or time bombs in the homes; checking on readiness levels or redeployments of military personnel; photographing the areas where the officer lives, especially since the "salesmen" have been seen with cameras. There can be no doubt of the importance, for the Soviets, of eliminating these pilots in a prewar ground deployment.

Previous to these warnings, the European Labor Party, associated with Lyndon LaRouche, was the only voice to be heard denouncing Soviet war plans, and remains the only force calling for Sweden to join NATO.

Clouds gather over the Gulf

The Soviet Union appears to be on the verge of making a bid for power in Iran.

Moscow has suddenly shifted its stance in regard to Iran. An Aug. 27 editorial on Radio Moscow announced that the "regime of Khomeini is worse than the Shah."

Signed by "Observer," a reference to a highly placed communist used to announce major political changes, the editorial went on to denounce the Iranian regime as "oppressive" and "worthy of the Middle Ages" for its "repression against the left-wing progressive elements" which had brought Khomeini to power!

The timing of the Soviet denunciation is of special interest. In relation to Iran's internal situation: Quietly for months now, the Moscow-controlled Tudeh communist party has been reorganizing itself after being shattered during the mullahs' 1982 crackdown. The leadership was reorganized last spring in East Germany, following the death of the former secretary general, Prince Eskandari, whom, because of his opposition to Khomeini, the Soviets had purged in August 1978.

The Tudeh party has consolidated an alliance with the left-communist group, the Fedayeen-e-Khalq, and another alliance with the Mujahedeen-e-Khalq of Massoud Rajavi—the so-called "Islamo-Marxists." This is an important step, as Moscow has succeeded to some extent in recent months in selling the Mujahedeen to gullible European and American politicians as an alternative to Khomeini. Scores of

European parliamentarians signed a Rajavi resolution on human rights in Iran. Most admitted afterwards that they knew nothing about the Mujahedeen.

Does the new coalition of the left signify that these KGB-controlled operations inside Iran now plan a bid for power? Moscow's sudden shift to denunciation of the mullahs regime might indicate so. Viewed from conditions inside Iran, such a power bid could only be activated under conditions of disintegration of the Islamic republic around the death of Ayatollah Khomeini.

Yet, for Moscow, the issue is not to organize a new popular revolution based on conditions internal to Iran. A revolt's success would actually only depend on the ability of Moscow to move its troops across Iran's northern border, or its Afghan border, with relative speed.

Moscow is moving on these two fronts simultaneously, and may intend to present President Reagan with a fait accompli in the Gulf by the time of Gorbachov's November summit with the President.

Henry Kissinger and the crowd associated with the Carter administration's destabilization of the Shah, are playing their own role. Kissinger has begun contacting all of Iran's various exile factions, promising them the end of the Khomeini regime. He has also tightened his grip over certain Iranian

monarchists networks, promising that, when Khomeini goes, the young Shah will return to Iran.

Only fools can believe that Kissinger will ever hold to his promises and they should look at the small print in the contract. The Moscow deal that Kissinger is associated with, is based on the plans for a division of Iran which would effectively destroy it, perhaps forever, as an independent country in the region.

Meanwhile, the Iraq-Iran war has assumed a new intensity with the bombardment of Kharg Island, and what the Iranian fanatics do in the Gulf is only to Moscow's advantage. If Washington is confronted with a major political and military crisis in the Gulf and Saudi Arabia, it will be easier for Moscow to impose its own regional terms in the course of ensuing "crisis management" conducted by the Kissingerians from the U.S. side.

Any such deals would involve not only Iran, but, as Gorbachov has already hinted, Afghanistan and Pakistan as well.

With Moscow controlling Iran's military lifeline, the hardcore mullahs as well as those KGB agents trained in East Germany and at Patrice Lumumba University in Moscow, now attired in mullah robes, are entirely committed to wrecking Saudi Arabia and Kuwait. By early September, there will be more than 150,000 Iranian pilgrims in Mecca, and countless Iranian allies among other delegations. Not enough to overthrow the Saudi monarchy as some may dream, but enough to create major disruptions.

Kuwait, meanwhile, in the first week of August, received ominous threats from Iran's terrorists, the Hezbollah. As during June and July, such threats could be followed by terrorist atrocities shaking the stability of the tiny sheikhdom.

International Intelligence

Soviet defends Stalin in Italy

A top Soviet police official, in Milan, Italy on Aug. 26 for an international conference on crime, defended the late Russian dictator Josef Stalin against characterization as a mass murderer.

A day earlier, Italian Interior Minister Scalfaro had referred to "the great crimes which history presents us, up to Hitler's extermination camps or the annihilation of entire peoples by Stalin."

Soviet Deputy Interior Minister Boris Yelisev replied, "I greatly regret that a member of the Italian government who spoke yesterday should have decided, for reasons which are not clear, to confuse Stalin with Mussolini."

Referring to the 40th anniversary of the victory in World War II, Yelisev continued, "Stalin made a notable contribution to this victory and the peoples of all the world know this."

Venezuelan asks 'world war' against drugs

In his opening remarks at the InterAmerican Naval Conference on Drugs, Venezuelan Justice Minister José Manzo González called for a military offensive against the drug traffickers modeled on the experience of World War II.

Manzo, speaking before 36 naval representatives from 15 countries in Caracas for the Aug. 26-30 meeting, said that such a commitment was necessary given the "truly explosive and highly dangerous mixture" of the continent's debt burden and the threat to national sovereignty posed by the drug mafias.

He likened the mafias to Nazi "fifth columnists," and said the war against them "can

have no armistice. This war can have no peace; this war will not end with a treaty; this is a war of no return. It can have no end but victory, our victory, the victory of the nationalist democratic forces of the entire continent."

In June, at a similar symposium in Norfolk, Va., Adm. James D. Watkins, chief of U.S. naval operations, reported that the Joint Chiefs of Staff had endorsed a proposal for U.S. military aid and intervention in the Ibero-American drug fight. On Aug. 27, Attorney-General Edwin Meese responded to a question from a Venezuelan drug official by calling it a "good suggestion" to hold a conference of the Hemisphere's armed forces to discuss military action against drug traffickers.

Soviets narrowing U.S. technology lead

The Soviet Union is narrowing the U.S. lead in advanced weapons technology faster than U.S. experts predicted, according to Gen. Lawrence A. Skantze, head of the Air Force's research and development arm.

Skantze told the *Washington Times* on Aug. 26: "By developing technology, and also stealing a good bit of technology, [the Soviets] have in general moved faster in a number of technical areas than we would have predicted. It's not just the issue of quantity any more; it's also the issue of improving quality in the systems that they are putting out in the field."

The Soviet news media have been stressing themes related to promoting the war economy in a high-technology mode. In an article for the Soviet military daily *Krasnaya Zvezda (Red Star)*, senior economist V. Kulikov attacks the "strong inertial forces" in Soviet society who refuse to change their old ways. He especially singles out "scientists and economists" who have nothing to do but find excuses for why things cannot function.

He calls for "revolutionary changes" in science and technology to lay a completely new technological basis in the economy, and a different attitude to "product quality" which Kulikov says must become a matter of "national pride." All this, of course, he links to the need for strong defense in the face of the "impermissibility to allow imperialist supremacy over us."

India seals border against Sikh radicals

India sealed its 350-mile border with Pakistan on Aug. 28, to prevent Sikh extremists from entering the country before Punjab elections in September. In the Punjabi capital, police have requested reinforcements of at least 60,000 police and paramilitary troops for the Sept. 25 polling; 4,000 crack paramilitary soldiers have already been deployed at bridges, railway stations, and other vital installations.

Rajiv Gandhi's government has pledged that leaders of the moderate Sikh political party, the Akali Dal, will get maximum protection during the month-long campaign period.

Two militant Sikh leaders are being held in the murder of moderate Akali Dal leader Longowal, who was murdered after he reached a settlement with Prime Minister Gandhi on outstanding Sikh grievances.

Greenpeace deployed by Soviet official?

The "Greenpeace" movement, whose ship's sinking in the South Pacific while en route to protest French nuclear tests created a scandal in Paris, may be controlled by Moscow's Georgii Arbatov, head of the Soviet U.S.A. and Canada Institute and the Kremlin's chief "America handler."

According to ongoing investigation by

French intelligence, the wife of the leader of Greenpeace, a Swedish national named Tina, is known to work with a special parliamentary committee in Stockholm which works with the so-called Palme Commission, of which Arbatov is a member. It is in this framework that Greenpeace policy for action is formulated.

Swedish Prime Minister Olof Palme set up the commission along with former U.S. Secretary of State Cyrus Vance, Arbatov, and Soviet military intelligence (GRU) official Mikhail Milshtein, as a "back-channel" for coordination of disarmament issues against the United States.

Recently Greenpeace leaders announced that their next set of actions will be directed at sabotaging American tests of Strategic Defense Initiative technology.

Shamir attacks Peres's party

Israel's Labour Party is guilty of "collaborating with Egypt," Israeli Foreign Minister Yitshak Shamir charged in a speech to supporters of his Likud Party on Aug. 22. Both Shamir and Israeli Minister of Industry Ariel Sharon are escalating attacks on Labour Party Premier Shimon Peres, the *Financial Times* of London reports, threatening Israel's ruling Labour-Likud coalition.

Shamir's attack occurred on the heels of the assassination of an Israeli diplomat in Cairo, allegedly by members of the Muslim Brotherhood, threatening to undermine Israeli-Egyptian relations.

Shamir has also been critical of ongoing Israeli police investigation of West Bank land purchases by Israelis from Arabs. Israeli police have questioned a senior government official and a leading politician in connection with possible fraud, extortion, and violence in West Bank land purchases, the *Jerusalem Post* reported Aug. 20.

A heretofore-suppressed report on the matter reveals the names of "dozens of Jewish and Arab land dealers" involved in such scams, the *Post* said, and police have made "substantial progress" in the investigation.

But Shamir criticized the investigation, claiming that it violates the history of Zionism: "The police, even when it investigates criminal acts," said Shamir, "must consider the national interest. . . . Sometimes tricks and schemes were needed and unconventional means used to purchase and redeem land," he said.

Chinese read Schiller to keep ideals high

Speaking at the World Congress of German Philologists, which convened in Göttingen, West Germany at the end of August, Prof. Zhang Yushu stated that China's intellectuals read Friedrich Schiller's great dramatic works as "underground literature" during the dark period of the Maoist Cultural Revolution during the 1960s.

Schiller, author of such works as *Wilhelm Tell*, *Maria Stuart*, and *Don Carlos*, was Germany's great 18th century "Poet of Freedom," whose works catalyzed the republican spirit of a generation up until the 1815 Congress of Vienna crushed hopes for the spread of American-style republicanism on the continent.

Plays like *Maria Stuart* and *Wilhelm Tell*, reported Prof. Yushu, were read as works which kept the ideal of freedom high in China.

"There are many parallels between Schiller's own fate and the fate of China's intellectuals during the Cultural Revolution," he said. By studying Schiller's works in prison, these intellectuals learned not to give up their ideals even during the darkest period of China's recent history. Thus, Schiller became an idol of freedom-loving Chinese, said Yushu.

Briefly

● **CASPAR WEINBERGER**, U.S. Defense Secretary, was asked by *EIR* what steps the U.S. military could take to support the anti-drug efforts of Peruvian President Alan García. Weinberger, in Dallas for the American Legion convention, said: "We support these efforts. We are involved in looking for ways to improve coordination. Any increase in military aid to these governments for these efforts is limited by Congress."

● **U.S. AMBASSADOR** Monroe Brown told a Wellington, Australia audience that the U.S. State Department would consider establishing a nuclear-free zone in the South Pacific. Brown said the department was "open-minded" about the treaty adopted in early August by the key South Pacific nations, prohibiting the stationing or testing of U.S. nuclear weapons in the region.

● **'MANY INDIANS** wonder if Gandhi is moving too quickly to solve regional problems," was the headline of an Aug. 22 *Christian Science Monitor* article by Mary Anne Weaver. One wonders how "many" Indians she spoke to. She pens her articles at the American Club poolside in the U.S. embassy compound. Perhaps she asked one of the Indian waiters if Gandhi was moving too fast, and he replied: "Yes, mehmsaheb." Or perhaps she is upset not with the speed at which Mr. Gandhi is solving problems, but that he is solving them at all.

● **GEORGII ARBATOV** will head a Soviet delegation to Washington Sept. 2-3 for secret meetings, a spokesman for the KGB-linked Institute for Policy Studies disclosed to *EIR*. Matthew Huberman said that the a nine-person delegation will meet with various government and private personnel, naming the California congressional delegation. There will also be a banquet and reception, Sept. 3, "at a place which will remain secret."

Trilaterals still pushing to decouple U.S. from Europe

by Kathleen Klenetsky

While Zbigniew Brzezinski, the ex-director of the Trilateral Commission, was blocked in his bid for a post inside the Reagan administration, the policies Brzezinski advocates of “decoupling” the United States from its Western European allies got a renewed push in late August from the Eastern liberal Establishment.

The *Wall Street Journal* published on July 27 a blatant call for appeasing the Soviets, contributed by Jay Winik, past executive director of the Coalition for a Democratic Majority, the right-wing Social Democratic arm of the Democratic Party whose “big names” have included Lane Kirkland of the AFL-CIO, former Reagan U.N. Ambassador Jeane Kirkpatrick, and the late Sen. Henry “Scoop” Jackson.

Winik’s piece, entitled “Toward a Post-NATO Europe,” minced no words in delivering its message: Europe doesn’t deserve American support, and should be left to defend itself—if it chooses. “Dissatisfaction with NATO ought to be growing in this country,” Winik declared at the outset, citing European opposition to the Pershing and cruise missile deployments, criticism of the Reagan administration’s Strategic Defense Initiative, and its business dealings with the Soviet Union. “The time has come to question whether the alliance should be dissolved, rather than simply tinkered with.”

While it might seem strange at first that the *Wall Street Journal* should become a forum for such obvious Soviet propaganda, there is a simple explanation. The paper’s editor and chief policymaker, Robert Bartley, is a longstanding member of the elite Trilateral Commission, and the Commission, as *EIR* has documented repeatedly, has emerged as one of the leading Western policy institutions promoting accom-

modation with Moscow—even if that means handing our Western European allies over to Soviet domination.

Winik proceeded to try to make a case for the “gradual dissolution of the NATO alliance,” the phasing-out of U.S. ground troops from Europe, the creation of an all-European Defense Community, and the “cultural integration” of East and West Europe. Freely acknowledging that this proposed new arrangement “runs the risk of intensifying neutralist impulses already in Europe, and of making the Europeans even more susceptible to Soviet political pressure,” Winik went on to insist that “it is also the case that the allies for some time have been descending the slippery slope leading to Finlandization, a development that today’s NATO has not only been unable to prevent, but indeed, may largely be responsible for.” In other words, if the wrecking of NATO leads to Soviet conquest of Western Europe, too bad.

This may be an appealing argument to American taxpayers, who are being gulled by the Winiks of this world into believing that their taxes will fall if the U.S. military commitment to Europe is terminated, but it certainly doesn’t stand on its merits. A United States troop withdrawal from Europe—indeed, any lessening of American support for Europe—would be seen by Moscow as an open invitation to step in and take over.

Winik’s commentary in particular reflects the Trilateral Commission’s recent declaration of war against NATO, expressed most strongly by Trilateraloid Zbigniew Brzezinski in the by-now notorious article he wrote for the Winter 1984 issue of *Foreign Affairs*. Although Winik only once refers to the former Carter national security adviser as an inspiration

(along with fellow-decoupler Henry Kissinger), his recommendations for pulling apart NATO conform to the letter to Brzezinski's *Foreign Affairs* piece.

Exploiting spy scandal

The Trilateralist campaign to decouple the Atlantic Alliance has received a conveniently timed boost from the West German spy scandal which exploded in late August (story, page 38). Spokesmen for the appeasement faction are now claiming that the Tiedge affair proves that West German—and Western European—intelligence institutions are totally untrustworthy, riddled with spies and traitors, and that this necessitates that the United States protect its own interests by ending intelligence-sharing with Europe in general, and halting American-European collaboration on strategic defense.

This plan for national suicide first appeared in the American press via Carl Rowan, a syndicated columnist close to Henry Kissinger, and an FBI informant who travels in Trilateral circles.

"The evidence is overwhelming that to give life-involving information to either Britain or West Germany is to compromise the freedoms, even the lives, of millions of Americans," Rowan screeched. "NATO cannot be worth a damn when this kind of pro-communist treason [Tiedge's defection] occurs in West Germany, the United Kingdom, and other NATO countries. . . . I say that it is time for the U.S. to say to Western Europe: 'We're closing our bases, bringing our troops home, leaving you to decide whether you really want a collective deterrent to Soviet aggression. We are leaving you to decide what you are willing to pay, and how hard you want to work, to maintain alliance-saving security.'"

Old Yalta for New

Unfortunately, the anti-NATO fulminations of Rowan, Winik et al. aren't mere paper tirades. *EIR* has learned that in September, a coterie on Capitol Hill linked to Trilateralist Brzezinski intends to resurrect the debate over NATO, using the West German intelligence morass as justification to raise precisely the issues recommended by both Rowan and Winik.

According to the public testimony of several Republican lawmakers, Brzezinski has been sowing the seeds for such an operation for months. In February of this year, Sen. Robert Kasten (R-Wisc.) introduced an amendment to the State Department authorization bill calling for the repudiation of the Yalta accords. "I am acting in the spirit of Zbigniew Brzezinski," Kasten pronounced on the floor of the Senate Feb. 5, and then inserted into the *Congressional Record* Brzezinski's *Foreign Affairs* article, calling for the U.S. to withdraw its troops from Western Europe in order to foster European reunification.

Kasten's resolution, which expressly stated that the United States "does not recognize as legitimate any spheres of influence in Europe"—including, presumably, an American sphere—was quickly endorsed by conservative Republican

Sen. Al D'Amato of New York and by the Benedictine-trained David Durenberger (R-Minn.). Durenberger is not only the chairman of the powerful Senate Intelligence Committee but, according to aides, is "an old friend" of Brzezinski's, with whom he "agrees completely on strategic and military issues."

Although the Yalta Accords did certify Soviet domination over Eastern Europe, Brzezinski, his Senate admirers, and the Trilateral gang are simply using the issue of Soviet conquest to cover up their real intention: exchanging the old Yalta for a New Yalta, in which not only Eastern but Western Europe as well, would fall under the Soviet boot. This surrender to Moscow is being peddled under various covers, ranging from "reunifying Europe," to creating an "independent Europe," to "allowing Europe its own independent identity."

A slightly modified version of the Kasten measure was approved by both houses of Congress, and signed into law in early August as part of the State Department authorization bill.

According to the staffs of several senators involved in the amendment, plans are now being hatched to implement the recommendations of Brzezinski's *Foreign Affairs* piece. An aide to Durenberger told *EIR* that the Senator just returned from a private trip to Poland and Western Europe, to discuss the issue. One idea Durenberger is tossing around, the aide said, was to solve the "Greek problem," by having the U.S. voluntarily give up its bases on the Greek mainland—which Prime Minister Andreas Papandreu has been calling for—and fall back to Crete.

That would be a giant step toward realizing the Trilateralist dream: a Europe from the Atlantic to the Urals, ruled by its fellow oligarchs in the Kremlin.

The push for Trilateral policies extends to issues less crucial in themselves, but nonetheless indicative of the "New Yalta" framework. Two days after it printed the Winik article, the *Wall Street Journal* again took its lines from Moscow in the editorial-page commentary on U.S.-Soviet grain trade which appeared in the Aug. 29 issue. This came from the pen of Felix Kogan, a Soviet "defector" who formerly worked at the Hydrometeorological Center of the U.S.S.R. in Moscow, where he was a consultant to the Central Committee of the Communist Party.

Now a research associate at the University of Missouri-Columbia, Kogan wrote that since the Soviet leadership is not about to divert investment away from the military and its back-up industries into modernizing agriculture, Russian food production will continue to fall far behind demand, and the U.S.S.R. will continue its policy of making up its shortage of domestically produced grain with purchases from foreign sources.

In effect, Kogan was arguing that the United States should bail out the Russian war machine by increasing its grain sales to the Soviets.

Heritage Foundation, ADL caught protecting Soviet war drive

by Nancy Spannaus

The publication of *EIR*'s *Global Showdown* special report on July 24, documenting in depth the plans of the Soviets for world domination by 1988, caused a new level of consternation within the circles of the KGB's rightwing collaborators within the United States. Predictably, they responded with a campaign of whispers and slanders against Lyndon LaRouche, tagging him with the epithet, "KGB."

The source of this new campaign is an alliance between the British-controlled Heritage Foundation and the dope-lobby front known as the Anti-Defamation League of B'nai B'rith. Its chosen conduit is the leadership of the American Legion, one of the oldest, and presumably the most patriotic, groups in the United States.

On the surface, the situation could not be more absurd. In instance after instance, American Legion posts which have requested slide shows from *EIR* outlining the Global Showdown situation, have been forced to literally "pull the plug" on those shows because of orders from American Legion headquarters. How can the Legion justify moving to cut off its membership from the only international magazine which is putting out the truth of the Soviet war drive, and campaigning for a crash U.S. military buildup, with the front edge of the Strategic Defense Initiative? What could possibly be their disagreements with the documentation provided by *EIR* of the Soviet war drive, and the program laid out by *EIR* of how the United States can successfully counter it?

Ask the Legion, however, and they will tell you that they are simply relying on the word of another "patriotic" organization, the Heritage Foundation. What they are covering up is the fact that the Heritage Foundation and its "experts" have a clear history of doing their best to sabotage President Reagan's program for the SDI, and his commitment to Europe!

The American Legion letter

While the disruption of *Global Showdown* presentations at American Legion meetings began in early August, the flow of anti-*EIR* propaganda and directives from American Legion headquarters dates from not later than the time of the President's June trip to Germany's Bitburg cemetery.

The uproar created around Bitburg, the reader will recall,

was a creation of the Soviet Union and its allies in the ADL, crafted to the end of attempting to drive a wedge between the United States and West Germany. The most outrageous lies and slanders were circulated in hopes of getting President Reagan to cancel his trip, and of provoking the Germans into a hostile reaction to the vicious lies that all Germans were Nazis.

According to sources close to the American Legion, a meeting was held at that time between the Legion, the ADL, and the Jewish War Veterans. Under the general topic of planning attacks on the President for his trip to Bitburg, apparently the need to attack LaRouche's organizations, which were campaigning heavily for the Bitburg visit, was also put on the agenda. From Nathan Perlmutter, ADL representative, came the idea for the American Legion to release a confidential memo, which would tell Legion members not to pay attention to LaRouche.

At that time, the Legion disgraced its heritage by coming out against the President's trip, the entire purpose of which was to strengthen the Western alliance. In effect, it acted directly at the behest of the ADL, on behalf of the Soviets.

According to our sources, the May meeting also served to reconstitute an official liaison committee between the ADL, the Jewish War Veterans, and the Legion. The official American Legion representative on that committee is Robert W. Spanogle. Thus, it is not surprising that it was Spanogle, also the Legion National Adjutant, who later, we believe in July, put his name to a letter telling Legion chapters to avoid contact with LaRouche.

The Spanogle letter was a clear effort to intimidate and suppress debate, based on wild slanders. Quoting the the Heritage Foundation, which claims that the LaRouche "network" is "anti-Semitic," a "cult," and has "bizarre and viciously anti-Semitic conspiracy theories," the letter directs local adjutants to "please take the necessary steps to discreetly alert your membership about the Schiller Institute and the LaRouche network. It is clearly in the interest of the American Legion to avoid any contact with any of these groups."

And why would Mr. Spanogle rely on such slanderous characterizations, rather than cite the Heritage Foundation's alternative to LaRouche's defense policy? Because, in fact,

the Heritage Foundation cannot win a debate on defense policy with LaRouche. For, although professing adherence to the President's defense policy, the foundation's policies are provably not only inadequate to the threat posed by Soviet strategy, but play directly into the hands of their policy for world domination.

Thus, the necessity to suppress *Global Showdown*, the only comprehensive report on the depth and extent of the Soviet drive for world domination.

Heritage Foundation treason

From the time of President Reagan's announcement of the Strategic Defense Initiative on March 23, 1983, the Heritage Foundation has attempted to use the broad scope of the President's policy in such a way as to insert the core of their own policy, "High Frontier." As the Heritage Foundation's newsletter, *The Background*, put it on Dec. 8, 1983, "The [President's] message was clearly directed at goals rather than means." The means, they said, must be elaborated according to High Frontier.

But High Frontier, and its chief spokesman, Lt.-Gen. (ret.) Danny Graham, is a concept totally different than strategic defense against ICBMs based on new physical principles, such as laser and electron beams. Instead, it calls for putting a bunch of junk up into space, in hopes of interfering with the flight pattern of ICBMs. When critics of the SDI claim that the Soviets could easily develop countermeasures against space-based defense, they are talking about the slapdash system of High Frontier.

But that is not the only way in which the Heritage Foundation has worked to sabotage the SDI project of the President. Equally significant, they have put the SDI into a laundry list of desirable military objectives in such a way as to undercut the primary, essential, role which the SDI will play in determining whether or not the Soviets can go ahead with their war plan by 1988. To put it bluntly, if the United States does *not* go on a crash program for the SDI, with the attendant benefits to the economy, there will be *nothing* to deter the Soviets from carrying out their plans.

But the Heritage Foundation, whose major thrust is to cut government-budget items right and left, does not call for a crash program for the SDI. In fact, when it comes to outlining concrete initiatives for 1985 and fiscal year 1986, the Heritage Foundation's "Mandate for Leadership II" only includes the following mention of the SDI: As point number two, it says, "structure the Strategic Defense Initiative to provide for the defense of MX."

Even worse, this definitive Heritage Foundation book makes an elaborate argument in order to convince its readers that the United States has been wasting its energy on the "long-term possibilities of nationwide defense against ballistic missile attack, at the expense of near-term options for protection of key military assets such as land-based ballistic missiles." In other words, when it comes to concrete policy making, instead of pious sentiments, the Heritage Founda-

tion *opposes* President Reagan's goal of a full defense of the U.S. population from nuclear war. It only wants to defend weapons.

We quote: "The fundamental objective of a BMD program should not be 'leak proof' defense of the continental U.S. (which no system could guarantee), but deterrence of Soviet attack against the U.S. or its allies by complicating Soviet military planning and minimizing the prospects for successful execution of Soviet nuclear strategy."

No wonder that the Heritage Foundation opposes the approach of Lyndon LaRouche and *EIR*, which insists that a full defensive system for populations is absolutely essential. LaRouche's approach makes it mandatory that the Soviets to come to their senses, or face total defeat; the Heritage Foundation's approach maintains U.S. strategic doctrine within the Kissingerian "crisis management" approach.

The Heritage Foundation is taking the same line as Zbigniew Brzezinski and arms negotiator Max Kampelman, who, in their *New York Times Magazine* article last winter, called for restricting the application of the SDI to missile site defense, thus increasing the chances that the Soviets would be willing to accept, and negotiate, on this issue. If the Heritage Foundation approach was not developed by the KGB, it could have been.

The Legion's choice

Spanogle's letter has not succeeded in barring Legion members from access to LaRouche's strategic analysis and alternative—not by a long shot. All around the country, courageous Legion local leaders are acting on their consciences.

Worse yet for the ADL and the Heritage Foundation is the fact that national leader of the Legion, Milton Croom, has written a letter to the entire membership declaring support for LaRouche's approach, and exposing the fact that the Heritage Foundation has not only undercut the SDI fight, but also failed to work to prevent the confirmation of arch-liberal and KGB collaborator Richard Burt to the sensitive post of ambassador to Bonn. The letter was distributed to at least one in five of the Legionnaires who attended the recent New Orleans national conference.

Heritage must also have been somewhat chagrined at Secretary of Defense Weinberger's speech at that conference. There is no love lost between Heritage and the secretary of defense, who has time and again rejected the local "anti-communist" adventures which Heritage proposes in places like Central America, as diverting from U.S. central strategic interests. And, at this conference, Weinberger did it again. Rather than talk about Afghanistan or Nicaragua, he concentrated on the Soviet strategic buildup, both in offense and strategic defense, and made it clear that he would fight to the end to preserve the Strategic Defense Initiative as the crucial answer to the Soviets.

We think the ADL and Heritage Foundation may be a bit overexposed.

Crocker Bank linked to Hong Kong dope

by Marilyn Kay

The U.S. Treasury Department on Aug. 27 announced the imposition of a \$2.25 million fine on the Crocker National Bank of San Francisco, for failure to report cash transactions totaling nearly \$4 billion over a four-year period. The transactions may be linked to the Hong Kong heroin trade, Treasury officials believe.

The fine is the largest ever imposed by the federal government against a financial institution for violating the Bank Secrecy Act of 1980, which requires a report be filed for all currency transactions greater than \$10,000. Between 1980 and October 1984, Crocker failed to report 7,877 separate transactions, totaling \$3.98 billion, about \$3.88 billion of which involved shipment of U.S. currency from overseas banks.

In a press conference announcing the fine, John M. Walker, Jr., Assistant Treasury Secretary for Enforcement and Operations, said that Crocker Bank had perpetrated a "systematic and pervasive" failure to comply with the law and did not voluntarily come forward with the violations, which involved 29 branches. Rather, the violations were discovered by the Comptroller of the Currency and only then did the bank "cooperate with Treasury in developing the scope of the bank's liability." Walker said the record penalty imposed on Crocker was because of the "extremely serious nature of Crocker's violations," which "warranted a substantially more severe penalty than in prior cases."

Earlier cases this year involved Bank Secrecy Act violations by First National Bank of Boston, fined \$500,000 by Treasury for failing to report \$1.22 billion; Chase Manhattan, Manufacturers Hanover Trust, Chemical Bank, and Irving Trust, which were hit with fines ranging from \$210,000 to \$360,000 for not reporting \$1.33 billion in cash transactions. There are 60 other banks that have voluntarily reported Bank Secrecy Act violations to the Treasury Department and civil penalties are expected. Overall, more than 100 financial institutions are currently under investigation by the Treasury Department.

Of the 7,877 transactions not reported by Crocker Bank, federal investigators have focused on those, totaling \$3.43 billion, involving six Hong Kong banks which shipped large amounts of cash in small denominations to Crocker's central cash vault in San Francisco. These transactions "appeared to be evidence of large-scale money laundering by international

heroin traffickers," Treasury officials said. According to Art Siddon of the Treasury Department, "Hong Kong is a major banking center and is also known as a major center of drug money. We're assuming that some of that money is laundered drug money."

Investigators are also concerned about the unreported cash transactions that went to two of the bank's branches in Calexico and Tijuana, Mexico—\$12.4 million and \$18.6 million respectively—involving an American foreign currency dealer. "I have no doubt that the individuals at Calexico and Tijuana knew or had a substantial reason to know that what was occurring were suspicious transactions," said Walker. He also noted the strong degree of Mexican involvement in the drug trade, and that large volumes of Southeast Asian heroin that come into the United States "are financed out of Hong Kong." Walker said that in both cases it was "highly likely" that the currency deposits were from drug transactions. While acknowledging that there was no evidence to date that Crocker Bank had engaged in money laundering, Walker noted that its failure to volunteer the violations had "deprived the Treasury of potentially important law enforcement leads that could have been useful in drug, tax, money laundering and other investigations."

Hong Kong is the "Wall Street" of the Southeast Asian heroin trade, and one of the six banks involved in sending large shipments of small-denomination currency—the Hongkong and Shanghai Banking Corp., one of the largest and dirtiest banks in the Far East—is the parent company of Crocker Bank. Since May, Crocker has been a wholly owned subsidiary of the London-based Midland Bank, which had previously owned 57% of the bank.

In 1979, *EIR* warned, on the basis of book *Dope, Inc.* commissioned by Lyndon LaRouche, that granting permission to such unregulated "off-shore" British-controlled banks to takeover U.S. banks would invite money-laundering for the drug trade on-shore. In a celebrated such case, the HongShang Bank bought New York's Marine Midland Bank, in a controversial end-run maneuver that bypassed New York State approval. New York State Superintendent of Banking Muriel Siebert complained to Treasury officials that it was impossible to make heads or tails of the HongShang books. Federal Reserve Board chief Paul Volcker had no problem with the HongShang's cooked books.

Harold P. Reichwald, general counsel for the Crocker Bank, insists that its violations were an "honest mistake." He claimed that when the Bank Secrecy Act was changed in 1980, the management failed to notice the new regulations. Reichwald suggested that the Hong Kong currency shipments were made by nervous investors, who "were fearful they would be caught [when the Chinese take over Hong Kong] and would be prevented from getting their dollars out," the *Washington Post* reported on Aug. 28. Another Crocker spokesman, Dave Sanson, chalked up the large volume of small-denomination dollar transactions to U.S. tourists leaving all their money behind in Hong Kong.

Huge Soviet Atlantic maneuvers demonstrate new naval capabilities

This interview with Adm. Wesley McDonald, Supreme Allied Commander Atlantic, U.S. Atlantic Command, and U.S. Atlantic Fleet, was conducted at SACLANT headquarters in Norfolk, Va. on Aug. 21.

Admiral McDonald graduated from the Naval Academy in 1946. He later commanded Attack Squadron 56, where he led the first strike into North Vietnam following the Gulf of Tonkin incident in 1964.

Progressing through a wide variety of commands in the Pacific and Atlantic theaters, he was promoted to the rank of admiral and assumed the position of Supreme Allied Commander Atlantic on Sept. 30, 1982.

Admiral McDonald will likely be the last commander to hold all three of the commands involving the Atlantic Forces simultaneously, as President Reagan has elevated Vice Admiral Carlisle A. H. Trost to the rank of admiral and the post of Commander in Chief of the Atlantic Fleet.

This command will make use of the admiral billet left vacant when the naval materials command was reorganized earlier this year, and will allow the Navy to maintain maximum concentration on the Central American region, while fulfilling the extensive responsibilities to NATO described by Admiral McDonald below.

EIR: How would you compare last year's Soviet naval maneuvers in the Atlantic with the recently completed exercises?

McDonald: There were significant differences, but first let me go back a bit and situate this. The maneuvers last year occurred immediately following a NATO exercise which took place across the Atlantic, with its main thrust in the Norwegian Sea. It was designed to give credence to our strategic aim of being forward deployed, and to underline the importance of Norway and the Northern Flank to the alliance and to the whole maritime battle we see shaping up. A lot of people ask, "What does the Norwegian Sea have to do with the North Atlantic and the sea lines of communication?" Well, if you don't contain the Soviet Northern Fleet (the largest they have in capabilities as well as numbers), and it should come out uncontested into the North Atlantic, your sea lines are absolutely at risk; I don't have the forces to protect those if the Soviets have free rein in the North Atlantic.



Once outside of the GIUK gap, in later years, not now, with tactical air at sea, that is a very, very formidable threat to the United States Navy, to the allied navies in the North Atlantic, and certainly to the survivability and sustainability of Europe.

EIR: What developments are you referring to when you speak of later years?

McDonald: I see the Soviet Navy building their first true aircraft carrier, which we think is going to be named "Union of Soviet Socialist Republics," a nuclear-powered ship carrying conventional-type craft, and this will be the forerunner of tactical air/carrier battle group operations, as we know them in the United States Navy—as the Brits used to have—to contest our dominance. Once they do that, they can provide at least tactical air cover outside the range of land-based

air, which they can't do right now. Take all the new classes of surface ships the Soviets are bringing into their inventory and place them in the middle of the Atlantic, and we'll kill them. Up in the Norwegian Sea, the Barents, with air cover, it is a much tougher job for us. Outside the GIUK gap, without any kind of tactical air to cover those ships, as our carriers do for our surface action groups, they're at risk. They know that.

You can provide a lot of protection with submarines, but then you're tying submarines up to do things that maybe you don't want them to do. Submarines should be out killing submarines; that's where we intend to employ our submarines, and I'm sure that's what they intend to do with their submarines. Plus, we think they'll use an awful lot of their attack submarines to protect their strategic ballistic missile force submarines.

EIR: Last year you were quoted saying NATO was surprised by the maneuver.

McDonald: I wish I had never used that word. Words can take on a journalistic meaning you don't intend. . . . The thing I was "surprised" about was the rapidity with which they turned around from a surveillance role of the U.S./NATO forces operating in the Norwegian Sea, and "ginned up" a relatively large force exercising on their own in their "Spring EX," as we called it in '84. I don't think I was surprised that they had that capability, we've known that; what I was concerned about was that they did in fact turn the number of ships around as quickly as they did, showing that they now had in-port logistic supports that maybe we hadn't given them credit for, better maintenance capabilities, and these kind of things that you don't generally look at. The fact that they got most of their submarines out of port, at the same time, showed a strong command and control of maneuver.

This year, this exercise was pretty well predicted, some months in advance. There was an exchange of information among individual nations which were able to pick up these types of reports, that were shared, and so NATO was not "surprised" by the operation. We were curious about the number of forces that went to sea this time, which was a bit unexpected. We saw them doing an exercise that was, as I say, predictable, but in numbers that were not as easily perceived until we saw them start to move out. This was the largest sea exercise that the Soviets have engaged in, as far as we know, in the history of their modern navy. The thing that impressed me was that they were reflecting good command and control as far as placing their forces where they wanted them to be. They were exercising those forces as counters to their perception of how we would execute a support of Norway and the Norwegian Sea, and they were doing this in an area much farther forward than we have seen them operate in the past.

We saw them put more attack submarines in the central

Atlantic, basically "off our coast." I don't mean to imply hysteria—they weren't in the Chesapeake Bay or anything like that—but we saw attack submarines in larger numbers and in areas where we had not seen those numbers before.

EIR: One of the hallmarks of the "Ogarkov Doctrine" is a perfection of the ability to mobilize forces with no warning. Is this what is being tested on the naval side?

McDonald: I don't see it as *no* warning for mobilization. For naval ships to truly respond, there has to be a period of grooming, and you have to have those ships back in home port, or those ships have to be looked at someplace else, and there are other ways of determining that steps are being made to integrate total forces.

I don't think—and I may be wrong—that with the intelligence capabilities we have today, the Soviets can "go to war with no warning." I think there is going to be warning—whether that warning is *adequate* enough depends on how well we are trained to respond and what the word "adequate" means.

EIR: What additional capabilities would you like to see in response to this?

McDonald: The U.S. Navy has certainly led the alliance with a forward-thinking building program for its maritime forces, and I'd like to see, obviously, our maritime partners do the same thing. However, there are tough priorities each of the democracies has to face up to, whether to do a land-based, sea-based or air [defense buildup], as the case may be, and each nation is examining it.

. . . There are things in certain areas of maritime warfare that can be critical. One is in escort ships. Some cargo ships and merchant ships are not going to need, nor are they going to get, escorts all the way across the Atlantic. They're fast enough that to put a combatant with them will just slow them down, so let those fast guys go, get them over there. Then look at defended lanes, and certain areas where you know you suspect submarine packs, or submarines can be operating there, such as the southwest approaches, or turning north from the Azores, or coming past Iceland (if we are able to use those kinds of routes), and concentrate your escorts as needed. I need more escorts to do the job. Escorts also provide me with the dual capability, in most cases, of anti-submarine warfare (ASW), and that is an area that is absolutely essential that we pay more attention to.

EIR: In the recent maneuvers, we saw the use of the Baltic Fleet, especially marine units from that fleet, operating in the Atlantic area, which seems to underline Soviet appreciation of the importance of the Northern Flank.

McDonald: Your observations are basically correct; the Soviets did use an amphibious force to make an amphibious landing in the northern regions of the Soviet Union. We've

seen them practice before, in the Baltic, and on the Kola peninsula: This time they did combine forces and did that so that they had a larger force to control, a more reasonable naval infantry force to make a significant landing, and the coordination to make a successful landing.

The fact that they came out of the Baltic provides them with training too. I would not see that generally happening [in time of war]. The Baltic naval infantry would probably have a higher priority than trying to run out through the straits there in Denmark and expose itself into the open Atlantic, and run past Norway—if Norway were still an entity; and obviously they wouldn't be going there except to practice.

You and I can create scenarios for where they would land on Jutland or on the Baltic side or into West Germany or something like that, to have a flanking movement on the

I am deeply concerned about the reduction of what we have perceived to be a reasonable "plus" on our side. Where the technological gap used to be very broad, with the Soviets trying to catch up, they are now really closing in. When you look at the new class of submarines they have coming out, they are, in fact, much quieter, making the ASW problem much more difficult for us.

central front. This reemphasizes some of their developing capabilities that we've got to pay attention to—and we are paying attention to them. I would offer that in an exercise like this, there are certain constraints that are there, as you sit back and watch, that would not necessarily apply in a wartime environment. First of all, given adequate warning, I don't think we're going to just give Soviet units and Warsaw Pact units free passage out of the Baltic. That is going to be a very highly contested area.

So I feel we've got to look at this thing in perspective: Did they get training? Absolutely. Did we learn something? Absolutely. I see this past exercise, as large as it was, as significant in several ways. One, it gave a chance for the world to look on and say, "Hey, the strategy we had thought the Soviets had been operating with in the past is now changing." We've read that kind of thing in the development of

their fleet and the integration of their combined arms, if you will, Soviet air with the surface (meaning army) and with the maritime forces. . . . It means that we've got to sharpen our training, be alert to their capabilities and to deal with potential intentions. That's difficult to do at times; capabilities are fairly easy to deal with, and I have the stuff to deal with it, but it's intentions that always leave you with your tactics to play with.

. . . Norway is absolutely essential to us, absolutely vital to the whole alliance, sometimes overlooked by our political masters in Europe, because they keep looking to the Central Front, but I tell you, if the North collapses and the South collapses, the Central Front is in dire jeopardy. General [Bernard] Rogers . . . has been most supportive, as I go around and talk in Europe about the importance of Norway, because it's important to him. I can't afford to let the Soviets have access to the Atlantic, and make the Norwegian Sea a sanctuary; you can't do that and survive. Iceland is equally important as a base of ASW activity and "early eyes" surveillance—we're there to defend Iceland.

EIR: The Soviets have devoted much effort to improving their submarine capabilities. What developments in quieting submarines were displayed by the Soviets in their recent exercise?

McDonald: They confirmed those things that we had seen individually, but of course they did it in larger numbers, and we are concerned about it. I am deeply concerned about the reduction of what we have perceived to be a reasonable "plus" on our side. Where the technological gap used to be very broad, with the Soviets trying to catch up, they are now really closing in. When you look at the new class of submarines they have coming out, they are, in fact, as you said, *much* quieter, making the ASW problem much more difficult for us.

They're exercising at sea much more than they have in the past—I don't mean just this year, but look back 15 years ago, and then come back to today—Soviet submarine commanders are exercising significantly more at sea, therefore they're becoming better, they're learning tactics better, they're learning ways to counter those tactics that we have. The whole problem is getting tougher.

As that technology gap continues to close—whether it is stolen from us, or pulled out of publications that are open market, unclassified—that transfer of technology that [former CIA Deputy Director] Bobby Inman keeps preaching about is a real threat to our long-term survivability. Right now we still have an edge over the Soviets in ASW. They're working hard to improve their own, and they're doing it in numbers that are going to continue to harass us, even though they may not have the technology as far as towed arrays, and sonars, and ASW aircraft proficiencies. They're working all those areas; it's a matter of time before they're going to get

there, and how good our scientists are to keep us ahead.

EIR: In their Atlantic exercises, did the Soviets demonstrate a capability to use the submarine-launched missile forces, and submarine-launched cruise missiles, as a “pin-down” force directed at U.S. strategic capabilities?

McDonald: I’m not sure I buy the thesis that they would exercise that capability, which obviously they’re developing. Do I think they would do that, or have the capability to do it? They don’t have the capability now. They are developing, certainly, those kinds of capabilities, it’s a matter of time. What you see in a cruise missile is a challenging thing. Do you let the cruise missiles keep coming, and make the assumption that they’re conventional? Or do you make the assumption that they’re nuclear? My first thought, as a military man, is, “My god, they’ve started a nuclear attack”—and that has to be geared with a full interchange of ICBMs.

EIR: But under those conditions, which we could call the worst case, or maximum. . . .

McDonald: Would they pin down U.S. forces? Well, I think that U.S. forces would already be deployed at that time. There’s enough warning, and things that would’ve taken place before that ever would take place. They’re not suddenly going to get off the East Coast without us knowing about it, unless a lot of other things have happened. There are systems we have, that work, intelligence systems that would give us that, and we would start moving also. Remember that U.S. strategy and NATO strategy is to move as early as possible.

EIR: Do we need more prepositioned materiel in Norway?

McDonald: We are prepositioning significant amounts of stocks, but you can carry prepositioning too far. The more you have prepositioned, the more problems you face, keeping it up, replacing it, as the case may be, protecting it. Once you put it there, there’s nothing that tells me that the Soviets are not going to know where it is, and therefore that’s going to be one of the early targets. And it costs you double, because if you’re going to preposition it, you can’t use it for training.

If you’ve got plenty of it there, lots in Norway, lots in Denmark, lots in Germany, and if we can afford all that sustainability, then you’ve got a lot going for you. We don’t have that today, so it’s a tough tradeoff, because General Rogers and his commanders are going to need it shortly after the shooting starts. If you tell me 30 days ahead of time that we ought to start moving—best of all worlds—we’ll start moving stuff forward and we’ll get it there. Maybe the Soviets look at that and say, well, they’ll get tired, we’ll back off for another two years, and they’ll get tired and take the stuff all home, the next time we won’t give them as much warning.

EIR: What will the *Ocean Safari* maneuvers, which are

about to begin, be dealing with?

McDonald: *Ocean Safari* is going to be looking at hiring on some ships, doing some escort, playing some kind of power projection in the North Atlantic, up into Norway, with a carrier battle group to operate in one of the fjords up there. How do you operate if you get there early? What are the best tactics to use? I said that we weren’t surprised this year, but nevertheless, there were about 40 NATO ships participating off and on during this exercise, doing surveillance, and it was a good show, as far as all the nations getting a chance to see the Soviets operate, in large numbers.

That was one of the impressive things. They have built this large fleet, now they’re able to put it together, given time to plan, and they now provide their own opposition. They can now be both “blue and orange,” just as we play our war games; and they’re not just dependent on U.S. forces or NATO forces operating in their areas, they can go out and try to do some tactics on us. Now they can create their own game, so to speak, and that’s what they did.

They brought a task force out of the Baltic; they brought one out of the Mediterranean; they brought a couple down from the north, turned them all around and ran them back up as we would have, if we were going to go into the Norwegian Sea. Ran them through a couple barriers of submarines and surface action groups. The Kiev played a double role—she came out and played a strike as the Kiev would, we would presume, against a U.S. battle group—then turned around and played the U.S. side, and let them strike her as she went on up to the north. They really did a very fine operation.

EIR: What is your evaluation of the readiness of the NATO navies?

McDonald: Actually the state of readiness of the NATO navies is pretty daggone good. I’ve been to Germany most recently, and I’m very impressed with the German Navy, they have some good ships, they’re continuing their building program with the six new frigate types that are coming down the road and some new submarines. The British Navy has always been a leader of professionalism in that part of the world, though their forces have declined over the last 10 years—now they seem to have leveled off, thank goodness. And we depend very heavily on British expertise in ASW, and they are good, as are the Dutch.

The Norwegians have a smaller navy, but their navy provides the type of support that we would hope to get in the Norwegian fjords, with their smaller submarines, which are really coastal submarines, but nevertheless very helpful in that particular area. They have a few frigates which are good ships, well-manned, and well-trained. I find that the NATO navies are pretty well-trained. In fact, when we have the Standing Naval Force Atlantic, which is the only force that exists in peacetime that I actually command as Supreme Allied Commander Atlantic, we find that the NATO navies

do as well, if not better, in certain areas than the U.S. ship that's in that force on a day-to-day basis.

EIR: Any comments on what you would like to see if the Spanish Navy were integrated into NATO?

McDonald: I don't want to get out in front and try to lay out any perceptions that I have on how to use the Spanish Navy, because the Spanish Navy is obviously going to play a role in the Mediterranean, but I think they also have some contribution to make to the Atlantic, and particularly to the Straits of Gibraltar. We need, again, all the ASW escorts that we can get, and the Spanish have a very formidable navy, compared to some of the other navies. The Portuguese are successfully concluding an agreement to purchase three new MIKO class frigates from the Germans. That's ongoing right now, and that will help update the Portuguese Navy, which needs them very badly, and which I need as SACLANT command.

EIR: Any comments on Soviet sub operations under the Arctic ice?

McDonald: We expect the Soviets to use the ice, as we have. They can position in those kind of areas, and put at risk targets in the United States, if they can 1) fire through the ice, or 2) operate in ice-free areas, smaller areas that they can slide in and out of, and we honestly expect to see that and we're paying attention to that as one of the challenges that the Soviet Navy, as it gets more modern, more sophisticated, and more capable, will present to the United States and to the alliance.

EIR: What lessons would you draw from naval build-ups like the one the Soviets are currently conducting?

McDonald: You can see in the past a certain lethargy which set in in the free world, again with competition for how you spend your dollars, and what priorities you place on them. We've seen people, like the Hitlers and the others, who built these very complete war machines for their times, and we paid attention to it, but we really didn't get motivated to address that early on.

I think that in today's world, the media has served a great purpose in keeping the people more alert to what the challenges are. Unfortunately, we in the services have certain constraints, and I will point to the intelligence communities right now and say that I think that they, because of the information they have, and because of the national constraints on releasing that information, have got to be more realistic in alerting the people to what the true threat is. And I think the people of the free world, knowing what the threats are to their freedom and things like that, will respond appropriately.

We're just not going to have the time, from the industrial base that we've had in the past, to regenerate and do the things that you and I have seen the United States do, and the

members of the alliance do, in times of stress. It's not that we're not being straightforward, but we're just being restrictive of some of the information that we have available, that most of the leadership is aware of, but the man on the street doesn't understand. Therefore there is a certain degree of skepticism about the need for what the military keeps trying to sell to the Congress, and what the man in the street perceives as really a lot of brass-polishing. Being a little bit more straightforward about what the threat really is, what the capabilities of the threat really are, we would be a bit more prepared than we have been in the past. I think the Soviet efforts to improve themselves and improve their capabilities have alerted us to the fact that they really aren't this little coastal defense navy, or this totally land-oriented power.

If the alliance acts prudently and with a degree of urgency, we can come out on top in any of the places we go. My main concern right now is that I cannot do everything at the same time, with the forces that are available to me, where the Soviets might want to challenge us—Mediterranean, Caribbean, North Atlantic, Norwegian Sea. It's going to be very difficult to do all at the same time, and we may have to end up by prioritizing.

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National News

Byrd heads group to Moscow

Senate Majority Leader Robert Byrd took off for Moscow on Aug. 27, for meetings with Mikhail Gorbachov and other Soviet and Hungarian officials.

Byrd will deliver a letter from President Reagan to Gorbachov, which he said "underscores the strong support of the President for this trip and the discussions that will occur during this trip."

"We hope to establish a constructive dialogue" to convince Gorbachov that the Senate has a strong role to play in national security affairs. Byrd told reporters, adding: "We hope that we could help the new Soviet leadership understand that . . . on the fundamentals, the American people are united" behind the President. Byrd is being accompanied by a bipartisan delegation of Senate colleagues, including Nunn, Warner, Pell, DeConcini, Sarbanes, Mitchell, and Thurmond.

McFarlane vetoed post for Brzezinski

Robert McFarlane vetoed the appointment of Zbigniew Brzezinski to a new, congressionally mandated defense policy board, according to the Evans and Novak syndicated column of Aug. 27. McFarlane "was not about to broaden the administration's national security policies with strategic input from the dynamic and imaginative [sic] Brzezinski," the columnists report.

They also say that the President's National Security Adviser did not want to give the impression that the President needed Democratic help.

The national security adviser's decision, which stunned "Pete Wilson and other Republican senators," is indicative of McFarlane's "growing influence" within the administration, they add. McFarlane has begun a "deliberate, so far successful, campaign to assure policy dominance over the State Department on preparations for the Reagan-Gorbachov summit."

Brzezinski himself is maintaining a "stiff upper lip in the face of being axed from a congressionally mandated Pentagon study group," according to the *Washington Times*, which adds that he had already accepted an invitation to join the commission, to be headed by MIT provost John Deutch, before he was suddenly dropped.

Jersey politician contests subpoena

A hearing was scheduled for Aug. 29 in Boston on a motion brought by attorneys for New Jersey political leader Elliot Greenspan to quash a subpoena requiring him to testify before the Boston grand jury. The grand jury, convened at the direction of U.S. Attorney William Weld, is conducting a "fishing expedition" against organizations associated with Lyndon LaRouche.

EIR, founded by LaRouche, has charged Weld with covering up for the drug-money laundering practices of financial institutions associated with his family.

The personal subpoena to Greenspan was issued in mid-August while he was appearing before the grand jury in his capacity as record keeper for Caucus Distributors, Inc. When Greenspan refused to answer questions which went beyond the scope of the CDI record-keeper subpoena, Assistant U.S. Attorney Daniel Small ordered a personal subpoena to be immediately typed up which was served upon Greenspan by an FBI agent during the grand jury session. The subpoena, served at 10:58 a.m., ordered Greenspan to appear and testify in his personal capacity at 11:00 a.m.

Greenspan's motion to quash the subpoena states that the subpoena was brought strictly for purposes of harassment and intimidation and should therefore be quashed.

'Erotic' priest calls Church chaotic

Father Andrew Greeley, who has openly preached in the past that priests must become an "erotic force in the community"

and called for the use of drugs and sex in religious rituals, has now issued a report claiming that U.S. Catholics have rejected the Church's teachings on sex, divorce, and birth control.

Greeley said he issued the report now because of the extraordinary synod which Pope John Paul II has called for November.

Commenting that the synod appears to be an attempt by the Pope to turn back the "reforms" of Vatican II, Greeley said that the data in his report would suggest that "it will have little impact. . . . A reign of terror will only offend the laity and not cause them to return to the old ecclesiastical discipline. In the long run, such a reaction will only make a chaotic church more chaotic."

Physicist warns of Soviet first strike

The August edition of *American Legion* magazine carries a cover story entitled, "First strike! The Soviets' Master Plan?" by Dr. Robert Jastrow, a physicist who is director of Goddard Institute of Space Studies.

Writes Jastrow: "This nation faces the greatest peril it has ever known," because, with Mutually Assured Destruction "collapsing like a house of cards," and the Soviets building what can only be a "first strike capability," the Soviets will not be deterred by the fear of retaliation. The United States, writes Jastrow, "will not be able to retaliate."

Blaming the Henry Kissinger's 1972 ABM treaty for the United States' "present defenseless state," Jastrow calls for all-out development of the Strategic Defense Initiative technology for an anti-missile shield.

ASAT tests called crucial to SDI

Anti-satellite (ASAT) technology is crucial to the Strategic Defense Initiative, a Pentagon official told the *New York Times* on Aug. 26. The overlap between ASAT technology

and the SDI is so great, he said, that if the United States were forced to stop ASAT testing, "it would slow down certain parts of SDI today and probably prevent completion of the research program. . . ."

The Pentagon spokesman added: "Virtually any antiballistic missile system is going to have a capability against satellites as well, so if you actually did ban means of attacking satellites, you would be banning SDI."

The official said that September's ASAT test—which has caused howls of outrage from Moscow and the arms control mafia—will provide valuable information about technologies central to the SDI, and also indicated that the Air Force expects to conduct tests of directed energy beams against satellites.

NDPC demands Atlanta probe

Spokesmen for the National Democratic Policy Committee (NDPC) on Aug. 26 demanded that the U.S. Justice Department, under the Voting Rights Act, investigate a pattern of criminal break-in, arson, harassment, and attempted bribery directed against the slate of 18 candidates who recently filed and who are endorsed by the NDPC.

"This criminal pattern of harassment and intimidation is all being directed by the corrupt Andy Young machine," charged Michael Carr, a school board candidate and spokesman for the slate. The incidents have included:

- On Aug. 16, a city council candidate's car was apparently deliberately struck by a truck.

- On Aug. 19, a fire was discovered in the basement of the house of a school board candidate. The Fire Department has ruled the incident arson.

- On Aug. 22, candidate Louella Stephens's apartment was destroyed by fire, in a case that is also under investigation for arson.

- On Aug. 25, there was an attempted break-in at the home of candidate Elnora Tilman, who had previously been contacted by School Board Vice-President Rev. Pres-

ton Williams, who asked her to pressure his opponent Stephens to drop out of the race, saying he would "even pay her" to drop out.

- On Aug. 22, a city council candidate was visited by her opponent, City Councilman Robb Pitts, and city council candidate Grace Davis, who pressured her to drop out of the race.

NDPC spokesman Carr concluded: "Harassment and arson were standard crimes 20 years ago, designed to prevent people from exercising their right to vote and to run. The Voting Rights Act was specifically written to guarantee those rights. Today, we cannot tolerate Andy Young's thug machine ripping up those rights."

Secret FBI document leaked to the mob

A Brooklyn federal grand jury is currently investigating how members of the Gambino organized-crime family obtained a secret FBI document detailing a longstanding heroin racketeering probe.

The security breach, described as "extremely rare" and "shocking" by federal investigators, came to light in court papers filed recently by federal authorities. The document was an affidavit filed by the FBI detailing its investigation—carried out jointly with the Brooklyn Organized Crime Strike Force—and was submitted to the courts in order to justify and procure a wiretap against key members of the Gambino family, including Angelo Ruggiero.

The leak was discovered in July 1982 when an informant told authorities that Ruggiero had a copy of the affidavit, which was procured at the height of the investigation. The investigation resulted in an indictment against 11 mobsters in September 1983.

"Anybody who is not astounded is a suspect," said Brooklyn U.S. Attorney Raymond Dearie of the leak. The internal investigation—which has been taken over by the grand jury—focused on three possible sources for the leak: the FBI, Brooklyn task force, or the federal courts. Dearie told the Aug. 25 *Daily News* that progress had been made, but "we are not teetering on the brink of breaking the case."

Briefly

- **DON REGAN'S** "Acting President" routine is going over like a lead balloon among certain White House insiders—including the First Lady, who reportedly is very angry at the Chief of Staff. According to the *New York Post*, others including George Bush and key Republican senators believe that Regan's post-Labor Day strategy for confronting Congress on the deficit is going to backfire and hurt the President politically.

- **REV. MOON'S** New York City newspaper, the *New York Tribune*, ceased publication on Aug. 26, according to a report in the *New York Times*. *Tribune* managing editor Robert Morton told staff members that he did not know why the Moonie paper was folding, but that "financial difficulties were one possible explanation."

- **PRAVDA** will soon be translated into English and published in the United States. A small publishing company in St. Paul, Minnesota announced that it will begin printing a daily English translation of the Soviet party newspaper in September. Associated Publishers, headed by Charles Cox, has not sought Moscow's permission.

- **JACKIE PRESSER**, president of the Teamsters Union, made "illegal" use of funds as part of his role as an FBI informant. The FBI, however, failed to report this to federal prosecutors in Cleveland, who were investigating the payments to Teamster "ghost employees." Their 32-month investigation had to be aborted when they learned that the FBI had approved Presser's action.

- **THE FBI** is believed to rank second only to British MI-6 in degree of penetration by Soviet intelligence, according to intelligence analysts who have studied recent spy scandals in Europe and the United States. They now view as a greater problem for Western intelligence than the West German Bundesamt für Verfassungsschutz.

Editorial

Getting serious about AIDS

The news that the Archbishop of San Francisco has celebrated a mass in the homosexual quarter of the city, reciting the liturgy traditionally used for victims of the Black Death in the Middle Ages, shows that the spread of Acquired Immune Deficiency Syndrome (AIDS) is indeed taking on the features of moral insanity that accompanied the outbreak of the Black Death in 1348 and swept through Europe in repeated waves thereafter, claiming the lives of anywhere from 25 to 60% of the population.

There is no need, indeed it would be criminal, to profess helplessness in the face of AIDS, as if we had no capability to mobilize science and technology, and appropriate measures of public health developed in the centuries since the 14th-century plague, to turn the AIDS epidemic around before it is too late. It is most appropriate to be frightened—but we must respond to that fear by looking squarely at the causes of such pandemic diseases, and taking measures that address those causes, no matter how much they may fly in the face of accepted wisdom and powerful vested interests.

In 1348, as today, the hideous epidemic was not a natural phenomenon. It was caused, as can be proven, by oligarchist policies of slavery and the destruction of labor power, policies that followed the oligarchist delusion that reducing the human population would be desirable, since the riches would be distributed among a smaller number of people. These are the same delusions that guide the thinking of such individuals as Robert Strange McNamara, the butcher of Vietnam, who moved on to bigger “body counts” in his tenure as World Bank president, by forcing developing countries to strangle industrial and agricultural development and impose murderously impoverished living standards on their populations.

McNamara, now retired from the World Bank, still devotes full time to his fanatical pursuit of population reduction. His efforts to stop the Strategic Defense Initiative, the one program which could spark a technological revolution and turn back the global economic

depression he did so much to create, must be seen in the light of that murderous obsession.

A decade ago in 1975, *EIR*'s editors were warning, before the name of AIDS was known to the public, that the usurious debt-collection policies being forced by McNamara & Co. on Africa in particular, would lead to the outbreak of uncontrollable disease pandemics on the African continent and then spread to every corner of the globe. Then three years ago, at a Club of Life conference in Washington, D.C., *EIR*'s Medicine Editor Dr. John Grauerholz predicted that AIDS, which originated as projected in the most impoverished regions of Africa, would soon spread beyond the most-vulnerable “target” populations of homosexuals and drug addicts into wider and wider circles of the population.

Now the media, with their own motives of spreading irrational fear, have admitted that many individuals not in the “targeted groups” are contracting AIDS: AIDS is not merely a “homosexual disease.” The great Italian poet Dante seemed to have some advance intuition on the nature of the problem, when he placed sodomy and usury in the same circle of his *Inferno*, but located usury as the deepest crime of violence against nature and God—pointing out that to direct investment away from technological advances that increase man's dominion over nature, as the usurer does, is to violate the most fundamental natural law.

The National Democratic Policy Committee is putting forward legislation for state legislatures around the United States, to adopt the kind of public health measures previously used for tuberculosis, to test for AIDS and keep its victims out of all food-service and similar public-service occupations. We wholeheartedly endorse this initiative.

Similarly, the efforts now centered in Ibero-America to end the usurious looting policies of the international banks and IMF, must be supported, as emergency measures to defeat the biggest enemy mankind now faces—the threat of deadly pandemics.

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