

# EIR

Executive Intelligence Review

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Will California lead world in war on AIDS?  
Eyewitness account of NATO's fall maneuvers  
Moscow floats trial balloon to win Germany

**Soviets plan 'continent in  
flames' for Ibero-America**





## **Reversing Gramm-Rudman II: How can financial collapse be avoided?**

### Second and Third Quarters 1986

In its last Quarterly Economic Report, *EIR* predicted a 15-25% further decline in the productive capabilities of the U.S. economy. That is precisely what happened between March and September of this year—before the worst, most monstrous implications of the Gramm-Rudman and related tax reform measures go into effect.

Such events force one to ask: Is the pro-Russian majority in Congress not only committed to selling out U.S. defense interests, but also to collapsing the U.S. internal economy, and international monetary and financial system? Are the industrialized nations prepared to continue policies which will lead to their own suicide?

### **Did you know that. . .**

- **The world financial system is more than ripe for collapse**, probably before November, and the principal fuel for such developments is the narcotics-trade-dependent growth of that banking category known as “off-balance-sheet liabilities”—dwarfing other categories of indebtedness.

- **600,000 troops, including 350,000 active duty troops, will be eliminated** if Gramm-Rudman II is implemented during the course of the fiscal year which begins Oct. 1.

- **A further, minimal 7% decline in capital and durable goods production capabilities** will occur in the months ahead, due simply to reduced defense procurement, if Gramm-Rudman II is implemented.

Since the fall of 1979, Lyndon LaRouche's forecasts have established a record unparalleled in accuracy by any other economic forecasting service in the nation. Data Resources International and Chase Econometrics proved unable, in the fall of 1979, to correctly forecast the consequences of the credit policy then being initiated by the Federal Reserve under Paul Volcker. LaRouche did, in the *EIR Quarterly Economic Report*. Those agencies, and their co-thinkers, have been repeatedly exposed as incompetent bunglers, while the LaRouche record is one of consistent accuracy.

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Founder and Contributing Editor:

*Lyndon H. LaRouche, Jr.*

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

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# EIR

## From the Editor

This week's cover story intersects the trip of Soviet Foreign Minister Shevardnadze through Ibero-America, where he is organizing the 1987 "grand tour" of Soviet party boss Mikhail Gorbachov. Not one of the well-known Establishment think tanks, such as Georgetown CSIS, or the Harriman Russian studies institute at Columbia University, has done the kind of analysis *EIR* presents here, of Soviet policy toward Spanish-speaking America. Nor, as far as we know, has any government intelligence agency bothered to review the shocking evidence of the Soviets' plans to kindle back-to-barbarism movements throughout the continent.

An international battle is already taking shape around the upcoming 500th anniversary of the Evangelization of the New World, beginning with Columbus's landing of 1492. The question at stake is that of the superiority of Western Judeo-Christian civilization, which provided the basis for every positive development in this hemisphere, against the genocidal backwardness of such cultures as the Mayan, the Incan, and most hideous of all, the Aztec. It is those cultures, based on human sacrifice and slave labor, that the Russians are promoting for their envisioned satrapies in this hemisphere, of a Moscow-centered world empire.

Otherwise, we draw attention to two key areas of the ongoing cultural battle:

- Moscow's mooted offer to reunify Germany under the wing of the Warsaw Pact (page 38), "leaked" in a mass-circulation paper in West Germany, poses the question of survival of the Western alliance in the most sensuous terms. See this week's *International* section for the story which puts such media-events as the "Daniloff affair" and the "summit" into perspective—including an exclusive report from the fall NATO maneuvers in Europe.

- The debate in California over a ballot initiative to make AIDS a reportable disease has taken a new turn with the intervention into state legislative hearings of British expert Dr. John Seale (page 64). On Oct. 4, Dr. Seale released in Washington his appeal to President Reagan to declare a National Emergency to fight this "species threatening" disease. Seale's message has been largely blacked out by the Establishment media; *EIR* will follow up with full coverage next week.

*Nora Hamerman*

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**Corrections:** In our Sept. 19 issue, the article, "British Doctor Calls for Quarantine of AIDS Victims; Liberal Media Howl," erroneously states that "The British Health Department has put forward a proposal urging very tough measures to deal with AIDS." Such a proposal was *received by*, not put forward by, the Health Department, as the article subsequently makes clear.

In the article by Ricardo Martín in the Oct. 3 issue, page 7, the flow chart showing the transformation "from coca leaf to 'crack'" inadvertently omitted the line showing that 15 kilograms of cocaine at 12% (street) purity represent 15,000 grams of the drug, each gram of which can yield up to 50 crack rocks apiece. That, in turn, represents a potential of 750,000 (not 15,000) crack rocks per 2 kilos of pure cocaine—with a street value of \$3,750,000.

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NSIPS/Juan Cedillo

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## U.S. economic policy collapses at IMF meeting

by David Goldman

After the 1982 IMF Annual Meeting in Toronto, where then-Treasury Secretary Donald Regan won the industrial nations' agreement to crush the resistance of developing-sector debtors, *EIR* warned that the United States would become the principal victim of Regan's policy. Mexico, whose current \$12 billion payments gap for the next 12 months makes it again one of the world's most dangerous flashpoints, at that time had just imposed exchange controls and, in effect, stopped paying its debts.

The 1982 decisions postponed the reckoning, by changing the shape of world trade in a disastrous way.

The United States received notice of the bill for Regan's policy of 1982 at the just-concluded meeting of the International Monetary Fund in Washington, where, for the first time since the organization's founding at Anglo-American behest, American policy was laughed out of the hall.

After the 1982 decisions, the United States and the IMF bureaucracy forced the nations of the developing sector to drastically devalue their currencies, shut off all development projects, eliminate most imports, and export everything loose at garage-sale prices. As a result, world trade remains well below 1980 levels, and the United States faces:

- 1) A 1986 trade deficit in excess of \$200 billion;
- 2) A 1986 balance-of-payments deficit of \$150 billion, after "invisible" income is deducted from the trade deficit;
- 3) A foreign debt which will exceed \$300 billion by the end of 1986;
- 4) A federal government deficit of \$250 to \$300 billion in the fiscal year beginning Oct. 1, not counting scores of billions of dollars of additional funds required to bail out the

Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the Farm Credit System, and various other federal credit and guarantee agencies;

5) A banking collapse that has, thus far, claimed not only multibillion-dollar institutions in the energy belt, but threatens such giants as Bank of America and Merrill Lynch.

The United States destroyed both its external markets and its internal productive capacity, and the financial disaster follows from this directly. To the Houston real-estate lawyer's mind that belongs to Treasury Secretary Baker, the problem appears as follows:

"External imbalances are . . . increasing this year, with the U.S. current account deficit climbing to the range of \$140 billion; while Japan's surplus grows by more than 50 percent, and Germany's surplus more than doubles. Both Japan's and Germany's 1986 surpluses are, in fact, larger as a percent of GDP than the U.S. deficit. While projections suggest some reductions in those imbalances in 1987, they may well increase again in 1988 and remain at politically and economically unacceptable levels. In fact, the Fund's illustrative projections imply that without policy changes, and at current exchange rate levels, the 1991 current account deficit for the U.S. would be about \$120 billion. The 1991 Japanese current account surplus would be \$80 billion.

"Clearly, these imbalances have got to be reduced, either through greater competitiveness of the dollar, or increased growth outside the United States, or a combination of these factors."

(Speech to the IMF Interim Committee meeting Sept. 28).

Translated into English, Baker told his colleagues the following: You are subsidizing us with \$200 billion of goods per year, worth \$300 billion at domestic U.S. prices. You are subsidizing our financial markets with your earnings from these exports. This subsidy is not sufficient to refinance our domestic and international debts, and prevent a banking crisis. We want you to print money and make your banks lend that money to us, to stall the crisis. If you don't, we will collapse the exchange-market value of the U.S. dollar, and punish you by devaluing your present investments in the United States!

The U.S. dollar now barely buys two German marks on the foreign exchange market; a year ago it bought 3.4 marks. Foreign investors, who have financed America's payments deficit by investing more than \$300 billion in the past two years in American paper, have lost 40% on their money. Federal Reserve chairman Paul Volcker is warning that a further collapse of the dollar will prompt these foreign investors to pull their money out of the United States—collapsing American money markets.

### **Bond market collapse**

In fact, the collapse of U.S. bond markets, triggering a smaller collapse of the stock market during September, followed the first hints that foreign money might not be so generous during the months ahead.

Understandably, the Japanese and West Germans have continued to put money into the U.S. economy, propping up the most important member of the Western alliance against the Soviet Empire. Just as understandably, they are unwilling to compromise the soundness of their own banking systems and national currencies, on behalf of an incompetent American economic policy.

But Baker's threats go even further than the warning of a dollar collapse, which will hurt the United States more than anyone else. He warned West Germany and Japan that they only have until spring to deliver an "economic upturn," said European officials. Baker made the statement at the IMF meeting along with his warning about a new trend of protectionism coming to the United States. All protectionist legislation before the current Congress will have to be reintroduced to the new Congress in January, and it generally takes at least a month even for popular measures to acquire the momentum needed for passage.

The Reagan administration is acting with the subtlety of a maniac with a live hand-grenade holding a school bus for ransom. European and Japanese officials shook their heads in disbelief. Japan has already introduced a \$23 billion "reflationary" package, in response to American demands, and the country's finance minister, Kiichi Miyazawa, told the IMF meeting that it could do no more. "This is the largest such package in Japanese history," Miyazawa said, "and it is, given the current state of Japanese government finances, the very most we can possibly do. . . . I cannot meet the

expectations for increased growth fully."

It is unlikely that the Japanese, who have been putting more than \$60 billion a year into the American markets, will pull their money out. They do not want the United States, their major export market, to collapse, and even less do they want to take the blame for the American banking crash now in progress.

However, as many commentators have noted with alarm, they began buying gold at an annual rate of \$25 billion or more during July and August, accumulating a hard-money reserve against the likelihood of the collapse of literally trillions in bad dollar paper.

All this had been made painfully clear at the Sept. 27 meeting of the industrial nations' leaders, the so-called Group of 7, which preceded the public portion of the IMF event. The United States had sought to pressure Japan and Germany to "reflate" at last May's Tokyo Summit, by concocting a set of indicators which would "automatically" compel the industrial nations to change policy. In the terse language of the Group of 7 communiqué, the industrial world rejected America's proposed policy change: "The ministers agreed that cooperative efforts need to be intensified in order to reduce the imbalances in the context of an open, growing world economy." They also agreed that they bear "a special responsibility to foster an open, growing world economy, which is particularly important for the resolution of the international debt problem." But they said measures already in place—a lower dollar, lower inflationary growth, and lower interest rates—would be continued for now.

### **Third World debt crisis**

Meeting Sept. 28, the Interim Committee of the IMF, the organization's steering group, said that the dimensions of the international debt crisis this year and next could exceed the crisis triggered by Mexico in 1982. It admitted that the ratio of debt payments to export earnings was going to be worse in 1986 "than that prevailing at the outset of the debt crisis."

In general, the IMF staff conceded, growth in the first half of 1986 was disappointing, though signs pointed to an improvement in coming months and next year. In particular, the IMF report noted a sharp falloff in developing nations' exports—both in terms of price and quantity—during the past year, which means that these nations, no matter what they do, are less able than ever to maintain debt-service payments.

Nonetheless, the Interim Committee demanded further sacrifices from the debtors, under the name of "economic adjustment," as well as the opening of their economies to a garage-sale buyout by foreign creditors.

The Interim Committee's decision to accelerate the looting of the debtor countries puts the world economy on track for financial disaster. Having done this, the Western leaders proceeded to fall out among themselves over who would pick up the bill for the disaster.

# Europe decimated by collapse of births

by Mary McCourt and Mark Burdman

Even while it only hints at the real causes of the impending disaster, an information report, "Demographic Situation in the Community," released this year by the Economic and Social Consultative Assembly of the European Community in Brussels, is terrifying. Western Europe, especially West Germany and Italy, are facing population losses proportionally as great or greater than that caused by the bubonic plague in 1347-53, even without taking into account the threat posed by the AIDS epidemic. Under already prevailing trends, Europe faces the loss of one-half of its population, although not due to the invasion of a virulent disease. Cultural disease and economic collapse have created a real "population crisis" in Europe, just as deadly, though slower, than the Black Death. People are simply not having children.

The problem is a profound one, the report makes clear. "It is unprecedented in time of peace that in all the other countries [outside Ireland] the fertility rate should, some ten years ago, have dropped below replacement level (2.1 under present conditions) and remained very low, without any sign as yet of an appreciable and lasting upturn," the report states. Indeed, in ten nations of the European Community—West Germany, France, Italy, Ireland, Great Britain, Belgium, the Netherlands, Luxembourg, Ireland, and Denmark—taken together, the collapse in births since the early 1960s has so reduced the new generation, that the deficit is "greater even than the combined deficit of births in the last two wars."

With the birth rate in the United States, Japan, and Australia also collapsing, people in the industrialized nations have accommodated themselves to this, the real population crisis. Economic collapse, birth control, and the soaring divorce rate are generally cited reasons, and the former, especially in the last decade, unquestionably plays the biggest role in the fertility crisis. But as this report points out, in a series of tables and graphs, the fertility crisis began long before general perception of the current world economic collapse. The annual number of births fell sharply in West Germany, the United Kingdom, and Italy beginning in 1964, plummeting so fast that the average number of children per

woman had fallen below the replacement level in West Germany in five years!

By 1975, with Italy several years behind the other nations, birth rates in all the EC nations except Ireland were well below that necessary to even maintain the current level of population, which, with current very low infant mortality rates, would be an average of 2.1 children per woman. The overall drop in annual births in the EC as a whole is 30% over the 20 years between 1964 and 1984; in West Germany and Italy, the drop is far worse—from 40 to 45%.

## Twenty million victims

The members of the EC Economic and Social Committee do not appear to recognize it, but anyone looking clearly at developments in the industrialized Western nations over the past two decades must realize that the children not born due to the deliberate decisions of the current generation, can only be considered victims of a "population war." The toll is enormous. In 1964, 4,692,000 children were born in the EC nations. In 1983, that number had dropped to 3,207,000, a difference of 1,484,000 children, the EC reports. Taken over two decades, the accelerating drop in the birth rate just from the 1964 level, means that over 20 million children, who would have been born in any healthy, expanding society, were not born. Just for comparison, it took six years of World War II to kill 50-60 million persons.

The problem is one of cultural pessimism more than any external phenomenon. Liberalization of contraception and abortion clearly have played a role, but were not causative factors, the report's authors insist. "There has been a continuous fall in fertility both in countries that were late in liberalizing and in the other countries; in countries where the fall in fertility set in before liberalization, the trend has not been accentuated following changes in legislation," the report states. The fall in fertility coincided exactly with the first postwar generations born after World War II reaching child-bearing age.

In 1964 in the EC, the "natural population increase" on a yearly basis was some 2 million persons. In 1980, the collapse in births, in combination with a halt to general immigration to the EC nations, and a slowing of the decline of the mortality rates over two decades, the population increase has fallen to 500,000 per year. The population is aging rapidly even as it shrinks.

If current rates continue, in about 10 years the EC nations will be losing population—something already happening in West Germany. An overall change in social patterns is only reinforcing this disaster. Marriage is disappearing. In the decade from the early 1970s to the 1980s, the number of marriages contracted fell by 20%, and the index of first marriages—the number of first marriages per year calculated according to age—have fallen to levels "unprecedented in history." From over 90% of all women in the generations



born between 1940-45 marrying at some point in their lives, the proportion is falling to only 75% in France and the U.K., and 66% in West Germany. In Denmark, in 1982, 38% of all births were outside marriage. The British Office of Population Census reported Sept. 16 that 1 in 8 of all British families were single-parent families, and that some 1,500,000 children are now being raised in one-parent families, primarily by single mothers.

## Depopulating Germany

In Germany, the population crisis is most extreme, and the cultural warfare causing it, by far the worst. Germany was a very different nation before World War I. In 1871, the population of Germany was 41 million people; by 1914, it had gone up to 67 million, a 63% increase in 42 years. Even while breakthroughs in combatting disease, led by such scientists as Robert Koch, had a tremendous effect, other European nations such as France experience no such population explosion during this period. Now, Germany is a shrinking, aging nation.

The report's authors warn that demographic disasters, though slow to be felt, have tremendous consequences. The current collapse could only be turned around by a population explosion. If an even slightly lower birth rate than the current one—1.2—continues over the next 75 years, the population of Germany will be halved by the first half of the next century: from 55 million in the year 2000 to only 27.5 million in 2050.

At current, or better birth rates in Germany, the number of old people (over 65) will exceed young people (under 19) in only 30 years. If the birth collapse continues, the imbalance will grow so rapidly that, although in 1977 there were twice as many young as old people, at current rates, in only 50 years the situation will be reversed. This will be a demographic and economic disaster. A small proportion of young workers will be entering the labor force, causing permanent, crippling labor shortages. Worse, as it becomes clear that it is impossible for a shrinking labor force to support a growing retired population, the euthanasia policies already taking hold in the Netherlands and the United States, on "cost-benefit" grounds, will be pushed in the rest of the advanced sector nations.

In West Germany, since the initial collapse of the early 1960s, this population trend has been reinforced by attacks on the family itself, especially from the counterculture. First, books and movies began campaigns against the nuclear family; by the 1970s, even school textbooks were attacking the family. A 1974 teachers' manual for the textbook *Kritisches Lesen I*, printed in Frankfurt, quotes a 1969 leaflet: "It is for good reason that the existing capitalist system deems it worthwhile to protect the family. . . . It isolates the individuals (preventing social solidarity) . . . cementing thinking and acting in terms of ownership and limiting the adults sexually to each other. . . . There are, for example, no suit-

able sexual partners for the children within the family. . . . As long as children continue to live in small families, the anti-authoritarian kindergartens have to steer against all these influences."

Even East Germany currently has a higher birth rate than West Germany. In 1975, when birth rates on both sides of the border had fallen to about 1.5 children per woman, the East German regime took measures including full-year maternity leave and a pro-family housing policy, which have served to increase the birth rate since 1978. The East German birth rate is now close to 1.9, while in West Germany it has fallen to 1.3 per woman, the lowest in the EC.

## The population war criminals

The cited report is most useful in identifying the demographic crisis in Europe: Declining fertility rates, combined with increasing advocacy, in Holland and other countries in Europe, of murderous practices like euthanasia, are unleashing a suicidal dynamic in Europe. It is the strategic dimension of the crisis, and its origins in the 1963-80s development of the neo-Malthusian movement, which is missing from the report. Since the report's authors have usefully taken our attention to the 1963-64 conjuncture, we would suggest looking at the following elements, as causal in the population collapse:

1) *The launching of the process that led to Vatican II, in 1963, by Gnostic forces associated with Pope John XXIII, and his allies in the Benedictine, Jesuit, and other orders.* These forces subsequently interpreted the pronouncements of Vatican II to attack traditional family-centered values, a key in demoralizing Western, Christian societies. This would have to be cross-gridded with the various forms of arcane cultism launched by the homosexual monks of the Orthodox world center of Mt. Athos, near Greece, on the occasion of the 1,000th anniversary of the founding of Mt. Athos.

2) *The 1963-64 launching of Lord Bertrand Russell's neo-malthusian movement, in earnest.* In 1963, the World Academy of Arts and Sciences, headed by Russell-ally Lord Boyd-Orr (founder and ex-chairman of the neo-malthusian Food and Agriculture Organization in Rome), together with the Nobel Foundation in Scandinavia, held a conference in Stockholm on the theme, "The Population Crisis and World Resources," at which Russell and others attacked what was called the "fertility cult," and demanded radical measures, in both the so-called developing world, and the so-called advanced industrial sectors, to reduce population, and to introduce "population control."

3) *The 1963-64 launching of the "post-industrial society" movement in the West, via the "Triple Revolution" fraud of Robert Hutchins, and the Ford Foundation, in the United States, together with the launching of the "MK-Ultra" drug projects of the Huxley clan, and the introduction of "satanic rock" via the Beatles.*

## The Soviet attitude toward the SDI

*The memorandum excerpted here, by a German specialist with considerable experience in military technology, is circulating in political and military circles in the Federal Republic of Germany. Without touching upon sensitive areas of technology and U.S.-West German military cooperation, this specialist designed the memorandum to identify the cultural source of Soviet anxiety about the Strategic Defense Initiative.*

The immense propaganda campaign initiated by the leadership of the Communist Party of the Soviet Union (CPSU), all subordinate institutions, and the organizations in the West which they influence, demonstrates, that the Kremlin and the Soviet military leadership take the American program to develop a defense-screen against Soviet ICBMs and SLBMs far more seriously than many Kremlinologists and politicians in the West had expected.

At first, the reactions from the East were aimed at making the entire SDI plan look ridiculous. In the process, the Soviets skillfully adapted the immediate point of view of the American peace movement, and played it up in their propaganda. "It is a crazy idea of a President gone berserk." Then, the tactics changed in 1984, when it became obvious that the Reagan administration was starting the program up for real, the American public slowly began to understand what was at issue, and the anti-SDI lobby did not succeed in achieving a breakthrough.

The Politburo became convinced that the SDI research work would not be significantly hindered by the anti-SDI lobby in the United States.

The old leitmotif, "The SDI is crazy, it will never be realized physically or technologically," was dropped, at least in the East. Instead, the weapons of "objective argument" were deployed, at least to the extent that such influence-propaganda has any room for objective argument at all. The chief targets were now Western European industrial nations—England, France, Italy, and the Federal Republic of Germany. This demonstrates that the Politburo wanted to

prevent the technological-scientific potential of the United States from being strengthened by augmentation with European research and industrial capacities.

There was a certain irony in the fact that the anti-SDI lobby in the West did not manage to keep in step with the lines of Soviet argumentation. That, in turn, led to the somewhat grotesque situation that people in Western Europe were still talking about "crazy, unrealizable ideas," while the propaganda apparatus of the CPSU was already operating with the argument "arms-control talks only if the United States gives up SDI." What did become perfectly, if disappointingly, clear to the anti-SDI lobby, is that the members of the Moscow Academy of Sciences, the top Red Army officers, and the Politburo, do not listen that closely to Western scientists who have proven that SDI "will not work."

All in all, there is something else behind Moscow's enmity against the SDI than a U.S. effort to research, and possibly develop in the near future, new non-nuclear defensive weapons against Soviet nuclear offensive weapons. The SDI program makes the entire military doctrine of the U.S.S.R. totter, a doctrine which has been developed since the fall of Khrushchov (1964) in painstaking planning by brilliant military thinkers. This military doctrine can be formulated in two brief points:

- 1) The enemy must be prevented from conducting a first strike (the Soviet trauma since June 1941).
- 2) Soviet territory must not be nuclear-contaminated in a coming conflict.

But if one examines this situation more precisely, it becomes clear that the Soviet enmity against the SDI is not only because it causes Soviet military doctrine to teeter like a house of cards. Following the announcement of the program, the military leadership undoubtedly proposed a comprehensive catalogue of countermeasures to the Politburo.

- Increase of offensive weapons, in particular the 5th generation, i.e., the (mobile) SS-25, the super-dimensional SS-24, and the SS-26.

Likewise, accelerated production of Thyphoon subma-

rines, armed with 20 SS-N-23, a missile which can reach American territory from Soviet waters.

- Harden the MIRV-bus and the warhead-shell against laser beams (and, if possible) also against particle beams.
- Increase the number of decoys, which simulate real warheads in form and weight.

The marshals' list of proposals was surely much longer than this, and they surely assured the Politburo that Soviet technicians could circumvent an American defensive shield.

Despite these assurances, Gorbachov and his other Politburo members ultimately decided to return to the negotiating table in Geneva, naturally with the loudly proclaimed reservation, that President Reagan ought to give up his SDI program. Reagan categorically refused. Nevertheless, it was agreed to hold a summit. There was no agreement on defenses in space. Parallel to the official "de-icing declarations" on both sides, there was a targeted propaganda operation aimed at the anti-SDI lobby and peace movement circles in America and Europe, which fell nicely into the arms of Soviet influence.

But on the propaganda field of battle, success was minimal. England, Italy, and—with many "ifs" and "buts"—the Federal Republic of Germany, were ready to enter direct agreements for an SDI participation, or—as in the case of the Federal Republic—to politically support this program.

Then, on Jan. 28, 1986, General Secretary Gorbachov delivered his thunderbolt: All nuclear weapons in the East and West could disappear by the end of this century. But only if the U.S.A. gave up its SDI program. Gorbachov thereby over-trumped the famous Reagan "zero-solution," since Reagan had given no date for the ultimate disappearance of all nuclear weapons. So, the question must be posed once more: Why such a desperate attempt by the Politburo to force the U.S.A. to give up the SDI? After all, in the evaluation of the Kremlin, there was a good chance that some circles in Western governments and in Western public opinion would enthusiastically pick up the Gorbachov "step-by-step" plan. But, here too, it seems as though the diligent propagandists in the Kremlin set their hopes for being able to exert a lasting influence on governments and populations in the West too high.

So, what is the reason for this embittered poker game against the SDI? The answer would have to lie somewhere far beyond the militarily altered situation. After all, after 40 years of thinking and planning offensively, even the Soviet military could learn to think defensively for once.

### The deeper resistance

The resistance cannot be motivated merely by strategic-military considerations. If, however, we look the internal structure of the Soviet system of rule in the eyes, it becomes immediately clear, that the Soviet *Nomenklatura*—i.e., those persons who nominate the Central Committee delegates, in whose ranks the proposals and draft legislation issued by the

Central Committee Secretariat are discussed, and then ultimately voted on and passed in the Central Committee meetings—these people locate their own security in the conviction that the artificially intertwined centralization of all powers of decision fixes the future, makes it predictable. This predictability—introduced by Stalin via the mechanism of pure five-year plans—is what communicates the inner security, which a ruling elite absolutely requires. The *Gosplan*, which prescribes the most minute details of production life, ultimately provides all members of the *Nomenklatura* with the conviction, that everything is regulated, everything is foreseen, the course of development is predictable. And that goes not only for the products of civilian industry, but also to a great extent for military technology. In spite of the high proportion of the population still active in agriculture, the Soviet Union has the need to view itself as an industrial nation.

But it does not quite work out in industry. The domestic sections of the KGB are not at all inactive: They report irregularities, incidences of corruption, nepotism "up the line." Since Andropov, "examples" are made of more and more people, leading scientists, "Red Directors," and high bureaucrats are punished, some condemned to death. In every speech Gorbachov gives, he appeals to Soviet workers to maintain discipline, to perform better, and to report every conceivable grievance to the top. We may, therefore, presume, that the KGB some time ago provided to the Politburo, perhaps even to Gorbachov directly, a naked, true-to-life picture of the desolate situation of Soviet industry—desolate relative to what the Politburo believes it might have to accomplish in the face of the SDI. Since the KGB also has access to the technical, scientific, and economic journals of the West, the Politburo also knows that the U.S.S.R. cannot keep step with the West with respect to technology. Of course, no one can say so in public. But all of the measures, personnel changes, and elimination of superfluous bureaucracy of the past year, permit us to conclude, that the U.S.S.R. is clearly making efforts to catch up technologically and fill the existing gaps. A number of individual cases, which have become known, show that it is very difficult to build rapidly progressing technological innovation into a pre-planned cycle of production, planned years in advance. We in the West should know, that the chief of a production plant enjoys a clear veto right against "new elements in production" and innovations, which he does not like. Since his annual premiums are gauged according to the numbers of pieces produced to fulfill the "plan-guidelines," it should not be surprising, that he will fight tooth and nail against anything which will (or could) lower his annual premium.

In the military production field, the management situation becomes more complicated, because the Academy of Sciences (usually Moscow) has its hand in, administers, and finances all technological innovations, all R&D work. In addition to the Academy, the planning, development, and

production in the military area, is steered by an opaque maze of industrial committees, consisting of

- the Defense Ministry,
- the central Gosplan authority,
- the relevant secretariat of the Ministerial Council,
- the relevant production ministries,
- the relevant section of the Academy of Sciences, and
- usually a party-Central Committee Secretariat.

Anyone who has some closer insight into this jungle of responsibility authorities can hardly imagine a project engineer in a High Construction Office ever coming up with anything new. For outsiders, this maze of committees is also the explanation for that unique monotony of Soviet industrial products. Even in the case of more complex modern weapons systems, hardly any real progress can be observed over a span of decades. Soviet tanks are surely quite effective, but the blueprints today are drawn up according to the same criteria as Stalin laid down to his first Tank Production Office in 1934. Soviet fighter, interceptor, and bomber aircraft are surely good, but if we consider the succession of the individual models in time, the successive machines are generally copied from Western construction principles, principles which are then applied in the U.S.S.R. four or five years later. And if we examine the succession of Soviet large missiles—including reconstructions, we are astounded by the monotony of the overall design. Of course, today the Soviets have missile engines which use a gas pump to divert the flowing gas to the exhaust jet—but this came eight years after the application of this procedure in American missiles. Naturally, today the Soviets have Multiple Independently Targeted Reentry Vehicle (MIRV) warheads which can fly into different targets independently—but only nine years after the development of this new technology in the American Polaris and Minuteman missiles. Certainly, the Soviets have fighter and interceptor aircraft with variable wings—seven years after the United States deployed the first planes of this type in Vietnam.

Anyone who has dealt with the history of technology knows, that the Russian people have often brought forth talented inventors. The quip often used in the West, that the Russians have invented things far sooner than the West, but never made anything out of these inventions, should not be pronounced lightly. Russian inventors were often ahead of their time. Russian technicians are also quite innovative, for example, if one can observe them on a development project abroad.

Russian scientists have performed brilliantly in some areas. The number of Russian Nobel Prize bearers in natural science areas is steadily growing. So, it can not be due to the inborn "backwardness" of the Russian character, that the Russians are still waiting for the "new age of mankind," which they were promised almost 70 years ago.

If, despite inventive talents of Russian people, real technological progress moves only very slowly, this tendency for

backwardness must be due to the system, to the internal structure of the society. But it is just this internal structure of the society which Gorbachov does not want to change. None of the measures which Gorbachov has announced indicate any intention to loosen up the rigid centralism of industrial infrastructure. Even if Gorbachov wanted to, he probably could not, because then the entire *Nomenklatura* would turn away from him. The leadership layers, consisting of some 350,000 people governing 270 million others, must know, that their security is guaranteed in an organized way, in order to be able to impose their rule ruthlessly. This security is guaranteed by rigid centralism. Hence it is easier to throw many other articles of faith of the communist world-view overboard, but this centralism of the leadership cannot be touched: That were a mortal sin, seen from the standpoint of a member of the *Nomenklatura*. This is also true, of course, for the military area—particularly in research and development of military weapons systems.

### **Moscow's military-industrial complex**

It is necessary to examine the structure of research and modern weapons systems more closely, in order to understand why the centralized leadership circles of the Soviet Union fight so bitterly to stop the American SDI. The military-industrial complex in the Soviet Union accounts for between 9-14% of Soviet GNP, depending upon the breadth of one's survey of the firms and institutions involved. There are approximately 134 final assembly plants, approximately 3,500 supplier-enterprises, and about 6 million workers.

On the whole, nine ministries have one or another responsibility in the area of military production:

*Chief contractors for weapons systems:* Ministry for the Aircraft Industry (aircraft, helicopters, etc.); Ministry for the Defense Industry (conventional weapons); Ministry for Ship-Building (war-ships); Ministry for General Machinery Construction (strategic and tactical weapons, missiles).

*Supplier ministries:* Ministry for Medium-Sized Machinery Construction (nuclear weapons); Ministry for Machinery Construction (general munitions); Ministry for Electronics (military-electronic equipment); Ministry for Communication (telephone and radio systems); Ministry for the Radio Industry (radio and television).

The Experimental Construction Offices represent the bridges between research/development and production. They play a far more important role in the military than in the civilian sector. They are similar in structure to a large business. They are responsible for implementing a military large project from the design phase through the production of prototypes.

Businesses which produce military goods are also involved in civilian production in order to achieve better capacity utilization: Factories which produce components for missiles will also produce refrigerators, railway cars, threshers, etc., which in turn are sold on Western markets. Their

work is constrained, of course, by an army of commissars and their institutions. Designs in these factories must follow official "construction handbooks" which prescribe a number of standard design characteristics and materials, as well as production methods, in the most minute detail. One of the most detailed reports of the OECD Directorate for Science, Technology and Industry (Paris 1983), describes present knowledge of "design philosophy" in Soviet industry, particularly military industry.

Certain changes have been introduced in the past two decades, but the system of performance indicators for Soviet factories is still based on quantities, i. e., the number of things produced. In mid-1982, the "value indicator" for the performance of a factory was somewhat restricted, using the number of "sold" products as a measure. Otherwise, the following indicators are used: • general running costs, • labor productivity, • profit, related to capital input, • quality of the product, • savings in material and energy, • introduction of new technologies. Actual output, however, remains the chief indicator.

Imagine the director of a factory, who asks himself, whether he should produce something new, or continue with his old line of production. If he is actually successful with the new product, he (and other members of the management) will receive a bonus for the new technology, in addition to bonuses for output, profit, and the other indicators. But he takes a big risk if he introduces a new technology: • He will be dependent on other factories for materials and supplies of components. • The lead time for the production of the new product will usually be longer than estimated. • The production costs may initially be higher than expected. • The number of actually produced new products may be lower than planned. • The new product may not fulfill the wishes of the "customer," and may not be as reliable as the institutions responsible for the development had predicted.

The result of these risks is: His annual bonus will be smaller. If the manager rejects the new technology—which he can do—he will probably achieve all of his production targets with the previous line of production, which he would not have achieved with the innovation. Given the balancing act between risks/premiums, most managers will do their best not to introduce new technologies or new products. They need fear no competition. In a centrally planned economy with widespread and chronic inefficiency, a Soviet manager can count on the fact that the contracting agency will buy everything his factory produces, since this agency does not "distribute the products" to customers, it "assigns" them, and the customers are happy to get them.

These considerations are true not only for all factories, but to an even greater degree, for all official agencies and ministries, because the premiums of the bureaucrats in these institutions are accounted in terms of the volume of production of the factories under their supervision. All official agencies—all the way up the line—therefore have the same in-

terests: to keep output "high," and within the same product-mix which has been proven in the past, instead of introducing new products, which would be risky to say the least. This is the reason for the "monotony" which clings to all Soviet industrial production.

In military research and development, there is another factor which to a large degree hinders the development of new weapons systems: the Soviet mania for secrecy. It is, of course, true, that technicians and scientists who work in the weapons development sector have significant advantages: 1) higher wages (up to 30% higher); 2) rights to larger apartments; 3) greater ease in purchasing private cars; 4) luxurious vacations.

But the strict secrecy regulations deter many from working in the arms sector, so that the best scientists and technicians do not always join military industries. All technical-scientific information is divided into five categories: • open; • confidential; • secret; • strictly secret; • highest secrecy.

The same categories exist in the West, too, but the difference is, how secrecy is assured.

- There is a central KGB office in every factory, which fixes all of the security regulations for that factory, and also determines the level of access to secrets for every employee.

- There are seldom general guidelines which indicate what everyone can know—that is left to the discretion of the KGB office.

- Every worker or employee obtains a "security pass," which can only be worn when he goes to his own work place. Any intercourse with other offices, laboratories or workshops of the factory must be approved by the KGB office.

- There is a "super" pass, which allows access to other offices or agencies.

- All "secret" or higher classified writings, drawings, etc., must be stored in the KGB office.

- All notes, sketches or the like, of "secret" plans, or finished pieces, must be registered in "secret note-books" with numbered pages. Nothing entered, in ink, may subsequently be made unreadable.

- Every office has two secretariats: one for open, the other for secret correspondence.

This absurd system of secrecy leads to rigid sterility, and the complete inability to deal with anything new.

There is, moreover, the requirement that all scientific manuscripts be approved by various security agencies prior to publication. Since the "censors" usually know nothing of the subjects they review, important scientific knowledge bounces around the nest of the security bureaucracy for months. Only a few years ago, the Academy of Sciences in Moscow succeeded in alleviating this situation somewhat. Individual industrial ministries now publish "confidential monthly news-bulletins," which are only accessible, however, to a limited number of people screened by the KGB.

All of this is the consequence of the central control and planning by a small layer of the members of the *Nomenkla-*

*tura*, which has the entire Russian people “firmly in grip.” Everything, absolutely everything, is pre-planned, predictable, and determined. And even if this pre-planning is not always fulfilled, the divergences are never great enough to impinge on the system. And the amazing thing is, that everyone in the Soviet Union is happy with this system. They feel embedded in a great plan, complain now and then about the inadequacies of its fulfillment, but are relieved of any responsibility to do any planning themselves, or decide anything themselves. Things are much calmer, much more secure, if one knows, that everything is decided “up there.” That is the foundation of the feeling of security, which the *Nomenklatura* needs in order to block all the avenues to power for all the others. Changes in the internal social structure never come “from below”—God forbid!—but “from above.” In Gorbachov’s case, God did not forbid it, but Gorbachov’s sweeping broom only hits some—the system remains.

Then comes this American President, who wants to make the entire system of strategic weapons, built up so painstakingly over 30 years, into junk. Naturally—and only a few people in the Politburo and the Central into junk. Naturally—and only a few people in the Politburo and the Central Committee know this—the Soviets also have their SDI, but this work was relegated to the top-red classification category from 1967 onwards. That way, the work could proceed on the “back burner,” and it was easy to keep the “new” and “unaccustomed,” the “upsetting” under control, to be able to slowly and securely think over the new technologies and develop ideas for the next 20 years. The entirety of Soviet plans for the future are in disarray because of the American initiative, an unhealthy hecticness protrudes into the business, because the Politburo knows, of course, that the Soviet Union cannot keep step with the U.S.A. in the sector of new weapons technologies, because the weaknesses of their system have produced gaps and technological backwardness. The “Soviet Eureka Pact” in Prague at the end of last year will not bring the desired “leap,” because bureaucratic problems in technology transfer, and especially financing, cannot be overcome.

One thing is sure: The American SDI is the genuine and possibly most acute danger the Soviet Union faces. The “unique blessings of communist rule,” and “true socialism” are threatened at the point of their central nervous system: central planning, long-term predictability of everything.

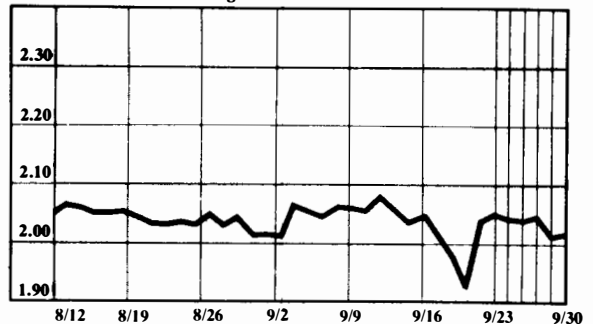
We in the West have to understand, that this Soviet battle against SDI will be with us for a number of years. The Soviets do not want to live with this danger, and the Americans are not going to leave them alone.

Whether we Europeans really join in, or not, is irrelevant to this fundamental battle. For our own technological future, it is decisive. The Soviets will have to transform their “SDI” into a “Crash Program,” whether they want to or not. Basic decisions are still necessary, or we Europeans will be sitting in the middle, odd man out.

## Currency Rates

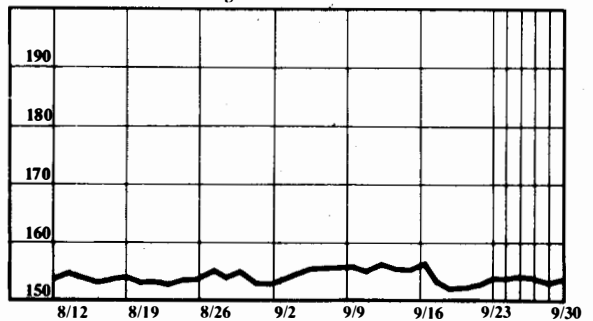
### The dollar in deutschmarks

New York late afternoon fixing



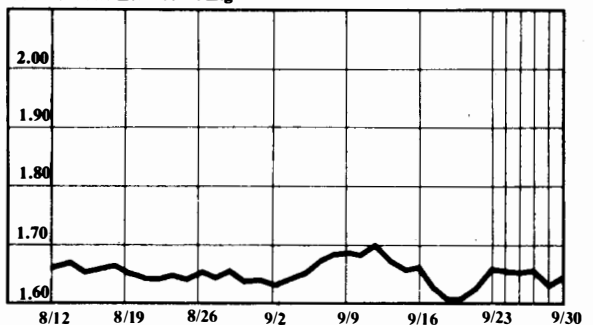
### The dollar in yen

New York late afternoon fixing



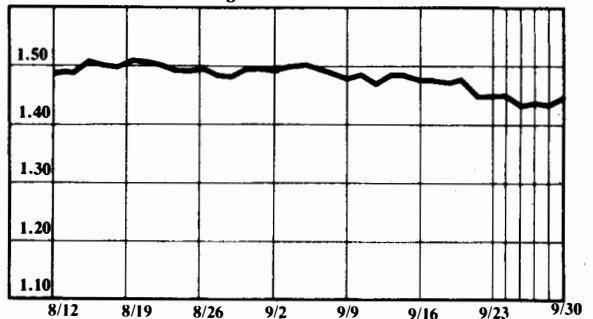
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



## How not to save the family farm

*Congress is considering a new bill that, typically, will accomplish the opposite of its purport.*

A new food reduction bill was introduced in Congress on Sept. 23, by Sen. Tom Harkin (D-Iowa) and Rep. Richard Gephardt (D-Mo.). They're calling it the "Save the Family Farm" bill. It will definitely not save the family farm.

Nor will it maintain minimum food supplies for national and international needs. The bill has received the full bally-hoo treatment from the "farm mafia"—Nashville, the Eastern Establishment foundations, the grain company operatives, and the media. Both farmers and the general public are supposed to be fooled, at least through the November elections.

The backers of the initiative are mainly the "radical Democratic" farm faction, which aims to unseat Reaganite politicians on both farm and non-farm issues, especially the Strategic Defense Initiative. The pseudo-opposition to this group comes from Sen. Bob Dole (R-Kans.) who has an equally undesirable "free market" initiative he wants to make national farm policy. He wants to cut all guarantees on farm income.

Reagan personally, and some of his administration, oppose both the Harkin and the Dole group, but they have no comprehension of the food/farm disaster, or what to do about it. Anywhere "LaRouche-program" candidates (calling for increased production, low interest credit, no farm foreclosures, and an end to the IMF/Federal Reserve policies) have run for office this year, they have polled between 15% and 40% or more, whether as Democrats or Republicans. One

such farm leader in Oklahoma, George Gentry, polled 33% statewide in the August Democratic primary for U.S. Senate.

The "Save the Family Farm" bill calls for mandatory farm-commodity quotas, to be set by a process of farmer referenda, coordinated by the U.S. Department of Agriculture, in the way the USDA took a wheat growers referendum this summer. The bill mandates output reduction of up to 35% in grains, soybeans, and milk.

The theory behind this is that then the "laws" of supply and demand will drive up the price the farmer receives for his products, once food become more scarce. Conspicuously absent from this equation is the role of the commodity cartel (Cargill, Continental, André/Garnac, Louis Dreyfus, Armand Hammer/IBP, Nestlé, and the others) in arbitrarily setting low prices, because of their dominant role in marketing, domestically and abroad. Lo and behold, many of the bill's boosters have well-known connections to the cartel.

The "Family Farm" bill is modeled on the hated laws of the 1930s, in which farmers were compelled "to kill every other pig, and plough under every other row," in a disastrous attempt to "improve" farm financial conditions by destroying commodities, and drastically cutting output. Only the World War II parity-price policy—combined with an all-out *production expansion* drive, pulled the farm sector out of depression.

Harkin's proposed bill would have an immediate, devastating effect on

the farm sector, as even inadequate USDA statistics indicate. An internal constrict U.S. agribusiness so severely that Gross National Product (a highly inflated figure in any case) would be reduced by \$71 billion, and nearly 2.2 million jobs would be lost. This would necessarily occur through a ripple-effect process of lost farm input production—fertilizers, seeds, chemicals, equipment and fuel, lost harvesting and processing services, and lost farm community spending, etc.

To give an "aura" of farmer support for the bill, a conference was held in St. Louis, Missouri, called the "United Farmer and Rancher Congress," the same week as Harkin introduced his bill. The three-day event was funded in part by Willie Nelson's FarmAID, Inc., part of the "country sound" division of the national entertainment mafia. Nelson is notorious for his defense of drugs during the Carter years. There was one famous incident where he was so spaced out he could not sing the words to the national anthem (maybe he didn't know them in the first place).

FarmAID makes a pretense of giving out emergency help for food, legal and medical services, and contributes most of its money to farm crisis telephone "hot line" groups, otherwise funded and controlled by the Ford Foundation and similar Eastern Establishment circles, who support the drastic decrease in U.S. farms.

The chairwoman at the Farm Congress was Ann Kanton, the assistant agriculture commissioner of Minnesota, where Cargill itself runs the so-called radical farm policy initiatives. Kanton's PR theme was, "I think the message can go to all of America that farmers, farm organizations, the bankers, the business people, the clergy have all spoken with one voice."

In sum, Willie Nelson says, don't produce food.

# Business Briefs

## Debt

### World Bank blames Africa for problems

The World Bank's *Annual Report*, issued in early October, blames African debt problems on "unwarranted levels of consumption."

In its report, the World Bank accuses countries like Sudan and Somalia of trying "to sustain unwarranted levels of consumption in periods when external circumstances were not in their favour."

The report praises countries which have implemented economic "reforms," like Ghana, which has cut government expenditure and devalued its currency by 3,200%. One of the effects of these policies in Ghana has been a dramatic rise in infant mortality over the last five years.

The report also states that 1986 is a "year of opportunity" for Africa. The World Bank claims that, thanks to good rainfall in 1985 and early 1986, the economic situation in Africa has "improved." However, the facts it describes are the following: "Prolonged cuts in consumption and investment have damaged the productive base in several economies; the servicing of external debt has become a heavy, sometimes unmanageable, burden for some; and the long term prospects for most primary exports remain gloomy."

Per-capita incomes in many countries have fallen below that of 1970, with levels as low as \$140 in Zaire. The prices of Africa's exports have fallen again, with cotton prices down 26%, sugar 22%, and tea 43%.

Export earnings fell for nearly all countries in Africa, and foreign aid and investment fell. Debt service as a percentage of export earnings ranges from "a low of 47% for Zaire, to a high of 158% for Sudan."

Meanwhile, on Sept. 30, the Organization of African Unity chairman, N'Guesso, head of state in the Congo, called for an African conference on debt.

N'Guesso's call, delivered at the United Nations General Assembly on Sept. 30, surprised many observers. Radio France International commented that the call was greeted with "general astonishment." Since there

had been such widespread opposition to the proposal when it was originally made by Senegal's President Abdou Diouf, most believed it would be dropped.

## Banking

### Bank America admits loan fraud

The Bank of America has admitted that it held large amounts of fraudulent foreign debt and was involved in fraudulent loans.

The bank recently agreed not to attempt to collect on a \$15 million loan that it granted in 1979 to Brazil's largest agricultural cooperative. The money loaned went, not to the Brazilian co-op, but into a secret account controlled by the former director of the co-op at Bank of America's Houston branch.

The former head of the co-op embezzled over \$140 million into that account during a three-year period, with the knowledge and collusion of top Bank of America officials.

The bank, which illegally failed to report the loan to Brazil when it was made, blackmailed the Brazilian central bank to legalize the debt by threatening to scuttle Brazil's 1984 debt-refinancing package.

## U.S. Economy

### Real-estate debt worries British

Financial sources in Great Britain are concerned about U.S. real-estate debt problems.

A senior spokesman for a leading U.K. brokerage firm told *EIR* on Oct. 1: "Frankly, I am quite shocked that major notice hasn't been made until now of the worrisome problems in U.S.A. real-estate loans. Two-thirds of the savings & loans there are technically insolvent, but are kept afloat by regulatory accounting gimmicks. Real-estate debt must become the next big problem, but this, on top of the existing oil and farm debt problems."

The spokesman estimated, as of summer 1986, total outstanding U.S. mortgage debt to be approximately \$2.3-2.5 trillion.

"And despite the considerable recent decline in mortgage interest rates, new housing sales rather than rising as predicted 5% have dropped 13%. This does not even account for the commercial real-estate situation."

One victim of the real-estate situation is apparently Merrill Lynch. According to a Geneva source, Merrill Lynch is being forced to close its Swiss operations:

"They are reportedly having serious problems. This, on top of the big problems they got into recently in their U.S. real-estate division, where I'm told they gambled heavily on massive expansion of residential home sales."

Merrill Lynch announced on Sept. 30 that it is seeking a buyer for its major real-estate activities.

## Energy

### Soviet Union facing winter shortages

The Chernobyl nuclear plant accident, coupled with construction delays and a shortage of water, has caused an energy shortfall in the Soviet Union with winter coming on, according to the official Communist Party newspaper *Pravda* on Sept. 29.

Nuclear and hydroelectric power plants in several regions failed to meet their targets this year, and *Pravda* called for domestic and industrial energy savings to ensure a stable supply of electricity through the winter.

Energy-saving measures such as rescheduling working hours would be needed "to ensure a stable and unbroken energy supply," *Pravda* said, adding that, once again, the much criticized practice of "storming"—working fast at the end of the year to make up for a slow start—would have to be adopted in the energy industry, with the concomitant drop in quality.

Meanwhile, the first reactor at the Chernobyl plant is now back in operation, ac-



cording to an official Ukrainian newspaper. Anatoli Alexandrov, president of the U.S.S.R. Academy of Sciences, was present at the re-start of the plant.

The start date for the second reactor was not announced. Tass reported that investigators are expanding their search for contamination produced by the accident beyond the initial zone of 4,700 square miles.

## **Nuclear Power**

### **World production increased in 1984-85**

Production of nuclear power worldwide increased by 14% from 1984 to 1985, the head of the International Atomic Energy Agency said at the 30th general conference of the group on Sept. 29 in Vienna.

The increase follows a 19% jump from 1983 to 1984, and is equivalent to the entire annual coal production of the United States or the Soviet Union, said IAEA Director-General Hans Blix:

"Nuclear energy is not a luxury that can be dropped like a garment. It is a source of energy that continues to grow substantially in several countries."

U.S. Energy Secretary John Herrington said that America also remains firmly committed to the development of nuclear power.

## **International Debt**

### **Mexico to get small interest reduction**

Mexico has "won" a reduction of 1/16th of 1% in interest payments in a deal between Mexico and its creditor banks, according to an announcement from Citibank on Oct. 1.

Mexico will pay 13/16ths of a percent above LIBOR on \$43.8 billion in old loans, on which it is currently paying 7/8ths of a percent, and was given \$6 billion in new loans. The reduction will decrease Mexico's \$7 billion interest bill by \$24 million, but

Mexico will have to pay much more than that in "costs" and other give-aways to its 500 bankers that remain secret.

The Mexico deal is, however, "subject to the completion of ongoing negotiations," Citibank's William Rhodes admitted. Another banker said, "We don't have a deal until it is done," and it requires approval of 90-95% of the lenders. "The conditions are done," and it requires approval of 90-95% of the lenders. "The conditions are very good, and show the bankers have not been bulldozed. Otherwise, every debtor country in the world would have come up and tried to flex his muscles," another banker said.

Mexico's Finance Minister, Gustavo Petricoli, stated on Oct. 1 that the deal is "very satisfactory." He added, "We must go to work to deepen structural change."

Petricoli claimed that this kind of agreement is the right path for all of Ibero-America. He added that the deal was "in the spirit of the Baker Plan," the plan originally proposed in 1985 by James Baker III which features "debt-for-equity" swaps.

Baker himself agreed, in his speech to the IMF annual meeting on Oct. 1.

## **Security**

### **State Dept. sets up anti-terrorist service**

Following terrorist attacks in Europe on business and industrial figures identified with the "military-industrial complex," a special intelligence service, ostensibly to help U.S. businesses combat international terrorism, has been set up at the State Department by Secretary George Shultz, the State Department announced on Sept. 25.

The special intelligence service will provide advance warning and information about terrorism to U.S. companies in foreign countries, said Joe Rosetti, vice chairman of the Overseas Security Advisory Council and director of corporate security at IBM.

"This unit will be the nucleus for what we hope will become a major security asset for U.S. businesses operating overseas," Rosetti said.

# *Briefly*

● **ADOLFO LUGO VERDUZCO**, the president of the ruling PRI party of Mexico, told the Sept. 26 PRI National Council meeting, "The interests of the Mexican people are above those of international creditors."

● **AN INDIAN** Health Ministry spokesman said on Sept. 24 that all foreign students going to India for study would have to be screened for AIDS. A majority of the 18,000 foreign students in India are from Africa, where AIDS is rampant.

● "MILK is not a basic need," Venezuela's Development Minister Gustavo Miravala announced Sept. 24, as a justification for lifting price controls on pasteurized milk, which will cause the price to rise substantially.

● **BRITAIN'S** Labour Party voted on Oct. 1 to have any future Labour government phase out nuclear power gradually, ignoring appeals from unions that thousands would lose their jobs and "the lights would go out" when coal supplies were used up. A stronger motion, for specific closures within five years, failed to pass.

● **THE KREMLIN** has unveiled a "far-ranging liberalization of its foreign trade," according to the London *Times* Sept. 24. Under regulations to go into effect Jan. 1, more than 20 ministries and 60 enterprises will be granted the right to freely enter foreign markets. "The export potential of manufacturing industries, above all, mechanical engineering, is not being used satisfactorily," a Soviet spokesman is quoted.

● **THE OECD** in Paris in late September released economic figures for the first six months of 1986 compared to the same period in 1985, showing that new orders for world shipbuilding have plummeted by 30%. European Community orders are down a staggering 69%, with West Germany worst hit with more than an 80% decline in new orders.

## Ibero-America's debt: the looting of a continent

### Part 6

#### Ibero-American integration

By the year 2000 there will be 100 million jobless in Ibero-America, unless the countries of the continent repudiate the policy of "adjustments" and "conditions" of the International Monetary Fund and World Bank.

In this book the reader will encounter a scientific program to meet the crisis. Prepared by an international group of specialists of the Schiller Institute at the request of the institute's Ibero-American Trade Union Commission, it is a study of the urgent means that will free Ibero-America of its economic dependency. The formation of a "debtors club," the physical integration of the continent by great infrastructure projects, and the creation of a Common Market are the first steps toward shaping an virtually self-sufficient economic superpower.

Released in September 1986 in Spanish by the New Benjamin Franklin House of New York, the book is being made available exclusively in English through EIR's serialization.



*This installment completes Chapter 2, which was begun in last week's issue of EIR.*

#### The big three debtors

**Mexico:** Despite a net \$17.0 billion inflow from the rise in petroleum prices in 1979, Mexico suffered heavily due to usurious interest rates and capital flight. Adjusting these factors in 1977 terms, inclusive of the positive effect of terms of trade (as a result of oil price rises) in Mexico's case, total Mexican foreign debt today would be a mere \$11.5 billion, compared to what it officially is: almost \$100.0 billion. One may say that the sacrifices of the Mexican people would have been rewarded by eliminating about 60% of Mexico's debt burden under an equitable international financial and economic regime. **Figure 2-3** shows the legitimate versus illegitimate debt for the Mexican case.

**Brazil:** In an equitable environment, Brazil today would have no debt at all. More than any other country, Brazil is a heavy importer of petroleum and exporter of products whose prices have declined. It therefore suffered greatly from the collapse in relative terms of trade. Without the disproportionate increases in the prices Brazil paid for imports, Brazil would have saved \$12.5 billion. The income it received for exports would have been \$78.5 billion higher, if prices had corresponded to their relative 1977 values. Its total term of trade loss was therefore \$91 billion. Adding to this the savings Brazil would have accrued from stable interest rates and elimination of flight capital, would have enabled Brazil to pay off its entire debt by 1983. By 1985, it would have enjoyed a \$58.5 billion surplus (see **Figure 2-4**).

**Argentina:** Besides 1980, in the years before 1982 Argentina never ran a trade deficit. During the 1977-82 period, while the foreign debt was rising \$34.0 billion, the country ran a trade surplus of more than \$5.0 billion, a surplus which

widened further in 1983, 1984, and 1985. As with Venezuela, whose debt mushroomed despite a very large annual trade surplus, Argentina incurred its debts without any tangible return to its economy. Figure 2-5 shows the legitimate versus the illegitimate debt for the Argentine case.

### The decline in production and consumption

This build-up of fictitious debt has been used by the International Monetary Fund (IMF) and creditor banks to impose stringent austerity conditionalities on virtually every Ibero-American nation. The true cost of the IMF "adjustment" measures implemented over the past five years is almost beyond calculation. The number of jobless is going up by more than 3 million every year. At least 15 million workers are unemployed who were not in 1980, or are functionally unemployed doing useless "service" jobs epitomized by the street-vendor phenomenon pervasive in every Ibero-American city today. The number of unemployed is rising by more than 3 million every year. These 15 million "new unemployed" are more than 12% of the entire labor force. Almost 35% of the entire labor force is today effectively jobless or underemployed.

The social cost of these tendencies is seen in the rise of open beggary, soaring crime rates, and the demoralization of entire populations which are being driven to drugs and the black economy.

Since 1980, Ibero-America's gross domestic product (GDP) has stagnated. On a per-capita basis, it has fallen 11.4%. GDP fell 3% in Brazil, 3.6% in Mexico, 14.6% in Peru, 17.7% in Argentina, and 20.8% in Venezuela.

Manufacturing performance was even worse. As shown in Figure 2-6, Mexican, Brazilian, and Argentine per-capita manufacturing output has returned to levels of the mid-1970s. Argentina is producing less per capita now than it did in 1970.

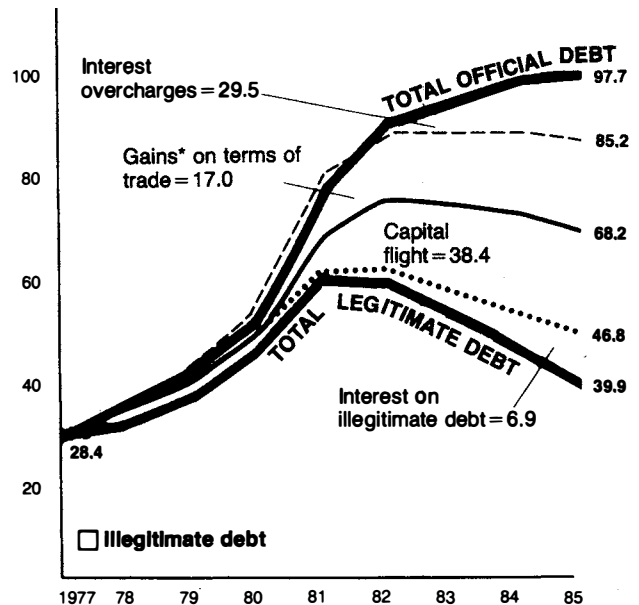
The construction industry has been one of the hardest hit, because the most severe cuts have come in public investment, the mainstay of the construction industry in most Ibero-American countries. Mexico, Brazil, and the continent as a whole saw a 20% decline in construction (30% per capita), while Argentina's construction industry has fallen to half of its 1980 level, and Venezuela's to 60% (50% per capita).

However, even these calculations understate the damage suffered by Ibero-American economies. The decline in production shows a collapse of economic activity. But for an underdeveloped country, a decline in consumption of the output of farms, factories, and mines, both as personal consumption and gross capital investment, is the best gauge of the effect of a given policy on that economy. For an underdeveloped economy, only rapid increases in total capital investment (i.e., consumption of producers' goods) and per-capita personal consumption are compatible with development. By this measure, Ibero-America is much worse off than the production figures by themselves would indicate.

Between 1980 and 1984, there was a net increase of \$40 billion in tangible goods exported. Therefore, using Inter-

FIGURE 2-3  
**Foreign debt of Mexico, legitimate and illegitimate 1978-85**

(billions of dollars)



\*Note that in this case there are gains, not losses, due to terms of trade, which cause an increase in the debt from \$68.2 million to \$85.2 million.  
Sources: ECLA and authors' estimates.

American Development Bank calculations (1982 dollars), while per-capita production of mining, manufacturing, and agricultural goods fell 8.6%, the domestic consumption of this output fell 22.4%, from an annual \$732 per capita in 1980 to only \$568 per capita in 1984.

But this still understates the matter. What would have been produced, and consumed, had normal growth taken place? Let us assume a 7% rate of annual growth for the continent. A reasonable figure, attained by several Ibero-American nations during some years in the 1970s, and repeatedly exceeded by several Asian nations over the past 25 years. Taking into account the increase in population, this growth rate translates into 4.7% growth per capita. Under this condition, the per-capita availability of goods in Ibero-America would have increased 20% over 1980 levels, to \$880 per annum.

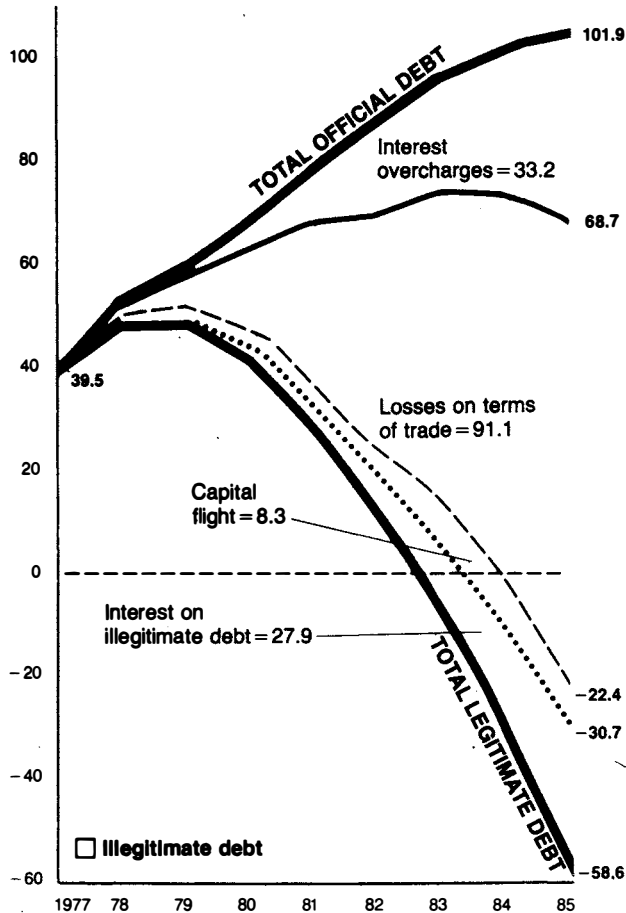
From this standpoint, the present figure of \$568 represents a 35% decline since 1980. The tripling of foreign debt has been the mechanism by which 400 million people have been robbed of their rightful consumption of investment and consumer goods, most of it going to the home countries of the creditor banks in the form of underpriced exports, the rest never produced because of the policies dictated by those banks.

Finally, gross capital formation, a rough measure of investment in all forms, has plunged much farther than even

FIGURE 2-4

**Foreign debt of Brazil, legitimate and illegitimate 1978-85**

(billions of dollars)



Sources: ECLA and authors' estimates.

the general consumption of goods. In 1982 dollars, this fell from \$155.3 billion to \$104.9 billion, a 32.5% decline, between 1980 and 1984. In per-capita terms, the fall was 38.5%, from \$435 to \$268.

Argentina's gross domestic investment has fallen more than 51%, 54% per-capita from 1980 to 1984. Mexico's decline, since the high-point of 1981, has been 43%, 48% per-capita.

Part of gross capital formation is simply maintenance and depreciation of existing capital infrastructure, with only the net portion representing investment in new plant, equipment, housing, or infrastructure. A fall in the gross category always means a much more severe fall in net investment, though it is nearly impossible to measure this net investment with precision, based on available statistics.

Nevertheless, certain things are clear. Mexico has all but canceled its development budget, including the four planned

superports, two of which were never even started. The transportation infrastructure budget was cut from \$1.8 billion in 1981 to under \$1.0 billion by 1984, canceling most new construction and not even providing for adequate repair and maintenance of the existing system. Brazil has downgraded its multi-billion dollar investment in the Grande Carajas project to the bare minimum needed to extract ore and ship it to port. Tens of billions of dollars of other development projects have also been scrapped. Government investment in transportation, for example, fell in 1984 to nearly half of its 1976 level, from \$3.1 billion to \$1.7 billion. In Peru, it is estimated that manufacturing industries have not invested at a level sufficient to maintain existing capital stock, much less expand. A recent study in Argentina estimates that industry has experienced a net disinvestment of \$4.5 billion in the last five years, i.e., negative net investment.

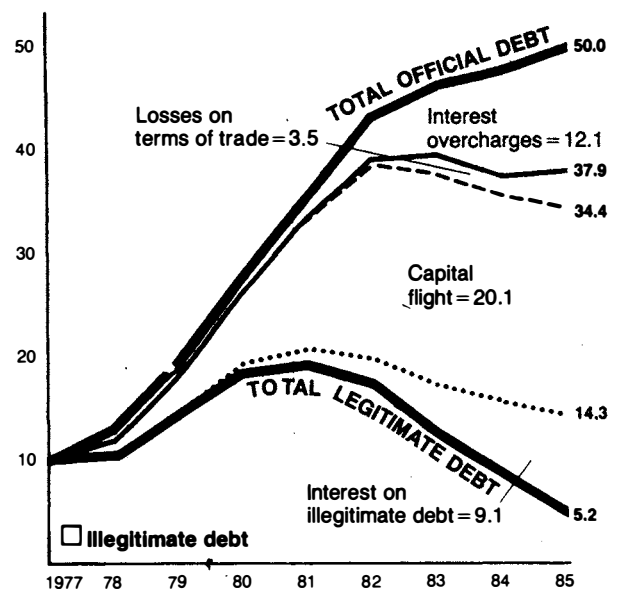
**Living standards in Mexico.** In Mexico, real incomes fell by 26% in the 12 months following the late 1982 imposition of IMF policies, and they have continued to fall since. This decline in purchasing power has hit consumer durables particularly hard. These fell 18% in 1983, the first year of the "shock treatment," and have continued down from there. Production of all consumer durables is down 50-65%.

In 1970, according to the National Nutrition Institute, meat consumption in Mexico was 170 grams per capita per day. In 1983, it was 38 grams, and Mexico was exporting large herds to the United States to earn foreign exchange for debt payment. In 1984, as food prices rose faster than wages,

FIGURE 2-5

**Foreign debt of Argentina, legitimate and illegitimate 1978-85**

(billions of dollars)



Sources: ECLA and authors' estimates.

Mexico reduced its food imports to free several hundred million more for debt payment.

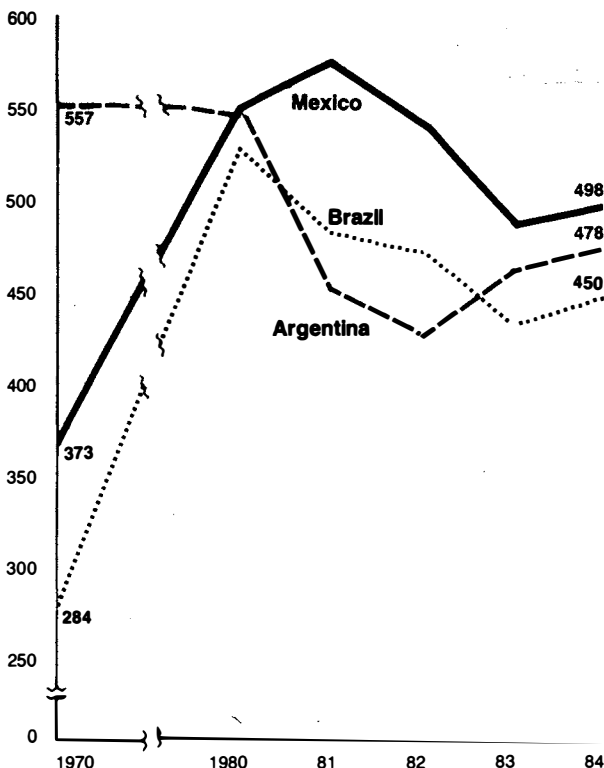
Mexico's industrial sector has laid off tens of thousands of employees every year since 1982, with no alternative jobs. The peso, relatively stable for decades until 1982, has been in continuous free-fall. Prices are indexed to rise with each devaluation, placing the burden on wages.

In earthquake-ravaged Mexico City, virtually no buildings have been rebuilt, no new homes constructed.

This domestic collapse parallels cuts in Mexican imports by two-thirds between 1981 and 1983, from \$24.0 billion to \$8.6 billion. This turned a \$13.9 billion current account deficit in 1981 into a \$5.3 billion surplus in 1983 and a \$4.0 billion surplus in 1984.

**Living standards in Brazil.** In Brazil, the reality is similar. In the late 1970s and early 1980s, Brazil undertook an impressive program of investment in large-scale infrastructure projects: Itaipu Dam, the Grande Carajas minerals and energy project, a number of nuclear plants, and so on. It also sought to create an environment favorable to the manufacturing sector's creation of a heavy-industry subsector. Brazil's steel output approached 20 million tons, and it began to manufacture an array of sophisticated heavy industrial items.

FIGURE 2-6  
**Per-capita manufacturing production  
Argentina, Brazil, and Mexico 1970-84**  
(1982 dollars)



Source: ECLA

But in 1981-82, Brazil, like Mexico, was forced to cut imports and increase exports at the expense of internal consumption of capital and consumer goods. From a high of \$23.0 billion in 1981, Brazil cut imports 45% to \$12.8 billion in 1985. Exports were increased from \$20.2 billion in 1982 to \$27.1 billion two years later, only to fall to \$25.2 billion in 1985. This turned a small trade surplus of \$777 million in 1982 into more than \$13.0 billion in 1984.

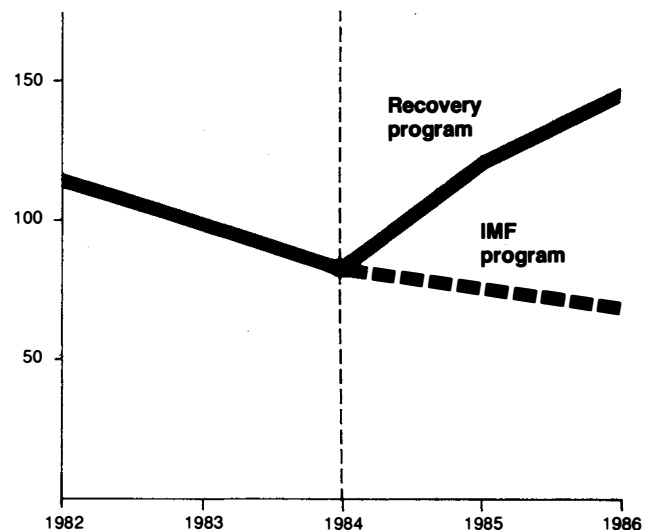
This was accomplished in the same way that it was in Mexico. Meat consumption was 24 kilograms per capita per year in 1967. It is 14 kilograms today. And, according to the First National Bank of Boston, Brazil exports approximately \$1 billion in meat under its IMF program.

Brazil's agricultural productivity is extremely low. It produces far below the level required to provide even minimal consumption standards for its own population. Per-capita production of rice, beans, potatoes, and maize dropped by 12% between 1980 and 1984. A recent study done in Brazil indicates that 90 million Brazilians, that is more than two-thirds of the entire population, consume less than 2,400 calories per day, and 22 million consume less than 2,000 daily. Yet, Brazil exports several billions of dollars' worth of agricultural products under its IMF program.

Studies show that one-third of Brazilian families lives in "misery," and an additional one-fourth in "poverty." In sum, more than one-half of Brazilian families live in poverty or worse. Some 30 million minors live in poverty or are abandoned.

The general health of the population reflects this situation. One in five children in northeast Brazil now suffers

FIGURE 2-7  
**Projections of Manufacturing Gross National  
Product of Peru 1982-86**  
(millions of 1973 soles)



Source: Executive Intelligence Review

## This book's a bombshell in Ibero-America

Chapter 2, which is completed here in this week's installment, has been a particular focus in news coverage of *Ibero-American Integration: 100 Million New Jobs by the Year 2000*, during the month since its publication in Spanish. The book's co-authors have given presentations to military men, government planners, industrialists, trade unions, economists, and the media in seminars in Colombia, Peru, Bolivia, Mexico, Argentina, Venezuela, Guatemala, and Washington, D.C.

Newspapers throughout Mexico ran banner headlines on the Schiller Institute's proposal for Ibero-American integration and a debtors' cartel, following the Sept. 17



*Members of the Schiller Institute Trade Union Commission, which commissioned the book, following a visit with the President of Peru Alan García in late 1985 in Lima.*

press conference in Washington D.C. to announce the book's release, given by Dennis Small, coordinator of the team which produced the book. The Venezuelan daily *El Universal*, and Panama's *La Estrella* have published coverage of the book as well.

Bolivian television broadcast an interview with Schill-

vitamin A deficiency, making them susceptible to mental retardation and blindness. The Health Ministry reports that malaria is rising and now afflicts 400,000 people, twice as many as in 1980. Eight million people suffer from chagas. A drastic reduction in imports of yellow fever vaccine in 1984 has led to the reappearance of that previously conquered disease. There is no money to pay doctors or hospitals, leading to doctors' strikes and hospital conditions that are appalling.

Finally, cases of the deadly Acquired Immune Deficiency Syndrome, AIDS, have been reported throughout the country, spreading most rapidly in the favelas of Brazil's largest cities.

**Living standards in Argentina.** In the early 1950s, Argentina had per-capita production figures similar to Japan's, and was poised for an economic takeoff. But ever since the 1955 coup against Peron, Argentina has squandered the head start it once enjoyed.

The greatest damage to the Argentine economy was done by the Videla government's economics minister, José Martínez de Hoz. During his 1976-81 reign, Martínez de Hoz ran up an enormous debt. During the same period, Argentina ran a balance of trade surplus (including services, but not interest) in every year but two. The debt climbed from \$9.6 million in 1977 to \$43.6 billion in 1982, an increase of \$34.0 billion. All but \$4.5 billion of it, that is, \$30.0 billion, is "non-registered," that is, it cannot be identified as funds that ever entered the country. Presumably, it went straight into the numbered bank accounts of de Hoz and his cronies.

The cost to the country was enormous. The size of Argentina's manufacturing workforce, the most skilled in Ibero-America, is now at less than 75% of its 1974 level. The per-capita gross domestic product for the first quarter of 1985 is at the level it had reached in 1965. In January 1986, industrial employment was 10.2% below the level of January 1980.

Per-capita consumption of steel has fallen from an already low 102 kilograms per capita per annum in 1980 to 68 kilograms, the level of the 1950s. But exports of steel tripled in 1985, and are now larger than domestic consumption.

Argentina was turned into a "post-industrial society"—without ever becoming a fully industrial one.

But it is in agriculture that the full scope of Argentina's economic catastrophe becomes apparent. Agriculture has always been a mainstay of Argentina's economy, both for domestic consumption and for export. The current government had a target of 60 million hectares of land under cultivation. But in the 1985-86 crop year, the harvested land fell from 43 million hectares in 1984-85 to only 36 million hectares. It is projected to fall to 30 million in 1986-87.

The reason is straightforward: Farmers cannot make a profit. There are very high positive interest rates, no help from the government, and agricultural exports are taxed. As a result, grains and related products are expected to drop by 25%; sorghum, an animal feed, is down 29%; and the cattle stock is down to 1.76 animals per capita, 20% below the level of 1976.

Several of Argentina's provincial governments are so short of funds they have had to resort to issuing their own

er Institute spokesman David Ramonet Sept. 21, following his three-hour presentation on the book to 49 military officers and state company executives at the School of National Higher Studies of the Bolivian Armed Forces on Sept. 19.

In Bogota, the former president of the Society of Economists of Bogota, Guillermo Silva, joined Schiller Institute author and engineer Jorge Bazúa and others in presenting the book to 40 government representatives and labor leaders on Sept. 18. The event was led off with the reading of a telegram of greetings and well-wishes from President Virgilio Barco.

In Lima, 200 people turned out Sept. 23 for a presentation on the book given by Dennis Small, one of the coordinators of the team which produced it. "The book is must reading, a practical manual for all the projects which must be realized on the continent," stated Deputy Carlos Rivas Dávila, chairman of the congressional budget committee and president of the Peruvian Economists Association, in his speech opening the event.

On Sept. 30, Bazúa also addressed a conference of 45 at Mexico City's National Polytechnic Institute. Afterward, the national daily *Unomasuno* wrote: "The book asserts that the forced servicing of the illegitimate debt has undermined new investment and living conditions in all the countries, and that if the descent continues, the region will soon sink into conditions of poverty, depression, and disease like those of Africa, and the drug trade will spread still further in the area. . . . In addition, *Ibero-American Integration* . . . notes that this economic devastation has no reason to exist, and that if the nations of the region economically integrated and created a debtors' cartel and Ibero-American Common Market, the area would be self-sufficient in more than 80% of what it consumes."

Invitations have also been received for presentations on the book before the Guatemalan private business sector's think-tank CEDEP (Oct. 2), and public forums organized by the Schiller Institute in Argentina (Oct. 7) and Venezuela (Oct. 7).

regional currencies just to keep the wheels of government turning. Abject poverty is now spreading across the country, diseases such as chagas are expanding rapidly, as the same breakdown of nutrition and public health takes place in Argentina as in Brazil and Mexico. Drug use is spreading rapidly among youth in major cities. This was unknown only a few years ago.

### **The cost of further IMF policies**

As devastating as the above picture is of the current state of the Ibero-American economy, as a result of the application of IMF policies over the past decade, it is a pale shadow of what will result if those policies continue to be applied.

In 1984, *EIR* examined the Peruvian economy in detail, using the computer-assisted LaRouche-Riemann economic model to forecast the country's economic future under conditions of continuation of the IMF policies then in force, and to compare that to *EIR's* recommended program for economic recovery. That forecast predicted a 10% fall in agricultural production by 1986, an 18% decline in manufacturing output, and a severe contraction in per-capita consumption (see **Figure 2-7**). In fact, most of what was predicted was reached or approached ahead of schedule by mid-1985. Poverty was afflicting a majority of Peruvians, and near-starvation was a spreading condition. A few more years of the same rate of decline would have brought the nation of Peru to an end, with complete economic disintegration, mass starvation, and upheaval. Then, the government of Alan García assumed office and revoked the IMF policy, opening up the possibility for

reversing the damage done.

Today, Brazil, Argentina, and Mexico are still embarked on programs that have brought large portions of their populations and economies to the level that Peru had reached in 1983-84. The same rate of decline can be confidently predicted based on understanding the effects of IMF-dictated austerity. On June 1, 1986, then Mexico's finance minister, Jesús Silva Herzog, a favorite of creditor-institutions, boasted that the income of Mexico's working population had fallen 25-30% since 1982. A continuation of this rate of fall for another two years would bring a large part of urban Mexico to a point of severe malnutrition bordering on starvation.

While precise statistics are not available, it is well-known that throughout Ibero-America there has been a severe decline in calories consumed per capita, and widespread substitution of lower quality, cheaper foods. What is true for Mexico is also true for Brazil, Peru, Colombia, and even Argentina, where meat consumption has fallen substantially.

Under a continuation of the present austerity prescriptions, millions of people in every country will reach the point of starvation. Prior to such a point, widespread malnourishment means weakened immunological potentials. The continent becomes, as Africa is today, a vast forcing medium for old and new varieties of pandemic disease, including AIDS.

Of this, no responsible official of any Ibero-American government can entertain a doubt: genocide, ungovernability, and the disintegration of Ibero-American countries as nations, is the meaning of the IMF for Ibero-America's future.

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## Japan: space power of the 21st century

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*Marsha Freeman reviews the ambitious programs of a nation with a great vision of space exploration.*

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“The 21st century will see the development of the Moon and Mars. . . . Japan has already developed almost to the same level as other countries, and I think in the 1990s our country will join in these international programs,” stated Dr. Nobuki Kawashima, a leading Japanese space scientist, in an Aug. 31, 1986 speech in Virginia.

Dr. Kawashima, who is a professor of physics at the Institute of Space and Astronautical Science (ISAS) in Tokyo, was a project participant in the electron beam experiment aboard the U.S. Space Shuttle in 1983. His institute leads all the space science research in Japan. Dr. Kawashima was addressing a conference of the International Caucus of Labor Committees, the philosophical association founded by Lyndon LaRouche, as a participant on a panel of scientists discussing the Moon-Mars missions of the next millennium.

The Space Shuttle Challenger accident on Jan. 28, 1986, and the resultant stand-down of the Shuttle program for two years, have thrown the space programs of U.S. allies into a state of uncertainty. The nations of Western Europe and Japan have depended upon the Shuttle program to provide them with a launch capability for large payloads, but more importantly, with access to the only manned space program in the Free World.

The Japanese have been developing and launching their own rocket systems for a number of years, and have larger vehicles already under development. But Japan is now faced with the prospect of relying less on the American manned space and interplanetary programs, and this will likely accelerate the development of its own space capabilities.

### Prospects for the future

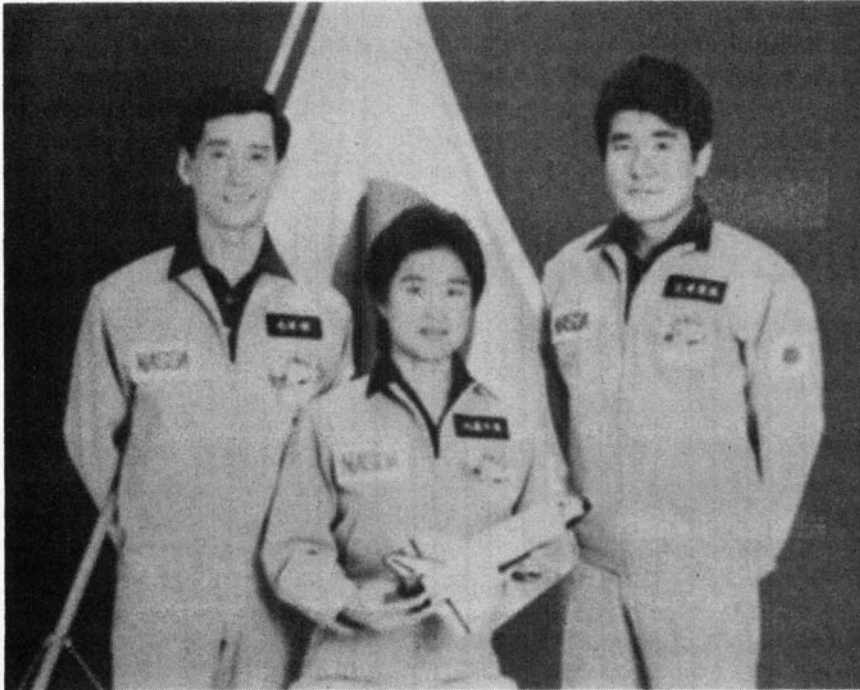
On Aug. 13, two weeks before Dr. Kawashima's speech in the United States, Japan joined the small and prestigious group of space-faring nations, which includes the United States and the members of the European Space Agency: It successfully launched its first rocket with engines using liquid hydrogen fuel. The new large H-I rocket, which gives Japan the capability to orbit larger commercial-sized satellites, also opens Japan's pathway to interplanetary exploration.

As Dr. Kawashima explained, the first Japanese lunar mission will be conducted by his institute in 1990. The MUS-ES satellite will be a lunar fly-by, and will utilize lunar gravity to “kick off” and fly by the Moon. One year later, the National Space Development Agency of Japan (NASDA), which specializes in space applications and large launch vehicles, will do the first launch of a larger Japanese-designed and built H-II rocket.

“At present,” stated Dr. Kawashima, “Japan's space development budget is only \$800 million, which is very small when compared with the automobile industry and other big industries. . . . At this moment, we cannot say that space development is an industry in Japan; but I think that in 1990, space development will become one of the industries in Japan.”

But, he stressed, “1990s space development cannot be done by one country. The programs become bigger and bigger, so we need international collaboration.” He pointed to the recent international effort of six spacecraft, from Japan,





*Above: Dr. Nobuki Kawashima. Left: Japanese astronauts (from left) Dr. Mamoru Mohri, professor of nuclear engineering; Dr. Chiaki Naito, cardiovascular surgeon; and Dr. Takao Doi, an expert in hydrodynamics. One of them will perform experiments aboard the U.S. Spacelab/Space Shuttle.*

the U.S.S.R., the European Space Agency, and the United States, which made up the Halley's Armada, and said that this "international collaboration was very successful."

In the past, Dr. Kawashima explained, his scientific institute has been reluctant to conduct large-scale international collaboration programs. "One reason is that we are not so used to it, and the other is that when we do such a large-scale international program, then things like the Challenger accident, as an example, affect many factors which we cannot control."

"The majority of our people like to have their own launch vehicle," he stated, but after the 1990s, programs such as lunar exploration "can't be done by one small university organization." According to Dr. Kawashima, the reluctance to plan large cooperative missions "is now changing."

Dr. Kawashima outlined the perspectives of Japan's lunar exploration program. He explained that although "the Apollo project was very successful, in some sense it was said that the Moon had been explored very extensively; this was on the Moon's surface, and only where Apollo landed. But actually, the explored spots on the Moon are very small, when compared with the whole surface of the Moon—it's only a local point."

"For 21st-century lunar base construction," he continued, "it is important to explore the whole surface of the Moon, so that we can find where will be the best place to construct the lunar base."

The institute is considering three possible lunar exploration mission options for the middle of the next decade. The first option is a penetrator mission. This "would make seismic

observations of the Moon and determine the existence of a metal core there," Dr. Kawashima said. Because the Moon has 14 days of daylight, and then 14 days of night, and no atmosphere, it is very cold at night, and very hot during the day, he explained. This makes thermal control very difficult for instruments on the surface, but "the penetrator, one meter below the surface, would be where the temperature does not change very much."

Second, a polar orbiter would do a "global survey of the Moon and its material composition, which would also tell us about the origin of the Moon." Both of these lunar programs would depend upon the use of the M-3S-III rocket, which has not been approved yet for development by ISAS.

A lander would be a third lunar mission option, but for that, a significantly larger launch vehicle would be required. "What will be the ideal lunar mission in the mid-1990s?" Dr. Kawashima asked. In addition to the lunar polar orbiter and penetrators, a powerful rover would be required "to confirm the results from the lunar orbiter."

All of the missions, however, should be "a step to other planetary exploration," he said. The technology would be used also for the "further planets, and other bodies in the Solar System."

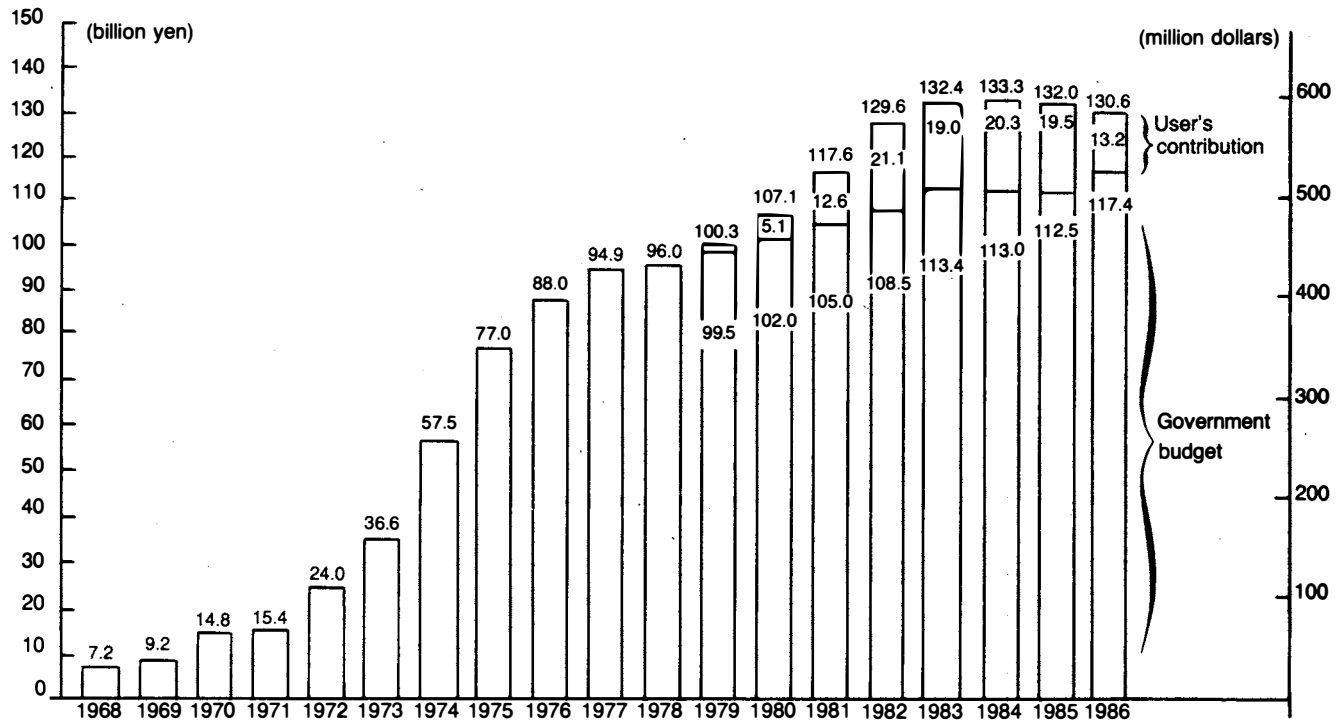
### Closing the space gap

In his brief presentation, Dr. Kawashima could only touch on some of the history of the space program in Japan. We present here a more detailed review of this remarkable program, which is the third-largest in the world.

The Japanese space program had quite modest begin-

FIGURE 1

**Budget for Japan's space activities**



*Government funding for space development in Japan increased steeply over the 1970s. More recently, government funding has been flat, but user fees from industry have increased, as more commercial satellites are being launched by the government.*

Note: When these calculations were made last year by the National Space Development Agency of Japan, a dollar equalled approximately 240 yen; as we go to press, the dollar has fallen to about 156.

Source: National Space Development Agency of Japan

nings. In 1955, ISAS, which was then a part of the University of Tokyo, participated in the scientific research conducted for the International Geophysical Year. Japan launched the tiny "pencil" rocket, which was a suborbital sounding rocket. The pencil rocket stood 9 inches tall, and weighed 6.7 ounces!

ISAS, which is responsible for Japan's space science and exploration activity, upgraded the pencil rocket and then in 1963 began development of the M (Mu) series of solid-fueled rockets, for suborbital scientific experiments, which attained an altitude of 850 km. In 1970, ISAS launched the first Japanese satellite, using its solid-fueled L-4S-5 rocket vehicle. This was the first satellite launched in Asia, beating the Chinese by about two months, and Japan became the fourth nation in the world to launch a satellite. But unlike the United States and the Soviet Union, Japan did it with a rocket that hadn't first been developed as an intercontinental ballistic missile.

In 1969, Japan made the decision to accelerate the development of both larger launch systems and new satellite technologies, to be able to orbit space applications satellites, and established the National Space Development Agency of Ja-

pan. NASDA's primary focus is to develop the practical applications of space technology in communications, weather, remote sensing, and direct broadcast.

With the establishment of NASDA, and the decision to develop rocket technology, Japanese policymakers had to make a fundamental decision. The United States had already landed men on the Moon, and Japan was at least 15 years behind other industrialized nations in space.

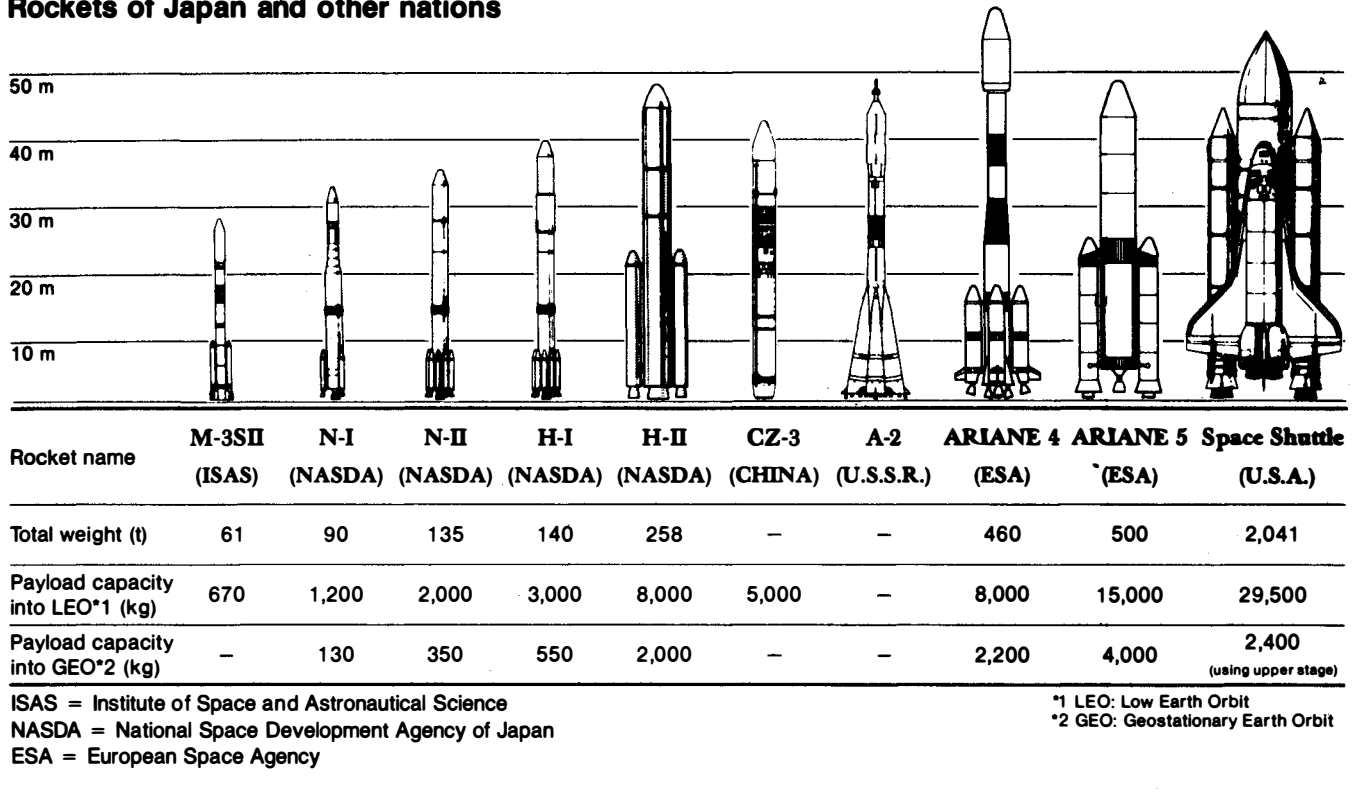
Rather than begin from scratch and build their own large rockets themselves, the Japanese decided to license the U.S. Delta rocket technology, to get a head start. Japanese satellite manufacturers also bought either entire satellites, or crucial components, from the United States. Though this certainly saved years of development time, it also had its drawbacks.

The first NASDA rockets were the N-I and N-II, which are capable of placing 286 and 770 pounds of payload into geosynchronous orbit, respectively. On Feb. 23, 1977, the first Japanese satellite was put into geosynchronous orbit by an N-II rocket, and Japan became the third space party in the world to launch a satellite into this orbit with its own rocket.

The second-generation N-II began operations in 1981,

FIGURE 2

**Rockets of Japan and other nations**



Source: National Space Development Agency of Japan

but is still 50% based on U.S. technology. The N series of rockets has two stages using liquid petroleum-based fuels, and a solid-fueled third stage. They also use solid rocket boosters.

**Drawbacks to reliance on the U.S.**

The licensing agreement signed with the McDonnell Douglas Company prohibited Japan from launching another country's satellites with its N rockets. In addition, the Japanese suffered failures in two communications satellites in 1979 and 1980, due to malfunctions of U.S. launcher technology. Japanese space officials are not even allowed to disassemble and check the systems before they fly, and are required to launch without confirmation checks.

There have also been specific areas in which the United States has refused to transfer the technology, such as in inertial guidance systems for launchers. This forced the Japanese to design their own system, which is used on the N-II rocket.

The use of the U.S. Delta technology has also limited Japan to very brief launch seasons per year. This means that NASDA can launch only four rockets annually, since the large Japanese fishing industry is concerned that falling solid rocket boosters, which are jettisoned into the ocean, will adversely affect fishing around the island. NASDA has been

restricted to launches in January-February and in August-September.

The Japanese-designed H-II rocket, however, will not face the same problem, because the rocket boosters will fall off more than 300 miles out to sea, which is well beyond the 120-mile line established by the fishermen.

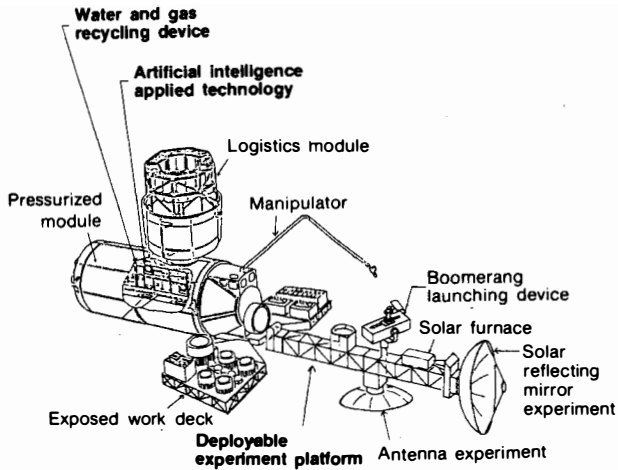
In an interview in March 1985 in *Aerospace America*, Nobuyuki Arino, managing director of TRW Overseas in Tokyo, gave another example of the problems created by dependence on U.S. technologies. "At the time that Toshiba was developing the broadcast satellite, one of the key technologies that Japan wanted was a three-axis attitude-control system, but due to governmental constraints, General Electric could not transfer the technology to manufacture a suitable one, so they delivered a black box." The Japanese were forbidden to look inside.

"I think that phase one of U.S.-Japan space relations has been completed," Arino commented. "Japan's student role in learning about advanced technology is over. . . . In the final analysis, Japan will develop its own technology. It is just a matter of time. So rather than let Japan become isolated or a bitter long-range competitor, why not build cooperation so that we do not go in opposite directions in the future?"

The decision of whether to use U.S. technology to make up time, or develop indigenous Japanese systems that would

FIGURE 3

## Technologies on the space station experimental module



*The Japanese Experiment Module for the U.S. space station will be a multi-billion dollar facility, comprised of the pressurized module for the astronauts, an open exposed work area, and a top-side logistics module to store supplies.*

Source: Science & Technology in Japan

take longer but make Japan more independent, was a difficult choice. In the August-September 1982 issue of *Space World* magazine, Dr. Hiroshi Uda, the director of NASDA's Tsukuba Space Center, commented on the fear in Japan of "wasting time" and ultimately failing by doing the research themselves.

"We should have many experiences of successful and unsuccessful events through our space projects. Unsuccessful events can give us new ideas for next-generation successes. But our space projects receive much assistance from the United States and we have no unsuccessful events except Ayame 1 and 2. So, from the investment viewpoint, our space projects are very effective. But, basically, we are losing the chance to get our own technologies and testing, and ideas for the future."

Dr. Uda did not hesitate to add that if Japan is to both catch up to other world space programs, and develop its own space technologies, the space budget will have to grow dramatically. Since the government funding for space is tied to the increase of the GNP in Japan, the slowed pace of recent economic growth has slowed the increases in funding for space.

### Reforming space policy

Since that interview in 1982, however, space policy in Japan has developed along with the technology. By the early 1980s, corporations interested in launching communications and other commercial satellites gave the Japanese government a choice: Either accelerate the development of the larger H-II rocket, or the companies would go to the U.S. Space Shuttle or the European Ariane to get their satellites into orbit.

The government responded by accelerating the development schedule for the first Japanese-engineered and built

rocket, the H-II. This \$800-million-plus program, which will result in the first H-II launch in about 1992, will give industry a commercial-sized launch capability.

In 1982, the Science and Technology Agency of Japan, which oversees NASDA, and the Space Development Council, which directly advises the prime minister, started a review of the space program, and in 1984, an updated space policy was promulgated by the government. The *Outline of Japan's Space Development Policy* states, "Japan has to develop its own technological resources so that it will be able to carry out various space development activities steadily in the future."

The *Outline* presents 15-year goals for the program, in order "to keep Japan's level of science abreast with international standards, to contribute to the intellectual progress of mankind, and to promote the development of science and its application in ways suitable to Japan." The goals include advancement in satellite communications; astronomical observation scientific satellites; experiments in space in materials science and life sciences; generic satellite technologies such as standardization and improved performance; launch vehicle development, leading to the use of the H-II rocket; and the consolidation of space activities, including the reinforcement of national research and university work, international joint projects, and increased public information.

### The role of industry

In contrast to the United States, Japanese industry plays an important role in promoting national space policy. In 1980, the powerful Ministry for International Trade and Industry (MITI) established an advisory body for space industrial development. It estimated that space will be a \$4.5 billion industry for Japanese manufacturers by the mid-1990s, comparable in size to the radio and television manufacturing

industries at that time.

MITI recommended that Japan's space industry "aim at the world market." In 1981, sales from space-related industry in Japan had reached \$480 million, with 20% of that from the export of communications equipment. At the time, the head of NASDA remarked, "If we decide to save money now, our descendants may hold a grudge against us." In 1981, Japan was already spending five times as much on its space program as Great Britain.

The major corporations in Japan have formed a number of private space marketing organizations, which make the aggressive French commercial space effort look pale by comparison. In February 1985, forty-one companies formed the Japan Space Utilization Promotion Center, funded at 6 million yen per year, and projected to be spending 60 million yen by 1988.

They are now designing a space experiment data base for use by industry, and are conducting surveys of space experiments for the space station. In May 1986, the Space Technology Corporation was established by six companies and the Japan Key Technologies Center to carry out industry-funded research on materials processing in space. These companies will participate in experiments planned for the German D-2 and D-3 Spacelab missions on the Shuttle.

The Institute for Unmanned Space Experiment Free Flyer was set up in April 1986 by 13 corporations to finance the building of an unmanned orbiting platform. The three-ton facility will be released into space by the Shuttle, carry out experiments, and be returned by the Shuttle for ground analysis every two to three months.

As Japan's own technologies for communications and remote sensing have moved into operational use, industry has taken over the management and marketing of these services. In the future, Japan's participation in the NASA space station will open the door to the creation of new materials in space, and new technologies important to industry. MITI itself is now involved in space station planning, and one can only assume that Japan's upcoming H-II rocket, and its commercial space technology, will challenge the rest of the world's space-faring nations, for a share of the international marketplace.

## The importance of space

There is a very practical reason why Japan has focused a significant effort on independently developing space capabilities: It is a nation of islands, with more than half a million people who live in such remote areas that they cannot receive conventional television transmission. In addition, Earth and ocean remote sensing from space provides the most efficient means for looking at the country's dispersed land and the surrounding ocean.

Since 1979, Japan has been directly receiving and processing U.S. Landsat remote-sensing data, according to a NASDA agreement with NASA. The Remote Sensing Technology Center of Japan distributes the data throughout the country. In 1980, Japan hosted a United Nations seminar on

remote sensing, and holds annual training courses for the 13 members of the U.N. Economic and Social Committee for Asia and the Pacific, in satellite communications and remote-sensing data analysis.

In 1987, NASDA plans to launch the first operational Japanese remote sensing satellite, the Marine Observation Satellite, MOS-I. This satellite will observe the ocean in visible light, near infrared radiation, and microwave. It will measure the color, temperature, and surface features of the ocean, ocean currents, water vapor in the atmosphere, clouds, ice floes, and the generation of "red tides." It will give scientists information that will prevent weather-related and other natural disasters, locate fishing and ocean resources, and provide surveillance of coastal regions. It will be Japan's first domestic Earth observation satellite.

It has been estimated that using the MOS-I data will reduce the total fuel consumed by offshore Japanese fishing fleets by 10%-20%, as the satellite can map the distribution of chlorophyll for fish food, and improve weather watches.

For land remote sensing, the Japanese will orbit the Earth Resources Satellite, ERS-I, in about 1990. It will be their heaviest-yet satellite, weighing in at over 3,000 pounds. ERS-I will include active sensing technology using a synthetic aperture radar, which will use microwaves bounced off the land to determine the fine relief of the surface, and provide all-weather, day-and-night coverage.

ERS-I has been jointly developed with MITI, and in 1984, Japan started preparing the establishment of the Technology Research Association of the Resource Remote Sensing System under MITI, to promote the use of the data. The RRSS has 13 members, including the heads of oil companies, and it is directed by the president of Mitsubishi Electric Corporation.

Meteorological observation from space is especially important in the Pacific, where there are few other observation points available for large stretches of ocean. So far, Japan has launched three meteorological satellites, which are used for daily forecasts and typhoon warnings.

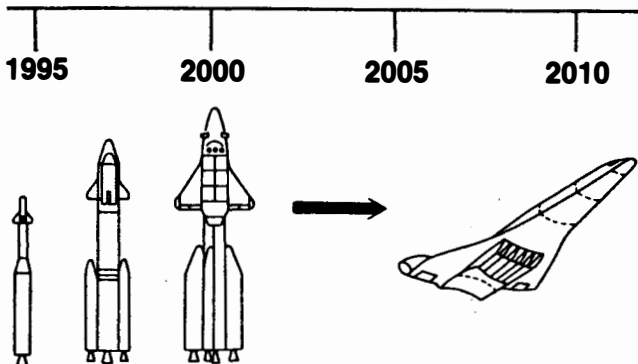
The weather data received is used throughout Asian/Pacific countries, including Australia. In 1989, a fourth satellite will be launched, to replace an older one, and incorporate more sophisticated sensing technology.

The first domestic communications satellite launched in Japan was at the end of 1977. In 1983, this system was upgraded with the launch of two more satellites, for communication in an emergency, and with remote islands. As has been the case in nearly every particular area, the Japanese may not have launched the first communications satellite in the world, but they have deployed the latest technology, as they piggybacked the United States in overall launch systems and satellite technology.

The Communications Satellite-I (CS-I), launched in 1977, was the world's first k-band frequency system. This operates in the billions of herz range, and though the United States began doing research into using this higher frequency band for communications during the Nixon administration, the

FIGURE 4

## Japanese concepts of space shuttle development



*Japanese designers have begun preliminary testing of small reusable space shuttle models. They plan to develop a small spacecraft by the year 2000, which would be launched on the H-II rocket, and perhaps join with the U.S. to develop an aerospace plane by the year 2010.*

Source: Government of Japan

research program has been canceled and restarted three times since then. CS-III, scheduled to be launched in 1988, will be the world's first to use more efficient gallium arsenide solar cells as the primary power source.

In 1982, Nippon Electric Company completed a plant in Yokohama, for the mass production of satellites. It can produce four major satellites in the one-ton class simultaneously, and will build the MOS-I ocean satellite as its first one.

Direct broadcast communication technology is very important in Japan, where people in cities with tall buildings, and in remote or mountainous areas, cannot receive regular television signals. The satellite's signal is received by an antenna dish. In April 1978 Japan orbited the world's first direct broadcast satellite, and two more went up in 1984 and earlier this year.

### Frontier space exploration

Unlike in the United States, where just one agency, NASA, oversees the development of launch vehicles, applications technology, and space science, in Japan the Institute for Space and Astronautical Science oversees space science work alone. Over its 30-year history, ISAS has participated in space science research using its own small rockets, making contributions in radio astronomy, study of the aurora on Earth and plasma waves in space, solar radiation, the atmospheric structure around the Earth, and other fields.

In 1985, however, Japan entered the field of planetary exploration for the first time, with two satellites they launched themselves, called Sakigake (Pioneer) and Planet-A. The Planet-A spacecraft came within 150,000 km of the coma of

Halley's comet, and showed a periodicity in brightness of this outer shell of the comet. Changes in the speed of the ions of the solar wind, and other observations, verified for scientists that indeed the comet does release heavy particles, such as water molecules, from its nucleus.

ISAS has a continuing series of one scientific satellite launcher per year, and plans to launch the ASTRO-C in 1987 to observe x-ray sources in the central core of galaxies. As mentioned above, the MUSES sources in the central core of galaxies. As mentioned above, the MUSES satellite, in 1990, is planned as a lunar fly-by; Japan is also participating in a number of highly complex international space science efforts.

The decision facing the institute now, is whether to give up its traditional insistence that Japanese science missions be launched only by the small satellites built at the institute—which would eliminate the possibility of any large-scale lunar or planetary exploration—or whether to work with NASDA, and use the upcoming larger rockets to push forward on the space frontier.

### Putting man into space

The first launch of the U.S. Space Shuttle Columbia, in April 1981, generated tremendous excitement in Japan. According to reports from Japanese scientists with whom I was speaking by phone the day the Columbia landed, nearly everything in Japan's cities came to a standstill, as people rushed off the streets, into stores or other facilities with televisions, to watch this great achievement.

The success of the Space Shuttle opened up for Japan, Western Europe, Canada, and other U.S. allies, the first-ever opportunity to send their own experiments and scientists into space. On Sept. 1, 1983, aboard the Space Shuttle Challenger, an experiment was conducted to answer a question suggested by a high school student in Japan: "Can it snow in space?"

The Japanese newspaper *Asahi Shimbun* sponsored a contest to design an experiment to be flown in a Getaway Special canister on the Shuttle, and the apparatus designed by Nippon Electric produced the first artificial snow in space. The snow "flake" was not six-pointed, but round, and provided important insight for scientists interested in producing crystals in microgravity.

In November 1983, on the first Spacelab mission, the SEPAC particle accelerator, designed and built at ISAS in Japan, was flown aboard the Shuttle, to observe the interaction of charged particles injected into the space plasma from the spacecraft, along the magnetic field line of the Earth.

The First Materials Processing Test (FMPT), originally scheduled for this year, will now be flown aboard the Shuttle in about 1990. This facility contains 34 experiments, of which 22 are in materials processing, and the rest are in the life sciences. For this mission, a Japanese payload specialist will be aboard; out of the 533 applicants, 3 are now undergoing training, and one will fly on the mission.

FMPT will make use of acoustic levitation in a furnace,

where material is processed while suspended by sound waves. In another experiment, ultrafine particles will be produced from a vaporized metal in a rare gas atmosphere, to study the way nuclear formation of heavy metals takes place. Scientists believe this process of the formation of metals is closely related to the formation of planets.

In the life sciences, one experiment will examine the effect of microgravity on the differentiation of bone cells, and their regulatory mechanisms in chicken eggs. These results will provide important data for scientists studying the effect of the lack of gravity on animal reproduction in space.

The three Japanese payload specialists, all of whom are scientists, are now in training at the Tsukuba Science Center, and will transfer to the NASA Johnson Space Center for training, as their flight approaches. The Japanese plan to make full use of the Space Shuttle, as it is available, but the real thrust Japan will take into the manned space program, will be with the mid-1990s U.S. space station.

When President Reagan announced the space station initiative in 1984, he asked NASA Administrator James Beggs to offer major participation in the program to the other space-faring nations of the Free World. Though the final design of the station is still being determined, the European Space Agency and Japan have both made a commitment to provide a laboratory module for the facility.

The Japanese Experiment Module (JEM) will be built by Japanese industry, and though it will be an international facility like the rest of the station, it will provide tremendous access to Japanese science and industry to the new environment of space. JEM is an ambitious facility, which includes not only the pressurized module for experiments, but also an attached logistics module for extra supplies and to hold samples, and an open or exposed facility to test new materials, and perhaps for astronomy experiments. The module will be a multibillion-dollar investment, and the largest international space venture yet for Japan.

According to Dr. Obayashi, who heads the special committee for the space station under the Space Activities Commission, the importance of the project is that "Japan will be assuming responsibility in an important global project; it will foster new scientific skills; there will be an expansion of space science experiments and probes; it will serve as a stimulus to education and economic development, and will pave the way for the establishment of space colonies in the 21st century."

### **In the next century**

The Japanese fully plan to join the United States and Europe in manned space operations of their own, in the next century. The H-II rocket, operational in the early part of the next decade, will give Japan the ability to deliver about 18,000 pounds of payload to low-Earth orbit, and about 6,000 pounds to geosynchronous orbit.

But it can also take about the same 6,000 pounds to the Moon, about 4,000 pounds to Venus or Mars, and 1,000 pounds to orbit Jupiter. The second stage of the H-II will have larger engines, using liquid hydrogen, than are on the

H-I, and will be capable of restarting once in orbit. Two large solid rocket boosters will be used to augment the first-stage liquid hydrogen engines, similar to the Space Shuttle configuration.

The Japanese are building a new launch pad at the Tanegashima Space Center, and are spending about 200 billion yen per year for the H-II development.

In addition to being capable of taking small payloads outside of Earth orbit, the H-II could be used as a transport vehicle to the space station, similar to the capabilities of the European Ariane V, which will also be deployed in the early 1990s.

On top of the H-II, again like the Ariane V, could also sit a small reusable space shuttle or space plane. Japanese engineers have been working on space shuttle-type technology development since 1978, at the National Aerospace Laboratory. This has included research in new composite materials, hypersonic wind tunnel testing of vehicle designs, reusable rocket engines, ultra-high-temperature-resistant materials, and optimum shape design.

According to the summer 1986 issue of the magazine *Science and Technology in Japan*, which is published by the Science and Technology Agency, the Advanced Space Shuttle Transportation System program in Japan is conducting research in aerodynamics, heat protection, navigation and guidance control, and air-breathing engine technologies.

The same magazine reveals an even more interesting project: "If a non-permanently manned 'self-reproductive' system is set up on the Moon, or on a planet, the infrastructure is bound to grow, and it will become possible to take advantage of its economic potential in the near future. When this happens, large investments in the Moon are expected."

They suggest that a lunar industrialization scenario might consist of delivering a miniaturized, fully automated robotic manufacturing plant, which uses the materials found on the Moon. "When the automated machinery has produced sufficient materials for a man-controlled infrastructure extraterrestrially, mankind will be able to emigrate into space."

The drawback is the size of automated factories already in existence on Earth (at least, in Japan). If the machinery were miniaturized to one-eighth its normal size, the magazine imagines, it would make it economically feasible to transport such a system to the Moon! These systems "could also be used on Mars, the Martian moons, the asteroids, or on any other heavenly body."

This project could be carried out with investments on the scale of the Apollo program, the magazine posits, and "has the potential to change everyday life. . . . This field could be a path for Japan, as one of the industrially advanced countries, to make a contribution to world development."

It is clear that Japanese leaders see their nation making a major contribution to the scientific, economic, and space frontiers of the next century. The world would be quite a different place, if policy planners in the United States looked at the prospects of the U.S. program with the same kind of optimism as the Japanese look at theirs.

## Soviet war plan: a 'continent in flames'

by Gretchen Small

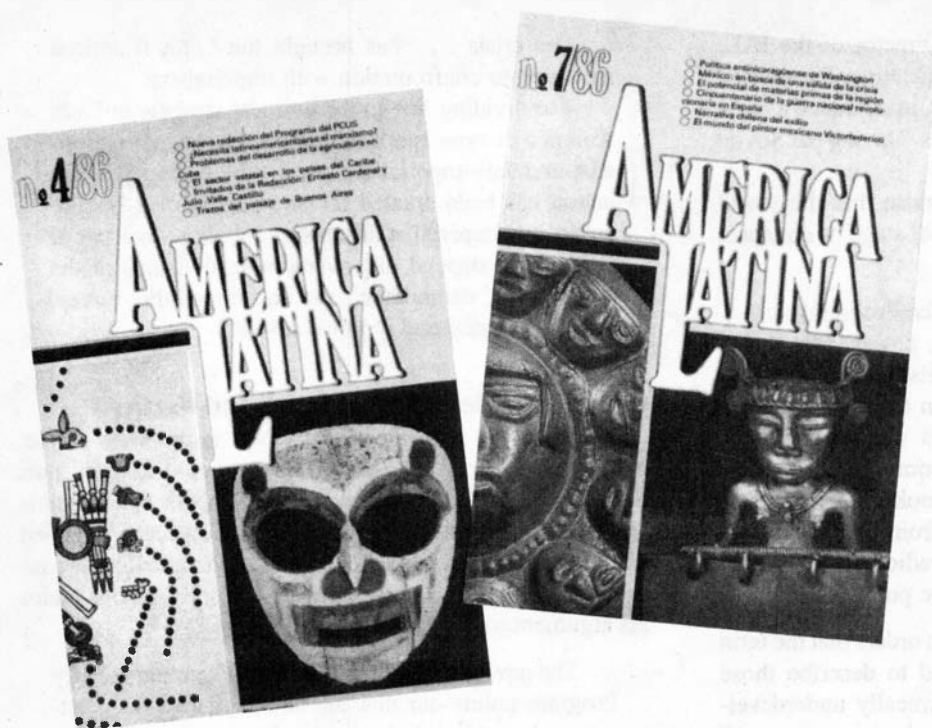
Murder, terrorism, and sabotage escalated across Ibero-America in the past six months, into full-scale war. Since April, the drug mafia's supra-national army, the "Americas Battalion," has carried out continuous town-by-town assaults in Colombia; in June, narco-terrorists attempted a combined insurrection and coup in Peru; the Nazi-communist alliance around the National Action Party (PAN) has escalated its drive to bring down the Mexican government; Chile now stands on the brink of civil war.

Since the 27th Soviet Communist Party Congress last February, the Soviets have escalated irregular warfare operations against Western nations across the globe. Ibero-America has been no exception. Here, *EIR* presents documentation, taken from the Soviet's primary publication on Ibero-America, *America Latina*, of the decisions taken at that Party Congress to escalate military operations against the West.

Since the Congress, *America Latina*, the monthly publication of the U.S.S.R.'s Academy of Sciences Latin American Institute, has insistently repeated Soviet marching orders to their assets and capabilities in the area to apply the lessons of the 27th Party Congress. According to *America Latina*, these "lessons" include:

- that the West is now entered the "final" phase of collapse of the West, placing "class struggle" immediately on the agenda in the developing sector;
- political "liberation" from the West must replace "preoccupation" with national economic development in the Third World;
- the model of "internationalist" leader required for this strategy is Ernesto "Che" Guevara, held up as the kind of "Dostoevskian" man Ibero-American revolutionaries must emulate;
- Guevara's call for "Two, Three, Many Vietnams" in Ibero-America must be implemented, and "new revolutions" to overthrow Ibero-American governments launched, whether they be "national reformist," as the Soviets call Peru's García; "bourgeois democratic," as Mexico, Venezuela, or Argentina are judged; or "dictatorships," like Chile;
- building mass irrationalist movements under "Indian" cover, on the model





*The Soviet Spanish-language magazine on Ibero-America glorifies the most primitive and bestial pre-Columbian cultures, which today form the ideological basis of terrorist cults and separatist insurgencies on the continent. Such backwardness is Moscow's weapon for destruction of the nation-state.*

of the murderous Shining Path killers of Peru, will play a critical role in creating the Soviet "New World" hell.

These are not new policies for Moscow, but *America Latina* reflects clearly the savage commitment taken at the 27th Party Congress to accomplish the final defeat of the West in the immediate period ahead. In terms of reference of the old Communist International, Moscow has ordered "Popular Front" tactics be dropped, and replaced instead with the United Front tactics identified with Stalin's so-called "Third Period." The policy is not a social matter, it is the public shape given to Soviet *warfare* against Ibero-America.

Yet it is not the idealized "communism" which the ingen-

uous imagine, that Moscow seeks to impose on Ibero-America. As *America Latina's* cultural experts wrote in June, from the Soviet standpoint, Ibero-America is to be "a continent in flames." Who are the "communist" heroes held up by *America Latina* in this task? The Russian facist Dostoevsky, existentialist degenerate Jean-Paul Sartre, a "reconstructed Indian" culture of human sacrifice and "racial hatred." It is Western *civilization* which Moscow has targeted.

### **'Liberated countries' in the world crisis**

Soviet Latin American policymakers must use the conclusions of the 27th Soviet Party Congress as the starting

## **What is *America Latina***

The publisher of *America Latina*, the Latin American Institute, forms part of a network of foreign policy institutes grouped around the Institute of World Economy and International Relations (IMEMO) at the Academy of Sciences. Created out of the old networks of the Communist International, these regional think-tanks process and synthesize intelligence data on the history, politics, economics, ethnography, and culture of the regions which they study, maintain contacts and networks within the intelligentsia and political class in

those regions, and advise the party Central Committee, the Foreign Ministry, and KGB on operations. The Latin American Institute, founded 25 years ago in 1961, rapidly became a leading center of Soviet cultural warfare.

By 1969, the IAL was publishing *America Latina* in Russian twice monthly. A quarterly Spanish edition was added in 1974, and today, 10,000 copies of *America Latina* are published monthly, with the Spanish edition circulating throughout Hispanoamerica. The decision to publish monthly was taken in 1980, *America Latina* Director Sergó Mikoyán explained this August, "in order to be able to react rapidly to brusque changes in the life of the peoples of the continent," reflecting increased Soviet attention to Ibero-America.

point of all analysis of the area, the Director of the IAL, Victor Volski, wrote in *America Latina* last June. The revised Party Program, adopted by the Congress, inaugurated a "new stage in the struggle of the Soviet peoples," laying out Soviet policy towards the year 2000.

That program begins from the premise that the world capitalist system has entered into its final stage of collapse. Volski writes:

A careful reading of the text [of the Program] . . . demonstrates to us with convincing power, that the current worsening of the general crisis has, without a doubt, the character of the end of an era. The world crisis of the beginning of the 1980s was no simple cyclical commotion in capitalist economy. Its breadth, and the profundity with which it shook all the foundations of social evolution, results from the fact that the essential, very profound, contradictions of imperialism have reached their ultimate point. . . .

The new Soviet Communist Program orders that the term "liberated countries" now be employed to describe those countries previously known as "economically underdeveloped countries," "third world," or "developing countries." The change reflects a Soviet policy decision, he reports, to emphasize:

not only the cruel night of the colonial past, the high price paid for political independence, but to underline a heritage not yet overcome. . . . These [countries], it is pointed out in the new edition of the CPSU Program, have been forced to sustain a hard struggle against the arrogance of the monopolies of the U.S. and other imperial powers. . . .

Speaking in the most general terms, all countries which appear in the group of liberated States are those for which the contradictions with imperialism constitutes a primary national problem to be solved.

The task of Soviet "scientists," then, is to identify the differences in "contradictions" which are important for communist practice.

Latin America falls emphatically within the "liberated countries," Volski says, but with the special problem that imperialism has become deeply "internalized" in Ibero-America, because foreign "monopolies" are so "interpenetrated" with the "local oligarchy" and industrial interests. Under today's conditions of crisis, that problem can now be overcome. The credibility of development conceptions applied in the past decades (whether "desarrollismo," neo-liberalism, monetarism, or import-substitution or export-driven industrialization strategies) has collapsed, as have "all the social structures oriented to direct or de facto alliance with imperialism."

Thus, today's crisis, Volski emphasizes, has thrown open the door to Ibero-America's left-wing forces.

The crisis . . . has brought the Latin American nations into confrontation with imperialism. . . .

The dividing line in the political struggle in Latin America is now fundamentally between pro-imperialist and anti-imperialist forces. . . . A favorable situation has been created for an opening of a "democratic anti-imperialist alternative," [whose success or failure will depend on] overcoming divisions in the progressive, democratic, and anti-imperialist forces, at both national and regional levels.

### **Class struggle in Soviet irregular warfare**

"Democratic anti-imperialist front" is the latest Soviet newspeak for armed struggle and class struggle. In May, Yuri Koroliov, an IAL collaborator who specializes in "problems of the Latin American Revolutionary Movement," spelled out the implications of the Soviet's "Democratic Revolutionary Perspective" for Ibero-America. Koroliov, also, situates his argument within the 27th Party Congress:

The new edition of the U.S.S.R. Communist Party Program points out that the non-capitalist, socialist-oriented, path of development chosen by various recently liberated countries, opens broad perspectives for social progress. The experience of these countries demonstrates that under conditions of the current world correlation of forces, the capacity of previously subjugated countries to reject capitalism . . . has been broadened.

In Ibero-America, Koroliov specifies, this means that communist organizing must apply Lenin's ideas on how to turn "democratic and revolutionary processes into socialist revolution," without passing through "capitalist development." Thus,

All orientation to attenuate the political and class struggle during a period of transition appears to us misfounded. . . .

The question of power now demands that the "vanguard" concentrate on building:

forms of organization of revolutionary power which can become an alternative to the exploiting State. The demolition of the apparatus of the State is genuine when the revolutionary movement presents its own forms of social management as a counterweight. . . .

All attempts to use the institutions of bourgeois democracy to secure revolutionary democracy have failed.

Thus, which country is the "notable example" of the Soviet-ordered "democratic" struggle in Ibero-America today? Sandinista Nicaragua!

In June, Boris Merin, head of the IAL's Division of Sociopolitical and Ideological Problems, warned that all

## Soviets fear SDI brings cultural optimism

A bit of honesty slipped into *America Latina* last February. In the midst of now-standard Soviet "anti-militarist" diatribes against President Reagan's "Star Wars," *America Latina* admits that it is the reawakening of the republican principles of the American Revolution which they fear most in the U.S. Strategic Defense Initiative.

The White House insists on presenting the SDI as "a panacea to end the fear of nuclear catastrophe," *America Latina* complains. Likewise, the space program is considered "an instrument to elevate the national conscience, patriotism, and confidence in the unlimited possibilities of the U.S. The problem of space conquest is linked to the beginning of the 'second American revolution,' which multipl[ies] the 'best' traditions of the first Revolution," they write.

What are these traditions the Soviets fear so greatly? "The first U.S. Presidents had . . . a sincere belief that their country should bring to the world the torch of culture and emancipation. Thus, for John Adams, the second president, the colonization of the American continent embodied the grandiose and divine task of civilizing and freeing oppressed humanity of all the planet . . ."

state institutions, regardless of national interests, must be eradicated in this Soviet-ordered "anti-imperialist" drive.

The importance of the tasks of class struggle grow, especially today, when the intense fight between revolution and counter-revolution unfolds in Latin America. . . . In the most-developed countries, such as Argentina, Brazil, Uruguay, Mexico, Colombia, and Venezuela, the class struggle forms the basis of the rising anti-imperialist movement. . . .

It is only possible to attack imperialist positions through committed class struggle, which leads to a revolution oriented to carrying out profound economic and social transformations which undermine the positions of the great bourgeoisie and the "latifundists."

The Mexican communists have understood this point, says Merin. They understand that

the new revolution . . . will supersede the boundaries of bourgeois democracy, and will prepare the transition to socialist democracy.

## Moscow's Vietnam strategy in Ibero-America

Soviet "self-criticism" on the question of "Che" Guevara lays bare how these orders for "class struggle" are simply a form of conduct of irregular warfare against Ibero-American nations. A two-part series dedicated to Ernesto "Che" Guevara in *America Latina* in March and April 1986, goes directly to the core of the combined Soviet military and cultural assault on the region: the creation of gnostic shock troops to be thrown against the state. Guevara, the "internationalist" guerrilla who traveled from country to country, is idealized as the "new man" needed for the revolution. Writes author Vladimir Mironov,

Paraphrasing Dostoevsky, Che demonstrated, how powerful man can be . . . Jean-Paul Sartre called him the "most perfect man of our times." Che . . . illuminated the real perspectives of self-sacrifice and heroic deeds . . . for everyone who desires to save their own personality from the dehumanizing petty-bourgeois poison of the age of technological revolution. Guevara's example brought before the eyes of Western intellectuals the experience of the "other life". . . . Che was a new type of philosopher, distinctly Leninist. . . .

Guevara is portrayed as a Latin American "Lenin" throughout the article—an almost humorous about-face from long-standing Soviet attacks on "Guevarism." Guevara was one of the first in Latin America to apply Lenin's idea that the chief task is to seize power rapidly—and solve other problems later, *America Latina* states. Even his internationalism was based on Leninism, they assert.

It is Guevara as a proponent of irregular war upon which is the Soviet focus today. Guevara identified the proper "function of the vanguard," known in "Marxist scientific history as Jacobinism," Mironov specifies. Guevara realized that "armed struggle" must be used "to make the masses rise up."

[Guevara's] doctrine of guerrilla war . . . was based on the idea that armed struggle of the vanguard against the oligarchy's dictatorship can influence enormously the broad masses of the people . . . Such struggle is not yet revolution. But it becomes such as the march of destruction of the repressive apparatus of the State, the principal barrier which separates the masses from power, incorporates more in the revolutionary process. Guevara in his message to the Organization of Solidarity with the Peoples of Asia, Africa and Latin America, entitled "Create 1, 2, 3, Many Vietnams," called for the implementation of "armed propaganda in the Vietnamese meaning of the phrase—the propaganda of shots, of battles."

For the Soviets, the only good Ibero-American person, it would seem, is a dead one. Merin concludes,

His name has been transformed into dynamite with enormously explosive charge, placed beneath the edifice of Imperialism's dominance in Latin America. . . . In this continent, history has begun to raise monuments to this man: the Nicaraguan Revolution, powerful insurrectionary movements in El Salvador and Guatemala, the growing battle in Chile. . . . Che is not dead.

### Soviet *Sendero* strategy

From the founding of the Comintern, the exacerbation and exploitation of ethnic conflicts has long played a significant role in Moscow's foreign policies. Today, from Guatemala to the Andean region, the Soviets give propaganda and logistical support to "Indian"-cover terrorist movements which have set out to bury Western civilization outright.

A top Soviet specialist in "Indian problems and national relations in Latin America," Yuri Zubritski, heads the IAL's Andean Countries Section. IAL Director Volski calls "growing ethno-regionalism" the key to Soviet analysis of the Andean region.

For 25 years, the IAL has dedicated major research and efforts to "national ethnic relations," Zubritski reported in *America Latina's* June anniversary issue. Zubritski summarized Soviet policy on Indian "liberation" movements.

"The situation of inequality and oppression of the Indian nationalities continued and sharpened" over the past 25 years, Zubritski writes, since most "means of production," agricultural lands, and transportation, are still "in the hands of descendants of European-speaking nationalities." Thus,

The acceleration of the development of capitalism in Latin America, not only will not end national oppression, but has worsened it. For this reason, Indian national liberation movements, and national Indian organizations have arisen. . . . Their movements represent, in reality, democratic revolutionary currents cloaked in national forms.

It can be affirmed that the transformation of "racial hatred into class hatred" has become an irreversible process. . . . The distrust of oppressed Indian nationalities before the "white" European-speaking oppressors will take a long time to disappear. . . .

Included in the illustrations accompanying Zubritski's article, was a promotion for *Pueblo Indio*, the magazine published by the South American Indian Council (CISA), the South American branch of the Soviet-directed, Canadian-based World Council of Indigenous Peoples, a United Nations-recognized umbrella group which centralizes every terrorist movement run under the cover of "Indian" separatism anywhere in the world, from the U.S. American Indian Movement, to Guatemala's Guerrilla Army of the Poor, to the Shining Path (*Sendero Luminoso*) in Peru.

Other Soviet authors have praised CISA's work, and its willingness to carry out a "dialogue" with Marxist forces in

## Creating terrorist beliefs on human sacrifice

The Aztec New Year was a "magnificent holiday," writes *America Latina*. "When the sun sets, the priests with sumptuous dress, representing all the Aztec pantheon, ascend to the Mountain of the Star—Uitzachtecatl. . . . Over the open chest of a recently sacrificed man (blissful that his soul will rise to God) the New Fire was lit. From this moment, the happiness and celebration began for all."

Likewise, during ceremonies in honor of the Sun, "four priests ripped out the heart [of a prisoner] to offer it to their god," the Soviet magazine adds. Slavery was part of the Aztec caste system, they note. Yet, the Aztecs are "a young people, full of vitality," whose art "is distinguished by its grandiosity."

Ibero-America. What is CISA's stated dedication? To eradicate "the Western System and Thought" from Ibero-America, which emphasizes "individual culture" and universal science, thus disturbing Indian worship of "their" goddess, Mother Earth, denies Indians their "spiritual" needs, as use of coca and other hallucigens, and places man at a higher level than the "brother plants and brother animals."

CISA's publications proclaim their intent to wipe out the now-existing nation-states in the Andes; the Catholic Church, including most specifically Pope John Paul II, is a central target of hatred of CISA's members.

In August, Zubritski deployed personally to Lima. Whatever else he did there, in a speech Aug. 4 before the Peruvian-Soviet Cultural Association reporting on the conclusions of the 27th Party Congress, Zubritski revealed himself to be as rabid as the Shining Path fanatics. The Soviets have been careful to maintain a public line critical of Shining Path (*Sendero*) as a new form of "Pol Potism." So, too, did Zubritski in Lima. But that public litany said, Zubritski then stated:

People have not asked why *Sendero* dynamites electrical towers. Indian mythology continues to live, and *Sendero* knows it. . . . According to Inca mythology, out of darkness will come the New World. When they create night, they know that then, the New World is born. In their symbology, the country should inundate the city in darkness, and then mark out the Shining Path which will lead to the New World.

Mere academic praise for "ancient traditions"? In its Special Report, *Soviet Unconventional Warfare in Ibero-America: The Case of Guatemala*, EIR describes how such "anthropological studies" are used to produce terrorist belief structures appropriate for such killer groups as Shining Path, and the Guatemalan Army of the Poor. The work of a Soviet anthropology team under the direction of Yuri Knorozov, head of the Soviet Institute of Ethnology's ethnic "semiotic" group is cited. Using the work of Jacques Soustelle, head of the France-based Société des Américanistes, and cooperating with Western anthropologists centered at Mexico City's National Autonomous University, the Soviet team carried out a "general reconstruction of the ethnocultural traditions" of the Mayan Indians. The "Mayan" ideology they "reconstructed," features human sacrifice, the use of hallucinogens, and the belief that man has no soul, but cannot die and will be reincarnated—exactly the kind of belief structure required to turn a human being into a blind terrorist, capable of carrying out insane "suicide missions," to please "his" gods.

### National greatness equated with 'fascism'

Reading *America Latina*, the origin of the *Washington Times's* campaign against Peruvian President Alan García comes more clearly into view. Like the pro-drug *Wall Street Journal*, the so-called conservative *Washington Times* paints García's economic policies as "communist," because he follows Pope John Paul II's command that economic policies submit to the dictates of morality. Similarly, in Colombia, the drug-linked dailies of Bogota, *El Tiempo* and *El Siglo*, cry "Moscow's communists" against labor supporters of the Schiller Institute, who have taken up the Pope's economic program.

The source of the "communist" tag? Moscow!

As the mad Zubritski could not help but reveal in his praise of Shining Path, the Soviets view García as a principal enemy in Ibero-America, as the leading representative of the principle of Christian nationalism around which political forces are coalescing throughout the region. It is the principle of "national greatness" behind which García is organizing that the Soviets fear.

The communists put up decided resistance to right-wing opportunist elements who claim that the weight of the struggle should fall only on imperialism and pronounce themselves in favor of "the harmony of classes,"

Merin stressed in his article on the "anti-imperialist" struggle.

"Harmony of interests," the concept elaborated by American political economist Henry Carey and implemented by Abraham Lincoln in the United States a century ago, has become identified in Colombia with the organizing of former Colombian Labor Minister Jorge Carrillo, now heading the new Unified Labor Central which pro-drug forces have rushed to slander as "communist"! During his July visit to Colombia, Pope John Paul II echoed Carrillo's organizing, calling Colombia's political and economic forces to foster and develop the "harmony of interests," in order to unify and build the nation.

Similarly in May, *America Latina* published a violent diatribe against Argentine Gen. Juan Domingo Perón. Not even Perón's British opponents, nor his "Enemy Number One," the infamous Spruille Braden, have slandered General Perón more than the Soviets did in this *America Latina* article. Calling him repeatedly "El Líder," (The Leader) *America Latina* attacked Perón as pro-fascist, a militarist, anti-democratic, a demagogue.

Why was Perón these things? According to *America Latina*, it was Perón's "fierce nationalism" and commitment to mobilize Argentina to become a great nation, unified by higher principles than the class struggle—for the Soviets, a "fascist" drive.

Like Mussolini, whom he idolized, [Perón] demagogically fused in each case the idea of national greatness—abstract for workers—with the concrete concept of "well-being of the peoples,"

*America Latina* wrote. Perón, they decried, showed a fierce nationalism which equated the greatness of a nation with the power of its armed forces. . . . Instead of breaking the back of militarism, the head of the New Argentina began a militarization the likes of which could not even have been imagined in "old" Argentina.

Social demogogy and his personalist, charismatic, style of leadership, in the last analysis, slowed the process of democratization,

*America Latina* concluded. The reference to García—who regularly addresses hundreds of thousands of his country's poorest on all matters of national importance, as did Perón—is unmistakable.

### The diplomatic cover

During the past year, Moscow carried out a diplomatic offensive in Ibero-America of unprecedented scope, which is now paying off. In October, Argentine President Raúl Alfonsín will be visiting Moscow, and new commercial and fishing accords will be signed. Soviet Foreign Minister Eduard Shevardnadze is scheduled to visit Mexico in October as well, in preparation for the trip of Soviet Party Chief Mikhail Gorbachov, to Mexico in spring 1987. Soviet officials hope that Mexico will be one among several "capitalist"

Ibero-American countries to which Gorbachov will be invited on that tour.

The foreign ministers of Argentina and Brazil visited Moscow this year, the first time ever by a Brazilian foreign minister, and the first in 50 years for an Argentine. Brazilian and Soviet scientific cooperation has stepped up, including invitations for Brazilian scientists to participate in the Soviet space program.

Moscow has invested in reams of international propaganda to portray itself as a great friend of the "liberated countries." Exemplary is the April editorial of *America Latina*, dedicated to the 27th Party Congress, which declared that "the Soviet Union pronounces itself in favor of supporting the just struggle waged by Asian, African, and Latin American countries to secure their sovereign right to dispose of their own resources . . . to install a new world economic order, and free themselves of the dependency imposed by imperialism over the developing sector countries in the area of credit."

Pronouncements are all the Soviets are offering. Soviet diplomatic overtures are otherwise merely flanking deployments, in support of their overall military drive against the West. Study Soviet diplomatic efforts in Ibero-America, for example. Targeted are Argentina, Brazil, and Mexico, as the Soviets' emerging "friends."

The distinctive characteristic of the contemporary era . . . [has been] the increase in the role of the developing countries in international affairs. In the case of Latin America, the democratization of political life of several countries in the region, above all, Argentina, Brazil and Uruguay, has had a great effect on this process,

a May editorial in *America Latina* reported. One wonders, was *America Latina's* editorial written at the U.S. State Department? No where in *America Latina* can a word of support be found for García's strategy of mobilizing Western nations to reorganize the international financial system around production, not usury.

Just how serious is Soviet support for the developing sector demands for "a new world economic order," is demonstrated by Soviet projections for Ibero-American economic growth into the year 2000, prepared by the IAL's Economic Forecasting Division this year. In a June review, Vladimir Davydov, director of the Division, stated flat out that the Soviets expect usury to continue to rule:

The extraordinary difficulties suffered by the Latin American countries today are not conjunctural phenomena; we are dealing with objective processes of lasting action. . . . The foreign debt crisis will continue for a long time to be a chronic evil in the economic systems of these countries. . . . An acceptable outcome to the [debt] situation could be the partial annulment of the debt. The probability that such a

measure will be adopted (taking into account, in particular, the financial possibilities and political will of the principal creditors), can be estimated for the middle of the 1990s. In addition, our calculations show that the partial annulment of the debt can be effective only if not less than a third of the debt is affected. On the other hand, any higher proportion for this measure, will be very difficult for the capitalist financial centers to accept.

And thus he concludes:

. . . the next period will be more complex and conflictive than that of the '60s and '70s. In comparison to these two decades, slower economic growth, an increase of economic instability, and the sharpening of social contradictions are to be expected.

Soviet "diplomacy" towards the developing sector was summarized by the butcher of Libya, Soviet-puppet Muammar Qaddafi, when he promised upon his arrival in Zimbabwe for the Non-Aligned Meeting in September, "to divide this world into two camps—the liberation camp and the imperialist camp." The Soviet intent for the developing sector had been outlined by *America Latina* last February:

Developing sector countries are very active at the United Nations . . . demonstrating their opposition to the militarization of space, but they do not put this most fundamental problem of our day in first place in the hierarchy of their national priorities. Naturally, this restricts the social base of the front which fights the war-preparations of U.S. imperialism.

There are many reasons for this paradox. It is worth mentioning, first, the concern with overcoming underdevelopment, "at all costs."

The idea that the world is divided into "North and South" contributes to the problem, *America Latina* continues, provoking a kind of "nationalist reaction [which] could channel the energy of the masses towards the path of their own renovation." This hope of "renovation" has even led to interest from some developing-sector countries, in participating in the U.S. Strategic Defense Initiative program, in order to further national technological development. This concern for national development, warns *America Latina*,

presents new and very complicated tasks to progressive forces, who must elaborate an alternative capable of overthrowing the principles and psychosocial stereotypes which deform the potential of the anti-imperialist social protest of the masses against hunger and misery.

Ultimately, Soviet strategy for crushing the developing sector's "psychosocial" desire for national development and scientific endeavor, was best expressed by Zubritski in Lima, when he promised the Soviets' "New World" will be born of the darkness of Shining Path.

# A case in point: Mexico's 'PANSUM'

Moscow's hand in laying the groundwork for the current insurgency against the Mexican state, should provide fair warning to those who look only for "communists" as the instruments of Soviet warfare against the Western Hemisphere.

On Sept. 5, 400-plus representatives of opposition parties and civic action associations gathered in Mexico City for a National Forum on Effective Suffrage. The Forum marked the founding of a national opposition front, committed to a national "mobilization of the people," through coordinated "non-violent civil disobedience" actions against the government. Four principal parties make up the opposition front: the pro-Hitler "free-enterprise" National Action Party (PAN), the Trotskyite Revolutionary Workers Party (PRT), left-wing greenies in the Mexican Workers Party (PMT), and the Communist Party's Mexican Unified Socialist Party (PSUM).

PSUM leader Pablo Gómez described the meeting as the "convergence in democratic commitment, of all the political forces of the country." Communist Party leader Arnoldo Martínez Verdugo hailed the Forum as "a unique and unprecedented meeting," and called for all to put aside personal differences and work together for their well-defined objectives. PAN leaders were equally happy. "We agree on the struggle for democracy," the PAN's Bernardo Batiz announced afterwards. PAN President Jesús González Schmall promised that the new alliance will "recover the people's sovereignty."

The Democratic Forum opens a new phase in irregular warfare against the Mexican state by the alliance which has become known as the "PANSUM." For the past three months, the coalition began the battle-training of its cadre, in the northern state of Chihuahua. Since the July 7 elections in that state, whose results the "PANSUM" rejects as fraudulent, PANSUM activists rioted, seized border crosspoints between the United States and Mexico, organized "sit-ins" of state and local government buildings and offices, and carried out hunger strikes, promising to escalate civic disruptions, until they are handed political power in the north.

Chihuahua provided a statewide test of PANSUM's capabilities in action. "I saw the PMT, PSUM, and the PAN united in its commitment to be respected by an abusive authority," wrote the PAN candidate for governor in the state of Sinaloa, Manuel Clouthier, in the daily *El Universal* on Aug. 7, after a 15-day visit to Chihuahua. The agreements there, he told PAN members at a Culiacán rally Aug. 11, set the basis for a "national front. . . . I, too, had the honor of

signing, committing us to struggle so that democracy is installed in Mexico."

Clouthier epitomizes the Nazi-communists leading the PANSUM strike force. One of the biggest "latifundistas" of Sinaloa, a state deeply corrupted by drug-traffic, Clouthier has yet to explain the several tons of marijuana discovered when police raided one of his warehouses in Sinaloa in 1979.

## Friends in Moscow . . . and Washington

From the outset, Moscow has kept close ties to the developing insurgency. In 1977, *America Latina* printed an article by PAN leader Manuel González Hinojosa, in which he proposed that "independent" political forces in Mexico join together. The PAN, he told Soviet readers, is a party of "conservatives, neo-liberals, moderate socialists, some not-so-moderate socialists," and "remnants of synarchism." González Hinojosa did not mention that Soviet-PAN ties extend back to the 1920s, when Manuel Gómez Morín, who later founded the PAN, was the lawyer for the Soviet embassy in Mexico!

The first public emergence of the PANSUM alliance—a joint rally of PANistas and PSUM members in Sinaloa—came only two weeks after PSUM leader Pablo Gómez returned from consultations in the Soviet Union in November 1983.

In 1985, a detailed history of the PAN's links to the Soviets was published in the exposé, *The PAN, Moscow's Terrorists in Mexico*, written by the Mexican Labor Party, and distributed in Mexico and Washington, D.C. The book warned Mexican and U.S. policymakers that the PANSUM alliance would not stop until massive violence and social upheaval destroyed the Mexican political system and threatened the security of the United States.

Soviet direction over the PANSUM continues. Shortly before the "Effective Suffrage" Forum, another PSUM delegation visited the Soviet Union. During their visit, billed as a "get acquainted with the U.S.S.R. Communist Party" trip, the PSUM members were briefed on the decisions taken at the 27th Party Congress, in meetings with the Supreme Soviet, the International Department of the Leningrad Communist Party, and officials of the Latvian Communist Party and government. The PSUM visit followed a tour of Mexico by a Soviet Communist Party delegation in July, invited by the PSUM. That delegation was led by Central Committee member B. K. Pugo, who also holds the post of First Secretary of the Latvian Communist Party Central Committee, and is known to be KGB.

Yet, on Sept. 26, members of the PANSUM seeking U.S. aid were welcomed again in Washington. Georgetown's Center for Strategic and International Affairs has a new report, hailing the Chihuahua events as a sign that PAN leaders now "advocat[e] a less legalistic, activist stance" in their campaign against the Mexican state. Ultimately, Moscow relies upon such U.S. support, to turn Ibero-America into "a continent in flames."

## Russia floats trial balloon to break up Western alliance

by Hartmut Cramer

“Sensational Moscow Plan: Reunification!” With that striking announcement as a big banner headline on its front page on Sunday, Sept. 28, *Bild am Sonntag*, with a circulation of more than 4 million, by far West Germany’s most widely read paper, delivered a profound shock to the currently terrorized German population and the dreaming politicians in Bonn, who because of the upcoming elections in January, claim day and night that everything in Germany is just fine.

That Moscow is more than busy trying to decouple Europe, and especially West Germany, from the United States by way of terrorist bombings and virtual civil war waged by the fascist Green Party, Moscow’s “fifth column,” is publicly not admitted. The obvious fact that Moscow sooner or later would openly and cynically play the “German card,” by offering West Germany’s greedy politicians the carrot of “reunification” in exchange for breaking it out of NATO and thereby destroying the very basis of the Western alliance, was known, but consistently neglected: What should not be, cannot be!

Since that fine Sunday morning, the political scene has changed dramatically; again, as in the postwar period, when Stalin brutally tried to enslave all of Germany, the battle lines are drawn and the issue is clear. “If we are unable to make headway with the Americans, we will offer a 1952-type note. However, this time it will be meant seriously,” an unnamed adviser to the Central Committee of the Soviet Communist Party is quoted by *Bild am Sonntag* in its article; and a high-ranking Soviet functionary explained to Moscow’s *Bild* correspondent what this means: “When the living standard in

both German states is more or less equal, the wall can fall. Then Germany must take its place again as the most important European country. It must get out of its subservient role to the United States and become a country that is friendly to the Soviet Union. A reunited Germany can never be neutral because of its location.”

### Defensive Western reaction

Although this explosive news has not been published so far inside Germany except *Bild*, it is already known in official circles, that Moscow intends to come up with such a sensational offer very soon. “Hints in this direction were picked up recently by one of our officials,” confirmed a spokesman of the German Affairs Ministry, “however, not in Moscow, but in East Berlin.” And an official of Britain’s Wilton Park, an institution with close ties to Germany’s political circles, commented, “This ‘Stalin Note’ story will heat up the whole fight over alliance cohesion throughout Europe.” This, indeed, it will do.

Although the Russians themselves are outspokenly clear about their intentions in leaking details on this fine-sounding, but ultimately devastating offer, Western politicians so far are dangerously defensive and timid about it, if they comment at all. “The government could not simply turn such a proposal away. We would have to examine it, carefully,” stated the above-mentioned spokesman of the German Affairs Ministry. He continued: “The government is bound by the constitution, you know, to examine all roads which might lead to reunification—under the condition that the essentials are



kept." And that is the point where the difficulties begin.

These very essentials, "relations to the West" and "political and economic freedom," are more and more put into question by Moscow's friends and allies in the West. "I think the leakage of the new 'Stalin Note' is related to the debate within the left parties in both Germany and in Britain," a London insider commented. "I can't see these questions as separated. The Liberal Assembly, here, last week, came out against nuclear defense of Europe. Now, Labour is talking of unilateral nuclear disarmament, and [Labour Party chief] Kinnock is becoming Britain's Papandreou."

At its recent convention in Blackpool, England, the British Labour Party called for scrapping the British nuclear deterrent and forcing the United States to remove its nuclear weapons from Britain.

In West Germany, the influential Green Party is openly spouting Moscow's line, as well as the big Social Democratic Party, which at their late-August party convention in Nuremberg virtually declared war on all central issues the Western alliance stands for (see *EIR*, Vol. 13, No. 35, Sept. 5, 1986, p. 61; and No. 38, Sept. 26, 1986, pp. 48-49). Even inside the ruling coalition, Moscow's friends are making big headway and are basically following the anti-American line of Foreign Minister Genscher, the friend and admirer of Henry Kissinger and George Shultz, who does not get tired of repeating, that Germany should enter into a "security partnership" with the Warsaw Pact.

### **Appeal to all patriots in the West**

So far, the only politician to come out strongly against this new "Stalin Note" and for the defense of the West, has been Helga Zepp-LaRouche, one of the leading figures of "Patriots for Germany," a movement of prominent German citizens who strongly favor close German-U.S. ties, especially concerning President Reagan's Strategic Defense Initiative and who also strongly argue for a firm, unified stand of the West against Moscow's terrorist irregular warfare.

In a "Dramatic Appeal to All Patriots in the West," she termed Moscow's sensational offer a "typical trial balloon, sent up once in order to test the reaction of the German public and of the other Western states." Nobody should be fooled by this "offer," she warned, since it is only meant to entrap the government in Bonn, isolate Germany, break up NATO, and thereby destroy the Western alliance. "It doesn't surprise me in the least," Zepp-LaRouche stated, "for this political move toward Germany, about which I warned last spring, was merely a matter of time, given the miserable stance in Bonn."

In fact, Mrs. Zepp-LaRouche had already, at a conference of the international Schiller Institute held on June 21-22 of this year in Mainz, West Germany, predicted with astonishing precision that Moscow would make such an offer "probably no later than this autumn," i.e., deliberately timed

with the peak of the crisis in the defense policy of the West, caused by the decision to deeply cut into the American defense budget. This decision, forced by the Gramm-Rudman bill, would boost all those voices in the West who call for removing U.S. troops from Western Europe to Central America.

Zepp-LaRouche added at that time, that as in 1952, this "repetition of the Stalin note is to serve the same purpose: to prevent the Federal Republic of Germany from standing by the Western Alliance. The only difference is, today there is no Adenauer. The CDU [Christian Democratic Union] has fundamentally changed; I fear that, if the Soviets offer the Bonn government a reunification of Germany at the price of withdrawing from NATO, then there will be enough people who will seize on the offer, such as the SPD, the Greens, the [liberal] FDP, and the so-called Moscow faction of the CDU, which are already now in an overpowering majority."

### **The truth about Stalin's 1952 'offer'**

The text of the much talked-about "Stalin Note" of March 10, 1952 and the political situation at that time made very clear to every knowledgeable observer, that it was not Moscow's "concern" about finding a solution to the German Question, let alone Soviet willingness to accept a "reunification" of Germany as a sovereign and free nation, which led Stalin to officially present his "offer" to the Western powers. In this note, Stalin offered the reunification of Germany on the conditions that the unified Germany be a "neutral, democratic, and peaceloving" state, was not allowed to participate in "any coalition or military agreements," and must be ruled by an "overall German government" before any elections could take place.

Stalin's trick was that in this "government," the communist-steered East German politicians, who had dictatorially suppressed all opposition, and the Western politicians, who were elected by free and fair elections, would be put "on an equal footing"; i.e., Stalin would get the golden opportunity to suddenly expand his dictatorship to the very heart of Western Europe with the bloody method he had already used in Hungary, Czechoslovakia, Poland, and East Germany in the years before. Every leading politician in the West was still horrified at the way Stalin had brutally forced his puppet dictatorships on the unhappy populations of Eastern Europe. They knew all too well what Stalin's promise of a "neutral, democratic, and peaceloving" Germany would look like.

Therefore, Stalin knew that he could not fool enemies like Chancellor Konrad Adenauer (CDU) and opposition leader Kurt Schumacher (SPD), who constantly and correctly termed the Soviets "red-painted Nazis." But he slyly calculated that with a nice-sounding note like this, he could increase the maneuvering room for those appeasers and sell-out politicians in the West, especially among the Allied Powers, the controllers of Germany's fate at that time. He hoped

that they would be ready to throw Germany (and ultimately the whole of Europe) to the Russian wolves in exchange for another "superpower deal," in the sad tradition of the disaster known as the "Yalta agreement" of 1945, which paved the way for Moscow's bloody dictatorships over Eastern Europe.

Stalin's hopes were not unfounded. Apart from the appeasers in the United States, like then Secretary of State Dean Acheson, George F. Kennan, at that time U.S. ambassador to Moscow, and John J. McCloy, the U.S. High Commissioner of Germany, even British Prime Minister Winston Churchill was willing to accept Russia's demands for a "New Yalta." This was proven by his famous speech on May 11, 1953, one year after the issuance of the "Stalin Note," in which he became the first Western leader to explicitly accept the "security interests" of Moscow and called for a "neutralized, unified Germany."

Inside Germany, when not only Adenauer and Schumacher, but all leading political leaders except those of the Communist Party, firmly rejected Stalin's "offer," Moscow's friends put big pressure on the government to capitulate. The most prominent was Martin Niemoeller, one of the leaders of the Evangelical Church, who, after having discussed this issue with Stalin's deputy foreign minister and leaders of the Russian Orthodox Church in January 1952 in Moscow, immediately upon his return publicly attacked the United States as unreliable, and called for a deal with "our direct neighbor" Moscow, in order to get a unified, but neutralized and completely disarmed Germany.

But Adenauer with his proverbial "sturdiness" on fundamental issues, using the catchy slogan "Freedom comes first, then unity," rallied the German population around his program of linking West Germany to the West, especially to the United States and France. When in May of 1952 his government signed the Treaty on Germany, which officially ended the status of occupation by the Western Allied Powers and enabled West Germany to fully develop politically and economically as a sovereign nation, Adenauer, with crucial help from President Eisenhower, had won one of the decisive battles for the entire West.

### Why this new 'Stalin Note' now?

Today, the situation is very similar to that of 1952, though much more severe and dangerous. The West, in the 1950s at its peak of military and economic strength, has stupidly weakened its position vis-à-vis Moscow. Strategically, the world economic depression has pushed the West to the brink of a "1929-like" crash, which will wipe out any political and social stability, so that Moscow, tactically, can exploit it to the maximum. The influence of its "fifth column" in the West, though the power of the official communist parties has declined, has risen to an all-time high, as exemplified by the pro-terrorist Greenies, Willy Brandt's Socialist International, Foreign Minister Genscher's Liberals, and the "Moscow faction" inside the CDU, who all are toeing Moscow's line

together with their counterparts in the other European countries. And there is no Adenauer.

On the "superpower" level, i.e., Moscow's relations with the U.S. State Department, controlled by Armand Hammer's notorious "Trust," Moscow can count on at least the same amount of support it had in the 1950s. Kissinger's and Brzezinski's friends in the State Department are more than ready for another sell-out of one of America's crucial allies.

Apart from finally using these carefully prepared "golden opportunities," Moscow has every reason to play its "German card" now in order to destroy the Western alliance. With President Reagan's firm stand on the SDI, France's Premier Jacques Chirac's strong stand against Moscow's irregular terrorist war, and the equally firm commitment by Western leaders to finally take up and win the war against drugs, Moscow's time is running out, as the West as a whole may be finally coming to its senses and changing its disastrous policy course in order to gain the much needed superiority over Moscow in crucial fields like the economic and military ones. If Germany were to fully take part in shaping, in the Western alliance, a new renaissance, including an economic "Hamiltonian" one, a renaissance based on the highest moral and cultural values of the German Classics, then Moscow would be beaten back in its expansion drive for a very long period to come. Hence, Moscow's interest, to lure, control, and ultimately destroy Germany now at all costs.

Despite all the above-mentioned advantages for Moscow, the whole scheme, as dangerous as it is, might backfire, and massively so. So far, the leak in *Bild am Sonntag* was merely a trial balloon, set up to test the reactions in the West, to judge the strength of Moscow's friends and foes in Western Europe and the United States, to isolate and crush the opposition and then to force through the "New Yalta" deal by means of "German reunification."

The weak flank of the Russians is the will of the German population. Rudely put before the existential choice, whether to enjoy and enlarge the accomplishments of human freedom or to suffer the beast-like existence under a bloody dictatorship, the Germans will overwhelmingly opt for the former, if given support by the Western countries.

But this has to be proven *practically*; the earlier and more outspoken the rejection of this note is voiced *internationally*, the easier it will be to immunize and mobilize the population of Germany and the entire West, so that Moscow's clever plan to destroy the Western alliance fails.

The stakes are very high and clear: "In this hour of great danger, in view of this deadly threat to our beloved Germany, as to the West in general," concluded Helga Zepp-LaRouche her recent statement, "I appeal to all patriots in the West to mobilize their forces with the Patriots for Germany in order to reject the new Stalin note, to counter Moscow's strategy of decoupling Western Europe from the United States, and to defend the accomplishments of Judeo-Christian civilization."

# Prospects for the Iceland summit

by Criton Zoakos

The principal subject of discussion between President Ronald Reagan and General Secretary Mikhail Gorbachov at their scheduled, Oct. 11-12, meeting in Reykjavik, Iceland, will be the Strategic Defense Initiative. Specifically, President Reagan insisted on holding this meeting because he considers it useful to repeat his July 25 Strategic Defense Initiative (SDI) offer in a person-to-person squaring off with Mr. Gorbachov. That July 25 offer, as *EIR* reported at the time and as the President made public in his speech to the U.N. General Assembly, includes the following elements: 1) The United States intends to continue unconditionally all aspects of research, testing, and development required for a comprehensive anti-missile shield. 2) The United States offers to share with the Soviet Union the fruits of this R&D effort, provided the Soviets agree to an eventual joint or parallel deployment of anti-missile defense. 3) The United States is willing to provide Moscow with all reasonable guarantees that the SDI cannot be used for "first strike" purposes.

Since then, propagandists and negotiators from the Soviet side have insisted that the American "Star Wars" program must be scrapped, as a precondition for "progress" in "offensive weapons reductions." The American side rejects such linkage between SDI and "offensive weapons." It was against this background noise that Gorbachov sent his letter to President Reagan, suggesting the Oct. 11-12 "non-summit" summit in Iceland.

What are the Soviet leaders' objectives for such a meeting? It seems that Gorbachov is interested in making a political evaluation of whether President Reagan possesses the political support to impose his SDI program as the national policy of the United States, even after his term in office expires. The Kremlin has been pestered by a consistent mis-evaluation, both of the President and of the administration, at least since March 23, 1983, when the President announced his SDI program. The source of the constant Soviet misreading appears to be located in the "Americanologist" circle of IMEMO and in Georgii Arbatov's U.S.A.-Canada Institute. Repeatedly, these specialists had assured the government that the liberal, pro-appeasement forces in the United States would prevail over Reagan and deflect him from the SDI. Repeat-

edly they were proven wrong.

A further concern for Mr. Gorbachov is the LaRouche issue. During the last summit with the President, Gorbachov tried to raise the subject, but, according to reports, the President cut him off on grounds that domestic U.S. politics is none of Gorbachov's business. Since then, the Soviets' massive international propaganda machine has focused on Democratic presidential candidate Lyndon LaRouche as the number-one target of their venom. Following the March 18 primary elections in Illinois, the official U.S. declaration of a war on drugs, and LaRouche's leading role in the politically explosive AIDS issue, the Kremlin's concern over LaRouche has grown into alarm.

Essentially, Gorbachov, in trying to arrive at a usable evaluation of what is going on, politically, in the United States, will be watching and comparing three things: 1) what President Reagan will tell him at Reykjavik and how the President will be reacting to what the Russians will have to say; 2) what the liberal Congress and other liberal forces, such as the State Department, will be doing to obstruct President Reagan; 3) to what extent LaRouche and the LaRouche movement in U.S. politics are able to curb the influence of liberals, both in Congress and in U.S. foreign policymaking.

The *EIR* estimate of the Soviet's strategic posture is that the Soviet command is proceeding from two immediate premises. First, President Reagan is unshakably committed to the SDI; second, the nuclear "correlation of forces" at present, is not propitious for Moscow to launch general war. Their principal foreign policy task, therefore, is to ascertain if there are any chinks in Reagan's armor—either in his confrontation with Congress or in his personal psychological makeup, for instance, his subjective attitude toward the "LaRouche issue." Hence the Soviet interest in the "non-summit" of Reykjavik.

President Reagan is aware of at least one aspect of these Soviet probes. He knows that there is a concerted effort, before the summit, to mobilize Congress as an effective barrier to his foreign and national security policies.

The President knows that the State Department was the principal organizer of the Senate's successful override of his veto of economic sanctions against South Africa. To that extent, the State Department and George Shultz will have that much less influence over what transpires at the summit. However, the more the arrogant State Department liberals see the President taking foreign policy into his hands and away from them, the more they will connive with congressional allies to underline the President—which is what Gorbachov is counting on.

The President devoted his Oct. 4 radio address to an appeal to the American population, over the heads of Congress, to force Congress, both parties, to support his foreign policy. President Reagan said: "The Soviets must not think delay could work to their advantage by gaining from the Congress what they can't win at the negotiating table."

# Willy Brandt tells 'Pravda' he'll help

by Rachel Douglas

Even as Soviet-linked terrorists assail West Germany with scores of bombings, vandalism against industrial facilities, and riots, the Soviet Union has swept up the country's politicians in a whirlwind of diplomacy. Cultivating leaders of the opposition Social-Democratic Party (SPD), the Green Party, the government coalition member Free Democratic Party (FDP) and Chancellor Helmut Kohl's own Christian Democratic Union (CDU), Moscow has prepared the ground for planting the "offer they can't refuse"—the offer of German reunification, under a special relationship with the U.S.S.R.

On Sept. 12, *Pravda* used a quarter of a page to display an interview with Willy Brandt, the chairman of the SPD and of the Socialist International, on how West Germany and the rest of Western Europe should unhitch from the United States and direct joint efforts, with the Warsaw Pact countries, to stop the Strategic Defense Initiative. "I do not exclude," said Brandt, "that under the influence of serious opinions in Europe and other parts of the world, it will be possible to some extent to get the United States to change its policy."

Brandt pledged that an SPD-led government, should the party be victorious in the national elections in January 1987, would quickly go far beyond the several schemes of "nuclear-free," "chemical-free," and other "zones" in Central Europe, on which the SPD has been collaborating with the Soviets and their allies. In *Pravda*, Brandt talked about this "future government," as a foregone conclusion.

"There are a great number of things which we [Europeans] could do," said Brandt. "Take the question discussed between the SPD and the SED [East Germany's ruling Socialist Unity Party], about freeing a part of the territory of the Federal Republic of Germany and the German Democratic Republic from nuclear weapons—very close to what the Palme Commission proposed a few years ago. Or the question of a chemical-free zone, encompassing the territory of both German states and Czechoslovakia.

"I think that the role of Europe ought to be supplementary to the role of the great powers. And I am convinced, that the Social Democratic government of the F.R.G., if our party again comes to power, would go even further in the two areas I have mentioned, and in concrete steps, not just plans. . . . The Europeans can do a lot. . . . We can make our contri-

bution to the cause of removing intermediate-range rockets from the continent. . . . There are other aspects, which don't have a direct relationship to security, but help consolidate peace—cultural, economic, technical, ecological and, of course, political."

In all of this, Brandt promised, "I have in mind, that the future federal government should . . . seek new approaches . . . seek untapped reserves, whether these be bilateral or regional forms of cooperation. . . . It is well understood in the F.R.G.—and the SPD government will be aware of this, too—that our country cannot play a leading role on the world scene, but within the groupings of which it is a member, it could be active. . . ."

## Coordination with the East

The diplomatic chronicle of Brandt's cohorts in the SPD over recent months, would strongly suggest that the Warsaw Pact is one of the "groupings" in which they are anxious to be active.

Not only has the SPD held party-to-party talks with East Germany's SED on the "dechemicalization" of Central Europe. In June, the party also set up a special panel for the coordination of foreign policy initiatives with the ruling Polish United Workers Party; the working group's proceedings would be kept confidential, in order to avoid undue controversy, but, reported SPD leader Horst Ehmke, West Germany's foreign minister, FDP leader Hans-Dietrich Genscher, would be "informed regularly."

Genscher said June 13 that he welcomed "the comprehensive character" of Warsaw Pact disarmament and cooperation proposals, for "we have noticed with great interest that the states of the Warsaw Pact defined the overcoming of the partition of Europe as an aim. . . ."

So far in 1986, Moscow has played host to a half-dozen SPD individual guests and delegations. In May, SPD executive member and governor of the Saarland Oskar Lafontaine had talks there with the Soviet Central Committee's foreign policy chief, Anatolii Dobrynin. The next month, the SPD's chancellor-candidate, Johannes Rau, was received by party boss Mikhail Gorbachov and a host of other officials, with the honors usually accorded ruling parties. Brandt's close associate, Egon Bahr, made the trip in July.

Dobrynin and his staff also found time for talks in Moscow with an FDP delegation in August and to set up permanent inter-party ties with the Greens. Representatives of all these parties, as well as Trilateral Commission member Kurt Biedenkopf of the CDU, have flocked also to East Berlin and back during this summer. Bavarian (state) SPD leader Karl-Heinz Hiersemann, visiting East Berlin in June, endorsed not only the chemical-free zone, but also a "nuclear free zone," for Central Europe.

*Izvestia* commented hungrily on May 28, "If an SPD government takes office in Bonn . . . next January, all U.S. medium-range nuclear missile weapon systems will be removed from West German territory."

# A closer look at the 1986 autumn exercises of NATO

by Dean Andromidas and Michael Liebig

The NATO autumn 1986 maneuvers have demonstrated not only once again, but more than ever, how fundamentally important the military efficiency of the Western alliance is in preventing a war. Our first-hand observation of the ongoing NATO series of exercises gave us a precise idea what it would be like if the alliance's military capabilities were no longer around. More immediately than through any abstract comparison on paper of the East-West balance of forces, direct observation shows in stark terms what a deadly gap would be ripped open, what a vacuum would emerge opposite the totalitarian military superpower, should the NATO troop and equipment presence be reduced.

Unfortunately, the possibility that in Europe such a military "hole" will be torn open is closer to reality than at any time before in NATO's existence. In the United States, deep cuts in the government budget are on the agenda. Influential power-brokers among the East Coast Establishment are resolved to slash the defense budget, primarily through reducing the American troop presence in Europe. A propaganda campaign in this direction has been running in the American media, while in Congress, the proponents of a U.S. troop pullout have been gaining ground.

This is mirrored in the West European Social Democracies by a campaign that no longer merely calls for withdrawing American nuclear weapons from Europe, but demands the end to the entire American military presence. The Social Democracies call for transforming NATO's military potential into a so-called "defensive defense," stripped of any effective combat capability, and degrading the NATO armies to nothing more than expanded police formations.

Also among the conservative-liberal forces, such as the present ruling coalition of the Christian Democratic Union and the Free Democratic Party in West Germany, the "Moscow Faction" is growing—those calling for or inclined toward decoupling from the United States and making a strategic arrangement with Russia.

All this must be taken into account, as we consider now more closely this year's NATO autumn maneuvers.

The impression gained by the outside observer of the military efficiency of the troops participating in the autumn

maneuvers is good, even taking into account that this impression is limited to what occurred on the surface during the maneuvers.

Of course, we cannot simply toss aside and cover up the errors and deficiencies in military efficiency and alliance strategy. NATO military doctrine lacks the resolve to fight to victory against any Soviet aggression. Valuable time would elapse before the United States and Western Europe could bring into operation an effective anti-missile defense. Europe lacks the nuclear weapons, namely the neutron weapons, which could most effectively knock out the "armored fist" of the Soviet blitzkrieg. NATO also lacks a strategy to deal with ongoing Soviet irregular warfare. However, all these problems, as well as other severe problems pressing on NATO, are primarily not military, but political in origin.

There have always been high-level "political officers" ready to adapt to prevailing political exigencies, regardless of the real dictates of the strategic situation, "political officers" who are quite comfortable in their armchairs. The overwhelming majority of the unit commanders, staff officers, and soldiers are doing more than simply serving time and "doing their job." In observing this year's NATO autumn maneuvers, we gained a very deep respect for the high morale and readiness to fight among the participating troops.

## Profile of the maneuvers

The center of this year's NATO fall maneuvers was in NATO's northern flank, in an area ranging from northern Norway through Denmark into the northernmost West German state of Schleswig-Holstein, bordering Denmark to the north and East Germany to the east. The northern flank maneuvers included "Northern Wedding," which featured combined naval, air, and amphibious exercises in the Norwegian Sea and North Sea. This large exercise was accompanied by smaller exercises involving the ground forces of Norway and Denmark.

These exercises were followed in the last week of September by "Bold Guard" in Danish Jutland (the Danish mainland) and in Schleswig-Holstein. "Bold Guard," the largest single exercise of the Autumn Forge series, involved 80,000

West German and Danish troops, as well as marine infantry units from the United States, Great Britain, and the Netherlands. Besides the large ground forces involved, NATO air units participated heavily.

Between the Elbe River (the border between Schleswig-Holstein and the rest of Germany, as well as the dividing line

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*In the various units we visited during the maneuvers, almost nothing happened as it was "supposed" to—not only did they have to reckon with unpleasant surprises from the "enemy," but snafus, the weather, a thousand and one "unforeseeables," all demanded flexibility and adjustments at a moment's notice.*

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between NATO-North and NATO-Central Europe) and the Bavarian-Austrian border lies NATO's "Central Front."

The biggest exercise on NATO's Central Front, called "Franconian Shield," took place between Sept. 19 and 25 in Lower Franconia (the area from the Würzburg region to the vicinity of Bamberg). Fifty thousand troops took part, from the West German Army (the Bundeswehr), the French Army, and the American Army. These exercises marked the first time ever that French troops stationed in West Germany had conducted joint exercises with their American and German allies in West Germany, outside the former French postwar occupation zone.

The exercises were concentrated in the area north and east of Würzburg. The bulk of the troops were there with 3,400 tracked vehicles, including German Leopard I and Leopard II main battle tanks, French AMX 30 tanks, and American M-60 and M-1 Abrams main battle tanks. Besides the 3,400 tracked vehicles, the NATO forces also deployed some 14,000 wheeled vehicles, 220 German and American helicopter gunships, and liaison and transport helicopters, while air force units flew ground-support missions for the infantry and armored units. The Allied 4th Air Army flew up to 250 sorties per day during "Franconian Shield."

The bulk of the participating units came from the Bundeswehr, namely the 12th Panzer Division, the 5th Panzer Division, the 2nd Panzer Grenadier Division, the 26th Airborne Brigade, and a reserve formation, the Home Guard's 54th Brigade. The French units took part with one brigade from the French 1st Armored Division, whose headquarters

is in Trier, a West German town on the Moselle, near the Luxembourg border. It is noteworthy that French units, for the first time since 1967, have been integrated into a NATO maneuver on West German soil.

U.S. troops participating included units from the 1st Infantry Division. The 1st Infantry Division is known as a "Reforger Unit," partly based in Ft. Riley, Kansas—its home base—and partly forward-based in West Germany. During the "Reforger" component of NATO's autumn maneuvers, the Ft. Riley units are flown to West Germany as a demonstration of U.S. readiness to rapidly reinforce its combat forces based overseas, in times of crisis.

### **The battle scenario**

The scenario of the "Franconian Shield" maneuvers involved an attack by armored and mechanized infantry forces, launched against the Würzburg region from a line some 50 km northeast of Würzburg, the line more or less paralleling the border with East Germany, and thus simulating a Warsaw Pact attack. These "Red" attack formations were represented by the German 5th Panzer Division, the French Armored Brigade, and the German Airborne units. The defending "Blue" units comprised the German 12th Panzer Division, parts of the U.S. 1st Infantry Division, German Airborne units, and the 54th Home Guard Brigade.

The task of the "Blue" defending units was to first fight a delaying action by several "Blue" units, to slow down the "Red" offensive. This was a matter of providing enough resistance to hold up the superior "Red" attack forces, while, in falling back during the delaying action, not giving up more than 40-50 km of territory to the advancing "Red" Army, during a time-frame of some 48 hours. The object of the "Blue" forces fighting the delaying action was to so wear down and weaken the "Red" forces during this time frame, so that the "Blue" forces—reinforced by fresh forces—could begin a counter-offensive by about the third day of fighting.

The maneuver scenario was based on the assumption that the attack by the superior "Red" forces would not be a surprise attack, and that NATO would have 2-3 days warning and preparation time available. One should note here, that most NATO units on the "Central Front" are often based some 150-200 km from the West German border with East Germany and Czechoslovakia. It does not require much imagination to realize what it would mean in case of actual Russian aggression—with 0-3 days notice—to transport American divisions withdrawn from Europe back to Europe over a distance of 6,000-8,000 km. That would be, should it actually be attempted, purely illusionary. In the "Franconian Shield" exercise, it took from Sept. 19 to 21 to move up the defending "Blue" units from their bases *in West Germany* to the region near the border where the "Red" offensive was underway. Imagine if they had to arrive from the *United States!*

The observer of the "Franconian Shield" maneuvers could

not avoid being impressed with the reality that it's extremely difficult, indeed impossible, to move up modern armored and mechanized units with their immense supply needs, to their jumping-off attack positions, without the situation having first been reconnoitered. It cannot be taken for granted that clear intelligence and reconnaissance results will lead to clear conclusions by the political leadership of the West.

### **A dangerous delusion**

As far as the outside observer could tell, the "Franconian Shield" exercise was conducted under the assumption that nuclear weapons would not be used. This assumption—that a Soviet aggressor would mount his blitzkrieg offensive without using nuclear weapons—we consider illusory. For Soviet military strategy, the use of low-yield nuclear weapons in Central Europe in no way means automatic nuclear holocaust for the region to be overrun and conquered—which is intended to be occupied and exploited—and even less of a "holocaust" threat for the Russian homeland.

There are currently circulating in the West dangerous self-serving delusions about an alleged overcoming of the Sokolovskii Doctrine through an alleged "no longer nuclear" Ogarkov Doctrine. The view that the Chernobyl nuclear power plant disaster has somehow "denuclearized" Soviet military strategy appears to us to be another self-serving delusion. The assumption in "Franconian Shield" that the reinforced defending forces will be in position to mount a counter-offensive after 2-3 days, therefore seems to be a self-serving delusion. In fact, NATO forces on the Central Front would have no choice but to employ nuclear weapons to prevent decisive breakthroughs by the aggressor.

A maneuver of such size and with such modern warfare technology as "Franconian Shield" imparts to the observer a unique, emphatic conception of time and space. It becomes uncannily clear what it means to have the men and matériel at the right place at the right time. The key Clausewitzian concept of "friction in war" is almost palpable. In the various units we visited during the maneuvers, almost nothing happened as it was "supposed" to—not only did they have to reckon with unpleasant surprises from the "enemy," but snafus, the weather, a thousand and one "unforeseeables," all demanded flexibility and adjustments at a moment's notice. Rigidity and sticking to doing things "by the book" in actual military operations inevitably leads to chaos and military disasters.

During a visit to units under heavy pressure from the "enemy," these units were ordered to disengage themselves from the "enemy," while airborne units would take up new defensive positions behind them. The paratroopers were not able to reach their designated positions in time, and arrived only later at another location. This showed that even modern electronic communications and command could change little regarding the demands placed on the art of operational leadership. More than ever, what counts above all is the person-

ality and leadership abilities of the officers, under extreme physical pressure, and above all under conditions of forced lack of sleep. And these are "just" maneuvers.

### **Executing a mission**

Even a purely surface look at the events during "Franconian Shield" makes clear the meaning of the core operational concept of "executing a mission," one of the most prominent conceptions in German military history, whose importance is increasing today. The subordinate military commanders—unit commanders down to non-commissioned officers—are given missions and orders which they have the responsibility to carry out; they must decide concretely *how* to accomplish their mission. Thus, overblown staffs, which are stubborn, inflexible, and oppressive toward the subordinate unit commanders, are ineffective in actual combat. It seems that also outside the German Armed Forces, the notion of "executing a mission" is gaining ground in other NATO armies as well.

While visiting a Bundeswehr Panzer Battalion during the "Franconian Shield" exercises, the observers were more than a bit astounded to find that this battalion was *not* being commanded from two command tanks, normally positioned slightly to the rear of the immediate combat area. The command tanks are outfitted with modern electronic command systems and are in constant contact with both the Panzer companies during combat, as well as with the Brigade command.

The major in charge had an overview of the situation, which was continuously marked on his maps. But this major was not the Panzer battalion's commander; rather he was like the chief of staff (Battalion Executive Officer) to the battalion commander, who himself led his 40 tanks *up front* as commander of one of the Leopard IIs. He and his company commanders directly command the combat operations on the scene, he makes the necessary decisions on the spot, the staff supports him from the "rear," but cannot sway him in his decisions.

A battle between armored units made it emphatically clear that a defender operating against a superior opponent only had a chance by launching continual, surprise flanking attacks. Already today, NATO is far inferior to the Warsaw Pact forces on the Central Front. One can imagine to what demoralizing dimensions this inferiority would rise if American troops were indeed removed from the Federal Republic of Germany. The view that the Warsaw Pact's quantitative superiority can be offset by NATO qualitative superiority does not correspond to reality, or, at least, corresponds less and less to reality. If, for example, 100 fairly good East bloc tanks face 30 very good Western tanks of the Leopard II or Abrams M-1 type, and the 30 Western tanks succeed in destroying 90 of the East bloc tanks, before they themselves are destroyed, the enemy still has 10 tanks remaining to win the battle.

The first pre-condition for a successful flanking attack is

deception and camouflage. One must not be seen by the enemy, but must in turn be able to see the enemy. Even with the most modern reconnaissance methods, reconnoitering an area in depth is enormously difficult. The possibilities of effectively camouflaging units in both a natural outside environment and in villages and towns are extraordinary. The observer, admittedly lacking a sharpened experienced observation ability, was again and again astounded at how effective camouflage can be—how tanks, artillery, heavy equipment can be made to “disappear.”

Camouflage gives the defender advantages over the superior attacking forces, but at the same time, camouflage is—as a matter of survival—not to be overestimated in importance. In connection with concealment—in its broadest sense, meaning not only static units, but units on the move—night operations are taking on greater importance in modern warfare. For example, the majority of logistical operations, above all transport of troops and supplies, can only be carried out by night. Night warfare itself is also becoming more and more important. Night combat also offers for the well-trained and well-equipped defender considerable possibilities against a superior enemy.

Regarding the above-cited tank battle that the observers were able to follow, lighting conditions and concealment played key roles. One Panzer company, well camouflaged during the twilight hours, and well spread out, took up ambush positions, lying in wait for the “enemy.” The “enemy” armored attack, which had been spotted, had to occur in a sector about 4 km wide. “Enemy” reconnaissance tanks did not succeed in making out the “Blue” tanks lying in wait in their positions, and thus, a total of 7 “Red” tanks appeared during the last moments of twilight at a distance of about 2,500 meters (about 2,700 yards) away from the gun barrels of the “Blue” tanks. Then, one heard the crack of the practice ammunition of the “Blue” tanks, before the “Blue” forces rapidly changed their positions. The decision of the “battle” umpires was clear.

The big NATO autumn maneuvers in the Federal Republic of Germany, “Bold Guard” in the north and “Franconian Shield” on the Central Front, have demonstrated that an aggressor from the East will not have an easy time. NATO’s military capabilities can still make any aggression a hazardous enterprise. We are not saying this in a self-soothing manner, but taking into account the severe shortcomings in NATO’s defensive power. The real danger on both sides of the Atlantic to the security of the West lies in the inner political disarray of the West, expressed in plans to remove American troops and in European appeasement and crumbling will to resist Moscow. The problem does not lie in the population, but among the responsible political figures. The overwhelming majority of people in the maneuver areas were—in spite of many irritations and maneuver inflicted damages—friendly and positively disposed to the German, French, and American soldiers.

## Soviets set sights on Korean peninsula

by David Barnes

Over the weekend of Sept. 6-8 in Pyongyang, Democratic People’s Republic of Korea, more than 120 organizations representing 80 countries, attended the Pyongyang International Conference for Denuclearization and Peace on the Korean Peninsula, hosted by the government of North Korean dictator Kim Il-Sung. Participating along with the various European and Asian communist parties, were the South Korean National Democratic Front and the Japanese Socialist Party—the latter, one of the main groups opposed to the pro-Western defense policies of Japanese Prime Minister Yasuhiro Nakasone. Among those nations represented were Mozambique, Malta, Bulgaria, Hungary, Czechoslovakia, Vietnam, the People’s Republic of China, and the Soviet Union.

The purpose of the gathering, in the words of the official Soviet news agency TASS, was to voice “support for the concept of strengthening peace and security in Asia and the Pacific put forward by Comrade Gorbachov in his speech in Vladivostok.” As stated in the opening speech by North Korean Vice-President Yi Chong-Ok, “If a nuclear-free peace zone were established on the Korean Peninsula, this region would be cleared of the danger of nuclear war, and this would greatly help toward the conversion of Asia into a continent of good neighbors and cooperation, where a durable peace is guaranteed.”

Also in the North Korean capital that weekend was Bruno Kreisky, the Socialist International vice-president and one-time Austrian chancellor. Kreisky is an associate and avid promoter of Libyan madman Muammar Qaddafi, a key component of the Soviet-directed terror international, along with North Korea’s 100,000-man Spetsnaz force. Apparently Kreisky did not attend the conference itself, but was nonetheless received and lavishly banqueted by Kim Il-Sung.

The significance of the “peace” conference and Kreisky’s hobnobbing with the North Koreans must be seen in terms of the U.S.S.R.’s determination to replace the United States as a strategic presence in Asia and the Pacific Basin, utilizing the Korean peninsula as a vital military staging ground.

### The Moscow-Pyongyang axis

Moscow has increasingly consolidated its control over the Kim regime, particularly since the North Korean-directed terror-bombing in Rangoon, Burma, in October 1983, which



was aimed at South Korean President Chun Doo Hwan, and in which four of Chun's cabinet members were killed.

The Soviets have built their present relationship with North Korea largely through gradual delivery of desperately needed modern military equipment. In December 1984, their relationship made great headway with the visit of then-Soviet Deputy Foreign Minister Mikhail Kapitsa to Pyongyang, during which agreements were reportedly reached regarding stationing of Soviet SS-20s, as well as advisers, in North Korea. Also discussed, though at the time not agreed upon, was the use of two North Korean ice-free ports for the Soviet Pacific fleet.

By the spring of 1985, Moscow began delivery of its top-of-the-line MiG-23 to the North. The current number of MiG-23s in North Korea is enough to complement 36 squadrons. In January 1986, according to the Japanese newspaper *Sankei Shimbun*, the Soviets began delivering air-defense missiles, along with the SS-1/SCUD and the AA-7.

Another major development in Moscow-Pyongyang affairs was the December 1985 announcement that the U.S.S.R. had signed an agreement with Pyongyang for construction of a nuclear power plant in North Korea, following talks between North Korean Prime Minister Kang Sung-San and Mikhail Gorbachov. The plant supposedly would give the North Koreans the ability to produce weapons-grade plutonium. The Soviets, however, forced the Kim government to sign the 1968 Nuclear Non-Proliferation Treaty first—in Moscow on Dec. 12, since Moscow saw no reason for North Korea to have its own nuclear capability, when Moscow's object was to forward-base Soviet-manned nuclear weapons on North Korean soil in the first place.

During August of this year, in return for the military hardware already given, the Soviets were able to gain a further foothold on the peninsula by pressuring North Korea to provide access to both the west coast port of Nampo and the east coast port of Wonsan. Moscow made no bones about its intention to turn these ports into its own naval bases, like that at Cam Ranh Bay, Vietnam. Moscow has also forced the Kim regime to acquiesce to its demands to conduct joint military exercises in North Korea, and to set up a combined intelligence command.

With the attainment of the Nampo and Wonsan port facilities, the Soviets are now in a position to substantially augment the projection of nuclear forces into the Asia-West Pacific region, placing the entire Korean Peninsula in a pincer-hold and immediately threatening Japan. In addition, with the combination of the newly acquired Korean ports and the base at Cam Ranh Bay, the Soviets will be able to effectively control the entire Chinese coastline.

Highlighting these recent developments have been reciprocal visits by the naval fleets of North Korea and the Soviet Union (probably the prelude to the joint naval maneuvers suggested by Soviet Pacific Fleet commander Adm. V.V. Sidorov in July), and the fact that the Soviets have been

granted permission to fly their warplanes through North Korean airspace.

These developments give the lie to North Korea's pronouncements of good will and peaceful intentions made at the Pyongyang conference. But more to the point was Yi Chong-Ok's remark, during his conference presentation, that the U.S. government should "stop the shipment of new nuclear weapons into South Korea, reduce stage-by-stage all the nuclear weapons already introduced and, furthermore, completely withdraw them and cancel all its operational plans involving the use of nuclear weapons on the Korean Peninsula."

The Soviets' gameplan, in part, being played through their North Korean puppet and the anti-nuclear peace movement, is to use the impression of an international "anti-nuclear" consensus against the United States, providing the diplomatic cover for destabilizing and destroying American allies in the region; to deprive the United States of military basing facilities; and ultimately to drive the United States out of the Asia-West Pacific region altogether—the same gameplan currently being played through the likes of terrorist-supporter Kreisky and his Socialist confederates, against the United States and the Western alliance in the Federal Republic of Germany.

## In Defense Policy and as a Military Phenomenon

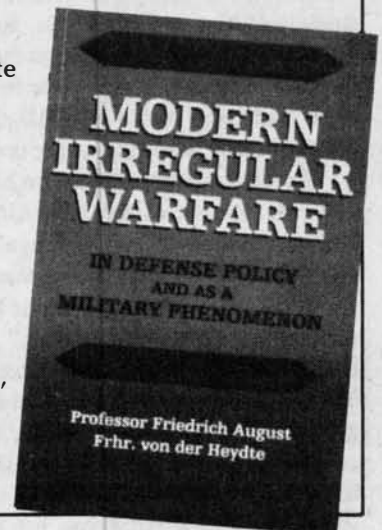
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# Murder attempt on Gandhi signals destabilization effort

by Linda de Hoyos

On Oct. 1, as Indian Prime Minister Rajiv Gandhi and President Zail Singh walked out of a two-hour service in commemoration of the birth of Indian independence leader Mahatma Gandhi, a "crazed young man" jumped from a tree and took aim with a home-made pistol at the prime minister and President. On Oct. 4, it was revealed that the would-be assassin was a Sikh, who had been perched in a tree awaiting Gandhi for six days.

Although the assassin did not have the weaponry and may not have been backed by the level of organization required for a successful attempt on the life of the prime minister, the failed attempt functions as a "dry run" for those agencies who are out to murder Rajiv Gandhi—and exposes the incompetence of the security forces around him. Furthermore, since the key conspirators of such significant political assassinations place several, even tens of "assassination" operations in motion to destabilize and divert attention of security forces around the target, the attempt against Rajiv Gandhi Oct. 1 must be taken as the signal that an assassination plot against the Indian prime minister *is in fact operational*.

The conspirators are the same forces, centered in the Russian-controlled Trust operation, with its partners in the West and particularly in London, who carried out the assassination of Mrs. Indira Gandhi. In the case of Mrs. Gandhi, the aim was twofold: to plunge the Indian subcontinent into disintegration and to eliminate from the world Indira Gandhi's leadership in the Non-Aligned Movement and in the fight for a new world economic order.

The assassination attempt on Mr. Gandhi took place soon after the summit of the Non-Aligned Movement, held in Harare, Zimbabwe, where Libya's Muammar Qaddafi, the protected asset of both Moscow and its rentier finance partners in the West, declared that he had come with the explicit aim to "supersede and abolish" the Non-Aligned Movement—and turn it into a malleable tool of the Soviet Union. Mr. Gandhi, along with Peruvian President Alan García, are agreed in their opposition to Qaddafi's drive and on the necessity for the revival of the Non-Aligned Movement on the basis of the principles of national sovereignty and the necessity for the creation of a new, just monetary system.

## Target: Indian subcontinent

It is also noteworthy that the attempt takes place within a month of the Sept. 6 Pan Am hijacking in Karachi, which similarly signaled a major operation in motion to destabilize Pakistan. The Karachi hijacking, in which numbers of Indian citizens were killed, immediately became a new point of exacerbated tensions between the governments of Mr. Gandhi and Pakistan's Zia ul-Haq.

The Soviet Union, in league with the U.S. State Department, is now escalating pressure against the Zia government in Pakistan. On Sept. 3-4, only 48 hours before the Karachi hijacking, Yuri Alexeyev, head of the Middle East desk of the Soviet Foreign Ministry, met in Moscow with Arnold Raphel, U.S. senior deputy assistant secretary of state for Near Eastern and South Asian affairs. Their discussion was part of a series of "exchanges of points of view" on regional issues—the fora through which the State Department has executed its New Yalta deal with Moscow.

While the U.S. Pentagon is reportedly giving 100% backing to Pakistan, as a front-line state with the Soviet Union with a war on its border, the State Department and associates in the Senate Foreign Relations Committee are giving backing to opposition leader Benazir Bhutto, with the hopes that she would be more willing to come to terms with Moscow. Benazir Bhutto's release from prison Sept. 7 was ordered by Pakistani authorities, Pakistani and U.S.-based sources have confirmed, under pressure from the State Department.

Despite the boosts she has received from the U.S. Eastern Establishment, the Bhutto movement in Pakistan currently is unlikely to pose even the kind of challenge to Zia that it mounted in August 1983, around the Movement for the Restoration of Democracy (MRD). The danger is that unrest and violence sparked by the MRD under Bhutto's leadership will unloose Pakistan's many religious and separatist movements, fissuring the country. The controlling points for these organizations come from the Middle East—Iran and Libya, in particular—and from Moscow directly, as in the case of Baluchistan separatist leader Abdul Mengel.

The Soviets are also courting the anti-Islamabad leadership in the Northwest Frontier Province, led by Abdul Wali

Khan, chairman of the Pushtun Popular National Party and the source of the major opium-growing operations in the NWFP bordering on Afghanistan. On Sept. 1, Wali Khan traveled to Moscow, on invitation of the Soviet Committee for the Solidarity of Asian and African Countries. After meeting with G. Pallaeu, vice chairman of the Supreme Soviet, Khan also met with Moscow's chief orientologists and traveled to Tashkent, headquarters for Moscow's operations into South Asia. The chairman of the Northwest Frontier Province's Tekrik-i Istaql party greeted Wali Khan back in Peshawar with open arms, and reported that soon, leaders of his party would be going to Moscow, "with whom we have diplomatic ties." The invitation comes from Gorbachov, he told the press. With Pushtun Najibullah heading up the Moscow-controlled Afghan government, the Soviets are making a bid to pare off NWFP from Pakistan to form a "Greater Pushtunistan" annexed to Afghanistan. Islamabad's attempts to quell Pushtun opium-growing and control Wali Khan have so far met with no success.

In mid-September, intelligence war broke out into wet-works in Pakistan, with the Sept. 14 car-bombing of an Iraqi diplomat in Karachi and the murder of the Soviet naval attaché, Fyodor Gorenkov, in Islamabad two days later. The latter has heightened tensions between Pakistan and the Soviets, with the Soviet news agency TASS threatening Sept. 19: "Pakistan is giving the green light to CIA-recruited terrorists. . . . It is also known that terrorist-training centers are operating in Pakistan under the guise of various institutions." The day before, TASS threatened: Pakistani authorities "should be well aware that such actions cannot remain without consequences for the future development of relations between the two countries."

### **The case of Siddiqi**

The source of operations against Pakistan is exemplified in the person of Dr. Kalim Siddiqi, director of the Muslim Research and Planning Institute in London, now in Pakistan on a "private" visit.

An Iranian, Siddiqi was trained in Tashkent. On Aug. 8, Siddiqi presided over a conference of international Islamic centers in London that is believed to have been key in planning the coordinated campaign of Soviet-sponsored terror signaled by the Sept. 6 Pan Am hijacking in Karachi.

Siddiqi is regarded widely as a Soviet agent, having extensive ties to the Soviet-run International Institute of Applied Systems Analysis in Vienna. He was instrumental in the overthrow of the Shah of Iran, and is funded by both Iran and Libya. Siddiqi is also the godfather to the so-called Crescent International, an outpost of Pakistani fundamentalist opponents of the current Zia ul-Haq government which works with the Sikh separatists safehoused in Canada.

In late 1984, Siddiqi hosted a conference in London of fundamentalists from the Mideast to plan the overthrow of the Zia government.

The target is not only Pakistan, but the entire Indian

subcontinent. "India was never a nation," Siddiqi told an interviewer shortly after the October 1984 assassination of Indira Gandhi. "The British imposed executive unity over the subcontinent, which broke down during the final years, leading to the emergence of Pakistan. . . . It is a good thing that India will break up. . . . The revolution in Iran is an alternative model of development [sic], neither Marx nor Keynes."

### **Indo-Pakistani relations**

The Karachi hijacking brought India-Pakistan relations to a new low, report political observers. One trigger point is Punjab, where Sikh terrorists have waged a three-year irregular war for the formation of the Sikh state of Khalistan. On Sept. 25, speaking before the National Committee on American Foreign Policy-Indian Chamber of Commerce, Indian Foreign Secretary Shiv Shanka accused Pakistan "of providing weapons, training, and other assistance to Sikh terrorists," according to the Sept. 26 *Hindustan Times* and "asked Pakistan to modify its attitude on this crucial issue for an improvement in Indo-Pakistan relations."

On Oct. 2, the day after the attempt on Gandhi, a serious assassin attempt was mounted on Julius Ribeiro, the Delhi-appointed chief of police in Punjab. When he and his wife took a stroll in their police compound at Jullandar at 6:30 a.m., they were suddenly attacked by uniformed gunmen. Ribeiro's bodyguard was killed; Mrs. Ribeiro was wounded. The incident points to the continuing and massive penetration of the Punjab police by the Sikh terrorists.

The Indian state of Jammu and Kashmir, which is now 85% Muslim and pro-Pakistani, is now under presidential rule. But Jammu and Kashmir is the strategic meeting place for Pakistan, India, China, and the U.S.S.R. Indian Minister of State for Defense Arun Singh declared in August that Pakistan is building three new airstrips with powerful radar systems in the Pakistani-controlled area of Kashmir, located at Muzaffarabad, Rawala Kot, and Mirpur. The Indians were also miffed at Zia's parading around of Kashmir Liberation Front leader Khurshid Kurshid at the Harare Non-Aligned Summit, and apparent sponsorship of Khurshid's distribution of leaflets attacking Indian occupation and oppression of Kashmir. However, the Indian government might ponder the fact that in London, the attorney for the jailed and now about-to-be-deported Amanullah Khan, chief of the exiled Kashmir Liberation Front, is Lord Anthony Gifford, a Labour Party liberal with ties to Moscow who also represents the Sikh terrorists in court.

The accusations against Islamabad from New Delhi have subsided in the last two weeks, from their high pitch in the early aftermath of the Karachi hijacking. In mid-October, U.S. Defense Secretary Caspar Weinberger will visit India and then Pakistan. From the Indian side, it is hoped that if Weinberger is able to forge relations with Delhi, separate from Washington's ties to Islamabad, it can only act to improve relations between India and Pakistan.

# Syrian National Socialist Party plots French-style terror in U.S.

by Joseph Brewda

Beginning with the Sept. 6 Neve Shalom synagogue bombing in Istanbul, leaving more than a score machine-gunned to death, and the Pan American airplane hijacking in Karachi, Pakistan the same day, a new wave of Soviet-ordered Syrian terrorism has hit the nations of the West. Only the immediate focus is on France. But, while Damascus's assassins plant bombs targeting the Parisian population in cafeterias and department stores, U.S. State Department officials continue to protect the international terrorist infrastructure, as an intended favor to Moscow.

As this article, the first in a series of reports in *Executive Intelligence Review*, will begin to show, the "Syrian lobby" in the United States, comprised of current and active foreign service "Arabists," and a faction of the Central Intelligence Agency associated with Kermit Roosevelt and Miles Copeland, is complicit in covering up the role of Syria in international terrorism today. In particular, this cabal, which also prominently includes Henry Kissinger, is determined to suppress the overwhelming evidence proving that the Syrian National Socialist (Nazi) Party (SSNP) is the single most important terrorist organization operating today.

The Syrian-intelligence-directed SSNP, also known as the Syrian Popular Party (PPS), is not only responsible for all the recent bombings in Paris. It is already actively preparing to carry out Parisian-style atrocities in the United States, starting this November.

The proof of the SSNP role in the bombings in Paris is so incontestable that any individual in a responsible position in any important government intelligence agency who says otherwise is an imbecile or a liar.

Beginning with the bombing of the Paris post office on Sept. 8, every single incident in France has been claimed by, or attributed to, the Lebanese Armed Revolutionary Front (FARL) or the Committee in Solidarity with Arab Political Prisoners (CSAPP), acting on its behalf. The nominal intent of the bombings has been to force the French government to release imprisoned FARL leader George Ibrahim Abdallah, an activist of the SSNP. Both the FARL and the CSAPP are nothing but SSNP fronts, as any honest intelligence officer must agree.

Moreover, the Parisian bombings, as precisely reported

by French police, could not have been carried out by Abdallah's brothers alone. Currently based in Lebanon, the Abdallahs are now known to be personally implicated in the attacks. But the logistics of finance, travel, and safehousing for such operations exceeds that which any particular terrorist cell could possibly sustain. Investigations have determined that the Paris-based Direct Action, led by Frederic Oriach, assisted the Abdallah brothers, and that Oriach is an agent of the same Syrian intelligence division which deploys the SSNP. Oriach, who was recently arrested by French authorities because of his involvement in the bombing wave, receives his funds from a Syrian-maintained account at Crédit Suisse in Zurich.

French intelligence understands the role of Syria's SSNP in directing this Direct Action/FARL bombing spree, and have been informing all Western governments of the importance of the SSNP/PPS throughout the month of September. Former U.S. Ambassador to France Evan Galbraith, who does not follow George Shultz's line, concurs with the French, and has also directly attacked Syria and the SSNP/PPS as the responsible criminals.

## State Department lies

Despite this evidence, and vast background files, the U.S. State Department Office on Combating Terrorism, and a network of retired senior U.S. diplomats in the Middle East region, persist in ridiculing any statement indicating Syrian involvement in terrorism, and in particular deny the importance of the SSNP. Typical of the lies of this "Arabist" group are those of David Long, the senior Middle East analyst with State's counter-terror office. "There's no evidence the SSNP is involved," Long claims. "The French say the PPS is 'formidable.' But it's zip, past history." Similarly, former U.S. ambassador L. Dean Brown, characterizes reports of SSNP involvement as "not credible."

Now the director of the Middle East Institute, Brown was Henry Kissinger's troubleshooter in Jordan in 1970, where Kissinger's "Black September" massacre of the Palestinians was used to bring Hafez Assad into power in Syria. Later, Brown, when ambassador to Lebanon, assisted Kissinger in destroying Lebanon, to Syrian and Israeli benefit.

Brown and Long's lies are standard for the Arabists. In fact, all leading figures at Washington's major State Department-tied think tanks on the Middle East, led by Georgetown and the American University of Washington, insist: Syria has no connection to terrorism. The PPS is "past history."

Among the motivating reasons for the Syria lobby's lies is their obvious intent to draw the U.S. government into support of the division of the Middle East into a Greater Syria, in quiet accommodation with a Greater Israel. Rhetoric aside, both the Zionist lobby and Israeli Mossad faction associated with would-be Israeli king Ariel Sharon, and the State Department Arabists, have a common vision of a Syrian-Israeli entente dominating the region. Terrorism, whether on the Israeli or Syrian side, is intended to bring that axis into being. So is a controlled, limited Israeli-Syrian war, which the Syrian lobby and Sharon hope to trigger within the month of October.

Naturally enough, a Syrian-Israeli axis has been a long-term objective of the Soviet high command and its oligarchical allies in the West known as "The Trust," who are jointly responsible for spawning the Syrian lobby. Given this origin, it is not surprising that Henry Kissinger and the Teddy Roosevelt family have been central to protecting the Soviet client state Syria, and Syrian terrorism, just as they have patronized Ariel Sharon's ambitions.

Beyond these considerations, there are others, more personal, which motivate the lies of Brown and his cohorts: The leading figures of the Syrian lobby have provably been patrons of the SSNP/PPS for decades, just as they were complicit in installing Hafez Assad in power in 1970.

### **What is the PPS?**

The Syrian Popular Party was formed in 1932 by Soviet Comintern-linked fascist ideologue Antun Sa'ade, who proposed the formation of a new Assyrian empire embracing the territories of Syria, Iraq, Lebanon, Palestine (now Israel), and Cyprus. From its inception, the PPS was dominated by leading families from the Shi'ite, Druze, and Alawite sects, and Greek and Antiochian Orthodox churches. From the beginning, the PPS was an assassin and narcotics-smuggling cult, drawing upon debased currents within the Shi'ite and Orthodox traditions.

Following the war, and the execution of Sa'ade in 1949, the PPS fell under the control of Kermit Roosevelt, who directed the Middle East division of the CIA, and his flunky Miles Copeland. Under Roosevelt's direction, the PPS went on a spree of assassinations, coup attempts, and related intrigue. Under the "Copeland plan," the governments of Syria, Lebanon, Iraq, and Jordan were targeted for PPS coups. It was ludicrously claimed that PPS regimes in those states, under Syrian hegemony, would constitute a "bulwark against communism."

As part of this Copeland plan, CIA funds were funneled through Intrabank of Beirut, which was notorious both for its

deep involvement in the Camille Chamoun family's narcotics trade, and its links to the KGB through its partnership with Moscow Narodny Bank and Bulgaria's Litex corporation. PPS operatives who are reported to have worked closely with "Kim" Roosevelt and Copeland on behalf of this plan were former Lebanese Foreign Minister Charles Malik, Georgetown University's Prof. Hisham Sharabi, Beirut "poet" Yusuf al-Khal, Intrabank's Joseph Salameh, and George Sfeir.

In 1955, the PPS was driven underground in Syria as a result of a failed coup attempt tied to the murder of Syrian Defense Department official Col. Adnan el-Melkhi. In 1970, Hafez Assad, an Alawite and former PPS operative, came to power in a coup brought on by conditions in neighboring Jordan, the "Black September" conditions created by Kissinger and L. Dean Brown. Once in power, Assad proceeded to implement the old Greater Syrian project, otherwise known as the Copeland plan, aided by his wife, Anissa, from the powerful PPS-linked family, the Makloufs. Today, Anissa Maklouf Assad is the patron of the PPS/SSNP in Syria, while PPS general secretary Isam Mahairi serves as President Assad's counselor.

Meanwhile, Hisham Sharabi, still deeply involved in the PPS terrorist network, is a chief Arabist at Georgetown University in Washington, where he closely works with L. Dean Brown, among others. Sharabi is the key figure in Georgetown's Center for Contemporary Arab Studies, which was created with funds from the Libyan government and Kermit Roosevelt's brother, Archibald, who had also had a long and undistinguished career in the CIA. Among those still working with Sharabi is George Sfeir, who is today the Middle East consultant to the blue-blood U.S. law firm of Cadwalader, Wickersham, and Taft, which is deeply involved in the dirtiest banking networks in the Arab world.

### **U.S. terrorism starts in November**

During September, Hassen Jabara, a key SSNP bagman based in London, Ontario, traveled to the Bekaa Valley in Lebanon where he met with PPS operative Abdallah Mohsen, and received marching orders to activate PPS networks in the United States. Jabara was given a large amount of cash and instructions for this purpose. To this end, Jabara traveled to Atlanta, Georgia, where he met with John Leon, reportedly the PPS station chief for the U.S. Southeastern states, and the scion of an Armenian network within the PPS based in Iskenderun, Turkey. According to sources, Jabara's cash and marching orders have already led to an activation of PPS networks at the London, Ontario mosque, and Leon's business fronts.

November is now the target date for Parisian-style terrorism in the United States. Jabara's orders came from the SSNP headquarters in Damascus, patronized by President Assad, his wife, and the two KGB residents of the city, Ivan Bronsingo and Vladimir Vlipov. If these plans are implemented, the State Department "Arabists" are responsible.

# ‘The monarchy is not there to put forward their own views to the public’

*Conservative Member of Parliament, Anthony Beaumont-Dark, is a Birmingham, U.K. investment analyst, and a member of the Birmingham Stock Exchange. Mr. Beaumont-Dark has been a member of Parliament since 1979. The interview was conducted in London by Laurent Murawiec.*

**EIR:** Britain has been rocked this summer by the report, published in a major newspaper, that the Queen held views strikingly contrary to those of the prime minister, and this, on a whole series of major issues, such as South Africa, Libya, the coal strike, and social policies generally. Could you summarize the affair for us and state your view of it?

**Beaumont-Dark:** My view is that it is quite unique for the Royal Family to be involved in any of their views being expressed in public. We live under a constitutional monarchy where the monarch always *has* to accept the views of the government of the day, Conservative or Labour. The monarch can advise and caution, which is what is said in the Constitution, but the monarch is not there to put forward their own views to the public—this is contrary to the Constitution and quite unheard-of. Mr. Michael Shea gave some views to Mr. Neill of the *Sunday Times* and Mr. Neill purports to have read over the telephone what he was going to write back to Mr. Shea, two or three times. So there was every opportunity for the latter to withdraw his views, and since they were not withdrawn, and since Mr. Shea knew the delicacy of the situation, and also since the monarch did not disown those views, those views then must reasonably be held to be the views of the monarch. This is not constitutional, and is an unwise thing to do. . . .

**EIR:** But this is exactly what was done. . .

**Beaumont-Dark:** . . . I believe they did. It is well known that Lord Mountbatten, who was the great mentor of the Royal Family, was a man who held some very left-wing views. And this seems now to be perpetuated and this could be dangerous. . . .

**EIR:** “Some very left wing views” held by Mountbatten . . . ?

**Beaumont-Dark:** He had said that if he could vote, he would vote Labour. He had no vote, but he was a very prominent

member of the Royal Family, and sometimes people in such positions tend to hold views like that. He held views, so it is said, upon atomic weapons, which in the end did not tally with the views of the government of the day in his time. This and similar kinds of views stated by members of the Royal Family, stretched the British Constitution to a dangerous extent. . . . I don’t think there is any analogy with Edward VIII, and indeed it would be nonsense to talk about an abdication issue but obviously if conflict went on between the elected government and the monarch of the day, it would place the government in a situation where they might have to resign and fight an election, which would place the monarchy in a position of mortal danger. . . .

**EIR:** Parliamentary supremacy has been attacked . . . that was a cause for England’s Civil War in the 17th century, wasn’t it?

**Beaumont-Dark:** The people would side with Parliament again today, I’m confident of that. Democratic supremacy is the only form of government that could survive in the modern world, unless we changed the basis for the government of Great Britain, which happily is highly unlikely.

**EIR:** This means that many in Britain might presently be avidly consulting records of Cromwell’s and Milton’s actions. . . .

**Beaumont-Dark:** I would hope, if I may say so, that those who advise the Queen might be doing that as well. . . .

**EIR:** The Prince of Wales is closely associated to an old associate of his late uncle Mountbatten, Armand Hammer, widely reported to be a top-flight Soviet operative. . . . Isn’t that somewhat unseemly for the heir to the throne?

**Beaumont-Dark:** I don’t know if Dr. Hammer is an agent of anybody, but he is very close to Communism and he may be burned, and I would not want him to put our Prince too close to the flame. . . . And Dr. Hammer seems to be always able to make money out of the fact that he has a reputation for helping Communism. He puts it down to helping “peaceful coexistence” with the West. It seems exceptionally fortunate that this also works out to Dr. Hammer’s own best interests.

**EIR:** Now, let's go from the [constitutional] form of the summer's quarrel to its [political] content. . . .

**Beaumont-Dark:** The problem the Queen has, I think, is that Royalty still seems to think that we still have an Empire, which we don't. We have a Commonwealth, which really means nothing much. Commonwealth countries take care of themselves. The Queen is supposed to be the "head of state" of it. Any sovereign has to recognize that they are first of all Queen of Great Britain. . . .

**EIR:** What of Libya? Mrs. Thatcher's government had granted assistance to the U.S. Air Force for the bombing of Tripoli, and that seems to have been a reason for the Royal quarrel. . . .

**Beaumont-Dark:** And that was entirely right to bomb Tripoli. It was unfortunate that it had to be done, but it was the right thing to do. It was the right thing to do for Britain and for Western Europe. . . .

**EIR:** The next part of the quarrel was that Mrs. Thatcher was "socially divisive." Some newspapers reported this summer that the Queen had let it be known that she was "not part of the right-wing establishment" and held rather more "left-wing social views."

**Beaumont-Dark:** I'm not a right-winger myself. I don't like right-wing policies. Ideally I'd like to see a lot more done in the inner areas, but it has to be kept in touch with financial reality. The Socialist idea of spending another 20 billion pounds [on various social items] is rather splendid, the trouble is that it would cause even more trouble for the supposed beneficiaries in the form of inflation and even more unemployment. Often Royalty is more idealistic than realistic. . . .

**EIR:** Recently, a Court in Malaysia sentenced two Australians to hang for drug smuggling. There was an outcry, especially in the West, about those whites being executed.

**Beaumont-Dark:** The Malaysians were perfectly right. The law of Malaysia makes it perfectly clear when you enter the country, that the death penalty is the mandatory punishment for drug smuggling. People know what they should expect. It would be intolerable for Chinese or Malaysians to be hung and whites not. I do not like hanging people, but above all, I hate drugs. . . .

**EIR:** There is one profession that has to be singled out among those who aid and abet the enemy within, drugs, and that is a goodly part of the banking profession. The \$500 billion a year drug trade could never exist if banks did not launder the proceeds.

**Beaumont-Dark:** That is one of the things that Western governments ought to concentrate on—the laundering of the moneys; it ought to be made perfectly clear to banks that if any of that laundering can be brought home to their door,

they will suffer the most grievous financial penalty of all. Anyone who makes money out of drugs must be treated with the harshest penalty: Drugs are taking away people's future, their lives; banks have to be made accountable for where their money comes from; at present, they are allowed to get away too lightly by saying, "We only deal with money." Drugs, the enemy within, one that can rip apart a society within one single generation, it is the fifth column of our age.

**EIR:** As early as 1967, the Soviets undertook to take over a large part of the world drug trade. . . .

**Beaumont-Dark:** I would not put anything past them. . . . Dictating to people is their policy—but mankind is meant to be free, free from fear. But when you see thousands of people to this day trying to climb over this Wall in Berlin—it stems from an evil philosophy. Communism will not cease being evil until it demolishes this Wall. It's no use people saying that Mr. Gorbachov is a better man, he's rather more dangerous than Mr. Khrushchov or Mr. Bulganin—more dangerous because he looks "more human." I have not seen one real sign of the gulags being closed down, of the Wall being pulled down. Until that were down, Gorbachov is and remains worse, not better.

**EIR:** Let us talk about AIDS. Institutional and "expert" opinion, until very recently, had claimed that only the "high-risk groups" were threatened. . . .

**Beaumont-Dark:** That is a kind of placebo people are fed with to make them think that there is no great risk except that involved in personal sexual relationship. But AIDS really is the Black Death of our time, it is growing in geometric progression, not arithmetically. That is where the Western world should pool its resources until we find a cure, a solution . . . we need a crash program. Time is not on our side.

**EIR:** An initiative in California, Proposition 64, will be presented to the electorate in the form of a referendum in the coming November, which aims at having legislation, full public health legislation actually implemented against AIDS. Would you comment?

**Beaumont-Dark:** . . . Anything that will encourage governments to act more forcefully and put more money into fighting the disease and taking the measures appropriate to fight it, is welcome. The point, of course, is not to persecute the victims, be they homosexual—I find this particular way of living distasteful—we do not want to say that gays are all evil people, they have a right to their lives, as all human beings have.

**EIR:** How do you situate yourself, personally, with respect to the tradition of Oliver Cromwell and John Milton?

**Beaumont-Dark:** Had I lived in those days, I am confident that I would have sided with Cromwell and John Milton. I am confident that I would do the same thing today.

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## Book Review

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# Drugs, crime, and politics in Mexico

by José Antonio Flores

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### **The Underground Empire: Where Crime and Governments Embrace**

James Mills, Doubleday and Co. Inc. New York, 1986.

1,164 pages, hard cover, \$22.95.

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In his recently published book, James Mills, the author of pornographic novels, devotes a certain space to the story of the Cuban drug-trafficker Alberto Sicilia Falcón, arrested in mid-1975 in Mexico City, along with dozens of his band. The revelations Mills offers on Sicilia's connections to Mexicans in high places, provided by U.S. Drug Enforcement Administration sources, struck this reader like finding a kernel of corn in a pile of manure. The book as a whole is an anarchist's delight, a string of largely pornographic anecdotes and half-truths about drug traffickers and government officials, which leads the author to conclude that corruption = government. His recommendation: that the United States declare war against Colombia, Mexico, Peru, Bolivia, Panama, and any other drug-producing country, if it is going to be "truly serious" about a war on drugs.

This writer can testify that the bulk of the information on Sicilia Falcón is true, having personally witnessed the events leading up to Sicilia's arrest, as well as having done extensive investigation afterwards to penetrate the remaining mysteries surrounding the case.

### **The case of Mario Moya Palencia**

The first kernel of truth that Mills provides regarding the case of Sicilia, is that he headed up an immense cocaine trafficking network, from Bolivia, Colombia, and Peru to the United States—through Mexico. Mills says that, according to DEA officials of those years, Sicilia traded arms for marijuana with groups of Mexican guerrillas, in particular with the band of Genaro Vázquez Rojas, who operated in the mountains of Guerrero state, at that time the leading producer region for marijuana and heroin in the country.

According to the DEA agents who investigated him, Sicilia Falcón had contacts with the intelligence services of the

Fidel Castro government, with the Portuguese dictator Antonio de Spínola, and with officials of many Ibero-American governments. The profits from the drug trade were deposited in banks as prestigious as the Union Bank of Switzerland, Merrill Lynch, and a certain Soviet bank with offices in Paris.

The DEA had no precise idea of whom Sicilia Falcón was working for. When he was arrested in Mexico City, in July of 1975, he was carrying very special credentials as an agent of the interior ministry. Nonetheless, Michael Decker, the professional assassin trained during "Operation Phoenix" of the Vietnam War period—and who worked for Sicilia Falcón until becoming an informant for the DEA—revealed that the Cuban mafioso maintained contact with high-level officials of the Mexican government. One of these was with Mario Moya Palencia, at the time interior minister and today the Mexican ambassador to the United Nations. Moya is also one of the godfathers of the present interior minister and presidential hopeful, Manuel Bartlett.

Mills writes that Moya was disqualified as a possible presidential candidate of the ruling PRI party when his links to Sicilia Falcón became known. In his place, José López Portillo was chosen as candidate.

### **Lola Olmedo**

Other members of the *Grupo Falcón* included personalities like Dolores (Lola) Olmedo, Arturo Durazo Moreno, Francisco Sahagún Baca, the bullfighter Gastón Santos, and the showgirl Irma Serrano. The most important of these is Lola Olmedo, who was the lover of both former President Miguel Alemán and Communist painter Diego Rivera. In 1975, Lola Olmedo was also the lover of Arturo Izquierdo Ebrard, the former personal bodyguard of Miguel Alemán and a member of the infamous "French Connection." The ranch that Izquierdo Ebrard owned in Nautla, Veracruz, was built by Lola Olmedo, and there large quantities of cocaine and heroin were refined and warehoused.

Both the Izquierdo Ebrard family and Lola Olmedo lead back to Miguel Alemán, who played the role of godfather to the Mexican drug mafia for some 40 years. Neither Olmedo, nor Gastón Santos, nor Irma Serrano, nor Mario Moya Palencia was ever touched by the police.

During the administration of López Portillo, Lola Olmedo—who continues to have links to high-level Communist agents today—held the position of Political Delegate of Xochimilco, thanks to the then regent of the Federal District, Carlos Hank González. At the same time, his good friend Arturo Durazo Moreno was the chief of police. Durazo was married to Graciela Izquierdo Ebrard during the '50s, and through her was linked to the Alemán empire. Durazo is today sitting in a Mexican jail.

Mills utilized the DEA revelations in his book to lend a touch of credibility to pornographic ramblings which otherwise rather quickly wear thin. Despite this, the discriminating investigator—perhaps wearing hip-high boots—might find some worthwhile "kernels" to follow up.



# Australia's Foreign Minister Hayden queries alliance with United States

by Allen Douglas

Ever since the late-July decision by the U.S. Senate to subsidize wheat sales to the Soviet Union and the People's Republic of China, Australian Prime Minister Robert Hawke and Foreign Minister Bill Hayden have been howling outrage at the damage such subsidized sales will do to Australia's farmers, for whom the Soviets are a major market. They have gone so far, as Hayden did in his Aug. 12 speech at the San Francisco World Affairs Council, and as Hawke did in a mid-September speech, to question whether the Australian-U.S. alliance, established as U.S., Australian, and New Zealand troops fought side by side in World War II, should continue.

While the financial damage to Australian farmers and the Australian economy is unquestionably real, and constitutes economic warfare against Australia's heavily agricultural export-oriented economy, Hawke and Hayden are using the excuse of the subsidies to do what they have wanted to do anyway: finish wrecking the ANZUS defense pact among Australia, New Zealand, and the United States. Their activities jeopardize the three crucial U.S.-Australian base facilities in Australia, the most important ICBM-SDI testing facility the United States has (at Kwajalein Atoll in the Marshall Islands), the command over the Straits of Malacca passageway from the Indian Ocean/Persian Gulf to the Pacific Ocean, and general intelligence capabilities over tens of thousands of square miles of the South and Central Pacific, an area into which the Soviets are rapidly advancing.

Hawke and Hayden, however, are not acting alone. They are aided and abetted by a fifth column in the United States, centered around Secretary of State George Shultz and Senate Foreign Relations Committee chairman Richard Lugar (R-Ind.), two of the chief figures in the overthrow of Philippine President Ferdinand Marcos. Shultz's State Department has let it be known that it is considering signing the protocols of the Soviet-designed nuclear-free zone of the South Pacific, the same operation, which, as applied by New Zealand Prime Minister, David Lange resulted in the break-up of ANZUS. At the same time, Senator Lugar toured Australia and New Zealand in late August announcing, "These are protocols that we will find acceptable in due course." And while Shultz is shedding crocodile tears for Australian farmers, it was Shultz's personal associate, Henry Kissinger, who first set up the

Soviet-U.S. wheat deals in 1972 as part of the Strategic Arms Limitation Talks (SALT) appeasement process, wheat deals which have remained under State Department (*not* Agriculture Department) coordination ever since!

## Soviet moves in the South Pacific

In his Aug. 12 San Francisco speech, Hayden raised an astonishing series of questions, which have been censored from the Australian and U.S. press. He asked: "What exactly is the value of the alliance to both of its partners?" "How firm is the friendship which underpins the alliance and gives it its strength?" "How consistent is the community of interest which gives the alliance its staying power?"

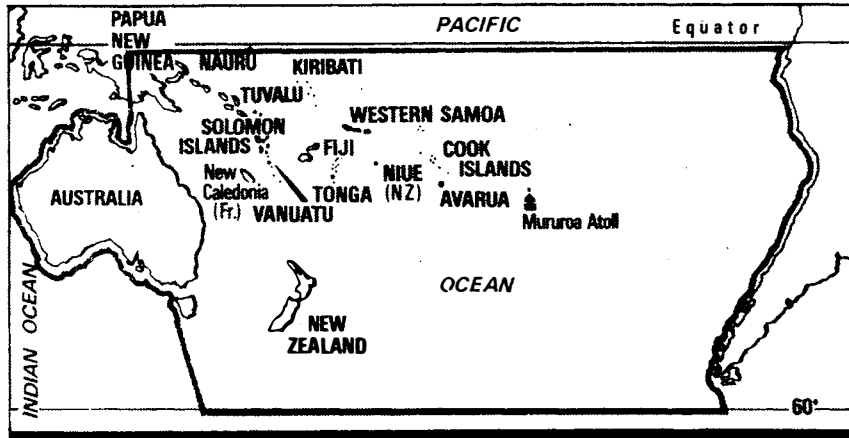
Hayden's questions must be seen against the tempo of Soviet military and diplomatic initiatives in the region. The Soviet Union is a major Asian and Pacific power, stressed Soviet party chief Mikhail Gorbachov in his Vladivostok speech July 28. Gorbachov outlined a series of initiatives aimed at weakening the military capabilities, as well as political will, of the West. These included an arms control/disarmament Helsinki-style process, turning the Philippines, Japan, Australia, and New Zealand into "neutral" or "non-aligned" areas. Gorbachov specified: "The U.S.S.R. supports the idea of making the South Pacific a nuclear-free zone and calls on all nuclear powers, unilaterally or multilaterally, to guarantee its status."

To carry out this Pacific plan, the Soviets have extensively reorganized and upgraded those sections of the Foreign Ministry responsible for Asia and the Pacific. New high-level personnel have been added, and a new Pacific Department has been set up to focus on Japan, Australia, New Zealand, and the Pacific island countries. In addition to top Soviet "Asia hand," Deputy Foreign Minister Mikhail Kapitsa, who visited New Zealand the last week in August to put the seal on the nuclear-free zone treaty, another deputy foreign minister, Ivan Rogachev, has been moved in to enhance Soviet Asian operations.

This reorganization and upgrading is reflected in:

1) Intense deployments for a South Pacific nuclear free zone, capped by Kapitsa's late-August New Zealand visit and announcement that the Soviets would sign the protocols

## South Pacific nuclear-free zone



*This map is taken from the Soviet English-language magazine New Times, dated Sept. 1, 1986. The accompanying article lauds the 14-member South Pacific Forum's early August endorsement of the Soviet-designed nuclear-free zone concept, for which Australian Prime Minister Hawke and New Zealand Prime Minister Lange, once the lawyer for the Moscow-funded Socialist Unity Party, are chief organizers. The article neglects to note the dramatic expansion of Soviet activities in the area, including the near-term establishment of Soviet port facilities in Papua New Guinea and Vanuatu, along with increasingly pointed "requests" to New Zealand for the same.*

for the nuclear-free zone, and Soviet demands, through Papua New Guinea and Vanuatu, for a further tightening of the nuclear-free zone to stop any sort of transport, by air or sea, of any kind of nuclear material whatsoever;

2) The Aug. 28 announcement by Papua New Guinea's Foreign Minister Legu Vagi that his country would open negotiations with the Soviets for "fishing rights," including the now-standard Soviet demand for "shore facilities." Papua New Guinea is just north of Australia, and sits at the eastern edge of the naval choke points between the Indian Ocean/Persian Gulf and the Pacific. A Soviet presence there is not only a danger to Australia, but to world shipping, including Japanese and South Korean oil supplies which must come through these straits;

3) The expectation that Vanuatu, the island nation northeast of Australia, which opened formal diplomatic ties with the Soviets in late May, will grant the U.S.S.R. the right to build a port, ostensibly to service the "tuna fleet" which is sailing around in Vanuatu's notoriously unprofitable fishing waters. Vanuatu's prime minister, Anglican clergyman Walter Lini, stated recently that he "could see no security risk" in granting the Soviets a port in his country. Lini has been instrumental in the creation of a new "Melanesian bloc" of Vanuatu, Papua New Guinea, and the Solomon Islands, all of whom are pushing for a nuclear-free zone, and are on a major agitational push for the "independence" of the Libyan-funded "Melanesian" independence movement, the FLNK in New Caledonia, directly east of Australia.

4) The Sept. 16 visit of two Soviet officials to the island of Fiji to open negotiations for first-ever "trade ties," and to request "fishing rights." Fiji was the site of the early August signing of the nuclear-free zone pact.

5) The meeting Sept. 7 of the Soviets' new Pacific Department head, L. Chizhov, in Canberra with Australia's Bill Hayden to secure Australia's agreement to the perspectives outlined in Gorbachov's July 28 speech.

## Contributions of Hawke, Beazley, and Hayden

Against this backdrop of Soviet deployments, consider these actions by Australia's Labor government, actions which in most cases were implemented before the late July "anger" over wheat subsidies:

1) Hawke et al. have begun implementation of the "Dibb Plan" pushed by Defense Minister and former Rhodes Scholar Kim Beazley. The plan downgrades Australia's defense capabilities and moves away from the United States toward "self-reliance," on the bizarre premise that "Australia faces no threat," and even if it did, there would be at least a "ten-year warning time" to deal with it.

2) Beazley announced in June, one month before the furor over the wheat deals, that the United States would not be invited to take part in Australia's major military exercise, Kangaroo '86, in October and November of this year, because of "difficulties with the ANZUS treaty," difficulties caused by Soviet agent-of-influence, New Zealand Prime Minister David Lange.

3) Australia announced that it would pull out of the September "Cope Thunder" joint military exercises with the United States, staged from Clark Air Force Base in the Philippines, because of "resource constraints." Curiously, this comes in the middle of a major Soviet drive to "neutralize" the Philippines, resulting in Philippine Prime Minister Salvador Laurel's August announcement that he would be in favor of granting repair facilities in the Philippines to Soviet "merchant ships."

The Australian Labor government has rejected participation in the U.S. Strategic Defense Initiative. Hawke and Hayden's record on strategic issues parallels Soviet positions. They are not without support from Washington itself. Senate Foreign Relations head Richard Lugar, announced on New Zealand television in late August that the patriotic circles in New Zealand and Australia are "too concerned about the Soviet presence in the South Pacific."

## Moscow, cartels get subsidies windfall

by George Elder and Billy Davis

According to the liberal media of Australia and the United States, the U.S. government, concerned about the plight of American farmers, subsidizes grain sales to the Soviet Union so that the farmers can sell more grain. This violates the holy principles of free trade, but helps the U.S. farmer. He presumably helps re-elect the politician who got him this break. Nothing could be a bigger lie.

Fact #1: The U.S. farmer gets nothing out of this subsidized grain deal. The highly indebted farmer, desperate for cash, has mortgaged his grain even before the grain was planted, usually to the Commodity Credit Corporation, now the actual owner of 80% of U.S. grain. The major grain cartels, not willing to pay the prices the government paid the farmers (the mortgage process), use their political muscle to demand lower prices (a subsidy) from the government. Under the terms of the subsidized grain sale, the cartels get the grain out of the CCC stocks to sell to the Soviets, the Soviets get cheap grain, and Uncle Sam writes a check for 35¢ a bushel to the cartels.

Fact #2: The "free market" in grain, with its "laws" of supply and demand, does not exist now and has never existed during the last 2,000 years in which the international grain market has been rigged by a tightly interlocked series of cartels. Ninety percent of all international trade in grain today is bought and sold under arrangements by the five major grain cartels, or their subsidiaries or affiliates: Cargill Inc. of Minneapolis; the Continental Grain Co. of New York; André of Lausanne, Switzerland; the Louis Dreyfus Company of Paris; and the Bunge Co. of Switzerland. The last load of grain not under the cartel control left the United States 11 years ago.

Fact #3: The grain cartels have been tightly interlocked with the Russian state since long before the Bolshevik Revolution, when the rich lands of the Ukraine and Bessarabia produced the "rivers of grain" which fed much of Europe. One of the Bunges, for instance, was the Russian finance minister in the 1880s. Perhaps the single biggest source of financing for the 1917 Bolshevik Revolution came from the grain companies and their agents: The legendary Alexander Parvus Helphand, Leon Trotsky (the son of a big grain trader), and the American agent Stanley Washburn of the Pills-

bury grain complex, were among the most prominent. In the old days, the cartels used to sell the grain from the steppes of Russia out through the ports of Salonica and Odessa. Since 1917, the grain supplies flow the other way, but are controlled by the same people.

Fact #4: American farmers have been looted by the grain companies to help finance the Soviet war build-up, ever since Henry Kissinger negotiated the first subsidized grain deal to the Soviets, as a component of SALT I. Kissinger's deal resulted in the Soviet purchase of so much U.S. grain that there were shortages in U.S. supplies after 1972. Moscow took what grain it needed and sold the rest, which had never left U.S. territory, back to the United States at much higher market prices dictated by the "scarcity" that Kissinger's deal had caused. Author Dan Morgan (*The Merchants of Grain*) says the total additional cost to U.S. consumers from Kissinger's deal was \$54 billion between 1972 and 1975!

Fact #5: The cartels are pitting farmers of different countries against each other, to bankrupt independent owner-operators in each country. In January-February 1985, the U.S. Department of Agriculture, whose most influential official is Undersecretary Daniel Amstutz, for many years a top official at Cargill Corp., went to Europe to demand that farmers drop subsidies and import tariffs. Since the same Agriculture Department is now subsidizing the grain deal to the Soviets, the intention was not "free trade," but to put European farmers through the same bankruptcy process U.S. farmers have been through over the past few years, ensuring the cartels' control over world food production.

Fact #6: It is a myth that American farmers are "well off." Since 1980, close to 50% of all U.S. farmers have been bankrupted, or forced to take other, non-farm, jobs to survive. In 1960, total U.S. farm debt was \$200 million and net farm income was \$200 million. In 1985, total farm debt was \$205 billion, while total net farm income was *negative* \$111 billion (including capital gains). Australia, one of the world's major agricultural producers, is just beginning to get the treatment American farmers have undergone. The cartels intend to put the Australian farm sector through the same process which has wiped out much of the trillion dollars in equity of the U.S. farm sector: First the farmer exchanges equity for debt, then debt for bankruptcy. The banks, insurance companies, and allied cartels end up holding most food production capability.

Fact #7: "Subsidies" are frauds. What the farmer needs is his own wage, his cost of production, plus a profit to allow him to re-invest in technologically advanced farming methods. This "parity pricing" system, as it used to work, formerly made the United States the world's agricultural powerhouse; because of technological innovation, prices remain steady or even fall over the medium and long term. What pass for "subsidies" today in many countries do not even bring the farmer's income up to the cost of production, given the cartels' rigging of the market worldwide.

## India warns of debt burden

*Relief measures remain a priority, the Indian representative makes clear at the IMF meeting.*

**T**he problem of debt continues to bedevil the world economy," Indian reserve bank governor R. N. Malhotra told the members of the International Monetary Fund's Interim Committee, the main policy-making body of the IMF. With Finance Secretary S. Venkitaramanan, Malhotra led the Indian team at the recent World Bank/IMF annual meeting in Washington, D.C.

Malhotra pointed out that, in light of the continuing sharp deterioration of the international economy, debt relief measures could not be confined to commercial debt, and proposed in particular that, as "an anticipatory measure," consideration be given to reducing the official debt burden.

"In many developing countries, the bulk of debt outstanding and disbursed is owed to official creditors. Much of this debt was contracted during the years when the world economy was buoyant, global trade was expanding rapidly, commodities were keeping pace with the general price level, and interest rates were low," Malhotra said, adding that on every count the world was a very much bleaker place today. If the international community continues to ignore the "vastly changed circumstances," said Malhotra, "the debt problem is bound to get worse."

India is just such a country where the bulk of assistance is in the form of government aid and World Bank/IDA funds, in addition to a \$1.5 billion IMF loan whose repayment is due to start this year. Though India is unique in

financing more than 90% of its development programs domestically, the marginal foreign component is critical to sustaining the current modernization push.

But studies project that to contain the debt-service ratio in the 20% range over the next five years, exports will have to grow by some 7-9% in real terms—a whimsical prospect under present conditions of world depression and growing advanced-sector protectionism.

Malhotra described how the decline in real output in the advanced sector in the last six months had hit the external payments position and gross prospects of the developing countries, aggravating their debt-servicing problems. He insisted that the policies pursued so far to reverse the world economic slowdown were inadequate.

The fact that the Interim Committee in the end refused to entertain any new measures for tackling the debt problem or take up the pressing issue of basic reform only points to the crisis that lies ahead. Even the committee's own pre-meeting report details the grim state of the world economy and conditions faced by developing nations in particular.

According to the committee's Sept. 29 statement, the ratio of debt to export in the indebted countries "seems likely to rise again in 1986 to a higher level than that prevailing at the outset of the debt crisis." The statement also noted the deterioration of commodity prices.

Indian Finance Minister V. P.

Singh had emphasized in an interview with this correspondent a year ago that India maintains that the debt problem is symptomatic of deeper problems in the world economy, namely, the inadequate flow of real resources to the developing countries and increasing protectionism among the industrial countries. "We strongly feel that the Fund needs to re-orient its present economic philosophy to be really helpful to the majority of its members," Singh told *EIR* (Jan. 10, 1986) at the time.

Today, resource flows are not only inadequate, they are negative. The report of the Group of 24 developing nations' finance ministers documents the high net transfer of resources from the developing to the developed countries that has been taking place—a fact which gives the lie to current policies. As the Group of 24 noted, unless this is reversed, the application of growth-oriented programs will remain rhetoric.

V. P. Singh reportedly pressed this and other points with World Bank and IMF officials he met in Washington, D.C. prior to the Bank/Fund meeting for an exchange of views on the world economy and the role of the two institutions in reviving economic growth. The Indian finance minister had stopped in Washington on the way to Delhi from the General Agreement on Tariffs and Trade meeting in Uruguay where he played a critical role.

According to the Press Trust of India, Singh also told the Washington money men that he hoped Bank/Fund collaboration would not lead to de facto cross conditionalities.

The issue of conditionalities was addressed directly in the development committee meeting by the Indian finance secretary, who flayed the World Bank and IMF for "excessive preoccupation" with conditionalities and monitoring of adjustment programs.

## Cultural optimism and economic growth

*Peru's President García outlines a commitment to economic growth surpassing population growth.*

**O**n Sept. 26, Peruvian delegates meeting in New York with 34 bankers representing its 280 international bank creditors, firmly but politely rejected their pleas that Peru pay them a few million dollars on its estimated \$603 million in arrears. The bankers demanded a "meaningful payment," to show that Peru was "serious" about negotiations with them. At first, they reportedly demanded \$50 million, but later dropped the price to \$35 million when resistance appeared.

The Peruvian delegates replied: "We are at the limit of our possibilities right now." They explained that Peru's export earnings have been significantly reduced by the fact that the same quantities of copper, oil, tin, and other products which last year sold for \$3 billion, would only bring in \$2.4 billion this year. The bankers were invited to visit Lima to see how money saved on debt payments had been spent in rescuing Peru from the worst depression in its history.

The bankers were not impressed. After the meeting, Citibank issued a nasty note saying, "Peru's making of a meaningful payment with respect to interest arrears in the very near future was essential as a first step to resume negotiations on a serious basis." It threatened that if Peru didn't perform soon, banks would "study other options."

What Citibank meant is that it would dissolve the 13-bank Peru steering committee, a go-ahead signal for lawsuits, embargoes, and seizures of Peruvian assets. This provoked

much discussion in Lima. Some officials noted that the banks now providing \$1.1 billion in short-term credit lines to Peru were making good profits on their services and being paid promptly.

Unconfirmed reports in the press held that the State Department was telling the banks that the time had not yet arrived for assaulting Peru. The outbreak of "gunboat diplomacy" against Peru would guarantee that the Oct. 13-17 meeting in Lima of the Latin American Economic System (SELA) could galvanize continental solidarity for Peru.

President García's response, as reported by leaders of his APRA party after a long meeting with him, was that Peru's \$1.15 billion foreign reserves were in good shape, and the banks could do what they pleased, but Peruvians should concentrate on increasing domestic production.

García went on national television on Sept. 26 to present an outline of his economic growth strategy, which is centered upon maintaining economic growth at double the 3% annual population growth rate.

García explained: "We inherited a regressive policy, producing less and less for two fundamental reasons: first, because so much was paid abroad on the foreign debt, and in the second place, because consumption was increasingly reduced by the poverty of the citizens. We propose an economy of growth. . . . The first question I want to pose to you is, 'How much do we want to grow, and at what speed?'"

"We are not interested in growing 3%; what interests us is growing with greater speed than the growth of the population, so that we can get a better handle on the economy. . . . If we succeed in finishing December with a 6% annual growth, we will have grown at double the rate of the population; that is, production will reach each Peruvian a little more. Our objective is the same as in 1986: to grow by at least 6% in 1987. Only in this way can we make a historic leap."

García pledged Peru that would achieve that goal, as long as "we do not yield to the fears of those who want to defend ill-gotten wealth, and if we do not lose faith in Peru's capacity to produce."

The Peruvian head of state announced generous wage increases, ranging from 25% to 100%. The minimum wage was raised by 50%, making it 150% higher than 14 months ago, an increase double the amount of inflation since then. While most Peruvians were happy enough with the wage increases, the exception was the communist-run union of government employees, which is threatening a strike for the week of the SELA meeting in Lima. At the same time, García introduced a flexibility in prices, ending a freeze.

Finally, García defined what he termed "a realistic exchange rate" policy. He said the freeze on exchange rates would end next year because, "if other products rose, eventually the dollar would end up the cheapest thing in the economy, and everybody again would think of buying cheap dollars." He promised there would be no "traumatic devaluations," and that buying dollars would be a losing proposition, because the devaluation rate would be far below the interest level paid on savings deposits in Peruvian institutions.

# International Intelligence

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## ***Gorbachov attacks domestic critics***

Soviet party General-Secretary Mikhail Gorbachov assailed opponents of his program for "economic and moral renewal"—i.e., military-industrial mobilization—in a speech before Soviet academicians at the Kremlin on Oct. 1.

"The old is not giving up without a fight," he stated. Noting that half of all Soviet citizens with science degrees teach in educational institutions, he asked: "Can one say they are all making a contribution to scientific, technological, and social progress in accordance with the requirements of the time? Frankly speaking, no."

A week earlier, on Sept. 25, the Communist Party Central Committee had drafted a resolution stating:

"Bureaucratic perversions in the work of management and lack of discipline and responsibility are acting as brakes on reconstruction." The resolution was printed in the Oct. 1 *Pravda*. It says that decisions of last February's party congress were still not being carried out rapidly enough. The drive for renewal is "facing difficult social, psychological, and organizational obstacles and meeting resistance from those who, in their egoistical interests, try to preserve obsolete rules and privileges."

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## ***Greens, Socialists ready for coalition***

A national conference of the Soviet-controlled radical "ecologist" Green Party of West Germany voted up a motion declaring that the party is "prepared to deal" with the Social Democratic Party (SPD), should the two parties win a majority of votes in the general elections next January.

The Greens voted in favor of examining possibilities for cooperating with the SPD, but said their support would require that the SPD bring its policies even closer to the Greens policies than they already are.

The SPD has already pledged to elimi-

nate all nuclear technology from West Germany, withdraw from NATO, and otherwise begin a process of merging with the Soviet bloc under a "neutral label."

A faction of the Green Party attacked the proposal, however. The strongest objections came from Petra Kelly, a party founder, who said: "Any social democratization will make the Greens superfluous."

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## ***KGB's Pankin almost made 'culture minister'***

*EIR* sources have thrown a special light on the meaning of the word "culture" in Russian. Boris Pankin almost became the "culture minister" of the U.S.S.R., but was passed over in favor of Vasilii Zakharov, the current minister of culture, because Pankin is a rather too prominent major-general in the KGB. Pankin is the current Soviet ambassador to Sweden, and has coordinated an international disinformation campaign aimed at blaming the Feb. 28 assassination of Swedish Prime Minister Olof Palme on the European Labor Party, associates of Lyndon LaRouche in Sweden.

According to a highly reliable Soviet affairs source, Pankin was a clear favorite for a time. In fact, his credentials to head the ministry of culture in Moscow's eyes were "impeccable." But, after more than two months of debate, discussion, and delay, the Soviet leadership finally decided that Pankin had a "bad reputation in the West." Pankin is just too openly identified with the KGB and dirty tricks.

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## ***British fears aroused over AIDS***

AIDS in Africa is affecting "whole families," the *Sunday Telegraph* reports. It says: "In Zambia recently, a 30-year-old man, his wife and their new-born baby all died of the disease within a few months of each other." The *Telegraph*, only one of the British newspapers recently featuring articles and statements sounding the alarm over the in-

curable killer disease, quotes a recent statement by the Zambian Health Minister, Dr. S. Nyaywa: "It is possible that quite a large population in Africa will be wiped out, not by war or hunger, but by this deadly disease."

Sunday Telegraph editor Peregrine Worsthorne wrote Sept. 28 that AIDS may be the worst health threat to the human race "since the Black Death which laid waste to mankind in the Middle Ages." He derided the authorities' inaction on AIDS, saying: "The dangers of radiation from power stations, about which there is so much protest, are as nothing to the dangers of AIDS. Yet so far not a single do-gooding group has been formed to press the Government to take preventive action. . . . Rather the opposite, AIDS would seem to be the one great modern scourge which the protest industry might almost seem to have a soft spot for. . . ."

"Quite deliberately, the war against AIDS is distinctly phony, and has not yet begun to be seriously joined. Nobody must be hurt, except, of course, the poor public. This is a scandalous state of affairs."

In one of four letters to the editor on AIDS published by the newspaper, it is observed that the government would have taken much more effective action, had this been a disease affecting animals.

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## ***Suicide law ruled unconstitutional in India***

The Indian High Court in Bombay, in a suit filed by "right-to-die" groups, declared unconstitutional the Indian penal code that imposes mandatory psychiatric care on attempted suicides. The chief justice of Delhi had made a similar decision last December.

The verdicts were welcomed by Mino Masani, president of the World Federation of the Right to Die Societies, the *London Times* reported Oct. 1. He said, "Every citizen of India has the right to choose between life and death—that is the law in all civilized countries."

But Dr. Pritam Phatani, a Bombay forensic expert, denounced the barbaric decision: "If the constitution gives the right to

life, then it must also extend this protection to include the threat to a person from his own self." He said the decisions would "encourage such barbaric customs as suttee [suicide by Hindu wives after their husband's death], which have been restricted . . . after years of pitched battles."

Phatani also said that abolishing the law would conflict with legislation against aiding and abetting suicide, and recently amended legislation to prevent bride burning. In India, cases of brides who do not bring sufficient dowry to their husbands being burnt by their husbands and in-laws in so-called "suicides" are a national problem.

He also warned that "people will begin to take advantage of such power as fasting to death or self-immolation gives to political protest."

## **French, Italian officials accuse Syria**

French Cooperation Minister Michel Aurillac reports that Syrian intelligence agents helped those responsible for a recent wave of bombings to escape from France. In an interview with *Le Figaro* Sept. 29, he stated: "We know with certainty that the [Lebanese] Abdallah brothers are involved in the bombings. We also know with certainty that they were helped out of France by professional intelligence agents"—the Syrians.

The purpose of the interview was to explain the minister's recent trip to Syria. Aurillac said he presented the Syrians with evidence to prove his assertion, to which the Syrians pleaded innocence.

A few days earlier, French magazines had reported that three to four Syrian agents were known to have controlled the on-the-ground operations of the Abdallahs in France.

Meanwhile, the next day's edition of the Italian daily *Corriere della Sera* carried the headline: "It Is Definite: Syria Finances Terrorism with Drug Traffic." According to Italian intelligence service (SISDE) chief Vincenzo Parisi, the Jordanian Palestinian captured in London for trying to place a

bomb on an El Al flight a few months ago, Nazar Hindawi, has confessed to being trained in Syria as a drug courier, and then suddenly being used for the terror attempt.

Parisi also stated: "The Italian underworld has contacts with Syrian officials, exchanging large quantities of weapons and explosives for drugs. The weapons are then used by the terrorists for attacks in Europe and in our country. . . ."

## **Prince Philip proclaims Satanic alliance**

Speaking in Assisi, Italy, England's Prince Philip proclaimed: "Today, in this famous shrine of the saint of ecology, a new alliance has been forged between the forces of religion and the forces of conservation."

Philip was addressing the World Wildlife Fund's 25th anniversary ceremony at a Franciscan monastery, which his aides have called a "cultural watershed," and an event designed to determine "the next 25 years" of Western culture. What the Prince was actually inaugurating was a new "Satanist Covenant."

The World Wildlife Fund's "Assisi Week," lasting from Sept. 22-29, formally initiated a "Religious Network for Conservation," or, in the words of one organizer, a "new alliance of the major world faiths and the conservation movement." In short, Prince Philip inaugurated a project to return Western culture to pagan bestiality, based on merging environmentalism with pseudo-religious cultism. The notion of progress and domination over nature, embodied in the Golden Renaissance and the leading currents of the major world religions, is to be destroyed.

The event was opened by the blowing of the Jewish Shofar and Tibetan mountain horns, and readings from the Bible, the Bagavad-Gita, and the Koran. Franciscan Rev. Lanfranco Serinni said that the new world religion envisaged by Philip is based on the "conservation and ecological harmony of the natural world." This, he said, is the common heritage of Buddhism, Judaism, Islam, and Jainism.

## **Briefly**

● **GEORGII ARBATOV**, head of Moscow's U.S.A. and Canada Institute, is in trouble because of his failure to predict U.S. policy, says the Danish paper *Politiken* of Sept. 29: "Reagan's stubbornness and his ability drum up internal political backing for his policies have surprised Arbatov several times."

● **GENERAL JARUZELSKI** of Poland arrived in Beijing Sept. 28, the first of a series of high-level visits of Eastern European leaders to China. He met with Premier Deng Xiaoping and General-Secretary Hu Yaobang. Erich Honecker of East Germany will visit in October, and Hungary's Janos Kadar will visit next year.

● **NORTH KOREA** will probably increase its military assistance to Nicaragua. In August, Nicaragua's Daniel Ortega met with North Korean dictator Kim Il-Sung in Pyongyang, for talks centered on military assistance. Kim pledged to "stand firmly" by Nicaragua.

● **FRANZ JOSEF-STRAUSS**, head of Germany's Christian Social Union, a partner in the government coalition, has announced that his party will run on its own separate program in January 1987 elections. Strauss cited "bad experiences" with Foreign Minister Hans-Dietrich Genscher's Free Democratic Party.

● **TWELVE SYRIAN** "businessmen" have been ordered to leave France, as part of that nation's crack-down on terrorists.

● **FRANÇOIS MITTERRAND** was personally responsible for the Sorbonne University's decision to grant a doctorate degree to Syrian Defense Minister Mustafa Tlas, according to columnist Jack Anderson. The French President reportedly believed that this would aid negotiations over French hostages in Lebanon.

## Will the President go with emergency powers?

by Nicholas F. Benton

With Congress plotting to cut over 10% from President Reagan's original defense budget request for Fiscal Year 1987, which began Oct. 1, the Pentagon is poised to cut 6,200 officers from the military services the minute a final version of the budget is passed, according to a leading Defense Department official.

The massacre of the U.S. military by Congress won't stop there. According to Chapman B. Cox, assistant secretary for force management and personnel, in an Oct. 1 interview with the *New York Times*, the need to axe more than 26,000 officers (9% of the total number) over the next four years is almost a certainty, and the Pentagon is now mapping out a reduction of 550,000 men and women from the active and reserved armed forces within a year.

This is more losses than the U.S. military has ever suffered in a foreign war, and they are due solely to anticipated defense budget cuts.

Even though Fiscal Year 1987 began Oct. 1, the House and Senate remain far from resolving their final version of spending appropriations for the year. As the atmosphere of confrontation between Congress and the White House grows, government operations are being maintained past Oct. 1 by a piecemeal one-week "continuing resolution." And, with every one of the 435 congressional seats and 34 senatorial seats up for election in less than a month, Congress is eager to recess for a few weeks of campaigning, meaning another stop-gap "continuing resolution" may postpone the final confrontation over the budget—including the defense budget—until well into November.

Nonetheless, it is virtually a foregone conclusion that Congress is going to offer President Reagan a defense budget of about \$288 billion, or \$31 billion less than his original \$319 billion request. The House has already passed an appropriations bill with only \$283 billion for defense, and the Senate Appropriations Committee came out with a defense

figure of \$295 billion.

Once the Senate passes its "omnibus spending bill," then battling for a compromise with the House will probably result in the \$288 billion figure. With that kind of cut, according to Cox, the layoffs of Armed Forces officers will begin immediately.

As one observer noted, officers are not as easily replaced as fired. The damage will be irreversible.

But it doesn't stop there. In addition, the Pentagon is drawing up its contingency plans for what next year's budget will do to personnel levels. Under the provisions of the new Gramm-Rudman-Hollings deficit reduction law, the \$154 billion deficit target for Fiscal Year 1987 will be lowered to \$109 billion in FY88, with the added element that by then, the "automatic sequestering" provision of the law, which was taken out by a Supreme Court ruling last summer, will be put back in by Congress (with technical changes made to comply with the Supreme Court's ruling).

Faced with this prospect, Cox said, the 550,000-man troop reduction estimate may prove conservative. But, he said, plans are now being mapped out for cutting 300,000 out of the active force of 2.1 million and 250,000 out of the reserve force of 1.1 million over the next 12 months.

Reagan, of course, has promised to fight against such draconian cuts. But with Congress tasting blood in its successful override of the President's veto of its South African sanctions bill Oct. 2, and Reagan's Wall Street advisers (such as Chief of Staff Don Regan) deceiving him into believing that compliance with Gramm-Rudman-Hollings is the only thing holding the U.S. economy together, the President is backed into a corner. The key question is, how much resolve he has to fight.

On the negative side, the White House has already sent signals that it "can live with" the Senate's defense budget—which takes the axe to \$23 billion of the President's original



defense request, and has bludgeoned the total for the Strategic Defense Initiative (SDI) down from the original \$5.4 billion request to \$3.4 billion. The Senate legislation also includes a "Buy American" proviso in its SDI appropriation, which restricts the granting of SDI contracts to foreign countries for work that can be done at home.

Whereas the President has said he won't accept that proviso, he has essentially already conceded the Senate dollar amounts. Many observers fear that he is now willing to give way to a few more billion.

On the other hand, as the head-to-head confrontation between the President and Congress develops, Reagan may feel he has no option but to declare a national emergency. The House has placed a half-dozen restraints on U.S. military policy which Reagan has promised to veto. They include bans on nuclear and anti-satellite (ASAT) testing and chemical weapons development, compliance with the never-ratified SALT II treaty, and a 40% bite out of the SDI budget.

The restraints, in fact, violate the separation of powers of government provided in the Constitution, by asserting the Congress' right to dictate military policy to the President, who is commander-in-chief of the Armed Forces. The Congress set the precedent for this in its South African sanctions bill, which requires the administration to terminate military assistance to countries which, in the next six months, have not joined the United States in an arms embargo against South Africa. As the President said when he vetoed the South African bill, "The U.S. will not revert to a single-minded policy of isolationism, with its vast and unforeseen effects on our international security relationships, that would be dictated by the unilateral decisions of our allies. No single issue, no matter how important, can be allowed to override in this way all other considerations in our foreign policy. Our military relationships must continue to be based upon a comprehensive assessment of our national defense needs and the security of the West."

This commitment by Reagan will not only lead to his veto of the provisions in the House spending bill, but could also lead to a constitutional challenge of the South African sanctions bill, despite the congressional override of the veto, when the question of terminating military assistance to U.S. allies comes up.

Washington insiders report that in dealing both with the Soviets and with Congress, the President's commitment is unyielding both in terms of maintaining full troop strength in Europe and in developing the SDI. He is joined in this sentiment by Defense Secretary Caspar Weinberger.

### **Emergency powers**

Maintaining this commitment may require invocation of emergency powers. In fact, rumors abound in Washington that members of the President's national security staff are brushing up on all existing legislation pertaining to such powers, especially those involving the Federal Emergency

Management Agency (FEMA) and the 1949 Defense Production Act. The Defense Production Act, renewed for another three years by Congress Sept. 30, provides broad powers for the President to act in the national security interest with respect to deployment of natural resources, including electrical power generation (e.g., nuclear power) and "technical information." In addition to its powers to prioritize, allocate, draw from stockpiles, and expand supplies, the act provides the President with virtually limitless discretion to define all the circumstances and definitions of terms contained in the legislation.

Ultimately, therefore, the President can use these powers to by-pass a treasonous Congress, altogether. He would require only the backup of the Supreme Court to maintain his initiatives in force, no matter how much the Congress screamed (and it has been recalled that even without Supreme Court support, Franklin D. Roosevelt's emergency decrees remained in power for over two years before some of them were finally overruled).

Aware of his potential recourse to these options, the President has not backed away from his veto weapon since the South African sanctions override vote. On the contrary, the override made the President "hopping mad," according to sources, especially at the leadership of his own party. On the eve of the vote, he unleashed White House Communications Director Patrick Buchanan to deliver a scathing denunciation of Sen. Richard Lugar (R-Ind.), turncoat who led the opposition to the President. Buchanan, in a speech before a large conservative gathering, charged that Lugar would never have become a U.S. Senator had it not been for Reagan, and for him to turn against his President was reminiscent of a line from Shakespeare's *King Lear*: "How sharper than a serpent's tooth it is to have a thankless child" (the Moonie-run *Washington Times* newspaper, in reprinting Buchanan's speech, edited out the entirety of his attack on Lugar). Reagan was also enraged at Senate Majority Leader Sen. Robert Dole (R-Kan.), who nominally voted against the override, but did virtually nothing to whip up the Republican votes needed to block it.

Undeterred, therefore, the day after the South Africa override vote, Reagan announced his intention to veto a \$9 billion so-called "superfund" for elimination of toxic wastes. This move left Congress with the unhappy option of remaining in session past Oct. 13 in order to attempt an override (and losing valuable days on the campaign trail back home), or allowing Reagan to kill the bill with a so-called "pocket veto," which can occur if Congress is recessed, and eliminates the ability of Congress to override.

Thus, on the eve of his summit with Gorbachov in Iceland, and with Congress' house far from in order, President Reagan is apparently prepared to fight down to the wire to retain the national defense. Ultimately, however, his willingness to invoke emergency powers is the decisive measure of his resolve.

# Will California lead the world in the war against the AIDS epidemic?

Dr. John Seale, a leading British expert on AIDS, declared in testimony before the California state legislature on Sept. 29 that this virus, which is "more dangerous than nuclear war," may even be unstoppable at this stage in its development. "But if it is stopped," he said, "the counter-attack will have been started when 600,000 ordinary California citizens put Proposition 64 onto the ballot paper. This will not mark the beginning of the end of the rampage of the savage virus throughout mankind; but it will mark the end of the beginning."

Seale came to the United States at the end of September to campaign for Proposition 64, the California ballot referendum which would place AIDS, and the condition of carrying the AIDS virus, on the official list of communicable diseases, mandating that it be treated like other deadly communicable diseases. Health professionals would then be required to report all cases of AIDS, and the state would be obliged to test and quarantine those infected as much as required to stop the spread of the disease. The initiative is opposed by the California Medical Association, a group known as "No on Proposition 64/Stop LaRouche," and a wide array of homosexual, communist, and liberal groups and individuals, including a hefty contingent of Hollywood movie stars led by Liz Taylor.

The California legislature's hearings on Proposition 64, before the Senate Health and Human Services Committee and Assembly Committee on Apportionment and Elections, began with State Sen. Herschel Rosenthal announcing flat-out that the purpose of the hearings was to destroy the proponents of the initiative. Indeed, the scientific evidence presented by supporters of the initiative, concerning the extraordinarily lethal character of the disease and its spread to non-"high-risk" groups, only served to further enrage and exasperate Proposition 64's opponents. Following Dr. Seale's testimony (see *Documentation*, below), Sen. Diane Watson, the chairman of the hearings, dropped any pretense of decorum, demanding that Dr. Seale take his written testimony back, calling it "the most snobbish, gross, and vulgar presentation I have ever heard!"

Following Seale's presentation, Debra Freeman, doctor

of public health, spoke on behalf of Proposition 64-backer Lyndon LaRouche, demonstrating the extreme communicability of AIDS, compared to other communicable diseases like yellow fever, lassa fever, and malaria.

Physicians testifying against Proposition 64 included Dr. Donald Francis of the Atlanta Centers for Disease Control (CDC), Dr. James Chin, and Dr. Gladden Elliott, head of the California Medical Association. All reaffirmed the CDC line that there is no possibility of transmission of AIDS by "casual contact," pulmonary means, or insects.

John White, representing State Attorney General John Van de Kamp, delivered a diatribe against the Prevent AIDS Now Initiative Committee (PANIC), the sponsors of Proposition 64. He reviewed the witchhunt being conducted by the Attorney General's office, alleging that Caucus Distributors, Inc., a "LaRouche organization," had spent hundreds of thousands of dollars in illegally gathering petition signatures. Were federal laws violated? White was asked. "No." Would Proposition 64 be disqualified? "No." He further declared that PANIC organizers were under investigation for "conspiracy to commit perjury" (sic).

## Cover-up!

Dr. Seale's tour next took him to Los Angeles, for a press conference on Sept. 30. He first read a short statement expressing his outrage at the behavior of Sen. Diane Watson for attempting to censor his testimony, saying that she evidently feared the implications of his statements on modes of transmission.

The first question was from an ABC reporter who asked Seale why all the medical authorities disagreed with him. Seale pointed out that in 1983 he had said that AIDS could be transmitted to women; all the medical authorities disagreed, and now he's been proven right. He said that AIDS could be transmitted to babies; everyone disagreed, and now that's been proven true as well. In 1984, he said the blood supply was tainted, and the Red Cross said it was impossible. The authorities have been wrong on every issue before, Seale said, so why would they be right now?

Dr. Seale next went to Washington, D.C., beginning his

stay there with an appearance on a television talk show on Oct. 2. There he immediately clashed with other panelists who denied the possibility of transmission of AIDS among children. "There is no doubt," he retorted, "the scientific evidence has now been published that AIDS can be transmitted from one child to another. I'm sorry, but it's been published in the *Lancet*, the very important scientific journal from England. . . . The case, just published two weeks ago, of a three-year-old boy who had a blood transfusion and died of AIDS a few years later. He infected his brother by biting him. It's all been published. . . . This was in West Germany. There were about seven doctors who wrote this article. They checked with their governments, because of the implications of this, before publishing it. This is like the famous case of the first known infection by a blood transfusion. It was supposed to be impossible. Until the end of 1983 it was denied in the United States that this was possible. And now it is well known to occur."

As we go to press, Dr. Seale was scheduled to give a press conference at the National Press Club in Washington, D.C. on Oct. 3.

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## Documentation

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### The AIDS virus: prognosis, transmission, and control

*The following are excerpts from the testimony of Dr. John Seale before joint hearings of the California Senate Health and Human Services Committee and Assembly Committee on Apportionment and Elections, in Sacramento on Sept. 29. Dr. Seale is a member of the Royal College of Physicians, and runs a private practice in London, specializing in genitourinary medicine and sexually transmitted diseases. In early 1983, he started studying the epidemiology, pathogenesis, prognosis, and transmission of AIDS virus infection, and has published numerous articles and letters on the subject.*

I am honored to have been invited by the Senate of California to testify before your committee today. This is the second time in four months I have been invited to the United States to speak about AIDS. In May, Mario Cuomo, Governor of New York, asked me to speak on the impact of AIDS on public policy. Today I have 15 minutes to explain my endorsement of Proposition 64.

Some of you are old enough to have heard my eminent fellow Englishman, Winston Churchill, speak for 50 minutes at Fulton, Missouri, in 1946. At that time he was not Prime Minister, but spoke as a private citizen, just as I speak to you

today. In those few minutes, his description of the hideous Iron Curtain which had descended upon Europe, struck the imagination of Americans like a thunderbolt. He opened their eyes to the reality that the Soviet Union was not merely a friendly ally, under the leadership of Uncle Joe, which had helped win a terrible war against Hitler and his Nazis. Russia was, at that time, a charnel house in the grip of a merciless megalomaniac, Stalin, who was preparing to extend his monstrous empire across Western Europe.

Hopefully, in the next few minutes, I shall open your eyes to the reality of a new, and far more deadly, peril which you face today. This peril is not in some distant foreign land, across the Atlantic, or across the Pacific; it is right here, now, in the heart of lovely California.

### Threat to the whole human species

The AIDS virus is the molecular biological equivalent of the nuclear bomb. The genetic information contained in its tiny strip of RNA has all that is needed to render the human race extinct within 50 years, along with the dodo, the dinosaurs, and the saber-tooth tiger. The distinguished immunologist, Peter Medawar, once defined a virus as "bad news wrapped up in a protein coat." The AIDS virus is the ultimate piece of bad news—because it has the capacity to create an infinite variety of coats. . . .

The key scientific facts underlying the AIDS epidemic are extraordinary and painfully simple.

The entire genetic code of the AIDS virus is contained in a tiny strip of RNA. A central step in its replication in human cells is conversion of the RNA code of the virus into a strip of DNA—the so-called pro-viral DNA. The pro-viral DNA is then spliced into the DNA of the genetic code of one of our cells. There it stays for the life of that cell, and if the cell divides, both daughter cells still have the viral genetic code within them. When activated, the pro-viral DNA, which is now a part of our own genetic code, produces numerous virus particles which infect new cells within us. Over a period of years, ranging from 1 to more than 20, our cells are slowly, genetically, transformed. It is not only the T-lymphocytes which are genetically tainted—the cells in our brain, heart, liver, lungs, and skin are all affected.

In a profound biological sense, once we have been infected with the AIDS virus, we have a new set of infectious genes: These are capable of producing virus particles which will eventually, slowly, kill us. This is the hallmark of a slow infectious disease, caused by a lentivirus; a type of disease, and virus, of which there has never been an epidemic in mankind before. When the virus is transferred to another person, he, or she, also acquires a new set of lethal, infectious genes, and so on, *ad infinitum*.

The essence of the conceptual problem facing mankind, is that the prolonged incubation period averages 7-10 years, before infected people become seriously ill. This means that huge numbers are infected and become infectious, before any

epidemic becomes visible. The deadly virus arrives, leaving no visiting card to announce its arrival.

Twenty-five thousand Americans have already developed full-blown AIDS, but 100 times as many, 2.5 million additional Americans, are already infected. The number infected, and the number dying, is doubling remorselessly, every 10 months in your country, in my country, in Europe, in Africa, and in South America.

How many of those infected with the virus will die within 20 years? Thirty percent develop full-blown AIDS within six years of infection—and all of these die within the following three years. That is the official estimate of the U.S. Public Health Service. As each year passes, the percentage rises.

The optimists, like Professor Jay Levy of San Francisco, believe that a mere 50% will die following infection with the virus—the other 50% will come to little or no harm. This optimistic vision makes AIDS twice as deadly as smallpox, and as deadly as bubonic plague, the cause of the Black Death in the 14th century, which killed one-third of the entire population of Europe.

The pessimists, like Professor William Haseltine, of Harvard, believe that 100% of people will die within 20 years or so of the infection—as is the case with rabies virus infection. This is why he testified before a Senate Committee in Washington a year ago that AIDS was “species-threatening.” In simple English, Prof. Haseltine believes the AIDS virus has the capacity to spread, and to kill every man, woman, and child on Earth.

Within two weeks of infection with the AIDS virus, every person remains potentially infectious to others for as long as he or she lives. The virus persists as cell-free infectious virions, in blood, at titres ranging from 10 infectious particles per milliliter up to 100,000 per milliliter. In saliva, respiratory secretions, semen, vaginal secretions, tears, and mother's milk, the virus is largely cell-associated and very few cells are infected. This makes these secretions vastly less infectious than blood.

The AIDS virus is unusually stable outside the human body. It loses little of its infectivity, if kept in water, at room temperature, for seven days, and retains some if kept dry for a week.

With these properties it is hardly surprising that the virus is transmitted with devastating efficiency by re-used, inadequately sterilized hypodermics, contaminated with invisible quantities of blood. It doesn't make a damn bit of difference to the virus whether the hypodermic is delivering heroin to some hooker in Harlem, or giving penicillin to save the life of a tiny child in Haiti, Mexico City, or China. Both the hooker and the child will become infected, and infectious to others, and will eventually die after a protracted and humiliating illness. . . .

Once a critical mass of the population has been infected with the virus, by highly efficient means of transmission, then less efficient means inevitably become more common. These include blood transfusions, transmission from mother

to newborn babe, biologically normal sexual intercourse, needle-stick injury to nursing staff, chance contact of blood, saliva, or sputum with sores or abrasions in the home, at work, and at play. And, biting insects and flies, acupuncture, tattooing, ear-piercing, blood brother rituals, and routine dental procedures. It is easy to see how the entire population of a poor, tropical country can become infected with the virus within a few years of its first arrival. The same is true in California, in Britain, or in New Zealand—it just takes a few years longer to reach 100% saturation.

What are the prospects of a cure? Once the pro-viral DNA is spliced into your own genes, no product of the pharmaceutical industry will ever get it out. Any drug which blocks the replication of the virus, which is the most that can be expected, will have to be continued for life.

And the prospects for a vaccine? Few of the antibodies that are naturally produced are neutralizing; some of those that are, get knocked out by antigenic shedding; most of the *in vivo* cytopathology is immunologically mediated; intercellular spread of the virus during membrane contact evades antibodies; antigenic drift is continuous in every infected host. All these factors combined make an effective vaccine theoretically impossible. . . .

### Emergency action required

So what would I like to see done about all this in the immediate future? All those who are already infected must be identified at once. Whatever steps are required, must be taken, to ensure that those infected do not transmit the virus to others. Any nation which cannot, or will not, take such action with alacrity will perish within a few years. There is only one person in the world who has the power to take the actions to begin to stop the spread of the virus. That is Ronald Reagan, backed by the admirable Nancy Reagan.

I would like President and Mrs. Reagan to meet soon with some of the few biological scientists who have studied the subject deeply, and have a clear vision of the scale of the AIDS catastrophe, and the actions which must be taken to counter it. . . . In addition, Prime Minister Margaret Thatcher should be present because, as a scientist by training, she has the ability to grasp the realities of scientific problems, which is most unusual in a politician.

And what will President Reagan and Prime Minister Thatcher be able to offer their people as a solution to the AIDS epidemic? Nothing that will not entail blood, tears, toil, and sweat. And it will not be a short war against the virus. . . . It will be a 100-year war. The alternative is the extinction of mankind.

It may be that it is already too late. The virus may be unstoppable everywhere. I do not know. But if it is stopped, the counter-attack will have started when 600,000 ordinary Californian citizens put Proposition 64 onto the ballot paper. This will not mark the beginning of the end of the rampage of the savage virus throughout mankind; but it will mark the end of the beginning.

## 'Conservative' gala boosts neo-isolationism

They billed it as the gala First Annual Conservative Victory Dinner of the United Conservative Appeal. For \$1,000 a plate, about 200 couples at a posh hotel here were subjected to an evening of non-stop "hard line" here Sept. 29. Former U.N. Ambassador Jeane Kirkpatrick, Sens. Jesse Helms (R-N.C.), William Armstrong (R-Colo.), and Malcolm Wallop (R-Wyo.), and White House Communications Director Patrick Buchanan were the speakers; Rev. Jerry Falwell gave the invocation.

But, aside from Buchanan, whose speech targeted Sen. Richard Lugar (R-Ind.) for his turncoat role in opposing President Reagan on the South African sanctions issue, this conservative gathering pitched just the neo-isolationist, "bash the allies" line that Gorbachov loves to hear.

Kirkpatrick lashed out at the European allies and Mexico, in particular, who "repeatedly stab us in the back at the U.N."

Kirkpatrick's message was not missed for anyone who knows the "New Yalta" line that Georgetown's Center for Strategic and International Studies (CSIS) is pushing: Abandon Europe to the Soviets, in the name of waging war against communism and corruption in Central America. Kirkpatrick insisted, on cue, that the Nicaragua conflict is the most important strategic confrontation point in the world.

Then there was Malcolm Wallop, a direct descendant of British royalty. At the outset, he made some compelling points. He made a strong argument for why the Anti-Ballistic Missile (ABM) Treaty, negotiated by Gerard Smith and friends in 1972, was and is a disaster. It banned defensive systems against ICBMs, he said, at a time when 85% of the Soviet offensive nuclear capability was aboard ICBMs; but it did not ban defenses against air attacks, when the vast majority of U.S. nuclear strike capability was airborne.

Now, he noted, not only have the Soviets violated that treaty, and others, with impunity, but they have been able to complete a "competent" national ABM defensive system with a three-tiered kinetic-energy defense. The construction of the radar facility at Krasnoyarsk completed the system.

Wallop stressed that the issue of the Krasnoyarsk radar is not that it technically violates the ABM Treaty, but that it completes the command and control function for a ring of six radar stations, giving the Soviets a ballistic missile defense system with short-, intermediate-, and long-range interceptors.

What the senator failed to point out, was that the heart of the Soviet ABM effort lies in its laser and directed-energy research, which has been going on for 17 years, and is not yet fully ready to be deployed.

Ignoring this, and contending that the Soviets already have a conventional ABM defense in place, Wallop proceeded to condemn the contents of President Reagan's July 25 letter to Gorbachov (which proposed joint deployment of a laser-based SDI system) and to insist that the United States move immediately to a kinetic energy-based "point defense" of missile sites.

Wallop went so far as to accuse the President of sabotaging the Stra-

tegic Defense Initiative. He attributed the origin of the SDI to the 1980 Republican Party platform, which he claimed responsibility for. Then he said that Reagan's July 25 letter was nothing but an "offer to extend the ABM Treaty another seven and a half years" and "is killing the SDI." He attacked U.S. laser and directed-energy research—the forefront of the SDI effort—as "technological navel-gazing," and lashed out at what he called the "we can't do anything until we can do everything thesis of the Pentagon."

## Weinberger rejects 'point defense'

Defense Secretary Caspar Weinberger, speaking at a conference of the Ethics and Public Policy Center here Sept. 26, flatly rejected the view expressed by Wallop and company.

Early deployment of a "point defense" to protect missile sites will only give credibility to the Soviet argument that SDI is meant as an adjunct of a U.S. "first strike capability," Weinberger noted.

Reagan, on the other hand, by revealing the contents of his letter to Gorbachov before the United Nations General Assembly, offered a proposal for SDI deployment that could never be conceived as seeking a "first strike" advantage—thus demolishing the credibility of Soviet objections. (It is worth noting in this connection, that while Reagan meets with Gorbachov in Iceland Oct. 11-12, Weinberger will be in India talking about the SDI with Prime Minister Rajiv Gandhi).

By contrast, "point defense" takes our allies out of the SDI equation entirely, thereby playing right into the Kirkpatrick/Zbigniew Brzezinski "Fortress America" isolationist scenario.

## Congress votes to destroy South Africa

Turning a deaf ear to the pleas of leading black South Africans, as well as to warnings from the Reagan administration, both houses of Congress voted to override President Reagan's veto of congressional legislation imposing punitive sanctions on the people of South Africa.

Unless the President chooses to take the issue to the courts, on the grounds that Congress's action represents an unconstitutional interference in the conduct of foreign policy, punitive economic sanctions, which will do grave harm to the well-being of black South Africans and many of southern Africa's black-ruled nations, will become the law of the land.

In a toughly worded veto message Sept. 26, the President called sanctions legislation, "the wrong course to follow." Charging that the bill "unconstitutionally ties the hands of the President in dealing with a gathering crisis in a critical subcontinent where the Soviet bloc . . . clearly sees historic opportunity," Reagan stressed that sanctions would significantly exacerbate the plight of the average black South African.

Emphasizing that the United States "must stay and build, not cut and run," Reagan asked: "Are we truly helping the black people of South Africa—the lifelong victims of apartheid—when we throw them out of work, and leave them and their families jobless and hungry in those segregated townships? Or are we simply assuming a moral posture at the expense of the people in whose name we presume to act?"

While saying that the administration had "no quarrel" with the purpose

of the legislation, he said sanctions would hurt blacks and deliver a "devastating blow" to South Africa's black-governed neighbors. "Do we truly wish to trigger a cycle of economic sanctions and countersanctions that end up crippling the economy of South Africa and devastating the economies of the front line states?" he asked.

The answer from the Hill was a resounding "Yes."

On September 29, the House, whose sanctions bill mandated a near-total cutoff of all economic relations between the United States and South Africa, easily overrode the President's veto 313-83.

In the Senate, the fight was more intense because a slim possibility existed for sustaining the veto. But thanks largely to the efforts of Senate Armed Services Committee chairman Richard Lugar (R-Ind.), the President was unable to rally sufficient numbers of Republicans to his side, and the Senate voted 78-21 to override.

Lugar, who demonstrated his predilection for destabilizing Western allies during the Philippines crises, when he emerged as one of Ferdinand Marcos's most vehement critics, spearheaded the opposition to the President.

As soon as Reagan's veto was formalized, Lugar lashed out, charging that if Congress failed to override, the United States would be seen as "the apologist of apartheid," and an "ally of the Botha government."

Mr. Lugar is a liar. It is a well-known fact, to even the dimmest wit in Congress, that the majority of black South Africans, including such influential leaders as Chief Minister M. G. Buthelezi of KwaZulu, vehemently oppose sanctions. During the debate,

several delegations of black South Africans came to Washington, specifically to support Reagan's veto.

By overriding the President's veto, however, the Hill has given a major boost to the African National Congress, the Soviet-backed terrorists who show their opposition to apartheid by slowly burning to death ("necklacing") more moderate blacks.

## Immigration reform nears another death

For the sixth year and third Congress in a row, immigration reform legislation appears headed for another death.

In the 97th Congress, massive numbers of amendments which sought to change harsh employer sanctions for hiring illegals, prevent discrimination and abridgement of rights against American workers, allow employers to get adequate help in harvesting agricultural crops, halt an economic and foreign policy affront against Mexico, and similar controversies, blocked the House from passing any legislation. In the 98th Congress, House and Senate conferees were unable to resolve their differences.

This year, immigration "reform" lost all but the slimmest chance of passage, when the House rejected the rule to allow floor consideration of H.R. 3810. The major sticking point was the issue of foreign agricultural workers.

Sponsored by Reps. Schumer (D-N.Y.), Berman (D-Calif.), and Panetta (D-Cal.), this section of the bill was a compromise which agricultural employers and the AFL-CIO had both agreed to. It put no cap on agricultural

workers brought into the United States. Instead, workers who were in the United States for 60 days could get a green card and permanent-resident status.

Opponents such as Rep. Bustamante (D-Tex.) denounced it as "a foreign workers jobs bill." Rep. Fawell (R-Ill.) objected because it "provides a separate legalization track for a selected group of illegal aliens." He and many others also objected because this would immediately qualify these new permanent residents for federal financial assistance such as food stamps, Legal Services Corp. assistance, and some types of housing assistance.

## Senate waters down and passes anti-drug bill

The Senate failed to include several tough anti-drug measures in the anti-drug bill it adopted by a 97-2 vote Sept. 30, after a group of liberal Republicans teamed up with Democrats to threaten a filibuster.

According to the Oct. 1 *Washington Post*, Senate leaders, including Senators Dole (R-Kansas), Byrd (D-W.V.), Thurmond (R-S.C.), and Biden (D-Del.), turned back all "controversial" amendments by convincing their colleagues they would sink the bill.

Among the provisions dropped were the death penalty, relaxation of the exclusionary rule, and drug testing of government employees.

In its favor, the Senate version differs sharply from House anti-drug legislation in its recommendations on the military's role in the war on drugs.

The House bill calls for extremely

broad use of the military in all aspects of anti-drug activities, including provocative "hot pursuit" chases across the U.S. border, and would, as Defense Secretary Caspar Weinberger pointed out during an NBC-TV interview Sept. 28, literally mean having U.S. troops shoot down all 76,000 planes that cross into the United States every day, since the means to identify which of these planes are carrying narcotics do not exist.

The Senate bill, on the other hand, allows the transfer of military equipment to civilian agencies, but does not contain the "hot pursuit" provisions of the House version.

## Helms ups pressure against Panama

Senator Jesse Helms (R-N.C.) continues to escalate his pressure to destabilize the government of Panama.

Helm's latest effort was an amendment to the Intelligence Authorization Act (S. 2477)—which funds intelligence activity—requiring the CIA to report to the House and Senate Intelligence Committees "to what extent the Defense Forces of the Government of Panama have violated the human rights of the Panamanian people, are involved in international drug trafficking, arms trafficking, or money laundering, or were involved in the death of Dr. Hugo Spadafora." The amendment passed the Senate 53-46 on Sept. 24.

Helms found co-sponsors in liberal Democratic Senators Pell (R.I.) and Kerry (Mass.). Senator Kennedy (D-Mass.) also spoke for the amendment, claiming it was necessary to investigate charges that Gen. Manuel

Noriega, commander of Panama's Defense Forces, was "personally responsible for the murder of Hugo Spadafora," and guilty of drug trafficking and political intimidation. "Doctor" Spadafora was a drug-trafficker and terrorist mercenary found dead earlier this year.

While the House-Senate conference officially dropped the Helms amendment, its intent was retained. The conferees said the agency already had a statutory responsibility to answer Senator Helms's questions and were expected to provide the relevant information.

Panama's legislative assembly formally protested the amendment, denouncing it as a "flagrant violation of international law."

## Senate rejects \$200 million for Philippines

The Senate rejected \$200 million in additional aid for the Philippines by a 51-43 vote on Sept. 29, largely because the funds would have been cut out of aid earmarked for other U.S. allies. On Sept. 18, the House had approved the extra Philippine assistance by a 203-197, following an address to a joint session of Congress by Philippine President Corazon Aquino.

Senate Foreign Relations Committee chairman Richard Lugar (R-Ind.) had wanted to take the funds for the Philippines out of the defense budget of the United States. Lugar then joined Senate Minority Leader Robert Byrd (D-W.V.), who sponsored the aid proposal, in suggesting it be taken from other nations' aid accounts. This was defeated by the Senate 57-41 on Oct. 3.

# National News

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## Weld caught in financial war against LaRouche

William Weld, the Boston Brahmin and former U.S. Attorney for Massachusetts, who in August was confirmed as head of the Justice Department's Criminal Division, has been caught in a new "dirty tricks" campaign against Democratic presidential contender Lyndon LaRouche.

In his confirmation hearings before the Senate Judiciary Committee, Weld denied under oath that he was conducting a politically motivated vendetta against associates of LaRouche. He further testified that the reason that the LaRouche grand jury investigation in Boston had gone on for almost two years, with no results, was that the "LaRouche organizations" had refused to produce documents subpoenaed by the grand jury.

Now, explosive FBI documents obtained by this news service prove that Weld was at the center of an unconstitutional conspiracy to destroy the fund-raising capabilities of organizations associated with LaRouche. Weld personally attempted to mobilize a nationwide effort by law-enforcement officials to wage financial warfare against "LaRouche organizations." The U.S. Attorney's effort resulted in hundreds of thousands, probably millions, of dollars being stolen from these organizations through harassment of contributors, bank interference, and media stories attempting to portray LaRouche and associates as victimizing the elderly and the infirm.

The documents also demonstrate that Weld's grand jury investigation had plenty of documents, but failed because he was unable to make his case, for the lack of an "inside witness" who would tell him what he wanted to hear.

The newly obtained FBI documents will be made public shortly, pending the initiation of certain legal moves by attorneys for the organizations being targeted by Weld. It will soon be publicly established that Weld led the FBI into a resurgence of the illegal Cointelpro operations of the 1960s and 1970s—just as the National Democratic

Policy Committee charged in documentation submitted to the Senate Judiciary Committee shortly before Weld was confirmed by the Committee, and then the full U.S. Senate.

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## U.S. embassy in Berne placed under scrutiny

U.S. intelligence community sources are investigating the possible conduct of "rogue" intelligence operations out of the U.S. embassy in Berne, Switzerland, by operatives linked to the Washington, D.C. Heritage Foundation.

The *Washington Post* ran a front-page article on Sept. 25 exposing questionable use of a foreign service discretionary fund by U.S. Ambassador to Switzerland Faith Ryan Whittlesey. *EIR*'s sources believe that behind the published report of the fund scandal, lies a dirtier operation involving the Heritage Foundation and circles close to Sen. Jesse Helms (R-N.C.). Using private funds raised for embassy entertainment, Whittlesey and her U.S. Information Agency (USIA) staff director Robert Reilly (formerly a White House aide who maintained liaison with the Tradition, Family, and Property cult) financed a flurry of "private" visits to Berne by a group including Edwin Fuelner and Paul Weyrich of the Heritage Foundation, and Helms aide Christopher Manion.

According to our sources, these visits all centered around "New Yalta" diplomacy favoring U.S. withdrawal from Europe.

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## Europe's role declines, says Navy secretary

With U.S. economic ties to Asia strengthening, the American industrial base in decline, and a growing Soviet fleet in the Pacific, the United States is being forced to rethink its role in NATO, Navy Secretary John Lehman told a conference at Georgetown University's Center for Strategic and International Studies (CSIS) on Sept. 25.

The CSIS think tank is "home" to many theoreticians of the "New Yalta" drive to decouple Europe from the United States, including Zbigniew Brzezinski and Henry Kissinger.

Until recently, Lehman said, it was an unquestioned assumption that the U.S. Navy would send the Pacific Fleet to the Atlantic to help defend the NATO countries in the event of war. But "today it is impossible to abandon the Pacific to the Soviets if there is an Atlantic war."

Lehman pointed out that while, during World War II, the United States was referred to as the "arsenal of democracy," this is no longer the case, because of the decline in U.S. basic industry. America now depends on foreign nations—many of them in Asia—for its steel, heavy machinery, and other supplies.

Lehman further attacked European NATO members for "copping out" when the United States attempted to strike back at terrorism by attacking Libya; for refusing to get involved in Central America; and for expecting the United States to continue spending \$40 billion a year to assure the continued flow of Mideast oil to Europe.

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## Pat Buchanan hits OSI fraud in Demjanjuk case

White House Communications Director Patrick Buchanan has charged that John Demjanjuk, accused by the Justice Department's Office of Special Investigations (OSI) of being the "Butcher of Treblinka," is the innocent victim of a KGB frameup.

Writing in the *Washington Post* on Sept. 27, Buchanan, who has spoken out in the past against the OSI's use of KGB-forged "evidence," argues that Demjanjuk was not the murderous Nazi concentration camp guard which the OSI and KGB have made him out to be. Buchanan asserts that, after thoroughly investigating the case, "I have come to believe . . . that John Demjanjuk is . . . a victim himself of a miscarriage of justice. Hence, this article."

Buchanan reports that there is increasing skepticism about Demjanjuk's guilt in Is-



rael, where he is now facing trial, since his extradition from the United States earlier this year.

## Will U.S.-Soviet space cooperation resume?

Secret meetings between U.S. and Soviet officials took place in September, to discuss resuming joint space work, according to *Aviation Week and Space Technology*.

A 10-member senior U.S. space program team, including representatives from the White House, NASA, the Defense Department, and the State Department traveled secretly to the U.S.S.R. Sept. 12-13. Discussions included the potential for cooperation in Mars exploration. Among the long-range projects discussed were unmanned sample return missions to Mars and joint manned exploration of the Martian surface. The team was shown the Soviet laser equipment that will be used on a Soviet mission to Mars in 1988.

The U.S. team was headed by Jet Propulsion Lab Director Lew Allen. National Security Council space expert Col. Gerald May and former astronaut Joseph P. Kerwin were included in the group.

## Pro-terrorist RCP attacks Proposition 64

The *Revolutionary Worker*, newspaper of Robert Avakian's Revolutionary Communist Party (RCP), issued a three-page attack on Sept. 22 against Proposition 64, the California ballot initiative to apply public health measures to stop the spread of AIDS, calling it "the leading edge on the broader fascistic offensive going on in America." The article calls for measures "outside the law" to defeat what it calls "the LaRouche initiative."

The RCP provides the key logistical network for international terrorist groups, notably including Peru's Shining Path (*Sendero Luminoso*), France's Direct Action, and the Red Army Faction of West Germany.

The paper charges that LaRouche is plotting to use Proposition 64 "to strengthen fundamentalist morality. Long-outmoded family morality and relations, which center on the oppression of women, are to be revived and stiffened—with barbed wire."

## Galbraith hits Syrian role in European terror

Evan Galbraith, U.S. ambassador to France from 1981 to 1985, blasted the Syrian Popular Party (PPS) for its role in running terrorism in Western Europe on Soviet behalf, in a column in the *Washington Times* on Oct. 1. The connection, and its implications for U.S. foreign policy, was the subject of a recent *EIR* cover story (Sept. 26, 1986).

Galbraith linked the Lebanese Armed Revolutionary Faction and terrorist Ibrahim Abdallah to the murder of American Col. Charles Ray in Paris in 1982, and to Syria and the PPS. "The Soviet Union," he wrote, "has supplied Syria with billions of dollars worth of arms and money. . . . What does the Soviet Union require in return for its support of Syria? . . . Chaos in Lebanon, support for Soviet efforts in the Arab world, perhaps another war with Israel and—terrorism. . . . Today, in France, Syria has escalated the struggle. They are testing, on behalf of the Soviet Union, the will of the French people.

"France is essential to the defense of Western Europe and the Soviet anti-nuclear campaign, so effective in West Germany, is going nowhere in France. The Soviets are trying another tactic—terrorism. . . . We struck against one of the tentacles of the Soviet Union, Libya. . . . Syria is no less malign and no less involved. . . . Now, the Soviets' other agent in terror must be made to suffer."

Galbraith identified the "State Department Arabists" who allowed Syria to dominate Lebanon in the first place, as well as fixations on the prospects for a summit meeting between President Reagan and General Secretary Gorbachov, as the reason for lack of effective action against the Syrians.

## Briefly

● **THE AIDS COVERUP** is the title of a book just released by the Ignatius Press in San Francisco, the same publishing house which recently issued *The Ratzinger Report*, an interview with the Vatican's Joseph Cardinal Ratzinger. The book charges that the U.S. government's medical bureaucracies have concealed the true extent of the killer disease, and have suppressed information on its spread among non-"high-risk" categories.

● **JOHN ZACCARO** was indicted Oct. 1 by a New York state grand jury investigating bribery in awarding cable television contracts in Queens. This is the second time in two years that the husband of 1984 Democratic vice-presidential candidate Geraldine Ferraro has been indicted for corruption.

● **FRANK SHAKESPEARE** was appointed by President Reagan to succeed William Wilson as ambassador to the Vatican, the White House announced Sept. 26. Shakespeare, a former CBS-TV executive, was a campaign aide for President Nixon, and headed the U.S. Information Agency (USIA) from 1969 to 1973. He is currently ambassador to Portugal.

● **PRESIDENT REAGAN** has set up a regular, private, weekly meeting with Defense Secretary Caspar Weinberger, columnists Evans and Novak reported on Sept. 27. The change was reportedly arranged by National Security Adviser John Poindexter, who was acting on his own, not Weinberger's, initiative.

● **A PROMINENT BRITISH** figure, recently visiting the United States, has a suggestion for the clarification of the often-confusing U.S. political arena. Congressmen should be identified, not only by state and party, as tradition has it, but also by sexual preference: (D-Md.-He., Ho., or Bi.).

## Editorial

### *The Raskolniki are restless*

We were most amused at the report that, over a period of not less than months, the Kremlin leadership was seriously considering naming Ambassador to Sweden Boris Pankin to the post of Minister of Culture of the Soviet Union. After much delay, however, they gave the job to another man, in the belief that Pankin would not make a "credible" Minister of Culture.

Boris Pankin is a Major-General in the KGB. He's good at dirty-tricks, murder, lies on the grand scale ("disinformation")—that sort of thing. Minister of Culture? Well, it is Russia.

Our amusement reminded us of a joke: The Czechoslovakian military attaché visited the Kremlin in search of funding for his country's projected Ministry of the Navy. "But Comrade," said his Russian interlocutor. "You are a landlocked country. What need have you of a Ministry of the Navy?" "Why not?" retorted the Czech. "You are Russian, and you have a Ministry of Culture!"

Seriously, folks: With a nod to Pushkin and other "Westernizers" of Russia's past, there is nothing racialist in reporting that the Russians, thanks to the barbaric, blood-and-soil religious matrix on which their society has developed over the past thousand years, have a real cultural inferiority problem. That problem has potentially great practical bearing on their chosen course of confrontation with their cultural superiors in the West.

Mikhail Gorbachov himself put on an angry display of recognition of this fact, in a speech before science academicians in Moscow in early October. He denounced lack of "discipline" and the bureaucracy that is blocking his program of "economic renewal," that is, war mobilization. Only a week earlier, his Central Committee had drafted a resolution, printed in *Pravda* the day of his speech, denouncing the same thing.

The Russian is a peasant—not a farmer, a *peasant*. Innovation and initiative are not his forte. Progress is not in his lexicon. Ordered to run, he will run in place, until kicked. Gorbachov is kicking.

The Russian leaders, faced with the exigencies of a

military buildup, one that requires industrial upgrading and must be technology-vectored to achieve its goal—decisive strategic superiority over the West in the near-term—rightly fear that, as so often in Russia's historical past, the *Raskolniki*, the "Old Believers," will rise up out of the holy mud of Mother Russia in bloody rebellion—or at least, in quiet sabotage of needed change.

It is some such thing, at the level of the government and industrial bureaucracy, that Gorbachov is now denouncing. The *Raskolniki* are restless.

Let there be no doubt that this, not any stated fear of American military intentions, is the real key to the Russians' continued antipathy to the Strategic Defense Initiative. The Russians continue to reject President Reagan's generous offer that, in any "technology race" to achieve strategic defense systems, America will be happy to ensure that both sides arrive at and deploy defense systems at the same, agreed-upon time. But the Russians want the program stopped, not because they think we don't mean it, but because of the implications that a mobilization of industry and technology for SDI will have for civilian economy and culture.

Gorbachov is already having problems with a steady-paced build-up. What happens if the U.S. SDI imposes on Russia the need for a "real crash program"? One can already hear the *Raskolniki*'s groans of pain and anguish.

Let us not fear their *Raskolniki*'s howling. What is bad about the Soviet Union stems from that cultural inferiority. We must, precisely through policies like SDI, impose on them a very deep-felt sense of that inferiority, by surrounding them with economic progress, and their need, therefore, to "imitate" their Western superiors. It is an historic effort to induce them to "Westernize" themselves.

President Reagan only need hold firm to SDI. Gorbachov's "discipline" problems are just beginning. On second thought, that KGB lout, Maj.-Gen. Boris Pankin, might make a good Minister of Culture.

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