

EIR

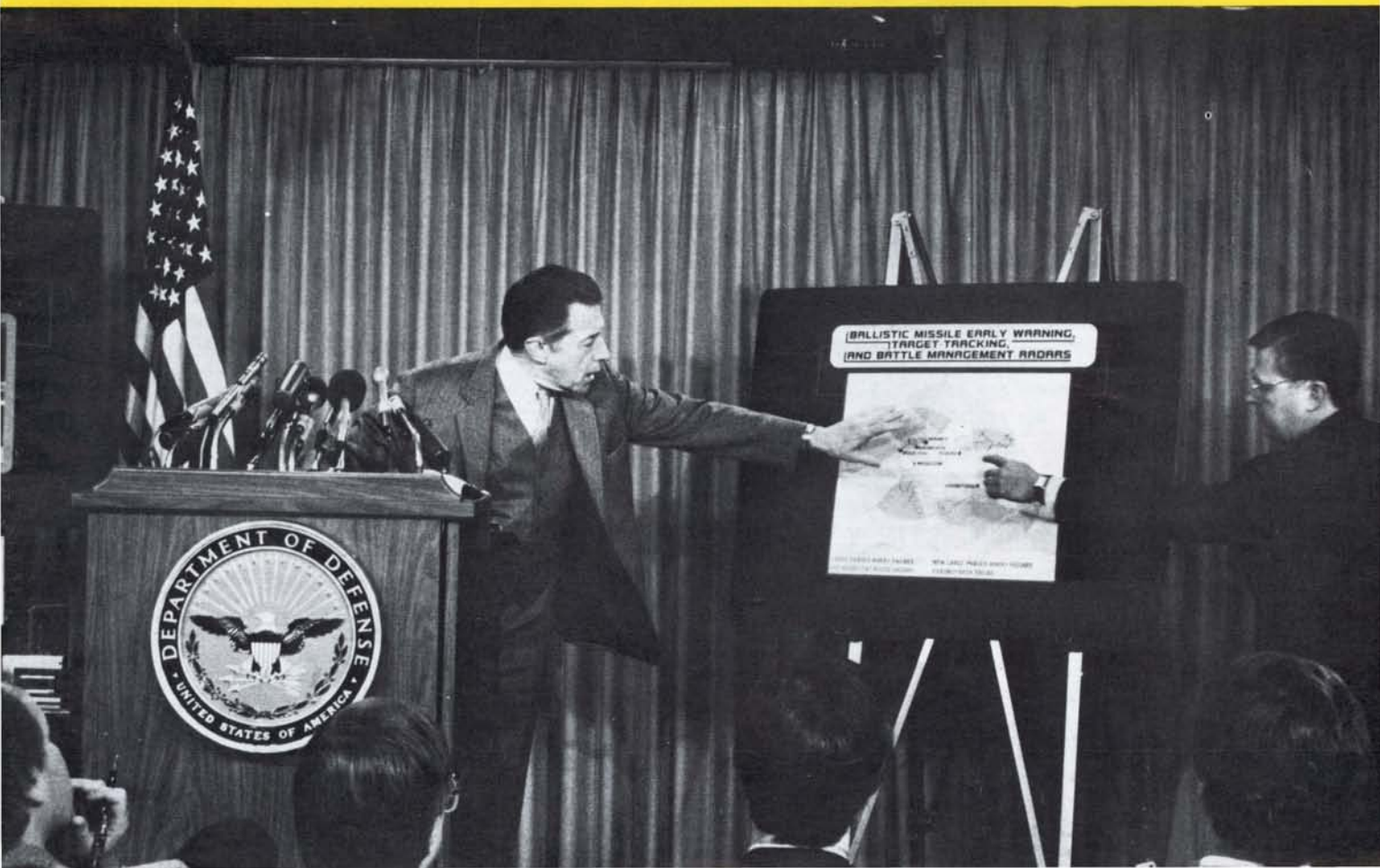
Executive Intelligence Review

April 3, 1987 • Vol. 14 No. 14

\$10.00

AIDS fraud exposed: 'Safer sex' won't stop it
LaRouche's measures to stop financial collapse
Mexicans mobilize to back Peru's Alan Garcia

Weinberger charges
Soviet ABM break-out



**REALITY
CATCHES
UP WITH
THE
MYTH-
MAKERS**



- **“One-third of a nation,”** to use FDR’s famous phrase, “is ill-clothed, ill-housed, and ill-fed” again today, as in the 1930s. The good news about the “Reagan recovery” is that the official unemployment rate is way down. The bad news is that the figures are faked, and represent displacement of the workforce into low-pay, low-benefit jobs, or involuntary part-time jobs. It represents personal credit-card debt, jobless workers without unemployment benefits, hungry persons without food stamps, underemployed or unemployed workers seeking food charity, homeless persons, and rapidly growing poverty.
- **One year ago,** *EIR* warned that the U.S. physical economy would begin a 15-25% annual rate of decline sometime in 1986. We argued that such a decline could be slowed, by available political means, but even if slowed, would not be held back beyond the last quarter of the year. In June, the first evidence came in confirming our prediction. In December, again, we were right on the button.
- **The political climate** in which the administration has been able to peddle the lies that underpinned the recovery myth has itself changed. November’s mid-term elections were a crushing defeat for candidates, especially Republican Party senatorial candidates, who were identified by the electorate as supporters of the administration’s economic policies.

Contents

- I. Introduction: reality catches up with the myth-makers and their frauds
 - II. Poverty spreads as the ‘safety net’ collapses
 - III. The collapse of basic industry
 - IV. How defense and space programs drive economic growth
 - V. The world food shortage worsens
 - VI. The forecasting success of the LaRouche-Riemann method
 - VII. U.S. banking: the mirrors crack
- Appendix: the ‘LaRouche-Riemann method’—by Lyndon H. LaRouche, Jr.

100 pp.
Order your copy today
Price: **\$250**
Yearly subscription: \$1,000

Order from:
EIR News Service P.O. Box 17390,
Washington, D.C. 20041-0390

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editor-in-chief: *Criton Zoakos*

Editor: *Nora Hamerman*

Managing Editors: *Vin Berg* and *Susan Welsh*

Contributing Editors: *Uwe Parpart-Henke,*

Nancy Spannaus, Webster Tarpley,

Christopher White, Warren Hamerman,

William Wertz, Gerald Rose, Mel Klenetsky,

Antony Papert, Allen Salisbury

Science and Technology: *Carol White*

Special Services: *Richard Freeman*

Advertising Director: *Joseph Cohen*

Circulation Manager: *Joseph Jennings*

INTELLIGENCE DIRECTORS:

Africa: *Douglas DeGroot, Mary Lalevée*

Agriculture: *Marcia Merry*

Asia: *Linda de Hoyos*

Counterintelligence: *Jeffrey Steinberg,*

Paul Goldstein

Economics: *David Goldman*

European Economics: *William Engdahl,*

Laurent Murawiec

Europe: *Vivian Freyre Zoakos*

Ibero-America: *Robyn Quijano, Dennis Small*

Law: *Edward Spannaus*

Medicine: *John Grauerholz, M.D.*

Middle East: *Thierry Lalevée*

Soviet Union and Eastern Europe:

Rachel Douglas, Konstantin George

Special Projects: *Mark Burdman*

United States: *Kathleen Klenetsky*

INTERNATIONAL BUREAUS:

Bangkok: *Pakdee and Sophie Tanapura*

Bogotá: *Javier Almarino*

Bonn: *George Gregory, Rainer Apel*

Chicago: *Paul Greenberg*

Copenhagen: *Poul Rasmussen*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Los Angeles: *Theodore Andromidas*

Mexico City: *Josefina Menéndez*

Milan: *Marco Faini*

New Delhi: *Susan Maitra*

Paris: *Christine Bierre*

Rio de Janeiro: *Silvia Palacios*

Rome: *Leonardo Servadio, Stefania Sacchi*

Stockholm: *William Jones*

United Nations: *Douglas DeGroot*

Washington, D.C.: *Nicholas F. Benton*

Wiesbaden: *Philip Golub, Göran Haglund*

EIR/Executive Intelligence Review (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July and last week of December by New Solidarity International Press Service 1612 K St. N.W., Suite 300, Washington, D.C. 20006 (202) 955-5930 Distributed by Caucus Distributors, Inc.

European Headquarters: Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, Dotzheimerstrasse 166, D-6200 Wiesbaden, Federal Republic of Germany
Tel: (06121) 8840. Executive Directors: Anno Hellenbroich, Michael Liebig

In Denmark: EIR, Rosenvaengets Alle 20, 2100 Copenhagen OE, Tel. (01) 42-15-00

In Mexico: EIR, Francisco Díaz Covarrubias 54 A-3 Colonia San Rafael, Mexico DF. Tel: 705-1295.

Japan subscription sales: O.T.O. Research Corporation, Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160. Tel: (03) 208-7821.

Copyright © 1987 New Solidarity International Press Service. All rights reserved. Reproduction in whole or in part without permission strictly prohibited. Second-class postage paid at Washington D.C., and at an additional mailing offices. 3 months—\$125, 6 months—\$225, 1 year—\$396, Single issue—\$10 Academic library rate: \$245 per year

Postmaster: Send all address changes to *EIR*, P.O. Box 17390, Washington, D.C. 20041-0390. (202) 955-5930

EIR

From the Editor

President Reagan's decision to veto the highway bill is not only highly damaging to him personally; it is another step down the road to national suicide in the grips of the "Adam Smith" economic ideology, at a moment when the Soviet military build-up toward war by 1988 has become totally apparent.

All but ignored by the major national media in the United States was Defense Secretary Weinberger's assertion—and documentation, with the release of the Pentagon's 1987 *Soviet Military Power* book—of a break-out by the U.S.S.R. from the bounds of the Anti-Ballistic Missile Treaty of 1972. *EIR's* review of the Pentagon report's major conclusions begins on page 36. The Pentagon study shows that *EIR's* 1985 analysis, in the *Special Report* "Global Show-down," has become the majority view among U.S. military strategists.

Now, our analysis on the economy—and on the related issue of stopping AIDS—must prevail, and be acted upon. I draw your attention especially to Lyndon LaRouche's two articles in this issue, an address on economic policy to a West German conference, on page 6; and a commentary on the Israeli political turmoil, beginning on page 44.

The Adam Smith cult afflicting President Reagan is analyzed, along with its Soviet and other promoters, on page 18.

If the White House really wants to shed the Irangate onus, *EIR* has provided the devastating documentation to prove that the arms-for-hostages policy began under Jimmy Carter, at the hands of the same "secret government" exposed in Irangate. Following up last week's article is the second in the series of *National* lead stories by Jeffrey Steinberg detailing the Carter "Irangate" scandal, on page 60.

At the request of readers, *EIR* has added a new division to the Table of Contents: "AIDS Alert." We recognize that many of you look to us first for what we have to say on this threat. The section lists all stories on AIDS, regardless of where they otherwise appear in the magazine.

Nora Hamerman

EIR Contents

Departments

- 15 Dateline Mexico**
AIDS panic sweeps Mexico.
- 48 Mother Russia**
No let-up in war on the Vatican.
- 49 Report from Bonn**
Policy shake-up after Brandt fall.
- 50 From New Delhi**
Academicians ahoy!
- 51 Report from Rio**
Something is rotten. . .
- 52 Andean Report**
García seeks unified command.
- 53 Africa Report**
Chad victory: regional shifts ahead.
- 64 Year of the Constitution**
State securities laws used for political witchhunt.
- 72 Editorial**
Make the liars and budget-cutters act.

Science & Technology

- 28 U.S. laboratories achieve free electron laser progress**
Developments at Stanford, TRW, Inc., and Los Alamos National Laboratory have advanced this most promising technology for destroying Soviet missiles in flight.

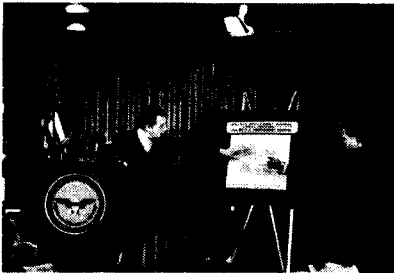
AIDS Alert

- 10 'Safer sex' campaign exposed as fraud**
- 13 Pro-condom Prince admits racist aims**
- 15 AIDS panic sweeps Mexico**
- 26 Koop sticks to AIDS cover-up, attacks Gallo**
- 54 Soviets seek world cooperation on AIDS**
- 68 Contagion has no civil rights: Armstrong bill**
- 72 Make the liars and budget-cutters act**

Economics

- 4 Economy again becomes national security question**
- 6 Measures to be taken under conditions of collapse of the financial system**
A speech by Lyndon LaRouche in Worms, West Germany.
- 10 'Safer sex' campaign exposed as fraud: How Germany's Dr. Deinhardt invents his 'facts' about AIDS**
- 13 Pro-condom Prince admits racist aims**
- 16 The bankers' dirty tricks begin to backfire in Brazil**
- 17 Currency Rates**
- 18 Anti-Vatican liberal gnostics launch mobilization to defend IMF**
- 22 Foreign Exchange**
Next phase of dollar collapse begins.
- 23 Banking**
Will toothpaste go back in the tube?
- 24 Domestic Credit**
Direct Treasury bailout for FSLIC?
- 25 International Credit**
Banks' paper crashes on world markets.
- 26 Business Briefs**

Feature



NSIPS/Leo Scanlon

Defense Secretary Weinberger unveils the Pentagon's new report on Soviet military power. Here he is pointing to a map of the new Soviet phased array radars, one of the principal pieces of evidence of a "break-out" from the ABM treaty.

36 Weinberger charges Soviet break-out from ABM treaty

The Pentagon's new report on *Soviet Military Power* discredits once and for all those who believe that the Soviet Empire is "crumbling," and adopts the perspective that *EIR's* Special Report, *Global Showdown*, put forward two years ago. Washington Bureau chief Nicholas F. Benton reports.

38 Soviet Military Power: So much for Soviet arms-control offers

Leo Scanlon evaluates the Soviet military build-up, as revealed in the Pentagon's annual report.

International

42 García captivates Mexico as bank deal teeters

If Mexico's creditors fail to deliver the long-awaited bailout, where can the country turn if not to the "Peruvian model," which places national development above the demands for usurious debt payment?

44 Sorry about that, Shimon

An analysis of the current crisis in Israel, by Lyndon LaRouche. How does Israel arrange to have the triumvirate of Shamir, Peres, and Rabin slip discreetly into political retirement for a while, without creating a situation in which Ariel Sharon and David Levi unleash the hounds of Hell upon the poor country?

47 The left's assault on Swiss national defense

By Brigadier (ret.) Dr. Friedrich Guenther.

54 International Intelligence

Operation Juárez

56 Research and development for the 21st century

The application of frontier technologies over the first decades of the 21st century, will produce nonlinear leaps in productivity. Continuing *EIR's* serialization of the Spanish-language book *Ibero-American Integration: 100 Million New Jobs by the Year 2000!*

National

60 Hashemi ran guns to Khomeini for Carter

Had Iranian arms-trader Cyrus Hashemi lived to stand trial on his 1984 indictment, his defense would have been that his arms deals had been sanctioned by the Carter White House and the Central Intelligence Agency.

63 Scandals stagger U.S. fundamentalism

The political-strategic dimensions behind the war among the televangelists.

67 Eye on Washington

Press blackout of Pentagon report.

68 Congressional Closeup

70 National News

Economy again becomes national security question

by Chris White

First signs of the potentials for change, now that Donald Regan is out of his controlling White House Chief of Staff position, have begun to be issued from the administration. For the first time in recent years, officials of the U.S. government have begun to echo a refrain that has been widely propagated by this publication. It is now possible, apparently, to assert what was before too flagrant a violation of adopted ideological norms: There is a relationship between economic policy and national security.

Two proposals have now been put on the table. One is embodied in a recently published 240-page report produced by the Energy Department, called simply "Energy Security." The other is a proposal, reportedly backed at the cabinet level by Defense Secretary Caspar Weinberger and Secretary of Commerce Malcolm Baldrige, to prevent foreign companies from taking over U.S. enterprises which are key to national security.

In the latter case, the proverbial camel's back was broken by Fujitsu's efforts to move into the U.S. computer chip business, thereby giving foreigners control over the development and production of sophisticated electronics applications key to the national defense. The magnitude of the welcome turn around on this question, relative to the performance of recent years, is readily seen when it is considered that the machine tool and industrial fasteners industries have both repeatedly applied for national security protection of their industries, and have both been repeatedly turned down, by the Carter administration, as well as by the Reagan administration. Yet the plight of these two industries, without which industrial production cannot proceed, is adequately covered

by the Defense Production Act of the early 1950s, and its successive amendments.

Tide turning back?

The industries were not protected for political-ideological reasons. Now the tide is beginning to turn back in the direction of what has been self-evident since the Renaissance. Since the work of Leonardo da Vinci and Niccolò Machiavelli, classical defense policy has been premised on the idea of the technological flank, innovations in war-fighting capabilities supported by the in-depth mobilization of a nation's industrial and economic logistical base.

The recent years' triumph of monetarist lunacies associated with the ideology of the "magic of the so-called marketplace" have insisted, to the contrary, that the financially determined accountants' bottom line is the unique criterion that should be applied everywhere. Using those standards, if the accountants and their bureaucratic friends said we couldn't afford something, then that was something we couldn't have, whether that was a competent defense policy, or a competent economic policy.

To assert, as is now being done, that aspects of economic policy, and implicitly, economic policy as a whole, is a matter of national security, is to assert that the bottom line is not what is found in the fictions accountants produce to prove what is affordable or not, but actually lies somewhere else.

Thus, both the Energy Department's report, and the proposal before the Cabinet on foreign takeovers, assert for the first time in a long time, that there are economic interests, in the form of production capabilities, which ought to be de-

fended, from accountants as well as external threats, to maintain the national security. The Energy Department report aroused the ire of the liberal environmentalists, by simply asserting that more energy ought to be produced, and policy makers ought to figure out how to produce more energy. The liberals argued against this, as they did when Jimmy Carter was President, that the way to protect oil supplies, is by keeping the oil in the ground. It's been a relatively long time that anyone around the U.S. government has thought it politic to say that production of anything ought to be increased.

This shift, back in the direction of reality, ought to be a key part of making possible the kind of bi-partisan alliance on economic policy questions that would be necessary to shift everything in the direction of a real economic recovery, of the sort that's been outlined by Democratic presidential candidate, and leading economist, Lyndon LaRouche.

There is a faction of the Democratic Party, typified by House Leader Jim Wright, which has made administration support of national infrastructure, and other projects, a condition for their congressional support for administration defense goals. In a rational world, that kind of horse-trading would not only be unnecessary, it would be seen as criminally insane. But the world isn't rational. The infrastructure projects include the Water Bill which the President attempted to veto in January, and the Highway Bill, which the President is attempting to veto now. However, the assertion of irrationality from the top of the administration on these questions, also means the dominance of the same irrationality in the way defense programs are going to be supported.

Infrastructure litmus test

For some in Congress, beyond the question of the infrastructure projects, the imposition of an oil import tariff, to protect the domestic industry, has become a litmus test of the same sort.

The "Energy Security" report argues against the import tariff, for the same reasons of accountants' financial costs, that are actually rejected when the priority of national security interests in the shaping of economic policy is asserted. That aspect of the report has been attacked by Sens. Lloyd Bentsen from Texas and Bennett Johnson from Louisiana.

The report argues that an import tariff, or fee, would benefit the oil industry, and would protect employment in the oil industry, but would increase the costs for oil elsewhere in the economy, and would therefore adversely affect employment in producing sectors other than that of oil. Rather than an oil tariff, the report proposes the adoption of accelerated depletion schedules on industry taxation.

It may be that this argument is not to be taken on face value. The President views his tax reform as one of his principal accomplishments, and is said to oppose changing that in any way. Therefore, with proposed funding sources eliminated, some think that the administration would find its way back to the very import tariff the report rejects, in order to

protect the tax reform.

Be that as it may, the fact is that oil, at between \$15 and \$18 per barrel, is actually cheaper for the U.S. economy, in terms of economic rather than financial components of cost, than it was in the late 1960s, before the price hikes of 1973 and 1979. This is simply arrived at by comparing the price of oil with *EIR's* own 1967 market-basket based inflation index. Therefore it is nonsense to argue that a tariff, which would bring the price up to say \$22-25 per barrel would adversely affect other sectors.

Back in the 1960s the United States was more or less self-sufficient in oil. As of now, following last year's collapse of the price, the country is importing more than 40% of its daily requirements of the fuel source. That's a worse level of dependency on foreign oil than prevailed before the hoax of 1973-74. The economic fact that the cost to the economy of oil at \$15-18 per barrel is less than it was when sold for about \$3.00 per barrel is indicative.

Relative to the requirements of investment in technology and capital goods required to keep the industry productive, there has been a massive disinvestment in the oil sector. Instead the price of the fuel has been manipulated, up or down, by those who intend to make mere money on the movement of the price up and down. Those interests are no producer interests but rather trading and speculative interests. In this respect the oil producing sector is no different than any other sector of the economy.

To protect national security, pricing and tariff policies would have to be determined, as they have been in the past, on the basis of the same kind of conception of parity as should be applied to agriculture. Such a parity price would be determined by taking the physical components of cost of production, capital goods input, raw materials throughput, maintenance and operatives' labor, and adding a margin of profit adequate to maintain forward motion in production through reinvestment in technological improvements which increase productivity and lower costs. Where imported goods are priced below that parity level, tariffs should be imposed to protect internal production capabilities and employment.

In the case of oil this could only have a beneficial effect on other sectors of the economy, because investment decisions would actually be taken out of the hands of the money interest and speculators, in favor of a reaffirmation of the primacy of reinvestment in technology-intensive, energy-intensive, capital-intensive production.

It is useful that the real relationship between national security and economic policy is at last put back on the table by the government. To make that effort work, accountants' financial criteria must be set aside, such that investment priorities can be set on the basis of physical-economic parameters of cost. To defend national security, financial investment must once again be made subordinate to the requirements to produce the physical wealth on which the existence of a nation depends.

Measures to be taken under conditions of collapse of the financial system

by Lyndon H. LaRouche, Jr.

The following address was delivered to a conference on economics jointly sponsored by Patriots for Germany and the Schiller Institute, held in Worms, Federal Republic of Germany, on March 22, 1987.

Although I had no formal position in the government of the United States at that time, I was at the center of a raging factional struggle, concerning economic policy, inside the Reagan administration, during approximately a twelve-month period overlapping 1982-83.

During this period, I was occupied in creating the design for the U.S. SDI policy announced by the President on March 23, 1983. As part of this, I was also designing the economic program for developing and deploying an initial phase of SDI over a five-year period. We originally planned to start with \$7 billion the first year, and go quickly to a level of \$35 billion. It was in this connection that I warned the relevant channels of the Reagan administration of a 1982 blowout of Latin American and other debt, building up inside the international financial system. Some of you may recall my spring 1982 announcement of a "Debt Bomb," a term which was picked up by much of the international news-media that autumn.

At that time, I conceded that the 1982 debt-crisis could be rolled over for a limited number of years, but I warned that the kinds of actions which could postpone the crisis would only make the crisis much, much worse when it did become uncontrollable at some point during the years ahead. I presented the government with a step-by-step emergency action program for solving the debt-crisis during 1982. I incorporated these same proposals in a book-length report published during August of that year, called *Operation Juárez*.

Inside the administration, on the one side, there were those, including the President's economics adviser, Dr. Norman Bailey, who tended to agree with my analysis; on the other side were those including then-Treasury Secretary Donald T. Regan. President Reagan acted against my advice during October 1982, but the fight inside the administration continued until April 1983, when the President committed himself fully to the policies of Henry A. Kissinger and Secretary Donald Regan's faction inside the administration.

Even after April 1983, many continued to agree with my analysis of the worsening international financial crisis. However, they adopted the alternative of using technical measures to delay the next outbreak of the crisis until after the 1984 U.S. elections. During 1985, most believed that technical measures could postpone a general international financial collapse until after the 1988 elections. So, most leading political factions around the government made political alliances and commitments based on the assumption that the financial collapse would come after President Reagan left office.

My views began to be reconsidered approximately June 1986, as most leading political circles in the United States recognized, that if President Reagan continued the monetary and economic policies adopted over the 1982-83 period, the Republican Party would be severely defeated in the November elections. President Reagan's economic policies were falling apart, and so was the international financial system. During the first half of 1986, there had been a collapse of about 15% in the physical-goods sector of the U.S. economy, and a wave of similar collapse was emerging in Western Europe; June-July polls showed, that many who had supported President Reagan over the 1980-85 period, were turning against him and the Republicans, because they no longer believed in the myth of a "Reagan economic recovery."

The political crises now sweeping across the United States and Western Europe, including the crises in strategic and foreign policies, are chiefly a consequence of the effects of a looming international financial collapse on the economic, social, and strategic policy-outlooks of various strata of these nations.

The so-called "Irangate" crisis, which erupted in the United States immediately after the November 1986 elections, is a leading symptom of the growing conviction that we must change our economic policies in a very profound way, and have very little time remaining to do so. As the *London Times'* Christopher Dunn recently reported, "Reaganomics is dead." Only a handful of stubbornly wishful believers still believe that there was ever a "Reagan recovery" inside the U.S. economy.

Inside the United States itself, the economic conditions are comparable to those during the middle of the 1930s

depression. The percentage of the total population trapped in poverty has reached 1930s levels. The degree of poverty among about 30 millions or more, is worse than among the poor during the 1935-38 period. The degree of collapse of industry, farming, and basic economic infrastructure, is worse than during the 1930s.

Europe is catching up with the U.S. economic depression very rapidly, especially in agriculture and industry.

At the same time, the international financial system is in the beginning of the kind of general collapse we saw during 1931. So-called "Third World" debt is a minor part of the problem. About 90% of the world's collapsing debt structures is concentrated in North America and Western Europe, with more than half of this concentrated inside the banks and other financial institutions inside the United States.

Under the present economic policies of the United States and Western Europe, there is no possibility of generating the kind of growth in incomes which would be needed to prevent an early collapse of the international financial system as it is presently constituted. It is theoretically possible, that very drastic measures, such as those Hjalmar Schacht introduced to the early period of the Third Reich, might delay the international financial collapse for a few months or more; however, the effects of repeating Schacht's policies today would be to lead to the most devastating economic catastrophe in European civilization since the middle of the 14th century.

If we are to stop this economic collapse, we must understand its causes. I review briefly the way in which the present crisis came into existence.

Despite the deep U.S. recession of 1957-59, the period 1949-66 was one of general economic growth in North America, Western Europe, and Japan. Although there were serious errors in the postwar policies adopted by the United States and Britain at the close of the last general war, the modest credit extended under the Marshall Plan stimulated a self-feeding general economic growth among the industrialized capitalist nations.

Our problems of today originated in policy-changes introduced during 1963-66, coinciding with the Anglo-American Liberal Establishment's decision to dump Charles de Gaulle and Konrad Adenauer. By 1967, Britain and the United States were beginning to operate on the basis of a neo-malthusian economic policy of "population control" and "post-industrialization." Beginning the British currency devaluation of November 1967, and culminating in the 1972 Azores monetary conference, the Bretton Woods gold-reserve system of fixed parities of currencies, was destroyed, and replaced with a potentially hyperinflationary system of "floating exchange-rates." It is the combination of "neo-malthusian" economic policies, and the "floating exchange-rate" system, which has brought us into the present crises.

Our nations can quickly turn the present trends around. Three changes in policy are indispensable.

First, we must scrap "neo-malthusian" economic policies and the "floating exchange-rate monetary system." We must

return to a policy of energy-intensive, capital-intensive investments in production, emphasizing high rates of technological progress. We must establish a new system of stable parities among currencies, and use this to promote rapid increase of trade with the traditional foreign markets of Western Europe, Japan, and North America.

Second, we must reach a consensus on the kinds of technologies and investment projects which governments and private investors will cooperate in promoting. Governments must mobilize credit at low prices for farmers and other

The "Irangate" crisis, is a leading symptom of the growing conviction that we must change our economic policies in a very profound way, and have very little time remaining to do so.

private investors, especially in those technologies we agree ought to have special priority. Governments must also adjust their taxation policies in ways which encourage savings and investments in farms, industries, and basic economic infrastructure. Governments must also recognize their duty to assist in assuring fair prices for products of agriculture and industry.

Third, we must recognize that real wealth is useful physical goods, ranging from transportation-systems such as modern railroads, highways, river transport, and ocean ports, and including production and distribution of power, water-management systems, and so forth, and including the products of farming, manufacturing, and construction. The larger the percentage of our labor-force employed as skilled workers in producing physical wealth, the greater the real income of the society.

Certain kinds of services are essential for promoting the productivity of labor. These include factory direct management of production, include scientists, engineers, teachers, and health care. Administration, sales, and other kinds of services are necessary to society, but these forms of employment do not increase wealth in any direct way.

We must choose employment policies which help to increase both the number of people employed in producing physical wealth, and helping those employed to increase their skills and raise their productivity.

These three policies are the lessons of every case of successful economic growth in the modern history of Europe and North America. Recovery means, going back to these sound, proven policies, and rejecting the malthusian and monetarist policies which have been proven to be such terri-

ble failures.

Today, there is a growing number of very influential people inside the United States, who not only recognize that we are entering a new world depression, but who would accept almost all of what I have just said. It is my best information, that during the next three months, this growing faction inside the United States will become more and more visible.

There are many misguided people, who say that there is not enough money available to launch an economic recovery.

It is the noble business of the pulpit to inspire hope; it is the business of the rest of us to take that hope into the farms, laboratories, and factories, and express that hope in the form of objects which satisfy human needs.

Let us challenge these misinformed people with a very simple question: "If all the money in the world were to be destroyed, would production come to a halt?" Of course not. Wealth is not money. Wealth is labor employed in farms, industries, and basic economic infrastructure. Without money, trade and production would function on the basis of barter. Since barter is not very efficient, citizens would demand that governments create credit for production and trade, in the form of a new issue of money.

Forget about money for a moment. Our potential for producing wealth is the labor available to be employed in production of various kinds. By putting idled or presently misemployed labor to work, using the idle part of industrial and other production capacities, we could approximately double the physical output of Western Europe and North America. By using some of this increased production for export of food and capital goods to our traditional markets among developing nations, we could quickly double the national physical product in those importing nations.

Some would say, "But, where is the money to pay wages?" Wages are really food, clothing, housing, health care, education, and so forth. If the government issues credit to farmers, industries, and so forth, those farms and industries will supply the goods and services which make up real wages. The government issues credit to industries for wages-payments, and those wages then pay off the credit which government issued for production of the goods and services making up wages.

If the level of total physical output is high enough either to supply all goods needed by households and producers, or

to trade for those goods, all of the credit issued by government to accomplish this production and trade is a solid investment, with no inflationary effect.

We can begin a general economic recovery at any time the governments make the decisions which expand employment in the most useful branches of production of physical goods and essential services. The problem today, is that we can not do this under existing financial and economic policies. The question is, when will governments come to their senses, scrap failed financial and economic policies, and get back to the kinds of policies which served our nations so well in the past?

If governments make those long-overdue decisions, a genuine economic recovery will begin. However, to ensure that that recovery is a stable one, some additional problems of policy-making must be solved.

My special concern, is to ensure that there is genuine cooperation among such forces inside the United States and leading forces inside Western Europe, Japan, and the developing nations. If our nations can agree on the general principles of a recovery policy, and if we can end the silly trade-wars of today, and restore genuine cooperation, there is no visible reason we should not succeed in achieving the kind of stable economic recovery we need.

Let me be cruelly honest about the political situation in Western Europe and many other parts of the world today. Since I am a leading public figure of the United States, it is useful and important that I clear the air, by stating the bad part of U.S. policy toward Europe over the course of the past 45 years.

By 1942, it became obvious to leading circles in Britain and the United States, that the United States was the world's dominant power. At approximately that time, these circles adopted a policy named "the American Century," under which the combined Anglo-American interests, dominated by the power of the U.S. partner, would virtually rule most of the world as a kind of "third Roman empire." Despite the nationalist impulses within Western Europe and elsewhere, the power of the Anglo-American Establishment has been so great, that whatever was agreed between New York City and London tended to be the policy adopted in various other nations.

The system was never a politically just one, but it has been the system under which continental Western Europe, and other parts of the world have developed their policies and leading institutions. For many of the problems of policies and institutions inside Western Europe today, the United States is chiefly to blame. Today, that "American Century" policy is all but dead, and yet the combined power of the United States and European habits of following Anglo-American leadership lingers on.

Two facts follow. The first fact is, that the possibility of escaping from the present catastrophe depends upon changes in the policy of the United States. Without cooperation and support from the United States, Western Europe is militarily

and economically defenseless. The second fact, is that we can not rebuild successfully unless a new kind of cooperation is established, to replace the outworn American Century system. Efficient respect for the national sovereignties, cultures, and vital interests of the nations of Western Europe, Japan, and developing nations, is an indispensable part of effective future cooperation. We must establish a community of common principles and objectives among these sovereign states.

The establishment of such a community requires some very well-defined common objectives, in addition to our common desire to restore general prosperity among each of the economies, and growth of world trade. I have proposed two special kinds of common objectives. I have chosen these because they are of great moral importance, and also of great economic advantage to each among the nations involved.

The first, is the establishment of a just international economic order, in which all nations and peoples have full rights to access to means for improving the productivity and well-being of their populations. Let us end the most cruel and obscene feature of the human condition today, the sea of brutal poverty crushing the majority of the world's population. If we undertake that, each of us can live in the assurance that our great-grandchildren will have reason to be proud of being descended from us.

The second, is the exploration and colonization of space.

I shall conclude my remarks by summarizing my proposal for founding a permanent colony on Mars by the year 2027 A.D. I shall focus upon the role of Western Europe in this, the Federal Republic of Germany most emphatically.

For the coming 50 years or more, all major technological progress will be based on the continued development of four branches of present-day scientific work. First, the development of extremely energetic controlled plasmas, both as new sources of energy-supplies, and as new kinds of production processes in metallurgy and other fields. Second, the development of lasers and related kinds of devices, which shall become the basic machine-tool technology of the future. The third, is what is usually called optical biophysics. The fourth, is a pair of revolutions in design of computers and related kinds of control devices.

If we develop these four branches of technology in a somewhat coordinated way, we shall have every means we need to establish a virtually self-sustaining permanent colony on Mars about 40 years from now. For many of you, your grandchildren will be able to reach Mars from Earth in an average of less than two days' travel, less than an ocean voyage across the Atlantic today. Freight will reach Mars from Earth's orbit in a few weeks travel in spaceships larger than today's supertankers. We already have the basic technologies now in the process of being developed in laboratories.

The practical reason for building a colony on Mars, is to conduct certain astrophysical observations which can not be made from the vicinity of Earth. We need that astrophysical knowledge to help us in solving certain important physics

problems of production here on Earth. Those discoveries will repay our nations thousands of times over.

However, there is another, earlier benefit. Every technology we must develop, for each of the steps of preparing for the colonization of Mars, will have immediate important uses on Earth itself. With these technologies, we can green the great deserts of the world, and provide the highest standard of income and health for all, at a mere fraction of what it costs today.

There are, in Germany and elsewhere in Europe, only relatively tiny elements of a future aerospace industry, and a precious stratum of mostly small machine-tool industries whose existence depends upon the expansion of the aerospace sector. If this aerospace sector is expanded, by giving it an expanded role in various aspects of a Mars-colonization mission. This aerospace industry and its supporting machine-tool industries will be the driving-force for great technological advances in every sector of industry. Germany and France are in relatively the best condition. Britain's potential is near the edge of collapse, and a very small, but also very important potential in Italy hangs by a thread. If these nations lose their aerospace potential, their economies will tend to slide into the conditions of poverty of semi-developed nations, because they will lose the potential for keeping up with the technologies of nations which have such capabilities.

The colonization of Mars will have two beneficial effects upon our nations. The most obvious benefit, is the moral advantage of lifting the eyes of our young people up to the stars, and thus assuring them that mankind does have a bright future, worth working to provide for their children and grandchildren. The practical benefit, is that this work will stimulate our technologies here on Earth, and thus give us rates of economic growth not otherwise likely to occur.

The world has reaching a *punctum saliens*. On the one side, the continuation of present policies guarantees catastrophe and general despair. New policies offer us much hard work, but also recovery, and the certainty of a bright future for all mankind. I, for one, can not sit back and wait, to see which choice our governments will make. Each of us, in our own way, must act to ensure that governments make the right choice.

As we review, here, today, some of the practical steps for overcoming this present economic crisis, we are taking an indispensable step. By giving practical attention to these possibilities before us, we are better able to see what can and should be done in a practical way. We can not limit our attention to a few pleasant generalities, however valid those general observations might be. We must make our consciousness of the new opportunities practical ones, by presenting and discussing concrete investments and production which our nations can begin almost as soon as the new economic policies are adopted. It is the noble business of the pulpit to inspire hope; it is the business of the rest of us to take that hope into the farms, laboratories, and factories, and express that hope in the form of objects which satisfy human needs.

How Germany's Dr. Deinhardt invents his 'facts' about AIDS

by Jonathan Tennenbaum

Dr. Friedrich Deinhardt, president of the German Society for the Prevention of Viral Disease, director of the prestigious Max von Pettenkofer Institute in Munich, and leading advisor to the German government on AIDS, is a very peculiar sort of scientist. With almost medieval fanaticism, he insists that only "scientifically proven, hard facts" can be the basis for decisions on AIDS. He rejects all other scientific judgments and hypotheses as "irrelevant" and "mere dreaming."

But, closer examination reveals that the chief "scientifically proven facts" cited by Deinhardt in defense of the government's "safe sex" campaign, are pure inventions! Deinhardt admitted this himself in a recent discussion with the author and Dr. John Seale of the Royal Society of Medicine in London. No doubt, Deinhardt wishes to follow in the footsteps of the notorious Francis Bacon, famous for his detailed accounts of the results of experiments which had never been performed.

Unfortunately, if Deinhardt continues unchallenged, his "Baconian" disinformation campaign will cost the lives of hundreds of thousands of persons in West Germany alone who are going to be infected in the coming months as a result of "safe sex" propaganda. This propaganda aims to convince the population that as long as condoms are used, intimate contact with AIDS-infected persons is perfectly safe.

Caught in the act

During a recent discussion in Deinhardt's Munich office, in the presence of the author and the journalist Jutta Dinkermann, the London doctor John Seale questioned Friedrich Deinhardt on his support for the "safe sex" campaign. Deinhardt, supposedly the leading German authority on AIDS, is caught literally *inventing* a figure of the number of virus particles (the "titer") contained in semen of AIDS carriers. We carry a detailed account of the interchange, since it reveals how very little Dr. Deinhardt really cares about the scientific facts concerning AIDS.

Dr. Seale: How do you think using a condom stops the virus getting across?

Dr. Deinhardt: [With a slight laugh] If the virus is in the semen. . .

Seale: What is the titer [amount of virus] in the semen?

Deinhardt: It can be, uh, as far as the studies go, 10^3 , 10^2 , 10^1

Seale: Have you got a record of the studies? I would be most interested to read them.

Deinhardt: That is a study which Bob Gallo did. It was reported in Paris.

Seale: Oh, you mean the one with Zagury?

Deinhardt: Yes. But even if it would be 10^5 or 10^6 , it makes not much difference.

Seale: But, in fact, they did not find *any* virus, except in the lymphocytes, which they had to culture first of all.

Deinhardt: There haven't been more studies? At least, there might have been. . . .

Mrs. Deinhardt: [Also present] Gallo talked about this again two weeks ago. He didn't talk about titers, but he talked about very high levels.

Seale: Bob Gallo said in the international meeting in Paris, at the plenary session, "We think that the semen is a particularly rich source of virus." Those were his actual words. He also stated in an article in *Nature* that "high titers of cell-free infectious virions can be obtained from AIDS patients' semen," and gives references which say that they did not even do a titration! Does that not worry you somewhat?

Mrs. Deinhardt: [Very loud] How can *he* [Dr. Deinhardt] answer for Gallo?

Seale: Dr. Deinhardt was at the meeting as well.

Deinhardt: You should write to Bob Gallo and ask him for information, to which study he refers.

Seale: I have done so. So, you are quite happy that there *are*

high titers, you said 10^4 , 10^5

Deinhardt: No, no, no. I said it *probably* would be 10^3 , by analogy with what we see in the serum, what I remember from the studies which were published, although they did not necessarily titrate it, but from the amount of virus they could isolate, the ease with which they could isolate it, and from the amount of virus which was obviously there by electron microscopy. I could not say there could not be *more* [virus in the semen]. I would say probably at least 10^3 .

Seale: [Handing Deinhardt a copy of articles from *Science* magazine in 1984] Here are electron micrographs. . . .

Deinhardt: That's the paper from Gallo.

Seale: The trouble is, these pictures are of virus in the saliva!

Tennenbaum: There have been no electron micrographs published of AIDS virus in the semen.

Deinhardt: I have seen some, not here but . . . I have seen in *Nature* somewhere. [Very irritated] What is the *point*?

Seale: The *facts*, the *facts*, the scientific facts. We have had three papers published on virus in saliva and semen. . . .

And of these three papers, in one they isolated the virus from white cells in the semen from one person after culturing them in T-cell growth factor and Interleukin 2. The other one was of two patients, and they found the virus after culturing the lymphocytes in growth factor for six to seven days. In one paper, they specifically said that they could find no cell-free infectious virions. But, in the paper on saliva that was published, they grew the virus directly from saliva after passing it through a filter. . . .

Deinhardt: But, I don't see. . . .

Seale: The technical details are quite important. . . .

Deinhardt: [Raising his voice] But, Dr. Seale, you want to *get* to something. Why aren't you telling me what you want to *get* to? There is no use talking about technical details. I won't be examined. . . .

Seale: What I want to know is, *why* is it that you put so much faith in the condom, when nobody has shown that there is more virus in semen or in the vaginal fluid than there is in the saliva? The studies that have been published from the laboratory, show that there is as much or probably more in saliva. How much good is that going to do, if one is wearing a condom in normal sexual intercourse? Nobody has proved, that when the virus is transmitted from husband to wife that the virus went through the semen rather than saliva.

Deinhardt: Because there are a number of studies. I cannot, uh, I am not *willing* to be examined. It is an accepted fact.

Seale: *Why* is it an accepted fact?

The recent discussion in Munich was not the first time Deinhardt had been confronted on the lack of scientific evidence

on AIDS transmission by semen. Dr. Seale pointed to exactly the same problem in discussions with Deinhardt and others at an April 1985 conference of the London School of Tropical Medicine and Hygiene. At that time, Deinhardt appeared to be confused on the issue, mistaking an electron micrograph of the AIDS virus in *saliva* for an (apparently nonexistent) picture of virus in the semen. In the intervening nearly *two-year* period, Deinhardt had either not bothered to clarify this crucial matter, or decided to simply *invent* facts as he did in the recent discussion in Munich.

In another part of the Munich discussion, Deinhardt revealed that he is also quite prepared to simply *dismiss* facts which do not fit in with his adopted AIDS policy:

Seale: What do you feel about the study reported in the *Lancet*, from Duesseldorf, about the six-year-old boy who was infected from a three year-old brother who had a blood transfusion? Do you think the study was wrong? Do you think, in fact, it was sexually transmitted?

Deinhardt: No. I think it is an individual report. There are some things not entirely clear and it is the only report. . . .

Seale: Just to refresh our memories: The little boy had had a blood transfusion in the first few days of his life; he developed AIDS at the age of 3. Checked back—four donors, one was



U.S. Surgeon General C. Edward Koop, another leading advocate, along with Germany's Dr. Deinhardt, of the unscientific "safe sex" campaign.

found to be infected. The mother was not infected, the father was not infected, the brother *was* infected having had no blood transfusion. As a virologist, you must have *some* concept of how the virus got across. It certainly did not come across in the semen.

Deinhardt: The boy had a mark on his arm, though there was no blood.

Seale: So, do you just say it is a mystery? Unexplainable?

Deinhardt: The problem is, I could not talk to the parents or examine the case. I would have had a more *detailed* account of the case than was published in the *Lancet*.

Tennenbaum: Have there been further studies? The boy is in Duesseldorf.

Deinhardt: The doctor was in charge of it, not me. I cannot make any statement when I cannot judge.

Seale: So on the whole, you would prefer not to refer to that case.

Deinhardt: I think it is a case which probably can be dismissed.

A history of disinformation

The discussion reported above is hardly the first time that Dr. Deinhardt has been caught spreading dangerous disinformation on AIDS.

In January of 1985, the *German Journal of Doctors (Deutsche Aerzteblatt)* published a policy statement on AIDS issued by the German Association for Combatting Virus Diseases, of which Deinhardt is the president. The official statement, entitled, "AIDS—What Remains After a Critical Examination of the Evidence?" and co-signed by Deinhardt himself, states in part: "On the basis of the epidemiology to date and the transmission routes of HTLV-III, a rapid spread of infection by this virus into the general population is not to be expected, and there is no basis for the idea that AIDS represents a new general epidemic acutely threatening the population." The document concludes with the words: "In summary, there is no basis for the supposition of AIDS spread into the general population of the Federal Republic of Germany."

This shameless coverup of the AIDS threat was exposed, soon after its publication, in a letter to the medical journal *Klinische Wochenschrift* by virologist Gerhard Hunsmann and Nobel Prize-winning biochemist Manfred Eigen. Characterizing Deinhardt's play-down of AIDS as "dangerous," the Göttingen University scientists presented a five-point rebuttal, showing that indeed, there was every reason to fear a spread of AIDS into the general population. They cited the dynamic of the epidemic in the United States, how it spread successively from the group of homosexuals, to blood transfusion recipients, and then into "non-risk" populations. They underlined the great similarity between the AIDS virus and

the deadly visna-maedi virus of sheep, and hence the likelihood of a very long incubation period for AIDS. Finally, they pointed out that "the immunological investigation of stored blood transfusion units already indicates an advanced stage of spread of LAV/HTLV-III. In Germany, 1-2 per thousand of stored blood units contain antibody and, most likely, also infectious virus." Hunsmann and Eigen conclude: "The facts reported here speak for themselves." Apparently, Deinhardt simply chose to ignore these facts.

Nearly a year later, in November 1985, the German health ministry of Rita Süßmuth sent out an "information folder" to every household in Germany, which was chiefly designed to counteract the anti-AIDS campaign of the Schiller Institute and the Patriots for Germany. The official brochure reassured the population that catching the AIDS virus was not so dangerous, after all: "Infection does not necessarily lead to getting the AIDS disease. Only 5-15%, at most 20% of infected persons get AIDS." This categorical statement was cooked up out of thin air, without any scientific basis. On the contrary, scientific evidence already existed at the time (and massively confirmed since then) indicates that a very high proportion—perhaps 100%—of infected persons eventually come down with the disease. Again, the leading advisor to the health ministry, Dr. Friedrich Deinhardt, voiced no objection to the cited and other lying statements in the ministry's "information" campaign.

Mass murder?

How many people are going to die as a result of the continuing campaign of disinformation promoted by Friedrich Deinhardt and other so-called "authorities"? With the partial exception of Bavaria, the health authorities of Germany (and many other countries) have mounted a massive new "information campaign" whose basic message is that sex and other intimate contact with AIDS-infected persons is quite safe, as long as condoms are used; there is no need to know whether your partner is infected or not! Some of this official literature is so explicitly pornographic, that it is becoming the object of litigation by angry parents.

Meanwhile, scientific evidence continues to mount on the transmission of AIDS virus in saliva, by superficial skin injury, insect bites, and aerosols (as in mouth-to-mouth resuscitation). Even if we assume that condoms would be 50% effective in preventing new infection by the AIDS virus, failure to enact mass testing and other urgent public health measures will mean that more than 100,000 persons will be newly infected over the coming year in West Germany alone. If the policies recommended by Dr. Friedrich Deinhardt continue to be tolerated, then the chain reaction of infection will reach millions in Germany, tens of millions in Europe, hundreds of millions worldwide.

If humanity survives this holocaust, how will a future Nuremberg Tribunal judge the behavior of "experts" like Dr. Friedrich Deinhardt?

Pro-condom Prince admits racist aims

Britain's Prince Philip, royal consort and chairman of the World Wildlife Fund, recently admitted that the push for wider use of condoms, nominally to combat AIDS, is really aimed at reducing the population of the non-white races. The *Daily Express* March 12 referred to statements by Philip before the House of Commons Conservation Committee: "Increased use of condoms could help curb the world's population boom . . . especially for some ethnic groups. And he criticized some countries such as India and Pakistan, for failing to keep their populations under control."

Philip suggested *colored* condoms, to encourage their use. Pointing to Thailand, he said: "They choose yellow if they are happy and black if they are in mourning."

According to an item in the March 17 British daily *The Independent*, the reference to Thailand was not fortuitous, but "came after a chat with Mechai Viravaidya, once known as the "condom king" of that country and now spokesman for its Prime Minister. Before he bowed out of [Britain] yesterday, Mr. Viravaidya confessed that the Duke and he had talked over his population control programme, which includ-

ed vasectomy festivals. They have other interests, both being members of the World Wildlife Fund."

Mechai had been in Britain, during the first days of March, to accompany Thai Prime Minister Prem on a state visit. Years before the AIDS pandemic hit, he was the darling of the malthusians' genocide lobby, because of his "inventiveness" in popularizing the use of condoms. This included devising children's games that included condoms, organizing parties with blown-up condoms, looking like balloons, festooned along the walls, and so on.

There is a proposal, being semi-officially put forward by the AIDS Task Force of the "Church and Society" unit of the World Council of Churches in Geneva, by Task Force head Dr. David Gosling, to use Mechai to win "condom converts."

The condom push in Britain goes back to British liberal philosopher Jeremy Bentham, who in the late 18th century advised British rulers to pass out free condoms to keep population down. Bentham was also the author of the study, "In Defense of Pederasty."

One of the next countries to be graced with Prince Philip's presence will be the United States. According to an item in the *Times* of London Feb. 7, "The Duke of Edinburgh, as president of World Wildlife International, will visit the United States from April 23 to 29. He will visit St. Louis, San Francisco, and Honolulu, where he will undertake engagements for World Wildlife-U.S."

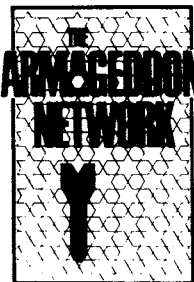
FREE THIRTY-DAY TRIAL SUBSCRIPTIONS

NARCOTICS CONTROL DIGEST

ORGANIZED CRIME DIGEST

From

WASHINGTON CRIME NEWS SERVICES
7043 Wimsatt Road
Springfield, VA 22151-4070
Telephone: (703) 941-6600



Michael Saba

"Saba's book describes how highly placed American government officials have confused their loyalties; the story is a frightening one. Even more frightening is the failure of the American government to determine what damage has been done to the United States through this misguided action. The book is an instructive lesson in how the American government can be manipulated; it should be studied carefully. It might even provoke American government officials to take actions to correct these abuses."

James E. Akins
Former U.S. Ambassador to Saudi Arabia

"Michael Saba presents a chilling account of the depth to which Israel has penetrated the centers of U.S. power where sensitive information is held—and vital decisions are made."

The Honorable Paul Findley
Former U.S. Congressman

"Michael Saba's THE ARMAGEDDON NETWORK is a gripping work, as much the chronicle of an individual's effort to halt a dangerous trend, as it is a history of public deceit, hypocrisy, and cynicism. It is an important milestone in contemporary writing about America's role—misinformed, unjust, destructive—in Middle East affairs.

Dr. Edward Said
Columbia University

"Mike Saba has written a controversial, thought-provoking book sure to challenge the traditional U.S.-Israeli relationship. The conclusions Saba has reached should be debated at the highest levels of government.

The Honorable James Abourezk
Former U.S. Senator

Send \$9.95 plus \$1.50 shipping and handling per book to

AMANA BOOKS

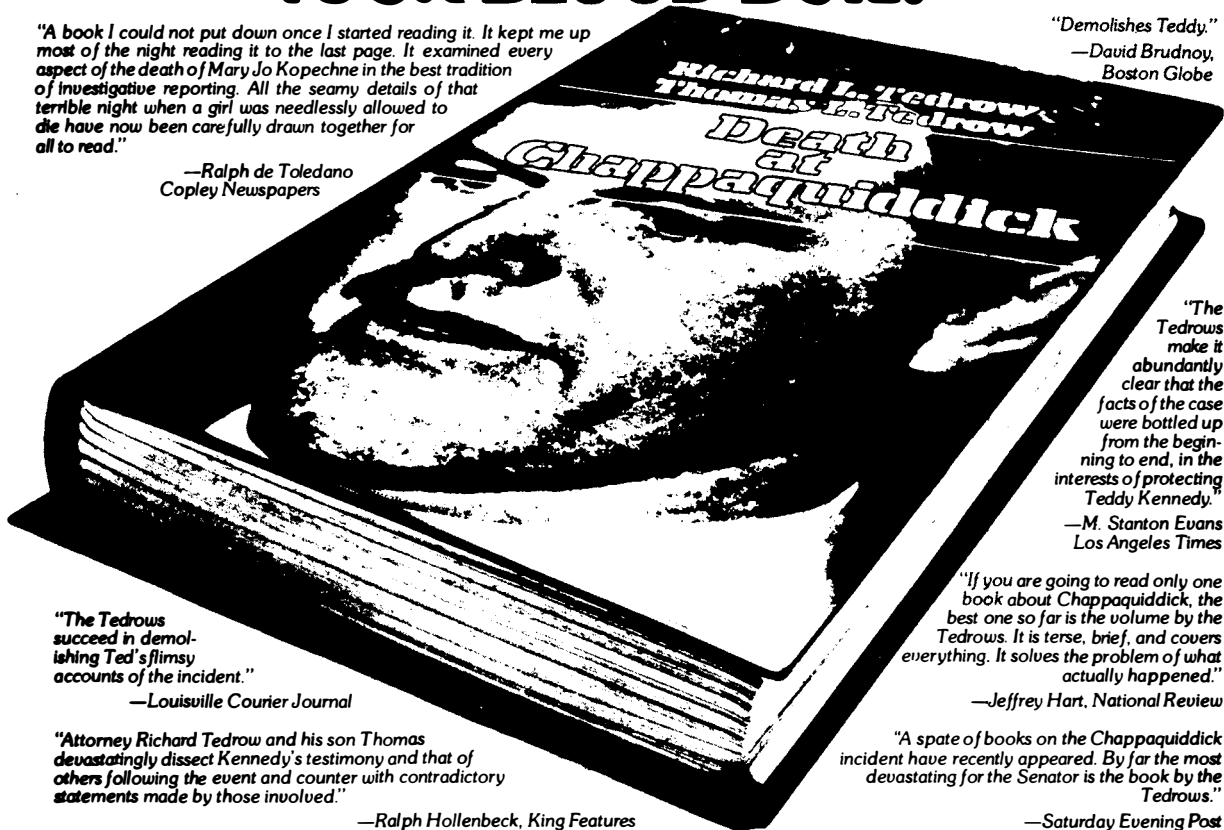
Dept. E, 58 Elliot Street, Brattleboro, Vermont 05301

EVERY YEAR OR SO IT DOES YOU GOOD TO READ SOMETHING THAT WILL MAKE YOUR BLOOD BOIL.

"A book I could not put down once I started reading it. It kept me up most of the night reading it to the last page. It examined every aspect of the death of Mary Jo Kopechne in the best tradition of investigative reporting. All the seamy details of that terrible night when a girl was needlessly allowed to die have now been carefully drawn together for all to read."

—Ralph de Toledano
Copley Newspapers

"Demolishes Teddy."
—David Brudnoy,
Boston Globe



"The Tedrows succeed in demolishing Ted's flimsy accounts of the incident."

—Louisville Courier Journal

"Attorney Richard Tedrow and his son Thomas devastatingly dissect Kennedy's testimony and that of others following the event and counter with contradictory statements made by those involved."

—Ralph Hollenbeck, King Features

"The Tedrows make it abundantly clear that the facts of the case were bottled up from the beginning to end, in the interests of protecting Teddy Kennedy."

—M. Stanton Evans
Los Angeles Times

"If you are going to read only one book about Chappaquiddick, the best one so far is the volume by the Tedrows. It is terse, brief, and covers everything. It solves the problem of what actually happened."

—Jeffrey Hart, National Review

"A spate of books on the Chappaquiddick incident have recently appeared. By far the most devastating for the Senator is the book by the Tedrows."

—Saturday Evening Post

THIS WILL DO IT.

Ads to sell books are supposed to go into enormous detail, lavish praise, long descriptions. We'll merely say that Thomas and Richard Tedrow have done an exhaustive job of research, their book is well written, carefully presented, and what you've suspected all along is true. **The 220 pages contain facts never before disclosed.** It's a book you must have on your own bookshelf, preferably toward the front.

We don't, of course, expect you to take our word for that. You're invited to examine "Death at Chappaquiddick" for 10 days on an absolute, no-strings-attached money-back guarantee. If you decide the book is not an **invaluable investment**, just return it within the 10 days, and we'll refund your \$9.95 in full, no questions asked.



P.S. Mary Jo Kopechne did not die from drowning.

DAGNSER1

To: Green Hill Publishers, Inc.
P.O. Box 738, Ottawa, Illinois 61350

Yes. Send me the hard-cover *Death at Chappaquiddick* for 10-day examination. Check or Money Order for \$9.95 plus 95¢ postage and handling is enclosed.

Illinois residents add 5% state sales tax

Charge to Mastercharge  BankAmericard 

Account no _____ Expiration date _____

name _____

address _____

city _____ state _____ zip _____

AIDS panic sweeps Mexico

Health minister becomes the world's first government official to admit possible transmission by mosquitos.

Secretary of Health Dr. Guillermo Soberón has finally recognized what *EIR* has been warning since late 1985: AIDS in Mexico, as in the rest of the world, has reached epidemic proportions. In Tepic, Nayarit, on March 12, Soberón stated that AIDS in Mexico "is advancing among the population of our country" and is "taking on a worrisome character." The Mexican official predicted that "by 1991 there will be 25,000-30,000 AIDS cases in Mexico" and that unless "energetic measures" are taken, the treatment or control of this disease could swallow the entire budget of the Health Department, currently 400 billion pesos.

Throughout most of 1986, Soberón led publicity efforts to make people believe that AIDS in Mexico "is not a public health problem." Then, at the beginning of December 1986, Soberón said at a press conference that AIDS "is tending to turn into a public health problem." Now, in March 1987, not only did he admit that AIDS is the worst disease the human species has ever faced, but he became the first government official in the world to admit that AIDS may also be transmitted by mosquito bites.

Shortly after the first announcement, this time in the state of San Luis Potosí, while signing a Joint Development Pact between the federal government and that state, Soberón not only repeated what he had said in Tepic; but he also accepted the possibility of AIDS transmission through saliva, sweat, flies, mosquitos, bedbugs, and rats. Soberón insisted that for every

person sick with AIDS, 50 to 100 persons are carrying the virus.

Soberón's remarks were backed up by Dr. Italo Barragán, epidemiologist from the University of Colombia and member of the Pan American Health Organization (PAHO), in an interview in the Mexican weekly *Novedades* on March 22. He said that the AIDS virus, which comes from Africa and Haiti, has been found in tears, saliva, and urine. Dr. Barragán announced that in the coming weeks PAHO and the Mexican health sector will launch a prevention campaign against AIDS. The drive consists, however, of the impotent measures still promoted by the World Health Organization and PAHO, of "promoting the use of prophylactics and perhaps their free distribution." (See article, page 10.)

José Cavazos López, health secretary of the state of Nuevo León, in public statements on March 3, estimated at 2,000 the number of infected by the dread disease of AIDS in metropolitan Monterrey, the state capital. Later, Dr. Mario Cesar Salinas Carmona, chief of the Immunology Department of the University Hospital of the Autonomous University of Nuevo León, told the press that "according to the ratios of the Health Department, the number of carriers could go up to 5,000, but the figure could be higher. Based on the Health Department ratios, we estimate that there are about 5,000 persons carrying the virus."

On March 25, the afternoon paper *Ovaciones* reported that in Ciudad Reynosa more than 100 persons had

joined the fatal "AIDS Club," victims of a pair of American prostitutes who were carriers. Two of the victims stated that at the end of last week, following a "sexual adventure" with the pair, the prostitutes vanished from the hotel the following week, leaving only the bathroom mirror adorned with the phrase, "Welcome to the AIDS Club, Mexican."

At first, the two considered this as a "joke" but in talking it over with other friends, they found out the same thing had happened to them. The "gringas" reportedly have left Reynosa and are rumored to be headed for Mexican beach resorts, such as Acapulco, in time to spend Easter vacation there.

On March 24, the daily *Ultimas Noticias de Excelsior* ran a front page story on a conference held in Culiacán, capital of the state of Sinaloa, by the Schiller Institute, where Ignacio Mondaca and Dr. Bertha Farfán de Nava warned that Sinaloa's tragic primacy in numbers of cases of malaria, leprosy, and TB, make the state a potentially "high-risk" zone for AIDS. Mondaca noted that "most of the cases have been discovered in the strip along the U.S. border with Mexico, which is a very short distance from Sinaloa, a fact that favors the spread of the disease." Dr. Farfan refuted the notion that AIDS, the plague of the 20th century, is exclusively a disease of homosexuals, drug addicts, or the so-called high risk populations.

There is one anomaly in this situation of virtual AIDS panic in Mexico. In early March, the municipal health director of Acapulco, armed with alleged medical studies, asserted that "Acapulco is AIDS-free." For the same reasons that Acapulco is a favorite haunt of Henry Kissinger, who vacationed there less than a month ago, this assertion is viewed by many as highly doubtful.

The bankers' dirty tricks begin to backfire in Brazil

by Mark Sonnenblick

The dirty tricks Citibank and other Brazilian creditors are using to try to destabilize Finance Minister Dilson Funaro seem to be backfiring. The more the attacks on Funaro, the more President José Sarney seems determined to keep in place the mastermind of the debt moratorium with which Brazil is trying to force a renegotiation of its \$100 billion foreign debt under terms that would permit the economy to continue growing.

Sarney told 24 leading businessmen with whom he met on March 21 not to dare ask for Funaro's head. Sarney is less patient with reporters who pester him daily with the latest rumor of Funaro's resignation, hot from the illegal dollar market or the legal money markets.

Justice Minister Paulo Brossard responded on March 21 to the previous day's *New York Times* editorial which threatened, "Brazil's new civilian leaders are likely to be shoved aside by a military prepared to make hard decisions once again." Such statements prove there are "conspiracies by sectors interested in confusing national public opinion and in combatting the measures [taken] by the Brazilian government in the country's defense," he said. "I think there are people who are more friendly to the international bankers than to their own country." He then stunned the reporters by asking them, "Who is speaking of a military coup? Do you give the *New York Times* credibility on Brazilian affairs? That would be crazy."

Brazilian Sen. Jamil Haddad suggested, "The *New York Times* should dig deeper into the Irangates of life and let our country make its decisions by itself." He felt the editorial showed collusion between foreign creditors and "some internal sectors which might be interested in destabilizing the government because of their unpatriotic corrupt dealings during the undemocratic regime" which ended in 1985.

Citibank's high-profile international campaign to get rid of Funaro "could backfire and all the foreign banks could suffer," the vice president of another of Brazil's major creditor banks told *Jornal do Brasil*. He felt it would be better to leave the dirty work to the fifth column inside Brazil. "Many of us think that the position taken by Funaro has no political future in Brazil and that the days of the present finance min-

ister are numbered. Because of this, it would be better to give time for him to fall by himself, instead of trying to arrange his overthrow from the outside."

Citibank's Brazilian agents hustled to divorce themselves from ravings by former Citibank chief Walter Wriston March 19 that creditors would seize Brazilian planes and "every bag of coffee . . . if they attempted to default." Citibank board member Mario Simonsen, who is a key internal conspirator against Funaro, was forced to declare, "The threat from Wriston, who no longer speaks for Citibank, is nonsense." Simonsen went so far to explain that the 1903 Drago Doctrine makes illegal any use of force to collect debts in Ibero-America. U.S. Ambassador Harry Shlaudeman, an old hand at destabilizations, emerged from a special meeting with Funaro to tell the press, "Wriston is just an ex-president."

Citibank President John Reed belatedly telephoned Funaro to swear Citibank was not leading an international conspiracy against Brazil. Funaro thanked him profusely, and then reportedly told an aide, "Of course they want to get rid of me, because I am trying to reduce their spreads [on interest rates] by \$1 billion." Funaro and Sarney have taken the bankers' hatred of them seriously enough to beef up their physical security.

Sarney stands firm

Sarney spent most of March 21 with 24 of the most powerful businessmen in Sao Paulo, Brazil's industrial center. They were legitimately worried that last year's consumer boom, which brought 12% industrial growth, is tapering off and possibly leading to a recession. Several of them said they would blame Funaro for their perceived problems and ask and President to get rid of him. Others said that only an agreement with the IMF would end uncertainties about the future.

Sarney asked their support and proved to them that if they were really against recession, they had to be against the IMF. He let it be known that he is "the arbiter" of his cabinet and that attacks on Funaro would be seen as attacks on the President. Several came out of the meeting to report that Sarney had been so firm that they changed their minds.

If the bankers put Brazil up against the wall, the businessmen will support the President, entrepreneur Olacyr Francisco de Moraes told the daily *Folha de São Paulo*.

After Sarney briefed him on the meeting, Funaro reported, "President Sarney does not want to sign new contracts with the IMF, as was done in 1982 and have the country commit itself to produce for export. That means we have fewer products for the internal market [In 1982], Brazil set a policy of unemployment and reducing economic development. The President does not want to return to that policy."

But that is precisely what Brazil's creditors are demanding. So negotiations remain at an impasse. On the external front, Brazil's position remains solid. After much bluster about cutting \$15 billion in short-term credit lines after March 31, the major banks finally agreed they would keep their lines and help keep smaller banks financing Brazil's exports. After all, Brazil has kept up interest payments on those lines, and the banks would lose their money if they did anything stupid.

Where are the masses?

The noisy assaults on Funaro woke up the government political leaders who should be supporting him. Luiz Henrique, the leader of the majority Brazilian Democratic Popular Movement (PMDB) in the Chamber of Deputies declared March 23, "The PMDB supports and will support the government and Finance Minister Dilson Funaro in their decision to sovereignly and firmly negotiate the conditions under which the country will pay the debt." He charged the banks' "campaign" against Funaro was "to make Brazil more docile toward the bankers and to surrender to their conditions." Henrique accused the bankers of trying to prevent Brazil's Senate from "discussing how much of the debt we have already paid, how the debt originated," and how much of it was stolen by the banks and their corrupt Brazilian confederates. "An agreement with the international banks executed by the IMF means: recession, unemployment, wage-gouging, and the bankruptcy of our companies," he concluded.

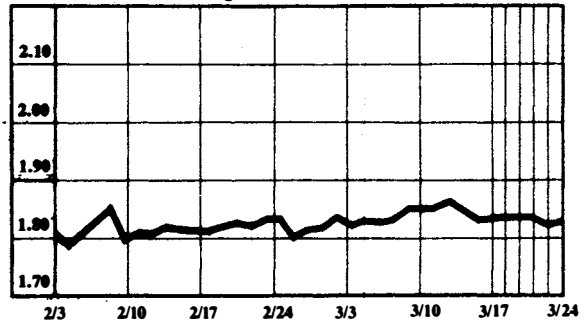
"It is strange how the PMDB, which always defended [the idea of debt] moratorium is not providing the support the government needs," Pedro Simon, the new governor of the state of Rio Grande do Sul, observed March 25. Simon, a long-time party leader, chided his fellow PMDB members for getting so impassioned by internal political intrigues that they forgot about the real world. Simon insisted that Brazil's very real internal problems could only be solved once a favorable agreement was reached with foreign creditors.

Shortly after he spoke, 2,000 mayors of cities and towns throughout the nation voted their unanimous support for the moratorium. The mayors had come to the capital, Brasilia, to look for funds. Their spokesman told President Sarney that the debt moratorium was to assure economic growth and channel "more resources to the municipalities. Therefore, I say 'no' to IMF surveillance."

Currency Rates

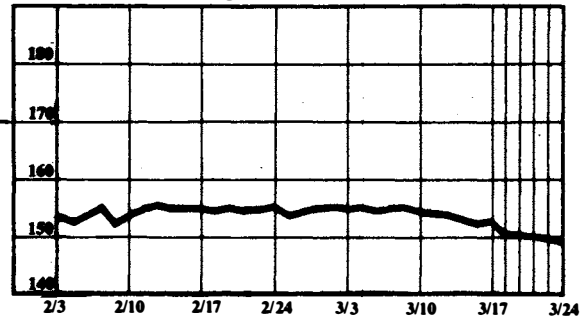
The dollar in deutschemarks

New York late afternoon fixing



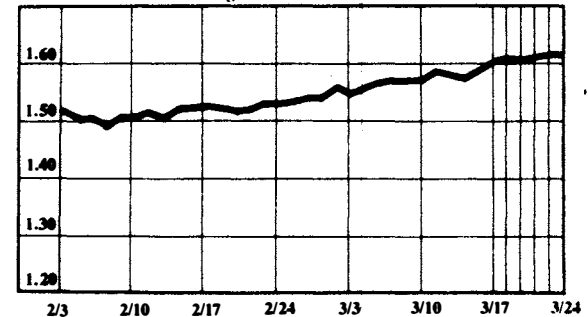
The dollar in yen

New York late afternoon fixing



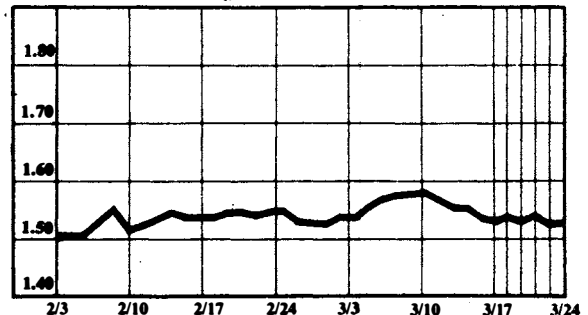
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Anti-Vatican liberal gnostics launch mobilization to defend IMF

by Mark Burdman

On March 26 of this year, the world celebrated the 20th anniversary of Pope Paul VI's *Populorum Progressio*, which proclaimed that "development is the name for peace," and attacked "unchecked liberalism" for producing "the international imperialism of money." The Vatican Commission *Iustitia et Pax*, which had been founded by Paul VI to implement the concepts of *Populorum Progressio*, on Jan. 27, 1987 issued a document on the international debt crisis, which has catalyzed a new round of assaults on the immoral doctrines of Adam Smith and his British-liberal cohorts. The reassertion of Christian morality has been particularly effective, following as it does the November 1985 shock caused by Joseph Cardinal Ratzinger's powerful attack, during a conference in Rome, on Adam Smith and liberal economics. Especially given the Feb. 20 Brazilian debt moratorium, there has never been such momentum as now toward a new world economic order, nor such an assault on the ideological underpinnings of the International Monetary Fund (IMF).

But Adam Smith is not only turning in his grave. In reaction to the Vatican's and related efforts, the "liberal free trade lobby" in Central Europe has launched a furious counter-mobilization, to close ranks behind the policies of the IMF, and to give a moralistic coating to IMF genocide. The mobilization, being directed by high-level officials of the Protestant (both Lutheran and Calvinist/Reformed) Church and by renegade Catholic elements, has given itself the label, "Eco-Ethics," or "Economy and Ethics." Its central guiding document is Smith's *Theory of the Moral Sentiments*, and it is based, overall, on a revival of the "liberal free trade" doctrines that Smith, as an employee of the British East India Company, used to justify the international trade in opium and other illicit goods. The campaign, using an ages-old magicians' trick, bases itself on the notion of "Aristotelian ethics," which is just a set of formal guidelines to justify robbery, under a pseudo-moralistic cover. It applies to economics the same gnostic irrationalism inherent in the "bio-ethics" and "ethical culture" movements.

The fact that many of the prime movers-and-shakers in this group, are close to the Soviet intelligence services, and

to the "Project Democracy" groups in the United States, only makes their activity more dangerous and destructive.

The choice, by the enemies of the Ratzinger position, of the *Theory of the Moral Sentiments* as their specific policy-warfare document, is no minor or random decision. In numerous writings over the past years, *EIR* founding editor Lyndon LaRouche has pointed to that document as best demonstrating the utter immorality, callousness, and irrationality of the Adam Smith followers worldwide.

A key passage from the *Theory of the Moral Sentiments*, indicates what the world view under attack is all about. Writes Smith:

The administration of the great system of the universe, . . . the care of the universal happiness of all rational and sensible beings, is the business of God and not man. To man is allowed a much humbler department, but one much more suitable to the weakness of his powers, and the narrowness of his comprehension; the care of his own happiness, of that of his family, his friends, his country. . . . But though we are endowed with a very strong desire of these ends, it has been entrusted to the slow and uncertain determinations of our reason to find out the proper means of bringing them about. Nature has directed us to the greater part of these by original and immediate instincts: Hunger, thirst, the passion which unites the two sexes, the love of pleasure, and the dread of pain, prompt us to apply those means for their own sake, and without any consideration of their tendency to those beneficent ends which the great Director of Nature intended to produce by them.

In this passage, Smith denies the ability of man to intervene efficiently, on the basis of rigorous scientific and moral principles, to transform nature. By so doing, in fact, he is denying the very basis of economic science, as well as his own existence, since the only reason there was ever an Adam Smith, or, for that matter, Adam Smith's clones today, is that successive generations of human beings have

caused progress, through willful intervention into "God's domain": scientific, technological, and industrial development. Smith's man is a beast, which, given the behavior and criminality of many of his followers and co-thinkers, should not be taken as an insult to beasts. "Original and immediate instincts" are the predominant factors in the "slow and uncertain determinants of our reason," and these "without any consideration of their tendency to those beneficent ends which the great Director of Nature intended to produce by them."

Smith's doctrine is that of the "Olympians," a rentier-financier oligarchy, whose message to the populations to whom they relate as a parasite does to a host, is: "We will take care of determining policy, while you worry about fulfilling your original and immediate instincts." It is a message of slavery, couched in the "freedom" reserved for bestial instincts, the "freedom" of heteronomy and irrationalism. It is the doctrine of the British East India Company, of Smith's day, and of the International Monetary Fund and the drug mafias, today: "You are free to be enslaved by our freedom to have our Invisible Hand rob you."

Smith, as an economist, was a fraud and incompetent. No economy in the world has ever worked in the way he says, and the American Revolution was fought not, as some believe, to preserve the ideas of Smith, but to destroy them. Those who defend Smith so hysterically, are actually defending a heteronomic concept of "freedom," and object furiously to its replacement by a notion of truth based on natural law, science, and morality, and by an economic policy founded on fostering the development of all citizens of a republic.

Although it will destroy civilization, Smith's fanatics today insist on the implementation of his policy approach. The specific critical citations by Joseph Cardinal Ratzinger and by the *Populorum Progressio* of Pope Paul VI, attacking the doctrines of Smith, "drive them up the wall," as we say in American vernacular.

Project Democracy's anti-Vatican Catholics

Although the Adam Smith revival is most intense in EKD [Lutheran] and Reformed Protestant circles, and although one could make the case that the effort involved, is to transform Roman Catholic doctrine into Protestant-liberal doctrine, certain Catholic circles opposed to Pope John Paul II and Joseph Cardinal Ratzinger, are very much in the action. Their field of action has been extended, because of the post-World War II Anglo-American occupying powers' decision to portray Augustinian currents in the German Catholic Church, as pro-Nazi, and to oblige Catholic theologians to incorporate the irrationalist-existentialist ideas of the pro-Nazi Martin Heidegger. The later influence of Jesuit Karl Rahner on post-Adenauer 1960s Germany, reinforced such tendencies among German Catholics.

In these days, we can cite the example of the Dominican

Father Streithofen, based out of the Walberberg Cloister near Bonn, West Germany, the *éminence grise* behind the influential magazine *Neue Ordnung* (*New Order*). In a recent discussion, Streithofen derided the *Justitia et Pax* document as "a little crazy . . . trying to solve economic problems by theory alone"; he, instead, is pushing "Catholic social doctrine from a liberal standpoint," and advocates the "social market economy" doctrines of liberal economists Ludwig Erhard (chancellor of West Germany during the 1960s) and Alfred Müller-Armack.

One of Streithofen's more active co-thinkers in Europe is Wolfgang Schmitz, former Austrian Central Bank head in the 1970s, and now head of the Austrian Society for National Economics. In September 1982, in Rome, at a Dominican-run conference co-sponsored by Streithofen, Schmitz had proclaimed that "IMF conditionalities are the sole basis for a viable and moral world order." During a Feb. 23, 1987 discussion, Schmitz repeated, "There is no substitute for IMF conditionalities. We need them even more, now that Brazil has done what it has done. . . . Conditionalities should be strengthened, although more well-adapted to each country's circumstances." He declared that Cardinal Ratzinger's November 1985 attack on Adam Smith was "a mistake," and added that "Ratzinger is now going through a learning process."

Schmitz cites among his international collaborators in his work on the "ethical problems of a market economy," the American Enterprise Institute group around Michael Novak and William Simon, a group multiply-connected into the "Project Democracy" scandal that is an integral part of the Iran and Contra scandals. Novak spent time during the early 1980s at the German Benedictine abbey of Maria Laach and elsewhere in Germany, to profile various "Catholic-solidarist" ideologues and economists, in preparation for a 1982 book, *The Spirit of Democratic Capitalism*, which has become a manual for the "Eco-Ethics" movement in the United States. The overt arm of "Project Democracy," the National Endowment for Democracy regularly criticizes the lack of a "Protestant ethic" in Ibero-America, stressing that the Catholic Church and the military are the major impediments to democracy in the region.

An *éminence grise* of the Catholic renegade circles represented by Schmitz and Streithofen is Switzerland's Philippe de Weck, who is close ideologically to Dominican Father Utz of Fribourg. De Weck is the inspirer of a curious Brussels-based group called, in French-language acronym, Uniapac, "The International Union of Christian Entrepreneurs." This group, headed by one Josef M. Mertes, is particularly active in Europe and in Ibero-America, with branches in Africa and Asia. In early May 1986, Uniapac will hold a confidential meeting in Belgium, to discuss the *Justitia et Pax* Commission document on debt, at which De Weck will preside, and to which only ministers of governments, central bank presidents, and high-level economic policymakers, will

be invited. The mentality prevailing in such circles, was exemplified by Feb. 28 private comments by De Weck on Brazil, when he warned that "Brazil and South America will be cut off from all trade with the West," if trends represented by Brazil's Feb. 20 moratorium were to continue.

De Weck is also the "convenor," or president, of a Task Force on Economics and Ethics, working out of the Institute of Social Ethics of the Swiss Churches' Confederation in Bonn. That group was formed ca. 1975-76, and includes Church officials and such Swiss financial influentials as Nestlé's managing-director Maucher, Crédit Suisse bank chairman Gut, and Ciba-Geigy directors von Planta and Bodmer. The chief theorist in this group, is Dr. Arthur Rich, of the Zurich Institute for Social Ethics. Since the late 1950s, Rich has written a number of books on the relationship between Christianity and economic and industrial policy. His 1973 study, *Mitbestimmung (Co-Determination)*, reportedly had a large impact on German trade unions and industrialists, in moving toward the corporatist-modeled 1970s co-determination policies developed in the Federal Republic. The Berne group is one of the co-sponsors of a May 20-21, 1987 meeting in Lausanne, Switzerland, of economists, theologians, and others, to discuss the implications of the U.S. Catholic Bishops' *Pastoral Letter on the Economy*.

Berne-Zurich's Dr. Rich is also the chief theorist for a high-level "Working Group" that has been set up in the past three to four years, in Bonn, West Germany, on "Economics and Ethics." The Bonn "Working Group" is headquartered out of the office of the secretary of state of the ministry of economics, Otto Schlecht, and is co-directed by Schlecht and the EKD Prelate for Bonn, Bishop Binder. This April, the Bonn group is scheduled to release a report on developing-sector debt, by Working Group economist Dr. Klaus Lefringhausen. In preparation for this study, Lefringhausen reports, there were approximately 300 "dialogue meetings," involving church officials, economists, trade unions, farm associations, businessmen's groups, financiers, etc. In parallel, he reports, there were preparatory meetings between Protestant and Catholic representatives, working out of the Development-Political Committee of the Protestant and Catholic Churches, in Hanover.

Protestant-Catholic contacts are also ongoing, under the auspices of Messrs. Spangenberg and Fels, of the Church and Economy Working Group of the Institute for German Economy and German Association for Industry, both in Cologne. Fels is identified by various Eco-Ethics insiders, as the man responsible for overseeing the "learning process" that Joseph Cardinal Ratzinger is supposedly being put through, to make him recant for his shocking attack on Adam Smith.

Fels formerly was associated with the Institute for the World Economy in Kiel, which plays a key policy-supportive role for the Adam Smith/"Eco-Ethics" crowd. Today, a chief figure at the Kiel Institute is Professor Jürgen Dongas. On Feb. 25-27, in Washington, D.C., at the World Bank-IMF

headquarters in Washington, D.C., Dongas attended a conference on "Gross-Oriented Adjustment Programs," which studied what one Kiel source called "old wine in new bottles," i.e., how to package IMF programs under a new cover. On March 6-8, Dongas went on to a conference in Montreux, Switzerland, which dealt with the questions of debt, ethics, etc. Co-sponsors included the University of Geneva's International Institute for Higher Studies' Center for Applied Negotiations, of the Nestlé's-linked Freymond (father Jacques and son Jean) family, and the Carnegie Council of New York's Center for Ethics and International Affairs.

The Soviet connection

To back up such statements, there is a furious pace of pseudo-intellectual work being done, with particular intensity in EKD and Reformed-Calvinist circles, to "make the liberal ethical and economics theories of Adam Smith alive in a German-language context," in the words of one EKD-liberal insider. Since these Adam Smith advocates stress that Smith's thought came into Germany, via Church of Scotland (Presbyterian, or Scottish Calvinist) channels into German Protestant circles, some insiders in the Federal Republic believe that the strategic aim of the Adam Smith liberals toward Catholicism, is to transform Catholicism into a branch of Calvinism!

One key group in the Adam Smith revival is the "Economics and Ethics Task Force" of the German Economists' Association (called Deutsche Verein für Sozialpolitik in German), headed by University of Göttingen Professor Helmut Hesse. In September-October 1987, this Task Force will prepare a book on Economics and Ethics, and then hopes to establish Chairs of Economics and Ethics at various German universities. Much of what Hesse's unit is doing, is modeled on the work of an Institute of Economics and Ethics at the University of St. Gallen, Switzerland, and since 1982-83, the Hesse group and St. Gallen group have collaborated intimately. The other model for what Hesse wants to do, oddly enough, is a Chair of Economics and Ethics which currently exists at the University of Witten-Härdecke in the Ruhr. This university happens to be, formally, an *Anthroposoph* university. The anthroposophs are a pro-Russian cult, based on an offshoot of the Russian-originated theosophical movement.

This is not the only overlap between EKD-liberal policy circles involved in collaboration with the Russians, and in reviving Adam Smith "free trade." Hesse is an active member of the Club of Rome, the arch-neo-Malthusian group involved in East-West discussions on population control, deindustrialization, etc. Also, according to Hesse himself, the individual who actually launched the "Eco-Ethics" movement in German academia is Emeritus Professor Wilhelm Krelle of Bonn University, described as "an active member of the EKD." In the 1970s, Krelle was the sole economist brought into a group of EKD Church theologians and influentials, established in the 1970s, to discuss "ethics, morals,

and moral incentives." Out of these discussions, and Krelle's later approach to Hesse, the "Eco-Ethics" movement was launched in earnest. The same Krelle, has been, in recent years, the head of a Special Project on "Economic Structural Change," sponsored by the International Institute for Applied Systems Analysis (IIASA), in Laxenburg, Austria, a known Soviet intelligence front. In June 1986, Krelle coordinated a seminar of this Special Project, on the subject of "World Development Modeling," which took place in Sofia, Bulgaria!

The story doesn't end there. A key component of the "Eco-Ethics" movement is a theologians-economists dialogue group, set up by the EKD's Theological Academy in Loccum, West Germany, which had its first meeting from Jan. 30 to Feb. 1, 1986, and then a second meeting, over the same days, one year later. Both of these meetings should be seen in the context of counterattacks on Ratzinger's November 1985 speech.

The head of this dialogue group is Mainz University EKD Professor of Systematic Theology Eilert Herms. In private discussions, Herms solemnly contends that Adam Smith is the best exemplar of a new ideology combining "peace, social consensus, and economic cooperation," which developed in Europe in the era following the bloody 1618-48 Thirty Years' War. In effect, Herms is putting forward the Adam Smith belief-structure and philosophical system, as a model for East-West economic cooperation today, which might not entirely surprise those who recall Karl Marx's own paeans to "free trade." Not surprisingly, there is a totalitarian streak in the deliberations of the EKD theologians-economists' dialogues, since they openly discuss the importance of "neocorporatism," and its relevance to the current economic-policy environment.

Here again, Soviet intelligence connections enter in. Herms, operating on a parallel track to Hesse-Krelle, reports that the "Eco-Ethics" push grew out of a late 1960s-early 1970s attack, in West Germany, on the Chancellor Adenauer-era "German Economic Miracle." This attack was launched mutually by the late 1960s "student movement," and by the so-called "Frankfurt School," a group of left-radical "New Age" ideologues. Then, says Herms, the EKD began a series of dialogues with Frankfurt School thinkers, reflected in articles in numerous publications throughout the 1968-80 period.

Unpublished studies by *EIR* researchers have documented that the Frankfurt School, from the moment of its inception in the 1920s, was purely and simply a Soviet military-intelligence front. Internal documents of Frankfurt School theoreticians from the 1920s quote them referring to their work as the "Dostoevsky Project." The theory put forward by such Frankfurt School initiators as Hungary's Georg Lukacs, was that only the theories of Dostoevsky would provide an efficient conceptual framework for undermining Western Judeo-Christian values, and forwarding long-term Soviet aims.

The theory of the immoral sentiments

One key individual involved in that effort was Professor Schärf, chief editor of the Stuttgart-based publication *Radius*, one of the journals which published the EKD-Frankfurt School "dialogues" on the "Economic Miracle" and "ethics." Today head of the Hamburg University Institute for Statistics and Econometrics, Schärf is drafting a paper for the Hesse "Eco-Ethics" Task Force, praising the ideas of Adam Smith. This is designed, albeit in a Protestant intellectual context, as a refutation of Cardinal Ratzinger's November 1985 speech.

According to Schärf, the document of Smith's being put forward to exemplify the thinking of himself and his group, as the theoretical foundation for the "Eco-Ethics" movement, is the cited *Theory of the Moral Sentiments*.

At the same time, an entire historiography is being built up around the historical influence of Adam Smith, elements of Scottish Rite Freemasonry, and the Calvinist-Reformed Church, on German economic thinking. From a composite picture compiled by *EIR* from individuals involved in such historiographical work, the thesis is:

In the second quarter of the 18th century, there was the so-called "Scottish Enlightenment," out of which emerged the writings of John Locke, David Hume, and Adam Smith. Through the mediation of both elements of the Freemasonry, and of links of the Calvinist-Reformed Church of Scotland to continental Protestantism, these ideas spread in Germany. This was particularly through the influence of the writings of Immanuel Kant and Friedrich Schleiermacher, both important enemies of Friedrich Schiller, and both important in launching the German romanticist movement. Those who put forward this historical analysis claim that the single important source and inspiration of all modern Western institutions is Calvinism, and its offshoots from Switzerland into Scotland (Presbyterianism), the Netherlands, and North America; they cite gnostic sociologist Max Weber, who wrote at the turn of this century on the relations of Protestantism to the rise of capitalism, as one of the modern German-language conduits for this view of history.

One other figure cited by the Hesse-Schärf group, is 19th-century German-economist Ludwig Brentano. Brentano was linked to the irrationalist-romanticist German and Swiss circles associated with the von Savigny family and with Ludwig Bachofen. While all the details of this cannot be presented in this location, suffice it to say that the von Savigny-Bachofen tradition, was instrumental in creating the irrationalist anti-Christian Friedrich Nietzsche, who was, in turn, an important influence on the formation of the Nazi ideology and belief-structure.

In other words, the "Adam Smith Lobby," is putting forward a complex of ideas strictly opposed to those that created the American Revolution and the German Classical Renaissance of the late 18th-early 19th century, and which were causal in the creation of Nazism—and all in the name of "liberal free trade"!

Next phase of dollar collapse begins

The Paris agreement to set a floor under the U.S. currency collapses, along with central bank credibility.

Despite apparent record intervention by the U.S. Federal Reserve and other central banks, the U.S. dollar fell to a new all-time low against the Japanese yen on March 25. That marks the formal demise of the Group of Five's "Paris Agreement," which supposedly set a floor under the dollar.

The Reuter wire commented, "Foreign banks and Japanese central institutions sold the dollar down against the yen today as central banks of the major industrialized nations played a dangerous game of daredevil with the market. Dealers predicted that a failure this week by the central banks of Japan, the United States and Britain to keep the weak dollar above water would undermine their credibility in the eyes of the marketplace.

"Persistent intervention by the Bank of Japan, on top of apparent U.S. Federal Reserve and Bank of England action in support of the dollar overnight, did not stop dealers from knocking the dollar back during trading today to 149.05 yen."

The latest dollar slide occurred after Treasury Secretary James Baker III told a television interviewer on March 23 that the Paris group had set no specific floor under the dollar.

Baker's remarks meant little, since the central banks had never acknowledged a floor, but speculators took the opportunity to find out how serious the central banks were.

When the dust settled, the central banks had barely managed to prevent the dollar from crashing without con-

trol, and had still failed to bring it above 149 yen.

Stephen Marris, the former chief economist of the Organization for Economic Cooperation and Development, warned of a "hard landing" for the dollar in a study published last year by the Institute for International Economics in Washington. It is hard to tell, Marris now thinks, whether the dollar will go off the cliff now, or by summer.

Nonetheless, he emphasizes that "the central banks have certainly boxed themselves into a corner, by letting the idea get out that 150 yen to the dollar is the intervention point."

It is not even clear, Marris added, whether the Federal Reserve will obtain the authority it needs from the administration to continue intervening, given anti-Japanese sentiment which dictates that a lower dollar is better for the U.S. and worse for the Japanese.

A much more deadly side of the problem involves the effect on American credit markets. When the Federal Reserve intervenes in support of the dollar, it buys unwanted dollars off the market, in order to push the dollar's price higher.

That has the same effect as tightening credit. If the Fed continues to intervene in this fashion, U.S. interest rates will rise, and the administration's beloved stock-and-bond bubble will explode.

"What has held the dollar up so far," Marris adds, "is the Wall Street

boom, because intelligent foreign investors have made as much in rising stock prices as they lost on foreign exchange; but that makes the eventual problem all the more dangerous."

America is now borrowing \$200 billion a year or so from foreigners, paying for the enormous U.S. trade deficit, and financing the government's own budget deficit. A reversal of these investments by Japan and others would reduce American securities markets to a bloody mess.

Leading European circles are already preparing for the dollar's demise. In an interview with the London *Financial Times* on March 23, European Community President Jacques Delors called for strengthening of the European Monetary System (EMS), the protective currency mechanism set up by European governments in response to the Carter administration's "benign neglect" policy toward the dollar.

Delors will present a package in April at the EC Finance Ministers' meeting which calls for closer monetary cooperation, control of speculative flows and a "gradual, rather than radical reform of Common Agriculture Policy (CAP)." Delors warned, "Without a reinforcement of the EMS, we have not got the means to regulate what is happening in the capital markets." Delors also called for the full integration of Britain into these arrangements.

Stephen Marris adds, "The Germans have just woken up to their problems; they had convinced themselves that domestic demand would hold up, but in the last few months it completely collapsed. Growth slowed drastically in Japan and then Germany, even before they were hit by the adjustment in the U.S. payments balance. What will happen to them when the collapse of U.S. imports finally hits?"

Will toothpaste go back in the tube?

Panicked central bankers now want to "re-regulate" the offshore markets.

Crédit Suisse director Hans-Georg Rudloff's March 18 warning that uncontrolled deregulation of offshore financial markets placed the banking system "before the gravest financial collapse in history," provoked outraged editorials in the British financial press, which scolded Rudloff for talking out of school. A senior Federal Reserve official dismissed Rudloff's claims as "highly exaggerated."

Nonetheless, central bankers are quietly, if desperately, seeking agreements to reestablish regulation over the markets. At a moment when major banks' "off-balance-sheet liabilities" exceed their shareholders' capital by up to ten times over, the Fed, Bank of England, and other regulators want the banks to put capital up against expected losses.

For the obvious reasons, listed below, the effort is doomed to failure.

Federal Reserve vice-chairman Manuel Johnson and staff director Ted Truman are quietly making bilateral contacts with other central banks, seeking to contain the crisis before it blows sky-high. In January, the Fed and Bank of England reached an agreement in principle on assigning reserve requirements to the trillions of dollars of "off-balance-sheet" liabilities.

A congressional delegation leaves for Japan on April 11, meanwhile, to discuss "international financial flows, coordination of Third World debt negotiations, and market regulation" with Japanese officials. Headed by Sen. Jake Garn, the senior minority mem-

ber of the Senate Banking Committee, the group's activities complement the Federal Reserve's bilateral contacts, according to consultant Richard Medley, whose firm organized the tour.

A 70-page London *Economist* World Banking Survey detailed the exotic horrors of banks' "off-balance-sheet exposure," but concluded that better supervision by the regulators would contain the problem. "Off-balance-sheet liabilities"—which involve the same risk as ordinary liabilities, but are protected by *no* shareholders' capital—exceed commercial banks' capital by 6 to 11 times, the *Economist* survey shows. Total off-balance-sheet liabilities (foreign exchange commitments, contracts and other option arrangements, letters of credit, futures and forward contracts, and interest rate swaps), make up the following percentage of total equity capital at these major U.S. banks:

Citicorp:	1,087%
Bankers Trust:	921%
Chemical Bank:	841%
Chase Manhattan:	684%
Manuf. Hanover:	606%
Morgan Guaranty:	479%

Failure of less than one-tenth of Citibank's "off-balance-sheet" liabilities, decried by regulators as the main danger to the banking system, would finish off the bank. In addition, Citibank has Ibero-American loans equal to approximately 80% of its primary capital, while other American banks are exposed to the extent of 70-120%

of their primary capital.

The problem, Prof. Peter Kenen of Princeton University points out, is that the commercial banks made tens of billions of dollars in profits creating such liabilities during the past four years; without them, many commercial banks, e.g., Bank of America, one of the most enthusiastic, would have shown very little profit. At a point where banks must take enormous write-offs of Third World and other debt, eliminating the revenue-stream from such off-balance-sheet operations might bankrupt the system as a whole.

"That is one of the reasons people are moving very slowly and cautiously, via the capital adequacy route," Kenen explains.

Even assuming that the regulators asked the banks to put up only 1% equity-capital against their "off-balance-sheet liabilities"—against 7% for their normal liabilities—the seven largest American banks would have to raise \$14 billion in capital. At a moment when the bankers' own paper on foreign markets is either frozen, as in the case of banks' so-called Perpetual Floating Rate Notes, or trading at an extreme discount with respect to safe Treasury securities, the prospect of such a gigantic recapitalization is dim.

The City of London, meanwhile, acknowledges the crash danger, but continues to insist that re-regulation can prevent the worst. The March 23 London *Financial Times*, in an editorial entitled "Risk Control in Financial Markets," cited Rudloff's call for "a stronger regulatory effort at the international level," but downplayed his warning of imminent crisis. "Nevertheless, there is clearly a need for greater discipline . . . a scale of [risk] weightings for off-balance-sheet liabilities," the *Financial Times* concluded.

Direct Treasury bailout for FSLIC?

The looming failure of the "recapitalization" plan raises the issue of emergency measures.

House Speaker Jim Wright's (D-Tex.) refusal to advance the administration's plan for an emergency \$15 billion "recapitalization" plan for the Federal Savings and Loan Insurance Corp. (FSLIC), means that a direct Treasury bailout of the bankrupt agency may be necessary within weeks, according to regulatory sources.

There is no statutory authority for a Treasury bailout, and Congress would have to vote emergency authority to prevent the indefinite freezing of depositors' accounts at bankrupt savings and loan institutions.

Wright has asked the regulators to stop the wholesale shutdown of the oil-belt banking system, and has refused to support funding for what he reportedly believes are "gestapo" tactics on the part of the FSLIC and its parent agency, the Federal Home Loan Bank Board.

FSLIC sources note that Wright is personally close to the management of the Vernon S&L in Texas, a \$1.35 billion institution shut down by regulators March 20. The decision to close Vernon will provoke Wright further, they believe.

At this point, it is not clear that even rapid congressional approval for the administration plan would do any good. The plan calls for the FSLIC to issue \$15 billion in bonds over the next five years, to be serviced by increased insurance contributions by the thrift industry—which, as a whole, is running at a loss.

The prospect of a rise in interest

rates due to the collapse of the dollar, would make the scheme unworkable, even in the very short term. Hundreds, if not thousands, of the nation's 3,500 S&Ls have hung on only because the Federal Reserve succeeded in bringing interest rates down by roughly 2% during the past two years. A reversal of interest rates would double the FSLIC's 500-strong danger list overnight.

The FSLIC would need up to \$100 billion to bail out thrifts sunk by bad real-estate loans during the next few years; against this, the administration's figure is pitifully inadequate (FHLBB chairman Edwin Gray calls for \$25 billion in new funds).

However, the FSLIC's biggest worry in the near future may not be the orderly winding-down of thrift deposits, but rather depositor runs of the type that swamped the Maryland and Ohio state insurance agencies during 1985, leaving tens of thousands of depositors with their money frozen for months.

Withdrawals exceeded new deposits at federally insured savings and loan institutions by \$2.2 billion in January, the third straight monthly decline. The net decline in new deposits compared with decreases of \$1.9 billion in December and \$2.9 billion in November.

"When usual seasonal patterns are taken into consideration, it represents a much larger deterioration" than the numbers suggest, the FHLBB said. Total retail accounts rose \$200 million

in January, after plummeting \$5.2 billion in December. But large depositors, those with certificates of deposits exceeding \$100,000, showed a substantial fall in January; holdings in the so-called jumbo accounts dropped by \$42.4 billion, to \$114.9 billion, after rising \$3.3 billion in December.

Large depositors at S&Ls, whose money is not guaranteed by the FSLIC, have already begun to pull out in a massive way. Small depositors may not be far behind; after the March 20 closing of a Maryland S&L, the FSLIC inadvertently mailed its usual "nothing can go wrong" form letter to the depositors of another, presumably sound, institution. The head teller at one Maryland S&L reported that 10 customers came in the next day to withdraw their money, arguing that the FSLIC was bankrupt and couldn't protect them; by the end of the day, the teller closed her own account.

Depositor pressure on S&Ls, along with liquidation of S&L assets, may bring to the market a large portion of the \$350 billion or so in mortgage-backed bonds held by the thrift industry, with disastrous effects on the bond market. Since these instruments make up 40% of S&L portfolios, a sell-off forced by S&L illiquidity, would lead rapidly to insolvency of the entire industry, since the total value of S&L portfolios would collapse along with the market value of their paper.

Apart from the continuing process of bankruptcy, and the continuing bleeding of deposits, any of several time bombs could go off in the industry. For one thing, the FSLIC can't find a buyer for the American Savings and Loan, despite months of trying. The company is the S&L subsidiary of Financial Corporation of America, which nearly went under in 1984; a direct takeover could cost the insurer as much as \$7 billion, because of huge problem loans.

Banks' paper crashes on world markets

The discount against U.S. banks' medium-term paper is as bad as during the 1982 Mexico crisis.

Federal Reserve specialists are monitoring the collapse of U.S. banks' publicly traded offshore paper on a minute-to-minute basis, following the Brazil and Ecuador declarations of debt moratorium. U.S. banks obtained tens of billions of dollars of new capital by issuing floating-rate notes on the offshore, or Eurobond, market. These notes are now yielding at about two-fifths of a percentage point more than Treasury securities of comparable (usually 7-10 year) maturity. (Yields increase when bond prices fall.)

That "spread" between bankers' paper and government paper measures, in a handy way, how much riskier investors think it is to put their money with the banks. In fact, the problem is much worse than even the sharp decline in prices for bank paper would indicate: Eurobond dealers are sitting on large amounts of bank paper they want to liquidate, but fear a collapse of the market should they attempt to do so.

Normally, bankers' paper pays a mere one-tenth of a percent above Treasury paper. But Brazil's debt moratorium raised the short-term prospect of a bank crash, and Japanese institutions, in particular, unloaded their holdings of American bank paper.

Banking sources report that their paper collapsed after New York's Citicorp announced that it might put its Brazil loans on non-accrual status. Regional banks' paper was not affected.

Only once before in postwar banking history did the "spread" between

Treasury and bank paper reach the present level, namely, when Mexico nationalized its banks and declared de facto bankruptcy.

By one measure, therefore, things are right back to the worst period of the Third World debt crisis. But the condition of the banks is infinitely worse.

As the London *Economist* ticked the problems off in its March 21 World Banking Survey:

● In 1986, 145 American banks failed or were helped to merge—the most in half a century. Another 1,484 were officially reckoned troubled at the end of the year, a third more than 12 months earlier;

● Two of Canada's 14 banks failed, the first failures since 1923. Japan's sixth largest mutual bank had to be rescued, the biggest since the war. Hong Kong banks are falling like flies.

● The percentage of loans that American banks write off as uncollectible has grown by 50% since 1982 to 0.86% in the first half of 1986. The proportion for Britain's four big clearers has almost doubled between 1982 and 1985;

● Off balance-sheet commitments of banks have ballooned—to \$1.4 trillion at America's seven biggest banks by September 1986, on balance-sheet commitments totaling less than \$550 billion; Moody's Investors Services and S&P have degraded three big banks in the last six months—MHT and Citicorp in America, Paribas in France—and are reviewing Merrill Lynch."

For the past six months, *EIR* has warned that the supposed cure for illiquid bank assets, namely "securitization" of assets, had left bankers with a mountain of bad paper on their books, which might turn illiquid the moment anyone decided to cash it in. The *Economist* survey admits as much: "Bond financing in international markets has grown from \$39 billion in 1980 to \$225 billion in 1986, while syndicated bank loans have shrunk from \$80 billion to about \$50 billion. . . . The process increases risk . . . by plunging many banks long familiar with assessing credit risk (the chance that a debtor will default) into sizing up market risk (the chance that the price of something will change unexpectedly), with which they are less familiar."

Without the English understatement, that means that a relatively small collapse in value of the trillions of dollars of Eurobonds, options, futures, and other exotic inhabitants of bankers' portfolios, could wipe them all out overnight.

As *EIR* reported last week, close to \$170 billion of floating-rate notes stopped trading in the third week of March, leaving bankers with that much illiquid paper on their books. The Eurobond collapse, meanwhile, had instantaneous repercussions on the U.S. bond market: Offerings of collateralized mortgage obligations plunged in that week, because this relatively new form of mortgage-backed security is predominantly floating rate. Since overseas, including many Japanese, investors support the market for mortgage-backed securities, the collapse of overseas floating-rate securities wiped out the domestic floating-rate sector as well. Exactly \$5 billion worth of this paper was issued in March, i.e., a weekly rate of about \$1.25 billion; only \$375 million were issued in the third week of the month.

Business Briefs

Austerity

IMF warns Israel against Brazil model

Concluding a 10-day visit to Israel, a delegation from the International Monetary Fund (IMF) warned of a rapid deterioration of the nation's economy, similar to the situation in Brazil and Argentina.

According to the March 11 *Jerusalem Post*, the IMF called for Israel to implement a stricter "plan of economic stabilization," modeled on the British example, and to avoid "making the errors" of Brazil and Argentina. In a March 10 meeting with Israeli economic leaders, the IMF team demanded that "each wage increase, should lead to the layoff of workers" as a compensation. The IMF also criticized a planned increase in the budget deficit, and a tax reform plan which would reduce taxes on individuals.

The Bank of Israel has expressed satisfaction with the recommendations, but the prime minister's economic adviser, Amos Rubin, said that the IMF report is not important, since Israel receives no aid from the Fund.

Health

Koop sticks to AIDS cover-up, attacks Gallo

An official in the office of U.S. Surgeon General C. Everett Koop has admitted that the government is covering up the full extent of the AIDS epidemic, in order to avoid "sheer national panic," the *Sunday Express* of London reported on March 22. Koop himself, whose AIDS program stresses condoms and "safe sex," has meanwhile lashed out at "our critics on the political right"—meaning this magazine and its founder, Lyndon LaRouche.

"Officially we say that we have 31,000 cases over the past few years and half of those victims have died," said Koop's aide, who declined to let his name be published. "Officially we say 250,000 cases are expected in the next four years. But actually

we now believe that there may be more than 1 million AIDS victims in the United States today. . . . We have to keep the pressure on to secure funding, but we must cover up the extent of the epidemic to avoid pushing this country to the brink of national insanity because this really is a plague."

The surgeon general was at pains to continue the cover-up, in a March 25 dispute with AIDS expert Dr. Robert Gallo. Speaking at a conference on "The Socio-Economic Impact of AIDS on Health Care Systems," Gallo said he could not rule out the possibility of casual transmission of the AIDS virus some time in the future, especially if the virus mutates greatly.

Koop called Gallo's comments "frightening," and added, "The information Dr. Gallo gave and implied concerns me, because it will provide ammunition for our critics on the political right, who are constantly seeking other modes of transmission of the AIDS virus beyond sexual intercourse and infection by contaminated needles and blood. These people have suggested everything from toilet seats to pets and insects as possible modes of transmission. Their efforts at finding new methods of casual transmission deflect from our efforts to get people to modify their behavior to help stop the spread of the virus."

Eastern Europe

Yugoslav Army 'cannot ignore' labor unrest

Yugoslav Prime Minister Branko Mikulic, facing an unprecedented wave of strikes over a wage freeze, announced on March 22 that if the Yugoslav constitutional system was threatened, "all means" would be used to defend it, "and that includes the Army." Deputy Defense Secretary Gen. Milan Daljevic backed this up, in a newspaper interview published March 23, warning that the Army could not ignore political developments.

In an attempt to defuse the crisis, the government had announced a price freeze on March 20. With inflation running as high as 130%, workers' wages were cut by 60%, by a law which went into effect on March 1.

According to the official news agency Tanjug, the price freeze will affect food, consumer goods, tools, textiles, and furniture. It will last for 90 days and will hold prices at levels in effect on Dec 31. Said the government: "The disturbance in price movements has reached such proportions that it directly threatens the achievement of set economic policy and development, with strong socio-economic and political consequences."

Yugoslavia is being squeezed both by the Soviet Union and by the International Monetary Fund and Western creditor banks.

Aerospace

Indian space failure will not halt launches

The failure of India's first intercontinental-range rocket, which plunged into the sea on March 24, will not affect the schedule of future launches, space officials said.

The Augmented Satellite Launch Vehicle (ASLV) splashed into the Bay of Bengal two minutes after lift-off. Prime Minister Rajiv Gandhi said the failure was a "small stumble," and that the Indian Space Research Organization should continue its work.

India's first Satellite Launch Vehicle also plunged into the sea after blast-off in 1979, although successful satellite launches took place in 1980 and 1983.

Labor

Thai trade unions reject IMF debt plan

The International Monetary Fund and the World Bank are running into trouble in their efforts to force the government of Thailand to sell off its state enterprises in a debt-for-equity plan. In response to pressure from the trade unions, Prime Minister Prem Tinsulanond announced on Feb. 25 that the government would not sell its profit-making operations. To do so, he said, would jeopardize

Briefly

● **THE SEC** has subpoenaed American Express, Shearson Lehman, and Salomon Brothers, as a result of confessions of the recently arrested stock market manipulator Boyd Jeffries of Los Angeles. Jeffries, who has struck a deal with the government, cited these companies as complicit in his criminal operations.

● **NATURAL RUBBER** producers and consumers adopted a new agreement in March aimed at stabilizing world prices over the next five years. The new pact, negotiated in Geneva under the auspices of the United Nations Conference on Trade and Development (UNCTAD), uses a buffer stock to keep prices stable by selling or buying rubber as rates rise or fall.

● **RUTH ROEMER**, president of the American Public Health Association, no longer accepts the APHA's view that "the No. 1 public health problem is the danger of nuclear war. . . . I have revised my thinking about what the No. 1 public health problem is now. I'm just scared that it might be AIDS." Roemer was quoted in the *Chicago Tribune* on March 22.

● **THE SOVIET STATE BANK** and foreign trade bank have signed agreements for joint capital ventures with Crédit Lyonnais, the third-largest bank in France, and Banque de l'Union Européenne. The banks agreed to promote and finance mixed capital ventures in the Soviet Union.

● **STORE OWNERS** in Columbia, Missouri, along the parade route taken by President Reagan and his entourage on March 26, refused to remove "Going Out of Business" signs from their windows, as requested by the Central Columbia Association. Said one of the bankrupt store owners, Jimmy Hourigan of the 119-year-old Barth Clothing Co., "I think it's a good idea for the President to see what's going on," the *Washington Post* reported March 26.

ize national sovereignty and national security.

On Feb. 21, the Thai Trade Union Confederation (TTUC) had demonstrated against the divestiture plan, distributing a dossier on the World Bank and IMF, exposing the genocidal method behind the two collection agencies.

Then on March 23, labor leaders blasted the privatization scheme, in a report submitted to Deputy Prime Minister Sontee Boonyachai.

Thailand's state enterprises are profitable and no drain on government resources, bringing a net profit of 13 billion baht to the country last year. Nor does Thailand have a serious debt problem. In February, the government turned down offers from the IMF for the second installment of a standby facility, stating that increased exports have supplied the country with the reserves it requires to pay its creditors.

Still the IMF, World Bank, and the technocrats at the National Economic and Social Development Board (NESDB) have been campaigning for over a year to sell off the country's state sector, centered in energy and transportation. Aside from the actual loss to government revenue, the scheme would also result in the layoff of thousands of workers.

Debate is still raging on whether the government will sell its 12 unprofitable enterprises, concentrated in the public transport sector.

Foreign Exchange

Volkswagen fraud implicates Hungarians

Behind the fraudulent currency transactions which led to losses of more than 480 million deutschemarks for the Volkswagen automaker since 1984, lies a conspiracy involving the National Bank of Hungary, informed Swiss and German sources told *EIR*. The bank is believed to have been complicit in a criminal fraud operation to "milk" VW.

In recent years, most multinational corporations have engaged in various forms of currency "swaps," "futures," "options," and

"forward contracts," trying to limit losses due to the wild fluctuations of exchange rates. But VW exceeded all prudence in such dealings. By one account, the company's foreign exchange unit was running trades on a daily basis as high as \$7 billion—more than five times its major competitors.

The game came to a screeching halt on Feb. 18. VW in Wolfsburg, West Germany, issued an order to its Frankfurt broker, Joachim Schmidt, to sell \$50 million to the National Bank of Hungary in Budapest. That bank was supposed to hold a "forward dollar" contract with VW to exchange deutschemarks at 3:1. February was the height of the latest collapse of the dollar, with trading dipping below DM 1.79. The Hungarians "pulled the plug," denying that they had a forward contract and charging that VW telexes and letterhead were forgeries. They also denied complicity in the scam.

Sources report that over the past two years, Hungary, the old Hapsburg and Rothschild banking center, has emerged as "the Switzerland of the Warsaw Pact." The Hungarian National Bank is further believed by intelligence sources to be tied to laundering of profits from illegal operations, including narcotics.

Energy

Reagan plans to reduce oil stockpiles

The Reagan administration plans to slow the filling of the Strategic Petroleum Reserve and to sell government-owned oil fields, UPI reports. Assistant Energy Secretary Allen Wampler, testifying at House budget hearings on March 24, said that the administration wants to cut the fill rate for the energy reserve from the current 75,000 barrels a day to 35,000 barrels a day.

He said, however, that the administration remains committed to filling the reserve eventually to its planned capacity of 750 million barrels. Wampler added that the administration wants to sell the producing Elk Hills field and Teapot Dome Naval Petroleum Reserves in California and Wyoming to private industry.

U.S. laboratories achieve free electron laser progress

Robert Gallagher reports on developments in work at Stanford, TRW, Inc., and Los Alamos National Laboratory in this most promising technology for destroying Soviet missiles in flight.

Scientists at Stanford University High Energy Physics Lab and TRW, Inc. produced coherent blue-green laser light, the shortest wavelength of radiation ever generated from a free electron laser powered by a high-power linear electron accelerator, in late February. Blue-green light of a slightly shorter wavelength was also produced recently from a free electron laser powered by a low-power electron beam storage ring at the Laboratory for the Utilization of Electromagnetic Radiation (LURE) in Orsay, France.

At Stanford the peak power achieved inside the laser resonant cavity was 260 megawatts at the blue-green wavelength of one-half of one-millionth of a meter (0.5 microns). The team achieved this with a 115 million volt electron beam. The Stanford work demonstrates that the same high powers achieved by free electron lasers in producing longer wavelength infrared radiation, can also be achieved in producing more lethal, shorter wavelength laser light. Radiation of shorter wavelengths is more lethal because the intensity of action of electromagnetic radiation increases as it becomes more concentrated with decreasing wavelength. After more work in generating blue-green laser light, the Stanford-TRW team plans to produce lasing in the ultraviolet region of the electromagnetic spectrum.

The new results at Stanford are only a few of a series of promising developments in free electron lasers powered by radio-frequency linear electron accelerators. The free electron laser under development at Los Alamos National Laboratory is undergoing extensive modifications that are predicted to enable the device to produce 160 to 200 million watts (megawatts) in peak *output* power of infrared laser radiation.

Already in September 1986, Los Alamos scientists announced at a conference in Glasgow, Scotland that they had produced 40 megawatts in peak output power from the device while operating it at an efficiency of 2% in extracting energy from the electron beam, and with a peak laser intracavity power of 2 billion watts (2 gigawatts). Now scientists estimate that modifications on the device will boost efficiency (and output power) by a factor of 4 to 5, resulting in efficiencies of 8-10%.

With these and other advances, free electron lasers driven by radio-frequency linear electron accelerators, have become the leading candidate for deployment of space-based or ground-based free electron lasers that will be able to direct powerful laser beams via mirrors, to destroy Soviet ballistic missiles in their initial boost-phase of flight.

One plan for ground-basing, known as the "Rimfire" concept, calls for placing these relay mirrors in equatorial orbits, low enough so that Soviet ground-based laser systems could not sight and destroy these mirrors. These 10-meter mirrors would focus and relay the beam to so-called fighting mirrors of smaller diameters, that would pass within range of Soviet missile sites.

The box (page 34) describes how free electron lasers work.

Are atmospheric propagation problems exaggerated?

One remaining problem that scientists assume exists for ground-based free electron laser interceptors, is propagation of the laser beam through the atmosphere to the relay mirrors

in space. SDI scientists have been convinced that at best *only 10%* of the beam power emitted by the laser will reach an orbiting mirror due to atmospheric turbulence, or absorption or scattering of the radiation by the molecular constituents of the atmosphere, and other atmospheric effects (see **Figure 1**). This conclusion is based on computer models of laser beam interaction with the atmosphere.

Thus since tens to hundreds of megawatts of laser power must be available in space for destruction of Soviet missiles, SDI scientists conclude that ground-based lasers must be designed to produce *gigawatts* of power. Because of the power loss expected from ground-based systems, the pendulum is swinging back toward space-basing of lasers as the preferred mode of deployment, according to some SDI scientists. Space-based systems do not require power levels as high as ground-based ones, although, since they must still be able to shoot down through the atmosphere at missiles rising from their silos, as well as at aircraft, their output must be considerably higher than that required to simply destroy a booster in space, according to the accepted models of laser beam propagation.

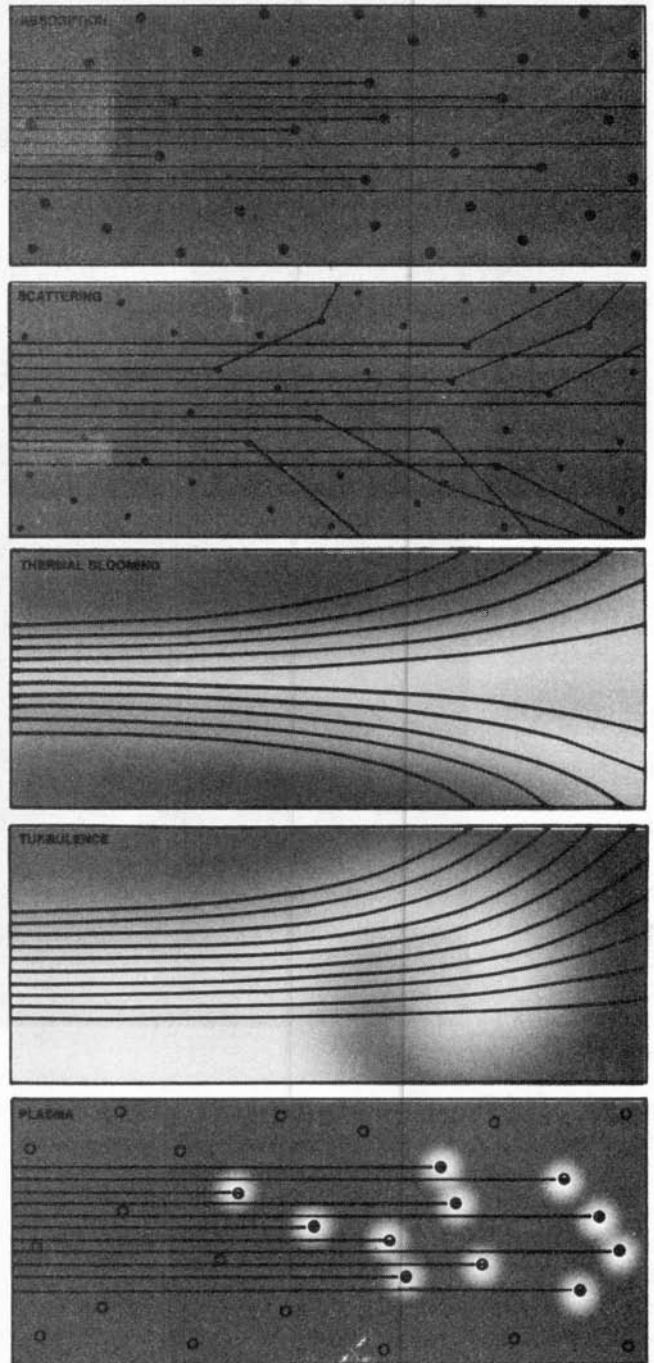
Kosta Tsipis summarized the accepted theory of beam propagation in his December 1981 anti-laser weapon article in *Scientific American*.

A laser beam traveling through the atmosphere is attenuated and dispersed by a number of processes. The molecular constituents of the atmosphere and the matter in it (dust, water droplets, and smoke particles) both scatter and absorb light. An infrared beam from a carbon dioxide laser would lose half of its intensity after traveling 4 kilometers in cool dry air, or 1.5 kilometers in hot humid air. Clouds, smoke, dust, fog or thick haze would absorb a beam almost completely. . . . Even in clear weather a laser beam can be deflected, dispersed or completely interrupted by atmospheric phenomena. Turbulence causes rapid local changes in the density of the air, which can deflect a beam of light or make it diverge. The twinkling of stars and distant lights is a manifestation of this effect.

A considerable fraction of the energy in a laser beam is absorbed by the atmosphere. As a result, the air in the path of the beam is heated; the heated air expands, creating a channel of low-density air. Light waves bend away from the hotter, less dense regions of a medium, and so the beam diverges. The phenomenon is called thermal blooming; it is a common reason for the defocusing and divergence of a laser beam in air.

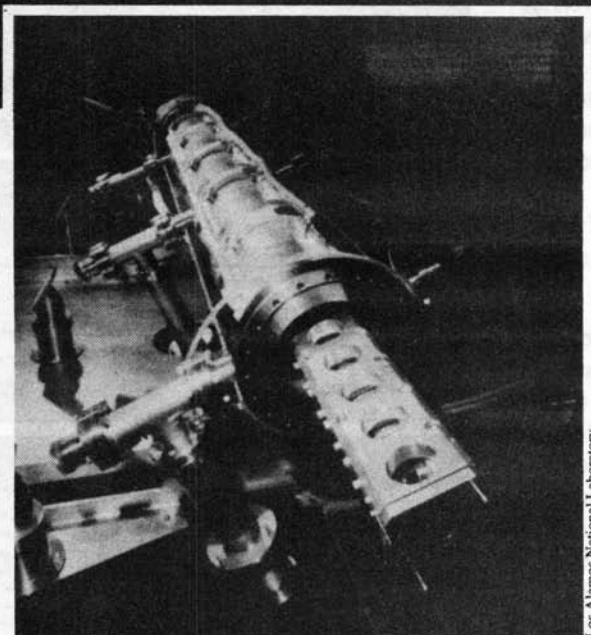
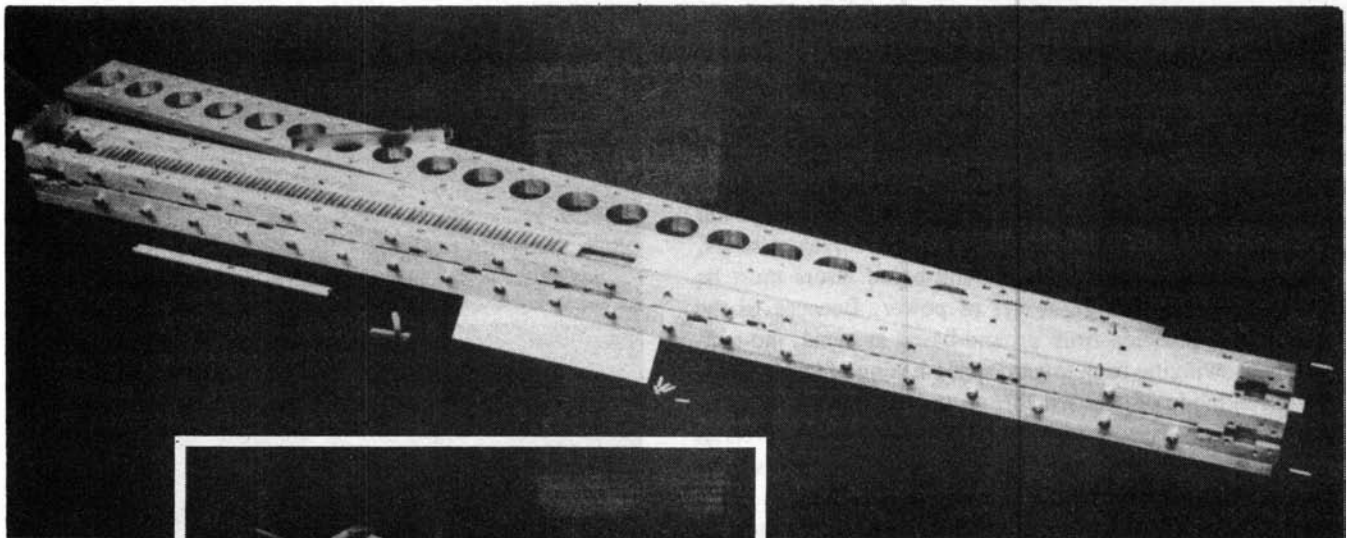
A final difficulty in propagating a laser beam through the atmosphere is the risk of creating a plasma. Since light waves are a form of electromagnetic radiation, an intense light beam is accompanied by a strong electric field. At an intensity of about 10 million watts per square centimeter (the exact value depends

FIGURE 1



Only 10% of a ground-based laser's power can reach space, according to models of atmospheric propagation of laser beams, due to (a) absorption of laser light by the molecular constituents of the atmosphere, (b) scattering of the light, (c) "thermal blooming" of the beam, (d) atmospheric turbulence, and (e) ionization of the atmosphere at high beam power densities.

Source: Adapted from *Scientific American*, December 1981.



Los Alamos National Laboratory

In a free electron laser, an electron beam is directed between magnets of alternating polarity, which oscillate their trajectory so that they emit electromagnetic radiation. The top photo shows the magnets, known as an undulator or "wiggler," of the free electron laser at the Los Alamos National Laboratory. The bottom photo shows the wiggler being inserted into another part of the laser apparatus.

on the frequency of the radiation) the field is so strong that it removes electrons from atoms in the air, thus ionizing the air and creating a plasma. The plasma absorbs the beam and interrupts its transmission. The effect sets an upper limit on the intensity of a beam of laser light that can propagate through the atmosphere.

The purely theoretical result that 90% of ground-based laser power must be lost in the atmosphere, should not determine the direction of the program. Experiments must be conducted to investigate what the conditions for laser propagation actually are. They may show that we are closer to the requirements for a free electron laser boost-phase interception system than is generally assumed at the national labs. Experiments on atmospheric propagation are scheduled to be conducted at White Sands Missile Test Range in New

Mexico in the early 1990s, with a free electron laser operating in the near infrared at a wavelength of 1.5 microns and generating tens of megawatts of power. Certainly the advocacy of the propagation model by Tsipis, an official of the Soviet-controlled Pugwash Conference, should be enough to render it suspect.

Because of this believed "power density barrier" for propagation of a laser beam, it is expected that gigawatt-power free electron laser beams must be expanded in cross-section before directing them through the atmosphere, in order to spread beam power over a larger cross-sectional area and thus decrease power density. *EIR* discussed the inherent weaknesses of statistical models of beam propagation, and how they have led scientists toward exaggerating the problems of atmospheric propagation, especially in regard to propagation through turbulence, in its Dec. 13, 1985 issue.

To attain the power levels assumed to be required for ground-basing, Los Alamos plans to combine a radio-frequency linear accelerator-driven free electron laser oscillator with a radio-frequency linear accelerator-driven free electron laser amplifier. An oscillator producing tens to hundreds of megawatts of power could also be deployed in space. A space-based system need only be one-tenth the size of a ground-based one.

Livermore hopes to produce gigawatt-power-level infrared laser radiation with its system, by using an undulator as long as hundreds of meters. The Livermore type of system is too large for space basing.

Advances in beam brightness

Los Alamos has recently produced an electron beam with a brightness 10 times greater than that produced by any electron accelerator used in the SDI program. Last September at the Glasgow conference, both Los Alamos and Stanford reported electron beam brightness in their accelerators that was 10 times better than that of Livermore's Advanced Test Accelerator. Now Los Alamos has progressed yet another order of magnitude.

Free electron lasers require higher quality electron beams than those produced in accelerators prior to the SDI program. Electron beam "brightness" must be high. "Brightness" measures the extent to which a beam is intensely focused. It increases with beam current and decreases with the square of "emittance," a measure of transverse beam motion. Bright, low emittance beams are required in order to generate short wavelength light in the near infrared, visible, or ultraviolet regions of the electromagnetic spectrum, and to produce high laser gain.

Geometrically, emittance is the product of the size of the waist of the electron beam and its angle of divergence. In a properly designed accelerator it should decrease as the beam is accelerated to higher energies. (By analogy with optics, a higher energy beam can be more tightly focused, in the same way that light of higher frequencies, and shorter wavelengths, can be focused more sharply than that of longer wavelengths.) In order to compare electron accelerators, geometric emittance is normalized to the energy of relativistic beams by multiplying it by the ratio of the energy to which the electrons are accelerated, to the electron rest energy (0.511 MeV). For maximum extraction of energy from the electron beam, it must overlap the optical beam as much as possible. Geometrically, this means that the product of the waist of the optical beam and its divergence angle must equal the emittance of the electron beam.

Livermore and Los Alamos have, to date, produced the highest peak electron beam currents in their free electron lasers (850 and 300 amperes, respectively). But beam brightness is also dependent on emittance.

Radio-frequency linear accelerators at Los Alamos and Stanford have produced beams with an emittance a hundred

to a thousand of times better than that of the Livermore linear induction Experimental Test Accelerator.

Los Alamos scientists have also developed a photoelectric cathode for producing 2,000 amp current electron beams. With this they recently produced a 150 amp peak beam current with a normalized emittance of 24π mm mrad.

Toward improving beam brightness, Livermore scientists have engineered the Advanced Test Accelerator so that the emittance of the electron beam produced will be $1,400 \pi$ mm mrad, over 10 times better than the ETA's emittance, but still a far cry from the 15π mm mrad achieved at Stanford, or the 100 achieved at Los Alamos.

Continuous action via discontinuities

Los Alamos is now rebuilding the undulator of their free electron laser to intensify its action in concentrating electrons into bunches, in order to increase the coherent extraction of energy from the electrons threefold. A brief discussion of how electrons amplify radiation will illustrate the basics of Los Alamos's redesign.

Engineers and physicists presently understand the amplification of radiation by electrons as follows:

Electromagnetic radiation is composed of oscillating electric and magnetic fields. An electron subjected to a positive field is accelerated and extracts energy from the radiation. An electron subjected to a negative field is decelerated and gives up energy to the radiation and thereby amplifies it. This action produces a velocity modulation in the electron beam with the result that the stream of electrons is concentrated into bunches, spaced by the wavelength of the output electromagnetic waves themselves. In this way, the free electron laser generates radiation by the continuous generation of discontinuities.

Figure 2 dramatically illustrates this bunching process generic to all electron-based oscillators and amplifiers, with a diagram of the electron trajectories in a klystron microwave amplifier. As the electrons travel through the device (vertical axis), the input microwave signal modulates their velocities. In a drift section, where there is no microwave power, the velocity modulation is transformed into a density modulation: Electron bunches form as the faster electrons catch up with the decelerated ones, and their trajectories cross, forming discontinuities in electron density spaced at the microwave wavelength. Without this bunching on the optical wavelength, the emitted radiation would not be spatially coherent; the radiation might be of the same frequency, but not in phase.

Los Alamos National Laboratory is now transforming its free electron laser into an "optical klystron" to take advantage of this intense bunching effect produced by a klystron electron tube geometry. The lab is adding an additional 55 centimeter section in front of its 1 meter undulator. The new section will be composed of 10 cells of magnets, to undulate the electron beam and introduce a velocity modulation into

it, followed by a 30 centimeter drift section where the electrons traveling at varying speeds, due to the velocity modulation induced by the magnets, will bunch: The faster ones will catch up with the slower ones. With this design change, Los Alamos expects to increase the percentage of electrons "trapped" in bunches on the lasing wavelength from 50% of all the electrons in the beam to 70-80%, and together with the addition of copper mirrors to prevent losses in the optical cavity, they expect this will increase the efficiency at which the device extracts energy from the beam from its present 2% to 8-10%.

When the Los Alamos free electron laser achieved 2 gigawatts in peak intracavity power and an output power of 40 megawatts in the experiments reported at Glasgow, it began to destroy its dielectric-coated resonator mirrors. Los Alamos is installing copper mirrors in the device which they believe will enable them to boost the efficiency of tapered undulator operation to 3% or 4%.

The ability to transform the Los Alamos free electron laser into an "optical klystron" is characteristic of the close

relationship between electron tube and free electron laser technology, at least that based on radio-frequency linear accelerators.

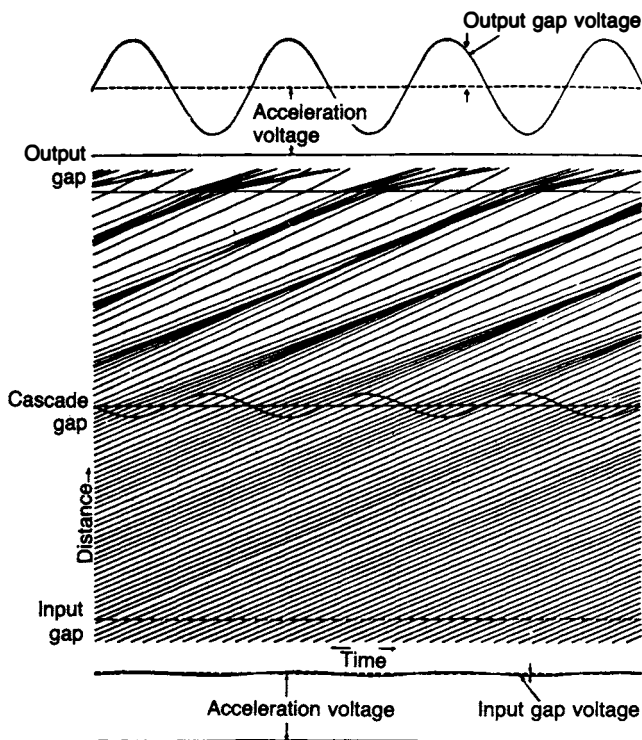
There are designs already published for running free electron lasers *as electron tubes* to generate intense radiation with which to accelerate particle beams to higher energies than those yet attained. It thus was an obvious idea to run the electron beam of free electron lasers "in reverse," that is, once the electron beam has passed through the undulator generating coherent radiation, to recirculate it back through accelerating cavities in such a way as to give its energy back up to them, so as to reduce the microwave power that must be fed in from the klystrons. At the Glasgow conference, the TRW-Stanford group reported on experiments in which they recovered 90% of the electron beam energy after recirculating it back through the accelerator cavities, 180° out of phase. The group estimates that energy recovery will boost free electron laser *system* efficiency by a factor of 10, from 2-20%.

In these experiments, the laser undulator was powered down so as not to affect the energy coherence of the recirculating beam. Energy recovery with the laser on, is more complicated. The interaction of the electron beam with the undulator slows down electrons that are "trapped" in bunches and that give up their energy in laser light. Not all electrons in the beam are trapped, and slowed down; thus some electrons leave the undulator faster than others, introducing an energy spread into the beam. Unless something were done to restore the beam's coherence, this energy spread would make it difficult to recover all the remaining beam energy. Stanford and TRW scientists plan to add an "energy compressor" to their beam recirculation system to remove this energy spread.

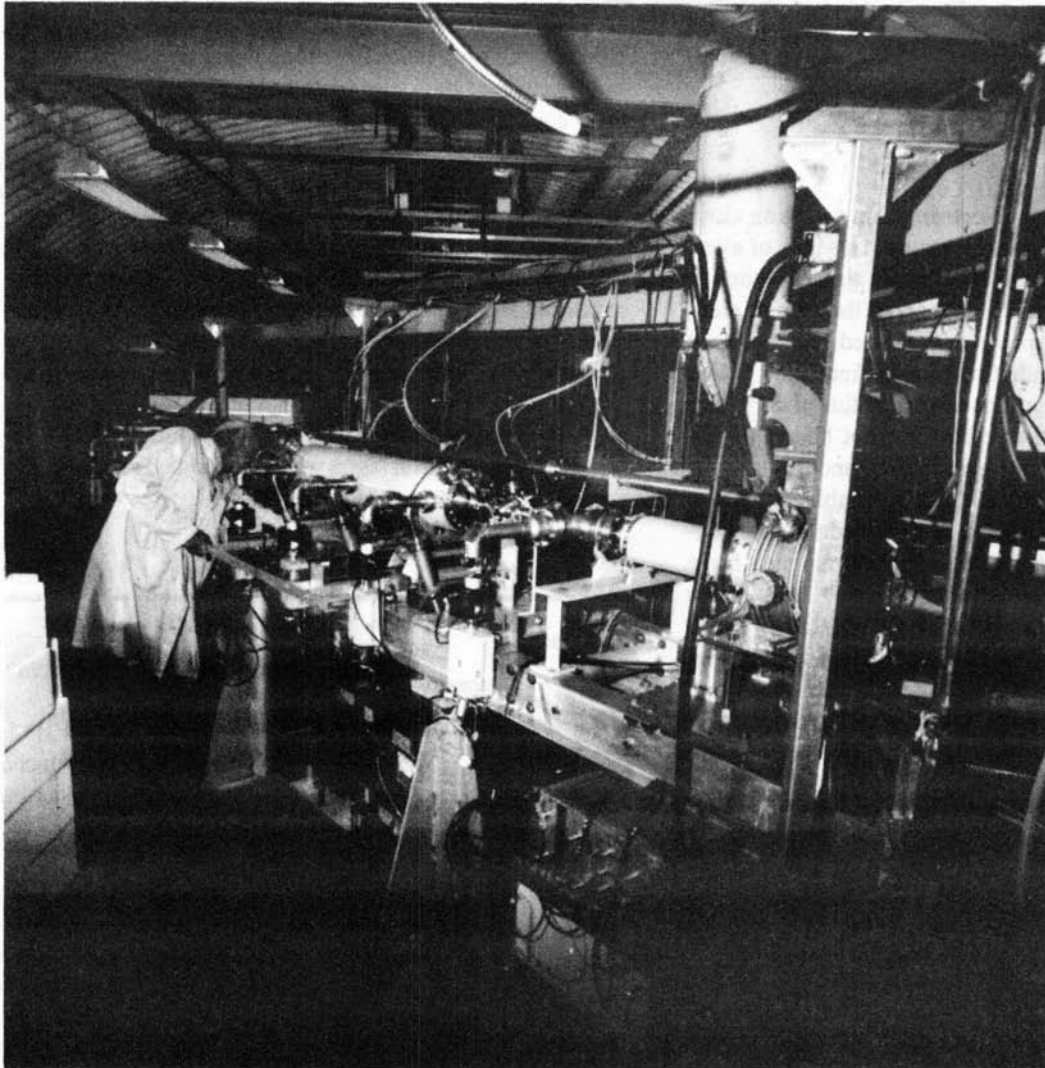
At the same Glasgow conference, Los Alamos scientists also reported on experiments in energy recovery of which they report they were able to recover 68% of the electron beam energy with the laser on and operating at 0.7% beam energy extraction efficiency.

Free electron lasers based on radio-frequency linear accelerators promise a very high efficiency in extraction of the energy of electron beams for lasing and in energy recovery, total extraction efficiencies as high as 95%. This is very important for the SDI. Free electron lasers must have high efficiencies in conversion of electron beam power into laser power so that the size and complexity of power sources for the accelerator can be minimized, especially important for space basing. Unfortunately, due to the nature of induction linear accelerator technology, there appears to be no straightforward way to recirculate or recover the energy from the electron beams they produce. Furthermore, their energy extraction efficiency at even infrared wavelengths has been predicted to be low. The Livermore Beam Research group reported at a conference in Vancouver, British Columbia in 1985 that they hope to extract 1-2% of the energy in the

FIGURE 2
Diagram of electron trajectories in klystron cascade amplifier



Source: D.R. Hamilton et al., *Klystrons and Microwave Triodes*, Dover Publications, New York, 1966.



Los Alamos National Laboratory

The Los Alamos free electron laser device, like Stanford and TRW's, generates its own beam and for that reason, is called an oscillator. It builds up beam power by bouncing the light back and forth between two mirrors that form the ends of a resonating optical cavity. The photo shows the exterior of the apparatus that makes up this resonating cavity. The free electron laser undulator is inside the cylindrical object (to the right of the scientist's head).

electron beam in amplifying carbon dioxide laser radiation.

Problems at Livermore

In 1985 Livermore achieved a 34% efficiency of energy extraction in amplifying a 50 kilowatt beam of 8.7-mm wave radiation, to 1 gigawatt power with an 850 ampere, 3.5 MeV electron beam, produced by the Experimental Test Accelerator. However, this radiation is not suitable for intercepting missiles in their boost phase.

This year Livermore is attempting to go to a frequency 1,000 times greater than previous experiments, to amplify a 10.6 micrometer infrared laser beam, by driving a 5 meter undulator with a 50 MeV beam from the Advanced Test Accelerator. If successful, the lab will attempt to use the same accelerator to drive a 25 meter undulator, to maximize energy extraction from the electrons.

As originally designed the ATA could not produce a beam

with magnetic focusing within the accelerator. The energy to which the machine could accelerate the beam, appeared limited by the growth of a beam-accelerator interaction instability known as "beam breakup," which grows as the beam is accelerated to higher and higher energies. Beam focusing with the ATA's external magnets was insufficient to prevent the beam from literally thrashing against the walls of the accelerator. Beam breakup instabilities are symptomatic of accelerators that produce long, continuous-pulse beams, report SDI scientists. Radio-frequency linear accelerators avoid them, by producing trains of short "micropulses."

In order to get the ATA to work, Livermore scientists developed a technique they call "laser guiding" of electron beams within the ATA. Laser guiding (also called "electrostatic channel guiding" by Livermore) focuses the beam about a line of benzene ions introduced into the accelerator. The ATA can now produce a high current, 50 MeV beam. How-

How does a free electron laser work?

In a free electron laser, an electron beam traveling close to the speed of light, is directed between a series of alternating-polarity magnets which oscillate the trajectory of the electrons (see Figure 3). Whenever the path of electrons traveling at such speeds is oscillated, the electrons emit electromagnetic radiation whose frequency varies with the speed of the electrons and the radius of curvature of the oscillations. The electrons are not bound to any atomic nucleus while emitting radiation, and for that reason are called "free electrons." The assemblage of alternating-polarity magnets is known as the undulator or wiggler section of a free electron laser, since its magnets force the electron beam to undulate or "wiggle" as it passes between them.

Free electron lasers require tapering of the magnet strength along the undulator because the very generation of coherent light detunes the electrons and undulator. As the electrons give up their energy to produce or amplify the laser beam, they decelerate, their electron velocity (and energy) decreases, and they fall out of resonance with the undulator. However, if the power of the magnets is gradually decreased, or "tapered" along the path that the electrons must travel, their average speed down the undulator may be kept constant, so that they are kept in resonance.

Free electron lasers differ by the type of electron accelerator or other source for the electron beam, and by whether or not the device generates, or only amplifies laser radiation.

Lawrence Livermore National Laboratory is developing a free electron laser amplifier driven by the linear induction accelerators developed there, based on the principles of the transformer.

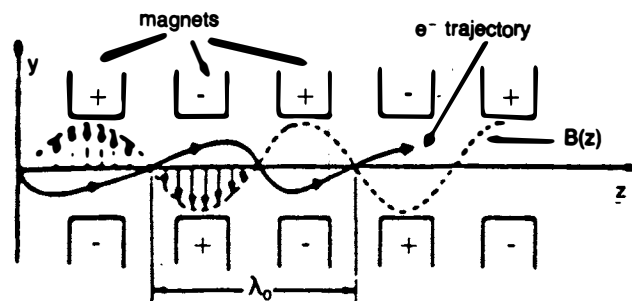
The Los Alamos free electron laser device, like Stanford-TRW's, generates its own beam and is called an os-

illator because it builds up beam power by bouncing the light generated back and forth between two mirrors that form a resonating optical cavity. At the present, the Los Alamos and Livermore experiments are devoted to producing laser beams of the same wavelength—about 10 millionths of a meter (10 microns) long.

Radio-frequency linear accelerators such as the one in use at Los Alamos, accelerate an electron beam with pulses of current alternating at microwave frequencies produced from electron tubes, such as the klystron. Work on these devices is also being conducted at the Boeing Company.

The joint project of TRW, Inc. and Stanford University has been developing radio frequency linear accelerator-based free electron lasers with supercooled accelerator cavities using superconducting materials.

FIGURE 3



The undulator or wiggler for a free electron laser is composed of magnets of alternating polarity in a linear arrangement. An electron beam is directed down the center of the device, which turns the electrons alternately from north to south, thus oscillating their trajectory as shown. As the electrons turn, they emit electromagnetic radiation. The dotted line shows the shape of the periodic magnetic field that oscillates the electrons; the solid line shows the electron trajectory produced by the oscillation, as currently understood.

Source: M. Billardon, et al., "Free Electron Laser Experiment at Orsay: A Review," *IEEE Journal of Quantum Electronics*, Vol. QE-21, 1985, page 805.

ever, the system encounters a serious impedance mismatch in transporting the beam from the plasma regime of the accelerator beam line to the wiggler where magnetic focusing is required. As we go to press, SDI scientists report that the ATA beam is undergoing "beam breakup" inside the undulator to the point that there is little overlap between the electron and optical beams.

Once the ATA's beam breakup problem is solved, the lab plans to test free electron lasing in the high efficiency "satu-

rated" regime where tapering of the undulator magnetic field is required to continue to extract energy from the decelerating electrons. To maximize this test, they plan to use, for experimental purposes only, an input laser power of 800 megawatts, to force saturation to occur earlier along the length of the 5 meter undulator than otherwise would occur. They estimate that they may be able to extract as much as 1 gigawatt in power from the electron beam in amplifying the 800 MW input carbon dioxide laser beam.

BUILDERS OF BULLET PROOF VEHICLES FOR V.I.P. PROTECTION — AS FEATURED IN "PEOPLE" MAGAZINE AND ON "PM MAGAZINE."



PROTECT YOUR MOST VALUABLE ASSET — YOUR LIFE



EXECUTIVE
ARMORING
CORPORATION

4836 WHIRLWIND
SAN ANTONIO, TEXAS 78217
(512) 854-3905
TELEX 767 200 · EXECARMOR

Crew or Staff Scheduling Problems?

- Is crew or staff scheduling a time consuming and costly hassle?
- Must you often contact temporary workers to fill in for regulars?
- Does your need for manpower vary so that you must reschedule workers often?
- Do you require your crews or staff to call in for work assignments?

Solve these problems the same way that TWA and CONRAIL have.

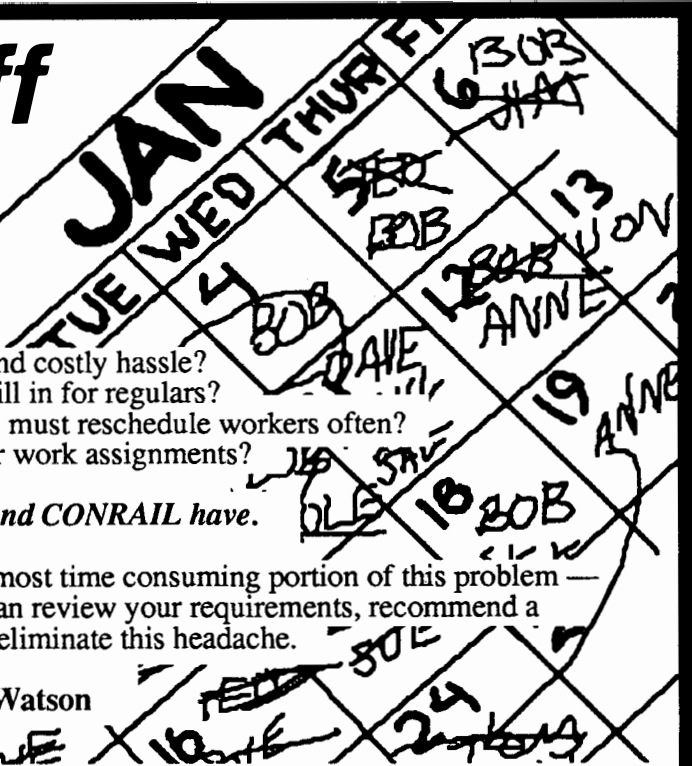
Install an audiotex system to help you with the most time consuming portion of this problem — contacting the personnel. GRALIN associates can review your requirements, recommend a sound solution, and deliver a system which will eliminate this headache.

For more information contact: Mr. Graeme P. Watson

GRALIN associates, inc.

(215) 297-8793

Box 145, 7010 Point Pleasant Pike, Point Pleasant, PA, 18950



Weinberger charges Soviet break-out from ABM treaty

by Nicholas F. Benton

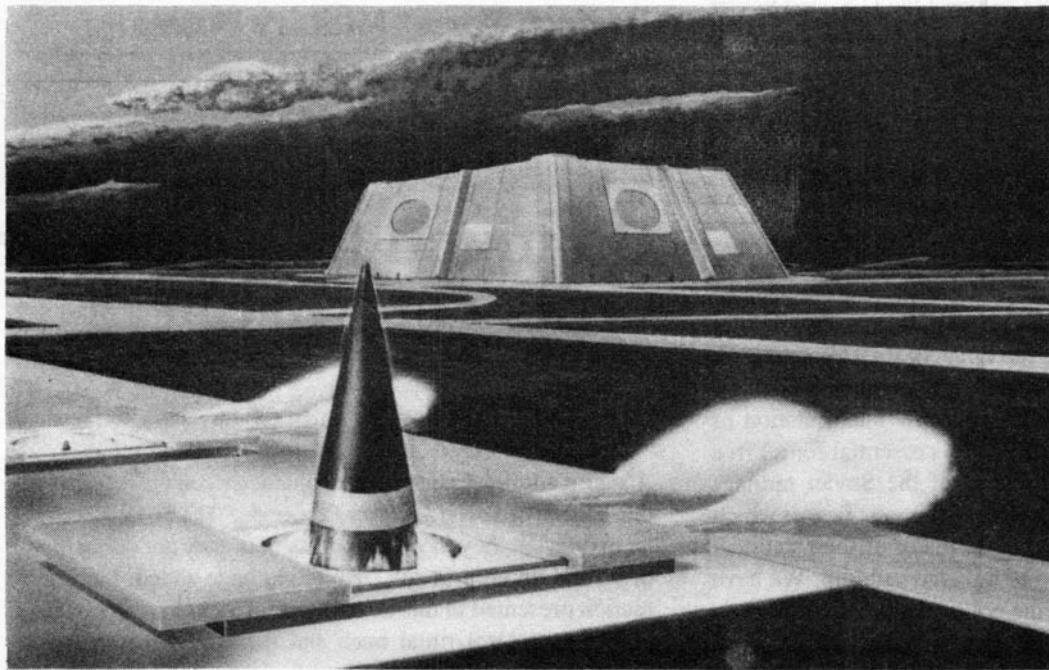
"I think they have broken out of the ABM [Anti-Ballistic Missile] treaty," Secretary of Defense Caspar Weinberger asserted in unqualified terms at a Pentagon press conference March 24, referring to the Soviet development of ballistic missile defense components reported in the 1987 edition of the Pentagon's *Soviet Military Power* report.

Weinberger's statement, in response to a question from this weekly, is the most explicit on record from the administration concerning a Soviet break-out from the treaty. He was not talking about merely violating the ABM treaty, nor did he use the ambiguous formulation in other administration statements that the Soviets "may be preparing to break out."

EIR followed up by fine-tuning the question to Weinberger: "There is a difference between a violation of the treaty, and a total break-out." "That's right," he said. "When you look at the dollars that have been spent—\$200 billion on this defensive program over the past few years—you realize that they are trying to accomplish exactly what that figure indicates, which is they're trying to establish for themselves a fairly effective, reliable, strategic defensive initiative. . . . My worry is, because they've worked on it a long time, because they do have a high degree of technological skills, and because they've stolen a lot of technology, that they would be able to get that capability first. That, I think, would be a very much more dangerous world."

Notably sharper in drawing the implications of the ongoing Soviet military buildup than past editions, the 1987 *Soviet Military Power* documents an all-out Soviet economic mobilization for war, exposing Soviet leader Mikhail Gorbachov's *glasnost* ("openness") policy as a dual-tracked effort to delude Western media into reporting it as a liberalizing social policy, on the one hand, while using it to upgrade the productivity of the Soviet war machine, on the other.

The House Appropriations Committee, led by Rep. Norm Dicks (D-Wash.) and Rep. Patricia Schroeder (D-Colo.) reacted the day after the release of the Pentagon report, by approving two amendments aimed at banning U.S. nuclear testing, and forcing compliance with the never-ratified SALT II accord. Weinber-



Department of Defense

The modernization of Moscow's ABM defenses: This Gazelle silo-based missile, believed to be armed with a nuclear warhead, is designed to engage reentry vehicles within the atmosphere.

ger had stated at his press conference that “the SALT II accord is not in effect.”

The Pentagon report discredits not only Gorbachov’s *glasnost* hoax, but also the “crumbling empire” thesis of those who argue that the Soviets are in an internal economic crisis and therefore “sincerely” yearn for an arms-control treaty to ease the pressure. As the review below shows, a relentless Soviet build-up is documented in every area of strategic, conventional, defensive, and special warfare capabilities. As Weinberger said, “The Soviets’ goal appears to be the achievement of a mix of nuclear and conventional forces that will enable them to fight and prevail at any level of conflict.”

He added, “Since the very beginning of the nuclear age, the Soviets have rejected the notion of shared vulnerability and placed great importance on limiting the amount of damage the Soviet Union itself would sustain in a global war,” making it clear that the Soviets are committed to developing a global, nuclear first-strike, war-winning capability.

The explicit assertion of this perspective in the 1987 report contrasts to the more diplomatic and vague conclusions drawn in earlier reports, and directly reflects the analysis presented two years ago in *EIR*’s July 1985 *Special Report*, “Global Showdown: The Russian Imperial War Plan for 1988.” Every new development reported in the Pentagon’s *Soviet Military Power 1987* converges on *EIR*’s 1985 analysis, unique at that time.

For example, in the critical area of the Soviet ABM break-out, the declassification of U.S. intelligence gathered last October, that the Soviets had completed construction of three new phased-array battle management radars, confirms that

the Russians have in place a network of nine such high-powered radars capable of covering the entire Soviet land mass. Krasnoyarsk, the only one of the radar sites in technical violation of the ABM treaty, is only one of those radars.

This new development—which Defense Secretary Melvin Laird acknowledged in 1972 (when the ABM treaty was signed) to be the component of a nationwide ABM system requiring the longest lead-time to complete—combined with other major advances, allows but one conclusion: that the Soviets are preparing to deploy a nationwide defense soon. Other advances include: 1) their space effort, where 90% is military-related, and an anti-satellite system is already deployed (Weinberger reminded the press that Congress does not even allow the United States to test such a system), 2) their work on lasers and other directed-energy systems, which has involved some 10,000 scientists for over a decade, and has produced a battlefield laser which has been observed blinding pilots and destroying equipment in Afganistan, 3) new Soviet surface-to-air missiles, including the SA-12A (“Gladiator”) and SA-12B (“Giant”), the latter is capable of knocking down intercontinental ballistic missiles (ICBMs). A senior Pentagon official told journalists March 23 that the Soviets are gearing up to produce 2,000 of these missiles by 1996.

Weinberger said that Soviet break-out of the ABM treaty does not mean that the United States should formally abrogate the treaty, because it would “get us involved with all kinds of political issues.” Instead, he said, “the important thing is that we proceed at the best possible pace . . . to accomplish our objective, which is to deploy a thoroughly reliable, effective, defensive system as soon as possible.”

So much for Soviet arms-control offers

by Leo Scanlon

A senior administration official characterized the message of this edition of *Soviet Military Power* as, "The Soviets continue to do what they have been doing, but they are doing more of it, and doing it better." He might have added, the information presented in this issue is sufficient to bury the byzantine arms-control ritual once and for all. The Soviets are fielding a variety and quality of weapons systems which render the ABM treaty, the SALT treaties, and the "zero option" obsolete. Further, this document does as good a job as can be done to demonstrate Soviet intentions as they are revealed by the hard evidence of Soviet military systems, without using the powerful and decisive cultural evidence that *EIR* has developed.

The first page of the report shows no concessions to the propaganda of *glasnost*, or to the illusions of arms-control fanatics, stating forthrightly the purpose of Soviet arms: "to achieve a force posture for the Soviet Union that provides for absolute security as it continues to seek world domination." A central feature of that effort is the deployment of "survivable land-based and mobile theater and strategic nuclear forces [which] markedly increased the U.S.S.R.'s confidence that the West now faces tremendous destruction regardless of which side initiates nuclear strikes. . . . The Soviets view these developments as hastening the day when nuclear weapons might only be useful in deterring other nuclear weapons, rather than as a credible deterrent to conventional attack." In short, the era of Mutually Assured Destruction (MAD) and the arms-control theories it spawned, is over.

The consequences of this are particularly acute in the European theater, where an array of new weaponry has been deployed which indicates that Soviet planners are confident that they can overcome the deterrent threat of nuclear weaponry, and will soon be able to prevail in war in that theater *whether nuclear weapons are used or not*. The academic debate over whether Marshal V.D. Sokolovskii has been "overthrown," in favor of a conventional war doctrine, is swamped by the evidence that the Soviets do not consider nuclear deterrence an immutable law of nature, and their ground forces, air defense systems, and ABM capabilities have reached a stage of development which fully supports

He stressed the differences between the U.S. and Soviet systems, which allow the Soviets to build up their military without any public debates on their commitment to comply with treaties. "You don't need to read a speech to the Senate for four days to prove that . . . the Krasnoyarsk radar is a clear violation of the ABM treaty under any kind of interpretation," Weinberger noted. Sen. Sam Nunn (D-Ga.), had given a four-day speech to the Senate the week before, arguing for a "narrow interpretation" of the ABM treaty as a tactic to effectively kill the U.S. Strategic Defense Initiative's equivalent to the Soviets' ABM preparations.

Weinberger added, "We have not heard any debate or any discussion in the Soviet Union about whether or not their research program is confined to a narrow interpretation or anything of the sort. . . . I believe it is essential for all free peoples to realize not just the size of the Soviet military establishment, but to understand the systematic factors which facilitate their ability to commit so much of their national output to supporting this kind of military build-up. We have to consider the difference in the political systems of the two countries—a system the Soviets say will ultimately prevail over ours and over everyone else's in the world. That kind of system fosters the growth of military power and is sustained by Soviet military power."

Under this system, he noted that over the last 10 years, the Soviets outproduced the U.S. in ICBMs "about four-to-one." He added, "In surface-to-air missiles, they outproduced us almost nine-to-one. In fighter aircraft, they outproduced us more than two-to-one. And in tanks, they outproduced us more than three-to-one."

The senior Pentagon official noted the day before that the most ominous feature of the Soviet offensive build-up is their commitment to "mobility and hardening" of ICBM targets, making a U.S. deterrent against Soviet ICBMs virtually impossible. To achieve this, the Soviets are moving into their fifth generation of ICBMs, with new models including at least 100 new road-mobile SS-25s, the deployment this year of the rail-mobile SS-X-24, and highly accurate follow-ons to the SS-18, and the long-range intermediate missile, the SS-20. The SS-20 has a 5,000-kilometer range now, but without one of its three warheads, it attains the range of an ICBM.

Both Weinberger and the senior Pentagon official threw cold water on the administration's offer for a "zero-option" treaty to remove intermediate range (INF) missiles from Europe. Weinberger did this by noting the ICBM-range potential of the SS-20 (the principal Soviet INF missile in Europe), and also by noting the costliness of the treaty at a time when budget considerations are foremost on the mind of the administration and Congress. Weinberger said, on the proposal to remove nuclear missiles from Europe, "We have to recognize that that's not a means of lowering the defense budget. To maintain deterrence, we will have to do some addition. The sad fact is that conventional strength is much more expensive than nuclear strength."

the classic assumptions of Soviet military planning, whose first principle is "the primacy of the offensive."

"The Soviets recognize the catastrophic consequences of global nuclear war," the Pentagon analysts point out. "None-theless, they seek to survive and prevail in such a conflict. . . . A future war will consist of strategic attack and defense operations and campaigns in continental and oceanic theaters conducted in accordance with a common goal and strategy. . . . Great importance is attached to the initial phase because it would largely determine all subsequent actions. . . . Following nuclear exchanges, the Soviets anticipate that combat at all levels would continue, possibly for a protracted period. Their doctrine stresses the reconstitution of remaining forces and the continuation of the offensive where possible, despite heavy losses and widespread devastation. . . . This belief accounts for the extraordinary attention paid to the overall mobilization capability and to the perceived requirement for a rapid transition of high-level political-military control organs from a peacetime to a war-time footing."

In this light, the Soviet arms-control strategy is presented as a military, and not a diplomatic, policy. In all of Gorbachov's flashy negotiations, at Reykjavik and elsewhere, Gen. S. F. Akhromeyev, chief of the General Staff, is ever close at hand. *Soviet Military Power* points out that the main goal of Soviet arms-control strategy "is to control the pace of force modernization in the west, as well as to block certain programs, such as the SDI." To that end, Gorbachov has "intensified the U.S.S.R.'s campaign to divide the U.S. from its allies, floating a wide range of arms-control proposals designed to pressure the U.S. to accept an arms agreement beneficial to the U.S.S.R." Again, for all purposes, the Soviets consider themselves free, in the medium and long term, from the previously existing deterrent threat of nuclear weapons, and are thus able to offer any terms they need at the bargaining table, as the entire process has now become a political game.

The much ballyhooed *glasnost* ("openness") is evaluated in the same light—"a fraud," according to the secretary of defense. "These policies do not represent a fundamental alteration of the Soviet central planning system," the Pentagon report states. "They are designed to raise capital and labor productivity through improvements in the management and worker incentive systems and, most important, through a major technological renovation of the country's industrial base. . . . The focal point of investment is the machinery-producing sector—the source of new capital stock, consumer durable goods, and military weapons and equipment. . . . The Soviet goal is a more modern, productive economy that will support advances in military technologies and generate sufficient growth for military outlays to increase without absorbing an ever larger share of GNP.

"Other initiatives undertaken by the leadership reflect a desire to reform the Soviet system within the existing framework. The dominant theme of Soviet social policies is the

need for greater discipline and order. This theme has taken the form of a renewal of the labor discipline campaign popularized under Andropov and a crackdown on corruption and alcohol abuse. Gorbachov's attack on corruption and inefficiency within the Party elite is part of a larger effort to transform the Party into a more dynamic organization that can better control the development of Soviet society."

As for *glasnost* itself, "This approach is more stylistic than substantive. It largely reflects the new leadership's more sophisticated use of propaganda and the foreign news media to influence international public opinion."

Strategic nuclear forces

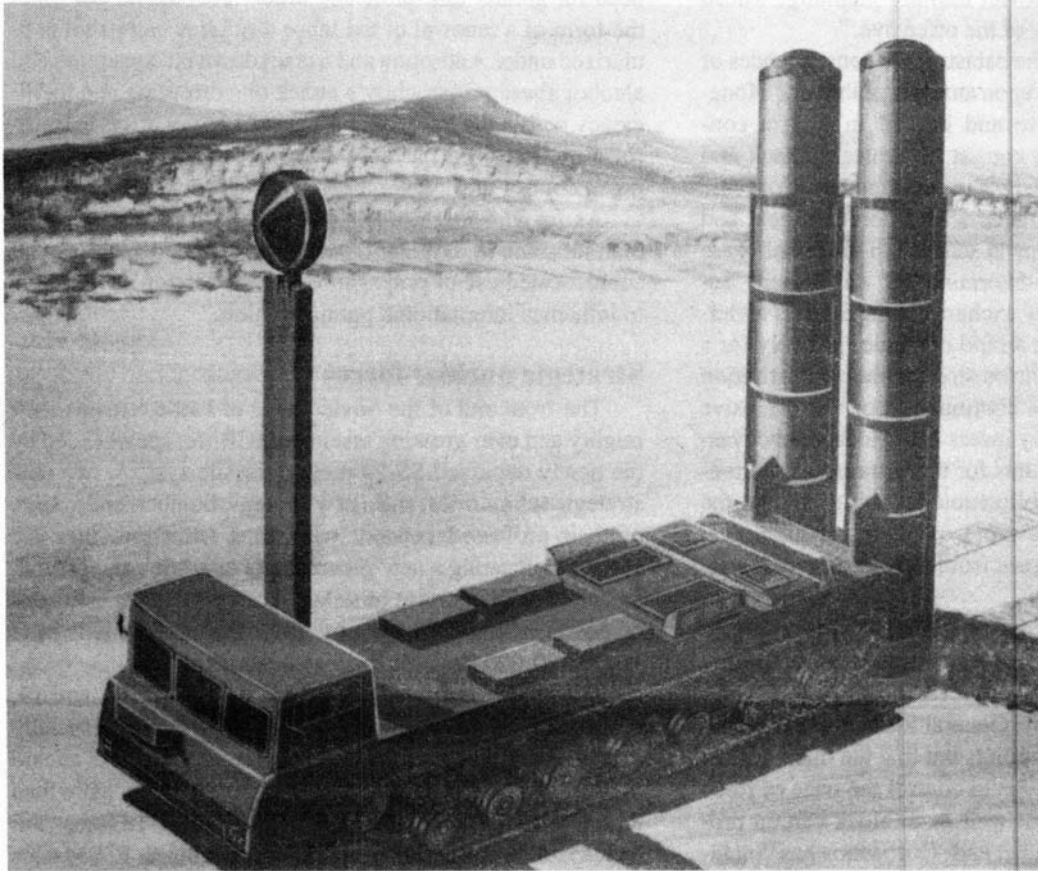
The front end of the Soviet order of battle remains their mighty and ever growing arsenal of ICBMs, spearheaded by the newly deployed SS-24 mobile missile system, two new strategic submarines, and a new strategic bomber; and in spite of their professed concern with arms reduction, they are currently preparing a new generation of air-, sea-, and ground-launched nuclear cruise missiles. According to the estimates of *Soviet Military Power*, by 1996 the Soviets will have 16,000-20,000 strategic nuclear weapons.

The land-based missiles include the SS-17, 18, and 19, the most modern being the SS-18. This missile officially carries 10 MIRVed warheads, each larger than those aboard the American MX; unofficially, it can carry many more than that. Even at the conservative estimate, the SS-18 force "has the capability to destroy 65 to 80 percent of U.S. ICBM silos using two nuclear warheads against each. Even after this type of attack, more than 1,000 SS-18 warheads would be available for further strikes against targets in the U.S." The Soviets are now flight testing an even more accurate replacement for the SS-18.

The SS-24, a rail mobile system which can be hidden in any of thousands of tunnels on the Soviet rail system, is another piece of evidence that Soviet promises of verifiable missile reductions are frauds. In fact, by 1996, the vast majority of Soviet strategic weapons will be either mobile, or in silos hardened four to five times tougher than the silos protecting the American MX "Peacekeeper" missile. Further, *Soviet Military Power* points out that the road mobile SS-25, a single-warhead, easily retargeted, and highly survivable system, is the perfect reserve weapon for a war characterized by protracted operations—such as is envisaged by Soviet doctrine. There has been a 30% increase in the number of SS-25s reported in this edition of *Soviet Military Power*.

By the 1996 target date, the Soviet submarine-based warheads will account for 30% of their arsenal, and will be in subs considerably quieter, and supported by extremely low-frequency communications systems, a combination which makes the now-operational DELTA-IV submarines "almost as responsive as an ICBM for destroying time-critical targets."

The Soviet submarine force and strategic bomber force are looking forward to deployment of highly accurate cruise



Department of Defense

The mobile SA-X-12B/GIANT, now in development, can intercept aircraft, cruise missiles, and tactical ballistic missiles, and possibly some strategic ballistic missiles.

missile systems which "will allow targets to be struck with greater precision than ballistic missiles are currently capable of obtaining."

Expansion of strategic air operations

The Soviets continue to produce two strategic bombers, the Backfire (120 this year) and Badger (10 this year), and are stationing these cruise-missile carriers in an ever-widening arc of bases outside of Soviet territory, in order to provide cover for expanded Soviet naval operations and to threaten U.S. defenses from the Philippines to Alaska. The most recent revelations concerning this threatening action came from the commander of the Pacific fleet, Admiral Lyons, who reported on the Soviet build-up at Vietnam's Cam Rahn Bay. This former U.S. naval installation is the eastern end of a line of naval air bases swinging over to Dahalak on the Red Sea.

A second tier, or far perimeter of Soviet naval air operations, could be defined by the arc from Cuba to Angola to the planned Soviet facilities in the South Pacific. Heavy Soviet diplomatic and trade activity in Vanuatu is aimed at establishing such a base, and would be complemented by Soviet efforts to strengthen their foothold in southeast Africa.

Soviet bomber groups have been practicing assaults on the Japanese islands, U.S. naval groups operating in the

Pacific, the Philippines, and have engaged in a record number of intrusions of U.S. air space over Alaska. These bombers have been observed to be uploaded with air-to-air missiles, an indication of the hostile intentions of the Soviets in these areas.

These long-range capabilities are complemented by the deployment of the SSC-X-4 GLCM and SS-NX-21 SLCM, which are now being flight-tested. In addition, the SS-20 will be complemented by a new, highly accurate version of the missile, which will be added to the existing 441 launchers. This system is capable of reloading, and Soviet forces have been observed exercising the capability in all of their reloadable systems.

In the area of short-range ballistic missiles, the report states, "The constantly improving accuracy and warhead capability of the shorter-range missile, its short flight time, and its relative invulnerability in flight, make it an ideal strike weapon. . . . The Soviet commander will be able to launch a devastating attack to the depth of the theater rear." What this means on the map is simple: The Scaleboard missile reaches the majority of Western Europe when deployed from Pact territory, and it and the SS-23 cover all of Europe under conditions of an advance into NATO territory.

The DoD reports that the Soviets have pushed a massive research effort into advanced air/fuel explosive ordnance (a

program the U.S. dropped 10 years ago), and breakthroughs in this and related areas make the threat posed by the SS-21, SS-23, and Scaleboard missiles, a very formidable one. These conventional explosives are so powerful, that when coupled with the pinpoint accuracy soon to be available for these missiles, they represent a threat equal to the nuclear systems the Soviets have so graciously offered to remove from Europe. When asked if this means the zero option is a bad idea, a high-ranking DoD official tersely remarked, "You could conclude that."

There is a further threat posed by these systems which is described in gruesome detail in the *Soviet Military Power*: biological and chemical warfare capabilities. The Soviets have devoted enormous resources to an array of research into chemical weapons systems and the life sciences, which has yielded breakthroughs in both areas. In the area of biological weaponry, it is pointed out that the Soviets are capable of engineering biological agents which could not be countered unless the "code" used to build them were known. The scope of this effort is illustrated negatively by the account of a major accident at the Sverdlovsk facility which was engaged in the production of deadly Anthrax.

A graphic demonstration of the chemical warfare capabilities of the regular and reserve units was demonstrated by the prolonged clean-up operations which these units handled during the Chernobyl nuclear plant disaster—a capability which, needless to say, does not exist in any form in the West. Mobile decontamination systems capable of accompanying troops on the march are also pictured in the Pentagon's report.

Ground forces

This area deserves a more detailed treatment, which will be the subject of future articles, because the trend in this area is not characterized by startling leaps, but rather by a relentless accumulation of offensive armored systems which can be upgraded *en masse* by specific technological developments. The most recent example of this is the reactive armor now found on the T-80, the Soviet main battle tank. This technology, and the superior work done by the Soviets in the field of ceramic armor, pose a threat to NATO anti-tank weapons across the board.

Defensive systems

The Soviet apparatus for conducting a global offensive, which has been summarized above, is backed up by an equally formidable array of strategic and tactical defensive systems, based on land, sea, and most importantly, in space. A detailed description of the way these systems interact will be provided to our readers in future articles; for now, it is important to stress that *Soviet Military Power* illustrates in detail the fact that the Soviets have developed the most advanced and powerful air defense capability ever seen. There are 11 major different systems, which overlap coverage of the Soviet mainland and their advancing columns, and in combi-

nation, are capable of defending against the full array of NATO weaponry.

Additionally, the Soviet air forces underwent a major reorganization which emphasizes their air intercept capabilities. This is particularly oriented to countering the NATO strategy of striking deep to disrupt Soviet second-echelon forces in the event of a Soviet attack. Soviet defense in depth of their rear areas is designed to guarantee the success of their offensively deployed theater armies. The Soviet air forces are now deploying their own AWACS system, and have developed an air refueling capability which significantly extends the range of their fighters.

Soviet Military Power points out the most important feature of the developments in anti-air missile technology: There is no practical distinction between systems which are directed against air threats, and systems which can intercept ballistic missiles. Technologically, the ABM treaty is a dead letter.

A typical example of this is given by the hints the book provides about the advanced state of development of Soviet tactical laser weapons. Pilots and ground personnel of third countries (Afghanistan and others) have been irradiated by lasers which have caused eye damage and severe burns. These are probably radars designed for target illumination, but DoD officials point out that it is a very small jump to power levels which would be true laser weapons, and emphasize that we will see this very soon. Similarly, the well-publicized Soviet development of a nationwide ABM radar system, symbolized by, but not limited to the Krasnoyarsk phased array radar, is detailed by the Pentagon. The radars represent the long lead item in such a system; various ABM missiles and mobile launcher systems (such as the SA-X-12B GIANT) are in series production. This leads to the conclusion stressed by Secretary of Defense Weinberger at his press conference releasing the report: The Soviets have broken out of the ABM treaty.

The book devotes many pages to a discussion of the military purposes of the Soviet space program, and emphasizes the crucial role of the MIR space station in that regard. The short-term value of the station is key to developments in the SDI program, but the Pentagon publication warns that this is a jumping-off point for a Soviet move to Mars, now in preparation, which they will undertake no matter what the cost.

There is sufficient material in the book to warn anyone who believes that Soviet production and technology problems guarantee the security of a complacent West: There are no major scientific or manufacturing areas where the Soviets are not capable of producing a world-class product, at least in quantities sufficient to meet their military needs. There are many areas where they exceed the West, including in technologies we are unfamiliar with. There is only one real response to this challenge, and that is a full mobilization of the now moribund economic and technological capacities of the Western economies, the only threat the Soviets could possibly consider serious.

García captivates Mexico as bank deal teeters

by Hugo López Ochoa

Peruvian President Alan García captivated the Mexican population with his energy and ideals of a "Latin American Revolution" that will bring about a new just world economic order, in a state visit to Mexico that ended just as the bailout package that was to seal the Mexican government's deal with the international banking fraternity began to fall apart.

"I am not here to tell America what to do," García told the Permanent Commission of Mexico's Congress March 24. "I am here only to say, what we are trying to do in Peru." He continued: "We have proclaimed a nationalist government, following the express mandate of the Mexican Revolution, so that we are not subjected to the appetite of the foreign banks, so that bank accountants do not become our country's lawmakers, so that the interests of the most powerful do not wipe out our country's chances at development. The Peruvian President thus spoke what was on every Mexican's mind, and caused a remoralization of the population that has been put through the International Monetary Fund's meatgrinder for several years."

On March 20, Mexico's Finance Minister Gustavo Petricoli had signed an accord with the creditors of the more than \$100 billion Mexican debt, a promise to grant a \$7.7 billion credit for 1987-88, after postponing the signing of the credit for eight months and delaying concessions in interest-payment terms. By March 27, the accord began to fall apart, as the British, Swiss, and Canadians threatened to pull out of the package, claiming that the U.S. banks could not come up with the amount they were supposed to contribute.

The end of the illusion of a Mexican "package" which was supposed to dampen the popular clamor in Mexico for anti-IMF measures on the Peruvian or Brazilian model, came as Alan García concluded his visit. Brazilian President José Sarney's declaration of an indefinite moratorium in interest

payments on Brazil's debt, and creditors' continued stalling on the jumbo loan, was the context in which President Miguel de la Madrid finally set the date for the García visit after nearly a year of postponements.

In the joint resolution that came out of García's meetings with de la Madrid, commitments are established for joint economic, trade, and technology transfer arrangements between the two countries, especially in oil drilling technology. These could take on great importance in the period ahead, if Mexico decides to join the movement for integration of Ibero-America so eloquently advocated by President García.

Schiller Institute organizes welcome

The green light came for García, but Interior Secretary Manuel Bartlett Díaz, the Trilateral Commission favorite to become Mexico's next President, gave orders that no one should "rouse the rabble." The government party's trade unions, busy trying to eek out a few wage concessions from the economic cabinet, organized no reception for the Peruvian leader.

On March 24, the noisy reception organized by over a hundred members and supporters of the Schiller Institute and the Mexican Labor Party outside García's hotel, right before his speech to Congress, was reported in all the media in Peru. Several days of mobilizations in support of García by the same organizations were reported in the national and local press in Mexico, and in Peru.

The crowd chanted, "With America united, the banks are lost" and "Juárez and Alan, are already in history," referring to Mexican President Benito Juárez, who declared a debt moratorium. Huge banners with the slogan that has become famous throughout Ibero-America, "Neither Kissinger, Nor Gorbachov, Long Live Alan García!" and "Long Live Peru!"

Long Live Brazil! Ibero-American Integration Now!" shaped the environment for the Peruvian leader's address. Several radio, TV, and press accounts reported on March 26: "Alan García captured the attention of Mexicans."

In speeches before the Mexican Congress, to President Miguel de la Madrid, and at various public events, García evoked the memory of Mexico's War of Independence against the Spanish empire (1810), Benito Juárez's war against the Hapsburg-led invasion (1862-67), and the 1910 Mexican revolution against the dictatorship of General Porfirio Díaz, all of which stand as models of Ibero-American liberation.

García shakes up Congress

President García told the Mexican Congress: "To make law for the people means . . . that we have the right to our own industry . . . that we must not squander our dollars buying abroad what this people of America can produce . . . to understand that it will not be foreign resources nor foreign credit which will raise us out of poverty, but that we will rise out of poverty by reactivating the economy; and the economy will only be reactivated when there is a people that consumes, a people that eats, when there is a people that takes better care of its health, dresses, and educates itself better."

Many congressmen had tears in their eyes when they heard García insist: "I refuse to forget the example of the Mexican Revolution as an example. . . . I refuse to feel that they can make us submit, by making us think they are very powerful because they have bombs and money." Later, turning to the chairman of the Permanent Commission and head of the Senate, Antonio Riva Palacio: "I say that we have a greater power, the power of our cultures. . . . I have come to say, sir, that we are not speaking of Peru, we are speaking the name of America and not out of pretension or arrogance. Let us then speak the same language, this has to be the language of the future, and we are going to rip the cobwebs and break the paper tigers that scare some people."

García had started by throwing out the challenge: "All the peoples of Latin America understand and know that democracy cannot be the work of one single country, and to call ourselves democrats without the traditional borders of our lands, means to assign to democracy a precarious and sometimes fleeting role, and to speak of nationalism inside our borders, is sometimes to betray the profound sense of authentic nationalism."

"To make laws means to make laws for the people and with the people, and to grasp above all that the will of this people is gathered in its Congress. . . no letters of intent [can] outweigh the Constitution and the will of this people so united."

The legislators waited to the end and then leapt to their feet shouting "Bravo!" and "Viva" when the Peruvian President concluded: "I come to this parliament because it represents a people, and in the name of the people of Peru, I say to you, we are going to make a revolution together. Not the

Mexican revolution. Not the Peruvian. We are going to make the Latin American Revolution. We are going to consummate the union that will be freedom."

A few days earlier, President de la Madrid had chaired an assembly of the ruling Revolutionary Institutional Party (PRI), set up to achieve a "national unity" consensus around his policy of making deals with international banks. As Alan García spoke to the Congress, many people must have had in mind the image of Finance Secretary Gustavo Petricioli, who at that very moment was assuring the banks that Mexico "will not act in an irresponsible way," at a meeting of governors of the Inter-American Development Bank (IADB) in Miami.

Alan García scrupulously avoided journalists' probes to try to set him off against President Miguel de la Madrid on the debt issue. "What Mexico does in accord with its people, its political system, and its President, is done well," he repeated various times. What counts is to lay the basis, focus the attention of Mexicans outside their national borders, and have them look southward. "What matters is that Mexico is a leader against imperialist intervention and in the fight for peace in Central America," he said several times.

Contadora summit

At a press conference on March 25 after his last round of talks with the Mexican President, García announced that "at the initiative of President Miguel de la Madrid, a summit will be convened of heads of state of the members of the Contadora Group and the Support Group," the eight biggest nations in the region.

The joint communiqué issued that day began by asserting that "the independence and sovereignty of all of our nations are at stake in Central America." To meet to discuss this conflict can only lead to discussion of the need for economic development. Then it states that "the foreign debt is one of the major obstacles for the growth of the Latin American countries . . . [an] expression of the unjust international order. . . . We reaffirm our will to honor our obligations, but assuring first the priority right of our peoples to economic and social development."

The resolution includes a paragraph establishing the need to adopt joint measures "to coordinate the fight of our governments against drug trafficking to promote a concerted international effort" against this scourge.

Various parts underline the need to integrate the region. "We think that today it is more imperative than ever to renew the historical mandate to create a Latin American community of nations, for which it is necessary to reorient conjunctural interests and short-term vistas in order to consolidate regional integration and to collectively and with solidarity confront the problems of our time and the challenges of the future," one part said. "We consider that the common culture of the Latin American is a force that will have to advance this unity and get us on the path of a process of integration."

Sorry about that, Shimon

by Lyndon H. LaRouche, Jr.

The Democratic U.S. presidential contender wrote the following article on March 25.

The telephone rang. I had to interrupt my presidential campaign to address Israel's current problem. For poor Israel's sake, I shall stick my neck out once more.

The question currently on the mind of Israel's patriots, is, stated most bluntly: How does Israel arrange to have the triumvirate of Shamir, Peres, and Rabin slip discreetly into political retirement for a while, without creating a situation in which Ariel "Sammael" Sharon and David Levi unleash their hungry hounds of Hell upon the poor country?

The background to the problem is this.

About 1967, people connected to organized crime's Meyer Lansky began moving in on Israel and the U.S. Central Intelligence Agency, simultaneously. Prime Minister Golda Meir not only threw Lansky out of Israel, she bounced him around half the world, into a waiting Florida investigation. Nonetheless, Lansky's cronies more or less accomplished their purpose, both in Israel and the U.S.A.

The result today, is that both governments have been savagely subverted by what are called "secret governments," known today as "Project Democracy" in the U.S.A. Essentially, the "secret government" operating inside Israel is the same thing as "Project Democracy" inside the United States. Essentially, "Irangate" and the Pollard affair are one and the same operation.

Inside Israel, the problem is, that the cronies of the gangsters have most of the money in sight. Lansky's old circle of friends controls the money-laundering side of the weapons-trafficking which is practically Israel's only surviving source of revenue today. With this money, Lansky's old circles have bought "political protection," which means buying up large chunks of the Israeli political system, as well as pretty much owning Sharon personally.

Inside the United States, that means not only Lansky's old Hollywood and other interests. Lansky and his mentor, Arnold Rothstein, were pretty much creations of the Vincent Astor well known to both Teddy Roosevelt's crowd and Franklin Roosevelt. As the case of the Anti-Defamation League's (ADL's) Kenneth Bialkin shows, the old organized-crime network is closely integrated with what is known to insiders as the "Jay Lovestone" apparatus. That includes the League for Industrial Democracy (LID) and the international department of Lane Kirkland's AFL-CIO. This is the AIFLD organization, a joint operation of the Lovestonites and certain bankers. This, together with degraded, mercenary rogues from the old intelligence establishment, is the core of "Project Democracy."

Worse, through connections such as Russian agent Armand Hammer, both "secret governments" have nasty connections to Moscow. Not only is Bialkin's crowd linked to Castro and Moscow through Bialkin's buddy, Robert Vesco. On the ground, in Central and South America, AIFLD and its European-based ICFTU buddies deploy in political support of forces linked both to drug-trafficking and to Moscow.

About everything nasty one could imagine is tied up near the middle of this mess, and one should not be altogether astonished if the ghost of "Sherlock Holmes'" A. Conan Doyle, as well as Robert Graves's "White Goddess" should pop up next. (The Israeli archeologist best qualified to explain those theosophical connections, died surprisingly, regrettably, while reading the Sharon report.)

This "Project Democracy" crowd and its Lansky connections is deeply entangled with the "junk bond" business now threatening to blow out the U.S. banking system from the inside. Also, the Israeli side of the crowd has been running a spy-ring against the U.S. government, pretty much with political protection from elements of the "Project Democracy" crowd. So, the combination of the Ivan Boesky "junk bond"

scandal, the Pollard case, and "Irangate," has threatened to blow up the Israeli triumvirate of Shamir, Rabin, and Peres.

Israel's problem is this. Since Peres refuses to help in exposing the Israeli side of the business, there is very little hope that Israel will clean up the Pollard affair connections as long as the triumvirate remains the government. Unless the triumvirate can be replaced by a government of popular and strong personalities, the fall of the triumvirate could lead to a takeover by the Sharon-Levi combination, which would be like replacing Faust with Mephistopheles.

The Pollard and Irangate affairs are not going to vanish; they are going to become bigger and bigger, especially as one junk-bond and inside-trader swindle after another blows up in major bankruptcies in Wall Street, London, and West Germany. Sooner or later, the pile-up of these scandals means that Israel's triumvirate will fall from power; the harder the triumvirs attempt to maintain the cover-up, the bigger the fall will be when it comes. The grin on the face of "Sammael" Sharon gets bigger and bigger.

The question on the minds of the senior-ranking Israeli patriots is, how to construct an emergency government, not only to replace the "three wise monkeys," the triumvirs, but to prevent Sharon from coming to power.

On principle, it could be done. Ezer Weizman, Abba Eban, former President Navon, and numerous others make up a list of qualified eligibles. The problem as I see it, is that such a government could not be stable unless something is done to make the shekel stable. That "something" would have to be supplied from the United States. If I were President of the United States, a "New Marshall Plan" for the Middle East would be policy, and that would provide Israel a workable alternative to the gun-runners' control of Israel's principal sources of revenues. The immediate problem is, that the United States seems to be incapable of adopting any sort of constructive new policy at the moment, until the raging fight over the "Project Democracy" issue is brought to its proper conclusion.

The stability of a new, patriotic government of Israel depends upon the government's ability to deliver a workable improvement in the sad and worsening condition of Israel's internal economy. An investment boom in industrial and agricultural technologies would do it, especially one tied to cooperation with Egypt. However, unless a new government is able to perform in this way, a significant further collapse of the shekel could create the conditions for Sharon's takeover, and implementation of a form of economy modeled upon the state of Mussolini's Italy about 1935.

For world Jewry, and Israeli most emphatically, the present situation has ominous resemblances to 1931-32 in every respect. Hitler was unleashed by Hjalmar Schacht. Without the 1931-32 financial crisis, Hitler could not have come to power, and the monstrous circumstances suffered by European Jewry during the 1930s and the war would not have been possible. That is the lesson of the Holocaust; don't let a

Schachtian or Keynesian "political solution" to a general financial collapse come into existence ever again. The hyenas and jackals which are inevitably unleashed to herd populations into submission to the policies of a Hjalmar Schacht and August von Knieriem will kill Jews and other handy minorities *en masse*, just because of the nature of such beasts unleashed.

Israel has two acceptable options. One is to create an honorable, patriotic government which is perhaps doomed to be eaten by Sharon's hyenas and jackals. At least, Israel would go down with honor, at least saving the honor of Jewry, which is the least unacceptable of all great tragedies. The other alternative, is to establish such an honorable government, and to succeed.

It is necessary to look directly into the evil eyes of Hitler's foster-mother, either Hjalmar Schacht or the author of Auschwitz, August von Knieriem. If the policies of Schacht become again the Western world's response to the breaking global financial crash, then Israel is doomed in any case. Defeating today's Schachts and von Knieriems, is the key to preventing the rise of new Hitlers. That has been the continuous policy of my adult life, a policy I heartily recommend to Israel's elders today.

For 2,000 years, Judaism survived. For over a decade, European Jews faced Hitler's holocaust. Which heritage should be the basis for Jewish policy today? Shall the Jew resort to those ethics which made Jews a power for good in the world, or shall Israel retreat to a kind of narrow nationalism, pursuing the idea of Jewish national survival by means which are foredoomed to fail? All good and informed people of the world love the memories of Moses Mendelssohn and the great writers of Poland's Yiddish renaissance. The Jew's survival lies in the hands of the Jew's friends, those who believe that the sweet memory of Moses Mendelssohn, for example, is something which must be defended and preserved for the future benefit of humanity as a whole.

That is not only the Jew's fate; it is the fate of us all. Jewry, as a minority, is a microcosm. So is each of us, if we have the sense to know this. As microcosm, and nothing more, we are a fragile, ephemeral existence. We must be something more than a pitiable, existentialist microcosm. We must be, as Friedrich Schiller elaborated this, both patriots and world-citizens. We must be an efficient force for good within the macrocosm. At the least, we must dedicate our individual existence to the good of our nation and its posterity. Yet, no nation can survive unless that nation rises above being something to itself, and finds a necessary purpose for its own existence in furtherance of civilization as a whole. To impart such a noble, higher purpose, efficiently, to the existence of our nation, is the highest, truest patriotism.

Such is the conundrum confronting Israel's internal affairs in today's crisis. The world's decay imperils us? Then, how must the world be altered to minimize, and hopefully remove, this peril?

I propose that leading forces in Israel join publicly with me on the leading international issues which threaten Israel's security today. This will be rejected as "unthinkable" among those guilty of shallow thinking on the subject; it would mean a break with certain among Israel's so-called U.S. supporters, such as Kenneth Bialkin's ADL. However, as Israel's best military commanders know, the best flanks to exploit are those actions which the adversary either considers unthinkable, or has simply overlooked. If the solution to Israel's predicament were to be found among those options deemed easily acceptable, there would be no serious crisis in Israel today.

Begin with a very clear issue: the AIDS pandemic.

In North America and Western Europe, it is regrettably true, that most among the governments and other influential agencies are lying their heads off about the contagiousness of the disease, and the extent of the spread of the infection so far. This monstrous lying is prompted in part by homosexual and other forms of theosophical cults of the sort to which Robert Graves, as well as the late Aleister Crowley and Aldous Huxley had affinities. It is also the result of reluctance of governments to be "panicked" into the magnitude of public health and biological-research expenditures the situation requires. The cults fear that affirmation of traditional family-centered values would lead quickly to a reverse paradigm-shift, thus setting back that "Age of Aquarius" force which earlier supplied us such paragons as Hitler.

Given the population-density of Israel, and also certain characteristics of sections of the total inhabitants of its territory, AIDS is a greater potential threat to the existence of Israel than anything but a nuclear-chemical warfare assault. Stringent public health precautions, including prohibition of certain types of personal behavior, are national-security imperatives. Mobilization of relevant biological research, which ought to be promoted as one of Israel's leading industries in any case, is also a national-security imperative.

Microcosm and macrocosm: This is a global issue of the first rank, in respect to which all who contribute to a solution are indispensable to all humanity.

The world is in the worst crisis Europe has known since the 14th century. The legendary Four Horsemen of the Apocalypse are unleashed, chiefly, by the combined effects of two wicked economic policies, "neo-malthusian" "post-industrial" dogmas, and a revival of the Lombard insanity of the 14th century in the guise of a "floating exchange-rate" monetary system. The only remedy is the establishment of a just world economic order, based on return to policies of fixed parities of currencies, and technological progress in an energy-intensive, capital-intensive mode. Objectively, even those who shriek the loudest, in protest against such reforms, have no choice but to accept this, unless they are utterly demented: The present international financial system is now caught in an accelerating spiral of collapse.

Microcosm and macrocosm: This is the external crisis

which determines the internal economic condition of Israel, at least in the largest degree.

We are in the gravest of strategic crises, faced with a greater peril than during any previous war of this century. Do Jews not remember the Russian *Raskolniki*? Do we not know the cultural imperatives of *Matushka Rus*? It is not nations which are threatened, but the very existence of civilization. The Russian can be contained, on condition that *Matushka Rus* is not gratuitously threatened, and that Moscow perceives she might risk destruction in the case Moscow unleashed an imperial adventure.

In addition to threats from states as such, there is an ongoing destruction of civilization by witchcraft and other lurid and often satanic derivatives of old Chaldean cults of the sort generally classifiable under "theosophy" today. Our children are being destroyed by these cults, to a degree which threatens to render meaningless our attempts to protect our nations from other threats.

I am easily understood, if I speak of the defense of Western European Judeo-Christian culture and civilization. We old ones share certain moral values which we hold to be universal in their application, standards of justice for all nations and persons. If we lose that, which in Israel and elsewhere is associated with the Jewish ethic, we have lost everything.

Decisions of global implications, decisions which will determine the future outcome of all humanity, must be made during the weeks and months ahead. If the right decisions are not made during this period, there will be no chance to do so effectively later on. All men and women of good will must be joined, around the world, in this common endeavor; those of us in relatively leading positions must join together to rally the more numerous to what must be done.

Israel's precarious existence has always depended upon a global movement. Beginning about 1967, the spark began to go out of that movement—the spark of a Jewish conscience, and Jewish ethic, united with the good will of Christians and others. Today, a new movement must take the place of the old, a broader movement for justice for all peoples, within which the Jewish conscience must take its leading place. In this context, the Jew everywhere must be renewed morally, with the pride of bearing and acting upon that conscience.

I have no divine message, to assure that this approach will succeed, but my arm is moved by the faith that it must succeed. The right course of action, so situated in global perspective, must be directed to inspire the jaded and disenheartened to the right fighting spirit for the cause of the good. There lies our only hope of success.

This is the *punctum saliens* for Israel, and for us all. Let us do what must be done, not because its success is guaranteed, but because it is the right thing to do. Let us then mobilize to ensure that it does succeed, goaded by certainty of the catastrophe we invite, if we fail.

The left's assault on Swiss national defense

by Brigadier (ret.) Dr. Friedrich Guenther

Friedrich Guenther, a doctor at law, spent 38 years (1939-76) as a professional infantry officer.

Switzerland's national defense is being challenged by two popular initiatives which ultimately aim at making it impossible. First, the referendum that will take place on April 5, as a result of an initiative taken by the left; it proposes that all major decisions in matters of major programs of military equipment be taken by means of referendums, to give the population the last word in questions of armament; second, another initiative that proposes to abolish the army, and which would be submitted later to the popular vote.

Both initiatives are closely interrelated, and serve the aims which both the ultra-left and their numerous intellectual backers proclaim: They intend to deliver a defenseless Switzerland to any aggressor. The country would thus not be in a position to protect its neutrality and independence, both of which are recognized in international law. One needs little imagination to figure out who is pulling those strings!

In 1979, the Swiss Socialist Party (SPS) had decided, against the will of its leadership, to launch an initiative concerning a referendum on armament. The party leaders had been overwhelmed by the party's left-wing, anti-militarist and pacifist wing. But in spite of strenuous efforts, of the 100,000 signatures required to place an initiative on the ballot, the SPS only succeeded in gathering 82,000. Rather than giving up the whole exercise, the SPS leftists, using methods that are current nowadays, sought help from the ultra-left, such as the Socialist Workers' Party (formerly Revolutionary Marxist League), the Communists, etc., who diligently delivered one-third of the required signatures. By 1983, 111,126 signatures were presented.

The SPS cannot free itself of the spirits it conjured up, and, coyly, squeezed and pushed, supports the initiative under the hypocritical pretexts of "greater democracy," "popular co-determination in armament policies," and "massive cuts in the billions of military expenditures, redistribution in favor of social welfare." Hypocrisy it is, if one considers that defense expenditures in the total federal budget have plummeted from 37.3% in 1960 to 20.5% in 1986, while social welfare outlays have jumped in the same period from 12.5% to 21.5%. Out of total budgetary outlays at federal, cantonal,

and local level, national defense accounts for no more than 9%, a poor fifth in the rostrum, after education, welfare, transportation, and public health!

The SPS makes much hay of their desire to spare and save public money at the expense of defense. But the same Socialists reject the proposed idea of submitting the whole budget to a referendum, as it would probably affect their own "holy cows."

Let no one forget that the Socialist Party, from 1917 to the outbreak of World War II, brutally opposed any national defense, and did their damndest to sabotage defense expenditure and the necessary rearmament, even in view of the National-Socialist danger. A solid skepticism is therefore well-grounded today in front of the arguments of appeasement they bring forth. The Socialists are not even united, for that matter. The leadership of the Swiss Labor Federation, for example, opposed the referendum on grounds that very many jobs would be lost.

The text of the initiative calls for subjecting state funds committed to research and development to referendums, which would make it impossible for Swiss armament to keep pace with modern requirements. In short, the aim is to prevent a balanced, timely, and economic military equipment program. Swiss defense would thus have its teeth pulled out and would become useless.

Contrary to what occurs in many other countries, our Parliament, which is co-responsible for defense together with the Federal Council, also shares responsibility for military programs. The Federal Council's proposed arms program is reviewed by seven committees, and is then twice presented to the National Council [Lower Chamber] and the Council of the States [Upper Chamber], first in the framework of government expenditure for R&D, and next the procurement credits for military equipment programs. This much democracy in matters of armament is unknown anywhere else in the world!

It is obvious that, in the framework of the army's operational doctrine, some armament programs have to remain secret, and the citizen-voter cannot be fully informed about them. He would in that case become the powerless victim of the emotional blackmail of the enemies of the armed forces.

The ultra-left can do without hypocrisy: Their aim, pure and simple, is to abolish the armed forces. This is the aim they pursue with the second referendum—and they have in mind the Sword of Damocles of the constitutional use of army units to defend against domestic revolutionary disorders.

On the basis of those facts and arguments, the Swiss voters will have, on April 5, to inflict a resounding defeat to the hypocrites as well as to the ultra-left traitors who intend to destroy this Peace in Freedom which can only be secured through a strong, well-armed and modern army. The warning issued once by Marshal Mannerheim has lost none of its truth: "Every people has its Army—either its own, or a foreign one!"

No let-up in war on the Vatican

The Pope would like to go to Lithuania, but Moscow has geared up its anti-Catholic campaign there.

Three months before the Pope's scheduled arrival in Poland on June 8, in the overwhelmingly Catholic neighboring Soviet Republic of Lithuania, Moscow is conducting a crack-down against the Catholic Church, exposing once again the sham of Gorbachov's *glasnost* and "democratization" campaign. One of the most cherished goals of Pope John Paul II is a papal visit to Lithuania, which Moscow has repeatedly blocked to date.

"We must strengthen our arguments against religious views everywhere and we must decisively and skillfully dethrone clerical extremism," declared the Lithuanian Communist Party chief, Petras Griskevicius. Speaking at the Lithuanian Central Committee Plenum in mid-March, he said: "We must eradicate all forms of nationalist narrow-mindedness and conceit, nationalism, and chauvinism."

The Lithuanian plenum follows Gorbachov's late-February tour of the Baltic states. Speaking in the Latvian capital of Riga, Gorbachov, praising the role of the Russian "soldier-liberator," signaled the final phase of "Russification" of the Baltic states.

Lithuania, one of the three Baltic republics incorporated by force into the Soviet empire in 1940, has strong Catholic traditions and close historical and cultural ties with Poland. They once formed the Polish-Lithuanian Commonwealth. Ethnic Lithuanians are about 80% of the republic's population of 2.8 million.

The Pope, who closely follows events in Lithuania, was refused permission to go there in 1984 to attend ceremonies marking the 500th anniversary of the death of the nation's patron St. Casimir, who is also patron saint of Poland. He lived in the "most troubled of times" and represents the Polish-Lithuanian Commonwealth's struggle against Russian incursions. He and his father, Casimir IV ("The Great"), King of Poland and Grand Duke of Lithuania, strongly opposed the alliance of the Genoese Pope Sixtus IV with Moscow, warning that recognizing the Russian Czar (Caesar) would mean legitimizing "Moscow, the Third Rome."

This year marks the 600th anniversary of the conversion of Lithuania to Roman Catholicism and its (Jagiellonian) dynastic union with Poland in 1387. (Jagiello was St. Casimir's grandfather). Vatican sources report that the Soviet authorities have announced that no Lithuanian priest will be allowed to leave the country this year—or to attend the anniversary celebrations scheduled in Rome, later this year. No wonder. Moscow has never forgiven the Vatican's refusal to recognize the Soviet Union's wartime annexation of the three Baltic Republics of Lithuania, Latvia, and Estonia.

Moscow's diatribes denigrating the role of Catholicism and Western ideas in Lithuanian and Ukrainian history have become the order of the day. The campaign centers on the argument of official Soviet historians that the roots

of Lithuania's "spirituality" lie in its pagan past and that the "reactionary" Catholic Church—"in the service of imperialism"—has been hostile or indifferent to those countries' interests.

Thus, during the 600th anniversary celebrations (main festivities June 28, 1987) an extensive Soviet propaganda campaign, four years in preparation, will emphasize the "pre-Christian" elements of Lithuania's heritage. Publications prepared include: a history book documenting Papal bulls urging Catholics in Western Europe to participate in the crusades against "freethinking pagan Lithuania"; Romualdas Granauskas' tale, "The Sacrifice of the Ox," about the final days of the last pagan priest in Courland; and a piece by Kreve-Mickevicius which, according to the publisher's brochure, "evaluates critically the introduction of Christianity into Lithuania, revealing that Christian dogmas are foreign to the world view of the common people."

Moreover, Western monitoring sources report "heightened repression" prohibiting Catholic instruction and public religious activity. The *Chronicle of the Lithuanian Catholic Church*, forced underground recently, regularly reports on details of violations of religious rights in Lithuania. The latest issue (71st) writes of Catholic priests and believers becoming subject to increasing threats and harassment by the Soviet KGB authorities. Those sentenced for "anti-Soviet agitation and propaganda" face six to seven years of imprisonment at regime camps or exile. Some have been forced to recant and sign petitions denouncing "reactionary Vatican circles."

The Kremlin is still making unofficial overtures to invite the Pope to Moscow in 1988, but the Pope will only agree if he is allowed to visit both Lithuania and Kiev.

Policy shake-up after Brandt fall

West German political elites are regrouping after Willy Brandt stepped down from the chairmanship of the Social Democracy.

On Monday morning, March 23, Willy Brandt resigned from the chairmanship of the German Social Democrats (SPD). His demise ends a period of 23 years, during which he shaped SPD policy. In these 23 years since 1964, Willy Brandt transformed the traditional workers' party into a transmission belt for the "post-industrialist society." He also transformed the party from the clearly anti-communist organization it was during the 1940s and 1950s, into a mouthpiece of Moscow's views on Germany, NATO, and the future of U.S.-German relations.

Brandt's demise may not shift the SPD party organization to a pro-NATO orientation, nor bring it back to its traditional labor-oriented policy, but it shuffles the cards of the internal SPD games anew. More than that, Brandt's resignation coincides with a debate beginning in West Germany about the shaky future of the current government of Chancellor Helmut Kohl in Bonn. In view of the mounting economic, social, and monetary crisis, and the Kohl cabinet's overt incompetence to handle this crisis, there is a lot of talk in West Germany now about another "Grand Coalition government," modeled on the Grand Coalition between Social and Christian Democrats, which was formed in January 1967 at the peak of the economic recession of 1966-67.

At that time, policy-making elites in the labor unions and industry, in the banks, and in the parties came to the conclusion that the country urgently needed a new, stable government in

Bonn. The only way to have such a government was an alliance of the Social Democrats and the labor movement with the Christian Democrats. As "détente" was the new slogan of the day at that time, the elites also looked for politicians to fit with the "new phase in East-West relations." Once the decision was made sometime in mid-1966, with the required and indispensable consent of the U.S. Eastern Establishment, it was a mere question of time when the government of Chancellor Ludwig Erhard would have to go.

Many in West Germany's elites today are drawing comparisons between the current Bonn chancellor, Helmut Kohl, and Chancellor Erhard shortly before his demise in December 1966. Seen against this background, two developments deserve special attention. First is the resurfacing of ex-Chancellor Helmut Schmidt, ousted in October 1982 and replaced by the current chancellor, Helmut Kohl, in the country's public debate on economics, monetary matters, military affairs and other essentials of policy-making. Much attention is paid these days to what Schmidt, a politician with some economic and military expertise, has to say. Some predict a comeback of Schmidt into official Bonn politics.

The second development to be noticed is mounting opposition among industrialists against the Kohl government's economic policy. The most important statement of critique came on March 23, from Dieter Spethmann,

director at Thyssen Steel Corporation and one of the most influential industry spokesmen of the country. Referring to remarks made on March 20, by Martin Bangemann, the federal minister of economics, that further state subsidies would not be given to "such obsolete industry branches as steel and coal," Spethmann issued a harsh attack which has no precedent in post-war politics in West Germany. He denounced Minister Bangemann's remarks as "absolutely detrimental to the prospects of the steel sector. . . and an "outright menace to our democracy."

"If steel collapses," Spethmann said, "there will be a real economic depression . . . Bangemann brings a touch of 'Weimar' to Bonn." He referred to the collapse of the economy and of parliamentary democracy in the Weimar Republic of Germany (1919-33).

Spethmann's statement threw the gauntlet at the feet of Chancellor Kohl, at a time when his government is facing an eventual nationwide strike of the 142,000 steel workers, of more than 2.4 million organized workers in the metal-working branches, and more than 2.1 million workers in the public service and transport sectors. With a major currency speculation scandal just hitting Volkswagen Corporation, the country's largest auto manufacturer, with a loss of \$250 million, with further disarray in the European Community's monetary and agricultural system to be certain over the coming weeks, Chancellor Kohl's government is facing problems nobody expects it to be able to solve.

Thus, Kohl has arrived where Chancellor Ludwig Erhard was, shortly before his ouster in December 1966. And, to come back to Willy Brandt: His sudden demise removes one of the main obstacles to an eventual new Grand Coalition in Bonn.

Academicians ahoy!

Forty top Russian scientists descended on India to discuss a science and technology treaty.

If the eight-day official visit of Russian scientists, led by Academy of Sciences chief and Deputy Prime Minister Guri Marchuk, produced a mouse, it was not for lack of Soviet effort. The huge Soviet delegation alighted with a barrage of offers of hardware, software, and various types of collaborations, only a fraction of which have been made public. Several rounds of talks were held with their Indian counterparts, led by Prof. C.N.R. Rao, head of the Indian Institute of Science and chief of the science advisory committee to the prime minister, in addition to visiting the key Indian facilities. The academicians also had high-profile press interviews and speaking engagements advertising their wares.

In the end two Memoranda of Understanding were signed pertaining to the holding of mutual science exhibitions in each others' countries during 1987-88. In addition, a "working paper" was initialed which sets out the parameters of a framework for future Indo-Soviet science and technology cooperation, supposedly along India's preferred lines. This framework is to be finalized over the next year.

Areas for future collaboration include biotechnology, immunology (including joint work on AIDS), materials science, lasers, catalysis, space sciences, synchrotron radiation technology, and prospecting for water from deep sources. It was also agreed to strengthen cooperation in basic research in mathematics, earth sciences,

radiophysics, astrophysics, chemical sciences, and ocean science.

According to press reports, projects under discussion are, for instance: pilot plants for production of hormones, production of industrial alcohol by microbial technology, waste treatment, powder metallurgy, diamond production and diamond-film coating technology, crystal growth techniques, production of lasers, carbohydrate chemistry-based technology, and materials processing in space and microwave remote sensing. Ongoing joint work will also be extended in MHD power generation and AC and DC high-voltage transmission.

The Soviet Union is also pushing for expanded student exchanges and a program for joint production of advanced textbooks.

According to Academician Marchuk, computers were a "hot point" of discussion. Himself a top computer technologist and applied mathematician, Marchuk advertised Soviet production of supercomputers with a capacity of 100 million operations/second. Indian computer experts will go to Moscow to see what the Soviets have to offer.

Another press account advertised the breakthroughs possible with joint cooperation in the power sector. Academician Aleksandr Sheindlin, head of Russia's High-Temperature Institute, noted that two new areas of great potential for India are coal-gasification processes to produce synthetic gas and use of solar energy for heating as

well as cooling of building and drying agricultural produce.

The coal-gasification process, Sheindlin said, could be applied for direct reduction of iron ore and in metallurgy. Sheindlin said India could be one of the most advanced countries in the development of coal-gasification technology and its applications.

Speaking in a public forum hosted by the Delhi Study Group, several members of the delegation including Nobel Laureate Dr. Aleksandr Trokhorov, also praised India scientists for their progress in thermonuclear energy, and indicated that Moscow had offered cooperation in fusion "on an equal relation."

Trokhorov also gave top billing to the Soviet Union's highly advanced laser technology—the type being used by the United States in the SDI program, he emphasized. "But we would like to stick to the positive uses of the technology," he said, "and not destroying nuclear warheads as the Americans were planning." Trokhorov said Moscow's great respect for Indian scientists makes possible setting up a joint international space center in India.

But the silence from the Indian side on this proposal, floated by Gorbachov himself during his recent visit, has been nearly deafening. It found no place on the scientists' formal agenda, and was only mentioned as one of the subjects raised by Marchuk with Rajiv Gandhi at a dinner hosted by the prime minister for the delegation in Jammu and Kashmir, where he was campaigning for state assembly elections.

Delegation head Marchuk is reportedly the brain behind Gorbachov's strategy for accelerating scientific and technical retooling of the Soviet economy, and the architect of the plan to set up a network of intersectoral science and technology complexes in the Soviet Union.

Something is rotten. . .

. . . in the state of Rio, where liberals are legalizing the numbers racket, male prostitution, and drugs.

Brazil is fast becoming like the country Shakespeare writes about in *Hamlet*, wrote Rio de Janeiro's Archbishop Eugenio Cardinal Sales in a homily delivered at the end of the annual Carnival bachanalia in March. The archbishop observed that Brazil's conspicuous depravity makes "its authorities lose the support they deserve for their just outcries against their creditors." He concluded, "No people can survive when their moral principles are guarded by immoral individuals."

Nowhere is this more true than here in Rio, where the new liberal justice secretary, Tício Lins e Silva, is creating a Sodom and Gomorrah. In his former position on the Federal Drug Council, Lins e Silva sought national legalization of marijuana consumption and fought those officials who wanted to repress Brazil's rapidly expanding narcotics trade.

Now he has teamed up with the only Club of Rome member in Brazil, Hélio Jaguaribe, to write a plan for the first hundred days of the new state government. The plan calls for a reduction in police action against narcotics traffic, and for the legalization of Rio's unique contribution to the world of organized crime, the animals lottery (*jogo do bicho* in Portuguese).

This gambling method was invented a century ago by the Baron Dummond to finance the zoological park. Gamblers bet on animals with any of the thousands of numbers runners who loiter at designated sites throughout Rio's streets. The money

and the tickets go to a "bank," from which winners are paid. The equivalent of millions of dollars a day are run through this system; and the "bankers" have enough to openly buy up politicians. The money flows are also ideal for "laundering" funds from narcotics traffic.

On March 21, Rio's new police chief announced that *bicho* was now legal in Rio. The angry national justice minister, Paulo Brossard, answered, "The *bicho* game is *not* legal."

On March 24, the Rio police chief announced that the transvestites, who are giving Copacabana and Ipanema a bad name in tourist circles, would now have freedom to operate in a downtown plaza named for the hero of Brazilian independence, Tiradentes. He also offered assurances that hotels and other tourist centers would help their clients get there.

No statements, on the other hand, have been forthcoming on the "Pan Am Connection," in which 100 kilos of cocaine per month were transported on Pan Am flights from Rio to New York. There were 40 arrests in the United States on March 11. Police in Sao Paulo quickly moved in on a modern cocaine-refining lab they had been watching, and made major discoveries in raids on the homes and offices of ring members.

Such was the case, for example, with lawyer Claudio Petenucci, whose office was in the most elegant section of Sao Paulo, with a panoramic elevator and protected by sophisticated

closed-circuit television. Aside from finding cocaine and automatic weapons, computer disks were discovered which, once the access code was cracked by police experts, revealed complete cocaine accounts and the names of at least three banks. According to Sao Paulo police inspector Sergio Fleury, the computer disks gave them "names of very important individuals in Brazilian society, implicated in the drug trade, used to launder the dollars from the sale of narcotics. . . . We expect to soon have very important people giving information to the police," Fleury added.

Brazilian Federal Police chief Romeu Tuma told the Fifth International Assembly on Fighting the Drug Trade in Sao Paulo March 24, "We have noted a tendency of the criminals to transport cocaine as paste to regions where there is a greater supply of ether and other chemicals used in refining." Thus, cocaine refining is increasingly relocating from Colombia, Peru, and Bolivia to Brazil, the only country in South America which manufactures ether and acetone. *EIR* first reported this shift in 1981.

The barrels of chemicals found in the Sao Paulo raids were reportedly sold by two wholesalers in Rio, where there are also reportedly three other major cocaine labs and dozens of tiny ones. But, on this there is nothing but silence.

Rio's Cardinal Sales observed in his March 20 radio message that if *bicho* were legalized simply because it is "a fact of life," then drug traffic would soon follow. "Good men and drug merchants or sellers of chance and sex would stand as equals before the law. And, is there any country which could survive that for long? The apparently immortal Roman Empire fell victim to a virus—perhaps another type of AIDS—which corroded it."

García seeks unified command

The departure for Mexico of Peru's head of state leaves behind military turmoil and continuing coup rumors.

In the week prior to his March 23-26 trip to Mexico, Peruvian President Alan García was obliged to appear on national television twice to deny the insistent coup rumors that still inundate Lima. While things are under control for now, it appears that President García is facing the fiercest destabilization campaign of his 18-month government.

The coup rumors were launched in response to a proposal from President García for the creation of a single defense ministry, to replace the three largely autonomous ministries of the Army, Navy, and Air Force that have existed until now.

In proposing the change, and convoking a special session of the Peruvian Congress exclusively to debate and ultimately approve the law, García argued that his intention is to impose the principle of unity of command, as per the exigencies of modern military practice. He emphasized that the need to enforce such a principle was made most urgent by the state of virtual, albeit undeclared, warfare in which Peru finds itself.

The position of the Peruvian executive was immediately backed by the nationalist wing—both active and retired—of the armed forces, who, through their spokesman Gen. (ret.) Edgardo Mercado Jarrín, endorsed the concept of modernizing the operational structure of the Peruvian armed forces.

These nationalists not only defended the “unity of command” idea, but emphasized that such a restructur-

ing of the military would enable it to serve as a genuine “motor” of national development. By unifying the industrial and technological capacity of the armed forces—which today ranges from light industry to nuclear power—the military could function as the spearhead of an industrial development program for the nation as a whole.

According to polls taken in Lima, at least 60% of the population is in favor of García’s proposal, with 25% opposed and more than 11% undecided.

On March 15, García insisted that opposition to his proposal was based on fear of change, and not rational arguments: “I don’t believe that this proposal is inconvenient; what I think is that it provides for rationality and will modernize our State. . . . There must be a joint, coordinated ministry, budget, and administration, made up of all the resources the country has available. . . . for its defense.”

García went on to note that for too long the Peruvian citizenry yielded to the military as the great arbiter of who would rule and who would not. “I emphatically say: This is part of a history in which the coups and counter-coups prevented Peru’s democratic development. . . . There is a great fear among civilians, among citizens, of touching these matters, but I for one have no such fear.”

The response came on March 19, when 155 former military officers published a statement in the press which, while not formally opposing

the defense ministry proposal, argued that it appeared at an “inopportune moment,” given the serious nature of internal warfare facing the country. The statement insisted that such a “modification” of the nation’s defenses could only be arrived at after careful and global review, and suggested that García’s proposal was in fact an effort to “politicize” the armed forces. The signers explain that their reason for going public is to avoid “political polarization” among active armed forces personnel which would not only act to the detriment of the military’s national defense mission, but to the letter of the constitution as well.

Among the signers is former President, Gen. Francisco Morales Bermúdez, who headed the coup to overthrow Peru’s nationalist leader Gen. Juan Velasco Alvarado in 1975. Sixty of the signers are former Army officers, 47 former officers of the Air Force, and 48 from the Navy.

The visible head of the anti-García elements within the military and ex-military layers is retired Gen. Luis Cisneros Visquerra, who served in the previous government of Fernando Belaúnde Terry. Cisneros Visquerra—nicknamed “El Gaucho” for his affinity with the generals of Argentina’s “dirty war”—has been charged several times with involvement with the fascist Masonic lodge, P-2. The Peruvian press has named Cisneros Visquerra more than once as a protector of the drug trade. He published a statement March 18 giving his full endorsement to the published protests of the 155, and lamented that he was outside of the country at the time and thus unable to sign.

Alongside Cisneros stand such virulent would-be coup makers as retired Navy Adm. Luis Vargas Caballero, who was the author of a frustrated coup attempt against Velasco.

Chad victory: regional shifts ahead

After the fall of Wadi Doum, Qaddafi can no longer dictate to Tunisia and Algeria, and could even be threatened in Tripoli.

The takeover on March 22 of the Libyan military air base of Wadi Doum in northern Chad by the governmental forces of President Hissein Habré, has not only rung the death knell for Qaddafi's dreams of a "Sahelian Islamic Caliphate," but is calling into question his own future as Libya's leader.

The victory followed nearly three months of continuous military operations. In January, the city of Fada, north of the 16th parallel, was taken back from the Libyans, who had held that southernmost garrison since 1983. In the battle of Fada, hundreds of Libyans were killed or captured. In the ensuing weeks, while Habré consolidated his position there, other Chadian units were redeployed to the north of Chad in the Tibesti mountains, and others slowly moved forward in the Central Desert toward Wadi Doum.

Wadi Doum was artificially built by early 1984 by East German technicians, as an air base with a 3,750-meter runway accommodating the Antonov transport plane and allowing Libyan bombers to cross the 16th parallel. In February 1986, French jet fighters destroyed the runway as well as its anti-aircraft batteries. It was rebuilt by the East Germans in October. When Habré's forces took over Wadi Doum on March 22, only the pilots of Soviet MiG and Sukhoi fighters had time to flee, leaving behind some 11 Marchetti bombers, a couple of Antonovs, a few helicopters, and numbers of missiles and Soviet-made T-55 tanks. In the battles leading to that victory, more than 1,500 Libyans were killed and as many taken prisoner.

Libya's most important base of Faya Largeau is expected to fall next. As early as March 24, columns of Libyan soldiers withdrawing toward the Tibesti were spotted. Tripoli's decision to order 2,000 troops stationed in the Darfur western province of the Sudan to cross into northern Chad to come to the rescue, led nowhere. More of these units decided to cross back into Libya, rather than confronting the Chadians. With the fall of Faya Largeau, Libya will be back to its 1983 position of occupying only the Aouzou strip in northern Chad, across the Tibesti mountains.

What led to such rapid military changes was the step-up in American and French military support to the government of Hissein Habré, since Defense Secretary Caspar Weinberger visited Paris last November. Though the Chadian government has always been denied an appropriate air-cover and its own air force, its army has been widely equipped with ground-to-air anti-aircraft missiles, as well as the Franco-German "Milan" anti-tank missiles which reduced to rubble the Soviet T-55 tank.

Qaddafi's own follies played a significant role too. In the last six months, the military command of the Libyan forces in Chad changed at least three times. Many are still wondering about the whereabouts of Colonel Ar-Riffi, who was stationed there for more than three years. The changes stemmed as much from Qaddafi's desire to crack down on the army as the only institution able to oppose and replace him, as from blaming local military com-

manders for his stupid orders. With no effective military leadership, the Libyan army has been more and more turned into a stew of regular soldiers, mercenaries from the "Islamic Legion," and thousands of Chadian immigrant workers who were impressed in Libyan factories and sent to the front, without any training—nor the will to fight. For Qaddafi, who had tried to hide his occupation of northern Chad under the thin cover of an "internal Chadian conflict," the defeat suffered by his "Libyan" army has wide-ranging impact—not the least being a slap at his racial beliefs that Libyan Arabs were superior to Black Africans.

No one can yet predict how this will affect things inside Libya. Observers do not rule out that Qaddafi may yet find a scapegoat, and another trick. However, he is very alone. On March 23, as the debacle of the Libyan army went into full swing, Qaddafi appealed to Moscow, announcing his readiness to join the Warsaw Pact and let the Soviets station nuclear missiles on his territory. On March 25, this was ridiculed by Soviet government spokesman Boris Pyadyshev, who said that such a "proposal has never been considered."

Moscow may use the occasion to send Qaddafi to another long period of meditation in the desert while Abdul-salam Jalloud takes actual control of the country.

There is no reason for the Algerians to continue rapprochement with a weak Libya. Even the Tunisians, who had fallen under political and economic blackmail by Tripoli, are expected to revise their policies of reconciliation. One opportunity afforded by the situation would be for the Libyan opposition to finish what the Chadian government has begun, by overthrowing the regime.

International Intelligence

Schmidt, Giscard present plan for European Union

An initiative for a European monetary and political union was presented to the press in Bonn on March 19, by former German Chancellor Helmut Schmidt and former French President Valéry Giscard d'Estaing. The two were speaking on behalf of the Committee for a European Currency Union of the Inter-Action Council, a group of 70 former high-ranking government officials of 15 Western countries, which had met in Rome the week before.

Schmidt and Giscard called for measures to secure the economies of Western Europe from monetary turbulence. They recommended that the European Currency Unit (ECU) be turned into a fully convertible currency for trade and commercial credit in Western Europe, and that a European central bank be created.

Schmidt had discussed the project with three days earlier with French President François Mitterrand, and reported "full agreement on the main issues" between the two. He and Giscard will tour other European capitals to discuss their idea.

The day after their press conference, Schmidt and Giscard attended a meeting of the Committee for a European Currency Union in Bonn. Schmidt ridiculed the recent Paris agreements of the Group of Six (the "Louvre agreements"), warning that the Europeans were putting too much trust in the prospects for stabilizing the dollar.

Briton views Gorbachov: 'Russia first, dogma last'

David Watt, the former director of the Royal Institute of International Affairs, wrote in the March 20 *Times* of London, that the Soviet leadership is not Marxist-Leninist, but represents a continuity of Great Russian traditions. In the article, entitled "Russia first, dogma last," Watt cautions that British Prime Minister Margaret Thatcher might be misguided, while preparing for her upcoming trip to Moscow, by so-called right-win-

gers, as well as left-liberals, as each attempts to analyze the U.S.S.R. in a "socialist/communist" paradigm.

"Marxist-Leninist doctrine is no longer anyone's prime mover, since nobody really believes in it—not even Gorbachov, who hardly mentions it. . . . What Mrs. Thatcher has to bear in mind is not that Gorbachov is a socialist, but that he is a Russian leader. This means his main preoccupation is with permanent Russian national interests and objectives." The main drift of Gorbachov's so-called "reforms," in Watt's view, "will probably be to make the Soviet Union more formidable without altering the old socialist aims a jot. . . . Security comes first, then widening influence, status, and superpower parity. But these are the pretensions that have worried the rest of the world since the early 19th century, and they will continue to worry us, I guess until the end of the 21st and beyond, whoever rules Russia."

Pope points to Church's role in world debt crisis

Pope John Paul II, in a March 24 speech commemorating the 20th anniversary of Pope Paul VI's encyclical *Populorum Progressio*, stressed the relevance of that famous document for the present day, particularly in view of the international debt crisis.

Populorum Progressio, he said, delivered "a penetrating critique both of various forms of liberal capitalism, and of totalitarian systems inspired by collectivism. . . . In the light of the profound analysis of the encyclical, one can see how, in a certain sense, the two systems, which at least in the most rigid forms divide the world among themselves, have certain convergences, which the political confrontation tends to hide."

The words of the encyclical, "development is the new name of peace," now seem to have "a prophetic value. Who could doubt today, the intrinsic connection between the reality of malnutrition, infant mortality, hunger, unemployment, limited life expectancy, international debt, the obstacles to de-

velopment of entire nations, and the precarious situation of any form of peace, on a local, regional and world level? . . . The increase and aggravation of the international debt . . . [proves] that the evangelical message of the encyclical remains valid . . . [and that] especially today the Church has to play a role in this field."

Soviets seek world cooperation on AIDS

Soviet blood donors will be routinely screened for the AIDS virus, beginning "in the near future," announced Dr. Viktor Zhdanov, director of the Virology Institute at the Soviet Academy of Medical Sciences, in a March 19 *Izvestia* article. "It would be a harmful delusion to think that the worldwide AIDS pandemic will skip our country," wrote Zhdanov, although he claimed that only 30 cases of AIDS had been identified in the U.S.S.R.

Zhdanov asserted, motivating this with a desire to stem "various rumors" among the population, that "the disease is not transmitted through ordinary contact, and is not transmitted through food, water, or air. In general, happily, the disease is not very contagious and is not always transmitted even from spouse to spouse." On Feb. 28, however, *Izvestia* had reprinted without comment an interview with Dr. John Seale of Great Britain, published in the Italian weekly *Panorama*, in which Seale called AIDS "a pandemic, which can annihilate 50% of the Earth's population in the next 20 or 30 years," while "the authorities are doing nothing to stop it."

Zhdanov concluded with an appeal for "international efforts . . . intensive scientific research, active offensive actions, a systematic exchange of information. . . . There must be an effective international program of scientific and practical measures, and Soviet specialists are prepared to take a very active part in its development." He said that Soviet virologists were appealing to the World Health Organization (whose Soviet-directed communicable diseases section led the cover-up of the AIDS danger two years

ago) to coordinate the international battle against AIDS.

Soviet advisers said to move into Beirut

Major General Ammon Shahaq, the chief of the Israeli Defense Forces, reports that thousands of Soviet advisers are stationed in Syria, and that some of them have already moved into Lebanon, in the wake of the Syrian Army. According to the Tel Aviv newspaper *Al Hamishmar* on March 20, monitored by the Foreign Broadcast Information Service, General Shahaq told leaders of American Jewish organizations that the Soviet presence was "certainly not for a brief visit."

He noted that Moscow's interest in Syria is no weaker than in the past, and is probably stronger.

General Rogers: Zero option is for 'fools'

NATO Supreme Commander in Europe Gen. Bernard Rogers, in an interview with the *Westdeutsche Allgemeine Zeitung* published March 25, said that Western leaders "were damn fools to accept the zero option"—Moscow's plan for withdrawing medium-range nuclear missiles from Western Europe. Rogers warned that if there were no talks on short-range missiles to follow a zero option agreement on medium-range missiles, NATO would be in a "position worse than in 1979, when we took the double-track decision" to deploy U.S. Pershing II and cruise missiles as a counter to Soviet SS-20s.

Rogers added that he foresaw "problems to be faced by NATO" in the near future, concerning the deployment of 325,000 U.S. soldiers currently stationed in Europe. Rogers said he would place no bets on whether these troops would still be there in five years: "As far as trends are going in the United States, the number of troops could be damned low by then."

Rogers's term expires in June, and it is not being renewed, because of his strongly expressed opposition to the "decoupling" of the Western alliance. He stated that he would prefer not to leave the SACEUR command at this time, since "this alliance is facing very critical years." He added that he thought that the Reagan administration "probably thought that eight years are enough, that someone else should take this post now."

Suspicious deaths among British SDI scientists

Three British scientists, all involved in sensitive defense research related to the Strategic Defense Initiative (SDI), have died or disappeared under strange circumstances during the past nine months, the *Times* of London reported March 19. All three were of Indian Subcontinent origin, and "were dealing with major underwater projects which could help locate submarines at vast depths, and which also have implications for the Star Wars program."

The latest case involves the disappearance of Loughborough University doctoral candidate student Avtar Singh-Gida, who was last seen with a colleague near a Derbyshire reservoir, where they were conducting an experiment on underwater acoustics. Police, reported the *Times*, are particularly concerned about his disappearance, because of his friendship with Vimal Dajibhai, a defense specialist at the Marconi company, who was found dead last August beneath the Clifton suspension bridge in Bristol. In October 1986, another Marconi defense-related specialist, Ashad Sharif, died in an apparent suicide.

British parliamentarians are calling on the government to investigate these deaths, in part because the work the three men were involved in, was in areas in which Britain is well ahead of the Soviet Union. Said Social Democratic-Liberal Alliance defense spokesman John Cartwright: "These deaths and the disappearance are stretching coincidence too far, especially when you consider the sensitive nature of the work these men were engaged in."

Briefly

● **DR. ARTHUR RUDOLPH**, the German scientist who built the Saturn V rocket, was restored to his West German citizenship on March 17. He had been forced out of the United States by a frame-up run by the KGB and the U.S. Justice Department, on unsubstantiated charges of Nazi war crimes. The district attorney in Hamburg has exonerated him of charges that he was involved in the murder of prisoners at the Dora concentration camp.

● **ILYA GLAZUNOV**, the Soviet painter whose blood-and-soil works were exposed in *EIR* on Feb. 27, 1987, has an show in London, where visitors may observe "the mystical bond between a Russian and his Motherland," according to the *Daily Telegraph*. The *Telegraph* assures Britons that Glazunov is no dissident, but a "court painter," whose hero is 19th-century writer Fyodor Dostoevsky.

● **NORWAY** launched a hunt for "foreign" submarines on March 25, after a ship involved in NATO military exercises off the northern coast detected sonar signals. According to *Reuter*, Maj. Gunnar Mjell said: "A Norwegian vessel made contact with an unidentified number of submarines last night. The sonar contact lasted for just a few minutes and several vessels are now searching."

● **A SMALL CIRCLE** at the Swedish foreign ministry runs illegal arms trading, according to Ingvar Bratt, formerly an engineer with Sweden's Bofors company, which has been implicated in "Irangate." Bratt told the daily *Dagens Nyheter* on March 20, "The government does not want to know the truth about the illegal arms affairs. . . . The trail points right into the foreign ministry. This, the government must hide at all costs."

Research & development for the 21st century

Part 28

Ibero-American integration

The capacity for sustained and autonomous development of Ibero-America depends on its being able to reach world stature in the domain of scientific and technological research. Nuclear energy is one crucial area in this regard, both for its immediate productive potential, and for the opportunities for training of personnel that it presents.

This installment begins Chapter 10 of EIR's exclusive translation of the Schiller Institute book, *Ibero-American Integration: 100 Million New Jobs by the Year 2000!* published in Spanish in September 1986. It was commissioned from an international team of experts by the Schiller Institute's Ibero-American Trade Union Commission, to elaborate the 1982 proposal by Lyndon LaRouche for an "Operation Juárez" that will transform the huge foreign debt problem into the springboard for a regional economic boom—and an unheralded world recovery.

Numbering of the tables and figures follows that of the book.



What Ibero-America must do in the area of research and development over the next 15-30 years is defined by our overall parameters for total population, labor force, and economic growth. Specifically, it would be a mistake to try to extrapolate from present levels of either manpower in, or funding for, R&D: This will be totally inadequate for the tasks posed to the region in the 21st century. Rather, we must return to the parameters developed in Chapter 5, in terms of where the continent must be by 2015, if it is to productively employ its labor force.

To recapitulate the conclusions from that chapter: The economically active population (EAP) will increase from about 400 million today to about 786 million in 2015, at a 2.3% annual rate of growth. The economically active population will grow from about 134 million to 323 million, at a 3.0% annual rate. The GNP will grow at an average annual rate of 10%, and manufacturing at 11.3%. To achieve these goals, productivity per manufacturing worker must grow by 5.2% annually, a target exceeded for many years in a row by such countries as Japan. But to do that will demand the same commitment to advanced and large-scale research and development programs that characterizes Japan today. In fact, Japan has surpassed the United States in total number of scientists and engineers engaged in productive research.

These targets for Ibero-America mean that the continent in 2015 will have a population greater than that of the entire OECD today, with an average level of worker productivity as high as the OECD countries today, and average living standards also on the level of these advanced countries. This will be achieved simply by applying today's most advanced

technologies across the board in Ibero-America. But an economic entity of this magnitude requires a research and development establishment also on the level of the OECD today. It would be a profound error for Ibero-America to limit itself to so-called "appropriate technologies," as the World Bank and the Brandt Commission always insist. Nor can our research and development effort be geared toward passively acquiring technologies developed elsewhere, while remaining 20-30 years behind the more advanced countries in the adoption of the most modern technologies. Ibero-America must in the early 21st century become self-sufficient in this most profound of ways: It must be capable of generating its own scientific and technological breakthroughs on a continuing basis.

The application of such frontier technologies on a par with the advanced sector over the first decades of the 21st century, will produce nonlinear leaps in productivity, which will bring average Ibero-American productivity up to the then-existing advanced sector level by the second quarter of the 21st century. In other words, any economic distinction between "advanced sector" or "developed" nations, and "underdeveloped" or "developing" nations will be erased in about two generations' time.

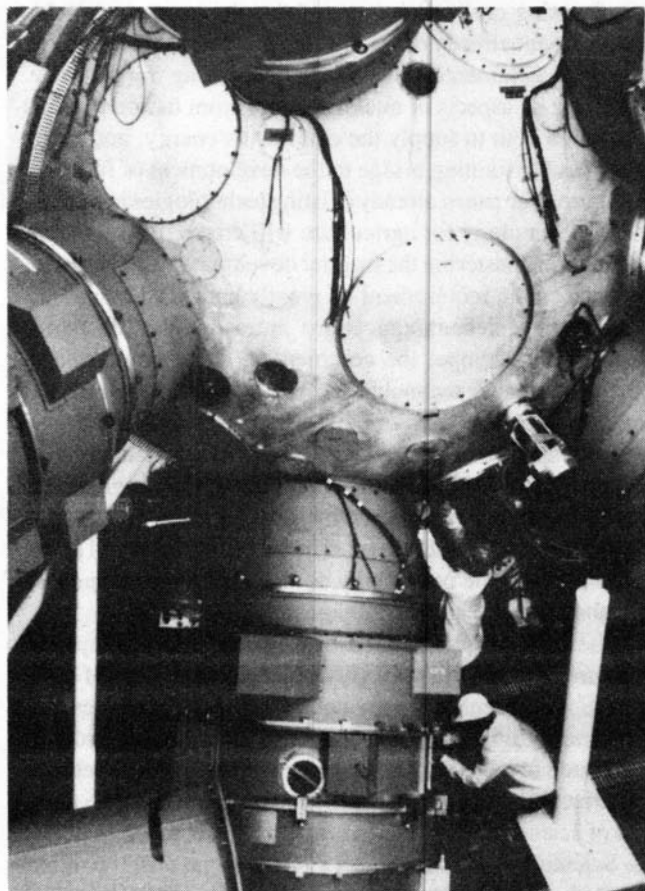
We recapitulate here the four main areas which will be the scientific frontiers of the 21st century, as identified in the Introduction, as these must orient Ibero-America's program for science and technology development.

1) Fusion power and high-energy-density plasmas.

These technologies will transform electric power generation; non-electric energy consumption patterns (through the use of hydrogen instead of fossil fuels); all metal-refining processes and many other industrial processes; and, in the form of the so-called "fusion torch," will permit the low-cost "mining" of every mineral needed by man, directly from ordinary rock or seawater. Fusion energy will harness isotopes of hydrogen which can be extracted from seawater for fuel. Moreover, with heats achieved in the millions of degrees centigrade, thermonuclear fusion reactors can co-generate process heat sufficient to ionize mineral ores, seawater, and garbage wastes, permitting easy separation into elemental form.

2) **Laser technology.** These technologies consist of concentrating very coherent electrohydrodynamic radiation, thus generating very high energy-densities at the point of targeting. They will have many applications, including anti-missile systems and precision machine tooling; there will be lasers extended to all ranges of the electromagnetic spectrum.

3) **Optical biophysics.** This field will use lasers and other forms of coherent electromagnetic radiation to effect a revolution both in medicine and in the application of biological processes to agricultural and industrial purposes. Optical biophysics is an advanced application of spectroscopy to diagnosis and analysis of living processes, permitting everything from observation of living processes at work at the microscopic level (without killing the specimen), to scientific mol-



Laser technicians install diagnostic instruments on the Nova target chamber at Lawrence Livermore National Laboratory. Nova is the world's most powerful laser.

ecule identification. The latter will greatly enhance the range of possibilities and efficiency of so-called bioengineering.

4) **Computer technology.** This field will undergo orders-of-magnitude advances in speed, complexity, and kinds of operations possible, which will be required by the three areas mentioned above, and by other fields.

To be capable of contributing to these areas, and to the subsidiary areas elaborated below, Ibero-America must take steps immediately to expand the quantity and quality of education at all levels, from the primary up to the advanced university level. As indicated in Chapter 5, by 2015, one hundred and forty-five million additional students at the primary, secondary, and higher educational levels will need to be provided for. Simultaneously, the quality of education must be improved dramatically, and the percentage of students entering fields related to science and technology must increase very greatly.

The first phase of the R&D program

Today, however, Ibero-America is further behind in the area of research and development than it is in overall econom-

ic development. The first phase of the required program entails focusing on those aspects of the above research fields that represent already developed technologies that are essential for the continent's development beginning immediately. Mastering all aspects of nuclear energy from fission reactors is required both to supply the continent's energy, and as the only possible training bridge to the development of fusion in the future. The use of already existing technologies in biology and biotechnology for agriculture will create the infrastructure for later mastering the frontier developments in this field. The immediate requirement of greatly enhanced communications and telecommunications infrastructure in Ibero-America will compel the continent to focus on mastering existing computer technologies. The perspective must be to organize present efforts to build up the research and development capabilities of the continent from the standpoint of the identifiable long-term technological breakthroughs, rather than any attempt to proceed by some series of "pragmatic" steps up from the present level. The latter approach will doom the continent to be perpetually decades behind the vanguard in global research and development.

The kind of organization of research and development structure adopted will strongly influence the success of these efforts. At present, not only does Ibero-America invest extraordinarily little in R&D, and has, per capita, an order of magnitude fewer scientists and engineers than the developed countries, but this lack translates into too few absolute numbers of scientists in most areas to do any effective research at all. Scientific research requires a "critical mass" of top minds engaged on the same and related projects in the same, or coordinating, institutions, to make significant advances. In this sense, the per capita figures for scientists and engineers engaged in R&D is intrinsically less important than total numbers of scientists. India, whose per capita number of researchers is necessarily quite small, nonetheless has built up one of the largest total pools of scientists and engineers in the world, and is in fourth place behind the United States, Japan, and the Soviet Union. India does have this "critical mass" for major innovations, in a growing number of areas of advanced technology.

In fact, the Indian example for organizing research offers a useful model for Ibero-America to follow. India, in accord with the guiding concept of Pandit Nehru during the 1950s, has set up a growing network of central research institutes throughout the country. Usually one or two such institutes become the centers for the most advanced research, which in turn organize subsidiary centers in universities and elsewhere in the same fields. The results in little over 30 years are impressive, in which India has its own entirely self-sufficient nuclear energy program, a space program, and many other advanced programs.

In Ibero-America, the diversity of nations dictates that at least a dozen or more advanced institutes in as many fields be set up in various countries, the locations to be determined by existing concentrations of expertise, or by physical re-

quirements, where top researchers from around the continent will work together to create the required "critical mass" to galvanize the research effort. Satellite polytechnic institutes and university centers in each country will be tied into these central research units. Below, we will detail several of the fields most urgently required, although this list is not intended to be exhaustive.

It should be emphasized that the armed forces of the various nations of Ibero-America have a proper and especially important role to play in these high-technology endeavors. The military's principal peace-time function must be to actively participate in the nation-building projects that this book has sketched out, since most breakthroughs will have military and national security—as well as economic—applications.

Nuclear energy

Immediately, long before the continent becomes competent to contribute to the frontier areas of research enumerated above, several strategic areas of the Ibero-American economy demand major R&D investments in order to achieve the projected economic growth.

The first area is that of energy. As shown in Chapter 6, even conservative estimates of total electrical energy requirements in 2015 indicate that Ibero-America will be courting energy disaster if we have not created the infrastructure to switch almost totally to nuclear energy generation by that time.

The effort required will of necessity be a continent-wide one. The Euratom (European Atomic Energy Community) cooperation program begun in the 1950s as part of the European Common Market, is an example of the kind of international cooperation that will be required in Ibero-America. Euratom, created in 1958, established a common market in nuclear fuels and began joint research in areas such as nuclear reactor design. As nuclear energy became increasingly commercialized in the 1970s, Euratom shifted its emphasis more and more to research into fusion energy, with an annual budget of \$170 million, and presently maintains the JET (Joint European Torus) project in Britain, which is the largest fusion test facility on the continent, staffed by scientists from all EC member countries.

Ibero-America must assimilate the experience of Euratom, and create a joint nuclear energy commission that is both larger and more encompassing than Euratom. Because the scientific and engineering infrastructure in this field is so primitive in most Ibero-American countries, the joint nuclear commission of Ibero-America will have to be concentrated not only in research as such, but in helping each country to establish nuclear power plants and train the manpower to operate them. In this regard, Ibero-America has a significant, if still small, nuclear establishment to build on. During the 1950s and 1960s, under the Atoms for Peace program, many countries acquired small research and training reactors and developed cores of 50-100 or more nuclear scientists and

engineers. While the promise of this program was not fully realized, this infrastructure still exists. In addition, Argentina has developed its own nuclear industry much further, becoming the first Ibero-American country to operate commercial nuclear power plants, beginning in 1974, and now plans to manufacture a small reactor of their own design for domestic use and export. Brazil has more recently constructed its first reactors, and Mexico has extensive plans for nuclear power as well, although their first plant, Laguna Verde, is still awaiting completion. All of these programs provide a good basis for the expansion of trained manpower in this field.

To meet the energy goals of the year 2015, Ibero-America must be able by that time to bring on-line each year as much new installed capacity of nuclear energy as the entirety of the nuclear installed capacity in the United States today. Meeting this goal will transform the entirety of the industrial economy of the continent. The NASA program in the United States in the 1960s similarly demanded major contributions from industry and science, and returned to industry benefits in the form of new technologies which remain today the basis of advances in productivity in almost every field. So too the installation of the required nuclear energy capacity in Ibero-America will have ramifications in dozens of major industrial areas, and will in turn generate spinoffs of technology that will greatly enhance the productivity of these and other countries. The relative impact of this program will be even greater than that of NASA on the United States' economy:

This is so because almost every field of heavy industry and capital goods is involved in manufacturing nuclear plants. Argentina currently is about 60-65% self-sufficient in manufacturing the components for its nuclear plants, and aims for 80% or more by the year 2000. The direction of this effort is correct, but it is entirely inadequate for the goals set out in this report. One hundred percent Ibero-American self-sufficiency in all areas that go into manufacturing nuclear plants must be achieved by 2000, and preferably before. This requires starting up the industries required immediately, including high quality alloy steels, large pressure vessels and reactors, advanced instrumentation, heavy water plants, etc.

In addition to producing nuclear electric generating units according to already known models, at least three technologies now under research and development must also be developed.

- Magnetohydrodynamics, or MHD, in use in the Soviet Union and experimentally in the West, promises to harness the heat energy from fossil fuel or nuclear energy and convert it directly to electric current, without the mediation of boilers, turbines, or generators, thus realizing a 100% increase in electrical output per unit of fuel input.

- Cryogenics, the supercooling of magnets and electric transmission lines to eliminate friction losses, will revolutionize electric generation and transmission processes, reducing total electricity consumption needs.

- Thermonuclear fusion requires an ever-increasing investment of money and manpower to make this technology a

reality by early in the 21st century.

To meet the targets for the nuclear program demands, in particular, major breakthroughs in the area of materials science. Research in the three processes mentioned above is more advanced today than research into materials that are capable of containing the very high, or very low, temperatures involved. Therefore, research efforts must focus on both new metallic alloys to meet the demanding criteria, and on the possibilities of ceramics.

Another area requiring development by Ibero-America is that of designing and manufacturing instrumentation. Increasingly sophisticated computers, measuring instruments, and control equipment will be needed for this program.

Finally, the question of qualified manpower will prove to be the biggest bottleneck of all. By the year 2000, Ibero-America will need at least as many scientists and engineers in the nuclear field as the United States now has. That will mean at least 10,000 nuclear engineers, and 50,000 engineers from other disciplines dedicated to the nuclear field. And it will entail 15,000-20,000 scientists, including 4,000-5,000 physicists, 3,000 chemists, 2,000 mathematicians, and a good number of others in the fields of geology and earth science, metallurgy, biology, and medicine. While the continent has sufficient engineers, it is desperately short of the required number of qualified scientists. Argentina currently has about 1,200 nuclear-related scientists and technicians, and turns out about 30 trained scientists a year from its institute at Bariloche. Thus, programs such as this one in Argentina and other countries must be scaled up dramatically to meet this need.

By the year 2015, Ibero-America will require another order of magnitude increase in the numbers of scientists and engineers. By 2000, Ibero-America must have installed nuclear reactors in the major countries of the continent and laid the basis for later mass production of reactors. By 2015, the region must be producing reactors with upwards of 100,000 MW of installed capacity per year. This will entail thousands of scientists in research and development to pioneer the design and mass production of the requisite reactors. Using parameters computed in 1980, the construction alone of nuclear plants requires about one nuclear engineer per megawatt of installed capacity. This means at least 10,000 nuclear engineers by 2000, and 100,000 by 2015, for this function alone. In reality, the new reactor designs will lower this figure significantly, but the calculation indicates the range of manpower required.

To train the number and quality of scientists and engineers needed by 2015 will necessitate expanding centers for training and research and development, on the Bariloche model, in all major countries of Ibero-America. All in all, the future of the continent's nuclear capability will depend principally on a proper marriage of Argentina's nuclear expertise with Brazil's capital goods capabilities. It were therefore proper that an *Ibero-American Institute for Nuclear and Laser Research* be established between those two countries.

Hashemi ran guns to Khomeini for Carter

by Jeffrey Steinberg

In May 1984, U.S. Attorney Rudolph Giuliani of the Southern District of New York filed an 18-count criminal indictment against Dr. Cyrus Hashemi, Arthur W. Luke, Cyrus Davari, First Gulf Bank and Trust Company, and Yorkhouse Trading Company. In the indictment, Giuliani charged that Hashemi and company, between October 1980 and November 1981, illegally shipped military equipment to the Khomeini regime in Iran in violation of the Munitions Control Act and the Carter administration's 1979 embargo order.

According to a copy of the indictment obtained by *EIR*, the equipment included: night vision systems, radar equipment, military airplane and ship spare parts, ground-to-air and sea-to-air missiles, jet engines, RPG-7 rocket launchers, howitzers, mortars, and AK-47 and M-16 automatic weapons. In virtually every instance, the Shippers Export Declarations showed the final destinations of the military hardware to be Switzerland, whereas in fact, the matériel went to Iran.

Hashemi died mysteriously

Cyrus Hashemi died under very mysterious circumstances in a London hospital on July 21, 1986. Had he ever gone to trial for the 1984 indictment, his defense would have been that his arms deals for the ayatollah had all been sanctioned by the Carter White House and by the Central Intelligence Agency.

With the release in February to this news service of declassified "secret" State Department documents from December 1979 and January 1980, ample evidence is now available in the public record corroborating Dr. Hashemi's claims.

As *EIR* reported on March 27, 1987, a Dec. 7, 1979 letter from J. Stanley Pottinger, the attorney and business partner of Cyrus Hashemi, to then-Deputy Secretary of State Warren Christopher, placed Hashemi at the service of the Carter

administration to negotiate the release of the 50 American hostages held at the U.S. embassy in Teheran. From that initial correspondence, it was clear that both Hashemi and the Carter White House were pursuing an arms-for-hostage deal.

A six-point proposal drafted by Hashemi and attached to the Dec. 7 Pottinger-to-Christopher correspondence stated in part: "6) *Spare Parts*. The United States would resume furnishing military spare parts pursuant to pre-existing agreements and programs. The post settlement, self-defense of Iran is highly dependent upon such a program."

The Dec. 7 letter led to a Jan. 2, 1980 three-hour working session in New York City among Hashemi, Pottinger, Harold Saunders, head of the Near East Affairs section of the State Department, Mark Feldman, another State Department officer, and other unnamed individuals, apparently including Hashemi's older brother Djamshid.

According to a Jan. 2, 1980 "secret" State Department memo from Saunders to Secretary of State Cyrus Vance, also obtained by *EIR* under the Freedom of Information Act, the principal topic of discussion at that meeting was Hashemi's arms-for-hostages package. Immediately after the New York City meeting, Saunders drafted a ten-point proposal incorporating all of the points contained in the Hashemi draft. Anticipating the backlash should an arms-for-hostages deal between Carter and Khomeini ever come out publicly, Saunders recommended that the administration justify the move on the basis of the recent Soviet invasion of Afghanistan:

4. Finally, if we are going to be dealing with Madani, we will have to say something about military spare parts. This will be very difficult but in my view not to be dismissed out of hand if some understandings

could be reached with Iran in the context of the Soviet invasion of Afghanistan. You will see the formulation I suggest in the attached draft.

Saunders then concluded with two recommendations:

1. I recommend that we now look at formulations more specific than those we are presently using. Using the attached draft as a vehicle for decisions, you might want to check it with Treasury, with Lloyd Cutler, with Zbig and discuss it with the President in the very near future.

2. There seems to be little to lose in passing back through this channel [Hashemi] whatever statement of the U.S. position on elements of a settlement we agree on as long as that position could complement anything Waldheim might produce. Therefore, I propose that the attached draft be reviewed carefully with an eye to telling Hashemi in the next 48 hours that it can be used as a basis for discussion by them in Qom [Khomeini's headquarters] of the elements of a settlement.

Other channels, same proposal

Not only did the Carter administration pursue an arms-for-hostage deal through the Hashemi-Pottinger route. According to the book-length chronology of the Teheran hostage crisis of the *New York Times*, in mid-January 1980, another channel of negotiations was attempted, this one directed toward then-Foreign Minister Ghotbzadeh. Despite the shift to a different back-channel to Teheran, the Hashemi six-point proposal remained the basis of the Carter administration's stance:

Accompanied by Harold Saunders, [Hamilton] Jordan took the supersonic Concorde to London on January 18. It was the first of many secret negotiating trips the 35-year-old Presidential aide would make over the coming months. . . . Jordan and Saunders traveled under assumed names when they flew on commercial aircraft and Jordan carried a disguise consisting of tinted glasses and a dark moustache. . . .

. . . The Presidential aide returned to Washington, as he later said, convinced that the United States would have to "find some way to create the right political climate in Iran in which the release of the hostages would be possible."

Jordan set forth these thoughts in a 15 page memo to Carter. The president read it, wrote "interesting ideas" in the margin and directed his aide to set up a meeting with Vice President Mondale, Vance, Brzezinski and other top foreign-policy advisers to discuss a new American approach.

The result was a six-point modified position in which the United States said for the first time that it

was prepared to work out, in advance, detailed plans for a forum to hear Iran's grievances, to release its frozen assets and to resume the shipment of military spare parts.

In fact, there were no "modifications." The original Dec. 7, 1979 Hashemi draft memorandum remained the cornerstone of Carter's negotiating stance.

Arms before hostages

As the declassified secret documents make clear, by no later than Dec. 7, 1979 the Carter administration's policy was to exchange arms and other economic concessions for the release of the American hostages.

But did any weapons ever get delivered?

Evidence largely available in the public record suggests that Carter arms shipments to the ayatollahs went through two distinct phases marked by the taking of the American hostages. Prior to the November 1979 hostage taking, the Carter administration was regularly passing arms to the "transitional government." After the hostage taking, the Carter administration shifted to covert deliveries, in which the enigmatic Dr. Hashemi apparently played a central role.

Secret Iranian office in U.S facility

The Jan. 8-14, 1980 issue of *Executive Intelligence Review* reported that an Iranian Naval Procurement Office under the direction of an active duty Iranian naval officer, Captain Siavash Setoudeh, was operating out of an Arlington, Virginia facility owned and occupied by the U.S. Office of Naval Research. The publication of that article caused quite a stir around Washington, and forced the shutting down of that Arlington facility and its return to the Iranian embassy compound, which was not finally closed by the Carter administration until April 1980.

That the Carter administration was permitting a secret Iranian arms procurement office to be housed in an ONR building should not come as a surprise.

Record of Carter support to mullahs

According to another State Department document obtained by *EIR* last year, the Carter administration was supporting the Khomeini revolution as early as December 1978—two months prior to Khomeini's return to Teheran from exile in Paris. On Dec. 13, 1978, Henry Precht, the Iran desk officer at State, wrote to Warren Christopher, Ambassador David Newsom, Harold Saunders, CIA Middle East specialist Robert Ames, Ambassador William Sullivan, and NSC Middle East desk officer Gary Sick about a dinner meeting that he had had on Dec. 12 at Dominique's restaurant on Pennsylvania Avenue with Dr. Ibrahim Yazdi, a personal representative of the ayatollah. In the meeting, Precht apparently conveyed to Yazdi that the Carter administration sympathized with the Khomeini movement to overthrow the Shah,

but, that for domestic political considerations, could not make such a sympathy public at that time.

The same Henry Precht, now on the faculty of the Fletcher School of Diplomacy at Tufts University in Boston, was the first Carter administration official to ever formally acknowledge the existence of the Setoudeh unit—despite the fact that two *EIR* journalists had conducted an on-site inspection of the Arlington office on Christmas eve 1979. In a March 17, 1987 interview with this reporter, Precht acknowledged the existence of the Setoudeh office. According to Precht, the special procurement office was established immediately after the February 1979 Khomeini revolution to help settle the dispute between Washington and Teheran over the delivery of hundreds of millions of dollars in military hardware that had been ordered and largely paid for prior to the fall of the Shah.

“The moderates felt that they were being ripped off by us.” There was “some truth” to the Iranian complaints, Precht told me, and therefore, an office was established by the revolutionary government in a secured facility in Washington to hammer out a settlement.

Precht was not specific as to the terms of those settlements, but it is probably fair to assume that arms were flowing from Washington to Teheran between February 1979 and the seizing of the American hostages in the first week of November.

Why, though, were Captain Setoudeh and his dozen-man Iranian staff still busy on Christmas eve—six weeks after the hostage taking?

Inadvertent?

According to Precht, the Setoudeh office was “inadvertently left intact” amidst the chaos and desperation that followed the embassy takeover.

Precht himself may have been unaware of all the activities set in motion following the hostage taking. He claims to only vaguely remember the Hashemi approach, is certain that he never met face-to-face with Hashemi, and generally deferred to Saunders and Christopher as the two officials who maintained the direct pipeline to Hashemi and Pottinger. Precht said that from the outset he doubted Hashemi’s bona fides. “I didn’t think that he had any strings that he could jerk and make them jingle back in Teheran.”

Others in the Carter administration seemed to have a different view of Hashemi. We have already seen Harold Saunders’ Jan. 2, 1980 upbeat evaluation.

According to a *Baltimore Sun* article from Jan. 18, 1987 by James Traub, “In October 1980, Hashemi met in New York with White House counsel Lloyd Cutler, Assistant Secretary of State Harold Saunders, and Roberts Owen, counsel to the State Department, to discuss the hostage situation. ‘He seemed to be an interesting guy with a lot of contacts,’ Mr. Cutler recalls, but says nothing came out of the meeting. Hashemi also met with Gary Sick, then the Iran expert on the National Security Council staff, and with officials of the CIA,

according to his lawyer, former Attorney General Elliot Richardson.”

Hashemi’s attorneys, as well as sources close to the Carter National Security Council and then-CIA director Stansfield Turner, have a dramatically different account of the October 1980 “discussions.”

They say that Hashemi was set up in the arms business by the Carter administration as part of the implementation of the very arms-for-hostage deal that Hashemi had been brokering from the very outset of the hostage taking in Teheran. With the 1980 presidential elections just weeks away, these sources say, Carter and Mondale were desperate to settle the hostage crisis as part of a last gasp effort to pull the elections—otherwise already lost—out of the fire.

Repeated efforts to interview key players in the Hashemi-Carter channel, including former President Carter, Harold Saunders, Gary Sick, Stanley Pottinger, and Zbigniew Brzezinski, have not yet garnered any comments, although several have tentatively committed to on-the-record interviews through their secretaries.

Continuing saga

Clearly, Hashemi’s arms trading and diplomatic activities represent a vital chapter in the continuing United States-Iran arms trade saga, now the subject of probes by congress and by special prosecutor Lawrence Walsh. As late as 1985, after his indictment in the Southern District of New York, Hashemi was still shipping arms to Iran in partnership with Canadian businessman Roy Furmark and Saudi billionaire Adnan Khashoggi—both central figures in the Reagan administration’s own arms-for-hostage fiasco with Teheran.

Moreover, when 17 individuals, including Khashoggi’s attorney Samuel Evans, and Israeli retired general Avram Bar-Am, were indicted on April 22, 1986 on charges that they attempted to ship over \$1 billion worth of arms to Iran, the key witness against the plotters was none other than Cyrus Hashemi.

That case has been postponed until the investigation by special prosecutor Walsh is completed. The defense of at least some of the 17 accused will be based on the claim that Hashemi was acting in an official capacity for the Reagan administration in negotiating the arms sales. A Sept. 16, 1986 affidavit filed by attorney Paul Grand charges that Hashemi was involved in sanctioned weapons sales and in hostage negotiations with Iran from 1980 through 1986.

For the time being, Jimmy Carter continues to parade around the Middle East denouncing Ronald Reagan for the sins of Irangate and for the “hypocrisy” of trading arms-for-hostages with the likes of Khomeini. With the release of the Carter-era secret documents at a Washington, D.C. press conference given by *EIR* on March 23, it is probably now only a matter of time before the former chief executive finds himself eating his words. If all goes well, he may very well find himself chewing on those comments before the federal grand jury and prosecutor Walsh.

Scandals stagger U.S. fundamentalism

by Ira Liebowitz

In what one evangelical spokesman, Dr. Lowell Streiker of San Francisco, characterized as “a Chappaquidick for Evangelical Christianity,” a mud-slinging war has broken out among some of the country’s most prominent and wealthy TV evangelists. The war has featured Elmer Gantry-style scandals involving charges of sexual misconduct, drug use, blackmail, and shady financing by top-level TV preachers (televangelists).

EIR has initiated its own investigation of the source of the scandals, and will report findings on an ongoing basis. The reason: Far from being of esoteric concern to the fundamentalist community, these scandals have potentially significant strategic implications:

- First, many of the affected fundamentalist sects are tied into equally fanatical networks in Israel, “Jewish fundamentalists” of a sort, who are engaged in a plot to destroy a very holy site of Islam, allegedly to rebuild “Solomon’s Temple” atop Temple Mount in Jerusalem. The Middle East could be consumed in the flames of “holy war” as a result. In this regard, the scandals intersect the “rethinking of the U.S. alliance with Israel,” set into motion by the recent conviction of Israeli spy Jonathan Jay Pollard.

- Many of the affected Protestant fundamentalist sects have been sent into Ibero-America as pagan battering rams on behalf of usury, against the present power of the Catholic Church and the efforts of Pope John Paul II to preserve Ibero-American economies and republican institutions against the genocidal demands of foreign creditors. Proselytizing by evangelists such as Jimmy Swaggart in Central and South America has run point for a State Department-linked campaign of “democratization” (destabilization) which has long identified the Catholic Church as its chief enemy.

According to San Francisco’s Dr. Streiker, the scandals will probably escalate, as other sexual or financial indiscretions come to light among some of the lavishly wealthy (and often financially overextended) televangelists. Others believe that disillusionment among the ranks of the 30 to 50 million-member fundamentalist community, will cause a drift back, toward mainline churches, provided that they begin to assert traditional moral values for the disillusioned.

Georgetown professor Michael Berenbaum, an expert at Rabbi David Sapperstein’s Union of American Hebrew Con-

gregations (Sapperstein is also a leader of “People for the American Way”), suggests there might be a 25% drop in contributions to the televangelists.

Most agree on two immediate results:

First, Pat Robertson of the 700 Club has been fatally undercut in his bid for the Republican Party presidential nomination. He is perceived as the man who insinuated politics into the religious domain.

Second, both the Christian fundamentalists and the Israeli and American Jews involved in the cited “Temple Mount Project” are weakened. According to Berenbaum, both partners need to “reassess strategy.”

Jim and Tammie

EIR readers cannot be surprised at the “Elmer Gantry” character of the current scandals. This brand of “Christianity” is a thin cover for forms of pagan Gnosticism that involve occult practices.

Involved in scandal to date have been Assemblies of God (AG) Rev. Jimmy Bakker, of “PTL Ministries” (an offshoot of Pat Robertson’s 700 Club), AG ministers Jimmy Swaggart and Marvin Dorman of Louisiana, and Rev. Oral Roberts of Florida. As the scandals unfolded, however, fundamentalists from the Coalition for Traditional Values, including Jerry Falwell, Pat Robertson, and others were drawn into the maelstrom, in efforts to stabilize their shaken ministries.

The scandals began on March 18, when Jim Bakker and his wife, Tammie, tearfully appeared on Pat Robertson’s TV show to announce his resignation from the \$129 million per year “PTL (Praise The Lord) Ministries” in North Carolina, after confessing to a sexual encounter with a 20-year-old, whom he had then paid “hush money.” Bakker announced that a board headed by Jerry Falwell and Bakker’s former assistant, Richard Dortch (who reportedly was the hush-money bag man), would take over PTL. This scandal followed earlier damaging revelations about Tammie’s addiction to prescription drugs.

The story of Bakker’s indiscretions was leaked from the *Charlotte Observer* to Tennessee Evangelist John Ankerberg, to Jimmy Swaggart, who alerted the Assemblies’ leadership. Bakker charged that Swaggart (working for Satan) had attempted to use the affair to seize control of PTL. Then, New Orleans evangelist Martin Gorman announced a \$90 million suit against Swaggart for attempting to bankrupt him by spreading tales of sexual misconduct.

Next, Oral Roberts’s completed his bizarre fund-raising campaign—God would kill him if he failed to raise \$8 million—when a Florida race track owner stepped forward with a \$1 million donation, and said he thinks that Roberts needs a psychiatrist.

One outstanding question now is, who leaked the *Charlotte Observer* story to Swaggart? That set in motion a not-unhealthy process, where many will now be seeking traditional-value-oriented religion—this time, with their TVs turned off.



State securities laws used for political witchhunt

by Marianna Wertz

As the United States celebrates the bicentennial of the Constitution, one of the most open political witchhunts in the nation's history is under way against declared presidential candidate Lyndon H. LaRouche, Jr., and his associates. One aspect of the conspiracy against LaRouche is the attempt to apply state securities laws to political fundraising by LaRouche's associates, to bankrupt the publications which print LaRouche's writings, and to destroy his presidential campaign.

On March 3, a New York State grand jury, convened by Attorney General Robert Abrams, issued 15 indictments against supporters of LaRouche, charging illegal fundraising, including fraud in the sale of securities, conspiracy, scheming to defraud, acting as an unregistered securities broker, and grand larceny. The series of arrests which followed on March 17, was the third round of arrests for alleged violations of state securities regulations, launched in coordination with the office of Justice Department Criminal Division head William Weld, by state attorneys general antagonistic to LaRouche's policy-influence.

The New York indictments led to arrests of 12 individuals nationwide, all citizens who have never been convicted of any crime. They were incarcerated until bail—in most cases, in the range of \$5,000 to \$25,000—could be posted. Headlines in the press read "12 LaRouchies indicted" (*New York Daily News*), "12 Lyndon LaRouche Supporters are Arrested on Fraud Charges" (*New York Times*), "Crisis Time in LaRouche Land" (*Washington Post*), and the indicted individuals were paraded in jail clothing before the public eye.

One of those arrested on March 17, Mark Calney, a volunteer paralegal, remains to the date of this writing in Los Angeles County jail, held on \$500,000 bail! The total of the loan transactions for which he is charged amounts to \$45,000, yet he was held on a bail about 20 times the standard for a murder suspect!

Municipal Court Judge Glennette Blackwell made a se-

ries of *sua sponte* remarks which reflected the intensity of behind-the-scenes, extra-judicial hysteria surrounding the indictments. Without any prompting from the prosecutor, Judge Blackwell said, "We all know in this courtroom that this man Calney is connected to that LaRouche." She added that the indictment results from a nationwide and international investigation, and that Calney is therefore "a danger to the community." Courtroom observers and legal experts were as shocked by the judge's admission of political motives as by the bail that resulted.

The New York indictments, and similar indictments handed down earlier in the State of Missouri and the Commonwealth of Virginia, stem from a conference held Feb. 12-14, 1986, for the purpose of national coordination of anti-LaRouche efforts. The conference was called, according to a document obtained through the Freedom of Information Act, by William Weld, then U.S. Attorney in Massachusetts, and Stephen Trott, deputy attorney general in the Department of Justice. A grand jury Weld convened in Boston in October 1984 to investigate LaRouche's "fundraising" had failed to indict LaRouche or his associates after 15 months of deliberation.

A memorandum, dated Jan. 17, 1986, was circulated to the FBI, U.S. Attorneys, and to directors of Financial Crimes Units, Criminal Investigative Divisions of the cities of Alexandria, Baltimore, Chicago, Cincinnati, Los Angeles, Newark, Philadelphia, and San Francisco—all cities where fundraising activities by associates of LaRouche were taking place. The aim of the conference is spelled out in the memorandum:

For the information of the Bureau and all receiving offices, the Boston Division, in coordination with the U.S. Attorney's office, Boston, and the Secret Service has made plans for a conference in Boston from Feb. 12 through 14, 1986, to share information and coordinate efforts in the investigation of the widespread

fund raising fraud by the Lyndon LaRouche campaign organization and related entities.

Then, after a brief background description, the memo continues:

The lack of a cooperating witness on the inside means that Boston as yet *lacks venue and evidence* to charge this as a national conspiracy. . . . It is obvious that the fund raising continues. . . . William F. Weld, U.S. Attorney for the District of Mass., is extremely interested in this case and has encouraged other U.S. attorneys across the country to develop their own cases were [sic] venue permits to more fully address the magnitude of the fraud. He believes that a conference of interested offices and U. [sic] attorneys would be beneficial in this matter to coordinate a prosecutive and investigative effort. . . [emphasis added].

The apparent outcome of the meeting was a coordinated, nationwide effort to shut down the fundraising activities of LaRouche's associates, through the instigation of harassing legal actions in several states, simultaneously and consecutively.

The *Washington Post* gave away Weld's and the FBI's strategy in its March 22, 1987 article, covering the New York State indictments. The article quotes "law enforcement officials . . . and others knowledgeable about the group" that "The boa is constricting. I know they're hurting bad. . . . The most fundamental threat to the organization is financial, government officials and specialists on the group say [citing legal fees, etc.]. . . . These difficulties mounted three weeks ago when U.S. District Judge A. David Mazzone in Boston ruled that the federal government can collect more than \$21 million in contempt of court judgments from four LaRouche-related entities for not providing documents sought by a federal grand jury." (This is under appeal.)

The reasons for the FBI and Department of Justice effort to bankrupt the business entities associated with LaRouche, have been well documented in previous columns. Both agencies have been heavily involved in the "secret government," now under investigation by Special Prosecutor Lawrence Walsh, and earlier exposed in detail in the publications associated with LaRouche.

The specific strategy of the DOJ and FBI is the novel application of state securities law, to the political fundraising efforts of LaRouche's associates. Civil or administrative investigations are currently under way in nearly 20 states; three states—Virginia, Missouri, and New York—have already instigated criminal proceedings.

The allegation, that the taking of loans by campaign organizations and publishing companies is the equivalent of selling securities, is a gross violation of the guarantees of free speech and thought in the Bill of Rights to the U.S. Constitution.

Reviving 'debtors prison'

Michael Billington is a political supporter of Lyndon LaRouche and an employee of Caucus Distributors, the company which distributes this magazine. He was indicted in both the Missouri and Virginia actions. His comment: "If loans contracted for political campaigns were construed as 'securities,' then nearly every politician in America . . . could be guilty of sales of 'unregistered securities,' since all have contracted political loans."

It should also be noted that the prosecution of individuals for alleged illegal action—i.e., taking of political loans which are alleged to be securities—before such action has been ruled to be illegal by any court of law or legislature, is the worst kind of *ex post facto* application of law. Indeed, in the only case where the taking of loans has been ruled to be the equivalent of the sales of securities, in the Commonwealth of Virginia, the organizations and individuals involved had actually requested direction from state authorities more than a year in advance of the indictments, though to no avail. They have fully cooperated with the state authorities involved, since the ruling was made, while appealing the terms of the decision.

The first such action was instigated by the State of Missouri, in October 1986, shortly after the "Great Leesburg Panty Raid," in which William Weld directed the storming of the offices of this magazine by close to 400 state and federal law enforcement officials. Michael Billington was arrested on a "fugitive warrant" from Missouri, charged with 15 felony counts of "offering to sell unregistered securities." After being released on \$20,000 bail at that time, he was re-arrested three months later on an extradition warrant signed by Virginia Governor Baliles.

The alleged "victim," Wilma McCubbin, apparently under pressure from relatives and prosecutors, was induced to make perjured statements, alleging that Billington had come to Missouri to obtain loans from her for his employer, Caucus Distributors, Inc., which distributes books, newspapers, and other political literature. Billington has, in fact, never been in Missouri. The state claimed such loans were "securities"—although no such ruling had ever been made previously by state officials!

As was subsequently learned in this case, McCubbin did not bring the charges herself, but a nephew, who disagreed with her support for LaRouche's efforts, intervened, had her declared partially mentally incompetent, took over her finances, and contacted local and state officials. It was these local and state officials who then initiated legal proceedings.

Billington was arrested at midnight in his home. He was held three-and-a-half weeks in the Loudoun County, Virginia jail, without bail, despite the fact that the court had already ruled there was no risk he would flee. His appeal to challenge extradition to Missouri, resulted only in further delay. Only after appeals for justice, opposing this blatant violation of human rights, poured in from LaRouche's supporters around

the world, did the authorities in Missouri offer to drop all criminal charges, if the loan involved were immediately repaid—a loan that CDI had never contested.

Billington was held in jail, under agreement between the State of Missouri and Governor Baliles, until the full amount of the loan was repaid. He thus became the first American held officially in “debtor’s prison” since the early 19th century.

Despite this precedent, the Commonwealth of Virginia proceeded with a similar, expanded action against 16 individuals and 5 corporations identified with LaRouche, all indicted on Feb. 17, 1987, and charged with “sales of unregistered securities, by unregistered agents.” The individuals were arrested on the evening of Feb. 17. The news media had been notified in advance. They were then released on personal recognizance bonds the following day. Hearing of the case has been scheduled for April 16.

At the same time, Virginia Commonwealth Attorney General Mary Sue Terry, a collaborator of Weld and of the anti-LaRouche Nunn-Johnson wing of the Democratic Party in the Commonwealth, launched an effort to “shut down” the five indicted businesses, demanding a temporary restraining order from the State Corporation Commission. After a hearing, the Commission took two weeks to issue its “Opinion and Order,” noting as follows:

Critical to the disposition of this case is a determination of whether the instruments in question, notes, are securities for purposes of the Virginia Securities Act, Va. Code §§ 13.1-500, *et seq.* Section 13.1-501(j) of the Code of Virginia defines security to mean in relevant part “any note . . . [or] evidence of indebtedness. . . .” It is undisputed that the instruments in issue are notes. Defendants maintain that an economic reality test must be applied and under such analysis the notes do not come within the purview of the Virginia Securities Act.

This is a case of first impression in Virginia. . . . A review of federal court decision reveals an admitted lack of clarity about the proper analysis to be used in determining whether a given instrument comes within the definition of “security” for purposes of the federal Acts. The initial question is whether a court may merely look to the form of the instrument and its characteristics or must also examine the economic substance of the transaction in each instance to determine whether the instrument utilized is a “security.”

The decision cites numerous Supreme Court decisions, and then concludes,

[B]ased on the record before us for a temporary injunction, sufficient evidence exists to find that the notes in question possess all the usual characteristics of interest-bearing notes, and therefore bear out their labels. Additionally, using an analysis of the substance

of the transactions, sufficient evidence was presented to indicate that the pattern of solicitation and response by those solicited can be characterized as an agreement to invest in defendant companies through the mechanism of a promissory note.

The Corporation Commission is very careful in its decision, to protect the defendants’ rights to continue to raise funds through the vehicle of promissory notes, noting that it “merely seeks to have defendants register those securities and restrict the offer and sale of such securities to activities by registered agents.” It orders the temporary enjoining from such activities by said companies to remain in full force and effect until June 5, 1987.

The reasoned argument of the Commission, albeit flawed from a constitutional standpoint, contrasts starkly to the flight-forward fury of Attorney General Terry, whose widely reported press conference vowed the “shut down” of LaRouche and associates in the Commonwealth of Virginia. Were it not for the clear intent to do political harm to LaRouche by Terry and her backers, the matter could clearly have been clarified and court action prevented, through open discussion among the parties. Indeed, as noted above, the LaRouche-associated companies had applied to the Commonwealth Corporation Commission more than a year before the indictments were handed down, for clarification on the issue, so as to abide by the law. As attorney Patrick Moran, representing the indicted corporations, pointed out to the Commission in hearings following the indictments, the Commission had failed to respond in writing, orally, or otherwise, for more than a year.

Abrams’s homosexuals

The New York indictments, most recently in the national news, have equally obvious political motives. Officials in the office of State Attorney General Robert Abrams are on record testifying to their animus against LaRouche, because of his alleged “anti-gay” stance, and announcing their determination to “indict LaRouche.” Abrams’s office is a hotbed of radical “gay” ferment and organized opposition to the anti-AIDS initiative, Proposition 64, which was launched by LaRouche’s co-thinkers in California’s November 1986 election.

Investigations are known to be pending in other states, and could result in further indictments, arrests, and nationwide adverse publicity at any time. Their purpose is clear: to crush the political movement which could put LaRouche in the White House.

Whether such wildly illegal use of the powers of the government is tolerated by the people of this nation, will be the clearest test of what LaRouche has called the population’s “moral fitness to survive.” In this bicentennial year of the U.S. Constitution, the onus is on those who consider themselves patriots and upholders of constitutional law, to prove the continued efficacy of that document.

Press blackout of Pentagon report

One of the most blatant cases of a media conspiracy of silence attended the release by Defense Secretary Caspar Weinberger of the Pentagon's *Soviet Military Power 1987* report March 24. Unlike any of the previous five springs, when the report was issued to standing-room-only crowds of reporters jammed into the Pentagon briefing room, this time the room was half-empty. Not even the cable channel of record, C-Span, was on hand.

That night's network news programs dismissed the report as revealing "nothing really new," and shifted focus to the examples of Soviet leader Mikhail Gorbachov's *glasnost* deception campaign. The *Washington Post* followed suit, reporting briefly on the Pentagon study, and offsetting it with a full-page layout on Soviet *glasnost*, leading off the "Style" section of the same day's paper.

Weinberger cut the Q&A short in order to go on to a USIA Worldnet broadcast, and then up to Congress to testify before the House Armed Services Committee that morning. Three consecutive questions accepted by Weinberger from this reporter constituted a full 25% of the question period he allowed.

The media blackout was welcomed (if not encouraged) both by the appeasement faction in the administration and the anti-Strategic Defense Initiative Democrats in Congress. Weinberger's grim report decimated the credibility of a "zero-option" treaty

with the Soviets, on the one hand, and of any restraints on U.S. SDI development, on the other.

The real purpose of 'glasnost'

Translated "openness," or "candor," *glasnost* is the term coined by Gorbachov to describe a new domestic policy he claims is aimed at loosening up Soviet society. Credulous congressmen like Sen. Dale Bumpers (D-Ark.) have described this new policy in glowing terms, and urged leaders in the West to "help Gorbachov out" against resistance from hard-liners in the Soviet bureaucracy.

Former Soviet physicist Dmitri Mikheyev has confirmed that *glasnost* represents no thaw, but, instead, a clever strategy to upgrade productivity for the massive Soviet military buildup described in the just-released Pentagon report.

Mikheyev, who was held in Soviet hard labor camps for six years as a dissident before leaving the U.S.S.R. in 1979, told a Center for Peace and Freedom seminar on Capitol Hill in February that the real purpose of *glasnost* is to crack the massive, stagnated middle management bureaucracy that has suffocated Soviet productivity.

"*Glasnost*," Mikheyev noted, "really means 'voice your grievances,'" and is an invitation by Gorbachov to the nation's grassroots of workers and farmers to snitch on their cynical, lethargic managerial superiors, who conspire with each other to keep their bureaucratic posts with coordinated lies to their superiors about outputs levels, morale, and so forth.

Therefore, newspapers are opening up to criticisms of party officials, but only at the middle management level, and never higher up. Also, some carefully-chosen dissidents, like phy-

sicist Andrei Sakharov, are being released in order to inject morale into a demoralized scientific community.

The Soviets, he said, are concerned about this stagnation. In a recent case, based on productivity estimates given to them by middle-level managers, the Politburo projected a timetable for construction of a chemical plant, only to find it 40% completed by the deadline. Hence, the productivity capability in the area was 60% below what the bureaucrats had reported.

Mikheyev said the middle-level leadership in the Soviet Union is "utterly cynical," and has accommodated to a double life, subordinating a public role to a different, hidden private life. An entrenched network of peer support protects this. "The Soviet citizen is crippled by a sense of personal powerlessness which is impossible to describe if you have not experienced it," he said. "It is utterly different from the idea that an individual can make a difference."

Poverty-ridden communal living, with daily fights over sharing bathrooms and kitchens with other families, overcrowded mass transit, and standing in at least two lines each time you buy food, add, he said, to animosity and paranoia in the Soviet population. "To a Soviet citizen, you are a crook until you prove otherwise," he said. "He feels about himself, even, that if he is not restrained, his evil will come out uncontrollably. This tends to make him passive in the face of totalitarian repression."

Addressing the negative consequences of these attitudes for the Soviet war mobilization is what Gorbachov's *glasnost* is really all about—designed not to relieve the tension and paranoia, but, on the contrary, to unleash a new series of brutal purges and productivity drives to push the war machine harder.

Contagion has no civil rights: Armstrong bill

Sen. William Armstrong (R-Colo.) introduced a bill on March 6, S. 673, to make clear that contagious diseases do not have civil rights. Rep. William Dannemeyer (R-Calif.) has introduced H.R. 1396, an identical bill into the House.

The bill would amend the Rehabilitation Act of 1973 to clarify that any individual with a contagious disease is not to be considered handicapped as long as he is contagious. To Sec. 7(8) is added the following: "Notwithstanding any other provision of law, the term 'individual with handicaps' does not include any individual who has a contagious disease, whether or not such individual is physically or mentally impaired during the period of such individual's contagion."

Armstrong said that it is essential to clarify the intent of Congress with respect to contagious diseases in the wake of the Supreme Court decision, *School Board of Nassau County vs. Airline* which "is sure to create widespread confusion, apprehension, and perhaps danger." "We cannot let our concern for the sick override our responsibility for public health," Armstrong warned. "The Supreme Court seems to have done that."

"The Court did not clearly signal employers that they may dismiss employees who have an actively contagious disease," Armstrong said. "It did not give schools the assurance that they may immediately act to safeguard health. It leaves us all wondering what rights healthy persons have to remain well. That uncertainty is sure to be disruptive. Its end result will be the erection of roadblocks in cases where swift action is urgently required."

The bill will be referred to the Senate Labor and Human Resources Subcommittee on the Handicapped chaired by Sen. Tom Harkin (D-Iowa) and ranking member Sen. Lowell Weicker (R-Conn.), both of whom are expected to be extremely hostile to the proposal. While the Court specifically said it was not ruling on AIDS, committee staff argue that AIDS is "not easily contracted" in a school or work setting, and should be treated as a handicap.

Coyne pushes to get real unemployment picture

Rep. William Coyne (D-Pa.) introduced H.R. 1639 on March 17 in an attempt to get a clearer idea of the real unemployment rate in the nation. The bill would require the Bureau of Labor Statistics to expand its reporting of discouraged workers and those who are involuntarily working part time.

"The goal of my bill," Coyne said, "is to make available to Congress, the administration, and the business community the clearest picture possible of the country's overall jobless situation."

Coyne noted that "the administration would have us believe," and the BLS figures would indicate, that we have "turned the corner on unemployment." But "nothing could be further from the truth," Coyne said. "Those official figures are deceiving and mask a much deeper and more fundamental issue of unemployment—the issue of hidden unemployed. These people are men and women who want to work and need a job but have become so frustrated about their prospects for finding a new job under the current

economic conditions, that they have stopped looking for work altogether."

Coyne estimated that there are currently 1.2 million discouraged workers and "this figure has not budged in four years." When taken into account in his state, Coyne said that unemployment jumps from 6.7 to over 10.5%.

A spokesman for Coyne pointed to the example of Beaver County, Pa., which had the largest monthly unemployment drop in the country during January 1986 at a time when LTV steel was closing its plants, a disastrous situation locally. "What is reality, that's what we're trying to find," he said.

Coyne pointed out that he had tried to resolve this reporting problem when he and 38 Members wrote to the BLS last October. The BLS said that it could not comply with the reporting. Coyne noted that budget cuts were forcing the agency to omit reporting unemployment rates for 25 metropolitan statistical areas.

Corporate raiders come under lawmakers' scrutiny

Senate Banking Committee Chairman Sen. William Proxmire (D-Wis.) has begun oversight hearings on insider trading and hostile takeovers of American corporations by Wall Street and international corporate raiders.

On March 4 Proxmire took testimony from spokesmen for 16 corporations including USX, Goodyear, Champion International, Borg-Warner, and others. The takeover battle has been described as a "war" between raiders and corporate management teams, with the viability of American industry at stake.

"The testimony was strong. It was eloquent," Proxmire said later. "It was an appeal to the Congress to act. These leaders of American business argued that we need congressional legislation. We need it now. Hostile takeover attempts are sharply reducing this nation's competitiveness. It is hurting our economic productivity. It is loading up our corporations with debt. That debt makes our corporations far more vulnerable to recessions."

No corporate leader wanted to stop mergers or takeovers if it corrected poor management and increased production and productivity. But most pointed to the collapse of production, closing of plants, layoffs, collapse of R&D investment, etc., as the result of these raiders' activity.

William Wall from Kansas Power and Light said that the raiders have left companies "managing their books rather than their companies." He said that "it's about time we called these raiders out and took a good look at them in the daylight," as well as "the link between investment banker, raider and arbitrageur, [and] the vast riches taken not as the reward for producing a product or creating new jobs, but through illegal use of information."

Congress oks highway bill; veto fight ahead

Congress passed a highway and mass transit bill by wide margins, voting 407 to 17 in the House on March 18 and 79 to 17 in the Senate on March 19, as supporters mobilized to override a certain presidential veto.

The \$87.5 billion, five year bill, is an important infrastructure program of which only roughly \$100 million comes out of general revenue funds.

The rest comes out of the highway trust fund which is the states' by statute. "The governors are understandably bitter that we have failed to follow through on our responsibility to return these moneys to them," Senator Lugar said Jan. 13.

Supporters had hoped to pass the bill last year, and have tried to get it passed as soon as possible this year to allow states to get the bidding process for highway repairs under way. If a Reagan veto is sustained, an entire highway building season will be lost costing 800,000 jobs.

Some of these jobs are lost already. Senator Lugar (R-Ind.) pointed out on Jan. 13 that he had heard from "scores of contractors who are considering laying people off or even shutting down completely for want of highway construction jobs." He added that "there may even be cases where the public's safe enjoyment of their highways will be at risk."

Republicans have been active in trying to get Reagan to stop his idiotic opposition. In a rare move, 11 of 12 House-Senate conferees including Senators Stafford (R-Vt.) and Symms (R-Idaho), and Representatives Shuster (R-Pa.) and Hammerschmidt (R-Ark.), sent a letter to Reagan saying that the bill "is too important to the economy, business productivity and personal mobility to let that [delay] happen."

The White House is mobilizing to support a veto in the Senate, arguing that this is essential for Reagan to re-emerge as an active and powerful President. It has changed Stafford's vote, but House Republican leader Robert Michel (Ill.) said he will not support the veto. Speaker of the House Jim Wright (D-Tex.) said that "that is an inadequate and even petulant rea-

son to veto legislation that the American people need."

Hollings rips Nunn for ABM rewrite attempt

Sen. Ernest Hollings (D-S.C.) blasted Sen. Sam Nunn (D-Ga.) and other senators for their position that the ABM Treaty does not allow for development of the Strategic Defense Initiative, charging that they "are rushing to judgment, shouting constitutional crisis, trying to unilaterally rewrite a treaty."

Testifying before the second joint hearing on the ABM Treaty of the Foreign Relations and Judiciary committees March 26, Hollings described arms control as an "art," and when you look for specific meaning of the language you go back to the negotiating record to "find why it was written that way and that hasn't been done by Senator Nunn, I can tell you that." Hollings said it was "absurd" for Nunn to suggest that "agreed statement D" allowing ABM systems based on new physical principles be negotiated for further clarification, since this is a major part of the treaty itself.

Hollings referred to the Jackson amendment to the SALT I treaty, adopted the same month, as evidence of Senate intent. "This was a commitment to test and develop our strategic weaponry. We had a superiority in technology and we were not about to give that away. That is how we maintain our freedom and the security of the free world today. No senator had in mind giving that up," Hollings said.

Hollings stressed that "the intent and meaning of the treaty itself" is the prime consideration, not why a senator voted for or against it.

National News

Giuliani squashes tax fraud bonanza

A federal grand jury convened by U.S. Attorney for the Southern District of New York Rudolph Giuliani has handed down indictments against three men in one of the largest illegal tax shelter conspiracy cases in history. The defendants, Charles A. Atkins and Ernest Grunebaum of the Securities Groups, and William S. Hack of the Kale Holding Corp., were charged in a 31-count indictment with using "rigged and fraudulent transactions" in government securities to arrange tax losses for investors, amounting in total to \$350 million.

While investors—some of the biggest names in the "entertainment industry"—are not being charged in the scheme, they do stand to lose not only what they claimed as tax losses, but also penalties and interest, amounting to millions of dollars each. "I wouldn't lose a lot of sleep sympathizing over the problems that they have," said Giuliani.

Among the investors were TV producer Norman Lear, a founder of People for the American Way (PAW), a Hollywood group involved in political "dirty tricks" against Lyndon LaRouche and associates, in coordination with the Anti-Defamation League (ADL); CBS chief Laurence Tisch and his brother Postmaster General Preston Tisch; the late Andy Warhol; actors Lorne Green, Michael Landon, and Sidney Poitier; and Lazard Frères senior partner Michael David-Weill, who had reported \$4.4 million tax losses in the fraudulent scheme.

Boston police will recruit homosexuals

The Boston police will actively recruit "gay" and lesbian officers, according to a report in the *Boston Globe* on March 20. A police spokesman said that the department would advertise in newspapers that cater to homosexuals and would be "happy to attend any

functions on recruitment."

The decision was made in response to a demand by the Boston Lesbian and Gay Alliance. The Alliance also sought record-keeping of homophobic violence, after documenting 135 cases of what they charge was "verbal and physical abuse" against homosexuals, including five allegedly by police. They say the absence of homosexual officers in Boston's 1,800-member police department exacerbates "distrust."

No reactions have yet been recorded from the Boston police, but recent developments in Washington, D.C. indicate that there may be trouble ahead for the new program. Police officers who donned surgical masks and gloves before raiding a homosexual "after-hours club" in the nation's capital on March 14 were called "insensitive" by Police Chief Maurice Turner, after representatives of the "gay community" protested. The president of the Gay and Lesbian Activist Alliance said the raid represented an upsurge in "homophobia" and violence against homosexuals.

Pacific forces in no shape to fight a war

Admiral Ronald J. Hays, commander of U.S. forces in the Pacific region, testified before the Defense Policy Panel of the House Armed Services Committee on March 18, that the United States and its Pacific allies are ill prepared to fight and win a conventional war.

"Even though impressive gains have been realized in the past few years," he said, "staying power remains a serious conventional war-fighting concern. We need more war reserve stocks of modern munitions to gain and maintain air superiority and secure our lines of communication. We lack adequate quantities of repair parts, particularly those that feed our high-technology systems."

"Of course," he added, "having large stores of supplies and repair parts means little unless we can move them when and where needed. . . . Our allies are in no better shape to sustain war fighting. Most have

less than adequate logistics, transportation and service support structure."

Pope sets intervention into U.S. Church

Pope John Paul II held meetings at the Vatican at the end of March with 18 U.S. bishops, in preparation for his September trip to 10 American cities. This is the first time that the pontiff has received both written and verbal briefings from bishops before visiting their cities.

One of the bishops in the delegation, Archbishop Patrick Flores of San Antonio, told AP before he left for Rome that he has been assigned to brief the Pope on the concerns of Hispanics in the United States, the social work of the church, and the training of seminarians. "We are pointing to the problems of drug abuse, problems of alcohol, the problems of violence that are affecting the Hispanic community, as well as affecting members of other communities of the United States," he said.

The issues involved in the Vatican's ongoing effort to discipline the U.S. Catholic Church, were highlighted by Archbishop Pio Laghi, Vatican ambassador to the United States, in a speech Feb. 18 at Seton Hall University in New Jersey. According to reports published in the *Wanderer* on March 5, he insisted that the Vatican and local bishops have a role in running Catholic colleges to ensure orthodox teaching, even if this results in loss of federal funds. "We cannot give up Catholicity to get federal funds. We have to stick to principles. We have to pay a price to keep Catholicity," Laghi said. "It is precisely the role of the Catholic university to overcome pluralism and indifference, and to point out the absolute values that are the essence and the honor of the human mind 'created in the image of God.'"

The speech drew an angry response from Fr. Thomas Fitzgerald, president of St. Louis University. He charged that Archbishop Laghi's "lack of pastoral sensitivity is shocking. He recognizes neither the financial burdens already borne by the American Catholic community or the strong impact

American Catholic educational leaders are having on all higher education in this country."

Bush takes a new 'flexible' line on debt

Vice-President George Bush called for a "new wave of flexibility" from the World Bank and other international financial institutions in response to the debt crisis of developing democracies in Central and South America.

"With large debt payments, these countries simply don't have the money to spend on needed investment and social programs," Bush said at a meeting with Texas newspaper editors on March 23. "What is called for is a new wave of flexibility from banks, international financial institutions, and governments," he said. "Debt is a tremendous problem that weakens these new democracies and also prevents them from buying our products, which in turn would, frankly, help our trade deficit."

LaRouche campaign comes to Iowa

Lyndon LaRouche's presidential campaign was officially launched in Iowa March 16-20, in a tour of the state by top campaign spokesman Webster Tarpley. Tarpley predicts "30-35% support for LaRouche" in the February 1988 Iowa caucuses, and told the press, "We're here to stay and we're here to win."

In a state devastated by the collapse of agriculture, the media's coverage of the LaRouche campaign differed sharply from the slanders of the liberal Establishment press. Tarpley's press conferences in Des Moines, Davenport, and Cedar Rapids were well attended, and received factual coverage.

The *Quad Cities' Times* reported: "Webster Tarpley, LaRouche advance man, stressed the three dominant issues of the

Presidential campaign of Lyndon LaRouche. Tarpley stated that AIDS is a species-threatening disease, and that LaRouche is calling for mandatory testing, screening and quarantine for those infected with the AIDS virus. Tarpley stressed that the second most important issue is the economic depression. Reagan's economic recovery is a big lie. Unemployment is 25-30%. LaRouche is calling for a crash program to develop the SDI, in order to counter the Soviet Union's own Strategic Defense Initiative. Tarpley stated that the 'Soviets are hell-bent on world domination!'"

The *Cedar Rapids Gazette* emphasized that LaRouche is calling for a moratorium on farm foreclosures and a massive government lending program to bail out U.S. farmers.

On radio talk shows, Tarpley elaborated the LaRouche program for reviving agriculture, and denounced the food cartel companies—Cargill, Continental, Bunge, André, et al.—for strangling the productive capabilities of the independent family farmer. On a Sioux City radio show, the first caller demanded of Tarpley, "What about Ralston Purina? You forgot Ralston Purina!"

Senator Wallop wants a fourth armed service

Senator Malcolm Wallop (R-Wyo.) plans to introduce a bill that would create a fourth armed service, the U.S. Defense Force, to oversee the deployment of anti-missile defenses, reports the March 23 *Washington Times*. "We need a service dedicated totally to the mission of defending the United States against the ballistic missile threat," the paper quotes Rep. Jack Kemp (R-N.Y.), who will manage the bill in the House.

The bill would exempt the new organization from many Defense Department procurement regulations, which its authors say have produced cost overruns and program delays. It also mandates advanced development and eventual deployment of several SDI systems now being studied by the Pentagon.

Briefly

● **RUDOLPH GIULIANI**, the U.S. Attorney in New York City, been offered the chairmanship of the Securities and Exchange Commission, according to the *New York Times* on March 26.

● **JOSEPH BIDEN**, the Democratic senator from Delaware and putative presidential hopeful, accused the Reagan administration of seeking a broad interpretation of the 1972 ABM Treaty in the belief "that we can in fact seek and gain nuclear superiority in a way that will enable us to somehow change the way the Soviets do business."

● **200 DEMOCRATS** from New York's Westchester County and some national Democratic Party figures met on March 21 to form the Harriman Society, in honor of Averell Harriman, the deceased patriarch of the party's pro-Moscow wing. Among those attending were Pamela Harriman, Arthur Schlesinger, Ted Sorensen, and McGeorge Bundy. The society's president, J. Edward Meyer, said that the group will raise money for presidential candidates.

● **HENRY KISSINGER** and Cyrus Vance on March 24 announced the formation of a new bipartisan organization aimed at improving U.S.-Chinese relations. Kissinger told a news conference that the American-China Society will not attempt to influence U.S. policy, but will sponsor studies on current issues. He cautioned against misreading the new repressive measures carried out by the Chinese government in the wake of student demonstrations.

● **STEVEN SOLARZ**, the Democratic congressman from New York, has introduced a bill calling for suspension of all U.S. aid to Panama during fiscal years 1987 and 1988, unless the U.S. President could certify that "clean elections" had taken place in that country. Solarz played an instrumental role in the overthrow of Philippines President Marcos.

Editorial

Make the liars and budget-cutters act

The implementation of at least one aspect of the emergency program *EIR* and LaRouche have spent two years advancing to combat AIDS, universal screening and reporting of cases, is now just a matter of time. Virtually every figure and institution which has been conducting a political witchhunt against LaRouche and associates, with our AIDS program the featured reason, is now, little by little, reversing themselves on the issue, or has been caught lying.

- The March 25 *Washington Post* carried two full pages on AIDS, revising the estimated number of cases upward, and acknowledging that AIDS is not a "venereal" disease peculiar to homosexuals, but the most deadly disease ever known to man. There was even a commentary by a liberal supporter of "gay" causes, saying there will have to be testing.

- An official in Surgeon General C. Everett Koop's office has admitted that their lying about AIDS is to avoid "sheer national panic."

- In a March 25 speech, AIDS expert Dr. Robert Gallo, who formerly denounced us for speaking of AIDS' "casual transmission," said he could not rule out that possibility in the future.

- Surgeon General Koop lashed out at Gallo for his remarks, saying, "The information Dr. Gallo gave and implied concerns me, because it will provide ammunition for our critics on the political right"—namely, this magazine and LaRouche.

- In a conversation with British AIDS expert Dr. John Seale, Germany's alleged expert Friedrich Deinhardt admitted that he had no basis for the "facts" he is promulgating about AIDS.

- Virtually weekly, Congress is being presented with new bills on AIDS. Sen. William Armstrong (R-Colo.) introduced a bill on March 6 to make clear that contagious diseases do not have civil rights. Rep. William Dannemeyer (R-Calif.) has introduced an identical bill.

We're not surprised at all this. We have always based ourselves on reality and natural law. Our enemies based themselves on lies. Because of their lying, their

massive mobilization to defeat Proposition 64 in California, their "safe sex" campaigns—which continue, despite the above signs of shift—there is at this moment a very real probability that the human race faces extinction. The sheer force of this reality, insisted upon by LaRouche and *EIR* for two years now, proudly qualifying us as "political extremists," is forcing the liars, the budget-cutters, even the quacks at the Centers for Disease Control, to shift their position, little by little.

The problem is, "little by little" is still too little. We need crash implementation of a "classic" public health program, the kind our government used to implement back when some rationality obtained in the institutions and individuals of government.

Otherwise, two issues are now being posed by the reality of the lightning spread of AIDS.

- Africa: The horrible economic conditions produced by the World Bank, International Monetary Fund, and complicit "financiers" and governments, including the U.S. government, must be reversed by a crash development program there, focused on great infrastructure projects. Otherwise, even the most effective measures of quarantine and prevention won't save us from the biological holocaust springing from that devastated continent.

- A Biological Strategic Defense Initiative. Warranted is a crash program of research, centered on "optical biophysics" and international cooperation, to find out what viruses like this one, and life itself, are all about.

There is only one program on the table outlining the scope and indicated focus of such a research program, that of LaRouche, outlined in his recent presidential campaign publication, "My Program Against AIDs." Again, there is only one program outlining the needed form of international cooperation, outlined by LaRouche in *EIR*'s Oct. 24, 1986 issue, "Parameters for U.S.-Soviet talks on the AIDS pandemic."

All right, so we are fully vindicated by developments. That's little consolation unless we intensify our efforts to force the liars and budget-cutters to act.

EIR

Alert

Alert

Alert

Alert

Now with 'Iran-gate,' you can't afford to wait for the best intelligence EIR can provide—**immediately**.

The economy is teetering at the brink, and even the largest American banks are shaking at their foundations.

We alert you to the key developments to watch closely, and transmit 10–20 concise and to-the-point bulletins twice a week, including periodic reviews of debt, terrorism, and drugs. The "Alert" now puts special emphasis on economic developments. It reaches you by First Class mail twice a week (or more often, when the situation is hot).

For Europe and the Middle East, the Confidential Alert Bulletin appears once a week in the form of a one-page telex message.

In the U.S.: Confidential Alert annual subscription \$3,500.

In Europe: Confidential Telex Alert annual subscription

DM 12,000, includes Quarterly Economic Report

Strategic Alert Newsletter (by mail) annual subscription DM 6,000

Make checks payable to:

EIR News Service P.O. Box 17390,
Washington, D.C. 20041-0390

In Europe: EIR Nachrichtenagentur GmbH, Postfach 2308,
Dotzheimerstr. 166, D-6200 Wiesbaden, F.R.G.

Executive Intelligence Review

U.S., Canada and Mexico only

1 year \$396
6 months \$225
3 months \$125

Foreign Rates

Central America, West Indies, Venezuela and Colombia: 1 yr. \$450, 6 mo. \$245, 3 mo. \$135

South America: 1 yr. \$470, 6 mo. \$255, 3 mo. \$140.

Europe, Middle East, Africa: 1 yr. DM 1400, 6 mo. DM 750, 3 mo. DM 420. Payable in deutschemarks or other European currencies.

Asia and Oceania: 1 yr. \$550, 6 mo. \$300, 3 mo. \$150.

I would like to subscribe to Executive Intelligence Review for

1 year 6 months 3 months

I enclose \$_____ check or money order

Please charge my MasterCard Visa

Card No. _____ Exp. date _____

Signature _____

Name _____

Company _____

Phone () _____

Address _____

City _____

State _____ Zip _____

Make checks payable to EIR News Service Inc., P.O. Box 17390, Washington, D.C. 20041-0390. In Europe: EIR Nachrichtenagentur GmbH, Postfach 2308, Dotzheimerstrasse 166, 62 Wiesbaden, Federal Republic of Germany, telephone (06121) 8840.