

EIR

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a thing of the past?**



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DECEMBER 1987

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SPECIAL REPORT

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From the Editor

As we were going to press, another signal of the precarious state of the U.S. financial bubble arrived. The liquidation of First RepublicBank of Dallas, announced late on Friday, June 29, is set to be the biggest bailout in U.S. history, outstripping the 1984 bailout of Continental Illinois bank that shook the international banking system to its roots (page 4).

As to the real, physical economy:

This week's *Feature* on the delapidated energy grid was originally conceived as a *Science & Technology* section, but it became our cover story as the sheer dimensions of the crisis became apparent. Surely to any foreign visitor, or American citizen returning home from abroad, the most striking evidence of United States economic power and prosperity are the dazzling lights of our cities, visible manifestations of an electric power grid that drives a vast, less-visible industrial machine.

The deliberately induced decay of that power grid is a threat to the security of the entire Western Alliance, and a crime against the right to economic development of the Third World. Its causes, and extent, are discussed by Marsha Freeman in the first of a two-part series which begins on page 22.

In *International*, you will learn of the "regional deals" being negotiated in the name of "peace" between Washington and Moscow, and why these are in fact sowing the seeds for war. The false atmosphere of "peace" has proceeded to such a point, that West German Social Democrats were reported on July 30 to have discussed exchange programs for Western military leaders, with the Soviet general staff in Moscow!

In *National*, we present a profile of Democratic presidential nominee Michael Dukakis. On July 30, a British daily paper added to the Dukakis dossier the charge that according to his critics, Governor Dukakis allegedly used illegal methods to produce the "Massachusetts Miracle," the turnaround of a crippling budget deficit.

In contrast, I'd like to point out that the *Books* section this week has a theme, one we hope to repeat from time to time in the future: biographies, in this case, dealing with four persons who made remarkable contributions in science, technology, and the arts.

Nora Hamerman

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First RepublicBank is declared insolvent

by Chris White

Late on Friday, July 29, the Federal Deposit Insurance Commission announced the insolvency of the 40 banks held by First RepublicBank of Dallas. In a press conference also attended by Comptroller of the Currency Robert Clarke, and representatives of the Federal Reserve System, FDIC chairman William Seidman announced that the banks were being closed because the Dallas-based holding company was unable to repay loans to the FDIC and other First Republic banks.

The liquidation of First RepublicBank is set to be the biggest in U.S. history, outstripping the 1984 shutdown and metamorphosis of the giant Continental Illinois. Seidman estimated at the press conference that the closure would cost the government over \$4 billion, but that's before the smoke clears away. The Conti bailout was in the order of \$4.5 billion. Ever hopeful, Seidman stressed that all depositors, even those with more than \$100,000 in the bank, would be taken care of by the ever-loving FDIC.

It seems, though, that a sizable number of the banks' depositors had already drawn the appropriate conclusions from the earlier phases of this saga, and jumped ship. First RepublicBank was hopelessly insolvent. In the euphemistic language employed by bank regulators, and their toadies in the press corps, the "net worth" of the bank was said to be "negative \$1.1 billion." Or, for the rest of us, it was over a billion bucks in the hole. And that was just the beginning. For the first six months of 1988, the bank had reported a staggering \$2.2 billion loss in income, more than the previous biggest annual loss reported to regulators by any single bank. First RepublicBank of Dallas, which accounted for \$17.1 billion of the holding company's \$26.8 billion in assets at mid-year, had only \$7.7 billion of the company's \$20.2 billion in deposits. Asked to explain the discrepancy, a bank spokesman could only concede that the bank had a large

portfolio of repossessed real estate.

The liquidation had been expected for some time, at least since the publication of the bank's second-quarter results. No doubt the timing was chosen on the last weekend of July, to get the matter out of the way during the month of August in the hope of the keeping the nation's banking crisis out of the newspaper headlines during the September and October months of the presidential election campaign. In the same spirit of partisanship and cronyism, the Federal Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation are pushing ahead to complete negotiations for the takeover of a section of the nation's largest, and also insolvent, thrift. Here, Robert Bass of the Texas-based Bass Group is seeking federal backing to take over the American Savings and Loan subsidiary of the California-based Financial Corporation of America.

It's not such a surprise, then, to find that Dillon, Read, on whose board sits George Bush crony Nicholas Brady, tipped to replace James Baker at Treasury any day now, so Baker can go off to run the Bush election campaign, advised Seidman on how to proceed.

This rush to settlement for the biggest of the system-threatening banking basket cases, is underpinned by what Alan Greenspan of the Federal Reserve attacked as "dangerous euphoria," in his semi-annual report to Congress on the state of the economy. The *New York Times* and Merrill Lynch are hyping that euphoria in the name of what they call, for the moment at least, "optimism." The *Times* quoted Lawrence Cohn, banking analyst for Merrill Lynch, "Obviously, if you had another \$25 billion bank in trouble, you might run into some problems that would affect the FDIC's cash flow, but you just don't have that on the horizon. . . . After First Republic, the FDIC should be able to lick its wounds for a

number of years without having to dip into its reserves again.” The *Times* cheerfully added, “Analysts said they do not see at this point any other bank similar in size to First RepublicBank that will need government assistance soon.”

FDIC crisis looms

So, with these cases out of the way, we can forget about the crisis of insolvency in the banking system, for the next few months, right? Dead wrong.

At the present rate of bank failures, the FDIC is set to have its worst year ever. As of now, it seems that the FDIC will have to pay out more from its combination of about \$16 billion in reserves, and \$2 billion in income from banks' premium payments, than it will take in. The FDIC is headed for its first loss in the history of the regulatory outfit. And as for the FSLIC, well forget it. They are broke, and with each month that passes, the estimates of what it will cost to shut down the foundering system, and secure its depositors, are increasing rapidly.

The regulators and the press take a case-by-case approach on these matters, assuming that the system as a whole is sound, and will remain so. With returns on assets of 0.13% in the last year, the banking system as a whole is not generating enough income to keep its operations going. Therefore, since the system as a whole is bust, each particular bank in the system is also bust, though some are more so than others.

In this respect, the thrifts, treated as the basket case of the financial system as a whole, remain in much better shape than the commercial banks, which the *Times* and Merrill Lynch seek to protect. If freed of their interest rate-bound dependency on external borrowings, to finance the discrepancy between what they take in as payments against mortgage debt, and what they pay out as interest on deposits, the thrifts, with their deposit base, their relationship to the construction industry, and a 15- to 30-year horizon on the lifespan of their lending transactions, would once again be the safest savings institutions in the world.

Not so the big commercial banks, which since 1982 have increasingly gotten out of the range of activities that used to make a bank a bank—lending against deposits for investments that permit wealth to be increased beyond the value of the original loan—and into speculative coupon clipping on each others' securities, foreign exchange, commodity and government debt manipulations. They no longer have a reliable income stream to set against their pyramiding liabilities.

Paradoxically, this reality is reflected in the way the FDIC has handled the First RepublicBank insolvency. The bank was put up for auction. Up front among the bidders: Citibank of New York, Wells Fargo from San Francisco, and the North Carolina bank NCNB. The amount of money that the first two were prepared to put up for the takeover efforts was too low to be acceptable to the FDIC.

In the arrangement worked out, the FDIC and NCNB will form a new bank, NCNB Texas National Bank. This “new”

entity will be financed with \$4 billion of funds from the FDIC and \$210 million from NCNB. The ownership ratio won't reflect the proportions of the split. The FDIC will own 80% of the new operation, and NCNB the remaining 20%, though it has only put up 5% of the funds. This proposal was said to be—believe it or not—the one least costly to the insurance agency. Smells funny? You don't normally expect to get 20% of the equity in a purchase with a 5% down payment.

As usual with these kinds of transactions, there's the stench of the corruption. However, on the basis of that split, it is reasonable to assume that there's more behind the takeover than meets the eye. H. Ross Perot, the Texas billionaire, is reported to have guaranteed NCNB's stake if the North Carolina bank has difficulty raising the cash to fund its share of the transaction. But there's still something else going on.

According to the *Washington Post*, NCNB had originally proposed acquiring an initial 20% of the bank, with an option to take up to 100% over the next five years. This was rejected by the FDIC, and as a result NCNB went off to recruit foreign financial backing for the takeover. West Germany's Dresdner Bank is suspected to be the foreign partner that has underwritten the NCNB transaction. It may be that Dresdner Bank's slice of the transaction will account for the extra 15% of NCNB's share of the new partnership.

It is not surprising that this is being kept quiet. Since when did the nation's bank regulators think it was their mission in life to let foreign financial interests in on the bankruptcy liquidation of the U.S. banking system? The role of Dresdner in the transaction, and the interests for which Dresdner is acting, is sure to be the subject of much scrutiny in the period ahead.

The more so, since a report issued by the newly formed Congressional Economic Leadership Institute at the end of July, entitled “American Assets: An Examination of Foreign Investment in the United States,” details the growth of foreign ownership of all sections of the U.S. economy. Foreign holdings have tripled since 1980, now reaching \$1.5 trillion. Forty-six percent of prime real estate in Los Angeles, 39% in Houston, 33% in Washington, D.C. is owned by foreigners; 20% of all bank assets are held by foreigners; 25% of commercial and industrial loans outstanding are held by foreigners. And it's not the Japanese who are buying it all up. The biggest share of the growth in direct investment in plant, banks, and real estate in 1987 has been taken by the United Kingdom and the Netherlands, with the British accounting for \$75 billion and the Dutch for \$47 billion, compared to \$33 billion on the account of the Japanese.

Could it be that the liquidation of First RepublicBank is the test case for much more to come, as the financial regulators prepare to turn over the country's assets to foreign creditors in history's biggest fire-sale? Perhaps this accounts for why Seidman told the press that the banks whose bids were rejected would be upset at the way the liquidation was concluded. They might perhaps be seeing the writing on the wall.

Drought relief bill won't do the job

by Patricia Salisbury

As the destruction of the nation's farming proceeds apace, the much-ballyhooed drought aid bill, passed in differing versions by the House and Senate at the end of July, is a totally inadequate sop, intended for public relations consumption in a politically explosive election year.

From the outset it has been clear that the administration and Congress intended no serious address to the crisis facing the nation's agriculture. Administration spokesmen, throwing around terms such as "windfall" and "Christmas tree" legislation, warned that the financial aid provided by the bill would not be permitted to exceed the "savings" the government would realize from lower subsidy payments as a result of the failure of crops. The result was to set farm lobbyists and congressmen from one agricultural sector against another, in an effort to throw the crumbs which the bill will provide to *their* special constituencies. The result is a bill which, even in its most generous Senate version, will do almost nothing to alleviate the destruction being wrought by the continuing drought.

This bill, inadequate as it is, has been denounced by the administration as threatening to destroy the Reagan budget plan and trigger automatic spending cuts, as mandated by the Gramm-Rudman balanced budget law. Following passage of bills by the House and Senate on July 28, budget director James C. Miller warned that Congress must restrain the cost of drought relief and other pending legislation to \$5.9 billion, or the 1989 budget deficit would exceed the Gramm-Rudman limits.

The cost of the more generous Senate version of the bill is \$6 billion, while the official estimate of drought-caused damage to the farm industry is a minimum of \$10 million. The Office of Management and Budget has estimated that the drought relief and other pending measures could cost nearly \$9 billion. One of the pieces of legislation described as competing with the drought relief bill by the OMB is a \$200 million hunger relief bill.

The centerpiece of the aid bill is a provision that would pay farmers who lose over 35% of their crop, 65% of their usual income. However, the legislation has placed a limit of \$100,000 on the aid to any individual farmer, a figure which clearly does not provide serious aid to even the medium-size independent family farmer whose operation will, in general,

turn over \$100-500,000 a year. Drafters of the bill have estimated that under the formula, farmers who qualify would get about half of their usual income. However, in Maryland, Deputy Secretary of Agriculture Robert L. Walker predicted that the financial relief would actually amount to "less than 10%" of the \$269 million in estimated crop loss for Maryland for 1988. There is no indication that the bill's architects considered in their discussions what would be necessary to maintain the independent family farmer and the food supply.

A second aspect of drought relief is contained in the Senate bill, but not in the version passed by the House. It is critical to the maintenance of the nation's livestock and milk and meat production, the area in which rapid recovery is impossible if already-decimated herds are permitted to be further devastated. The Senate version would allow livestock, poultry, and fish farmers in eligible counties to receive low-cost government grain or subsidies with which to buy grain on the open market, whether or not the farmer himself produces grain. The House version would give aid to such farmers only if they grow their own grain, ignoring the fact that farmers who normally purchase feedgrain on the market are facing vastly inflated prices and short supplies this year. In Pennsylvania, state agencies have estimated that dairy feed prices have increased about 34% since last year. In Iowa, dairy farms are reportedly dipping into vital winter feed reserves months ahead of time. The difference in cost between the two bills, mostly because of this provision, is \$2-3 billion.

Livestock herds at stake

One important victim of the cost-cutting mentality was a provision of the bill passed by the House Agriculture Committee, which would have raised the support price of milk by 50¢ per hundredweight. After vehement objections from administration spokesmen, and an outcry from congressmen purportedly representing the non-dairy sector of agriculture, this provision was watered down to cover only a three-month period starting in April and ending in June 1989. Early in the debate on the bill, chairman of the Senate Agriculture Committee Patrick Leahy (D-Vt.) had correctly pointed out the particular need to help livestock farmers and dairy farmers maintain their herds, noting that "without rapid assistance, we would lose a large number of foundation herds and consumers could be facing a steep price increase." The conditions for just this loss are written into the relief legislation.

The administration and Congress are dicker on this bandaide legislation, with the prospect that it will be further watered down, despite the fact that even Agriculture Secretary Richard Lyng, after returning from a visit to 10 farm states, reported to the President that while rain had helped in some areas, "even the best corn is not in very good shape. Some soybeans will recover, but it may be too late for corn to recover." The number of counties throughout the country designated drought disaster areas stands at 2,168 in 42 states, with 12 states having all their counties so designated.

Soviet health: as bad as the Third World

by Aglaja Beyes

"If we had preserved the level of infant mortality of the year 1960, we would not have lost 17-18 million people." This statement, which appeared in the Soviet magazine *Nash Sovremenik* (No. 7, 1987), indicates the full extent of the public health disaster in the Soviet Union today.

The Soviet regime is beginning to understand the economic damage brought about by the neglect of public health. The Soviet Union now occupies 32nd place in average life expectancy worldwide and 50th place in infant mortality, "behind Mauritania and Barbados," as Soviet Health Minister Yevgeni Chazov admitted.

The rapid spread of diseases which under normal sanitary and hygienic conditions either do not occur, or are easily controllable, results in the Soviet Union losing billions of rubles per year. In his speech before the All-Union Conference of the Soviet Communist Party on June 30, 1988, Chazov calculated "100 million rubles per day in losses" resulting from workers becoming ill and causing the loss of "tens of billions of rubles" per year as a result of the premature death of working-age people. This is certainly detrimental to *perestroika*, the program for restructuring the Soviet economy on behalf of the military sector.

In early June 1988, alarming reports surfaced in the Soviet press about the outbreak of *typhoid fever* in Georgia, one of the three Transcaucasian Republics. *Pravda* reported June 14 on the widespread shock in the Soviet population when they learned "that a disease which has not appeared since the czarist era, has reappeared today in the Soviet Union." The reason, says *Pravda*, is to be found in the catastrophic hygienic and sanitary conditions, especially in the breakdown of fresh-water supplies and the dismal conditions in the food-processing sector, such as the dairy industry. While the situation is bad enough in the Russian republic, it is appalling in the less developed, southern, mostly Muslim, republics.

A routine check showed that in the Turkmenistan S.S.R., 24% of the communal fresh-water systems and 44% of the fresh-water systems of institutions such as hospitals and schools were contaminated with bacteria. No wonder this

republic ranks the highest in infant mortality: 52.8 per 1,000 in 1986, compared to 19.5 per 1,000 in the Russian Republic. (For comparison: in the United States, the number is 12.5 per 1,000, in Japan 7.4 per 1,000.)

Another epidemic which was already declared to have been eradicated in the Soviet Union, and is now resurfacing en masse is *tuberculosis*. In Kazakhstan alone, "60,000 people are sick with tuberculosis," according to Chazov.

Yet another disease typical of poverty-stricken regions, *dysentery*, erupted during the summer of this year in the region of Kaliningrad (Kaliningrad was formerly Koenigsberg, the Baltic port and capital of German East Prussia; it was annexed by Moscow in 1945 and incorporated into the Russian Republic). But above all, *intestinal diseases* have become a major national health problem. "Half a million people come down with intestinal diseases every year," stated Chazov. "From 1980-85, the number of those who *died* from this disease has almost doubled. More than 90% of them are children, mostly below the age of one" (*Pravda*, June 14, 1988).

Every second newborn is ill

More than anything else, the mass death of infants and small children rocking the Soviet Union is due to a most brutal labor system, squeezing the population to the bone. The Moscow paper *Semya* (*Family*) recently reported on a symposium with the title, "Of What Are the Children Dying?" (No. 17, 1988). The medical superintendent of pediatrics for the Health Ministry of the Russian Republic, Mrs. L.S. Baleva, stated: "Only 20% of women give birth without complications during pregnancy and delivery. Only half of the newborn are healthy. The reason is above all to be found in the heavy occupation of women in production and daily life."

In the same article, Deputy Soviet Health Minister A. A. Baranov gives examples of the hazardous occupations of pregnant women: In the chemical industry and agriculture, the rate of premature births is between three and five times higher than the national average. And again, the worst situation is to be found in the southern republics. In the Central Asian Republic of Kirghizia, 53% of newborn babies are born with hypotrophy (underdevelopment) as a result of their mothers' work on tobacco farms. And in Uzbekistan, a study showed that of 145,600 women, 118,400 performed jobs which were hazardous to their health. This begs the question: Are there women who do *not* perform dangerous jobs?

On July 11, A.Kh. Vezirov, the first secretary of the Azerbaijan Communist Party central committee, reported that Chazov had written him a long letter about the Republic of Azerbaijan's infant mortality rates, and pointed out that "many of our women do not even have the chance to give birth in a hospital or maternity home."

Almost unbelievable is the revelation of Mrs. Baleva: "86.5% of the babies born to mothers below the age of 16 do not survive, and 14% of those born to mothers aged 18-19."

So much for the Mexican model

As expected, after the general elections, the "Economic Solidarity Pact" is proclaimed a total fiasco.

The "masked ball" is over. The much-touted anti-inflationary plan of Mexico, proposed as the model for countries such as Brazil, has come to an inglorious end in the midst of food shortages, a resurgence of inflation, capital flight, and a deep economic depression.

Only two weeks after the July 6 general elections, the cost of the Economic Solidarity Pact, which had been imposed last December, began to be made public.

On July 27, the Chamber of Transformation Industries, which gathers most of the small and medium-sized industrialists, released a study which states that the Economic Solidarity Pact has exacted a drastic sacrifice in minimum wage levels for Mexican workers, which dropped by 15.7% in the first seven months of the current year. This adds up to a reduction of 49.6% in the buying power of wages during the period 1982-87—the term of President Miguel de la Madrid's administration.

The impact of falling wages on the sales of goods has been catastrophic, it was reported on July 21 by the president of the Mexican Confederation of Sales and Marketing Executives, Eduardo Rodríguez. He announced that the sales of intermediate consumer goods fell by 21% in the first six months of this year. As part of this picture, clothing sales fell by 30.5%, shoes by 27.4%, and automobiles, 28%.

Meanwhile, the productive sectors of the country are rebelling against the "repression" in prices exercised by the government by what they call "fiscal terrorism," which has put them on

the verge of bankruptcy.

On July 27, the president of the National Agricultural Council, José Manuel Caso, who represents the biggest private agricultural producers of the country, stated that the farmers and cattlemen have entered into their second half-year of economic recession, because prices are seven months behind production costs, and this is why investments are not being made.

The business leader warned that this lag has produced "a shortage of various products and basic grains." He indicated that the products which are in shortest supply are eggs, milk, maize (corn), and sorghum. He cited as a clear example of shortages, the case of red meat, which has disappeared from the markets, because the government will not accept a price increase, although in reality there has already been one.

He added that milk production has gone down by 20% so far this year, which explains why there has been less supply, in a period when supply has traditionally been greater than demand.

Mr. Caso proposed that an increase in the prices of farm products be allowed, along with a wage increase "so as to give breathing room to the most vulnerable sectors of the economic system."

The disaster of Mexican national agriculture is even more clear-cut if one observes that it was in August 1987 that the government set the floor prices to be paid for the basic crops. Nonetheless, when the Economic Solidarity Pact was put in during December 1987, a hike of 80% was decreed for the main agricultural inputs, including

fertilizers.

In the industrial sector things are no less serious. An unofficial report published by the newspaper *El Financiero* on July 21, indicates that the economic Cabinet foresees that national industry will suffer a drop of between 12 and 14% in 1988, which augurs an economic depression every bit as deep as the one in 1983, the first year of the De la Madrid government.

In 1983, the drop in industrial production reached -4.9%, the lowest in modern Mexican history.

The bad news just keeps coming out. The Bank of Mexico had to admit that inflation reared its head in June and reached the level of 2%, while it was 1.1% in the first half of July—all pointing to a clear upward trend.

Of course, inflation was what the Economic Solidarity Pact was supposed to eliminate.

These disastrous economic indicators are the motor which is driving the rapid "dollarization" of Mexican national finances, and putting on the screws for yet another devaluation of the peso. The Bank of Mexico announced on July 26 that there was a decrease of \$1.2 billion in the international reserves, owing to a run into dollars by investors.

Last Jan. 8, after imposing the Economic Solidarity Pact at the behest of the Wall Street bankers and against the wage demands of the trade unions, President Miguel de la Madrid threatened anyone who might resist, saying, "It is illegitimate to incite the citizens to civil rebellion or to resistance against the laws and authority."

Six months later, on July 6, the Mexican electorate responded by massively rejecting De la Madrid's chosen successor to the presidency, Budget Minister Carlos Salinas de Gortari. The wise men of Wall Street should perhaps take heed.

Colombian graingrowers could feed their nation, if policy were changed

Dr. Adriano Quintana, president of the National Federation of Graingrowers of Colombia (Fenalce) argues forcefully for a change in policy that would enable Colombia to become self-sufficient in grain production, particularly by making low-cost credit available to farmers to allow them to buy heavy equipment and upgrade their productivity. Fenalce has assembled figures that show that, while the cost of heavy farm machinery has risen six times in about four years, the average age of national agricultural machinery stock has increased to the point that many machines are beyond repair.

During a conversation with this reporter and Javier Almarino in early July in Bogotá, Dr. Quintana noted that in some areas, the abysmally low prices for their crops and the lack of credit for inputs, have driven desperate peasants into the more "profitable" cultivation of coca and marijuana.

In contrast, a spokesman for the Colombian Agricultural Association (SAC), the umbrella group which gathers Colombia's farm organizations, denied to *EIR's* reporters that Colombia has the kind of land suitable for large-scale cereal cultivation.

This latter view seemed peculiar to us, and we consulted with individuals with many years of expertise in the potential of Colombia's rich valleys, such as the Valley of the Cauca, and Cundinamarca, which surrounds Bogotá. They pointed to the exceptional fertility of the soil (only surpassed by the Nile Valley in Egypt), the long hours of year-round sunlight (due to the proximity to the Equator), the mildness of the climate due to high altitudes, and the resourcefulness of the peasantry, as factors that could make Colombia capable not only of self-sufficiency in cereals, but indeed could lead to a massive export capability.

Most of the Valley of the Cauca, for example, could easily support three crops per year, if irrigation, tilling and harvesting machinery, and other inputs were available, along with rail transport, which has been allowed to fall into total decay. (The only offer to provide funds to restore a vital rail

link between the inland city of Cali, capital of the rich Cauca Valley state, and the coast, has been made by the Russian ambassador to Colombia!) Moreover, there are large undeveloped and almost unpopulated regions in the eastern part of Colombia, today the havens of the drug-trafficking guerrilla armies, which represent totally untapped agricultural potential.

These sources affirm that, in addition to the critical need for credit to provide modern agricultural machinery to the sector, Colombia is in need of a land reform, and political leaders with the clout to counter the massive power of the sugar-cane interests, who are among the leading political families of the Colombian oligarchy, and who have devoted excessive acreage to sugar cane, a crop which is not particularly apt for Colombian conditions.

We discussed with Dr. Quintana the fact that despite media propaganda—widespread in the Third World—to the effect that the European Community and United States are supporting their farmers with subsidies, in fact EC and U.S. farm policies are dictated by the food cartels and are driving advanced-sector farmers out of business, too.

The potential benefits to the devastated U.S. agricultural machinery industry, of a credit-easing program such as that recommended by Fenalce, are obvious. At present, Colombia, in common with most South American nations, manufactures no heavy tractors or combines and would have to import all such equipment. The food cartel-dictated policy which now prevails, has made countries like Colombia deeply dependent on U.S. cereals exports—and potentially helpless in the face of the impending food shortages.

Below is an interview which Dr. Adriano Quintana granted to *EIR's* Bogotá bureau chief Javier Almarino early last month.—*Nora Hamerman*

EIR: Dr. Quintana, do you believe that the country is capable of surviving the food crisis in the world, considering

that production has dropped by 30-40% in various products which Colombia imports?

Quintana: Fenalce has maintained for several years that it is not right for Colombia to depend for its supplies and food on the instability of international markets. Today this warning, made by Fenalce for a number of years, is being confirmed. It is not good for Colombia, nor for any country, I believe, that can produce food and has the capacity to do it, to have to resort to importing from foreign markets. The key is for Colombia to seek food security. Unhappily, Colombia today is importing food, now and last year and year before last, really for several years. Obviously the volume of imports has gone up. Unfortunately, this year the volume is the largest ever, because there has been no basic farm policy, no bold farm policy, no coherent, long-term farm policy. The farming sector has been left alone and abandoned, and really for this reason, cereals production and production of other products like milk or beans or chickpeas which are being imported by Idema [the government food-distribution agency] is not enough. The production is deficient because farm policy is deficient.

For example, in the case of grain: We have the capacity to produce maize continuously in Colombia, including more than our requirements; the same in sorghum, the same in rice, the same in soya, the same in rye. What has happened, I repeat, is that there has been no bold, aggressive farm policy which really protects the farmer and the peasant and allows Colombia to give the necessary security with products of national origin and national production. So to import this food—this 1.5 million tons in 1988 to resolve a conjunctural problem—as an association we could hardly stubbornly oppose such imports, because we do have to supply our industry and the country's food needs, that's logical—what worries us, is that there is no development, there is not, at the same time, a policy which would let us substitute, in the medium term, these imports by developing our own agriculture.

This is what disturbs the growers and in this sense, what we're saying to the government is that this period ought to make us reflect, both government, the associations, and industry, on the need to implement this farm policy which we have been demanding for some time. We need to make decisions, for example, on agricultural machinery; our farm machinery is extremely costly, it is precarious, old, obsolete, and it is causing enormous losses because of its obsolescence, but we cannot renovate it because of the sky-high prices, because of the tariffs on it. So we have to eliminate the tariffs on importing farm machinery and even go further, and set up a preferential exchange rate for importing this machinery. Venezuela is doing this very successfully and the farm sector has responded. Ecuador and the United States are doing this. The European Community is protecting its agriculture with subsidies and tax breaks.

In Colombia we have not been doing this, so we are telling the government that now is the time to undertake this

aggressive policy with basic decisions, by making subsidies, tax breaks, but stimulating the countryside. If it is not in-depth, if we don't make radical changes, it will be very hard to build up farm production.

As to the production costs of other inputs: It is frightening how they have gone up on the order of 40% in price in the last year for seeds, fertilizers, and herbicides, because there has been no policy of reducing these costs for imports nor to reduce the price of these inputs. Credit, which is another important factor, development credit has been dismantled in an inexplicable way. This was the only support the farmers, the peasants had. Little by little, credit has been dismantled, and we are telling the government that we have to reestablish development credit.

So the point is that we need a bold farm policy to achieve food security first of all. And through this food policy, we can generate jobs in the rural area and give the rural workers the chance to continue their farming jobs, which is a way to contribute to solving the social problem which the country is suffering from, of violence and insecurity. It is just because there are 7 million rural dwellers who feel unprotected, who don't see any farm policy and feel they are floating out there, that disagreement is kindled. This disagreement stirs up violence, and this is just what we have to attack.

So I think the country has to start looking at its food-producing sector from the economic standpoint as one of the fundamental strategies of the coming years, and that the drought the United States is undergoing and the huge rises in price which are affecting the Colombian community, ought to lead us to enact this bold farm policy to little by little replace imports with domestic production, creating jobs in Colombia, creating public wealth in Colombia, and giving guarantees and real security to our farmers.

EIR: What is the immediate effect of the U.S. drought on the Colombian food situation?

Quintana: The immediate effect is that the imports we are making are going to be more expensive. The price increases go from 25-40% for different products. So food imports into Colombia will become dearer and this will have repercussions on the country's currency. It will take more currency to buy the same quantities of imports.

My calculation is that if one takes the 1.5 million tons being imported by Colombia in 1988, and reckons at an average of \$200 per ton more the cost in the Colombian ports, that makes \$300 million more in currency leaving the country, which we could have saved if we had had a development policy here for national farm production. So economically speaking, we have a currency bloodletting. Socially speaking, we have the problem, too, that we are leaving our farmers and peasants without work while we import products we could produce.

From the standpoint of the family market basket there's not the slightest doubt it will have an impact. If the price of

imports goes up, then the price of chicken, of eggs, and of bread will go up, and I think it will be very hard for the government to avoid that. I hope they can. I'm not saying it will cause a tremendous distortion or inflation, but it will have an impact on prices, which would be very serious due to the prices of readjustment because of the drought and the lower production in the U.S., which is our main supplier.

EIR: We have information that the Soviets in particular have bought a good percentage of the harvest of Argentina and Canada, plus the U.S. harvest. My question is whether Colombia could get supplies—dear or cheap? Is Colombia going to be able to get food supplies?

Quintana: I can't exactly answer that right now. One has to look deeper and study the stockpile situation, the inventories, and the damage to the U.S. harvest especially. I think that at least for the next six months, there will not be a problem in getting the food we need. It will cost more, yes, but I don't think there will be a bigger problem because the main import product is wheat, and Idema says it has already bought and contracted for purchases of a bit more than 200,000 tons, already bought. That's the main import. It is similar with soya, so I think the situation will not be so bad that we'll be saying we cannot consume these foods.

But in the long term if things go on this way, with warfare over the international market, and if other countries in the world get into demanding and pressuring on this market, then we may have food supply problems. So that's where our initial proposal becomes more important: We have to seek food security in Colombia at all costs, a national production that develops agriculture, protects it, including subsidies, including tax breaks, just in order not to take big risks in the case of the uncertainty you have brought up, which you are right, has to concern us a lot for the future.

EIR: You mentioned the dismantling of development credit. What is this due to? You have mentioned that the World Bank put conditions on loans. Is that related?

Quintana: I think it did have some influence when a small business was contracted for the farm sector itself about two and a half years ago, and in the World Bank memorandum of conditions it was mentioned that the credit for agriculture had to be at commercial rates. We have had here a development credit rate which in general had favored the farm sector. So in that memorandum they said that the loans to the farm sector had to be at commercial rates, which meant no more development credit, and in fact, what we've seen in the past two years has been the gradual rise in the interest rates, fewer and fewer banking resources going to the farm sector, more and more problems in the Agricultural Financial Fund budget, and ever-higher interest rates. So part of the explanation is the conditions of the World Bank. That is where we say that the government should not have accepted these conditionalities, but should have maintained the policy of stimulating

national farm production above all.

EIR: There have been many commentaries on violence in the countryside and its effect on production. What do you think of this?

Quintana: This is the most disturbing problem, the number-one problem of the country, which explains a lot of the stagnation and the problems the farm sector has. There is no doubt that violence, blackmail, extortion, and kidnappings explain a lot of the stagnation. This intimidates many farmers and has booted a lot of peasants out of the rural areas; it is influencing overall farm production; it is affecting the lack of new investments in irrigation infrastructure, drainage infrastructure, and grain milling, because given the instability and violence, the threats and the kidnappings, obviously there aren't going to be new people with new investments who are going to risk their resources in a threatened, intimidated, and totally unstable farm sector. So the violence and insecurity are very insidious and are affecting very seriously the farmers and cattlemen.

EIR: So your farm development program would have to be accompanied by a program of rural security?

Quintana: That's right; in the rural areas and throughout Colombia, the number-one priority is peace. At all costs. If that does not happen, any development policy will fail. If they gave us good development credit, cheap, if they gave us the means to import machinery more cheaply with a preferential exchange rate, subsidized, what happens if we can't get to the farms, what do we do if there is no security for this farmer and he can't increase his crops or develop his land? So the number-one problem and the number-one solution is peace, is achieving security.

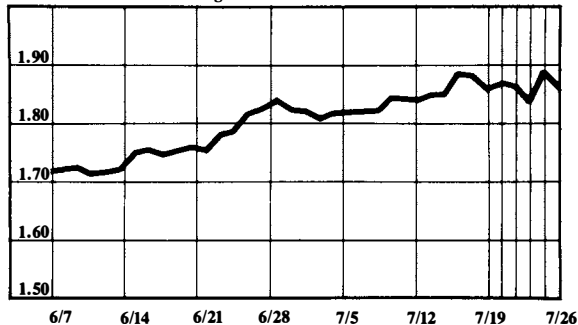
EIR: Dr. Quintana, in a few days we will publish a special report on the U.S. drought, which is no natural disaster. Five years ago, Mr. Lyndon LaRouche proposed the building of a series of canals and water projects which would allow water to be brought down from Alaska. Unhappily, LaRouche's plan was not adopted by the U.S. government.

Quintana: Since you are on this subject, I had forgotten to mention one thing, which is the building of canals in Colombia. In the last 20 years, not one new irrigation district has been created in Colombia. For agriculture water management is the most important thing, so that you have water security and depend less and less on whether it rains or not. So, if in Colombia for 20 years there have been no new irrigation investments, that shows that really there has not been an interest in developing Colombia's agricultural production. There has not been the policy I mentioned. Now that you remind me, I am sharing this concern with you. It is one of the most important and vital themes to make an efficient agriculture. But in looking at the Colombian case, unfortunately we have not been able to advance much in this, either.

Currency Rates

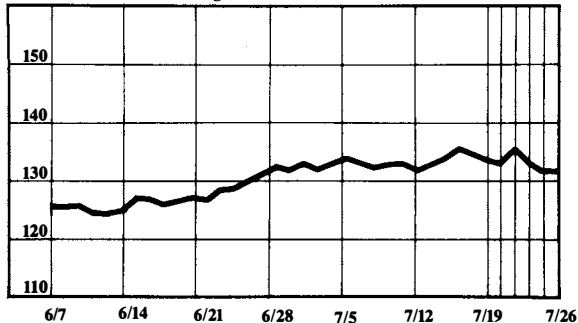
The dollar in deutschemarks

New York late afternoon fixing



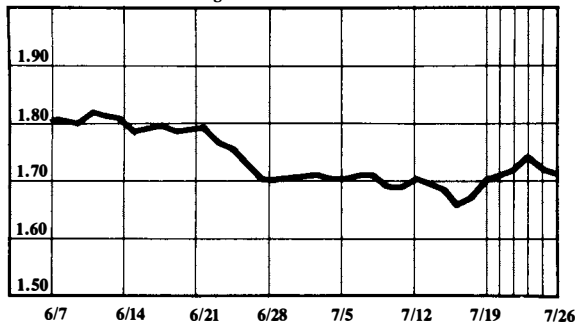
The dollar in yen

New York late afternoon fixing



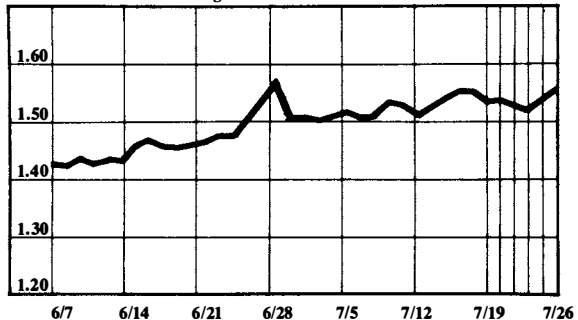
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Bank Failures

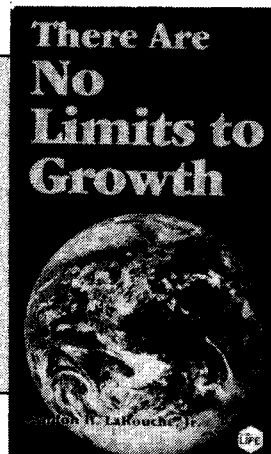
A total of at least seven banks failed in the month of July, not including the First Republic Bank of Dallas or others which possibly closed after Washington, D.C. banking hours on Friday, July 29. The seven banks were:

The American Bank, Palestine, Texas, with assets totaling \$19.7 million, closed on July 14; **The Security Bank**, Warner, Oklahoma, with total assets of about \$9.6 million, closed on July 14; **Allen National Bank**, Allen, Texas, with total assets of about \$20.0 million, closed on July 14; **Oak Forest National Bank**, Longview, Texas, with total assets of about \$7.4 million; **Union Bank and Trust**, Bartlesville, Oklahoma, with total assets of about \$128.9 million, closed on July 21; **First National Bank of Blooming Prairie**, Blooming Prairie, Minnesota, with assets of about \$19.4 million, closed on July 21; **First Capitol Bank** of West Columbia, Texas, with assets of about \$49.7 million, closed on July 28; and **National Fidelity Bank** of Shreveport, Shreveport, La., with assets of about \$10.5 million, was closed on Friday, July 29.

Overpopulation Isn't Killing the World's Forests—the Malthusians Are

There Are No Limits to Growth

by
Lyndon H. LaRouche, Jr.



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A chain reaction of crises

The Department of Agriculture says not to worry, but drought-stricken farmers are demanding emergency measures.

Despite the occasional July rains over the drought belt, there has been extensive damage to crops—especially to corn and spring wheat, and to pastures and livestock. Don't believe the low damage estimates put out by the U.S. Department of Agriculture in July, for example, a projected 25% reduction in the corn harvest. The true corn harvest reduction may be 50% or more, as it was in the drought of 1983. You can see this for yourself in the photographs of stressed corn plants on television.

However, what most non-farmers may not be aware of is the chain-reaction impact from the drought now taking place throughout the agriculture sector, in terms of all other daily diet essentials—meat, milk, vegetables, and so forth. People may expect higher prices, but what if the food will not be there at any price?

Congress is paying no heed to the disintegration process under way in the food chain. Only on the state and local level have some farmers taken the lead to issue recommendations on emergency measures to preserve the inventory and potential to produce. If these local initiatives become a national movement, then there is a chance to reverse the otherwise inevitable catastrophe. But time is running out.

Consider the most obvious situation, the current crisis of the corn acreage: Right now, there are millions of acres of standing corn stalks across the cornbelt states—from Ohio west through Nebraska—that will produce

no ears, or, perhaps, a few ears, and a few kernels per field. Because of the timing and severity of the drought this year, the pollination phase of the corn plant has been a failure for much of the crop. Corn devastated like this is not worth "growing out," and harvesting for grain.

When a national yield figure of corn is quoted, for example, a prediction that yields will be 50% of normal, this means that some fields will produce at a reduced level, and some will not produce at all.

In areas such as Wisconsin, and other parts of the "dairy belt," where corn output is part of regionally integrated farm practices involving pastures, row-cropping, forage, and milk animal husbandry, the corn plants can be chopped and stored for silage, and some fed to the cows fresh as "green chop," to which would then allow the burnt summer pastures time to regenerate. This makes use of the damaged corn plants, and lessens the impact of the drought somewhat, but does not solve the problem of financial hardship to the farmer, because high-producing dairy herds need corn and high-quality feed in their diets. The price of this feed is soaring.

However, in Iowa, the top corn state in the nation (producing 23% of the U.S. corn crop), there are no large cattle herds for the corn stalks to "feed through." In recent years, there has been a precipitous decline in beef herds in Iowa, which once was in the top three cattle-producing states in the na-

tion, along with Texas and Oklahoma. (Hogs, the other top Iowa meat animal, do not digest cellulose in corn stalks, while cattle do.)

Therefore, thousands of Iowa farmers are facing the prospect of having to mow down, disc in, and plough up the corn fields—an almost total waste. They do this to prevent "volunteer" corn from springing up next year, from any kernels that may form and drop from this year's disaster. (Corn is planted annually from hybrid, not carryover, seed.)

Instead of this waste, some Iowa farmers have appealed for emergency coordination through the state agriculture extension offices, or otherwise, to both use the corn for silage, and to preserve and expand the shrinking beef brood herd. Iowa corn farmers could "billet" a certain number of beef animals per county. Young heifers, otherwise now going to slaughter because of the burnt pastures, the high cost of feed, and the lack of water, could instead be retained and grown to become breeding animals.

There are thousands of empty silos, empty livestock pens, and silage conveyer belts in Iowa that could handle the livestock and their corn silage. Nutrients are still intact in the corn plants, and could provide rations to sustain the beef animals.

In addition, emergency measures and financial assistance are required to maintain and expand the national dairy herd. The herd is now down to a record low of 8.8 million head, down from 11 million before the federal "Dairy Herd Termination Program" and the current drought cycle.

In regions such as the Southwest, animal feed is not grown, but bought in bulk for local herds. Prices for feed (soybean oil meal, corn) have already risen 70% this year. These animals will be going to slaughter, unless relief is organized.

A Marshall Plan for the Third World

A new approach to developing sector problems by the German labor unions, is presented at a meeting in Brazil.

Addressing trade unionists from Brazil and Argentina in São Paulo on July 10, Ernst Breit, the national chairman of the German Labor Federation (DGB), harshly attacked the International Monetary Fund. He said: "Many countries in this world are on the brink of economic bankruptcy. They are fighting for mere survival. There has been no lack of lip-service statements of intent to help the debtors through all the past years, however." Breit listed the recent declaration of the Toronto G-7 summit on selective debt relief and rescheduling, among those statements that "sound noble but don't help much."

Instead of selective rescheduling, debt cancellation is required "in most of the cases," Breit said, adding, "it is also urgent that conditions be created that help to prevent the return of such dramatic developments [in the Third World] in the future."

Conditionalities imposed by the IMF and the private creditor banks, Breit charged, "favor the emergence of strongman regimes that can usurp the power to impose social conditions for debt consolidation, at the expense of democratic governments."

These formulations are unprecedented in DGB official statements on Third World issues over the past 20 years. In 1969, the DGB dropped its labor organizing in Ibero-America and handed it over entirely to the U.S. AFL-CIO. This was part of a deal giving the DGB "political permits" to proceed with its work into the East bloc.

It was a bad deal, because it made the German labor movement an al-

most exclusive target for Soviet propaganda, while its former political solidarity with the Third World was abruptly ended. It opened doors in the DGB for Willy Brandt's Socialist International neo-malthusians. Efforts of the industrial labor base to revive the orientation toward the Third World, culminating in a rally of 70,000 workers in Dortmund under the slogan of "German Technology for the World" in October 1977, were contained and suppressed by the DGB apparatus.

But the labor base's deep interest in the fate of the developing sector could not be put down forever. The Fabian "Third World" commissions of Brandt, Robert McNamara, Olof Palme, and Gro Brundtland dedicated, not without success, much of their efforts to the ideological penetration of the labor movement. Workers' interest in the Third World was channeled into solidarity with the Sandinistas in Nicaragua, against the Chilean and South African regimes, and was diverted into pro-Soviet slogans, like "arms control means development."

The fact that this solidarity mobilization was fake, was exposed in early 1986, when Argentine labor leader Alberto Campos toured Germany to rally support for the Ibero-American struggle against the IMF and was officially boycotted by the DGB and the big unions. In close cooperation with the AFL-CIO, which sabotaged the growing ferment for debt moratoria among workers in Ibero-America, the DGB kept its doors closed to the Schiller Institute's Labor Commission. The DGB also sabotaged an ef-

fort to build anti-IMF ferment in the big German steel workers' strike in late 1987-early 1988.

The German Labor Federation has come under heavy pressure, though, from another side. The two main churches in Germany, the Catholics and the Lutherans, began a joint mobilization to back the debtor nations against the IMF on May 16. Their campaign did not miss its effect on the DGB, since the two churches are mass organizations with millions of members. When the labor federation's chairman Ernst Breit prepared for his two-week tour of Brazil and Argentina, he met with representatives of the churches to discuss the debt issue.

Breit's São Paulo address replicated key passages from the churches' declarations of May 16. For example, the following one: "The German democracy that emerged after the First World War undoubtedly was a victim of the debt-collecting policy of the victorious powers, who were not willing to cancel even part of the debt for the young German republic. This contributed essentially to the world economic depression of 1929, mass unemployment in our country and, caused by that, to the rise to power of the National Socialists in 1933. A cancellation of debt was finally considered, but it was too late, as the Nazi dictatorship was already established and the seeds for the Second World War planted."

Breit presented the post-1945 policy of the victorious powers as a positive alternative: "Instead of the burden of war debts, they created the Marshall Plan for the reconstruction of the destroyed countries of Western Europe." He cited the 1953 London Debt Agreement that canceled 50% of all German pre-1945 debt. This, he said, should serve as the historic model for solving today's debt problem.

Weimar hyperinflation hits

Brazil is floating on a sea of speculative paper, and the panic has already begun.

Brazil didn't need to lose a war and submit to war reparations, as did Germany after World War I, to find itself submerged by three-digit levels of inflation. It has taken a mere six months of the ultramonetarist policies of Finance Minister Maílson da Nóbrega—specifically, his commitment to pay the international financial oligarchy its usurious interest rates punctually, through immense export surpluses—to produce this hyperinflationary result.

During June, Brazil's government announced that, for the first time in its history, export levels of \$30 billion had been reached in 1988, which will permit a trade surplus of an unprecedented \$18 billion. The announcement coincided with a takeoff of the inflation index into the stratosphere.

Official inflation for the month of June alone reached 19.53%, while the most optimistic calculations predict a rate of 24% or higher in July, which would represent a compounded inflation rate by year's end of 1,000%. For August, the rate is easily expected to top 30%.

Aggravating the situation was the decision of President José Sarney's government on July 26 to make a payment of nearly \$1 billion in interest arrears to its foreign creditor banks, in an attempt to clean the slate for future handouts.

The connection among debt, exports, and the inflation rate is quite direct. The increase in exports which is enabling the government to meet interest payments, is based on reducing income and consumption levels of the Brazilian population, which in turn

has been the principal cause of the internal economic recession. According to the Brazilian Institute of Geography and Statistics (IBGE), industrial activity inside the country fell to a *negative* 6.3% growth rate in the first four months of this year. In addition, after the central bank purchases export revenue dollars, these go directly to swell the speculative capital markets, to the detriment of productive investments.

The Sarney government's policies could not be more inept. After encouraging rampant speculation, it is now insisting that the situation is under control, and is calling upon the country to avoid panic. Behind the scenes, however, it is preparing its shock program, which is expected to include tax increases and the firing of some 300,000 public employees, as former finance minister Delfim Netto is demanding.

While using its dollars to pay debt interest costs, and suffering growing losses in tax revenue due to the collapse of per capita income and industrial recession, the government is absurdly attempting to finance itself by placing public debt bonds, offered at increasingly higher interest rates, on the short-term speculative markets.

This government paper, including the so-called National Treasury Obligations (OTNS), are the only support for more than \$50 billion that daily passes through the overnight markets, and to whose interest rates virtually the entirety of the national economy is indexed.

The overnight interest rate, fixed daily by the Central Bank, rose to 28% a month in mid-July, and in the fol-

lowing two weeks shot up to an insane 40% a month. What this represents for the investor is a liquid profit, after taxes, of more than 24%, that is, slightly higher than the inflation rate anticipated for July. At the same time, the value of the dollar on the black market rose to nearly 50% above the official rate, which is devalued 1% a day.

What becomes clear, is that the inflation rate is a purely financial creation, spurred by the growing costs of the internal debt.

In early May, *EIR* was able to predict that the Central Bank offer to OTN investors of a 13% real annual rate (yielding a profit above the then anticipated 600% inflation rate), would soon double. The Central Bank's measure of raising interest rates, allegedly to retire "excess liquidity" from the financial market, had precisely the opposite effect: mass flight into the speculative markets, which destabilized the real productive sector.

In mid-July, financial speculators began to demand that the Central Bank raise interest rates even further, to the point that the Central Bank was forced to pull out of the auction. At that point, the financial panic which has characterized the last few weeks in Brazil became evident. The São Paulo stock market alone fell by 20%.

The speculative insanity has reached the point that monthly interest or inflation rates have lost all meaning. Maílson da Nóbrega's policy of matching interest rates to "the reality of the market," has left the economy in the hands of the speculators, who now fix the indices of their profits on a daily basis.

When interest rates on the overnight market are already at 1.2% a day, hyperinflation has arrived; it now needs but the slightest excuse to explode in all its ramifications.

Business Briefs

Public Debt

Italy's 'Amato Plan' heralds fierce austerity

Italian Treasury Minister Giuliano Amato, claiming that Italy's public debt will go out of control this fall if there is no immediate intervention, is proposing budget cuts of \$5.11 billion per year, a ceiling on spending increases to keep them below the growth of the Gross National Product, and an increase in revenues greater than that of previous years. This would supposedly reduce the budget deficit to zero by the year 1992.

The Treasury is dealing with its liquidity needs by placing on the market about \$29 billion in state bonds per month, but very few investors are buying bonds with maturities over two years, and therefore the Treasury is constantly having to pay interest on the bonds that come due, and cannot carry out a long-term policy.

The national deficit is approaching \$116 billion, while the overall debt has reached the staggering sum of \$729 billion. On Jan. 1, 1987, local governments' debt had reached the record level of \$37 billion, up 584% over 1978.

Investments by the Agency for the Mezzogiorno, which is in charge of developing Italy's backward southern area, went from \$2.1 billion in 1986, already ridiculously low, to only \$1.8 billion last year.

Trade War

Reagan orders sanctions against Brazil

In retaliation for Brazil's refusal to provide patent protection to U.S. pharmaceutical and chemical manufacturers, President Reagan ordered \$200 million in trade sanctions against that country on July 22.

The President was acting on an unfair trade complaint filed last year by the Pharmaceutical Manufacturers' Association, which accused Brazil of deliberately changing its laws in 1969 to allow its companies to make and sell pirated copies of patented

U.S. drugs and other chemicals.

"We regret that it is necessary to impose trade sanctions in this matter, but the U.S. cannot tolerate the piracy of its intellectual property," said spokesman Marlin Fitzwater from the California White House. "Adequate patent protection is the cornerstone of a healthy pharmaceutical industry."

Brazil responded that it will go to the General Agreement on Trade and Tariffs (GATT) to demand "just amends for the damages that has just suffered," said Brazilian President José Sarney in an official communiqué. Sarney added that the decision "is unjust and does not make any sense, tends to undermine the economic relationships among both countries, [and] it violates the most basic principles of international rights."

Demography

Brazil's fertility shows sharp drop

Brazil's *Gazeta Mercantil* reports that, according to a study released July 20 by the Brazilian Institute of Geography and Statistics, fertility in Brazil is dramatically falling, at a rate so fast that it has no comparison with any other country in the Western Hemisphere.

Demography expert Luis Antonio Pinto de Oliveira, one of the researchers involved in the study, said that Brazil's dropping fertility rate can only be compared to some Asian countries that have imposed birth control methods by decree.

From 1980-84 fertility fell 19%. From 1970-80 it dropped 25%. The study reports that, in 1940, Brazilian women had 6.16 children on average. In the 1950s the average was 6.21 children, and in the 1960s it increased to 6.28. Fertility began to drop in 1970 to 5.76; in 1980 it continued to drop to 4.3 children, and in 1984, the average reached 3.5.

The falling fertility rate is the result of austerity conditionalities of the International Monetary Fund and the World Bank, which have demanded population control as the prerequisite for financial assistance. As a result of this malthusian campaign, Brazil

is now expected to reach the year 2000 with only 180 million people, instead of the 200 million projected 10 years ago.

East-West Trade

Soviet-German talks called a 'milestone'

An intensive round of diplomacy is under way, to build for the state visit to the Soviet Union of West German Chancellor Helmut Kohl in October.

The first of a series of German-Soviet economic talks began July 23-24, when Bonn Agriculture Minister Ignaz Kiechle and parliamentary state secretary in the Economics Ministry Erich Riedl arrived in Moscow for talks.

Kiechle's week-long visit included meetings with Vsevolod Murakhovsky, first deputy prime minister and head of the agriculture ministry. They discussed cooperation in crop growing, cattle raising, and food processing, and according to the Soviet news agency TASS, both sides expressed interest in expanding "new forms of external economic relations," such as "joint ventures."

Riedl arrived as the head of a delegation from the aerospace giant MBB, which does final assembly of the Airbus. The Bonn government Press Office announced that his Moscow talks represent a "milestone" in German-Soviet relations, and hinted at a sale of the Airbus to the Soviets soon. The talks are of "special significance" for the upcoming Kohl visit, the Press Office said.

Foreign Minister Hans-Dietrich Genscher, for meetings with Soviet Foreign Minister Eduard Shevardnadze.

The intensified diplomacy between Bonn and Moscow is accompanied by hints about new credit lines for the Soviet Union. Rumors have it that German banks will announce a loan of 3 billion Deutschmarks for technological improvements in the Soviet food industry. On July 26, the Soviets issued their first state bond on the West German capital markets, over DM500 million, jointly administered by Vneshekonombank and Dresdner Bank.

Briefly

● **ZAIRE'S** President Mobutu has accused the World Bank and the IMF of having "a tendency to treat Zaire like a colony," according to the French newsletter *Lettre d'Afrique*. Mobutu declared that "the incomplete schema of the IMF tends to destabilize the existing political situation. Demanding programs of growth. Outside this scheme of growth, IMF programs hold us in a situation of economic recolonization."

● **INDIA'S** Narmada River Valley Development project has come under attack from environmentalists. The project, which will cost \$20 billion, will include construction of 30 major dams, 135 medium and 3,000 minor dams, and will irrigate 5 million hectares and generate 3,200 Mw of electricity. A report published by the Department of Environment says that the *environmental* cost of the project would be a whopping \$25 billion more.

● **MITSUBISHI CORP.** of Japan is studying possible joint ventures with the Soviet Union in the consumer goods industries, the company announced on July 11. Soviet Premier Nikolai Ryzhkov has invited the company to participate in large-scale Soviet projects and to set up joint enterprises in the U.S.S.R.

● **IVORY COAST** President Félix Houphouët-Boigny, in a meeting with French Premier Michel Rocard at the end of July, called for agreements between North and South to avert disaster, "before it is too late." "Africa," he said, "theoretically underdeveloped, has immense natural wealth and is in reality the necessary complement to an aging Europe. . . . In short, we need a new South-North axis."

● **SINO-SOVIET** trade rose 32.2% in the January-June 1988 period, over the same period last year, reported the *China Daily* on July 18. China's trade with the Soviet Union still lags behind that with Japan, the United States, and Europe.

Food

Irradiation expert Martin Welt convicted

Dr. Martin Welt, who pioneered the commercialization of food irradiation, was found guilty on six counts of violating minor Nuclear Regulatory Commission (NRC) safety regulations and acquitted on the charge of conspiring to obstruct justice by a New Jersey jury July 14, in a trial which the anti-nuclear lobby has made into a *cause célèbre*.

Welt was indicted for such "crimes" as installing a new safety device in the food irradiator before notifying the NRC. Normally such infractions are met with reprimands or fines.

Just after she handed down the indictment against Welt in March, federal prosecutor Jacqueline Wolff was appointed "environmental crime coordinator" for New Jersey. Wolff told the jury that the state had become a national disgrace as a dumping ground for dangerous chemicals, and that Welt must be jailed to prevent the nuclear industry from making New Jersey its dumping ground.

Welt's sentencing is scheduled for Sept. 20. His lawyer believes that letters from those familiar with Welt's fight to commercialize food irradiation technology or who are concerned about the anti-science mob's campaign to destroy this food-saving technology, would help him make the case that Welt should not be jailed. Letters should be sent to Michael Querques, Esq., 433 Central Avenue, Orange, New Jersey 07050.

Full details on the case appeared in *EIR*, June 10, 1988.

International Debt

IMF head Camdessus backs 'pain and agony'

International Monetary Fund director Michel Camdessus took a hard line on Third World debt problems, in a recent interview with France's *La Croix* newspaper. "It is ob-

vious, that it is above all the responsibility of the indebted countries to find a solution to their problems," said Camdessus. "Many of these countries must show more constancy in their efforts to correct their imbalances and weaknesses. . . . No plan of adjustment can be realized without internal troubles, but it is an illusion to believe that one could have durable growth without this adjustment."

Asked whether IMF policies are not, in fact, painful, Camdessus responded that this was true, but "it is not only inevitable, it is also essential." The IMF, he claimed, would help those countries implement "additional efforts to spread out the weight of the adjustment in a more equitable way. . . . But make no mistake. Our goal is to promote the adjustment, not to postpone it; to strengthen it, not to weaken it."

He called on the international banks to "play a more active role" in this effort, because it will give the banks "the best opportunity to improve the value of their debts and serve the interests . . . of the world financial community as a whole."

Restructuring

Hungary faces layoffs, Grosz tells U.S. press

Hungary's new prime minister, Karoly Grosz, met with President Reagan on July 27 to discuss expanded trade with the West. Speaking to the National Press Club the same day, Grosz was candid that his economic reforms will have painful impacts on the Hungarian population (the "reforms" come in the wake of a \$350 million loan from the International Monetary Fund).

He said there will be a new wage policy, "based not on social needs, but on economic performance." When asked about the social unrest that mass layoffs from the shutdown of non-profitable factories might create, he said, "There is no way out of these disturbances. This will be no exception." Unemployment compensation will be provided, he said, "except for those who are alcoholics."

A man who loved both the stars and great music

by Warren J. Hamerman

A Man Who Loved the Stars; The Autobiography of John A. Brashear

by John A. Brashear

University of Pittsburgh Press, Pittsburgh, 1988
\$19.95 cloth, \$9.95 paperbound, 190 pages.

This is the inspiring autobiography of John Brashear, an extraordinary millwright of Pittsburgh during the late 19th century, who, after full days in the iron mills, worked late into the night in his home workshop building telescopes, grinding astronomical lenses, and studying the heavens. Brashear so revolutionized the technology and precision in astrophysical instrumentation, that he became the world's foremost builder of astronomical instruments of his day. As his fame grew, he collaborated directly with most of the leading astronomers of America and Europe during the last decades of the 19th century and the first decades of this one.

Brashear lived from 1840 until 1920 and, by the end of his career, his precision telescopes, stellar spectroscopes, mirrors, and scientific optical instrumentation were the prized possessions of observatories, colleges, and other learning institutions throughout Europe and the United States. Before his astronomical avocation became his day's work as well, he typically rose at about 5:30 in the morning to get to the mill on time. He would arrive back home at 6:00 in the evening, and then, after supper, he would work with his devoted wife well past midnight, grinding lenses or observing the stars. Despite becoming a friend to all the leading astronomers of his time, he nonetheless always delighted in patiently giving ordinary laborers, children, and common

people their first look at the beauties of the skies through one of his telescopes.

Brashear wrote: "For not only did I desire the privilege of seeing the beauties of the heavens myself; I dreamed of a day when all mankind, every boy and girl, might have that privilege, too."

Music and morality

Besides his passion for astronomy, Brashear was an enthusiastic devotee of classical music. He was the choir-leader of his church chorus, the organizer of a citywide cantata society and composed several musical pieces himself. He was a tenor and his wife a soprano who sought out musical friends all their life.

Brashear emerged in a definite political context of cultural optimism. One of his grandfathers owned a tavern in Brownsville where he had entertained Lafayette on his 1825 tour. His other grandfather had a love for astronomy as well as great music. This grandfather played several instruments, including the piano, flute, violin, and pipe organ, and he often made his own musical instruments. Brashear was in his early twenties when Lincoln led the Union to victory in the Civil War. The industrial expansion of Pittsburgh in the decades that followed made it one of the epicenters of progress in the nation.

Brashear's autobiography is a work in the tradition of Benjamin Franklin's own classic autobiography because of the way in which it unifies the pursuit of scientific truth with a broad vision of morality that is based upon the joy of uplifting one's fellow men to a higher state of knowledge about the beauty of our universe. Were our nation to rededicate herself to a mission of space exploration again, men and women in this mold will not seem such a unique rarity.

Brashear wrote, "Perhaps some of the good people will read these reminiscences who have been fellow workers in the domain of our beautiful science of astronomy and astrophysics and who have helped me to 'push forward the frontiers of human knowledge'. . . . But, after all, my one big hope is that my humble effort in jotting down these items from life's memorandum book may help some struggling soul to master some of the problems of life and of the beautiful in science, which will contribute new chapters of discovery to the now unknown and help to make this old oblate spheroid move smoother on its axis."

Brashear's autobiography first appeared in 1924, four years after his death. Readers of this work will be richly rewarded by a man who makes your vision swell, and your hopes soar.

Modern aviation's debt to 'Kelly' Johnson

by Leo Scanlon

More Than My Share of It All

by Clarence L. "Kelly" Johnson
with Maggie Smith
Smithsonian Institution Press, Washington, D.C.,
1985, 209 pages, clothbound, \$17.50.

Although the name Kelly Johnson may not be familiar to many people outside the aviation fraternity, his life's work stands behind the developments in modern aviation which have captivated the imaginations and spurred the optimism of several generations of Americans. This autobiography is a very human look into the life of the man who epitomizes the genius, and limitations of American industrial technology in the 20th century.

Kelly Johnson had a hand in almost every engineering feat of aircraft design in this century, from his work developing the Lockheed Electra, through a family of transport and fighter aircraft for World War II, and on, to the fabulous SR-71, which is the pioneer for future stealth and hypersonic aircraft.

A look at these accomplishments shows a man who is almost a stereotype of the American genius for engineering and production organization. For example, Johnson was leading the work on the P-38, the fastest of the subsonic fighters, when the problem of "compressibility"—unstable air flows at transsonic speeds—was found to plague the air-

craft at the edge of its performance envelope. This problem represented the barrier which made any further attempt to apply greater engine power, including existing jet engines, useless, because the airframe could not survive the speeds.

Kelly Johnson reports the admiration he had for the German engineers (working from classical Riemannian models of the shockwave effects, whose approach had been rejected by the Air Force, and Theodor von Karman in the United States) and their advanced solutions to these problems. Apparently unaware of the theoretical basis of the German accomplishments, Johnson was nonetheless able to direct the engineering and production departments at Lockheed, assimilating these breakthroughs, and organized the work in what we now term "Manhattan Project" fashion. The methods he used are directly responsible for the successes he achieved from then through the production of the SR-71.

This effort, under wartime conditions, impressed on Johnson the need to run research and engineering projects in a manner diametrically opposed to the bureaucratic methods which have come to characterize the moribund corporate and government structure of the 20th century. In this respect, Johnson stands with Adm. Hyman Rickover and Gen. Bruce Medaris as one of the giants of this century. These men, each in his own way, were characteristically opposed to the shallow, weak, and timid thinking that characterizes the modern "consensus process."

Johnson's approach to the problem was to form an organization within the Lockheed structure, under his direction, which was nicknamed the "Skunk Works" (after the famous production site of "Kickapoo joy juice" in the L'il Abner comic strip). The Skunk Works operated on principles which are captured in the humorous slogans of the management, "If you can't do it with brainpower you can't do it with manpower-overtime." "Be quick, be quiet, be on time." "Listen: You'll never learn anything by talking." "The measure of an intelligent person is his ability to change his mind." Kelly Johnson saw this as a "common sense" approach to solving complicated problems, and it is. He is continually amazed at the sad lack of this approach in the United States today.

The autobiography describes in shocking detail the devastation of U.S. scientific and industrial preeminence in the post-Robert McNamara era, and also the incredible damage that is being done to every area of basic industrial capacity by the policies which have dominated the country since McNamara was at the Pentagon. The list of the issues cited by Johnson is long, and should be studied by every American concerned about the ongoing collapse of our defense and industrial base.

Even more frightening is Johnson's account of his inability to reproduce his method among a younger generation of engineers and officers. When the Army began the project to develop the Cheyenne helicopter, Johnson and the Skunk Works crew were asked to set up a satellite shop and expedite the project. Within a very short time, the project's purchasing

department became larger than the original entire staff of the Skunk Works. The engineering staff that Johnson commanded which had produced the U-2 and the SR-71, totaled six people!

Other efforts to bypass “the system” met a similar fate, and the accounts of why this happened give insight into the reasons for the dismal, uninspiring performance of every element of our nation’s aerospace and scientific research efforts. The syndrome identified by Johnson is methodically strangling the genius of the American industrial system, and if there is no hue and cry to reverse this trend, the introductory remarks written by the author’s colleague, Gen. Leo P. Geary, USAF (ret.), will stand as an epitaph for a once-mighty nation. Geary wrote, “Simply put, Kelly’s real legacy is not nearly so much what he has accomplished, but much more how it was done. That is, generally outside—and in many cases in spite of—the so-called regular ‘system.’”

“The U-2 and SR-71 are two examples of Skunk Works programs that came in on schedule and under contract costs. Still, despite disclaimers, the Skunk Works, Kelly’s brainchild . . . to all intents and purposes has ceased to exist. This is an inexcusable and needless loss for the American taxpayer. Thoughtful readers will question the why of this, as well they should.”

A message ‘too big to handle’

by Katherine Kanter

Kathleen, the Life of Kathleen Ferrier, 1912-1953

by Maurice Leonard
Century Hutchison, London, 1988
274 pages, cloth bound.

“My God, what a voice—and what a face!” exclaimed Marion Anderson, the outstanding American contralto, when listening to Miss Ferrier rehearse in the United States in 1950. Kathleen Ferrier was indeed “as pretty as a picture,” but she was also one of a handful of British artists whose message was “too big to handle.”

Anyone who has heard Miss Ferrier sing German music live or on record—she sang mainly Bach, Handel, Schubert, Schumann, and Brahms at the height of anti-German feeling during World War II—will want to buy this book, because there is only one other biography of her that is in print, which

is the one written by her sister.

However, allow me to introduce a note of caution. Her biographer Maurice Leonard, whose other special hobby, oddly, seems to be occultism, has not really dealt with the fascinating question: Why, when Britain was fighting Nazi Germany in a life-or-death struggle, did Miss Ferrier concentrate on singing the finest German music? Who helped her launch her career so she could do just that? It had to be the people who loved what was good about German culture, and hoped, somehow, to save the soul of that nation as well as their own. It was surely *not* the faction who led the Strategic Bombing Survey, the people who destroyed the German cities, who “reconstructed” the German people after the war.

This is borne out by the hatred between Miss Ferrier and Walter Legge, though Mr. Leonard has not dug at all into the political background to the whole scandal. Walter Legge was an Englishman with no special knowledge or love for music—his first words ever penned on music, in the early twenties, were a virulent attack on “Fidelio” and “Don Giovanni,” which he called “boring.”

Legge somehow ingratiated himself with a certain faction of British intelligence involved with psychological warfare. After the war, Legge was sent on rounds to the bombed-out cities of Germany, making offers that couldn’t be refused to able musicians who even had no food to eat, “persuading” them to go under the tutelage of the likes of Nazi protégé Herbert von Karajan. Legge ultimately married one of those musicians, Elizabeth Schwartzkopf, who wrote the preface to Mr. Leonard’s book, for reasons which I cannot understand.

During the war, Legge was named artistic director of Columbia Records, and was the cause for Miss Ferrier to break her contract with that firm in 1945. Author Leonard does write, “She was disenchanted with its artistic director, Walter Legge. . . . He offered his advice to Kathleen during recording sessions, frequently stopping her performance to make suggestions. She always knew her music impeccably. . . . [S]he would have preferred him to have concentrated on the technical problems rather than the artistic. Legge also appreciated a handsome woman, as evinced by his choice of wives. Kathleen felt that, sometimes, his attention wandered away from the artistic into more fundamental areas, which were equally unwelcome to her. Henderson remembers her arriving for a lesson one day after she had shared a taxi with Legge. She did not say what had happened in the taxi, but, whatever it was, she did not like it.”

One of Legge’s schemes was to try to turn Miss Ferrier into a Wagnerian. Here is part of a letter he wrote to her in 1951, as she lay sick with cancer. “I have been asked by Wieland Wagner and Herbert von Karajan to induce you, to cajole you . . . if necessary, abduct you, bribe you, or even blackmail . . . so that you can sing Brangäne with them next summer.”

But this is what Miss Ferrier wrote to the pianist John

Newmark, about Richard Strauss and Wagner in 1949, when she saw "Der Rosenkavalier" in Amsterdam for the first time, as well as two Mozart operas: "I was slightly embarrassed in the first act, it hurt my ears in the second, and I'm afraid I was bored and had corns on me sit upon by the third. But then, I'm no Wagner fan, and I suppose it's the same school. But the Mozart! The music was overwhelming."

So Miss Ferrier did have opinions, and she must have had some nasty enemies. On tour in Holland in 1951, an iron bar crashed down from a great height, only inches from where she was standing on stage. In 1952, shortly before she died of cancer, a campaign was set up by people, about whom Leonard says very little, to harass her, such as phone calls to her throughout the night and playing dirty tricks on her. British reviewers have attacked Leonard for making Miss Ferrier seem too much of a morally good person, too brave when she fought against the cancer. But there is no such thing as a great artist who is not a morally good person. Moral, absolutely, but no "goody two-shoes," Miss Ferrier loved shocking the pants off people, by telling bawdy stories before the most august company imaginable.

There is, however, such a thing as a biographer who writes on modern events, but wants to avoid treading on some very powerful toes. Much as we may praise Mr. Leonard for having succeeded in his aim of bringing the figure of Miss Ferrier to life, which he does, and for shunning the "drooling through the keyhole" style of most biographers today, nonetheless, what I have quoted on Legge, is what newspapermen call "a hot story." Why does Mr. Leonard not follow it up, since after all, there have got to be a few good people left in Britain to tell the tale?

The founder of the British Royal Ballet

by Katherine Kanter

Ninette de Valois, Idealist Without Illusions

by K. Sorley Walker; sections by N. de Valois
Hamish Hamilton, London, 1987
372 pages, clothbound.

Miss de Valois, who founded the Sadlers' Wells, now Royal Ballet, has just had her 90th birthday. Though she is not a household name like Margot Fonteyn, who was her pupil, she has been since the 1930s, one of the most influential and

important people in the European art world. Besides being an original choreographer, who worked for years in opera and theatre, Miss de Valois, almost alone, built up one of the best classical ballet companies in the world, set up the Royal Academy of Dancing, and guided the steps of more than a few of the world's leading classical dancers, people like Lynn Seymour or Antony Dowell. You will not learn anything about how and why she did that that by reading this biography. Why?

A recent publishers' survey shows that the non-fiction books which sell the best, are always biographies. People read them, because they want to know what makes great men great. They want to know how they were educated, what they thought about their teachers, and also, whom they fought against. If readers don't find that out from a biography, they've been cheated.

So here we have Miss de Valois, who is still alive, still perfectly lucid, and a biographer, who has had the luck to meet and talk with her several times. Here we have a subject, who studied with the greatest ballet master of the 19th century, Enrico Cecchetti, the man who trained Anna Pavlova, and we get a couple of lines on that. One would love to know what she studied with Cecchetti, or with her former teacher Eduardo Espinosa, or with Cecchetti's pupil Nicholas Legat, or what she learned from the great dancers of the early part of the century she worked with. And we get a couple of lines here and there, on people from the other side, people like Serge de Diaghilev, the man who launched Picasso, Stravinsky, Leon Bakst, Cocteau, Apollinaire, the man who did everything he could to destroy Western art. Miss de Valois started off by working with Diaghilev. What did she really think about him, and about Russian culture? This book will not tell you.

What did the woman who created the Royal Academy of Dancing, and its teaching method, which is today used in half the countries of the world, think about technique? It seems she decided to become a dancer after seeing Adeline Genee, the Danish ballerina, perform works of Auguste de Bournonville in London, about whom she says: "Her outlook was dedicated to the absolute purity of classicism. She created in England respect and interest in the classical ballet . . . her original six-weeks' engagement was extended to ten years." What did Miss de Valois think about Bournonville? Why did she not adopt his technique, which is the old French school, for the Royal Academy? Why did she choose a kind of Russian technique?

Miss Sorley Walker leaves us totally in the dark about these and other issues which are the real ones, while rattling on in endless detail about virtually every day in the life of Miss de Valois. The only good thing to be said about the book, is that the old photographs reprinted in it, gave me a whole new idea about how Miss de Valois danced. Ninette de Valois is such a high-spirited and interesting subject, that even boring ol' Sorley Walker can't quite put us to sleep!

Is reliable electric power a thing of the past?

by Marsha Freeman

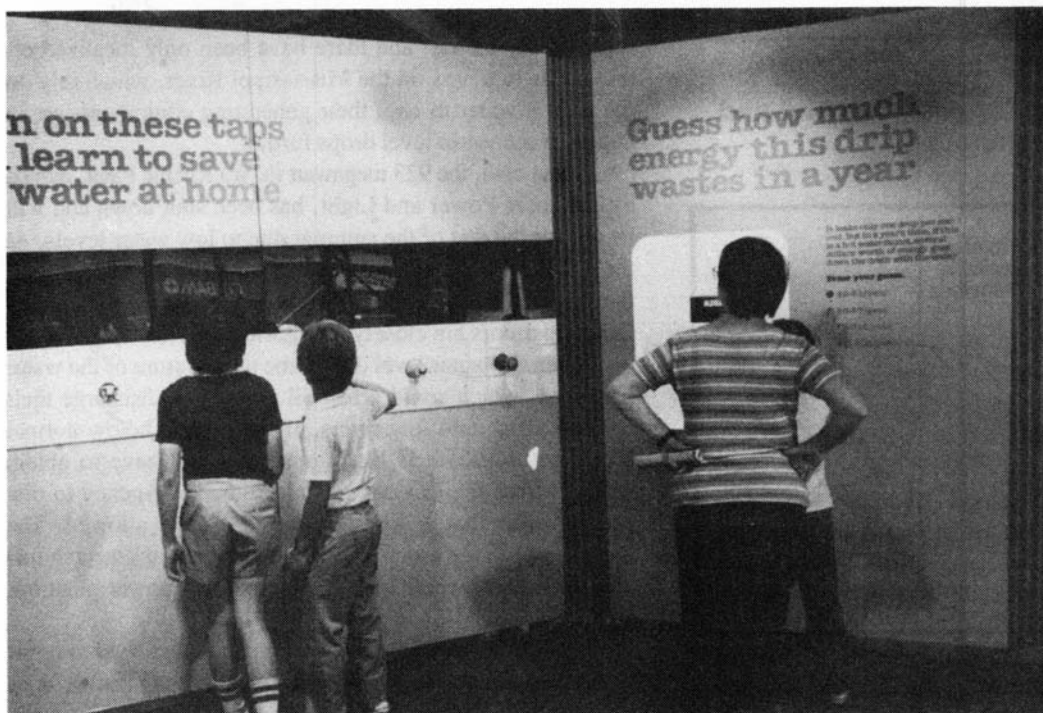
Nothing in this country can be done without electricity. Industry, agriculture, commercial businesses, schools, and households have depended upon a reliable, safe, and economical supply of electric power on demand, for nearly a century. The world's highest standard of living in the United States is based on a reliable supply of this universal energy.

Now, due to years of continuous assault by anti-growth environmentalists who have stretched out the construction time of power plants, financial warfare which has made it prohibitively expensive to finance new capacity, state regulators who refuse to allow utilities to raise rates in order to pay for additions to capacity, and federal regulators who are proposing that the entire system be deregulated and thrown into chaos, large sections of the nation are facing a disappearance of reliable power.

This summer's heat wave, combined with the drought, have increased the stress on a system which has been made vulnerable to any departure from the "normal." Like agriculture, which is only held hostage to the whims of the weather now because of the lack of infrastructure development over the past 25 years, our electric generating system and the transmission grid that delivers power to each home and factory have also been severely undercapitalized.

In forecasts for the next 10 years, the utilities try to convey the picture that they can "get by" with what they have, plus the little more they expect to be available. In order for this to work, they assume, first, that "normal" weather and other conditions will prevail. Second, that all the new capacity scheduled to come on line during this time period does so. Third, that unregulated, non-utility independent power producers will get their new capacity on line on time as well. Fourth, that plant and equipment lifetimes can be extended and plants will last as long as projected, while a significant amount of capacity passes the age of 30 and even 40 years. Fifth, that they can convince the American public to cut back on use and accept unannounced cutbacks, called "load management."

None of these assumptions will necessarily hold true for the coming decade, and actually, it is quite likely that *none* of them will.



A utility company put on this exhibit in the Jimmy Carter era, promoting the Alice in Wonderland idea that "conservation" is somehow a "source" of energy. The Reagan administration promotes the same policy under the guise of "cost effectiveness."

Philip Ulanowsky

Figure 1, taken from the North American Electric Reliability Council (NERC) and based on a survey of utilities, demonstrates the degree of uncertainty the industry places on its own forecasts. If peak demand increases more than forecast, and projected available resources do not come through by 1992, demand could easily outstrip available resources. In addition, the basis for the low, 2% per year projected increase in electric demand is an assumption of continued real economic stagnation that has put the annual increase in electricity demand at one-third that of the 1960s. The only reason the real state of the electrical industry has not been apparent so far, is the collapse of growth in demand in the industrial sector.

If there were any resumption of real economic growth—not in hamburger stands, but in energy-intensive agriculture and industry—there would be an *immediate* shortage of electric power. Because it takes at least eight years to put new baseload generating capacity in service, years of curtailed service could be the result.

For this summer, if the heat wave and dry weather continue, it is likely there will be an increase in unscheduled outages and voltage reductions, and perhaps breakdowns of equipment running at or above rated capacity for long periods of time. This nation has been eliminating the level of redundancy in the electric system that gives us a "defense in depth" against temporary, "abnormal" conditions, and provides for longer-term economic growth.

Before the end of this century, the prospect of people in the United States living like those in cities in developing nations—with perhaps three or four hours of electricity per

day—will become the tragic reality of a nation that allowed itself to be ruled by irrationality.

Why electricity is unique

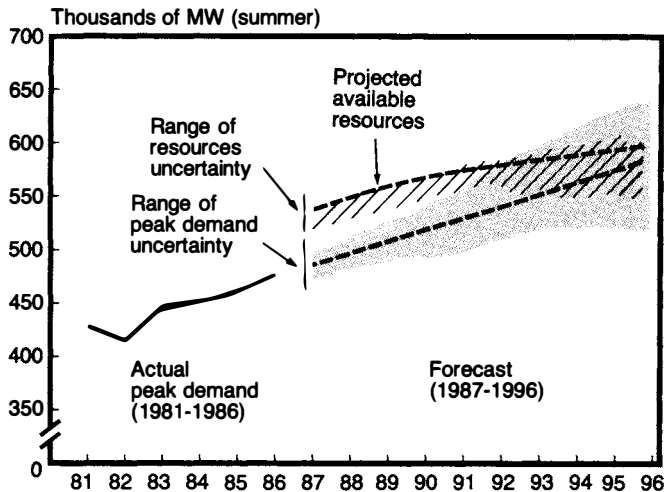
Unlike any other commodity, electricity has to be constantly produced to be delivered instantaneously, because it cannot yet be economically stored. Therefore, utilities do not shut down for weekends or holidays, and their systems must function *all the time*. In order to make sure uninterrupted service is provided, utilities must keep on hand a reserve margin of generating capacity. This reserve margin is related to, though not identical with, megawatts of additional capacity. Historically, a reserve margin of 21% has been considered adequate.

This margin is not "extra," even though no-growth malthusians have tried to convince the American public that U.S. utilities have oodles of power plants they do not really need, because they do not run them all at once. Power plant equipment has to be shut down periodically for scheduled maintenance. At times, there are unscheduled shut-downs, if a piece of equipment unexpectedly needs repair. But the overall system must still continue to function.

Unlike most consumer goods, there are significant swings in consumer electric demand, generally related to the extremes of weather in both the winter and summer. Utility companies must be able to meet these temporary surges in demand without any interruption in service. When the consumer is sweltering in 100-plus degree heat, or suffering in below-zero cold, he is not interested in a list of excuses as to why his lights, air conditioning, or heat cannot be turned on.

FIGURE 1

Ranges of uncertainty for peak demand and projected available resources



Source: North American Electric Reliability Council

If the new electric generating resources that have been projected by the utilities do not come on line on time (top hatched lines) and the peak demand grows faster than the projected average 2% per year (lower grey region), there could be shortage of capacity by the early 1990s.

For these reasons, and the fact that power blackouts have widespread and serious consequences, the federal government has regulated the utility companies, requiring them to meet safety and reliability standards, and to have the reserve margin deemed appropriate in their systems.

Over the past 15 years, electric utilities have been unable to place new generating capacity on line on schedule, or sometimes, at all. One utility has had to go into Chapter 11 bankruptcy due to the sabotage of the anti-nukes. Transmission lines to deliver the produced power have been challenged and stopped, due to the latest unproven anti-scientific scare—supposed malignant effects from electromagnetic energy being delivered by overhead power lines.

The net result is an interconnected national power grid, made up of nine regional systems, which has increasingly relied on pleadings to consumers to cut consumption, and the wheeling or transfer of power, from one region to another, to avoid building new plants.

But as if that were not worrisome enough, the current weather, and the Reagan administration's drive for "cost-effective" electricity, promise to make things worse.

Heat and drought

Up until now, the national electric grid system overall has survived the extreme temperatures and lack of rain in

much of the nation, and there have been only localized effects. Power plants on the Mississippi River, which rely on the river's water to cool their generating equipment, are in danger if the water level drops further.

In one case, the 923 megawatt (MW) Ritchie Plant, owned by Arkansas Power and Light, has been shut down and will be out for the rest of the summer due to low water levels. At the 1,200 MW New Madrid plant, also on the Mississippi, the cooling water level is only 1.5 feet above the intake. Other operators are closely monitoring the situation.

When the water level drops, the temperature of the water increases, which could effect all plants that discharge their cooling water into low rivers. If the current below-normal levels get worse, it is likely operators will have to obtain waivers from the Environmental Protection Agency to discharge water that is warmer than is usually allowed. The Mississippi River water is also becoming more brackish further up stream, which can adversely effect power plant operations.

The low levels of the Mississippi and other river systems could also affect coal-burning utilities, if the weather does not improve. Though most power plants keep at least a 60-day supply of coal in stockpile on site, according to the North American Electric Reliability Council there may be two or three plants that have to curtail service over the next few weeks if coal barges they depend upon for deliveries, stacked up along the river, cannot make it through.

In the Southeast, the Tennessee Valley Authority (TVA) has cut its hydroelectric generation by 40% to make the water available for navigational and other purposes. Hydroelectric power is only 10% of the TVA's total capacity, however.

In the Northwest, where hydroelectric is the source of more than *half* of the power, utilities have been suffering from a three-year drought, according to the Bonneville Power Authority (BPA). That drought was apparently caused by the cyclical weather disturbances that accompany the El Niño current, and is now abating. However, the BPA has not been able to sell the 6,000 MW of power it usually does to the state of California, because the flow of the Columbia River has been only 70% of normal. The BPA expects reservoirs to continue to be below normal into next year.

The potentially greatest threat to the integrity of large parts of the system due to the extreme weather is the cumulative effect of running generating plants at or above maximum capacity for as long as the heat wave continues. Emergency unscheduled outages could bring parts of the system below the margin of reserve available to take up the slack. Already, unexpectedly high peak demand in large parts of the nation has caused utilities to lower voltage during June and July, and curtail the delivery of power.

Many regional systems have reached new peaks in demand already this summer. For example, in the Mid-Atlantic Area Council (MAAC) region, encompassing Pennsylvania, New Jersey, Delaware, and most of Maryland, the peak so

far is about 3% above last year. It had been forecast that peak demand in this region in 1988 would be *lower* than last year.

This higher peak is due to the heat wave, and Robert Woodward, manager of the MAAC region, explained that load in his area is 30% weather sensitive. Considering that long-range forecasters are now predicting that similarly hot weather is possible for next summer, projections of declining or stagnant peak demand are self-defeating.

Although it might seem that a problem here or there can be localized, the four major interconnects in the national electricity grid can each be globally affected by problems in any locale. Individual power plants share transmission lines which can be destabilized by any sudden changes. One utility, trying to wheel power in from another to cover for a temporary or emergency shortfall in capacity, can interfere with the transmission of power already in progress.

'Cost-effect' sabotage

As if the situation overall were not severe enough, the Reagan administration has recently proposed that it be made significantly worse.

On Oct. 6, 1986, Martha Hesse became the chairman of the Federal Energy Regulatory Commission (FERC). Her stated objective has been the restructuring of the electrical industry to assure consumers the "lowest possible energy costs," by "removing regulatory barriers to efficiency and promoting competition," according to *Cogeneration* magazine.

On March 16 of this year, FERC made public three Notices of Proposed Rulemaking, to try to do to electric power what has been done to trucking, telephone service, and the airlines—to make it unreliable, unsafe, and uneconomical.

Already under the Carter administration, the Alice in Wonderland idea that conservation (i.e., austerity) is a "source" of energy, and that small, decentralized "alternative" energy sources should replace "big bad" utilities, had taken hold in certain parts of the country, such as California. Now, the Reagan administration is promoting the same kind of energy policy, not to stop the development of nuclear power, but under the guise of "cost effective improvement" in the electrical industry.

"Independent Power Producers" have become a new category of electricity providers, and the legitimate utilities, under strict government regulation, are supposed to integrate small, likely fly-by-night "producers" into their systems.

These IPPs generally build small-capacity facilities, that can be put on line quickly and use the cheapest available fuel. At the present time, that could be oil or gas. If either goes up in price, which is likely, the economic viability of the IPP, and the power plant itself, could easily disappear.

Utilities are already supposed to purchase power from independent producers, if the IPP cost is lower than the "avoided cost," which is the *highest* price the utility would have to pay to obtain the same amount of power from

another source.

FERC's new regulations would "encourage additional supply options for utilities by relaxing regulation of IPPs." The rates for IPPs, according to these changes, would be determined by *competitive bidding*. IPPs could fix rate schedules to underbid utilities, without providing extensive cost documentation. They would be exempted from cost-related accounting, reporting and record-keeping requirements, have blanket prior authority to engage in certain corporate activities (which might otherwise violate anti-trust laws), and would pay reduced filing fees.

The rates for IPP sales to wholesale customers would be governed exclusively by FERC.

In some cases, states are not waiting for these new regulations to go through the process of public hearings in Washington. In New York, the state's Public Service Commission decided in March that utilities *must* accept bids from small, independent producers whenever they need additional energy. Of course, Governor Cuomo's energy plan prohibits the construction of any future nuclear power plants, and is based on buying cheaper Canadian hydroelectric power.

The reaction to these "rule changes," which would destroy long-range planning and the integrity of the system, has been direct. The Institute of Electrical and Electronics Engineers (IEEE) released a position statement on May 7, stating that the "economic results" from any restructuring will depend upon how well technical considerations are accommodated. In other words, nothing that is "cheaper" is really "economical," unless it is reliable, safe, and contributes to the overall health of the industry. They doubt the proposed rule changes will meet that requirement.

In the February issue of *Rural Electrification* magazine, the president of the National Rural Electrification Collective Association, Don Heathington, stated that the FERC "needs to move away from its preoccupation with deregulation of the utility industry and seriously begin looking into the effects of its proposed policies on electric consumers." "Theoretical" economics on the part of the FERC staff, he states, does not substitute for reliable power.

Mr. Heathington states that under the proposed rules, "There is no obligation for the independent producer to continue service." One industry official stated recently, "The generating facilities themselves, their maintenance, their efficiency, their outages, fuel costs and quality, whether they stay in business or not—will, as we understand it, be totally unregulated. The independents would have no duty to serve, no utility obligation whatsoever. They could come and go as they please."

According to the same article, American Electric Power Service Corporation, which is the nation's largest electric system, commented on this scheme on behalf of 30 utilities this past winter, opposing the plan. American Electric declared that if the FERC proposals are allowed to go forward, conventional utilities "will be reduced to the status of local

distribution companies,” and future power supplies will be placed in the hands of “thousands of possibly remote entrepreneurs” who cannot assure reliability of service.

Taking the view of the utility industry as a whole, the NERC has warned, “Deregulation will also tend to introduce more uncertainty into the long-term planning for new capacity. For example, customers ‘shopping around’ for bargain capacity with relatively short-term contracts may result in lack of long-term commitments for required new capacity. Under such conditions, no supplier would have long-term responsibility for supplying future customer loads.”

Making herself perfectly clear, this spring Hesse stated in a speech that the words “obligation to serve” do not appear anywhere in the Federal Power Act—as if that makes the policy correct. “If there is genuine access to alternative suppliers, I don’t see any public interest justification for imposing an obligation to serve on a seller beyond what’s written in the contract.” How can a utility depend upon a facility that may fulfill a one-year contract (which it won on a then-competitive bid) and then goes out of business, when it is no longer “competitive”?

Are independents actually cheaper? Industries in Pennsylvania have complained recently that Pennsylvania Power and Light is paying 5.82¢ per kilowatt hour for power from non-utility sources, while it receives only 2.74¢ per kilowatt hour for the power it sells to the Pennsylvania/New Jersey/Maryland Interconnection.

The utility countered the charge that it was subsidizing alternate energy producers, by saying that payments to independents that are higher than actual avoided cost, are a result specifically envisioned in federal regulations! So much for economical power.

If one wonders where Ms. Hesse might have gotten the idea to deregulate the electrical utility industry, one could read the 278-page report by the President’s Commission on Privatization, which states that, “a proposal to divest the government power-generating facilities might suggest giving the facilities (or selling them cheaply) to the current power customers, whose historical receipt of subsidized power rates may be seen as having created a de facto entitlement to continued low rates.” The report also recommended selling Amtrak and the Naval Petroleum Reserve to private citizens. Feel like running your own power plant?

Where are we headed?

The prospects for the continued uninterrupted delivery of electric power look dimmer and dimmer, over the next few years. The utilities have estimated that load growth will increase at an average rate of 2% per year, yet they have planned for adding only an average of 1% per year of new capacity! This 2% growth figure already incorporates the projected voluntary reduction in demand by consumers, through load management.

Since the utilities have not been allowed to place new

capacity in service on time, they have developed load management as a tool to delay capacity additions. The customer is given the option of paying a lower price for power, if the utility is given the permission to switch off equipment, such as water heaters, air conditioners, and irrigation pumps, when the peak demand is higher than what the utility can deliver.

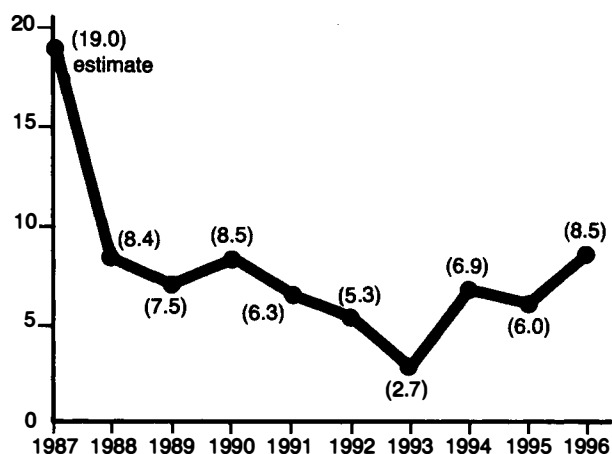
NERC reports that in 1986, 9,200 MW of U.S. load was under load management, which was equivalent to 1.9% of the total peak demand. They have projected that by 1996, the equivalent of 3% of peak demand will be under this control, meaning that they have lowered the forecast of how much capacity will be required, by that amount.

As they point out, however, “The danger is that customers who initially participate in load management programs because of financial incentives may decide, once the electricity to their equipment has actually been interrupted a number of times, that the inconvenience of these interruptions outweighs the cost savings and withdraw from the program.” It seems logical that most people would clearly prefer to pay a little bit more for power than worry that their power will be shut off.

NERC also warns that this gimmick for *apparently* lowering demand “cannot be considered as a resource on the same basis as generating capacity.”

Even if we buy the idea that load growth will be somewhat lowered through voluntary austerity, examining the data, it becomes clear that there is just about a zero possibility that the utility industry will be able to put enough new capacity

FIGURE 2
Projected capacity additions
(thousand MW)



Source: North American Electric Reliability Council

Over the next decade, the NERC has projected that 79,000 megawatts of new capacity will be added to the grid. This projection is a drastic drop from the additions made in the past decade.

on line over the next decade to provide reliable power. Here are the reasons why:

Adding new power plants

NERC estimates that between 1987 and 1996, 79,300 MW of new capacity will be added to the U.S. energy grid (see Figure 2). This is an approximate 1% per year average growth in capacity. By comparison, during the last decade, 261,000 MW of new capacity were added.

Of this projected 79,300 MW, 67,800 MW will be utility-owned, and the remaining 14% will be owned by independent producers. This projection for the decade is 7,400 MW less than that of a year earlier.

But even NERC's very low projections are highly optimistic.

One way the utilities hope that they can get away with such a small addition, is by deferring retirement of old plant and equipment. Between 1987 and 1996, 10,400 MW of capacity will be retired, making the supposed net addition 68,900 MW. This is based on the plan to extend plant lifetimes and postpone retirements, leaving some regional grids with more than 10% of their capacity at least 40 years old by 1991. It is doubtful how long these aging facilities will actually last. The number of *planned* unit retirements has dropped 11% from last year's projections.

How likely is it that the 67,800 MW of new utility power plants will come into service when they are supposed to? Not very. For the first half of the decade, most of the new capacity is supposed to come from 22 new nuclear power plants. Of the 10,870 MW of nuclear power scheduled for operation by 1986, only 3 plants totaling 3,360 MW were placed in service.

Since their 1986 review, NERC reports, 10 of the 22 projected units have been delayed an average of 12 months, and "the service dates of 22 [remaining] nuclear units must be considered at risk." In 1987, six of those new units were put into service. According to the U.S. Council for Energy Awareness, there are only 14 plants remaining with construction under way, and three of these now have "indefinite" start-up dates. And how many more of the nuclear units, whether they are completed or not, will not be allowed in service due to regulatory sabotage? So much for the next five years.

For the second half of the decade, mainly coal-fired capacity is supposed to come on line. However, 35.8% of those plants have not even started construction yet. NERC reports that 9,800 MW of the coal additions now under construction are plants of 100 MW or more with projected in-service dates that only allow 5-9 years for construction. It typically requires 8-10 years to license and build large coal units, and so, according to NERC, "It seems likely that much of this new coal-fired capacity will either be completed late, or replaced with shorter lead time [and more expensive] generator types." So much for coal.

As Table 1 shows, fully 44.6% of the projected new

TABLE 1

Projected plants not yet under construction

Type	Number of Units	Thousand MW	% of Total NUC*	Total MW Planned
Nuclear	0	0	0	25.3
Coal	25	8.1	35.8	22.7
Hydro	85	2.0	79.8	2.5
Other utility	145	15.7	90.0	17.3
Non-utility	NA	9.6	84.0	11.5
Total	—	35.4	44.6	79.3

*Not yet under construction

Source: North American Electric Reliability Council

TABLE 2

Projected non-utility additions, 1987-96

Fuel type	MW
Gas	2,834
Hydro	531
Coal	1,002
Geothermal	308
Wind	129
Solar	222
Burning refuse	65
Wood and wood waste	39
Unknown	6,587
Total	11,717

Source: North American Electric Reliability Council

capacity of 79,300 MW is not under way yet. Maybe, you say, the non-utility additions, which are smaller and less likely to be sabotaged by the regulators and environmentalists, will pull us out of the fire. Observe:

Of the projected 11,717 MW of non-utility additions, 2,834 MW are planned to be natural gas-burning (see Table 2). As the price of gas increases, these "planned" units will be less and less attractive economically. Another 763 MW is slated to come from geothermal, wind, solar, refuse, and wood. Very shaky economics, and hardly reliable.

The rest—coal, hydroelectric, and "unknown"—even were they to come on line, will be unregulated, with no long-term commitment to produce power for anyone. The capacity will have to be competitive with other power. This is unlikely as well. There are regions in the reliability system that are relying on up to *half* of their new capacity over this decade to come from such non-utility producers.

Additional problems

There are other potential problems looming on the horizon. For years, the Congress has debated possible changes in the EPA regulations for sulphur and carbon emissions from coal plants, due to the effect of acid rain. If the standards were raised, according to a NERC study, the heavily coal-dependent Midwest would face a situation where 11% of the capacity available in 1986 would be retired, because it would be prohibitively uneconomical to retrofit old plants with pollution control equipment.

In addition, another 4% reduction in available capacity would be incurred from the electrical cost of operating the control equipment itself, and because these plants tend to be out of service more often. Nationally, NERC estimates that between 25-30,000 MW of *additional new capacity* would have to be added to the grid by 1996 to replace what would be lost in trying to meet more stringent pollution control regulations.

How much of a margin?

Even if all of the new capacity NERC has projected comes on line, and old plants survive as long as hoped for, the capacity margins in all of the nine regional NERC systems will be lower than they are today. The reduction in capacity margins shown in **Figure 3** are the amount by which the planned capacity resources available exceed the peak demand expected by the region.

Though the capacity margins that are reasonable do differ from region to region, the distinctly downward trend over the

next decade is the wrong direction to go in. According to NERC, "lower capacity margins projected by 1996 will result in less flexibility for utilities to meet situations that are more severe than those expected." This obviously includes weather extremes, delays or cancellations of new capacity, etc.

"One result," NERC continues, "will be reduced opportunities for individual utilities to purchase capacity from neighboring systems. This could increase the likelihood of load curtailments should temporary capacity shortages develop in an area." The ability of the system to respond to *any* perturbation will be curtailed.

All in all, it does not look very likely that system reliability will be maintained over the near term. Even if, by some miracle, all of the new capacity that is planned does come into service on time, it is doubtful that the transmission capacity would exist to deliver it to people's homes and workplaces.

Transmission woes

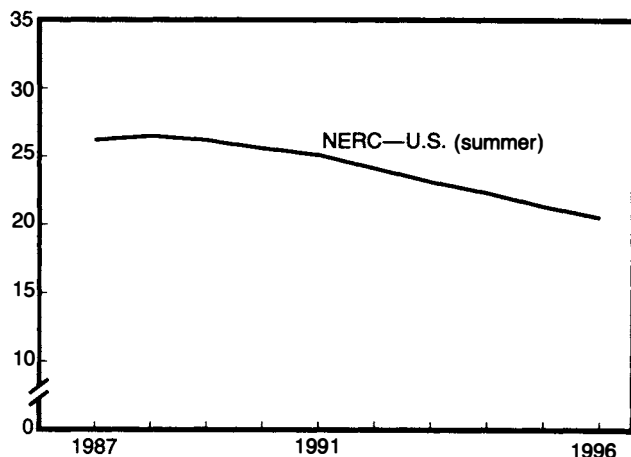
Power generated at a plant is fed into transmission lines, which then deliver it to each local site. In the United States, there are four major Interconnections dividing the country (**Figure 4**), within which the individual utilities transport power. But over the past decade, the purpose of the transmission system has not just been to deliver reliable power to customers.

When placing new plants on line became more difficult, utilities began to use the electric transport system to "wheel" power between them, so that if one region had a surplus of

FIGURE 3

Estimated capacity margins

Percent of planned capacity resources.

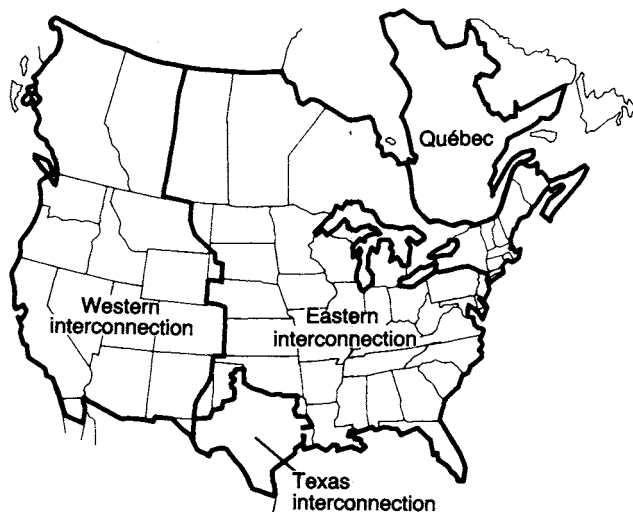


Source: North American Electric Reliability Council

Because there will be less capacity added than required over the next decade, capacity margins will be lower nationally in 1996 than they are today.

FIGURE 4

Interconnections of the North American Electric Reliability Council



The continental United States is divided into four major transmission interconnections, which also encompass Canada.



Linda Ray

Unreliable is hardly the word for solar power. At "Earth Day" in New York City, 1980, a system of mirrors is used to boil water in a teakettle held by a life-like mannequin. It took 40 minutes to make a pot of tea.

power, it could deliver it to a region that was short. Though this capability is critical in an emergency when equipment is down, it is done now on a continuous basis, as a way of allowing utilities to avoid building new plants.

Also, because the utilities have been placed under financial stress, power which is cheaper, such as hydroelectric, is wheeled to other regions, to replace higher-priced fuels, such as oil. This is done on an hour-to-hour basis. Wheeling of power has placed enormous stress on the transmission system, and has left many power lines operating at 90% of capacity and above for significant periods of time. This decreases the ability of the utilities to respond to genuine emergencies, and threatens the reliability of the entire system.

Unlike the transport of other commodities, where an interruption in one spot can be quickly isolated (water mains turned off, for example), a disturbance occurring at any location in the area will be felt at all other points in the grid, and cannot be easily isolated. There is no way to separate the electricity flowing through the power lines that is replacing power in an emergency, from power being wheeled between utilities to save money.

Similarly, according to NERC, "Electricity transfer from one portion of an interconnected area will, to some extent, flow over all transmission lines, not only those in the direct path of the transfer." If there is a problem, voltage collapse and instabilities are phenomena that occur in fractions of a second.

In the next 10 years, NERC expects energy transfers and

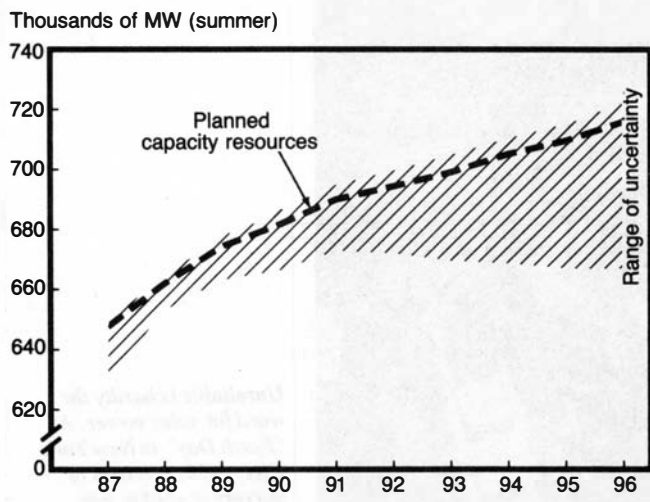
purchases from other supplies, such as Canadian hydroelectric power, to increase. This will put more strain on an already-stressed system.

Can't we build more power lines? Transmission systems have been the most recent target of the people who have prevented the operation of power plants. Fantastic claims have been made about the supposed damaging health effects of electromagnetic fields that are produced around high-tension power transmission lines. Like the supposed danger of nuclear power, these claims have no basis in scientific study, and are being used for political ends.

NERC states, "Opponents of generation and transmission facilities have become very skilled at using a variety of environmental issues to block or delay needed facility construction. Frequently, these public interveners use regulatory or judicial forums as well as the news media to generate public doubt about the safety or environmental impacts of proposed utility facilities. The controversial issue of health impacts of electric and electromagnetic fields has caused several critical transmission projects to be delayed, abandoned, or even de-energized."

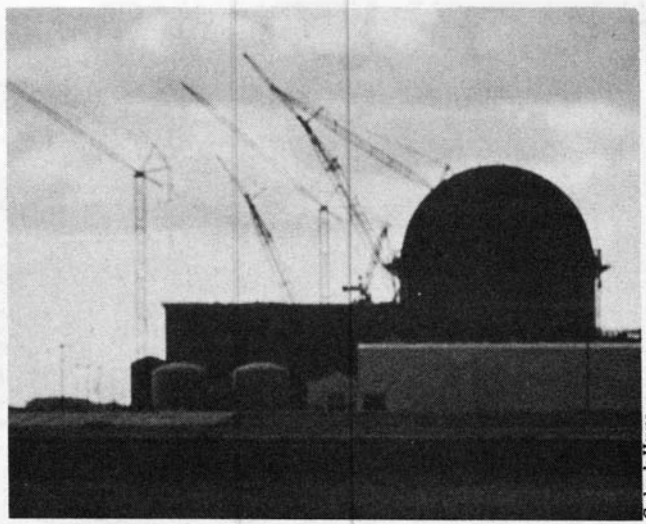
So far, projects have been affected in Florida, Texas, and New York. A scientific advisory panel established by the New York State Power Lines Project, determined that, in the data they reviewed, "no effects were found on reproduction, growth, or development." On the concern that leukemia and brain cancer in children are more likely if they live in homes where there are elevated power lines, the scientists conclude,

FIGURE 5
Uncertainty of planned capacity resources 1987-96 forecast



Source: North American Electric Reliability Council

Even surveys of the utilities leave a large band of uncertainty in projections over the next decade. In the worst case, capacity resources will begin to decline by 1992.



Carlos de Hoyos

Long Island's Shoreham nuclear power plant under construction in 1982. The criminal maneuvers that kept this plant from going on line, have left the densely populated New York metropolitan area at the mercy of potential brownouts and blackouts.

"No risk assessments can be made" because of the lack of rigorous scientific experiment. No matter, to the environmentalists.

How much will we grow?

There is absolutely no basis on which to believe that U.S. electrical energy growth will average a paltry 2% per year over the next decade, although that is what is being projected for planning purposes. Even though the overall productive economy of the United States has been collapsing at an increasing rate, and "service" businesses have been the major new economic activity, nationwide, peak demand increased 4% from 1986 to 1987. In some regions, this increase reached more than 6% over 1986. Even with no change in overall economic policy, but just using an extrapolation of the present into the future, a 2% per year rate of increase is unrealistic.

Also, the 2% per year is an *average* growth projection. In some regions, peak demand is actually forecast to *decrease* in the next couple of years. There is no basis in reality for these projections. The forecast has apparently been made simply to match the resources that will be available at that time.

But NERC is sounding the alarm. After painfully detailing how the utility industry will try to keep power reliable on a shoestring, NERC warns, "There is a 50% chance that actual demand will exceed the base peak demand projections,

and a 10% chance of actual demand exceeding the upper bound" of their planning projection. "Should the latter occur," NERC continues, "demand could exceed projected available resources in 1991 in the U.S., and one year earlier if the lower bound of resource availability were also to occur."

The growth in peak power demand has spanned the range from negligible to 9% in different regions of the country in the past year. In 1987, Applied Economic Research Company, Inc. did a study for the Washington, D.C.-based Utility Data Institute, titled, "The Adequacy of U.S. Electricity Supply Through the Year 2000."

The study forecasts average national demand growth at 2.4% annually, with regional variations spanning 1.7% to 3.2%. The report concludes that the probability that U.S. utilities will be unable to meet their peak loads is almost 10% in 1992, 25% in 1994, and over 50% by 1997. This is reflected in NERC's own projections (see **Figure 5**) where, if planned capacity resources do not materialize, by 1991, the overall amount of such resources could actually be *declining*.

There is no question that our once-prized electricity generating and transport system is seriously stressed. How long will it take before brownouts and blackouts become the common order of the day, mimicking the sad state of the undercapitalized, starving developing nations? Some of the factors that will determine the answer to that question are unknowable, such as the weather, but the most important are man-made.

The second part of this series will detail the electric grid situations in individual regions, the sabotage of nuclear power, and the financial strangulation of the industry.

SPETSNAZ



SPETSNAZ

In the Pentagon's "authoritative" report on the Soviet military threat, *Soviet Military Power 1988*, the word *spetsnaz* never even appears. But *spetsnaz* are Russian "green berets." Infiltrated into Western Europe, *spetsnaz* have new weapons that can wipe out NATO'S mobility, firepower, and depth of defense, before Marshal Nikolai Ogarkov launches his general assault.

ELECTROMAGNETIC PULSE WEAPONS

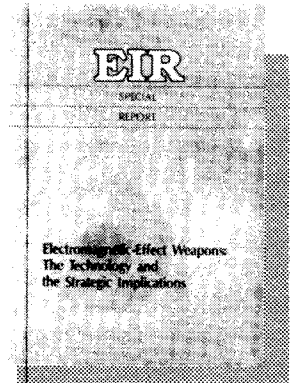
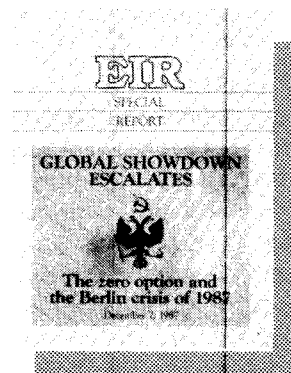
At least the Pentagon report mentions them—but only their "defensive" applications. In fact, they can be transported by *spetsnaz*, finely tuned to kill, paralyze, or disorient masses of people, or to destroy electronics and communications. With EMP, as strategic weaponry or in the hands of *spetsnaz*, the Russians won't need to fire a single nuclear missile to take Europe.

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Superpower deals: the coming threat of 'peace'

by Thierry Lalevée and Konstantin George

From the New York negotiations over Southern Africa to the just-concluded talks in Indonesia for a settlement of the Kampuchean crisis, and the ongoing negotiations at the United Nations for a cease-fire in the eight-year-long Persian Gulf war, it has become fashionable to speak about a worldwide "breakout of peace" as *Newsweek* vaunted on its cover.

No one can argue that the intensity of those negotiations over several major regional conflicts, is indeed the result of especially the last two summits in Washington and Moscow between Ronald Reagan and Mikhail Gorbachov. It goes further than merely settling regional conflicts primarily located in the developing sector.

Americans and other Western politicians speak of "a new era of peaceful cooperation" and of détente between East and West. Soviet Foreign Minister Eduard Shevardnadze confirms this, and adds that détente is "not another form of class struggle." And Western Europe is to follow suit by announcing the onset of a new quality of political and economic negotiations between the European Community and the Comecon, the economic organization of the Eastern European satellites under Soviet domination.

Regional deals

Yet, do these negotiations actually mean peace? Behind the headlines, there is still a long way to go before this "outbreak of peace" is actually concretized. The negotiations over Kampuchea which were held on July 25-28 in Indonesia and represented the third meeting between the warring parties, broke down once again, setting another date for next October. The negotiations over southern Africa involving the potential withdrawal of Cuban forces against a potential withdrawal of South African forces from Namibia, leave

unsolved the question of Jonas Savimbi's UNITA resistance movement and his control over an estimated one-quarter of Angolan territory.

The same is even truer for the Gulf war, where despite Iran's acceptance July 18 of U.N. Resolution 598, no cease-fire has yet been agreed upon. Since the Iranian decision, fighting has been as violent as ever between the two countries. It has also been made clear that even if the two countries do accept a cease-fire, war will be fought by proxies; Iraq deploying the Mujahedeen of Massoud Rajavi, and Iran arming the anti-Iraqi Kurds.

Above all, the cynical map-redrawing efforts of U.S. Secretary of State George Shultz and his Soviet counterparts will not ameliorate, but rather worsen, the conditions of economic looting, oppression, and genocide which cause war—while the Western alliance is systematically dismantling its ability to fight such a war.

The superpower deal

An Orwellian lexicon is needed to translate the meaning of these words and negotiations, into reality. By "peace" is meant the idea that East and West could potentially share the political, economic, and raw materials resources of those regions.

As much as the contents of these negotiations, their timing is important. It is no coincidence that they occur in the last few months before the American presidential elections. Over the last three years, Ronald Reagan has made it clear that he wanted to "leave in glory." Likewise, any success of his foreign policy could allow his would-be heir George Bush to be elected, by pushing aside as a minor issue the economic devastation which has beset the United States. The Soviets

have agreed to that game, in the confidence that even if Michael Dukakis is elected, these policy-trends are unlikely to be reversed.

Though the negotiations initiated over southern Africa or Kampuchea are seen as important successes, the major efforts have been deployed toward the Persian Gulf. Indeed, far more important than ending the Gulf war has been the need for Washington to be able to obtain the release of its hostages, prior to November. The realization that this could not be obtained by any other means than better official relations between Teheran and Washington, has led to the conclusion that an end to the war was hence needed. And billions of dollars are soon expected to find their way to the coffers of the Iranian central bank, obviously not as direct ransom for the hostages, but nicely packaged as "war compensation" or "unfreezing of Iranian assets."

As in the case of Angola—when Soviet Chief of the General Staff Marshal Sergei Akhromeyev flew directly from the United States to Cuba at the beginning of July to convince Cuba's Fidel Castro of the need to play the game of negotiations—Moscow did its part toward Iran. By the beginning of June, only a few days after the end of the Moscow summit, Moscow warned Iran that unless it agreed to a cease-fire, all of the East bloc countries would stop their weapons deliveries. By then, Iran agreed.

The rest was for public consumption, both internally, as well as for Moscow and Washington to build the right kind of international tension before displaying their breakthrough.

The Soviet Union, during a week-long visit by First Deputy Foreign Minister Yuli Vorontsov, shuttling between Teheran and Baghdad, played the decisive role in getting Iran to agree to a U.N.-sponsored cease-fire.

There is nothing altruistic in Moscow's moves to end the Iran-Iraq War. The Vorontsov visit, which featured remarkably high profile, laudatory coverage of Vorontsov and the Soviet Union on Iranian television (while during the same timespan, daily regime-sponsored mass demonstrations, shouting "Death to America" were being held in all Iranian cities), exemplified the emergence of a post-Khomeini Soviet-Iran axis, which is being built by Moscow as the cornerstone for its Middle East policy.

The aim of that policy is to use Iran as the wedge for Russia to reach its long-cherished goal of having its sphere of influence reach the Indian Ocean and the Gulf.

The predictable next step is for the United States to significantly withdraw from the Gulf, "as soon as tension decreases" *dixit* Frank Carlucci, to meet the longstanding Soviet demand. Likewise, Carlucci had already announced on July 28 that if the United Nations proposed the integration of the Soviet Union in a U.N.-sponsored peacekeeping force in the Gulf, "We will not oppose it." Rather than being hypothetical, the declaration is a statement of intent, demonstrating how Washington and Moscow want to use the United Nations, and decisions of the Security Council, to cover for their already agreed-upon decisions.

New Yalta agreements?

Inasmuch as such regional negotiations are far from having actually imposed "peace" over decades-long conflicts, the strategic loopholes and the combined weakness of the United States are ensuring that the "sharing" will be limited. While Moscow, like the West, is disengaging from Africa for economic reasons as well as because of the AIDS pandemic, it has set its sights on making a deal with South Africa. In exchange for Moscow reining in the insurgencies of SWAPO, the "liberation group" of Namibia, and the African National Congress (ANC) in South Africa, the South African regime would agree to combine its strategic raw materials with those of the Soviet Union.

Given the U.S. policy toward South Africa—especially if Dukakis were to be elected—the Pretoria government may not have any second thoughts about accepting such a deal.

As for Iran, a point not to miss is that while most Western-financed projects have been halted, the Soviet Union has been sending a steady stream of its own technicians into Iran in the last two years, putting it in a privileged position in a postwar reconstruction plan. This allows Moscow to reap political benefits from its own projects—financed by Western Europe. Meanwhile, it means that new areas of competition and of tension are bound to emerge.

Soviet Islamic card

Likewise, Moscow's ongoing Islamic game, as exemplified by its decision in favor of Azerbaijan and against the demands of the Armenians, is paving the way for a new kind of relationship between the Soviet Union and Iran.

On July 18 the Soviets decided to suppress the Armenian mass protest movement, and to keep the Armenian-inhabited region of Nagorno-Karabakh a part of the Soviet Turkic-speaking and Muslim Republic of Azerbaijan. Moscow apparently views an Armenian insurrection as containable, whereas any decision that could spark troubles in Azerbaijan, could have unpredictable consequences, by touching off mass unrest throughout the Muslim areas of the Caucasus and Central Asia, all of which are, like Azerbaijan, Turkic.

The restructuring of Soviet military forces within the Southern Theater Command since March, using the crisis in the Transcaucasus as a pretext, underscores the shift in Soviet expansionist policy along the southern belt, from using Afghanistan as a springboard, to employing the axis with Iran. Since late May, the Soviet Commander of the Transcaucasian Military District (embracing Georgia, Armenia, and Azerbaijan), facing Iran and Turkey, has been Lt. Gen. Igor Nikolayevich Rodionov, a former commander of Soviet forces in Afghanistan.

It is a fact that Rodionov, after the massive influx of troops that poured into Armenia and Azerbaijan during June and July, now has under his command about *three times* as many soldiers as he had in the Afghan War. There are now well over 300,000 Soviet troops in the Transcaucasian Military District, including 200,000 in Armenia alone.

Shultz midwives Sino-Soviet deal

by Linda de Hoyos

"Since the Second World War, the United States has been the indispensable stabilizing influence in Asia and the Pacific," said Secretary of State George Shultz in Honolulu July 21. Speaking at the East-West Center of the University of Hawaii after a two-week trip to Asian countries, Shultz proclaimed that thanks to the U.S. presence in the region, "long-time adversaries have become allies, friends, and trading partners. Once-poor nations have become prosperous. Nations once divided from each other are working together pragmatically to realize shared interests and concerns. And authoritarian political orders of the past have given way to give-and-take of democratic policies." The United States, Shultz, "will continue to be "the fundamental guarantor of the balance of power" in Asia.

A review of the policies that Shultz took to Asia corroborates the secretary's assertion that the United States is acting as a guarantor. However, the purpose is the obverse of Shultz's claim. The "mission" in Shultz's trip had nothing to do with the well-being of American allies in Asia. Shultz instead attempted to play the midwife to "New Yalta" agreements for a shared condominium over the Asian nations by the Soviet Union and the People's Republic of China, and subsidiarily the West. In short, Shultz was negotiating the ways in which the vacuum left by the American policy of withdrawal from the region—a policy begun with Henry Kissinger and his China Card—will be filled by the Sino-Soviet combination.

The high point of Shultz's trip, which also took him to Bangkok, Singapore, Manila, and Seoul, was his visit to Beijing. Shultz, according to liberal press media, would carry a stern message to China not to engage in sales of missiles to third countries, especially in the Mideast. With that rap on the knuckles accomplished, Shultz and Chinese leaders got down to the business at hand: negotiations around the future contours of imperial agreements over Asia, specifically the Korean peninsula and Indochina. In the entire endeavor, Shultz was not negotiating on behalf of the United States and its allies, but found himself in the peculiar position of mediating reciprocal imperial arrangements between the Soviet

Union and China.

From this standpoint, Shultz's trip was not without some success. On July 20, the Soviet Union and China announced they had agreed to hold special talks at the end of August on the Kampuchea conflict. According to "informed sources," Chinese leaders reported that Soviet Deputy Foreign Minister Igor Rogachev would come to Beijing to discuss Kampuchea, which China has declared is the major obstacle to a full Sino-Soviet summit. Representing China in the talks will be Vice Foreign Minister Tian Zengpei. It is expected that Rogachev and Tian will also meet in New York in September during the the U.N. General Assembly.

The Soviet decision to discuss Indochina was seen as Moscow's recognition of China's interest in the region. On July 5, Rogachev told TASS that "as far as our position is concerned, we are ready to hold talks with Chinese leaders any time, any place. In such talks, the Soviet Union is prepared to discuss any issue either side may propose, and the Soviet Union will not put forward any preconditions. Therefore I think an answer should be given by the Chinese side." But Beijing has insisted that Moscow solve the Kampuchean conflict by enforcing the removal of Vietnamese occupation troops from Kampuchea. Evidently Moscow is now prepared to deal.

(Moscow's concessionary attitude toward China stands in contrast to its posture toward Japan. When former Japanese prime minister Yasuhiro Nakasone traveled to Moscow as head of a newly organized World Peace Institute, he was greeted with harsh words from General Secretary Mikhail Gorbachov for Japan's failure to relinquish its claim on four Kurile Islands the Soviets seized in the last days of World War II. "We regret that over the three years of perestroika, when the U.S.S.R.'s relations with many other countries have made significant headway," intoned Gorbachov, "those with Japan have stayed put and at times even rolled back. Ultimatum-style approaches and demands are unacceptable to us.")

Equivocation on the Khmer Rouge

Publicly, the most significant point of Shultz's trip to Beijing was the Kampuchea conflict, given that China's backing and full supplying of the genocidal Khmer Rouge has proved the major obstacle to Vietnamese troop withdrawal.

While speaking before foreign ministers of the Asean countries in Bangkok, Shultz repeated his commitment to prevent the return to power of the Khmer Rouge. But once in Beijing, Shultz backtracked fast. Despite China's full backing of the Khmer Rouge, Shultz declared that Beijing and the State Department hold "rather similar views" on the Khmer Rouge. According to the *Washington Post*, various Chinese leaders told Shultz that they view the Khmer Rouge, which murdered 3 million Kampuchians from 1975-79, only as an anti-Vietnamese military force. The State Department also

claimed that Chinese Foreign Minister Qian Qichen had indicated that the most odious leaders of the Khmer Rouge might retire, or at least “that was the implication,” a State Department official said. Continuing their equivocal stands, Shultz said that both the U.S. and China agree that Cambodian Prince Sihanouk is a “*potential* principal person around whom a future government of Cambodia should be organized” (emphasis ours), whereas all factions of Kampuchea say that Sihanouk is the key to a settlement.

The effect of Shultz’s backtracking was to spike the talks in Jakarta, Indonesia, July 25, which for the first time brought together the three factions of the resistance coalition, the Phnom Penh government, and Vietnam. The Beijing exchanges functioned as approval to the Khmer Rouge to take a stance of complete intransigence in the discussions. Khmer Rouge representative Khieu Samphan repeated the demand that Vietnam must “unconditionally and totally withdraw its forces” without linkage to the Khmer Rouge issue.

This is a formula for catastrophe, as stated by Sihanouk from Jakarta. In an interview with the *Washington Post* July 24, Sihanouk warned that the countries supporting the Khmer Rouge-dominated resistance coalition must accept “the entire responsibility for a new holocaust of the Cambodian people . . . which is becoming inevitable” now that Vietnam has begun withdrawing its troops. Sihanouk even proposed that the Cambodia seat in the U.N.—held by the resistance coalition “government”—be left vacant this year.

Diplomats in Bangkok now report that the Khmer Rouge has a well-equipped force of 60,000 men ready to seize control of Kampuchea, once the Vietnamese withdraw.

But Sihanouk’s warnings have been lost on the State Department. In hearings before the House Foreign Affairs subcommittee on Asian and Pacific Affairs July 28, Assistant Secretary of State Gaston Sigur refused point-blank to relinquish U.S. oblique support of the Khmer Rouge. As reported in the *Washington Post*: “Rep. Chester G. Atkins, declaring himself ‘angered and disgusted’ that the United States would ‘cynically use’ the Khmer Rouge to attack Vietnam, pressed Sigur to call for an immediate cutoff of Chinese aid to Pol Pot’s guerrillas. Sigur . . . argued for a policy of ‘simultaneous action’ in what he called a ‘delicate situation.’ The U.S. position, he suggested, is to press for an aid cutoff to the Khmer Rouge if and when there is clear-cut progress toward the withdrawal of Vietnamese forces.”

The Korean peninsula

In the case of the Korean peninsula, all parties—Washington, Beijing, and Moscow—find themselves more easily in agreement. The immediate question would appear to be: how to restrain the ultra-paranoid Kim Il Sung of North Korea from using his 120,000-man spetsnaz force from carrying out a major terrorist provocation against the Summer Olympics to be held this year in Seoul? And to this purpose, Shultz carried messages from Seoul to Beijing asking China to at-

tempt to restrain Kim Il-Sung.

In the last month, the Seoul government of Roh Tae Woo has been posing various offers to Pyongyang, in order to alleviate North Korea’s fear of losing all face if Seoul carries off the Olympic Games successfully. After maintaining a position of stony silence to such offers, North Korea made proposals of its own—requiring at least discussion between Seoul and Pyongyang. The North Korean offer reportedly came after both representatives of China and Moscow had snagged Kim Il Sung during the latter’s trip to Mongolia earlier in the month.

On the New Yalta gameboard, however, overtures and counter-overtures between the two Koreas are designed to pave the way for negotiating a pathway for Korean “reunification” under Moscow’s aegis and the withdrawal of the 40,000 American troops stationed there. The objective is to exchange South Korean military dependency on the United States for a shared condominium by China and the U.S.S.R. over a “nuclear-free” Korean peninsula.

However, if Moscow decides to shed its “detente mask,” the Korean peninsula will immediately become a flashpoint for confrontation.

Afghanistan games

On July 28, the State Department declared that based on a “new assessment,” the Reagan administration believes that the Soviet Union will meet its first major deadline—Aug. 15—for carrying out its phased withdrawal of Soviet troops from Afghanistan. The assessment came after the United States denied contentions of Pakistani President Zia ul-Haq that the Soviets were reversing the direction of Soviet troops, and renege on the Geneva accords. To this claim, the State Department responded July 26 that it had accepted as “authoritative” assurances from Soviet chief of staff Marshal Sergei Akhromeyev that Moscow was meeting the withdrawal schedule.

But reliable sources indicate, that the Soviets are leaving behind well-entrenched special forces which would be used in what the Soviets see as prolonged, internecine warfare in Afghanistan. In this case, the Soviets will attempt to play the “Muslim card” against Afghanistan, as indicated by Major General Kim M. Tsagolov in a July 24 interview with the weekly *Ogonyok*. Tsagolov declared that he expects “the activation of the Islamic factor not only in Afghanistan . . . but in all of Islam.” Accordingly, on July 22, Soviet Deputy Foreign Minister Yuli Vorontsov visited Teheran to ask Iranian leaders to “contribute to the cause of normalizing the situation in Afghanistan.”

However, the “Islamic scenario” for Afghanistan includes the Soviet annexation of northern Afghanistan, while the southern half crumbles into warfare. Such warfare will slide into Pakistan, placing additional pressures on the fissures of tribe and region in that country. But on this threat to Pakistan the word from Washington is mum.

Pope celebrates baptism of Kievan Rus together with the Ukrainians

by Irene Beaudry and Luba George

In defiance of Muscovite attempts to present the “Russian” Millennium as “theirs,” Pope John Paul II celebrated in Rome with 10,000 Ukrainian emigrés the 1000th anniversary of the Christianization of Kievan Rus, which occurred some 150 years before Moscow was founded, and almost two centuries before the principalities, including Moscow, which then existed in what is now Russia, converted to Christianity.

On July 10, Pope John Paul II bestowed his apostolic blessing on 8-10,000 Ukrainian pilgrims gathered at St. Peter’s for the Millennium of Christianity in Kievan Rus—the Ukraine. The service was the highlight of a five-day commemoration which brought Ukrainian Catholics to Rome from all over the world including Poland, Yugoslavia, Western Europe, and North and South America. The Pope told the gathered crowd, “With all my heart I embrace all of you and together with you, the entire Ukrainian nation; and I embrace all of you with the kiss of peace as your brother and the first Pope of Slavic descent in the history of our Church. Together with you, in spirit, I travel to the Kievan hill overlooking the Dnieper River, where St. Volodymyr stands. I fall on my knees before the icon of the Mother of God, Oranta, in the St. Sophia Cathedral in Kiev, and in her care I place the entire fate of the Ukrainian Catholic community. O, Mother of God, cover us with all of your protection and safeguard us from all evil.”

The Pope also spoke of how Prince Volodymyr, who is rightly regarded as the initiator and champion of the conversion of Rus to the Christian faith, accepted the religious rites and ceremonies of the East, but being aware of his position not only did he stand, till the end, for the “unity of the whole Catholic Church,” but also took great care to develop and maintain cordial relations between the Apostolic See and his own state. The Pope also referred to the Metropolitan of Kiev, Isidore, who acted “in accordance with the oldest tradition of the Ukrainian Church,” when he signed the decree by which the Greek Church entered into union with the Latin Church at the Council of Florence in 1439.

On July 9, the Pope, Cardinal Myroslav I Lubashivsky (who resides in Rome) and 23 Ukrainian bishops from the West concelebrated the holy liturgy in the Byzantine Rite at

the Cathedral of St. Sophia, seat of the Ukrainian Catholic Church in the free world. Located on the outskirts of Rome, it was established by the late Ukrainian Catholic Patriarch Josyf Slipyi in 1967-69. After the devotional service, the Pope delivered a homily in Ukrainian and Italian. His remarks were specifically addressed to the youth, including hundreds of Ukrainians from Poland and from throughout the free world. He also told the faithful: “The Millennium of Christianity is not only the pinnacle of one event, but it also begins the next act. We wish to begin the next 1,000 years of your Church and your people with a new spirit of hope.”

‘Filioque’ weapon against the Third Rome

The Ukrainian Catholic Church, it will be recalled, was persecuted in the Russian Empire under the czars, and it has fared no better under Soviet rule. A major symbol of national identity in the Western Ukraine and a church that has deliberately preferred union with Rome to absorption by the Russian Orthodox Church, it has been abhorred by the Soviet Union’s Communist government and the Moscow Patriarchate alike. When the U.S.S.R. regained control of the Western Ukraine at the end of World War II, the Soviet authorities wasted no time in enlisting the help of the Moscow Patriarchate to “liquidate” the Ukrainian Catholic Church. This was done by abolishing the the Brest-Litovsk Church Union of 1596 (which united the Western Ukraine with the Holy See) by the so-called “Lvov Council” in 1946 under Stalin. Ukrainian Catholics were forced, through terror, threats, and violence of every type, to submit themselves to the Patriarchate of Moscow and renounce their 300-year union with the Holy See in Rome. Earlier, the Ukrainian Orthodox Church had also been outlawed, because it refused Russification and to bow before the Imperial Russian Orthodox Church.

Since then, the Ukrainian Catholic Church has managed to survive in the underground as a “catacomb” church, complete with its own clandestine network of bishops, clergy, and religious schools. In recent years, the Ukrainian Uniates have been galvanized by the activities of their outspoken leader in Rome, Cardinal Iosif Slipyi, who died in 1984, and the election of the first Slavic Pope, who, despite tremendous



Ukrainians participated in a mass human-rights protest against Mikhail Gorbachov during the December 1987 summit in Washington, D.C. Inset: His Holiness John Paul II.

Stuart Lewis; Inset: U.N./Sam Lwin

pressure from the appeasers in the West and the Soviet authorities in the East, has, unlike his predecessors, spoken out loudly and eloquently in defense of the rights of the Ukrainian Catholic Church.

Despite harassment, over 5,000 Ukrainian Catholics petitioned this year for the legalization of the Ukrainian Catholic Church and announced the publication of a new Ukrainian Catholic *samizdat* (unofficial) journal *Hrystiansky Holos* (*Christian Voice*). Shortly before the Millennium celebrations and President Reagan's visit to the U.S.S.R., the underground Uniate Church's appeal for legalization was rejected. Five underground Ukrainian bishops (who signed the petition) were called in for questioning in Kiev and Ivano-Frankovsk by the KGB-linked Council for Religious Affairs. Under *glasnost*, persecution of believers in the Ukraine has increased.

When the Russians held their big Millennium spectacle in Moscow (see *EIR*, Vol. 15, No. 25, June 17, 1988), about 200 Ukrainians, defying State authorities, gathered around the statue of Grand Prince Volodymyr in Kiev. At the meeting were read poetry of Taras Shevchenko, Ukraine's "poet of freedom," and short speeches with excerpts from Pope John Paul II's 1985 Appeal to the Bishops of the Fourth Synod of the Ukrainian Catholic Church on the Millennium,

and quoting the Pope on the repression of the Ukrainian Catholic Church. An official from the Council of Religious Affairs protested when the demonstrators tried to light candles at the statue, claiming that it constituted an "illegal service." The militia and KGB filmed the demonstration but dared not intervene—Reagan was still in Moscow.

Recently, an unofficial Moscow-based journal, *Referendum*, reported that in effect, the Ukrainians have been conducting a cultural warfare campaign against the Soviet Empire and its continuing campaign to try to Russify and destroy the pro-Western and Catholic tradition in the Ukraine.

In its sixth issue, *Referendum* published an article titled, "Will the Ukrainian Church Be Legalized?" where a Russian Orthodox Church priest, Georgi Edelshtein, reports that the Ukrainian Catholics "have emerged from the underground. . . . There are Catholics who go to the Orthodox Churches but include ' . . . and the son' [*Filioque* in the Latin] in the *Credo* and use the greeting: 'Praise be to God—*laudatur Iesus Christus*.'" (The *Filioque*, an Augustinian concept, which uses the notion that the Holy Spirit proceeds from both God the Father *and from the Son* to stress that individual man had the potential to perfect himself and become God-like, was introduced into the *Credo* in the West to fight off Gnostic pseudo-Christian elements such as the "col-

lective soul" idea.) The situation, writes Edelshtein, has arisen because the state will not recognize the existence of the Ukrainian Catholic Church—since the Soviet government-sponsored Council of Lvov (1946) "liquidated" the Ukrainian Catholic Church. The article, the first of its kind by a member of the Russian Orthodox clergy, questions the validity of this council.

Next stop . . . Munich

Beginning with the Ukrainian "Millennium" celebrations in Rome, other spectacular anti-"Russian" Millennium celebrations have been planned throughout the summer. The Pope's messages to the millions of Ukrainian emigrés will be heard in West Germany, the United States, Canada, South America, Australia, and elsewhere.

On the weekend of July 23-24, the official Ukrainian celebrations of the 1,000-year anniversary of the Christianization of Kiev were held in Munich. Some 70,000 Ukrainians live in West Germany, refugees from Stalin's terror and their offspring. The Munich festivities were also attended by representatives of the Patriots for Germany (PFD), the political party in West Germany co-founded by Helga Zepp-LaRouche. The PFD issued a leaflet for the occasion: "For the Right to Self-Determination for All Peoples of Europe."

The leaflet had already produced a devastating effect earlier in July during the so-called "Ukrainian Weeks" in Bavaria, a Soviet government-sponsored event, arranged with the Bavarian government of Franz Josef Strauss and his party, the Christian Social Union (CSU), which sought to prove that life in the Ukraine under Moscow's rule is milk and honey.

The Ukrainian Millennium celebration in Munich highlighted the political war in West Germany between those committed to stopping at all costs a "New Yalta" sellout of Western Europe, and the cowardly forces represented in Bonn and Munich, who are bending over backward to accommodate to the Russian Empire, in the aftermath of the Intermediate-Range Nuclear Forces (INF) treaty sellout. The former category includes, of course, the exile Ukrainians, who know only too well what Yalta and Russian rule means.

A three-hour mass was held, presided over by Cardinal Lubashivsky, the chairman of the German Bishops Conference, Bishop Lehmann, and Cardinal Wetter of Munich. Attending as guests were several members of the West German government, who, in contrast to the Ukrainian freedom-fighters and the PFD, exuded the "Spirit of Munich," vintage 1938.

Chancellor Helmut Kohl, though Catholic, in his message to the gathering, didn't dare address the Soviet liquidation of the Ukrainian Catholic Church, merely conveying how "impressed" he was over the "religious fervor" of the Ukrainian exiles. If Kohl was pathetic, Bonn Cabinet Minister Hans Klein, a member of Strauss's CSU, was outrageous in his address on that occasion. A "greeting" from a Soviet Central Committee member could not have been much

different. Klein warned the Ukrainians against "stressing too much" their "differences with the Russian Orthodox Church," because, according to Klein, there is now "more religious freedom" in the Soviet Union.

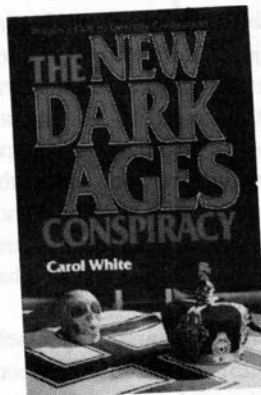
The CSU's betrayal of Western culture is now being rewarded with Russian pieces of silver. On July 23, two CSU members of the Bonn government, Agriculture Minister Ignaz Kiechle and Erich Riedl, a state secretary in the Economics Ministry, arrived in Moscow. Riedl arrived at the head of a delegation from the Bavarian aerospace firm MBB (Messerschmidt), which does final assembly of the Airbus. Contracts are expected before the end of this year.

The diametrically opposite way in which the two Ukrainian Millennium celebrations were treated by the host parties, in Rome (the Pope) and in Munich (the cowardly New Yalta forces), encapsulates the situation in the West. However, the pathetic attempts by Bonn government representatives to play down the Ukrainian Millennium mean nothing in the light of history. What will go down in history with honor is the courageous stand by the Pope, a moral giant who represents hope. In that light, 42 years after Stalin had ordered the liquidation of the Ukrainian Catholic Church, the very fact that its parishioners, in the West and underground inside the Soviet Union, have never lost hope, as witnessed by the Rome and Munich celebrations, ought to inspire all of us.

'If a black death could spread throughout the world once in every generation, survivors could procreate freely without making the world too full. The state of affairs might be unpleasant, but what of it?'

—Bertrand Russell

This evil is from the father of the peace movement—find out what the rest of them think.



The New Dark Ages Conspiracy

by Carol White

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U.S. tries new dirty tricks against Panama

by Gretchen Small

The bankrupt U.S. government has found a new source of funds: According to a July 28 report in the *Washington Post*, the Reagan administration is using monies seized from Panama's government, to finance covert CIA operations inside Panama. Congressional sources have confirmed Panamanian opposition leaders' statements that they "already have access to some Panamanian government funds that have been frozen in U.S. bank accounts," the *Post* reported.

Evidently not convinced of the inherent failures of mercenary armies by the Nicaraguan Contra fiasco, the administration has set out to repeat the experiment in Panama. On July 27, the *Washington Post* broke the news that President Reagan had signed a Finding in mid-July, authorizing new covert activity inside Panama to oust Defense Force Commander Gen. Manuel Noriega, and overthrow the government of President Manuel Solís Palma.

Administration officials leaked details of the planned "covert" operations to all the media. The *Washington Post* reported on July 28 that the CIA will be in charge. *New York Times* sources said that operations will include "plans to further harm Panama's economy, funnel assistance to the civilian opposition and bolster dissident military officers who could eventually topple Gen. Noriega . . . [and] plans for 'psychological warfare,' like the sabotaging of Government broadcasts."

"Contra Take Two" has a new wrinkle, however: The money stolen from the government targeted for overthrow, will finance the operation! All Panamanian government money deposited in U.S. banks was frozen last March, by order of the U.S. State Department. The action based upon a legal scheme cooked up by Henry Kissinger's lawyer, William D. Rogers. To this day, the United States maintains that it is holding Panama's money on behalf of the non-existent government of deposed President Eric Delvalle.

Since March, Delvalle has hidden himself on a U.S. military base in Panama, leaving only once—to visit Miami and New York. Yet U.S. recognition of his "government" is also being used as an excuse for the United States to rip up the Panama Canal Treaties. In early July, the State Department moved meetings of the Panama Canal Commission (the binational body which administers Canal operations) to Georgia, refused to issue visas to any members of the Canal Commission designated by the Solís Palma government, and

then invited Delvalle's sole remaining representative, Juan Sosa, to represent Panama instead!

Lessons in leadership

The administration's problem is that even Panama's opposition movement is growing tired of playing charades with the United States. When Panama's Legislative Assembly convened in special session to debate changes in the election laws on July 25, all but one opposition party (Arnulfo Arias's Panameñistas) were in attendance, ending the opposition's boycott of any government initiative.

That included the faction of Delvalle's own Republican Party which had followed him into the opposition when he was deposed in February. Leaving the opening meeting of the Assembly's deliberations, former ambassador Dominador Kayser Bazán, a prominent leader of this faction, praised the current debate on electoral reform as "very healthy for the country."

With the growth of domestic peace inside Panama, the United States fears that the foreign ministers of the Group of Eight (founded by Argentina, Brazil, Uruguay, Peru, Venezuela, Colombia, Mexico, and Panama) will decide to reincorporate Panama as an active member when they meet in Brasilia on Aug. 13-14. Panama was suspended after Solís Palma was named President, until its internal situation was "clarified." If readmitted now, Solís will attend the October presidential summit of the Group, leaving the United States alone with its Delvalle charade.

Not waiting quietly, President Solís Palma has sought to turn his nation's crisis into an opportunity to organize an Ibero-American movement in defense of economic and political sovereignty. Most dramatic was the President's July 18 speech before the Legislative Assembly, broadcast on national television.

The speech addressed electoral reform, but rather than concentrating on procedures, Solís instructed the legislators to remember the real issue facing them: how Panama can secure its economic and political independence. "Panama's bitter drink" of crisis today, must become the "detonator of old Latin American aspirations: the integration of Latin America in a joint endeavor for development and progress for all our peoples," he argued.

He urged all Panamanians, to study Pope John Paul II's latest encyclical, *Sollicitudo Rei Socialis*, because the Pope's message "encompasses such wisdom, such a generous understanding of countries such as ours, that its widest possible distribution in our country would be a magnificent contribution to the process of deepening democratization through social justice and equality for all." That encyclical shook the world banking community and Soviet imperialists alike when it was released in March 1988, because it demands that both liberal economics and materialist Marxism be replaced with a moral world economic order, to lift all of humanity out of poverty.

Cárdenas: Mexican regime throws provocateur bombs

by Hugo López Ochoa

Cuahtémoc Cárdenas, the presidential candidate of the National Democratic Front, is preparing to lead millions peacefully marching on the capital from all corners of Mexico in early September, when the new Congress renders the final verdict on who won the July 6 general elections. The regime used massive vote fraud to steal the elections from Cárdenas and his FDN coalition. Cárdenas, however, has a chance of being sworn in as President in December, not merely because he won an honest victory at the polls, but because he is mobilizing the mass forces to make the vote stick.

The ruling Institutional Revolutionary Party (PRI) machine, which has brought starvation back to Mexico in order to service the foreign debt, is strongly suspected of planting bombs at stock brokerage houses to give credibility to its accusation that Cárdenas is "making the country ungovernable." It is the PRI's attempt to "usurp" power and rob the people of their suffrage, Cárdenas repeats at every stop, which could "make the country ungovernable."

By confronting the political machine which has monopolized power in Mexico, Cárdenas is taking a big risk. Those in power—egged on by the banks that dictate economic and foreign policy in Washington—could trigger serious violence and even civil war, rather than yield to majority rule. But a continuation of policies which have reduced Mexican living standards by 60% in the past six years, including 15% in the past year, would eventually lead to a violent breakdown of society in any case. The Cárdenas movement is acting responsibly, as Mexico's last chance for a peaceful solution to its grave problems.

A new political earthquake is about to shake Mexico. On July 30, Cárdenas will visit the La Laguna region of the state of Coahuila, where his supporters are preparing a "monstrous rally." Their mobilization is to protest the massive vote fraud the regime perpetrated against Cárdenas and his ticket in the July 6 elections.

At the beginning of February, La Laguna was the locale where Mexican patriots demonstrated for the first time their anger and their willingness to fight to stop being treated like slaves by the foreign creditor banks and their accomplices in the Mexican government. More than 100,000 peasants met there, in what was described as the "Waterloo" of the sys-

tem's presidential candidate, Carlos Salinas de Gortari. Salinas was officially declared to have won the July 6 elections.

The real returns, according to figures presented by Cárdenas and checked with sources inside the government, gave about 38.8% of the national vote to Cárdenas, 32.69% to Salinas, and 25.19% to Manuel Clouthier, candidate of the National Action Party (PAN).

The day after the vote, the press reported that people in La Laguna voted 1,000 to 1 for Cárdenas; but the official totals gave the victory to Salinas's Institutional Revolutionary Party! The people are furious there and in other states where Cárdenas is protesting similar frauds. Almost everywhere he goes, Cárdenas is drawing more supporters to his rallies than before the elections. On July 16, in Mexico City, 400,000 came out for him. Then, in his whistle-stop tour through the states of Guerrero, Morelos, Veracruz, and Puebla, July 20-24, more than 150,000 filled the plazas. In each of the capital cities, 20-50,000 supporters pledged they would continue to fight to defend their votes and win economic changes.

But this is only the tip of the iceberg. As he passed through smaller towns, 4,000-5,000 people come out to greet him. Peasants stood for hours along highways to cheer him as he passed, waving their fists in the air. The same sign came from truck and bus drivers, the daily *Unomásuno* reported July 24. Many observers compare the response Cárdenas is getting with that evoked by Pope John Paul II during his 1979 visit to Mexico.

In Acapulco, Cárdenas claimed that 8 of the 10 deputy seats and both senate seats were robbed by the PRI. In Jalapa, Veracruz, he accused the government of only recognizing the victory of his FDN ticket in "one of the 12 districts won by the FDN." He also charged the government had robbed the senate seats won there by his running mates. And in Puebla, he said he could prove that at least 50% of the votes in that state were for him, despite the government's only recognizing 17%.

Oligarchic terrorism

The oligarchy of former bankers, inside and outside the PRI, panicked at the prospect that Cárdenas would force their

fraud to be reversed.

Starting with the Televisa TV monopoly founded by the late President Miguel Alemán, they spent millions on propaganda to threaten Cárdenas. "Cárdenas is making himself anti-democratic and on the edge of illegality," asserted Guillermo Fonseca, a tool of Interior Secretary Manuel Bartlett. Fonseca lied, accusing Cárdenas of "inciting his partisans to the use of violence." Fonseca is a boss of the National Confederation of Popular Organizations (CNOP), the grab-bag wing of the PRI which encompasses all those who are not workers and peasants.

"Coincidentally," the next night a bomb went off outside a stock brokerage in Mexico City. The bomb was carefully crafted to make a big noise and shatter a few windows, but not to cause any injuries. A pile of leaflets left on the site was signed by one "Emiliano Zapata Revolutionary Commando," was a compendium of stilted anarchist clichés more likely penned by a police provocateur than by a radical student. This is the first time in more than a decade that a terrorist group has surfaced in Mexico—if the act was not done by the same government goons who assassinated Cárdenas's top vote fraud coordinator four days before the election.

Cárdenas himself explained July 27 that the bomb was a crude effort to provoke his people to violence: "Government forces want us to go outside constitutional limits, the ground on which we are winning, [then] to dismember and destroy the strong movement created during the election campaign and which shows Mexico's refusal to continue being governed by a tiny group of 300 men." This "tiny group" is the crowd around Agustín Legorreta and Juan Sánchez Navarro, the speculators whose banks were nationalized in 1982.

Cárdenas added, "The provocateur actions of the supposed Gen. Emiliano Zapata Revolutionary Commando and the CNOP declarations coincide with the drive to demobilize the people and provide the government with pretexts for a political shutdown."

Cárdenas again called on his supporters to "keep yourselves inside legal channels . . . because the Constitution and political truth are on our side." He also charged that many of the 40 mysterious assassinations of journalists in various parts of Mexico in recent months "are actions tending to instill fear in journalists not to write about violations of the law." He named some of the dead journalists.

'System' won't yield on economics

The only way the "system" might pacify the majority Cárdenas is mobilizing, would be to do an about-face away from austerity policies. But, if De la Madrid and Salinas were tempted to coopt the opposition by ending their own murderous economic policies, they have strict orders from Wall Street and the crowd that educated them at Harvard not to yield an inch. Boston's *Christian Science Monitor*, for example, warned Salinas July 27: "He can't afford to do anything that would threaten the availability of commercial cred-

it for his country."

Thus, while unyielding in the economic realm, Salinas de Gortari and President Miguel de la Madrid made two moves the last week of July to try to prevent another big section of the PRI party from going over to Cárdenas. On July 26, the PRI hurriedly announced Guillermo Cosío Vidaurri would be its candidate for governor of Jalisco in December's state election there. He was named as soon as the rumor came out that his protector, Javier García Paniagua, a powerful PRI chieftain in that state, was talking with Cárdenas's FDN about being their candidate.

The second "negotiating" move by Salinas de Gortari, was the naming of Emilio M. González, the number-two man in the PRI's labor wing, the Mexican Confederation of Workers (CTM) as PRI leader in the next Senate, starting September. *EIR* has revealed Salinas de Gortari's plot to destroy the PRI unions (*EIR*, July 22, 1988). Ironically, many of the CTM leaders running for Congress on the PRI ticket lost, even in the official count, to Cárdenas's FDN ticket, despite their secretly agreeing with him on the need for less abusive conditions on Mexico's foreign debt. They lost in Mexico City and elsewhere, because they never dared to go to the public with such platforms. Instead, they embraced the government's Economic Solidarity Pact, the Mexican version of the Nazis' economic shock program.

Thus, Emilio M. González has become PRI chief in the Senate *not* as a result of any CTM show of force against Salinas, but because of the vote in favor of Cuauhtémoc Cárdenas in the July 6 elections! On July 27, González insinuated that the future could hold alliances between the PRI and Cárdenas around economic demands, but he refused to say a word about "going to the street" to force a policy shift.

The pathetic situation of PRI union leaders was reflected in handwringing over their defeat. One moaned, "You have to be radical. . . . The workers shout at me to go to the market to see reality." He was referring to the pact which froze wages, but did not really freeze prices. Another one noted, "Eight months of the pact are enough to put the lie to the story that inflation is caused by wage increases."

But, despite the belly-aching, most PRI labor leaders remain immobilized. They have not yet dared to publicly disobey President De la Madrid's desires to keep up the shock program until he leaves office in December. They profess to believe the myth that Salinas will cut a deal with the FDN to change economic policies *if* Cárdenas were to concede defeat and demobilize his supporters. But Salinas is showing he would be at least as destructive to Mexico's economic progress as his predecessor has been. Right after the elections, one of his top strategists, Urban Development and Ecology Secretary Manuel Camacho Solís, announced the near-complete Laguna Verde nuclear power station would be "indefinitely" postponed. That shows what Salinas really means with his rhetoric about "modernizing" and "raising productivity" in Mexico.

Drug mob plans 'independent republics,' warns defense minister of Colombia

by Valerie Rush

Colombian Defense Minister Rafael Samudio Molina submitted a memorandum on the state of public order in the nation to the inaugural session of Congress, charging that the guerrillas and the drug mafia have forged a strategic alliance with the intention of carving "independent republics" out of the national territory, so-called liberated zones where the law is inapplicable and where authority is wielded by outlaws.

He denounced the narco-terrorists' efforts to engage the government of President Virgilio Barco in a "timeless dialogue, studying unacceptable proposals," a reference to the "peace summit" demanded (and won) by the drug-running guerrillas as their condition for the July 20 release of kidnaped former presidential candidate Alvaro Gómez Hurtado. Most political forces in the country have declared their readiness to hold dialogue with the enemy; so far, the Barco government has neither accepted nor rejected the demand.

Colombia's situation is but the most advanced phase of a Soviet-backed strategy to use irregular warfare and psychological warfare to undermine national institutions in Ibero-America, and replace them with narco-terrorist regimes. The Armed Forces remain one of the few institutions standing in the way of this scenario. While Colombian politicians have been toying with the pacifist option, the military has scored some of its most dramatic strikes against the narco-guerrilla alliance.

The 'Narc-FARC'

Defense Minister Samudio's memo named the Communist-run Revolutionary Armed Forces of Colombia (FARC)—the nation's largest guerrilla force and head of the Simón Bolívar Guerrilla Coordinating Front—as the main threat to Colombia's democratic institutions. He defined the Simón Bolívar Front as "a single unified bloc of action against the established order, which seeks to facilitate an increase of its violent acts, and to increase pressure on the government, toward achieving its final strategic objective: seizure of power."

The narco-terror alliance was hit hard in early July, when a marijuana plantation run jointly by the FARC and M-19 guerrilla movements was discovered by III Army Brigade troops in the area of Corinto, Cauca. A military source said the process of destroying the marijuana "could take months,"

and newspapers estimated the weekly profits from that plantation at \$4 million! On July 15, the military found 15 cocaine-processing laboratories in the jungle zones of Caquetá, again dominated jointly by the FARC and the M-19.

But the most spectacular bust took place July 17, when the VII Army Brigade under General Bedoya Pizarro discovered a multinational drug depot in the jungles of Vichada, 80 kilometers inside Colombia from the Venezuelan border. In addition to hefty quantities of cocaine, several airplanes, described by General Bedoya as more sophisticated than those possessed by the Colombian Air Force, were seized. An airstrip capable of servicing DC-4s was dismantled by the occupying troops, and evidence was found indicating that the complex—which stored refined cocaine brought in from all over the Andean region—regularly shipped 1.5 tons of pure cocaine to Cuba, Nicaragua, Europe, and the United States. Both the storage facilities and piloting were managed by members of the XVI front of the FARC. In his communiqué describing "Operation Hawk," General Bedoya dubbed the enemy "narc-FARC."

Losing the institutions

The military's offensive has toughened up some Colombian political figures who understand what capitulation in the name of "peace" will mean. The anti-drug daily *El Espectador* editorialized July 22 that "it is not serious to offer peace with one hand and violence with the other. The government . . . has shown that when the will exists, an effective defense of the institutions can be made. The dismantling of the cocaine-processing laboratories owned by the FARC, and the success of many counterinsurgency operations attest to this assertion."

Juan Diego Jaramillo, a close associate of former kidnap victim Gómez Hurtado, described the growing willingness of Colombia's political leadership to grant concessions to the narco-terrorists as leading to a loss of institutional legitimacy in his July 23 *El Tiempo* column. "The first institutional fissure was born with the incautious statement of the new justice minister on the day he took office: 'No law is worth more than a human life.' I have always believed that, on the contrary . . . one must sacrifice even one's life to save the dignity and importance of law."

Samudio's 'Report to the National Congress'

A memorandum on the state of public order in Colombia, submitted by Defense Minister Rafael Samudio Molina to the opening sessions of Congress July 20, 1988.

Internal situation

Criminal methods. The country, today as never before, is facing a generalized state of disturbance of internal order, which is significantly affecting all layers of Colombian society. This phenomenon stems from three well-defined sources:

a) Armed subversion, which undoubtedly poses the principal threat not only to public security but to the very existence of the State, since its single and unchangeable objective is seizure of power by force of arms and terrorism, in order to install a Marxist-Leninist regime.

b) The drug trade, which by its very nature, goes against the juridical, social, and economic—not to mention moral—order of the country, with its initial alliances and later conflicts with armed subversion, has caused the most terrifying violence in extensive, populated, and rich zones of the country, and international discredit never before experienced.

c) Common crime attacks the principal cities of the country, as a logical socio-economic consequence of the great belts of misery that surround them, and because of the constant emigration from country to city, due in part to the violence and social insecurity that scourges the country.

Armed subversion. . . . This criminal activity has shown a special capacity to expand in the shadow of the most varied democratic measures intended to achieve peace and tranquility throughout the national territory. Subversion acts in the political, economic, education, labor, and armed arenas, with goals that are both well-defined and broadly known to national opinion. . . .

Evolution. During the period covered by this report, and despite the government's efforts, armed subversion has continued to evolve and grow; in some cases, it has substantially modified its strategies, as in the case of the ELN [National Liberation Army], a group which has taken a terrorist ap-

proach to the oil exploitation and exploration activities in the country, at the same time assimilating the proven techniques of the FARC [Revolutionary Armed Forces of Colombia], organizing and executing peasant marches that affect the public order, especially in the northeastern region of the country.

On the other hand, the FARC continues to constitute the principal threat; despite its apparent compliance with the cease-fire, and in addition to having persistence in keeping constant pressure on centers of civilian population by means of blackmail, kidnaping, and extortion, it has strengthened its military apparatus, having 39 "fronts" today, when in 1984 it did not have even 30. . . .

Drug trafficking

Drug-trafficking situation. The operations carried out in recent months, as well as intelligence efforts in rural areas, have exposed the close links between the drug-trafficking mafias and armed subversion, with the intention of creating "independent" regions, where the law is inapplicable and where they [mafiosi and subversives] are the only authority, turning these zones into bases of their illicit operations.

The actions of different [trafficking] bands, their competition to stay on top in specific areas of the international drug market, and the terrorism that they permanently exercise against authorities and citizenry alike, create special conditions of violence where selective assassinations and massacres are a daily occurrence. . . .

Balance of operations. Despite the power of the so-called "cartels," the fight against the drug trade has shown a positive balance during this period; important cocaine-producing complexes in the departments of Antioquia, Boyacá, Cauca, and Valle have been deactivated; a significant number of processors and traffickers have been captured and delivered to the proper authorities; the systems of security and infrastructure used by the mafia in their criminal activities and in reprisals against rivals and public officials have been uncovered, and it has become clear to all of society the ominous influence these merchants of death have exercised and want to strengthen in all areas of economic and merely social action. [The traffickers] have found their principal collaborator and accomplice in the unprotected mass of the population, desirous of improving its economic situation and of satisfying its minimal needs in the shortest time and with the greatest ease.

Their force lies in their capacity to employ unlimited terror, through the recruitment of young assassins capable of taking the life of any citizen, no matter that other innocents may get in their way, for a sum of money. In view of these facts, authorities at every level are combining efforts in search of genuine integration both among themselves and with the community, to achieve greater efficiency in the fight against this plague. . . .

Tactical Air Meet 88: Can NATO still defend Europe?

by Dean Andromidas and Andreas Ranke

From June 16 through June 29, over 70 fighter aircraft from nine NATO nations participated in the sixth semi-annual Tactical Air Meet 88 (TAM 88) in Baden Söllingen, West Germany. Taking place soon after the final ratification of the INF treaty, this year's TAM occurred amid growing doubts among Western military experts over whether the United States will continue support for the defense of Europe; and whether the current military capabilities of NATO, minus both Pershing II and cruise missiles, can carry out NATO's mission and defend Western Europe.

TAM 88 had as its purpose to afford NATO member air forces an opportunity to practice joint tactics and procedures for operations on the tactical level and therefore, in itself, could neither confirm nor allay these misgivings. According to the observations of these authors, it was an impressive demonstration of the NATO Alliance's strongest points: that it is an alliance of 16 nations with an amazing level of cooperation among its military services, which demonstrated itself in an impressive level of professionalism and *esprit de corps*. Nonetheless, TAM 88 demonstrated three vital points for these observers:

- 1) The INF treaty not only served to create fears of "decoupling" of the United States from Western Europe, but has put NATO in a precarious military situation.

- 2) In his remarks at the opening press conference of TAM 88, Gen. William L. Kirk of the United States Air Force, commander of Allied Air Forces Central Europe, described air power as the "most responsive and flexible resource available to a NATO commander." TAM 88 demonstrated the tremendous resources in manpower, weapons systems, and physical effort required to conduct air operations, opening up the question of whether current levels of capability (capabilities jeopardized by calls for budget cuts) can take on the expanded mission requirements caused by the loss of the Pershing II and cruise missiles.

- 3) It is clearly in the air war that the concept of a "war of technological attrition" is being fought out on a daily basis. In an era when modern aircraft and their weapons systems are becoming more and more dependent on microelectronics and electromagnetic technologies, from ever more sophisticated radars for guidance systems to sophisticated electronic

countermeasures capabilities, radio frequency weapon technologies are becoming the most pressing area of development for future warfare.

Air power and the INF

The accompanying chart, **Figure 1**, illustrates Warsaw Pact numerical superiority, which continues to be augmented by increasing numbers of very new and capable aircraft such as the MiG-29 Fulcrum fighters and Su-27 Flanker fighter bombers. These aircraft are wedded to an offensive deep-strike strategic doctrine that seeks, through achieving strategic surprise, to knock out NATO nuclear weapons centers, air bases, and command and control centers wherever possible, prior to sending armored divisions across the German-German border. *Deep strike* means conducting war in the full depth of NATO territory from the German-German border to the United Kingdom.

Prior to the INF treaty, NATO sought to counter this doctrine through deep-strike capabilities of its own. The NATO FOFA (Follow on Forces Attack) and the American Air Land Battle, sought to carry the battle into the Warsaw Pact territory through striking at Soviet second-echelon forces and rear-area command and communications centers. Although these doctrines are considered militarily sound, and air power would play a leading role, it would have to face two problems: 1) NATO air forces would be facing Soviet air defense capabilities that have been augmented considerably with improved acquisition and tracking radars, better anti-aircraft missiles, and a growing number of high-performance fighters. While Allied officers in the past were confident of penetration of Soviet defenses through low-level attacks, that confidence has been seriously eroded over recent years. 2) The first mission of NATO air forces is to stave off what could be expected to be a massive Soviet air assault. This mission would have to be accomplished *prior* to the deployment of air assets to go over to the attack.

One solution which was considered highly effective militarily and economically, according to Gen. Gerard Berkhof (ret.), former Chief of Staff of Allied Forces Central Europe, was the deployment of a conventionally tipped cruise missile in the 600 kilometer range, which could penetrate the dense

air defense system. The missiles could achieve survivability through a mobile deployment capability, while they could have been launched at the earliest possible time following the initiation of hostilities, far sooner than NATO's ground forces and even its air forces.

Furthermore, the cost-effectiveness would have been dramatically superior. According to General Berkhof, the procurement cost of 600 to 700 missiles is \$1.7 million per missile, based on the cost of a 10-year deployment cycle. This compares with \$50 million for one GR1 Tornado aircraft and \$5 million to train and support its pilot. While up to 50 aircraft are required to attack one Warsaw Pact target, only one to three missiles would have been required per target.

Yet, under the terms of the INF treaty, cruise missiles have been defined as nuclear-carrying vehicles and hence all land-based cruise missiles, conventional tipped as well as nuclear, have been banned. As General Berkhof remarked, "We have given up a cheap unmanned option for a very costly manned conventional solution."

Lacking the microelectronics technology required for longer-range cruise missiles, the Soviets gave up very little except their SS-20s, a missile whose power and capability had become incompatible with the Soviets' own evolving deep-strike doctrine. That doctrine has deemphasized nuclear strike in favor of conventional theater forces working in tandem with spetsnaz (special forces) and other irregular warfare capabilities in NATO's rear. Now NATO finds itself where it was 10 years ago, still facing an enemy whose capabilities are continuously being augmented under Secretary General Gorbachov's *perestroika*.

This is not by any means to denigrate TAM 88 as an important and highly impressive demonstration of NATO's capabilities; it serves to underscore how vital these capabilities are and how they must be augmented if they are to remain effective.

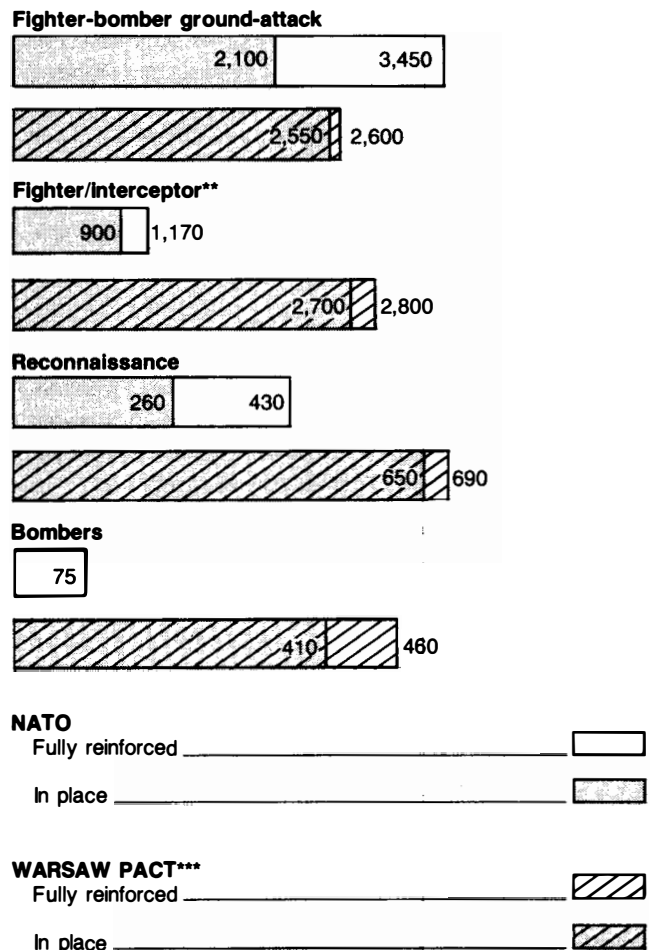
TAM 88

The Tactical Air Meet was a vivid demonstration that NATO is an "alliance" whose most important strength must lie in cooperative and unified action. In the Warsaw Pact, the Soviet armed forces control the entire front of their Western theater of operations. Although the forces of Czechoslovakia, the German Democratic Republic, and other Warsaw Pact nations should not be dismissed, particularly their air forces, they play a secondary role at best. By contrast, in NATO, each nation shares a territorial responsibility along the German-German border and Czechoslovakia. For instance, the two army corps and the entire air forces of Belgium and the Netherlands that constitute the entire armies of these two countries, whose total combined population is less than that of the state of California, have an area of responsibility as large as the two American army corps currently stationed in the Federal Republic of Germany. This fact, and

the nature of war in the 1980s, create the necessity for cooperation "in depth," not possible in the "imperial" type system of the Warsaw Pact. TAM 88, as all NATO exercises, seeks first to enhance that cooperation.

TAM 88 was sponsored by Allied Air Forces Central Europe, the NATO command which in time of war commands the six national air forces in NATO's Central Region. This year's host was the Canadian Air Force based in Baden Söllingen, West Germany. Here gathered special teams comprised of 4 to 16 aircraft with their air and ground crews, and other personnel from the six Central Region national air forces, including West Germany, the United States, the United Kingdom, Belgium, the Netherlands, and Canada. Also in-

FIGURE 1
NATO-Warsaw Pact combat aircraft*



Excludes France and Spain.
 * U.S. estimate of 1986 NATO data.
 ** Excludes Soviet strategic interceptors.
 *** An additional 4,000 trainers are available.

Source: *Soviet Military Power*, 1987.

vited were teams from neighboring NATO commands, including the air forces of Italy, Denmark, and notably France, which, while a member of the Atlantic Alliance, is not part of the integrated command.

TAM's former competitive aspect was given up to encourage an exchange of expertise among the air crews and other personnel brought together from the participating national air forces. Rather than compete with one another for trophies, the concentration was on developing the combined tactical and operational skills to defeat a common enemy. Over the last decade, the watchword has been interoperability, not so much standardized equipment, or even standardized procedures, but the development of the capability to conduct combined operations among the member nations of NATO, operations which would be used in time of war. TAM is part of this process.

TAM is the practical phase of a series of programs held in the years between TAMs. These include the Tactics Symposium and the Tactical Leadership Program. Here air crews and planners come together to exchange ideas on combined tactical and operational concepts. Over the last years, this has been seen to be key to getting the most out of NATO air forces, whose capabilities vary from nation to nation. One of TAM's purposes is to test those concepts and ideas so they become practical resources toward NATO's evolving capabilities.

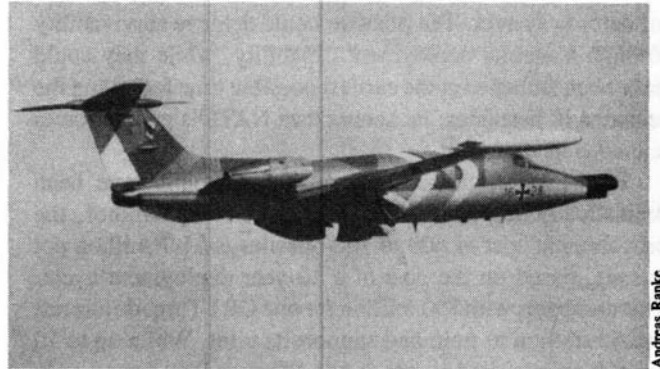
The scenario

TAM finds itself inserted at the tactical level of the air war of a classic Orange Force attack on Blue Force scenario. In this "war," the participants will conduct various missions including attack on airfields, armored formations, bridges, simulating all the aspects of actual wartime operations.

At the center of the exercise is a special Allied Tactical Operations Center (ATOC), set up and comprised of personnel drawn from the two real ATOCs which are subordinate to the respective Command Staffs of the 2nd and 4th Allied Tactical Air Forces which are responsible for all Allied air forces in Central Europe. The ATOC's mission is to plan and task offensive operations, including choosing targets and



A Tornado armed with Alarm missiles.



HFB-320 Hansa Jet, an electronic warfare plane flown by West Germany.

assigning missions to the respective national air forces. This is "force packaging," or the design of a Composite Air Operation which could include aircraft from six different air forces. Although during TAM all the national air forces were operating out of Bad Söllingen, in reality they would be drawn from their home bases throughout the Central Region.

Any given target—an airfield, an armored troop concentration—is chosen only following an assessment of intelligence flowing into this ATOC. For this purpose, the ATOC has at its disposal the E3A AWACS or Airborne Early Warning and Command System. This aircraft is drawn from 18 Boeing E3A AWACS aircraft which form NATO's Airborne Early Warning Force. It is the only operational system staffed and commanded by NATO's integrated command. It is, indeed, a unique system, particularly its crew of 19. Its commander is an Italian lieutenant colonel, its pilot is a Canadian major, and Danish and American servicemen can be seen sitting side by side monitoring the radar screens and control panels. Their mission in TAM is not much different from their everyday mission, which is to monitor enemy low- and high-flying aircraft.









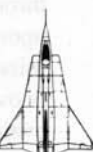








The E3A AWACS can also track Soviet surface ships. In addition to airborne surveillance, it can perform as an airborne command, control, and communications unit. Interfacing directly with the ATOC, it operates around the clock. Its data are not only crucial for target selection and planning, but also interface with the aircraft of the attack formations, updating them on hostile targets and threats.

In addition to AWACS, the ATOC receives target information through reconnaissance units under its command. In TAM 88, "recon" units were assigned to French and Belgium units flying French-built Mirages and West German units flying RF-4E Phantoms armed with both optical and infrared cameras, as well as video equipment. They fly over prospective targets to gain detailed target data.

The raw data are transformed by the ATOC into the basis for a planned attack. On Day 4 of TAM, the target was a

FIGURE 2

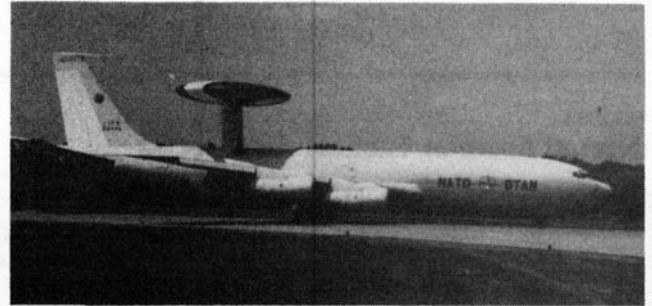
Aircraft flown at Tactical Air Meet 88

	F-4G Advanced Wild Weasel (Phantom II)	RF-4E Phantom II	F-4E Phantom II	F-15 Eagle	F-16 A/C Fighting Falcon	CF-18 Hornet
						
Type	Electronic warfare -defense suppression	Reconnaissance	Air defense	Air defense	Multi-role fighter/bomber	Multi-role fighter/bomber
Speed	2 Mach	2 Mach	2 Mach	2.5 Mach	2 Mach	1.8 Mach
Radius	425 km	425 km	425 km	925 km	1,000 km	1,170 km
Armament	AAMs*, anti- radiation missiles	Cameras	AAMs	AAMs	AAMs, bombs	AAMs, bombs
Flown by	U.S.	F.R.G.	F.R.G., U.K.	U.S.	U.S., Belgium, Denmark	Canada
	NF-5 Freedom Fighter	EF-111A Raven	F-35 Draken	Mirage F-1CR	Mirage F5	Mirage 2000
						
Type	Multi-role fighter/bomber	Electronic warfare	Multi-role fighter/bomber	Reconnaissance	Fighter bomber	Air-defense fighter
Speed	1.6 Mach	2,279 km/hr	2 Mach	2.2 Mach	2.2 Mach	2.2 Mach
Radius	890 km	1,100 km	1,000 km	640 km	1,220 km	700 km
Armament	AAMs, bombs	Electronic warfare	AAMs, bombs	Cameras, electronics	AAMs, bombs	AAMs
Flown by	Netherlands	U.S.	Denmark	France	Belgium	France
	GR1 Tornado	F-104 Starfighter	Jaguar	T-17 Canberra	HFB-320 Hansa Jet	Boeing NE-3A AWACS
					(Not shown here)	
Type	Multi-role fighter/bomber	Multi-role fighter	Multi-role fighter/bomber	Electronic warfare	Electronic warfare	Airborne early warning and command post
Speed	2.2 Mach	2.2 Mach	1.5 Mach	.68 Mach	.74 Mach	853 km/hr
Radius	1,400 km	1,100 km	815 km	1,300 km	—	—
Armament	AAMs, bombs	AAMs, bombs	AAMs, bombs	Electronic warfare suit	Electronic warfare suit	None
Flown by	F.R.G., U.K., Italy	Italy	France, U.K.	U.K.	F.R.G.	NATO

*AAMs are air-to-air missiles which are anti-aircraft missiles carried by aircraft.
Source: *Soviet Military Power, 1987; Jane's All the World's Aircraft.*



EF-111 Raven, for electronic warfare, flown by the U.S.



NE-3As AWACS, flown by NATO.

simulated airfield complex located on the recently established French- and West German-controlled electronic warfare exercise reserve called Polygon, along the West German-French border. In land war, defensive positions are created through interlocking fields of fire conforming to the topography of the land area being defended. In air war, the geographical topography takes second place to an “invisible” electromagnetic field. The target was heavily defended by SAM batteries and patrolled by manned air defense aircraft, both of which are dependent on acquisition radars, as well as a full range of offensive electronic warfare weapons systems, creating a relatively dense electromagnetic field. This “wall” must be pierced by an invisible artillery barrage of NATO’s electronic warfare assets which are, in effect, today’s “radio frequency weapons.”

The mission was assigned to a “Wild Weasel” hunter/killer team. The team is comprised of “hard kill” electronic warfare (EW) aircraft including specially equipped American F-4G Phantoms that hunt enemy radar by tracking its emissions. These aircraft, in turn, direct F-16 Fighting Falcons equipped with anti-radiation missiles capable of homing in on the energy radiating from the target radar. These, in their turn, are supported by “soft kill” EW aircraft such as the EF-111A Ravens, which fly at 20,000 feet to provide electronic countermeasures, such as sorting, identifying, and jamming different enemy radars. Other EW aircraft deployed included the West German HFB-320 Hansa jet, whose mission is to jam the radars of fighter aircraft, and British T-17 Canbarra, which will turn its attention to jamming the enemy’s command, control, and communications system (see **Figure 2**).

Although in full force in TAM, these assets are among NATO’s scarcest; nonetheless, they define the most important “flank” in the air war, if not the future shape of the practice of modern war as a whole. By neutralizing this electromagnetic field, one neutralizes the principal defensive and offensive asset of the enemy, rendering its command and control system “blind” and its radar-guided missiles as harmless as 4th of July firecrackers.

Once a “breakthrough” is achieved, the low-level attack formation of British, German, and Italian GR1 Tornado attack bombers, equipped with laser-guided bombs capable of

penetrating hardened concrete aircraft shelters and specialized munitions designed to destroy enemy runways, can make their low-level attack. Flying below 500 feet (as low as 80 feet in actual war-fighting conditions), and laden with 18,000 pounds of munitions, these aircraft cannot defend themselves and are therefore escorted by air defense aircraft, such as American F-15 Eagles and older British and West German F-4 Phantoms.

The strike is made. Preselected targets—runways, taxiways, aircraft and their shelters, and ground and air defenses—are struck in simulated bombing strikes. With the attack completed, the aircraft return, “fighting” their way back through enemy fighter-infested skies. Although in real war, upon return they could be “turned around” for yet another mission in the course of a few hours or less, today’s mission is over, and the pilots return to an extensive debriefing and evaluation of the day’s mission and preparation for the next day’s mission: an attack on an enemy armored concentration at a river crossing in Belgium.

By the end of the two weeks of TAM, not only will these participants be far more familiar with the conduct of joint operations with the air forces of other member nations, but NATO as a whole would have generated the experience that will form the basis for the development of future tactics and joint operations. Immediately following TAM will be the preparation of Tactical Symposium 1989, where the lessons of TAM 88 will form a crucial basis for development of future tactics and operations which, in turn, will be put to the test in TAM 90. TAM 90 is expected to be even larger, with over 12 to 15 NATO nations invited, totaling as many as 150 aircraft. Participation of naval air teams with carrier-based aircraft can be expected in future TAMs.

A concluding lesson of TAM for all those truly concerned with NATO’s capabilities is the necessity for “in-depth” military capabilities. “In-depth” means the crucial scientific, technological capabilities of our society to develop the war-winning weapons systems that can deter war in a struggle of technological attrition. It also has a fundamental human dimension in the constant development of tactical and operational capabilities that can deploy those systems most effectively.

Thailand votes for industrialization

by S. Tanapura and L. de Hoyos

In a surprise move, Thailand's Prime Minister Prem Tinsulanond announced that he would step down from his post, although his ruling four-party coalition had won a majority in national elections held July 24. Five days after the elections, the mantle has fallen to Gen. Chatichai Choonhavan, leader of the Chart Thai Party, to attempt to organize a government.

Prem's decision to step down is less dramatic than it might appear, as the national elections reaffirmed Thailand's commitment to industrialization and economic growth. The Chart Thai party was an early supporter of the Kra Canal Great Project for southern Thailand.

Out of 357 elected seats to the nation's parliament, the Chart Thai Party, which is considered the "party of business" and has developed close ties with Japanese investors in Thailand, retained its position as the country's largest party, gaining 87 seats. The Socialist Action Party, headed by Foreign Minister Siddhi Savestila, came in second with 54 seats. The major political shift is the downturn of the Democrat Party, headed by former deputy prime minister Bichai Rattakul, who often finds himself in the same camp as the Socialist International. The Democrat Party had split and lost position in the capital city of Bangkok, bringing in a national total of 48 seats.

Various reasons have been offered in the Thai political circuit for Prem's decision to leave office after eight years. For the past period, Prem's presence in the post has acted to guarantee a certain level of stability in Thailand. Prem was an unelected prime minister, a post he held with the clear approval of the Thailand's royal family. H.M. King Bhumipol had asked Prem to stay in office to preside over the king's 60th birthday last year. In addition, Prem's own lack of color and political initiative enabled him to function as a balancer among the factions in the military and political arena.

However, in the last few months, Prem has come under steady attack. In June, over 100 academics and other prestigious figures called for him to step down. Prem also came under harsh attack from Kukrit Pramoj, a former prime minister with close ties to the royal family, who holds the position of Thailand's elder statesman. On July 16, Kukrit issued a stern warning against a new term for Prem. Speaking at

Thammasat University, Kukrit predicted that if Prem returned as prime minister, dissent against him would continue to rise, which in turn could force Prem to employ "dictatorial tactics" to stay in power. "Whoever chooses General Prem as premier and not me, will have to bear responsibility if the country ends up in political turmoil," Kukrit was quoted by the *Bangkok Post*. Kukrit further argued that the lack of action coming from the civilian government headed by Prem was resulting in the degradation of the national parliament and the military's retaining of too much political power.

Now that Prem has stepped to one side—in deference to the apparent wishes of the population—the coming days will tell whether this will bring about a dramatic shift in Thailand's political configurations or whether General Chatichai is able to organize a pro-industry consensus to take the reins of government.

No to the Buddhist fundamentalists

One very hopeful sign was the national defeat in the elections of the Palang Dharma Party ("the force of *dharma*"), a Buddhist fundamentalist party headed by Gen. Chamlong Srimuang. Chamlong, a former Young Turk and personal secretary to Prem, became governor of Bangkok in a landslide victory three years ago, on a platform of "cleaning up the city."

Although only a new party, the Palang Dharma ran 315 candidates in all 73 provinces, out of a possible 357. But contrary to media predictions, Chamlong's party did not repeat the landslide this time in the Bangkok region, indicating that his "clean" image may be wearing off. The Palang Dharma took only 10 seats in Bangkok and 4 in the provinces. Even Chamlong's wife was defeated in her district by the slate put forward by Samak Sundaravej's Prachakorn Thai Party, whose biggest base is also the capital city.

Before the elections, all the media were playing up Chamlong's party as the alternative to the pro-industrial orientation of the Thai government. Chamlong is backed by the highly dubious religious sect Santi Asoke, which advocates a Khomeini model of theocracy for Thailand and rejects "materialism." A few days before the elections, the Buddhist scholars' association announced that it was planning legal action against Santi Asoke immediately after the elections, on charges of fraud in ordaining Buddhist monks, while the sect does not adhere to the Religious Affairs Code.

Financial backing for Chamlong's party comes from the "Magic Eye" environmentalist project of the Bangkok Bank and the British pharmaceutical company L.P. Standard Laboratories. The latter had pledged \$4 million. The international press, such as the *Far Eastern Economic Review*, the Sikh community in Bangkok, and the BBC had all portrayed General Chamlong and his party as the new generation of "clean" Thai politicians. However, Chamlong and his philosophy of vegetarianism and rejection of material existence did not sit well with the Thai people.

Maneuvering over strategic resources

Neocolonialist interests of East and West are drooling over the gains to be derived from a settlement in Angola.

What was omitted from the 14-point agreement reached among Angola, South Africa, and Cuba in mid-July, is perhaps more revealing than the agreement itself, which mediated by Assistant U.S. Secretary of State for African Affairs Chester Crocker, with strong Soviet input. The most significant omission is the failure to mention the UNITA rebel movement led by Jonas Savimbi, who has been fighting the Marxist-MPLA regime in Luanda for the past 13 years, and which controls approximately one-third of the country.

UNITA has received strong backing from South Africa, and several thousand South African troops moved into southern Angola in January in an attempt to help UNITA guerrillas take the strategic town of Cuito Cuanavale from the MPLA. The failure of this move, the massive reinforcement of Cuban positions and equipment in southern Angola—bringing with it the loss of South African superiority in the air—and the subsequent deaths of several white South African soldiers, may have played a role in the South African decision to drop its commitment to Savimbi.

The Luanda government has repeatedly refused offers of mediation made by other African heads of state, including the most recent by Zaire's President Mobutu Sese Seko, who offered to organize a meeting of Angola's neighbors to guarantee the conditions for peace. Mobutu is reported to believe, like Ivory Coast President Félix Houphouët-Boigny, that a reconciliation between Angolans would be possible if the various external influ-

ences were removed. Angolan President José Eduardo Dos Santos categorically rejected this proposal, calling it "a serious interference in Angola's internal affairs, an unfriendly act, and a dangerous precedent."

Such a violent reaction means that the Angolan regime considers that UNITA has no role to play and can be safely ignored.

The 14-point agreement specifies that "there will be no interference in the internal affairs of other states," implying that the South Africans will abandon UNITA and that the Angolans, Cubans, and Soviets will abandon the African National Congress. The ANC has 8,000 guerrillas in training in Angola, the only country in southern Africa which still maintains such training camps. Zambia and Zimbabwe have—in theory, anyway—agreed to South African demands to forbid military activity by the ANC on their soil.

Taking the pressure off South Africa by dumping the ANC might be the price the Soviets are prepared to pay for a future strategic alliance with South Africa itself.

The Soviet role in the agreement was crucial. Chief of the General Staff Marshal Sergei Akhromeyev spent a week in the United States in early July, followed by a week in Cuba, holding talks which were sufficiently important for him to miss the Warsaw Pact summit meeting on July 16. Fidel Castro was no doubt told in no uncertain terms to submit to Soviet plans for a regional deal with the United States.

In South Africa, strategists may well be thinking of contingency plans:

Should the West, led by a President Dukakis in the United States, be ready to impose sanctions on South Africa, what about South Africa imposing its own sanctions on the West, and stopping the export of the strategic raw materials which are vital to the West's defense industries? A de facto alliance between Moscow and Johannesburg cannot be ruled out. South Africa and the Soviet Union together produce over 95% of the world's platinum.

What really concerns those maneuvering behind the scenes is not "peace," but strategic raw materials. AIDS is threatening to wipe out more than half of the population in southern Africa, and an article by the South African correspondent of the Swiss magazine *International Defense Review* in April reported that "the new African challenge" of the next decade will be what to do with Africa's resources if countries like Zambia and Zaire become "deserts empty of people."

In an example of the cynical maneuvering over Africa's resources now taking place, a France-Angola Association was set up on June 23, anticipating the future settlement of the conflict there. The association is headed by Guy Penne, French President François Mitterrand's former adviser on African affairs, and Luis de Almeida, the Angolan ambassador to France. The list of the vice presidents "reads like a who's who of French interests in Angola," commented the French daily *Libération*. It includes Francis Bouygues of the Bouygues construction company; Michel Doumeng of Interagra, son of the late "red billionaire" Jean Doumeng; Louis Deny of CFP-Total; André Tarallo of Elf-Aquitaine. They are obviously rubbing their hands at the thought of being able to fully exploit Angola's massive oil, iron, and diamond resources.

Hare Krishnas, and Soviets

The Krishna cult is one of those international networks that flourish because they come in handy to intelligence agencies.

Communist Party of the Soviet Union (CPSU) General Secretary Mikhail Gorbachov's proposal for reforms within the Soviet Union has created an uneasy tension among the Indian Marxists. While some of them are a bit skeptical of the final outcome of *glasnost* and *perestroika*, others are noticeably disturbed by what they consider as deliberate attempts to snub Marxist ideals. What happened in Calcutta recently is a case in point.

July 15 is a "holy" day in the Hindu calendar and particularly for followers of Lord Krishna. On that day, the International Society for Krishna Consciousness (ISKCON) organized a procession which involves pulling the chariot of Lord Jagannath. Every year, thousands of local devotees and ISKCON members come to participate in the event. But what made this year's Rathajatra Festival a "political event" was the participation of the Calcutta-based Soviet Vice Consul, Alexander Voulin.

Voulin's participation created a turmoil among local communists. Being in charge of West Bengal, the bastion of India's communist movement, the Communist Party of India-Marxist (CPI-M) could not afford to let this pass without notice. CPI-M State Unit Secretary Saroj Mukherjee was so furious that he maintained a stony silence. The Information and Cultural Minister of West Bengal indignantly told the press, "It is a pity that we had to see even this. It is unthinkable from a representative of a socialist country." No doubt the shock was numbing.

Reaction of CPI-M's partners in

the Left Front government varied from anger to disgust. CPI leader Biswanath Mukherjee said he was particularly unhappy with Voulin's act because ISKCON's "relations with American imperialism are well known." He added that his party cannot condone Voulin's action, and it has "naturally raised many questions in the public mind."

The secretary of the Forward Bloc, a partner of the Left Front, commented, "If this is done in the name of *glasnost* and *perestroika*, it is setting a dangerous example for our youth."

The same theme was repeated by another socialist leader, Mikhan Paul. He called Voulin's action "an un-Marxist display" and a "deviation from the theory of Socialism." He pointed out that Marx described religion as the "opium of the masses" yet here was a representative of a socialist country indulging in congregational faith.

What has apparently escaped the Indian communists is that ISKCON has been slowly establishing a firm relation with the Soviet leadership for many years. Being an international organization which functions under the umbrage of a religious movement preaching love and peace, ISKCON is a convenient vehicle for the Soviets.

ISKCON began its religious "teachings" in the Soviet Union almost 17 years ago. In spite of occasional "crackdowns," the Krishna followers were allowed to grow there. Over the years, according to ISKCON estimates, they have gained 200 members, 1,000 lay disciples, and 10,000 supporters. Reportedly, 90% of the Krishna followers in the Soviet Union

are university-educated.

The Soviet authorities have so far refused to recognize ISKCON as a religious organization. But, in light of the celebration of the Russian Millennium and Voulin's active participation at the Rathajatra Festival in Calcutta, *glasnost* may sweep away the ban.

Ban or no ban, ISKCON has been allowed to come out from its underground existence. Shaven-headed Soviet Krishna followers wearing flowing orange robes can now be seen chanting "Hare Krishna, Hare Rama." They also have circulated a 11-point declaration announcing their intention "to take part in the struggle for peace as a normal organization." The declaration was signed by 46 Krishna followers from nine Soviet cities. Earlier this year, they had converged in Moscow to ask Soviet leader Gorbachov for status as a religious faith.

ISKCON has different faces to offer in different countries. In the United States, where its members have been accused of gun-running, drug possession, child molestation, and even murder, it has built a golden New Vrindaban in West Virginia. In the tiny hamlet of Mayapur in West Bengal, ISKCON has built a grand temple and has acquired farms where the poor Bengalis farm barefooted using organic manure. Mayapur is now on the tourist map, and tourists are brought in from Calcutta by helicopter for a "comfortable religious weekend."

In Mathura, the birthplace of Lord Krishna, ISKCON has an omnipresence. Here, ISKCON is in league with other Hindu fundamentalists, who are threatening to "liberate" Mathura from Muslim "occupation." Already, these fundamentalists have claimed that a mosque has to be demolished in order to lay bare the place where Lord Krishna was born.

Greens defend toxic-waste dumpers

Socialists, Communists, and even Greenpeace have lined up to defend the toxic waste dumping company Jelly Wax.

Italy's "garbage scandal," the swindle by which phantom companies, contracted to process toxic wastes, instead sent the waste to open dumps in Eastern Europe and the Third World, has brought to light the collusion of the political "ecology" movement with organized crime, in a massive pattern of pollution of the world environment.

Small toxic waste-conversion companies born out of nothing, with hefty political support, have obtained huge orders. Once the money was pocketed, these companies, aided by characters with criminal records and by corrupt government officials in various parts of the world, have discharged tons of industrial, chemical, and pharmaceutical wastes into open-air dumps with no safety measures in Nigeria, Venezuela, Romania, East Germany, and Lebanon.

Despite the enormous threat to human beings and the environment, the so-called ecologist groups have taken great pains *not* to denounce the companies responsible for these disasters, and in some cases have lined up in their defense. None of the politicians or public officials who have intervened into the debate has asked how these spook companies came to receive such huge amounts of money, while the same funds could have been used to build the needed purification and reprocessing plants.

Take the case of Jelly Wax, a small firm based in Opera, Province of Milan, with a reported annual turnover of a mere 7 billion liras (about \$5.1 million), and a little office with two secretaries. In May 1987, in accord with the Venezuelan Company Inversiones Ileadil, Jelly Wax contracted to de-

stroy 2,147 tons of wastes, which were loaded onto the ship Lynx at the port of Carrara, and destined for Puerto Cabello, Venezuela.

Last fall, the Venezuelan government turned back the poisonous cargo, and the drums of refuse are now on the Syrian boat Zanoobia, which is docked like an enormous garbage barge. The Italian government will have to resolve the reprocessing job eluded by Jelly Wax, at the cost of some 4 billion liras (about \$2.9 million).

Inversiones Ileadil had been created in Venezuela at the end of 1986 by Luciano Miccichè from Agrigento (Sicily), and one Manuel Felipe Tirado Lara, with only 1 million liras' capital (about \$720). Both are now sought by international police. Miccichè is thought to be in Panama, headquarters of another company, Mercantil Lempert, which was paid 740 million liras (about \$.5 million) by Jelly Wax to melt down the toxic wastes.

Was Jelly Wax the naive victim of a swindle? Given its personnel, this seems unlikely. The manager, Renato Pent, is indicted in a Turin oil scandal. Pent's brother-in-law owns Ecolibar-na, another waste-processing company which swindled its customers two years ago.

Another Jelly Wax operation involves 2,411 tons of industrial waste of various kinds dumped from the Czech ship Radhost on the beaches near Beirut. Jelly Wax claims it turned the waste over to Adonis Productions Engineering of Beirut, which apparently does not exist. So the Lebanese government is sending these 2,411 tons of refuse right back to Italy.

The same story goes for the waste dumped in Nigeria, which set off a diplomatic incident. Again it was a cargo dispatched by Jelly Wax, together with Ecomar Servizi of Leghorn.

These disasters seem not to have touched Jelly Wax's credibility, above all with Communist, Socialist, and Green Party administrators. In November 1985, three municipalities in the Province of Milan—Locate, Triulzi, and Opera—organized a conference, sponsored by Luigi Randi, the Socialist environment commissioner for Locate, his Socialist counterpart for Opera, and the Province of Milan's Socialist environment commissioner. The conference was entitled, "How to Melt Down the Sludge Produced by the Water Purifier South of Milan." The main report was delivered by Jelly Wax, which had already received the region's go-ahead to process 7,000 cubic meters of exhaust oils.

Out of this confab came a company called Sud milanese, Società d'intervento SpA, which was supposed to melt down the sludge. This new company is semi-public and semi-private. Jelly Wax holds 50% of the capital; its president is Socialist environment commissioner of Locate, Luigi Randi.

Jelly Wax's network of friends is impressive. In February 1985, Jelly Wax helped sponsor a meeting organized by the Center for Research into the Economy and Environment (CREA) on the topic "Lead in Gasoline and Automotive Wastes." CREA is directed by Vera Squarcialupi, a Communist member of the European Parliament.

Despite Jelly Wax's multiple contributions to polluting the planet, it has been defended by none other than Greenpeace, which is convinced that all responsibility rests on the Syrian company that owns the Zanoobia!

Fall of a 'godfather'

Drug kingpin Figueroa Soto may have been taken out of the picture, but his influence lingers on.

On May 25, the Mexican drug kingpin Jaime Javier Figueroa Soto, was surprisingly captured in Phoenix, Arizona, together with two of his thugs. The arrest was a blow to narco-political networks on both sides of the border, given Figueroa's links to the world of business and politics in Mexico and the United States alike.

The capture was directed by the U.S. Drug Enforcement Administration, in close collaboration with state and municipal police forces in Arizona, concluding an investigation that had lasted four years and stretched across three U.S. states. On May 26, the DEA presented the news media with a 50-page document describing Figueroa's criminal career, drawing on information from informants' testimony, telephone taps, and investigations of mafia money flows over the past two decades. In the document, very serious accusations are made against a high-level official of the Miguel de la Madrid administration in Mexico.

Figueroa Soto was well known in the Mexican state of Sonora, where he was named as the "godfather" of the cocaine and marijuana trade that crossed through that state into the United States. His economic power and political relations enabled him to mix well in the business world. In Sonora, his investments ranged from hotels to real estate, car dealerships to meat processing plants, ranches to political careers. He also had extensive investments in Arizona.

On June 10, the DEA indicted Figueroa on 40 new counts, including charging him with responsibility for more than 80% of the marijuana ship-

ments that entered the United States from Mexico. In addition, he was charged with responsibility for at least 40 assassinations in Sonora.

It did not initially appear that the case would be a complicated one. However, on June 23, U.S. Army intelligence at Fort Wachucha, received information that an attempt to rescue Figueroa Soto had been made by a commando squad, during the mafioso's transfer from jail to the Pima County court. A huge number of police agents were mobilized in the center of Tucson, while the convoy transporting Figueroa returned to the jail. From then on, all public hearings were suspended; testimony would now be given in the jail.

These developments only hint at the importance that Figueroa has in the drug world, and thus the importance of his arrest.

Nonetheless, there are some who are none too happy. In particular, former Sonoran attorney general Carlos Robles Lostanau, who has rather questionable relations with the drug kingpin. Rumors on Robles's links to the drug trade have circulated in Sonora for years. On July 4, 1988, *El Universal* columnist Roberto Rock, reported from Mexico City that Figueroa and a group of associates were arrested in 1985 by the municipal police of Hermosillo, the capital of Sonora, for shooting up public places. The drug traffickers were handed over to Mario Canizales, an official of the state attorney general's office, who later received a "strange call" from Attorney General Robles, ordering Figueroa's release.

Robles Lostanau's behavior was

not attributed to fear of reprisals, but rather to his close association with Figueroa and company.

At the end of the 1970s, Robles became a federal congressman from a Mexico City district, thanks to the backing of Arturo Durazo Moreno, then-Mexico City chief of police, who is believed to have been one of the country's most important drug traffickers during that period. Durazo backed Robles because of his relations with one Alicia Arellano de Pavlovich, then the mayor of Hermosillo, whose family was known to be the political protector of Robles Lostanau's career. Alicia Arellano's brother-in-law, Felipe Pavlovich Sugic, has been accused of cocaine trafficking by the DEA.

In 1982, then governor of Sonora Samuel Ocaña García tried to displace Alicia Arellano and her group from control over Hermosillo; in response, the Arellano group manipulated the elections to deliver power to the National Action Party (PAN), through which it continues to manage the city at its whim.

This brazen manipulation of the elections was publicly supported by the U.S. consul in Hermosillo, Terry Dale Hansen, who, in the midst of the voting, granted asylum to the PAN mayoral candidate, turning him into a state hero. It was no secret that the consul maintained friendly relations with Alicia Arellano and her group, which included former governor Carlos Armando Biebrich. It is strange that the DEA's investigation of Figueroa has yet to mention these curious links.

On July 6 of this year, Carlos Robles Lostanau was "elected" the new mayor of Hermosillo. Clearly, the Figueroa trial, if properly prosecuted, could bring down more than one bad apple from the tree.

International Intelligence

KGB operations in Germany on the rise

Soviet KGB activities have increased, in tandem with the success of Gorbachov's arms control policy, said German Federal Prosecutor Kurt Rebmann in a press conference in Karlsruhe on July 21. He reported that 13 KGB spies have been detected by German police since early March. One of the cases involves a journalist who worked at Radio Free Europe in Munich for many years.

Thirty-seven East bloc espionage agents, prominently involving electronics engineers and computer merchants, have been arrested since the beginning of 1988. Rebmann, rating the arrest of 13 KGB spies this spring as unprecedented, pointed out that the arrests, though partly a result of more efficient police investigations, are also an indicator of greatly increased Soviet espionage activities.

Colombia's bishops sound alarm on drug plague

On July 14, the Colombian bishops' council issued a document on the devastating impact of the drug trade on Colombian society. Particularly striking was its focus on the infiltration of the drug industry into the national economy, as the following excerpt indicates:

"The national economy is suffering serious social damage through the so-called 'sinister window,' the concentration of lands in the hands of the drug traffickers, the artificial rise in cost of real estate, the inflation that hits especially hard against the poorest, the 'laundering of dollars,' and the takeover of previously prosperous, balanced, and socially beneficial businesses. Even sports associations, which represented the national oxygen and national sanity, have been contaminated.

"The normal and progressive cultivation of legitimate consumer goods is suffering serious social damage, through the cultivation of crops which generate false marijuana and cocaine bonanzas, which end by ruining

individuals and the crops that are necessary for the development and prosperity of the community."

This statement appeared as the country is in a political upheaval over the proposal by the M-19 narco-terrorists, to hold a "summit meeting," forcing the political leadership of the country to "negotiate" with them.

Gorbachov puts the squeeze on Japan

Soviet General Secretary Mikhail Gorbachov warned former Japanese prime minister Yasuhiro Nakasone, in meetings in Moscow on July 22, that Japan will gain nothing by pursuing "ultimatum-style approaches and demands." The two appeared to make no progress in resolving the territorial dispute between their countries.

"We regret that over the three years of *perestroika*," Gorbachov was quoted by the Soviet news agency TASS, "when the U.S.S.R.'s relations with many other countries have made significant headway, those with Japan have stayed put and at times even rolled back. . . . Ultimatum-style approaches and demands are unacceptable to us."

Ten days before, the Soviet daily *Pravda* had denounced Japan for carrying out a "revanchist campaign." Correspondent Igor Latyshev targeted Japan in a July 12 commentary, saying, "Unlike a large number of leaders of Western countries, Prime Minister Noboru Takeshita and Foreign Minister Sosuke Uno remain champions of the former 'cold,' 'hard-line' approach to the Soviet Union," and are refusing to "recognize the new realities of international life and revise their former prejudiced attitude."

This is indicated, *Pravda* continued, by Takeshita's claim that the restructuring being carried out by the Soviet leadership "has had no effect at all upon Soviet policy in Asia." The prime minister even alluded to Soviet expansionist aspirations in Asia and the Pacific, and alleged that Moscow was "building up" the combat might of its armed forces near Japan—in the "northern territories."

Soviet citizens will testify against 'Nazis'

The Soviet Union has for the first time given permission for its citizens to go to the West to give evidence against alleged "Nazi war criminals living in Britain," the *Independent* newspaper reported on July 22.

Sir Thomas Hetherington, former Director of Public Prosecutions for the U.K., and William Chalmers, former Crown Agent in Scotland, who have been heading an "independent inquiry" into the "Nazi war crimes" question, met recently for four days with Soviet officials in the U.S.S.R., to discuss the matter.

According to the paper, the alleged atrocities under investigation were all committed in German-occupied territories now part of the Soviet Union. Ephraim Zuroff, a top "Nazi hunter" from the Simon Wiesenthal Center in Los Angeles, told the *Independent*: "There's no question that the willingness of the Soviet authorities is critical to the prosecution of Nazis living in Britain. This is a tremendous step forward."

Similar "collaboration" between Soviet and U.S. authorities has allowed the prosecution and deportation of such U.S. figures as Karl Linna, space scientist Arthur Rudolph, and autoworker John Demjanjuk, on political grounds, and on the basis of no "evidence" other than that provided by the Soviet Union.

Poland reports increased emigration to the West

More and more Poles are emigrating to the West, Col. Edmund Liziniewicz, of the Polish state-owned news agency PAP, confirmed in Warsaw on July 25.

For the first time, he released official figures, according to which 256,000 Poles have left Poland for the West since 1981. In addition, each year, some 250,000 Poles have illegally prolonged their vacations or visits in the West, predominantly to West Germany, to earn money and support their

Briefly

● **PHILIPPINES** President Corazon Aquino was forced to accept the resignation of the chairman of the Presidential Commission on Government, due to charges of corruption. The commission was created to get back the money allegedly pilfered during the Marcos era, and give it back to the state. But investigations showed that commission members were using the money to line their own pockets.

● **A SENIOR** Soviet official has appealed to Iran to help resolve the crisis in Afghanistan, the Soviet news agency TASS reported on July 22. The appeal was made during a visit to Teheran by First Deputy Foreign Minister Yuli Vorontsov. According to TASS, "The Soviet side pointed out in particular that Iran might make its contribution to the cause of normalizing the situation in Afghanistan. It was agreed that the sides would continue to discuss the issue."

● **THE PLO'S** peace initiative was sabotaged from within, by number-two man Abu Iyad and "Foreign Minister" Farouq Kaddoumi, declared Egyptian President Hosni Mubarak on July 20 at a seminar in Cairo. He praised PLO chief Yasser Arafat as "one of the most flexible persons" as far as peace negotiations are concerned, and called on the PLO leadership to get together.

● **INDIA'S FIRST** "indigenous" AIDS death occurred in Vellore, Tamil Nadu on May 14. Doctors have come to the conclusion that the death occurred due to "an Indian strain" of the AIDS virus. The deceased had no record of any "foreign" contact, although he was sexually promiscuous.

● **THAI AND AMERICAN** marines on July 23 conducted a mock beach-landing exercise at Had Yao Beach in Chon Huri's Sattahip district. The maneuvers, code-named Cobra Gold '88, were described as a response to a mock Kampuchean invasion of Thailand at the beachhead.

families in Poland.

Both trends—real and hidden emigration—are seen as "having mainly economic reasons" by the Polish authorities, who have so far tolerated this development. Both trends have shown an upward curve, however, over the past few months, for reasons linked to the accelerated Soviet looting of the Polish economy.

West Germany, the preferred place in Europe for the Poles, alone expects 70,000 to 100,000 immigrants from Poland this year.

British spook accused of running drug ring

A "former" agent of Britain's MI-6 intelligence service is the suspected leader of a giant international marijuana- and hashish-trafficking ring that has just been cracked by Britain's Scotland Yard and American authorities. Oxford University graduate Howard Marks is accused of heading a drug-trafficking and money-laundering ring, extending from Europe to Asia, estimated to have almost \$2 billion in assets.

U.S. Attorney Robert O'Neil declared on July 26, "This gang touched every corner of the world in one way or another, either with its drug supplies or its money." The *Times* of London described Marks as "one of the world's four leading drug barons," who operated an international syndicate "like a multinational company," with its financial center in Hong Kong.

Marks was arrested in the early hours of July 25, at his home outside Palma, Majorca, by an international police squad. Twenty-two people around the world are being held in custody, and more arrests are expected.

One of Marks's favorite practices was to use big-name international rock stars, such as Eric Clapton, to smuggle hashish and marijuana, hidden in their giant sound speakers. The rock stars are claiming that the smuggling was done without their knowledge.

Marks was well connected in British high society, being a friend of Harold Macmil-

lan's grandson Joshua, Lord Balogh's son Steve, and one Kate Mortimer, now a director of N.M. Rothschild's bank.

British newspapers report that the Marks gang was broken when sleazy British Lord Moynihan (no known relation to the U.S. senator of the same name) agreed to cooperate with police, to avoid being charged with involvement in the drug ring. Lord Moynihan runs an extensive porn-shop and brothel business in the Philippines, where he moved in 1969, to escape investigation in London on charges of fraud.

Moscow complains about U.S. presence in Far East

A growing U.S. military presence near the Soviet Union's Far Eastern borders, and the U.S. advantage over the U.S.S.R. in military aircraft and ship-based planes, is causing great concern in Moscow, senior Soviet Embassy official Aleksandr Loshakov told reporters in Manila, the Philippines, on July 21, according to Japan's Kyodo news service.

Military experts, Loshakov said, have reported that the U.S. Seventh Fleet, based in Subic Bay Naval Base north of Manila, is deploying increasing numbers of ships armed with Tomahawk cruise missiles in the region. The U.S. Third Fleet is "stepping up its activities," he said, and has widened its operational area to include the northwestern sector of the Pacific. Loshakov added, "There are obviously nuclear weapons of the U.S. here, and no Soviet nuclear weapons in Cam Ranh Bay" in Vietnam.

Soviet diplomacy is currently active in the Far East. V.M. Kamentsev, deputy chairman of the U.S.S.R. Council of Ministers and chairman of the Council's Economic Commission, visited Malaysia and Australia early in July. In Malaysia, he met with economic officials, and exchanged ratification instruments to the agreement to preclude dual taxation, which was signed during a visit to the Soviet Union of Malaysian Prime Minister Mohamed Mahathir last summer.

Weld, Burns admit they tried to trap Meese

by William Jones

Former Assistant Attorney General William Weld was questioned in hearings called by the Senate Judiciary Committee on July 26. Weld, who was irked by national news reports about his alleged pot-smoking, was not especially keen on having to testify before the Senate Committee. Weld and Deputy Attorney General Arnold Burns, who had resigned together on March 29 in a well-publicized move aimed at forcing the ouster of Attorney General Edwin Meese, were asked to appear before the Committee to clarify the background to their resignations.

There was plenty, indeed, to clarify. Weld and Burns were key players in the faction that ran the Justice Department, on behalf of the Eastern Establishment, as the judicial arm of what is rapidly becoming "liberal" fascism in the United States. Weld and Burns made an unsuccessful bid for a cold coup against Meese—that stubborn representative of the old-line Reagan grouping—and when their effort failed, they quit, in a last-ditch effort to destabilize the attorney general.

The pair's co-thinker, former Associate Attorney General Stephen Trott, was responsible for the indictment of former NASA administrator James Beggs, whose ouster from the space program led directly to the disaster of the Space Shuttle *Challenger*. Beggs was later absolved, all criminal counts against him dropped—after his career was ruined. When the White House asked Weld to apologize, Weld refused.

It was Weld who led the ongoing persecution of Lyndon LaRouche and associates, which made a travesty of the 1988 presidential campaign.

Finally, it was Weld and Burns, together with Trott and others, who designed the attack on the Pentagon, the one institution of government that still functioned, the one locus of opposition to the Establishment's "New Yalta" scheme of accommodation to the Soviet Union.

The calling of the hearings had more to do with election-

earing, than with setting the record straight. "Corruption in government" is one of the issues chosen as a main item for the Dukakis presidential campaign. Putting Ed Meese in the pot, and "keeping the pot boiling," was therefore of prime concern for the Ted Kennedy-led committee. But during the questioning, Weld momentarily found himself in the pot.

Burns and Weld entered the room somewhat subdued. It was obvious that the hearings were not entirely of their making—or to their liking—although they intended to make the most out of the opportunity to present their case to the public and perhaps to groom themselves for a more important role in some future administration.

The drama, however, took a comic turn, as Arnold Burns tried to mobilize a rather pathetic courtroom style for the benefit of the packed house—and the TV cameras. "My decision to leave the Department of Justice," said Burns, "was not based on any hard feelings or personal animus toward the attorney general or anybody. To this day, I still do not harbor any of these feelings. I am not angry. I have no axe to grind. I continue to be only sad." Burns explained how getting the appointment as deputy attorney general "was like winning the Irish Sweepstakes. It was the highlight of my life." The decision to resign was, however, "made with a heavy heart. It was the saddest day of my life," he intoned.

Undoubtedly the sadness was heightened by the fact that it was Arnold Burns and not Ed Meese who had left the Department of Justice, as had been the original plan.

It was obvious from the testimony that the conspiracy against Meese had been well worked out by Weld and Burns, with Weld running most of the show—including convincing Burns to resign together with him. "In March 1987, during a weekend that I was spending with Mr. Meese at a Justice Department conference, I received a telephone call from William F. Weld, the Assistant Attorney General in Charge of the Criminal Division, who shared with me information

he had received from the United States Attorney in the Southern District of New York, Mr. Giuliani. He told me that there were serious allegations against the attorney general growing out of the investigation in the Southern District of New York of the Wedtech Corporation and involving the attorney general's relationship with one E. Robert Wallach and others." On May 11, 1987, Burns, in his capacity as acting attorney general (a post he held when Meese was out of Washington), asked Independent Counsel James McKay to begin investigation of the case.

In that way, the net laid to ensnare Meese was broadened. Burns stated, "We had very carefully constructed a working partnership among our professional lawyers in our Criminal Division under the leadership of Mr. Weld; Rudolph Giuliani, the United States Attorney in the Southern District of New York, one of our ablest prosecutors; and Mr. McKay, to ensure that there was no slippage between the cracks in the boardwalk."

After the initial apparatus was set up, it was to be only a matter of time before the downfall of Meese—after which Burns and Weld would step in to take over at the DoJ. Burns tried to base his case on Meese's relationship with investment banker E. Robert Wallach. In a tone of righteous indignation, Burns claimed that Wallach was financially benefiting from his relationship with Meese to the tune of over \$1 million.

Burns expressed concern at the growing "malaise" in the Justice Department because of the continual "rumor-mongering" around the Meese case. "During November of 1987, I began to realize that with the investigation of Mr. Meese still unresolved, and with its scope seemingly continuing to grow, the morale and performance of the department would continue to deteriorate and public confidence in the Department of Justice would continue to erode." The McKay investigation continued to drag on, without any concrete results forthcoming. Burns himself says that he "was figuratively on my prayer bones, hoping that the investigation of Mr. Meese would be resolved." His prayers, however, were not answered. At the point at which it was apparent that Meese was not going to resign as a result of the atmosphere of public scandal which had been fomented around the case, and that the independent counsel might come up empty-handed, Burns and Weld decided, as Sen. Alan Simpson (R-Wyo.) expressed it, to "pull the pin," by resigning, although because of Meese's tenacity, it blew up in their own faces.

Meese fights the Justice 'cabal'

Meese went on the offensive on July 25, when at the National Press Club in Washington, he pointed the finger at Weld and Burns as the instigators of this witchhunt. Meese said that "the record shows that if a competent and thorough preliminary investigation had been directed by the then-deputy attorney general and the former head of the Criminal Division, there would likely have been no cause even for referral to an independent counsel."

Weld, although a somewhat cooler customer than the histrionic Burns, was visibly put off by the hearings. Since Meese had resigned, Weld said, "the question arises whether the necessity for this hearing has not been mooted by events." The witchhunt had been successful. Meese had resigned—but he was not down for the count.

After making the obligatory allusion to how he considered Meese "a highly intelligent and able man" and a "wonderful man to work with," Weld went in for the kill. His testimony was primarily a list of 63 "facts" dealing with the relationship between Meese and Wallach, which he claimed incriminated Meese. Weld said that he, on the basis of the facts presented to him, would have, contrary to McKay, approved the case for prosecution. Weld clarified that as a prosecutor, he considered himself "on the aggressive end of the spectrum—not the crazy end." He boasted that he had a 97% conviction rate in Boston in 3,000 cases during his tenure as U.S. Attorney, and in the area of corruption, he convicted 108 out of 111 cases before him.

After Weld's testimony, Sen. Orrin Hatch (R-Utah) attacked the notion of the "deep malaise" which Burns had alleged existed at the Department of Justice, by citing numerous statements from DoJ officials as to how the department had increased its crime-fighting capability and record during Meese's tenure. Both Burns and Weld were then put on the hot seat by Sen. Gordon Humphrey (R-N.H.), who lashed out at their attempts to induce others at the department to resign with them, in order to enhance the impact of their own resignations and to make the whole affair a major press item.

"Why didn't you just plain resign," asked Humphrey, "if you felt that your ethics, your standards, shall we say, that the department was not meeting your standards, that you felt you couldn't continue to associate with the attorney general? Why didn't you just resign instead of trying to organize a cabal?" Weld said that they wanted to steer a middle course between going quietly and going out "blasting the attorney general on the steps of the Justice Department." "Now, maybe we cut the salami too close to one end," said Weld apologetically.

Humphrey then took up the case of the witchhunt against James Beggs. "The Beggs case," said Humphrey, "is a classic case of someone being driven from office, his reputation being impugned, his family life surely turned into a nightmare." Humphrey asked Weld if he didn't think that this was an outrage. Weld said that it was a matter of "acute embarrassment for the department."

Then the cold prosecutor revealed something of the real ugliness inside. "If anybody hated to dismiss that case, it was me. I rode into town saying, 'white collar crime is my number-one priority.' That case was the number-one white collar case pending when I hit Washington. . . . And my first significant action in the area," whimpered Weld, "is to dismiss that case."

Packard blasts 'police-state tactics' in Pentagon procurement scandal

by Leo Scanlon

In a speech to the Senate Armed Services Committee on July 27, business executive David Packard ripped apart the entire framework of Operation Ill Wind, the ongoing "defense procurement" investigation of the Pentagon and defense industry, characterizing it as the type of action which would occur "in the most tyrannical type of police state." Packard, the chairman of the board of Hewlett-Packard Corp., blamed a corrupt Congress and fanatics in the Department of Defense for creating a regulatory nightmare which "is operating military acquisition like an Iranian bazaar."

Packard was the chairman of the President's Blue Ribbon Commission on Defense Management, which in April 1986 submitted a report that called for "reforms" in auditing procedures in the Pentagon, and for cost-cutting measures. *EIR* has been highly critical of that report (see, for example, "Economic warfare hits U.S. defense capability," *EIR*, July 22, 1988). But Packard's current evaluation of the campaign against the Pentagon, is right on the mark.

"The underlying cause of these problems in military acquisition," he told the committee, "is that defense procurement has been micromanaged to death, and in effect criminalized during the past seven years by the combined actions of the Defense Department and the Congress. The actions that have been taken in defense procurement by the administration and the Congress, assigning too many inspector generals and auditors to the major acquisition business, bringing criminal action against people like [former NASA administrator] Jim Beggs, using information obtained by wire-tapping offices in the Defense Department and the defense industry for instant debarment and other punitive action against contractors, are going in the wrong direction."

His testimony continued, "This country has long established legal procedures to deal with crime. They should not be preempted in the name of military reform. To do so results in actions of a kind that would be expected only in the most tyrannical type of a police state. Such actions are the antithesis of the very fundamental concepts of a free society, and a free enterprise economy."

Packard hit some vulnerable points in the "free enterprise" shibboleths which dominate the Reagan administra-

tion. "The breakdown of the procurement system is caused by two things," he said, "the attempt by the Congress to impose competition in a situation in which real competition in the conventional context is virtually impossible to achieve, and to try to impose competition by a myriad of unrealistic rules and regulations enforced by what I consider to be identical to police-state tactics."

Packard pointed to the Minuteman missile and the Polaris submarine programs of the 1950s as examples of model procurement/development efforts. The Minuteman program, directed by Gen. Bruce Medaris, and the Polaris program, run by Adm. Hyman Rickover, were characterized by a commitment to pushing the frontiers of the nation's research capabilities, then building a procurement system as a by-product of the rapid transformation of research into production capability.

Packard repeatedly leveled broadsides at the corrupt and hypocritical Congress, which has campaigned for the "reforms" that have strangled industrial production, and demanded to know what right Congress has to point fingers at contractors who emulate the parliamentary tricks and maneuvers which control the minutest elements of defense procurement.

A falling out at Justice

According to sources close to the "Pentagate" case, the strategy of Packard and his factional allies, of putting pressure on the Congress, is being used to force political infighting among the various prosecutors involved in the investigation, and thereby break the veil of secrecy and terror which has surrounded the proceeding so far.

This seems to be what is behind a fight which has broken out between the Brooklyn and Alexandria U.S. Attorney's offices. The Brooklyn team, headed by Assistant U.S. Attorney Andrew Maloney, had made prominent pro-defense congressmen the focus of its investigation, a strategy which did not sit well with the chief Pentagate prosecutor, Alexandria U.S. Attorney Henry Hudson, who, according to disgruntled investigators in Brooklyn, has stripped resources away from that area, to concentrate on the Department of Defense and

related networks in industry.

The Brooklyn complaints are merely a case of "thieves falling out," since the investigations in question were focused on breaking up the defense industry political action committees which support the DoD on Capitol Hill. Hudson seized bureaucratic control over these investigations in the early stage of the project, and if he fails to keep the Brooklyn investigations under control, it is widely expected that Ted Greenberg, the head of the Defense Procurement Fraud Unit in the Justice Department's Criminal Division and a specialist in wrecking military intelligence capabilities, will take control of the entire proceeding. Greenberg played the role of mediator in this dispute early on, and has reorganized and streamlined several earlier attacks on the defense industry which fell apart in court.

Hudson has been widely criticized for his grandstand tactics of providing insider briefings to certain congressmen, who then leak the information to create maximum scandal in the press. Hudson's transparent purpose is to control the impact among the congressmen whom he hopes will eventually support his political ambitions. Insiders say that he looks for high office, either a seat on the federal bench, which he has unsuccessfully lobbied for in the past, or the post of attorney general of Virginia, as reward for his services.

No congressman is expected to forget the fact that Hudson developed his investigation by using a network of pederasts to entrap and blackmail defense contractors (see "Pentagate exposed as Weld and Hudson's dirtiest sting," *EIR*, July 22, 1988). Even the gutless wonders of Congress can spot an extortion racket when they see one.

Origins of Operation Ill Wind

As *EIR* documented in its last issue, Operation Ill Wind is a direct continuation of the Operation Defcon prosecutions in Los Angeles, started in 1984. Further evidence has now come to light that fills out the picture. The Marquardt Co., a Van Nuys, California-based producer of missile warheads, was informed that FBI agents were interviewing employees with an eye to reviving an investigation that lawyers thought had been completed under Defcon—an investigation which ended in no indictments. The premise of the investigation was the fact that the contract was awarded by Victor Cohen, a former Navy Department official who is now a target of the Ill Wind operation.

A company official, informed of the renewed investigation, commented, "Don't tell me that. That is the first time I have ever heard that. It is unbelievable. I must live in another world."

The conclusion to be drawn, is that byzantine political infighting will not stop the assault on the defense industry. While the prosecutors themselves, and even certain aspects of the investigations, may be dispensable, the assault on the industry will continue, as long as the Justice Department is allowed to pursue its drive to become a secret police organization.

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LaRouche lawyers slam government misconduct in Boston trial

The Department of Justice has vowed to put Lyndon LaRouche and six co-defendants on trial again this fall in federal court in Boston, Massachusetts. After the first LaRouche trial ended in a mistrial on May 3, the prosecution moved for a retrial, and Judge Robert E. Keeton set a new trial date for Oct. 3.

But before the government can take the case to trial again, it has to cross a number of major hurdles. These include:

- 1) a motion to bar a retrial on grounds of the U.S. Constitution's prohibition against double jeopardy;
- 2) motions to prevent the government from using evidence seized in the October 1986 raid in Leesburg, Virginia, based on new evidence discovered in hearings in both the Boston case and in the state court proceeding in Virginia; and
- 3) motions to dismiss the case on grounds of government misconduct.

All of these motions have now been filed with the court, and rulings are expected during August or early September. If the court denies the double jeopardy motion, defense attorneys are expected to pursue an appeal before any new trial occurs.

Following are excerpts from the final section of a recently filed defense motion seeking to dismiss the Boston case for "cumulative misconduct." The brief reviews the entire history of the Boston case, starting with the highly irregular and improper manner in which then U.S. Attorney William F. Weld opened the investigation in October 1984.

The brief details over 20 areas of major government misconduct, including the shutdown of the LaRouche presidential campaigns' bank accounts on the eve of the 1984 elections, the constant stream of leaks to the press about the grand jury's investigation, lies and misrepresentations in the affidavits used to obtain search warrants for the October 1986 raid, lies and misrepresentations in detention hearings which led to a number of defendants being jailed without bail for 100 days, the unprecedented use of involuntary bankruptcy proceedings against two of the corporate defendants, intimidation of attorneys, and withholding of exculpatory evidence from the defendants.

From the defense brief

This record of this case memorializes one of the most oppressive prosecutions in the history of this republic. There is not an aspect of the criminal justice process which was not tainted by Government misconduct. In the eyes of this prosecution team, the defendants possess no constitutional or other legal rights which the Government is bound to respect.

The protections afforded by Fifth Amendment right to a fair and impartial grand jury conducted in secret became a travesty as the Government initiated the investigation with a high profile announcement and immediately issued subpoenas which caused the closure of numerous bank accounts and forced the cancellation of an election eve broadcast by a presidential candidate. By the spring of 1986, grand jury leaks reached the flood levels as the national networks, wire services, and prominent metropolitan newspapers reported that the defendants had perpetrated multi-million dollar credit card fraud as well as disgorging portions of verbatim grand jury testimony. There is probably not a household in this country which was untouched by this Government-orchestrated media barrage.

After the media campaign had reached the saturation level, the Government finally went through the ritual of seeking formal indictments from a grand jury which heard nothing but self-serving hearsay testimony from Government agents in regard to the credit card allegations. The return of these indictments was timed to coincide with one of the largest searches to be conducted by law enforcement authorities in the United States. On October 6, 1986, an invasion force, comparable to the U.S. incursion into Grenada three years earlier, descended upon the hamlet of Leesburg, Va. and conducted a search and seizure of two office buildings in the town.

This "seize everything" invasion force was justified by false, deceitful, and misleading statements made in support of the search warrant and perpetuated during the limited suppression hearing held before this Court. The subsequent receipt of materials under the Jencks Act, the Brady Rule, and especially under the authority of a Virginia state court which held a two and one-half week suppression hearing in

May, 1988 brought the truth to the surface. The Fourth Amendment rights of these defendants were violated with a (once again, well-publicized) vengeance.

On October 9, 1986, three days after the assault on Leesburg, the Government persuaded a Virginia magistrate to incarcerate Jeffrey and Michele Steinberg on the basis of the false testimony of Special Agent Richard Egan. The evidence suggests that this was not done because the Steinbergs were a danger to community, but because the Government desired to "break" them.

Despite full knowledge that Egan had given false testimony in Virginia, prosecutor Markham tried to deny defendants Spannaus, Greenberg, and Scialdone their Eighth Amendment right to bail by giving them the Steinberg treatment. This effort collapsed when Egan was forced to recant his previous testimony after being confronted with a grid of material which defendant and other organizations had produced to the grand jury. Prosecutor Markham conceded that the subpoenaed organizations had, in fact, produced a "wealth of material."

In April 1987, the Government performed a rerun of the Leesburg invasion by sealing up the offices of Campaigner, Caucus Distributors, and the Fusion Energy Foundation under the authority of an *ex parte* order issued by a bankruptcy judge. This act represented not only an "unprecedented" use of the Chapter 7 Bankruptcy Code; it deprived the defendants of use of their legal office and materials. This seizure was merely the most dramatic example of a concerted attack upon the Sixth Amendment right to counsel of the defendants which was detailed to this Court in a contemporaneous motion. The Boston case agent, Richard Egan, subsequently admitted in the Brady hearing conducted one year later that he had pushed for the indictment of several attorneys involved in the case.

After the discharge of the grand jury, the Government initiated a star chamber proceeding in the Federal Republic of Germany to coerce testimony from U.S. citizens in express violation of their Fifth Amendment rights. This action also constituted an egregious violation of the rules of criminal discovery, since the obvious purpose of the German inquisition was to gather evidence for use in the Boston trial. This travesty was finally halted after applications were filed and heard by Judge Young and by this Court.

Finally, the trial itself was turned into a mockery by the Government's continual and repeated refusal to live up to its Brady obligations. The Government's efforts to locate Brady material were token, minimal, and undertaken with less than a professional attitude. The record in this respect is replete with instances of knowing misbehavior by the Government. The trial eventually collapsed as a result of this misconduct by the prosecution.

* * *

The foregoing represents several episodes in a continuum of prosecutorial oppression and abuse. The U.S. Constitution and other legal standards do more than censure misconduct, they mandate prosecutorial fairness and propriety. More than

fifty years ago, the U.S. Supreme Court declared:

The United States Attorney is the representative not of an ordinary party to a controversy, but of a sovereignty whose obligation to govern impartially is as compelling as its obligation to govern at all; and whose interest, therefore, in a criminal prosecution is not that it shall win a case, but that justice shall be done.

The duty of the U.S. Attorney then is not just to bring cases, but to prosecute them fairly so that justice is done in

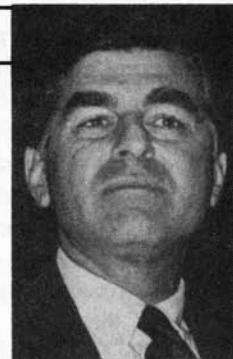
"The record of this case memorializes one of the most oppressive prosecutions in this history of this republic. There is not an aspect of the criminal justice process which was not tainted by government misconduct. In the eyes of this prosecution team, the defendants possess no constitutional or other legal rights which the government is bound to respect."

the courtroom. . . . "The function of the prosecutor under the Federal Constitution is not to tack as many skins of victims as possible to the wall. His function is to vindicate the right of the people as expressed in the laws and give those accused of a crime a fair trial."

The open contempt which the prosecution has displayed for the obligations imposed by law as well as the rights of the defendants merit the severest sanction which this Court can deliver. The defendants believe that nothing short of dismissal of this case will teach the Government the appropriate lesson. . . .

* * *

If anything, the aggravated or egregious circumstances in the cited (and other) supervisory cases pale in significance when compared with this prosecution. Virtually all of these other cases concern a select instance of misbehavior, such as abuse of the grand jury, Brady Rule violations, and so forth. There is no case on record where the abuse has been as sweeping, protracted, and intense as the case at bar. The principles governing the supervisory power dismissal cases should apply *a fortiori* in this prosecution and the case should be dismissed with prejudice.



The Democratic nominee is worse than Jimmy Carter

by Kathleen Klenetsky

If you thought Jimmy Carter was a disaster as President, there is someone even worse looming on the horizon: Massachusetts Gov. Michael Dukakis, who was crowned as the Democratic presidential nominee at the party's convention in Atlanta in July, and who has a shot at beating Republican rival George Bush in the November presidential elections.

Dukakis has been compared to Carter by many—including by the former President himself. A creature of the international reinsurance cartel and the same Harvard-linked circles that catapulted the Georgia peanut farmer into the Oval Office, Dukakis shares with Carter a psychological profile which makes him especially suited to act as the front-man for the miserable combination of economic austerity and Soviet appeasement policies which have been adopted by the American liberal Establishment.

A second Carter administration?

Like Carter, Dukakis has long served the interests of the international dope mafia—his tough anti-drug talk on the campaign trail notwithstanding.

Item: Dukakis's home state of Massachusetts has the most liberal drug laws in the nation regarding possession of marijuana and cocaine. A first-offense conviction for possession of 10,000 pounds of marijuana carries no prison sentence and no fine.

Item: Dukakis's representative to the Democratic platform committee, former Maryland Congressman Mike Barnes, belongs to the Aspen Institute's Inter-American Dialogue, which came out in 1986 and again this year urging "discussion" of the legalization of drugs.

Item: An Aspen Institute spokesman told a European journalist recently that he was confident that Dukakis would take steps to legalize drugs, once elected—a belief also held by the National Organization for the Reform of Marijuana Laws, otherwise known as the "pot lobby."

Item: Dukakis's wife, Kitty, an executive board member of the New England branch of the organized-crime and dope lobby-linked Anti-Defamation League, says she's "not sure" about drug legalization. "I have mixed feelings about it. On the one hand, I think there are certain drugs that we might

think about making legal, because . . . of the attractiveness of a substance when it's illegal." Kitty was addicted to diet pills for 25 years.

Item: Pablo Escobar, kingpin of the Medellín cocaine cartel, sent a letter to Dukakis last spring praising him for his "very realistic" stand on drug control, according to the Colombian weekly *Semana*.

Like Carter, Dukakis claims to be a defender of traditional family values, but he is as depraved as Carter ever was:

Item: Dukakis, as governor, named Laurie Cabot the "Official Witch of Salem" Massachusetts. Cabot is the central figure in the "Witches League for Public Awareness," and in Wicca.

Item: According to syndicated columnist Patrick Buchanan, state legislator Dukakis introduced five bills in 1970, on behalf of pro-abortion activist Bill Baird, calling for repeal of any and all Massachusetts laws outlawing abortion, blasphemy, fornication, "unnatural and lascivious acts," and "crimes against nature," the last of which specifically prohibited sexual relations between human and animals.

Item: Dukakis has ardently backed "gay rights." His most recent contribution was to help defeat a Massachusetts bill that would have outlawed *homosexual adoptions*. "We have in Mike Dukakis a candidate who is instinctively supportive, who has a good record on gay rights issues, who wants our support and can win," says Jean O'Leary, executive director of National Gay Rights Advocates.

Item: Although he played up his Greek ethnic roots during the campaign, Dukakis is considered by many Greek Orthodox priests to have excommunicated himself from the church because of his support for abortion, and for having been married by a Unitarian minister.

Despite his high-tech image, Dukakis shares with Carter a rabid hatred for science and technology, exemplified by his years-long campaign to shut down the Seabrook nuclear power plant, and his recent pledge to scale down the embattled U.S. space program.

The two maintain identical commitments to economic "sacrifice" and austerity at home, and a sharp reduction in the American military presence abroad.

Robert Bowie, a former top CIA official and Establishment “insider,” told a reporter last spring, that the powers-that-be had decided to give Dukakis the nomination, not because he has any of the moral or intellectual qualifications required for the job, but simply because “he knows how to take advice” and will “appoint the right people to his Cabinet.” Dukakis’s stable of advisers, which will supply the bulk of his Cabinet and sub-Cabinet positions, reads like a who’s who of the East Coast-Harvard liberal elite, with numerous close advisers drawn directly from the Carter administration, among them, top campaign strategists Ira Jackson and Susan Estrich.

This profile is intended to be used as ammunition by those who care enough about the future of the United States to prevent Dukakis from being palmed off on the American people as Carter was. Neither the United States nor the world can afford a second Carter administration.

Dukakis: communist and/or crazy?

Several factors in Dukakis’s background, by themselves, cast serious doubts on his fitness for the presidency. One of these is his family’s reputed communist connections. According to several sources, two of Dukakis’s uncles on his mother’s side, Nicholas and Adam Bouskis, who emigrated from Greece to Haverhill, Massachusetts, were active communists who sought the overthrow of the U.S. government, and supported the communist side in the Greek civil war.

While these reports are still under investigation by *EIR* and other researchers, they are consistent with Dukakis’s political history. Although his father and mother were nominal Republicans, Dukakis himself had pronounced left-liberal leanings. Reportedly on the advice of uncle Nicholas, his godfather, Dukakis attended Swarthmore College, a small, Pennsylvania school run by the super-liberal wing of the Quakers in conjunction with the Cecil Rhodes trust. While there, Dukakis became extremely active politically, heading up Students for Democratic Action (a precursor of the radical Students for a Democratic Society), boosting membership in the super-liberal American Civil Liberties Union, and inviting the likes of communist sympathizer Pete Seeger and leftist journalist I.F. Stone to campus.

While Dukakis has recently taken to portraying himself as a centrist Democrat with a healthy respect for defense requirements, there is no indication, either in his record since leaving college, or his current positions on strategic issues, that he has in any way abandoned the leftist sympathies of his youth. Indeed, as Morton Kondracke wrote in *The New Republic*, “Dukakis’s foreign policy is pure McGovern. On every issue, from arms control to the Persian Gulf, he is four-square with Ted Kennedy, [Senator] John Kerry, and [Democratic Representative] Gerry Studds—which is to say, on the left end of the Democratic Party.”

An even more immediate question concerns Dukakis’s psychological ability to handle the responsibilities of the

presidency, especially in a time of crisis. There is a documented pattern of emotional instability, both in Dukakis personally, and in his close family relations.

In 1978, after suffering a resounding primary defeat in a bid for a second gubernatorial term, Dukakis went into an emotional tailspin that bore all the marks of a nervous breakdown. According to published accounts, including *Dukakis: An American Odyssey*, by *Boston Globe* reporters Charles Kenney and Robert L. Turner, Dukakis became nearly catatonic as a result of his defeat. Andrew Sutcliff, Dukakis’s appointments secretary, recalls that the governor became “very dejected. . . . He would spend long periods sitting in his office, introspectively staring out the window.” Close aide Alan Johnson described Dukakis as being “depressed and sullen. . . . He was stunned.” Kenney and Turner write that Dukakis “was obviously in shock.”

The same authors recount that “Don Lipsitt, also a friend and psychiatrist, says that the process of recovery was a slow one.” Kitty Dukakis described the experience as “horrible,” “horrendous,” a “public death” and a “period of mourning.” Kennedy and Turner quote Mrs. Dukakis that “her husband became so depressed, she recalls now, that ‘at one point I was really worried about him.’ ”

Dukakis was rescued from his breakdown by Harvard’s John F. Kennedy School of Government, which gave him a teaching position, helped him plot his political comeback, and supplied many of the key advisers and officials both to his second gubernatorial term, and later to his presidential campaign.

EIR is currently probing reports that Dukakis received psychiatric treatment during this period, possibly through a “therapeutic retreat” reportedly run jointly by the JFK School and Harvard School of Medicine. Another psychiatrist friend of Dukakis recently told a journalist that he could not comment on reports that he had treated Dukakis, because this would violate professional ethics.

Evidence of Dukakis’s emotional instability is compounded by a history of psychiatric disturbances in his family. Dukakis’s elder brother, Stelian, suffered a severe nervous breakdown while in college, when he was institutionalized for three to four months, and given insulin and shock treatment. Stelian tried to commit suicide, according to his mother, Euterpe, although the cold, emotionless Michael has blocked out all recollection of this. Christopher Lydon, a co-anchor for Boston public television station WGBH, wrote a guest column for the July 21 *Atlanta Constitution*, which implies that Dukakis’s overweening ambition to be number one in everything at all times, may have contributed to Stelian’s breakdown. Quoting Euterpe Dukakis that the sibling rivalry between Michael and Stelian was “something awful,” Lydon writes that Stelian “was an ace student, athlete, and school politician until Michael trumped him in every field,” and observes: “Dukakis seems to have transferred into politics the same mercilessly grinding competitive energy. . . .

He doesn't go back for the wounded."

Stelian recovered sufficiently from his breakdown to become involved in local politics in the Brookline area, the wealthy Boston suburb where the Dukakis family lived. Initially, Stelian collaborated with Michael politically, but broke with him sometime in the 1960s. At one point during this period, Stelian issued a leaflet urging voters to defeat his brother, who was running for the State house. Relations between the brothers worsened until November 1973, when Stelian was struck by a hit-and-run driver. He went into a coma, and, although he showed signs of recovery, the family, Michael included, ordered his life-supports terminated.

Meat-axe Mike

Many observers, including ardent Dukakis supporters, have pointed out that Michael's wife, Kitty, was addicted to amphetamines for decades, yet her husband claims he was unaware of her problem for most of that time.

How was this possible? Because Dukakis excels in ignoring the suffering of those around him. That fact is highlighted by his actions during his first term as Massachusetts governor (1975-78), which was so disastrous, that his fellow Democrats turned him out of office.

The self-styled "progressive, compassionate, caring" Dukakis managed to slash social spending to the point where even rock-ribbed Republicans blanched. Within months after taking office, Dukakis, boasting of his "meat axe" approach to the state's budget deficit, instituted a budget freeze, which deeply affected programs for children and the handicapped, and suspended cost-of-living increases for state employees and welfare recipients, even though the official rate of inflation hovered at 14%. He also slashed the Medicaid budget. His fiscal 1976 budget called for tossing 18,000 people off welfare, and laying off thousands of state workers. He also pushed a "workfare" program, which would have put welfare recipients to work in jobs of laid-off state and city employees at below minimum wage.

Although these actions cost him reelection, Dukakis was just heeding the dictates of those who put him into office, an elite grouping of Boston and New England financial interests known as "the Vault." Dukakis's father, Panos, a physician, apparently had a direct tie to these interests, serving as a star witness for insurance companies contesting workers' compensation claims.

As soon as he finished Harvard Law School, Michael Dukakis was offered a job at Hill and Barlow, one of Boston's most prestigious firms, where he eventually worked closely with William Weld, the alleged pot-smoker who recently resigned as head of the Justice Department's Criminal Division. (When Weld left the DoJ, he and two assistants were promptly offered jobs at another prominent Boston law firm, Hale and Dorr, where Dukakis's alter ego, Paul Broutas, has worked for 25 years.)

Dukakis built his political career in Massachusetts via a

group of "reformers" linked to Hill and Barlow and similar Brahmin institutions, which had decided to break the back of the old Irish and Italian political machines, as the first step in the eventual deindustrialization and "gentrification" of Boston and other urban areas.

After he regained the governorship in 1982—with the assistance of a manufactured corruption campaign against incumbent Gov. Ed King, which was initiated by Dukakis's old law firm pal, William Weld, by then a U.S. Attorney—Dukakis repaid his debts by helping to implement legislation which exempted major real estate speculators from property taxes. As a result, Boston was swindled out of hundreds of millions of dollars in revenues, while becoming a speculators' paradise.

In his second term, Dukakis took a somewhat more subtle approach. Instead of a meat axe, he set up a series of state economic entities, modeled on Mussolini's corporate state, which were supposed to encourage labor-government-industry "partnerships," under which labor was persuaded to take wage and benefits cuts in order to keep their jobs. One of the big "Massachusetts miracle" success stories trumpeted by Dukakis campaign literature is the growth of the Reebok company—whose big contribution to the world economy is the demise of leather footwear.

What happened to Boston under Dukakis highlights the fraud of the so-called "Massachusetts miracle" which he constantly points to (or used to, until it began to blow up in his face when the state developed a \$400 million budget deficit this spring) as one of his principal credentials for running the country.

To the extent that Massachusetts experienced any substantial real economic growth under Dukakis, it was due to the huge influx of defense contracts, especially those involving SDI research, into the high-tech Route 128 corridor around Boston—contracts which have been drying up recently because of the defense-spending cutbacks which Dukakis and other Democrats have demanded.

Aside from the spin-offs of federal defense contracts, Dukakis's "miracle" was marked by a skyrocketing infant mortality rate; a 21% rise in the tax burden; and a 13.4% loss in manufacturing jobs since 1984 (accounting for 41% of the total manufacturing jobs that have been lost in the country during that period). Most of the job creation which Dukakis brags about took place in low-paying wholesale, retail, and service sector jobs.

Dukakis's economic miracle

Dukakis threatens to bring the same combination of austerity and post-industrial idiocy that he imposed in Massachusetts to the White House. He has already made it clear that "sacrifice" will be his by-word, and that budget cutting will be the first priority. He has embraced Congress's controversial trade bill—one of whose chief sponsors was Dukakis running-mate Lloyd Bentsen—which would commit the

United States to an all-out trade war against its allies. Dukakis's economic advisers include leading proponents of "root-canal" economics, among them:

- Lawrence Summers, designated by Dukakis as his chief economic adviser. A Harvard professor and nephew of economist Paul Samuelson, Summers is a protégé of Martin Feldstein, who served as chairman of Reagan's Council of Economic Advisers, and now acts as George Bush's key source for economic policy. Summers, who also worked briefly for the Reagan administration, describes himself as a modern Keynesian. He has set the theme for a Dukakis presidency by insisting that the chief economic problem troubling the U.S. is "overconsumption." In a recent report commissioned by Eastman Kodak chairman Colby Chandler, Summers writes: "Bringing federal budget deficits under control should be the overriding priority of national economic policy. . . . This will require consideration of spending cuts in previously sacrosanct budget areas, including Social Security, as well as a significant increase in federal tax collection. . . . [F]or the long run, serious consideration should be given to new national consumption taxes." Summers also insists that "Policymakers should recognize that a continued dollar decline is both likely and desirable."

- Robert Reich, a "new wave" economist who first came to prominence during the Carter era. An "industrial policy" proponent, Reich also sees slashing consumption as key. In his book *Tales of a New America*, he claimed that the United States suffers from "too much consumption." Reich has also said, "No way we'll achieve significant deficit reduction without a significant tax increase. The [Dukakis] campaign certainly hasn't announced a substantial tax increase, and I think there are good political reasons."

- Lazard Frères' Felix Rohatyn, who masterminded the "Big MAC" bankers' dictatorship which drove New York City into the ground in the 1970s, preaching "pain and agony." Rohatyn and another Dukakis adviser, House Budget Committee chairman William Gray, belong to the National Economic Commission, which will issue an austerity agenda for the incoming President next January. Lazard Frères has also contributed Michael del Giudice, a former top aide to New York Gov. Mario Cuomo, to the Dukakis braintrust.

Dukakis's proposals for dealing with the agricultural crisis—reducing subsidies, controlling production, and encouraging farmers to grow yuppie crops like endive—are of the same piece, as is his energy policy, (no-energy would be a better term), which proposes to do away with all nuclear power, and opposes an oil-import fee to protect the beleaguered domestic industry.

Let Moscow rule

Given Dukakis's endorsement of witchcraft, it is hardly surprising that he wishes to hand the satanists in Moscow a huge advantage. That's the only conclusion that can be drawn from his stated positions on foreign and military policy, de-

spite his recent efforts to paint himself as a centrist. No wonder the Soviets are turning from George Bush to Dukakis, as the *Washington Post's* Gary Lee reported from Moscow July 28. Lee quoted various Soviet spokesmen, including chief arms-control negotiator Viktor Karpov, praising Dukakis for, among other things, the fact that "he has nothing but criticism for the Star Wars program" and for representing "new thinking."

Dukakis favors a continued slowdown in defense spending, a nuclear freeze, and a test ban treaty. He has called for eliminating entire weapons systems, including the MX and Midgetman missile, the D-5 Trident missile, and the B-1 bomber. He sneers at the SDI as a "fantasy" which should be funded at no more than \$1 billion per year, and firmly backs Moscow's "narrow reading" of the ABM Treaty. An enthusiast of START and the INF treaty, Dukakis says he will build up U.S. conventional strength, under the rubric of a "conventional defense initiative," yet states that his major arms-control focus will be on reducing conventional forces in Europe—i.e., an end to effective American military presence there!

Although Dukakis personally claims to oppose unilateral troop reductions in Europe, one of his key advisers, Joseph Nye of Harvard and the Aspen Institute Strategy Group, told NATO officials in Brussels in June that Dukakis would definitely reduce the U.S. military presence in Europe. Dukakis has also gone on record favoring the withdrawal of U.S. troops from South Korea.

Dukakis and his coterie uphold the fiction that the Soviet Union under Mikhail Gorbachov offers a golden opportunity for decreasing tensions, and that the United States should try to consolidate this relationship by making concessions to Moscow, including in the area of trade.

Dukakis's policies in other regions of the globe fit perfectly with this "appease Moscow" mentality. He bitterly opposed the U.S. Persian Gulf deployment when it was first announced, and maintains that a multilateral task force under U.N. control should replace the U.S. Navy there. He endorsed the Democratic platform's labeling of South Africa as a "terrorist state," supports imposing much harsher sanctions, and came out last June demanding an end to all U.S. aid to UNITA resistance leader, Jonas Savimbi. In Ibero-America, he backs the Project Democracy campaign to wreck the armed forces, starting with the lying campaign against Panama's General Noriega.

Dukakis's foreign and military policy advisers are drawn from the same liberal Establishment pool as were Carter's. In addition to Nye, who served in the Carter State Department, key insiders include Madeleine Albright, daughter of a Czech diplomat and a former top assistant to Zbigniew Brzezinski on the Carter National Security Council staff; Peter Tarnoff, president of the New York Council on Foreign Relations; and Albert Carnesale, a leading anti-SDI propagandist now based at Harvard.

'Anti-fraud' clique asks vendetta powers

by Leo F. Scanlon

In testimony to the Senate Judiciary Committee on July 12, June Gibbs Brown, the Inspector General of the Department of Defense, called on Congress to provide sweeping, unconstitutional powers to the "anti-fraud" units of the police agencies of the federal government. The proposals, if agreed to, would represent a milestone in the destruction of the due process provisions of the U.S. Constitution, and would give politically appointed federal bureaucrats a limitless power to use the criminal justice system for conducting political vendettas.

The Judiciary Committee of the Senate is considering a bill which has passed the House of Representatives as H.R. 3911, the "Major Fraud Act of 1988," which amends chapter 47 of title 18 of the U.S. Code. Most of the currently existing "anti-fraud" statutes are encompassed under title 18, and this bill proposes that "whoever knowingly executes or attempts to execute any scheme or artifice 1) to defraud the United States; or 2) to obtain money or property from the United States by means of false or fraudulent pretenses, representations, or promises" shall be liable for criminal penalties.

It may well be asked why such specific legislative language must be added at this late date to the criminal code—there are numerous devices by which the government may satisfy itself in any case involving shoddy or incompetent workmanship in any contract—and if that were the purpose of the legislation, it would be simply redundant. The very interesting testimony of Ms. Brown, by identifying the inadequacies of this bill, illuminates the true function of this species of legislation.

In her testimony, Ms. Brown gets right to the heart of the matter, and says, "We are . . . concerned that the Bill should not require proof of a specific intent to defraud in order to obtain a conviction. Currently, most fraud cases are prosecuted under the False Statements Act (18 U.S.C. 1001) and the False Claims Act (18 U.S.C. 286,287). The majority of courts have held that these statutes penalize the provision of false, fictitious, or fraudulent claims and statements. If the Indictment only alleges that false or fictitious, and not fraudulent, information was knowingly submitted to the government, then the government is not required to show a specific intent to defraud. Specific intent is often impossible to provide. The House Report on this bill contemplates that 'knowing' include deliberate ignorance or 'willfull blindness' of

the facts which form the basis of the fraud. We concur and would further include the concept of 'reckless disregard.' Thus, the Bill should clearly state that specific intent need not be proven in order to establish liability under the Act. . . . Such an interpretation from the U.S. Senate would be consistent with the amendments which were passed by Congress last year which clarified that specific intent need not be proven in order to establish liability under the Civil False Claims Act, and the Program Fraud Civil Remedies Act."

Totalitarian concept

An absolutely totalitarian concept is at the core of Ms. Brown's remarks: that an individual may be found guilty of committing criminal fraud even if he had no intention whatsoever of deceiving or defrauding the government—and that the crime is not located in the specific action or actions of an individual, but is defined by the government's interpretation of the consequences of the action, whether or not those consequences could have been known to the individual!

This Orwellian logic is not peculiar to Brown, but is pervasive throughout the bureaucracy of the Inspectors General (IG) offices of the executive branch. These offices were created by the "Inspectors General Act of 1978" and were given the job of eliminating "waste and fraud" from the federal government. "Waste" and "fraud" are broad and vague terms which ultimately are determined by the changing political whims of the congressional budget process. It is in the interest of bureaucrats like June Brown to seek the broadest—ultimately political—mandate they can get. The Congress, especially the pro-Moscow propagandists like Sen. Charles Grassley (R-Iowa), have been more than happy to oblige.

With the Defense Authorization Act of 1970, Congress imposed, and has successively lowered, ceilings on the amount of R&D investment that can be made by a defense contractor, and has popularized the use of "anti-fraud" statutes to prosecute any attempt to circumvent this insane procedure. In fact, the Institute for Policy Studies, which coordinates its anti-defense campaigns with the Embassy of the U.S.S.R., has gone so far as to claim that all advanced R&D applications, or "black" programs, are fraudulent. Ms. Brown is demanding the legal language which will allow her to make that accusation stick.

Caspar Weinberger recognized the dangers in this type of scheme, and fought for an alternative, Defense Department-controlled office which would stick to the legitimate job of streamlining and cleaning up the weapons purchasing process without resorting to the wild show trials which have become standard. Nonetheless, by 1983, the DoD was saddled with an IG office, which pressured the service investigative agencies to meet a quota of suspension and disbarment actions over and above any other priority. Intelligence professionals point to this misorientation as the prime cause for the series of counterintelligence fiascos which have plagued the military in recent years.

West German leader's White House ordeal

Franz Josef Strauss, head of the Christian Social Union (CSU), the Bavarian component of West Germany's ruling Christian Democratic Union (CDU), visited the White House on July 29 to meet with President Reagan.

Little did he realize that he would get caught up in the heat of the U.S. presidential campaign, and even take a little unintended physical abuse for his trouble.

With reports that leaders of the CDU/CSU in West Germany are tilting in favor of Michael Dukakis, this reporter put a question to Strauss in the driveway outside the West Wing of the White House, when he emerged from his meeting with Reagan.

I asked Strauss what difference it would make to West Germany whether Bush or Dukakis won in November.

Strauss's answer was predictably diplomatic. He said it was not his role to interfere in the internal politics of the United States, but that he was confident that "every American President will have the same policy with respect to Europe and West Germany, regardless of who wins. The guidelines of American policy will remain unchanged."

Then I went into the White House press room, where Marlin Fitzwater was conducting a briefing.

"Outside just now," I interjected, "Minister Strauss of West Germany said in the usual diplomatic way that he felt there would be no difference for his country whether Bush or Du-

kakis were elected this fall. What is your reaction to that?"

Fitzwater replied, "I would suggest that anyone concerned about such matters should examine what Dukakis has had to say about defense posture, about cutting defense and reducing our commitments all around the world. I would advise anyone to take a pretty close look at that before coming to any conclusions."

Members of the White House press corps began accusing Fitzwater of campaigning for Bush, but didn't get far until cameramen from the back of the room started to rush to get out of the door and back onto the driveway. They'd been tipped off by walkie-talkie that something big was going on out there. The reporters followed, bolting out of their seats to see what was going on outside.

It was Bush, who had come out of the West Wing to shake hands with Strauss in front of West German television cameras.

In the rush to get to the scene with cameras rolling, one cameraman bowled over NBC correspondent Andrea Mitchell, ripping the back of her dress and sending her careening into Strauss, knocking him to the ground.

Bush was still sliding back to the office door, grinning with his hands in the air like a surrender, saying he had to go. At my question, though, he stopped. "What difference would it make to West Germany if you were President or if Dukakis was?" I asked.

Bush answered, "Well, I'm not going to put the minister a difficult position, but I am for NATO, I know all about it, and I am for strengthening the alliance."

Meanwhile, Strauss had pulled himself onto his feet, and, with his back to the scene, was answering questions from a West German reporter in front of a TV camera.

Strauss cautious on trade with Soviets

So indifferent had the press corps been to Strauss before this melee, that when he first emerged from his meeting with Reagan, no one but this reporter had a single question to ask him.

So I took advantage of the opportunity to ask him to comment about the trip that day of West German Foreign Minister Hans-Dietrich Genscher to Moscow. Strauss and Genscher are sometime factional opponents on Bonn's political scene.

Strauss sounded a much more cautious tone toward dealing with the Soviets than he had taken immediately following his own meeting with Gorbachov last winter.

While he said Genscher would be discussing trade with the Soviets, he added, "It will not go faster than Western interests will allow. There are serious limits."

He said, "Gorbachov asked me about expanding trade when we met, but I told him it is not in our hands. We have a market system. Yours is a centralized economy. The goods you offer must be accepted by our consumers."

Strauss explained, "Our trade with the Soviets is very small, and 85% of it is in oil and petrochemicals. Of the remaining 15%, half is in raw materials. What the Soviets produce for the civil economy is not adequate to our consumers. They must upgrade their ability in this sector if they expect to do business with us."

Then I asked about his reaction to British Prime Minister Margaret Thatcher's criticisms of the planned 1992 full integration of the European Community. Strauss replied that West Germany shared Thatcher's reservations about a common currency and common central bank.

Will House impeach Florida judge?

The House Judiciary Committee voted 17 articles of impeachment on July 28 against U.S. District Judge Alcee L. Hastings, Florida's first black federal judge, stemming from charges that he conspired with a Washington lawyer to accept a bribe. The 32-1 vote sent the case to the full House, which will decide whether to seek a Senate trial that could lead to Judge Hastings's removal from his lifetime post.

Hastings is alleged to have 1) conspired with lawyer William Borders in 1981 to get a \$150,000 bribe from two defendants who appeared before the judge; 2) lied about the scheme to the jury that tried him; and 3) leaked information about a secret FBI wiretap he was supervising. Borders was convicted, served 33 months in prison, paid a 435,000 fine, and was disbarred.

Hastings was acquitted of the bribery charges, although a separate investigation by the Judicial Council of the U.S. Court of Appeals for the 11th Circuit, which covers Florida, kept the allegations alive and eventually led to the House subcommittee inquiry.

Most of the committee members said that they were convinced by the evidence, although Democratic Representatives Larry Smith of Florida and George Crockett of Michigan say they were afraid that racism could be a factor. Terence Anderson, one of Judge Hastings's lawyers, said after the hearing that he was not surprised by the vote, but was confident the Senate would give the judge a second acquittal.

The only vote not to recommend impeachment came from Representative Smith, a friend of Hastings, who will request trial before the full Senate

rather than a special committee, because he thinks the record contains "too many unique and special circumstances that can't be explained away by coincidence."

Representative Crockett voted for bringing Hastings to an impeachment only on the basis of the conspiracy charge.

Humphrey: Meese was hounded from office

Sen. Gordon Humphrey (R-N.H.) praised Attorney General Edwin Meese on the Senate floor on July 14. "The attorney general's most rabid critics on the left have mixed feelings," he said. "They are delighted to be rid of a determined and forceful champion of tough law enforcement and judicial restraint. They are able to claim another scalp to add to those of Richard Allen, Jim Watt, Ray Donovan and others—loyal champions of the President's agenda who have been hounded from office by partisan charges that the truth could never catch up with. . . ."

"Make no mistake: Ed Meese was targeted for destruction by his political enemies from the moment his name surfaced as a likely attorney general."

Contra aid debate: Which way will Bentsen go?

Sen. Robert Dole (R-Kan.) has proposed a new \$47 million aid package to the Contra leaders. Dole intends to attach the measure to a military spending bill expected to be considered in the Senate during the first week in August.

In spite of the truce signed be-

tween the Contras and the Sandinistas, the Sandinistas have recently begun a crackdown on all opposition forces in Nicaragua, thus violating the terms of the truce. The Sandinistas closed the opposition paper *La Prensa* for a period of 15 days, and have ordered the Roman Catholic radio station and the radio news program "El Despertar" off the air indefinitely. The Sandinistas also recently expelled the American ambassador to Nicaragua, Richard Melton.

The stage is now set for a new congressional battle over Contra aid. Sen. Lloyd Bentsen (D-Tex.), Michael Dukakis's running mate, has been a supporter of Contra aid, although Dukakis is opposed to it. The big question in the new Contra debate is whether Bentsen will vote according to his own beliefs, or adhere to the program of his running mate. If he votes for Contra aid, what kind of foreign policy will a Dukakis-Bentsen government have?

Glass-Steagall 'firewall' weakened by dereg bill

After a marathon day-long session which was concluded early in the morning of July 23, in a 30-20 vote, the House Banking Committee voted onto the floor a partial banking deregulation bill. The various interested parties were lined up, trying to make their voices heard. The bill, a compromise among the contending parties, blurs the limits between the banking and the securities industry, thus threatening to bring commercial banking into the volatile securities markets.

The Glass-Steagall Act, which built a "firewall" between commercial

banking and the stock markets after the Crash of 1929, has been criticized by bankers who want to move into the lucrative securities sector.

The Senate has already passed a bill, authored by Sen. William Proxmire (D-Wis.), which would basically abolish Glass-Steagall. More resistance has been shown by the House Banking Committee under Rep. Ferdinand St Germain (D-R.I.), where there is concern for the long-term economic consequences if Glass-Steagall were undermined.

The House banking bill would allow commercial banks to sell and underwrite commercial paper, mortgage-backed securities, municipal revenue bonds, and securities backed by consumer debt, such as auto loans. As a concession to the securities industry, the securities affiliate of the bank would not be allowed to use the bank's name or logotype in advertising, and securities could not be sold on the bank's premises. Banking companies would not be allowed to enter the new areas of underwriting until they met the 8% capital requirement set by the Federal Reserve Board in an agreement with the central banks of 12 other nations. This would prevent the nation's largest money-center banks from entering the securities field.

During the hearings, all the interested parties were parked in and around the committee room. The securities industry was there, trying to protect its turf from the encroachments of the commercial banks. The banking sector had their lobbyists everywhere, trying to prevent what they considered unwarranted restrictions on their underwriting of securities. The insurance sector won a partial victory by preventing banks from underwriting insurance or serving as insurance brokers.

Although the agreement reached is of a very tenuous nature, it will have to go to a full House vote and then to conference committee, where it will be reconciled with the Senate banking bill before it will be sent to the President. Few congressional aides believe that Congress has enough time to bring the bill up for a vote during this session of Congress.

Greenies against 'greenhouse effect'

Two major environmental protection bills were introduced in the Senate on July 28, with the ostensible purpose of limiting the so-called "greenhouse effect," in which increased carbon dioxide in the atmosphere is alleged to have caused a generalized global warming.

The more extreme of the two bills, introduced by Sen. Robert Stafford (R-Vt.), would require a 50% cut in carbon dioxide emission by the year 2000. Cars would have to cut carbon dioxide emissions in half; power plants would have to cut their use of fossil fuels in half; significant cuts in the use of home furnaces would also be mandated.

A similar bill by Sen. Timothy Wirth (D-Colo.) would require a 20% cut in carbon dioxide by the year 2000. The Wirth measure calls for a "Least-Cost National Energy Plan" to be devised by the government to conserve fossil fuels and tap "renewable" energy sources, such as wind, solar, geothermal and hydroelectric power; a \$450 million program over three years to research and develop renewable sources; and an energy conservation plan to cut energy use by 2-4% annually.

The Wirth bill may be hard to swallow for many environmentalists, as it would also allocate \$500 million

to research, develop, and demonstrate technologies for new, safe, cost-efficient nuclear reactors. The Wirth proposal has 15 senators cosponsoring it.

Since the bill will trample on the toes of so many interest groups, even the sponsors themselves do not believe that they will achieve anything more this session than holding hearings on the bill. The most strenuous opposition to the legislation is expected from the utility and automobile industries.

Senate votes to cut grants for inner-cities

On July 14, the Senate voted 86-11 to approve \$59.06 billion in fiscal 1989 appropriations for the Department of Housing and Urban Development and 16 independent agencies.

The vote included cutting off Urban Development Action Grants (UDAG), a controversial program created in 1977 during the Carter administration. Sen. William Proxmire (D-Wis.), author of the 1977 legislation, now voted against the program, as he says, "Because we simply cannot afford to spend."

The National League of Cities is concerned that the cuts will seriously impair necessary inner-city programs. "Each federal dollar has been repaid over and over in taxes collected, in jobs created, and in helping to attract other investment, redevelopment, jobs and tax-base growth to blighted urban areas," the league said.

U.S. Conference of Mayors President Arthur Holland, mayor of Trenton, New Jersey, said that although most cities are coming back economically, "it's still touch-and-go, and you don't give up a program that helps us go."

National News

U.S. rejects Soviet inspectors as spies

An eight-man inspection team proposed by the Soviet Union as on-site inspectors to verify compliance with the INF treaty, was rejected by the United States, on the grounds that all eight have been linked to Soviet intelligence operations, according to a report published in the *Los Angeles Times* on July 21.

The eight were rejected during a preliminary screening process, before any Soviet inspectors were sent to the United States.

"The Soviets' proposal of these men is seen as an indication that Soviet intelligence agencies, including the KGB secret police and the GRU military intelligence directorate, have not curbed their operations under Soviet leader Mikhail S. Gorbachov's . . . *perestroika* . . . despite the new warmth in U.S.-Soviet relations," said the article.

"There's clearly been no diminution of Soviet intelligence activities in the United States," according to an unnamed U.S. counterintelligence official quoted by the *Times*. "We think KGB activities have been up for the past several years," he added.

Seven of the eight were slated to become permanent inspectors at Hercules Plant One in Magna, Utah. "The Soviets have [listening] platforms and agents on the East Coast and the West Coast," one official was quoted, "but none in middle America. We want to keep it that way."

Navy chief: Military can't stop drug influx

Chief of U.S. Naval Operations Adm. A.H. Trost said in a speech on July 22 that the armed forces and the law enforcement agencies of the United States could stop the smuggling of cocaine into the country from Latin America, even if they did nothing else.

Speaking to the Commonwealth Club in San Francisco, Trost said that the armed

forces are stymied, because "the economic incentives are so potent and the network of communications from farm to market via thousands of boats and small planes is so extensive."

Trost argued that "the only way we are going to stop this immense flow of illegal narcotics into this country is to shut off the demand for it."

He said nothing about blocking the "economic incentives" which foster the drug traffic, by cracking down on the dope bankers who launder billions of dollars for the narco-traffickers every year. This, the Reagan administration's vaunted War on Drugs has stubbornly refused to do.

Philadelphia vows to close 'crack' houses

Philadelphia Mayor Wilson Goode on July 24 announced a campaign to shut down more than 500 "crack" houses in that city. The program will include city workers cleaning out abandoned houses and sealing them up with concrete blocks to keep drug dealers out.

Goode said the city would do whatever was possible to close down any new crack houses that spring up, as well. "We will confiscate them, whenever legally possible," the mayor said. Acknowledging a drug problem that has "escalated in the past 12 months," Goode said that he directed the Police Department to step up its assault on the drug trade.

Despite these public statements, Mayor Goode has also called for large reductions in the city's police force. The new Police Commissioner, Willie Williams, claims that the cuts will not have an adverse effect on the anti-drug effort. But the facts belie this optimism. During a 10-day period in July, five people were killed in Philadelphia in drug-related crimes, including a five-year-old boy caught in the crossfire of a shootout. A total of 210 people have been murdered in the City of Brotherly Love so far this year. Police characterize 57 of those murders as "drug-related," although sources in the Po-

lice Department believe that figure is significantly underestimated.

Jackson backers get Democratic Party posts

The first glimmerings of what the deal was between Michael Dukakis and Jesse Jackson, for the latter's backing during the presidential race, became visible July 22, when Jackson supporters were awarded 15 Democratic Party posts.

Among those selected was Jackson's son Jesse, Jr., who was among the few allowed to address the party during the convention.

Negotiators for Dukakis, Jackson, and Democratic National Committee chairman Paul Kirk worked all night ironing out details of the deal. The new posts include a new party vice-chairmanship for voter registration and turnout—a post that went to New Orleans Mayor Sidney Barthelemy, a Jackson supporter. Two Jackson people will also be on the party's executive committee: Ronald Brown, Jackson's campaign strategist, and Janice Thurmond of Georgia.

Jackson was also awarded use of a DC-10 for the duration of the campaign, and a gold American Express card to be paid for by Dukakis.

State Dept. advisers worry about Mexico

Longtime State Department strategist Luigi Einaudi, the man who implemented Henry Kissinger's coups in Ibero-America, surfaced for a rare public appearance in Washington, D.C. on July 26, to warn that unless the United States pays more attention to what is going on south of the border, it will soon face a crisis comparable to that which developed in Iran. U.S. media coverage of Mexico, "our Iran next door," can only have a bad impact on the public, he said.

Einaudi shared the podium with Council on Foreign Relations Latin American direc-

tor Susan Kaufman Purcell and Mexican academician Luis Aguilar Sinzer, at a conference co-sponsored by the Interamerican Dialogue and the Carnegie Endowment for International Peace.

The speakers expressed dismay at the upset victory of Mexican opposition leader Cuauhtémoc Cárdenas in the recent presidential elections (that victory was stolen from him by the ruling PRI party). Cárdenas had campaigned on a nationalist program of opposition to the austerity demands of the International Monetary Fund.

Kaufman Purcell referred to Cárdenas's "post-electoral mobilization" as something dangerous, that could get out of control. She attributed Cárdenas's success to the economic crisis, his Indian facial features, the fact that his father was a famous President, and the fact that "he sounded more PRIista than the PRI."

None of the specialists dared predict what will happen now. "The PRI wishes that Cardenas would simply freeze," said Luis Aguilar, a supporter of the PRI's presidential candidate, Carlos Salinas de Gortari. "But Cardenas is stronger now that he was before the elections. No one knows where Cardenas will end up."

Cuban officials caught running drugs in Miami

Five members of a Miami-based drug ring were convicted on July 25 of smuggling more than \$10 million worth of cocaine through Cuba. The five men, led by the Venezuelan Hugo Ceballos, arranged to have two loads of cocaine totaling 700 kilograms flown from a farm in Colombia to a military base in Varadero, Cuba, where men alleged to be Cuban government officials helped load the drugs onto boats which were then escorted out of Cuba's territorial waters by the Cuban coast guard.

U.S. Attorney Dexter Lehtinen charged, "These were not simply a few . . . low-level Cuban officials. . . . This demonstrates knowledge at high levels of the Cuban defense establishment." Drug Enforcement

Administration spokesman Jack Hook commented, "This is the first time we've had evidence that Cuba . . . is being used as a transshipment base for drug trafficking. Before this, it's only been rumors."

The "Cuban connection" has long been identified by *EIR*, which has pointed to the role of exiled U.S. financier Robert Vesco, one of the biggest drug kingpins, who resides in Havana, enjoying the protection of Castro to avoid being arrested and tried in the United States.

Hospital emergency rooms in bad shape

"Doctors around the United States describe emergency rooms as explosive pressure cookers where intense human suffering collides on a daily basis with harsh new economic realities confronting hospital officials," the *Los Angeles Times* reported on July 25, in an article describing the nation's inadequate emergency facilities.

"More and more people are arriving sicker and poorer at busy inner-city emergency rooms. Hospitals, however, are increasingly unwilling to absorb the cost of caring for them, due to tight budgets caused by stringent government cost controls, low occupancy rates, and in some cases, debts from overexpansion. . . . Looking to cut their losses, hospitals have closed their trauma centers or curtailed emergency service," the article continued.

The *Times* described Los Angeles as "probably the epicenter of this critical problem," quoting Dr. Stephen Groth, president of the California chapter of the American College of Emergency Physicians. Four private hospitals in downtown Los Angeles plan to close their emergency rooms in August to public ambulances that transport victims of "911" distress calls, while five others have threatened to follow suit.

In New York, hospitals are so full of critically ill patients that they back up into the emergency room, creating what Dr. Lewis Goldfrank of Bellevue Hospital called "medical gridlock."

● **HENRY HUDSON**, the U.S. Attorney in Alexandria, Virginia, received a setback to his ambitions as a "media idol" on July 27, when a federal judge ordered Jordanian-American Mousa Hawanda released without bail. Hudson had demanded Hawanda's incarceration, saying that he had plotted to assassinate Oliver North. But no indictment to this effect was issued. Justice Department officials publicly disputed Hudson's claim, and the judge said he found it "singular" that the suspect was not charged with any such activity.

● **GOV. MARIO CUOMO**, interviewed July 24 on the "Face the Nation" television program, said that Michael Dukakis will follow the budget-cutting recommendations of the Rohatyn Commission and the National Economic Commission, two of the fascist planning bodies exposed in *EIR*'s cover story last issue. Dukakis's defense policy would show, said Cuomo, "that you can spend less and still be strong."

● **JOHN SASSO**, the former Dukakis campaign manager, is trying to get back into the campaign. *Insight on the News* reported Aug. 8 that he may be considered for a spot in a Dukakis administration—possibly White House Chief of Staff. Sasso was fired for putting out a videotape on candidate Sen. Joseph Biden's plagiarism of speeches by a British trade union leader.

● **NEW YORK TIMES** editorial July 28 asks: "Should Cocaine Cost More? Less?" The *Times* maintains that "efforts to restrict cocaine sales haven't worked," since "arrests and seizures of cocaine are way up since 1980, but so is consumption." Their answer is to sell the dope at a low price, to ease the pressure on regular users, but put more policeman on the street to regulate sales.

Editorial

Thatcher lays down the law

On July 28, Margaret Thatcher took to the British airwaves to unequivocally reject British participation in "Europe 1992." She attacked the proposals of European Community head, Jacques Delors, for the creation of a supranational European government in the early 1990s as "airy fairy ideas," and vowed that Delors's vision of a united European government would "never come in my lifetime, and, I hope, never at all."

In an irony of which the French must be particularly sensible, she likened herself to Gen. Charles de Gaulle—who had in fact, held up Britain's entrance into the European Economic Community for a decade, much to the disgust of its British Conservative Party advocates. In the 50-minute BBC broadcast, she said that she "was really very much [in agreement] with de Gaulle, that is [his concept of] a Europe of separate countries working together." Since any one of the countries of the EC has absolute veto power, this means that effectively the Europe 1992 proposal is dead.

Informed sources in Britain have told us that this intervention by Mrs. Thatcher was prompted by fears, among top governing circles in Britain, of the shape which the present helter-skelter rush to accommodate the Soviets is taking. The situation inside South Africa has become a focal point of their concerns that the currently emerging arrangement with the Russians will raise another Frankenstein's monster. This section of the British elite remembers all too well how Neville Chamberlain's policy of accommodation to Adolf Hitler resulted in World War II.

They see the so-called pacification of Angola as a Russian move to be in on a grab for South African strategic raw materials, with the tacit agreement of a foolish United States. While the U.S. State Department believes that it is conducting clever negotiations with Moscow, the reality is that a section of the European oligarchy is negotiating another deal behind the scenes, one that would not include the United States.

The British, who value their "special relation" with the United States, and the independent bargaining po-

sition which that has given them in the past, are alert to the dangers of this new condominium in the wings—of which Thatcher has now said she wants no part. This "European" condominium would include the Soviets, and would give them a stranglehold on high technology, raw materials, and credit agreements.

In the British estimation, South African President P.W. Botha is so enraged by the U.S. sellout of South Africa, that he is willing to deal directly with the Soviets; but if he is not willing to make the demanded concessions to them, then the British fear that a scenario of terrorist-inspired chaos is in store for South Africa.

In the past Margaret Thatcher has served as a rallying point for some patriotic forces in the United States who otherwise were fearful of opposing the rapid political, military, and economic destruction of their nation. We can hope that this will be the case now.

One positive indication from within the United States is the testimony before Congress by David Packard, who has come out with a smashing attack against the U.S. Congress and the Justice Department for using police-state tactics against the Pentagon.

Beginning from the premise that the strength of an economy is the determining factor in world leadership, he decries the decline of the United States, and condemns the drift of government from a democratic republic to tyranny. The immediate issue which he addresses is the introduction of abusive oversight procedures into Pentagon procurement practices which have resulted in criminalizing them—and even more serious—in paralyzing the maintenance of an adequate U.S. defensive capability; underlying it is the deliberate weakening of the United States as a superpower.

Obviously we concur with both Packard and Mrs. Thatcher. Their interventions are long overdue. There is not too much time left for patriots within the Western alliance to heed the "call to arms." In the first and second world wars, it was the United States which determined the outcome. That capability is presently being systematically destroyed.

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