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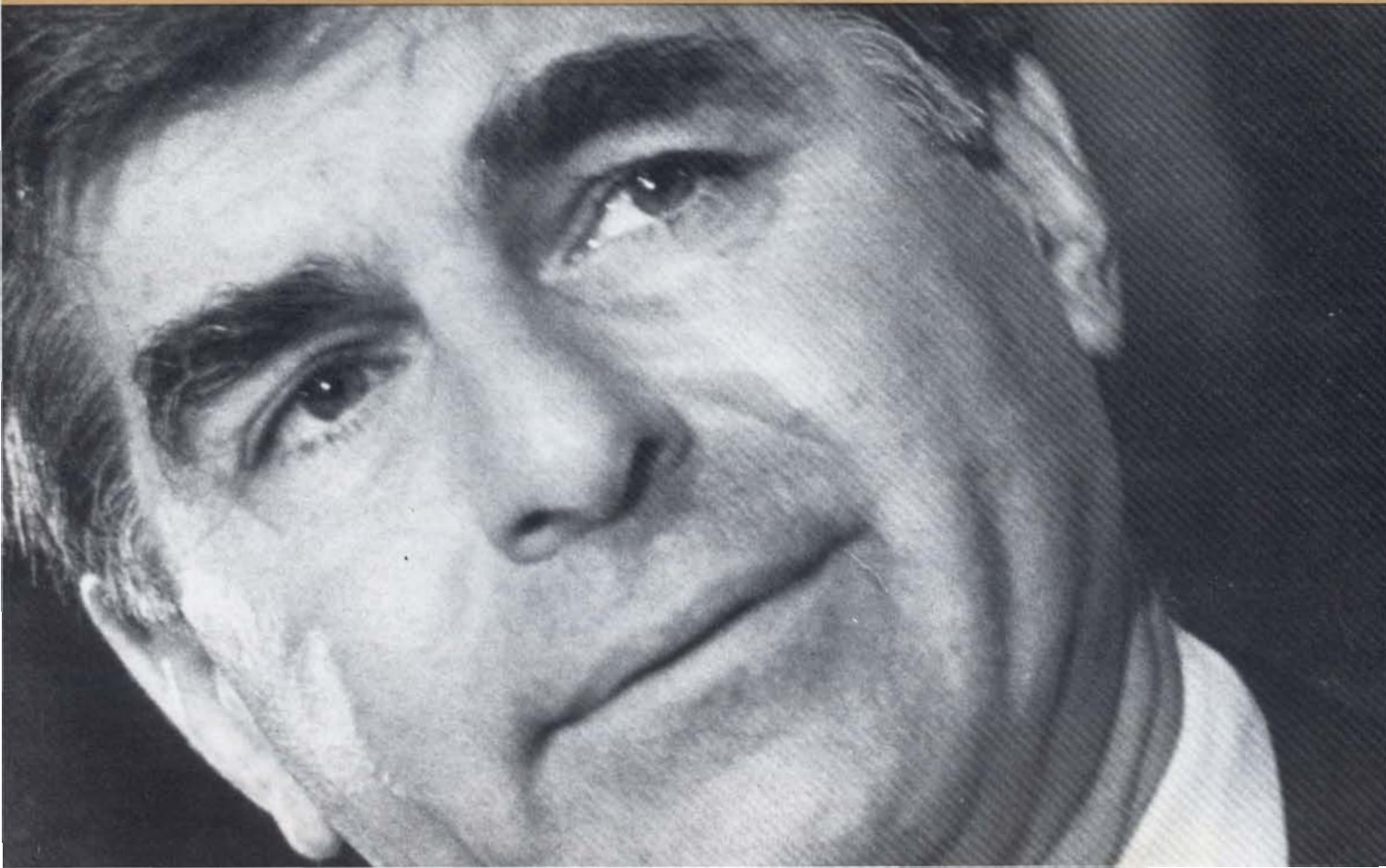
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Unholy war plot joins Dukakis, Shultz, Russia  
Panama hosts Ibero-American unity talks  
Razing of rain forests upsets world climate

**Dukakis's mental health:  
an objective assessment**



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## From the Editor

This week's *Feature*, which is also being produced as a 16-page Supplement to *EIR* in an initial press run of 100,000 copies, presents all of the necessary documentary evidence required to objectively judge the question which was thrown into the media limelight in the first week of August by a witty remark of President Ronald Reagan: Is the Democratic presidential nominee, Michael Dukakis, mentally fit for office? Why, unlike every other presidential candidate since the infamous Tom Eagleton affair of 1972, has he refused to release his medical records?

The dossier we present begins with an assessment written on Aug. 9 by Lyndon H. LaRouche, Jr., of the strategic implications of the Dukakis "mental health" controversy; relevant excerpts of a posthumous interview with Mussolini collaborator Dino Grandi; the now-famous National Democratic Policy Committee leaflet distributed at the Atlanta Democratic convention, and the sources of all assertions in that leaflet; a review of the Stelian Dukakis case; Dukakis's support of witchcraft; and a panorama of world press coverage.

The unfortunate Mr. Dukakis is also implicated, along with Secretary of State Shultz and Arms Control negotiator Max Kampelman, in an alleged sinister plan to make Jerusalem the capital of Israel. In our *International* lead story, you will read the startling revelations of the Milan newspaper *Avvenire* concerning this secretive part of the U.S.-Soviet "peace" negotiations, a scheme which could only unleash a genocidal religious war throughout the Middle East.

Next week's *Feature* will report on the conference which has just taken place in Panama, a gathering from all over Spanish and Portuguese-speaking America which mapped out a detailed strategy to "achieve Latin American integration" as a "historical imperative." Our first report on this signal event includes the address of Panamanian President Manuel Solís Palma to the meeting to plan a "Second Amphictyonic Congress." For an explanation of that imposing hellenic word and all that it implies, I refer you to page 43. Like so many things that will truly change the history of our century, news of the conference in Panama has been obliterated from U.S. national media reportage.

*Nora Hamerman*

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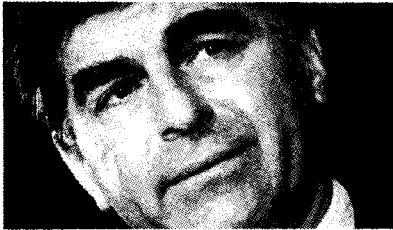
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# Interest rate hikes bring instabilities forward

by Chris White

Alan Greenspan's Board of Governors of the Federal Reserve System rocked credit markets this week, first raising its discount rate, and then, by Thursday, Aug. 11, jacking the Fed Funds rate back over the 8% level. As a result of the credit tightening accomplished over the last three months, the commercial banks' prime rate is again at 10%, with further increases expected.

Much play was made in the financial columns of the strange conjunction, that now we have a Federal Reserve Board, with six sitting members, all appointed by Ronald Reagan, acting unanimously to tighten credit and undermine the election campaign of George Bush. The credit tightening was identified in financial circles around the world as the Fed's governing board signaling its so-called "independence" from the political process, and other institutions of government. In other words, forget the preposterous "fight against the threat of inflation takes priority" garbage, the Fed is signaling that the United States' foreign creditors come first, internal political arrangements a distant second.

For others, the latest round of credit tightening is bringing back the memories of August 1987, when, under the direction of the Swiss-based Bank for International Settlements, the central banks, led by the Bank of England, set off the credit tightening which led to the New York stock market meltdown of last October. Time will tell whether such will again be the case. For sure, however, what is being called the "interest rate war" among the shapers of monetary policy in the United States, Britain, and West Germany that has been under way since early July, has once again detonated the explosive combination of instabilities which make the present bankrupt dollar-based monetary and credit system what it is.

## Foreign creditors dictate

In two areas, the Fed's actions accomplished that much, to the supposed benefit of those foreign creditors. First, Tuesday, Aug. 9, the unanimous Board of Governors, with the support of 11 of the country's Federal Reserve Districts, increased the discount rate by half a percentage point, from 6% to 6.5%. The discount rate is the rate at which the Fed lends to financial institutions. Unusually, the announcement—which seemed to catch markets awaiting another increase in the Fed Funds rate, the rate set by the Fed for inter-bank lending for account settling, etc.—by surprise, was not made at the end of the trading day. The Fed chose to act first thing in the morning, on the very day the James Baker-run Treasury Department was going to market with the U.S. government's quarterly debt auction.

The Fed's action highlighted the reality that the creditor agencies which buy U.S. government debt are insisting on higher yields in the form of debt service, and will stay out of the market until they get them. Yields on all classes of U.S. government bonds and notes soared back to year-high levels as the big buyers kept aloof. After the first day of the three-day auction, it was widely reported that the Japanese, whom U.S. authorities count on to take half of the offering, had only chipped in \$1 billion, against the \$5 billion that was expected. Thus, it was made clear that stability in internal credit markets will be sacrificed to the creditors' demands for an increasing share of the take in the form of higher debt service.

Second, it was becoming clear that the Fed's tightening actions are undermining the bankrupt banking system at one of its most vulnerable points. And thus, that the demands of foreign creditors are also to be put ahead of the protection of

assets of domestic institutions and individuals. Up until this week, those responsible for the regulation of the insolvent savings and loan institutions seemed to have been content to let it be understood that their operation, while losing \$1 billion a month, was under control. Their loss numbers ran through the end of May, before the Greenspan credit squeeze began to bite. Now, as June numbers become available, it is also becoming clear how misleading their reports have been. The Dallas district of the Federal Home Loan Bank Board reported that Texas thrifts alone had lost \$2.14 billion during the month of June.

Since the Volcker high interest rate regime of the early 1980s, the thrifts have been reduced to insolvency as they were forced onto money markets to borrow funds to offset losses incurred on lower fixed interest revenue streams. The increase in borrowing costs for these outfits will push the number of insolvent cases up, from the level of about 500 out of the 3,000 total in the country, to well over 1,000. The effect of that increase will be felt throughout the financial system. Here, no doubt, the foreign creditors are licking their chops over the windfalls to be made when the U.S. thrift system, and the chunk of banking in general that comes down with it, is finally put into liquidation.

### The instabilities

European financial insiders point out that there is an added twist to the above. While increasing rates of interest within the United States have, because of the differential maintained by U.S. authorities—between especially U.S. rates and those which prevail in Germany and Japan—sucked speculative funds from around the world into the dollar, taking the currency back to the \$1.90 level to the deutschemark, the U.S. monetary wizards have thereby made their plight that much worse. The money they have so attracted has stayed out of both the U.S. stock market and the U.S. bond market. By some accounts, \$50 billion such funds have been sucked into the United States from West Germany in the first six months of this year, twice the level of 1987 as a whole. Instead, such funds have been placed as cash instruments within the banking system. Suppose then, conservatively, that about twice the German level of inflow has been attracted from around the world. What happens inside the United States when those who were encouraged to put their cash into higher yielding instruments inside the United States complete the calculations which lead them to conclude that they are losing money by staying?

While increasing U.S. interest rates have provided the short-term incentive, the speculation has been encouraged by the administration's rhetorical campaign on the reduction of the trade deficit. Yet, by increasing the exchange rate of the dollar, those responsible for attracting the speculative inflows have proven that reducing the trade deficit is not actually on their agenda. They are thus increasing outstanding U.S. obligations to the rest of the world, and not reducing those obligations, or offsetting an increase in one category of such

external indebtedness with a reduction in another such category.

Chief among the instabilities brought back to the surface by the Fed's actions will be the question of what exactly the controllers of the disposition of those speculative funds are going to do. Thanks to the supposed financial orthodoxy of the Establishment's Federal Reserve money managers, a new detonator has been built up within the bankrupt monetary system, and control of that detonator has been placed in the hands of the world's speculative hot money merchants.

By Thursday, Aug. 11, when the dollar had broached the \$1.90 level to the deutschemark for the first time in the last 18 months, as a result of the continuing upward trend in interest rate within the U.S., German Finance Minister Gerhard Stoltenberg, and central bank President Karl-Otto Poehl yelled enough. Further increases in the exchange value of the dollar, they warned in the customary circumlocutions of the technocrats from the Group of Seven industrialized nations, "could be counterproductive." In the aftermath of their remarks, the dollar fell, back down to the \$1.87 range.

But meanwhile, it became clear that the Federal Reserve was actually beginning a new round of money tightening. Since the commercial banks increased their prime rate after the Fed tightened the discount rate, it is assumed that the one caused the other. Not really so. The prime rate going up, again, marked the end of one cycle of credit tightening, set off in May and June. The increases in the discount rate and the fed funds rate actually marked the beginning of a new round of credit tightening which in the next weeks will take the prime rate back over the 11% level, and perhaps higher.

This reality was affirmed to the *Wall Street Journal* Friday, Aug. 12, by Gordon Pye, the chief economist at Irving Trust. "Banks typically maintain a margin of at least 1.15% between the prime rate and their own cost of funds, reflected in 90-day certificates of deposit. The rate on 90-day CDs surged to 8.45% from 8.05% last week, and when banks include the cost of federal deposit insurance and their reserve requirements, that real cost hovered at about 8.9%. Obviously, 'banks weren't keeping their traditional margins with a prime at 9.5%,' Pye said."

Equally obviously, the increase to 10%, looked at the way the bankers' would, was a minimum. The Fed's actions guarantee it will go higher, in the not-too-distant future, to maintain what the bankers' call "the differentials."

No doubt some wizard, tucked away in a closet somewhere in the Federal Reserve's headquarters, has a set of charts and numbers, from which trend lines can be adduced that show there is a three- to four-month lag time from the beginning of a cycle of interest rate increases to the generalization of its effects throughout the financial system. Phase I: May, June, July. Phase II: August, September, October. Since the effects are calculable in other ways too, the geniuses might well have just ensured that the next blowout, which they are demonstrably incapable of dealing with, may well occur some time this fall.

# Drought bill won't save the food supply

by Robert Baker and Marcia Merry

The federal drought relief legislation passed by Congress and signed by President Reagan the week of Aug. 8, is a sorry excuse for assistance to the nation's farmers, when the stakes are nothing less than preserving and expanding the food supply in the face of known, massive shortages worldwide, and the expectation of worse to come. The legislation was passed in a record time of six weeks, marked by much bipartisan, self-congratulatory rhetoric about helping farmers. Sen. Patrick Leahy (D-Vt.), chairman of the Senate Agriculture Committee, said, "This bill will keep our farmers on the land, in business, and ready to go next year. It will get assistance quickly to those who need it most. It is a clean, effective, fair, and equitable bill that won't break the bank."

In reality, thousands of farmers are facing forced shut-down, herds are being liquidated, and land and farm infrastructure are being destroyed needlessly. The new law is ill-conceived and will not do what is required.

In the analysis below, we quote from the "Summary of Senate/House Conference Agreement on Drought Assistance Legislation," released by Senator Leahy's office Aug. 5, which describes the bill as later enacted into law; following each quotation is *EIR*'s critique, point by point.

1) "**Extent of Disaster Coverage.** Provides disaster benefits for those producers who suffered losses in 1988 due to drought, hail, excessive moisture, or related conditions."

Congress took no notice of the scope of the pre-drought food stocks shortages, relative to domestic and international needs, and failed to proceed on drought relief from the viewpoint of how best to assist farmers in order to guarantee national and international food supplies. Congress actually suppressed the levels of financial assistance authorized for drought-stricken farms, in order to prevent the triggering of the Gramm-Rudman automatic cuts in the federal budget—a mechanism which itself should be cut, in the face of the current food and economic crises. The total cost of the drought relief law is set at \$3.9 billion, which is less than the losses to farm income that will be suffered in Iowa and Illinois alone.

2) "**Assistance to Livestock Producers.** . . . authorizes special forms of livestock assistance (e.g., feed donations, transportation assistance). . . . Directs [the U.S. Department of Agriculture] to implement a limited emergency forage program for established pasture damaged by drought with USDA paying half the cost of seeding and fertilizing of certain forage crops on the land to facilitate late fall 1988 or early spring 1989 grazing and haying. This particular program would be strictly limited to maximum expenditures of no more than \$50 million with no individual producer receiving more than \$3,500. . . . For livestock producers, federal feed assistance could not exceed \$50,000 in benefits. Prohibits benefits to those livestock producers with gross revenues of over \$2.5 million annually."

This approach taken by Congress is oriented toward trying to keep livestock producers from going broke, but, provided they can hang on even one more year, thousands of farms will not be as functionally sound next year. The emergency measures do not attempt to enhance the meat supply capacity of the country. On Jan. 1, 1988, before the drought set in, the national cattle inventory had dropped to 99 million head—a 27-year low and the first time that the winter head count had been below 100 million since 1961. Viewed against the need for expanding meat supplies, the \$50 million figure for pasture restoration—about 50¢ per animal—is nowhere near adequate.

3) "**Assistance to Crop Producers.** Provides disaster payments to producers of annual commercial crops who lose 35% of 1988 crop due to the drought. . . . Provides reduced yield and prevented planting disaster payments to wheat, feed grains, cotton, and rice program participants at a rate of 65% of the 1988 target price or 65% of the county loan rate in the case of non-participants who raise program crops. . . . [Payments will be made for peanuts, sugar beets, sugarcane, and tobacco producers at a rate of 65% of the 1988 price support level.] Provides payments for soybeans and other nonprogram crops payments at a rate of 65% of the average producer market price of the last five years. Limits combined crop insurance benefits and disaster payments up to an amount that does not exceed income that would result from normal crop yields. . . . [Requires farmers to get federal crop insurance for 1989, under certain terms.] Provides basic income protection for crop producers with total or near total losses by making additional assistance available to those who suffer losses in excess of 75%. This would be provided in the form of an additional direct payment equal to 25% of the applicable target price, price support level, or five-year average market price."

On the farmer's first 35% of loss, no compensation is provided. Plus, the formula in the legislation guarantees that full compensation will not be made for the losses over 35%; only partial compensation will be provided. What this means, can be seen from the following hypothetical case of a corn-grower with a 100% loss. Assume that the average yield per



acre is 100 bushels. Assume a 100% loss. The government compensates you for 65% of your normal yield, at a price per bushel of your average yield that is 65% of a target price (approximately \$2.95), which is \$1.92. This latter price, times 65 bushels per acre, is approximately \$125 per acre, which is 42% of what the corn grower would have expected to realize without a drought.

The USDA is supposed to provide additional assistance to any farmer with losses over 75%, but basically the bill decrees that across the board, farmers will only be compensated for 42% of their losses. Some farmers will additionally receive compensation from their Federal Crop Insurance, but according to the national official estimates, only 44% of farmers have crop insurance—not all in the drought areas. In Maryland, for example, in 1987 only 3% of the state's approximately 1.5 million acres of cropland were insured.

In view of the fact that the drought will not lift overnight, farmers receiving drought assistance of the restricted type offered in the drought relief law, will still be financially incapacitated to continue production. Another layer of farms will slide into extreme financial difficulty, in an agricultural banking environment that is already disintegrating.

4) **“Advanced Deficiency Payments.** Producers will not be required to repay advance deficiency payments on any unit of production that failed or was prevented from planting due to disaster, unless that unit of production received a disaster payment. Producers who would have been required to repay a portion of their advanced deficiency payment will not have to make repayment before July 31, 1989, for that portion of the crop for which they received a disaster payment.”

This “Catch-22” provision requires that the disaster compensation money the farmer may get, may possibly be paid right back, at least in part, to meet obligations of repaying advanced deficiency payments received from the government because crop prices rose under drought conditions.

5) **“Farmers Home Administration Loans.** USDA is directed to take steps to assist businesses affected by the drought by making operating loans available for 1989 operations. USDA is encouraged to aid producers affected by disaster by exercising forbearance on the collection of loan proceeds, restructuring credit, and encouraging commercial lenders and FmHA to exercise forbearance before declaring loans in default. USDA is authorized to provide emergency loans for producers whose crops were affected by disaster in 1988, whether or not the producer had previously purchased federal crop insurance. Extends FmHA loan guarantees to help those producers who have borrowed from the Farm Credit System or other commercial lenders and cannot repay all or part of 1988 operating loans or regularly scheduled 1988 or 1989 installments on farm ownership, farm equipment or farm structures loans.”

Low-interest credit is required to provide the continuity of farm operations until new production is generated, however, this provision offers the drought-hit farmer the option

of going deeper in debt, under the prevailing practices of the FmHA, Farm Credit System, and commercial banking community that have been so onerous to date. Credit should be made available by the national Treasury, through the local banking system, to provide low interest production and capital improvements, and to shore up the capital base of local farm banks. Many of these banks are at the point of insolvency, and whole sections of the U.S. farm sector are disintegrating.

6) **“Dairy Price Support.** Directs USDA to increase the price support for milk 50¢ per hundredweight effective April 1, 1989 through June 30, 1989. Deletes the anticipated January 1, 1989 price support cut.”

This is merely a token of support to dairy farmers, thousands of whom will not be able to maintain their herds. The current parity price for 100 pounds of milk would be \$24, and farmers are getting only about \$11. The costs that the drought now adds to the farmer's costs of production—feed, water, pasture—will be too much for thousands of dairymen to bear, and regional milk shortages will worsen. At present, there are under 9 million animals in the U.S. dairy herd, a record low. The inventory stood at 11 million animals just a few years ago. Even with the bovine growth hormone, a year from now there will be no way to keep up needed levels of milk production. As of this fall, the reserve milk powder CCC stocks will be entirely gone.

7) **“Commodity Stock Adjustment.”** Permission is given to farmers to plant certain amounts of soybeans, sunflowers and oats on their acreages allotted by the USDA “base acreage” to plant wheat, feed grain, upland cotton and rice.

This provision permits the planting of some oilseed crops, and oats on land that prior to the drought could only be used for grain production and cotton—if the USDA base acreage allotment was to be retained. However, what is actually required is “commissioning” large plantings of crops in the national and international interest, along the guidelines of the World War II Lend Lease program, and other war mobilization production.

8) **“Assistance to Ethanol Producers.** Permits USDA to sell corn held by the Commodity Credit Corporation as feedstock for ethanol producers at reduced prices. The maximum amount of corn available for sale for this purpose was limited to 12 million bushels per month and the sale was restricted to ethanol producers who utilize no more than 30 million bushels of corn per year.”

In view of the acute shortages of corn for livestock and cereals use, this provision means that corn ethanol production should be suspended in order to permit scarce corn stocks to go into the food chain. Independent, family farm interests involved in ethanol production should instead be financially induced by the USDA to return to food and fiber production, because of the drought. Subsidies and tax breaks should be summarily terminated for the cartel companies that dominate ethanol production—Archer Daniels Midland, and Cargill.

# All of Ibero-America's debt agreements suddenly turn sour

by Mark Sonnenblick

In an Aug. 6 interview with Brazil's TV Globo, U.S. Secretary of State George Shultz boasted that his method of dealing with the Ibero-American debt crisis has had "constructive results over the past few years and the whole thing has kind of evolved." He called his method "the 'case-by-case' approach and a menu of options—kind of like a cafeteria line—something that has worked." The "menu" he is speaking of gives creditor banks their "freedom to choose" how to suck the blood of their bankrupt creditors.

In the case of new debt deals just concluded by Brazil and Chile, bank creditors will have several options for converting debt paper, which is unlikely ever to be redeemed, into ownership of those countries' rich mines, factories, and agricultural land. Chile has reduced its outstanding foreign debt by 20% through such means, but it has little equity left to change for the rest of the debt paper.

Shultz proclaimed Uruguay to be a "success story" during his visit there, "because it is a story of opening markets, of opening yourself to trade, of not having capital controls and exchange controls, and in general, of trying to free up the system." The 10% of Uruguayans who have had to flee their previously prosperous country in search of work as a result of such policies might not even laugh at Shultz's description. The "opening" of national economies preached by Shultz is nothing other than eliminating the function of the sovereign nation-state to protect its resources and its ability to promote economic progress from the ravages of international looters.

Since the debt crisis began in 1982, every Ibero-American country has tried playing by the rules set by the Reagan-Bush administration, and crawled to the banks for "case-by-case" debt renegotiations. Each country has agreed to an average of four debt "solutions" along Shultz's specifications, with its bankers and the International Monetary Fund. Yet, the more they starved their people and canceled development projects to meet absurd and unjust debt plans, the less able those countries were to pay.

The chickens are now coming home to roost, even for presidents who so feared angering Washington that they enraged their own populations by imposing austerity to pay the debts. Successive rollovers and postponements of unmeetable due-dates have just caused bigger and bigger crises.

## Venezuelans clamor for moratorium

Even the continent's richest country, Venezuela, is now at the end of its rope. Venezuela paid \$32.2 billion in debt service between 1983 and 1987, and is committed to paying another \$27 billion by 1993. It is committed to paying \$5.1 billion this year, which is 59.3% of its expected \$8.2 billion in petroleum export revenues.

When Venezuela last renegotiated its \$56 billion foreign debt, the banks agreed that they would lend fresh money should oil prices drop. Oil prices are going through the floor, but the bankers have refused to increase their exposure. Venezuela would have to burn out the last \$2 billion of its liquid reserves to make a \$2.5 billion debt payment due in November, President Jaime Lusinchi told the Venezuelan nation in an Aug. 4 TV address. He said, "They lent us on the basis of oil, and on the basis of oil, we will pay them. . . . It would be foolish, and we are not foolish, to continue with the same debt treatment we have had up to now."

Rather than simply declaring a debt moratorium, as the daily *El Universal* had predicted, Lusinchi announced yet another mission to talk with creditors. Lusinchi advocated leaving the debt problem to the next administration, to be elected Dec. 4. His party's candidate, Carlos Andrés Pérez, reportedly met in Chicago in April with the U.S. banking elite, including David Rockefeller and Democratic and Republican congressional leaders. All agreed Venezuela should withdraw its \$1.2 billion contribution to the International Monetary Fund. Lusinchi's mission to Washington is to get the U.S. Federal Reserve to advance that money for 180 days, until Pérez is back in the presidency.

Former Finance Minister Iván Pulido Mora responded, "We are on the eve of another Black Friday, so we reiterate our call for a unilateral debt moratorium and the establishment of exchange controls." Many independent economists are echoing his call.

## Colombia and Mexico spar with bankers

Colombia, the only one of the two dozen Ibero-American republics to have kept up on-time debt payments, has also been looted dry. The revised 1988 budget, presented Aug. 4, provides for 54% of expenditures to go to servicing the foreign debt. The creditors' cartel led by Chemical Bank is

holding up disbursements of \$1.85 billion in new money promised Colombia to maintain the fiction that it was paying its debts. Comptroller Rodolfo González García warned Aug. 4 that Colombia might have to declare a moratorium if the \$1.85 billion were not disbursed by the end of the year. The banks are making the money conditional on Colombia submitting itself to full IMF surveillance.

Mexican President Miguel de la Madrid dropped—and then retracted—hints he might declare a moratorium if creditors do not halve his country's debt burden. Having obediently slashed Mexican living standards in half over the past five years in order to service foreign bankers' every wish, even De la Madrid now finds himself compelled to fight the banks.

Why? Because he fears that if he does not immediately bring home some dramatic debt relief, he will be unable to impose his hand-picked successor as President, Carlos Salinas de Gortari, no matter how big a vote fraud the ruling PRI party concocts. The real winner in Mexico's July 6 presidential elections, Cuauhtémoc Cárdenas, has promised he will "suspend servicing the foreign debt under current terms." Everywhere Cárdenas goes, Mexicans demand that he keep up his battle for debt moratorium. And, as London's *Financial Times* admitted, "Cárdenas holds all the political cards."

De la Madrid spent his whole presidency ravaging Mexico, to undo what his predecessor, José López Portillo, had done six years ago, on Aug. 20, 1982. That was the day López Portillo kicked off the "debt crisis" by declaring a moratorium and demanding that the world economy be reformed to permit his nation to continue to grow and develop. But López Portillo and the others who tried in the past to fight the banks alone (Peru's President Alan García in 1985, or Brazil's Finance Minister Dilson Funaro in 1987) did not succeed.

Mexico paid \$8.1 billion in interest, \$4.7 billion principal, on its debt in 1987. In 1988, its debt service due increases to \$16.1 billion, confidential studies by the Finance and Public Credit Secretariat calculate. Although Mexico's \$103 billion debt is no bigger than it was last year, higher dollar interest rates have raised this year's interest bill to \$9.4 billion.

### **Banks up against the wall**

The less stupid bankers realize they must give De la Madrid and others big debt relief, or see political power suddenly shift into the hands of leaders who are ready to unite to force a new international economic order. The author of Bolivia's shock austerity, Harvard's Jeffrey Sachs, says, "We're going to have to worry about politics more than in the past. Anyone watching Latin America can see the region going sour."

The major U.S. banks would go bankrupt, however, if they cut Ibero-American debt service to sane levels. They have addicted themselves to looting the Third World, to make

up for losses from the collapse of American industry, energy, farming, and real estate. So they demand that debtor countries cut consumption and investment still more, and open up their assets to the bankers.

But debtor governments cannot do this without repressing their people. Argentine President Raúl Alfonsín warned July 26 that debtors are being treated the way the Versailles Treaty savaged Weimar Germany after World War I: "The economic reparations were very difficult for the defeated; the result was the appearance of Hitler. . . . Today, Latin America faces similar situations, but the Versailles Plan is applied to us."

Alfonsín has reason to say this. Argentina's inflation rate climbed over 600% annually in July. The country is bankrupt and \$1 billion behind in its debt payments. It has not paid many of its debts for over 90 days, which means U.S. banks have to put them in their "bad debt" piles.

In a last-ditch effort to get bankers to postpone debt payments, Alfonsín closed his country's banks for the first three days of August, and imposed an "economic shock" package of more austerity. Planning Minister Mario Brodersohn announced that the government would cut off all funds for the large, half-finished Yacyreta hydroelectric project. The state phone company and airline would be auctioned off, he said. While prices rose 25% in July and another 30% in the first week of August, the minimum wage was frozen. Alfonsín is running into stiff resistance, and opposition Peronist candidate Carlos Menem is likely to beat Alfonsín's social democratic party in the 1989 elections.

Governor Menem explained patiently to George Shultz Aug. 3, that Argentina must have a five-year rest period "in which it will not be subjected to the bloodletting that the payment of debt service signifies—a period in which to permit growth in production." Shultz said no, instead demanding "sound macro-economic policies and long-term structural reform." That means Argentina must shut down its industry and allow Bunge & Born and the other big grain cartel companies to ruin its rich agriculture.

### **Moscow and Washington against debtors**

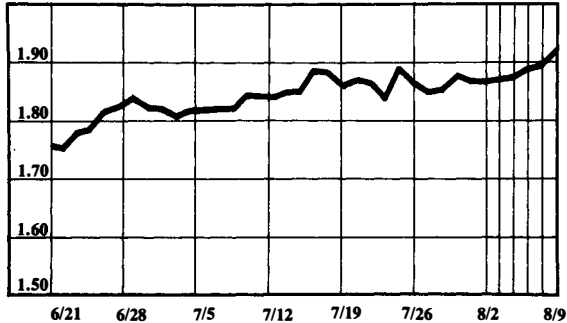
Mikhail Gorbachov seems to have promised Ronald Reagan that Moscow will help Washington discourage debtors from joining together to force a new, growth-oriented economic order. "Unpredictable" actions on the debt or politics are undesirable in Ibero-America, announced Viktor Volski, head of the Soviet Institute on Latin America, in an interview published in Argentina July 27. Volski centered his attack on the Peronists: "Extremes are no longer wanted. . . . In the U.S., it is often thought that Peronists are unpredictable. Here, we have the same analysis."

After rejecting any moratoria or "unilateral action" on the debt, Volski specified that the debt crisis is "a global, not only a Third World problem." Therefore, as "Gorbachov told Reagan at the summit . . . we must consider organizing an international conference" on the matter.

# Currency Rates

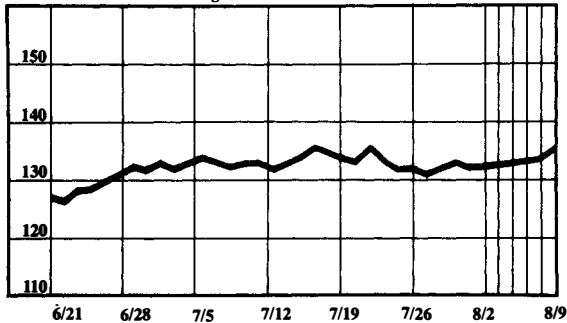
**The dollar in deutschmarks**

New York late afternoon fixing



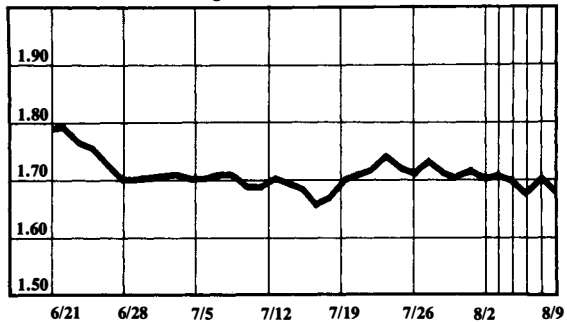
**The dollar in yen**

New York late afternoon fixing



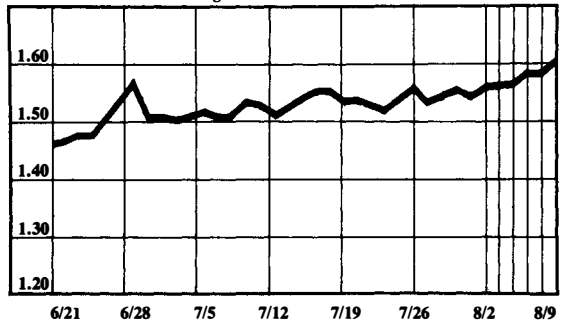
**The British pound in dollars**

New York late afternoon fixing



**The dollar in Swiss francs**

New York late afternoon fixing



# Food crisis was top at Moscow Central

by Luba George

A Soviet agriculture official tried Aug. 3 to encourage a widespread belief, that the U.S.S.R. was headed for a good harvest, without drought-related losses such as were suffered elsewhere in the world. Aleksandr Zholobov, a collegium member of the Soviet State Committee for the Agro-Industrial Complex (Gosagroprom) told the official news agency TASS, "Despite all weather deviations, there was no disaster anywhere."

Perhaps Zholobov was trying to create a smoke screen over the increasingly desperate Soviet and Eastern European demand for food imports. Whatever his motive, the activity of the Soviet leadership and the on-the-scene harvest reports in the Soviet press tell a very different story.

On July 29, the Soviet Communist Party held a Central Committee plenum, to deal with the economic crisis. The top item on the agenda was the Soviet *food* crisis. Half of General Secretary Mikhail Gorbachov's keynote speech concerned the need to overcome the continuing "acute shortages" of food and consumer goods and "difficulties in agriculture" afflicting the Soviet Union. This was dramatically conveyed by the Soviet media. After singling out shortages in "meat and fresh fruits," at one point in his speech, Gorbachov shouted, "Even in Moscow, where generally almost anything can be purchased—queues of people, everywhere!" According to Radio Moscow on July 30, the plenum adopted "measures," related solely to food, but these were not made public.

Regional agriculture reports, compiled from the Soviet press, indicate that even where there was a potentially good yield per acre this year, huge problems with weather, machinery, and infrastructure would make it impossible to bring in.

In Voronezh Oblast, or region, on the Don, for instance, *Izvestia* reported that "the harvest promised to be excellent, but continuous rains and winds have flattened 200,000 hectares of grain . . . and in eastern regions dry winds have parched the crops." In Lipetsk (south of Moscow) and Tambov (east of Moscow) Oblasts, *Izvestia* added, crops were hit with "continuous rains and winds."

During the month of July, extensive parts of the U.S.S.R. were hit with drought and heat spells, while other areas were devastated with torrential rains, causing damage to winter

# priority Committee plenum

grain crops which were fully ripe and ready to be harvested. The very hot and dry weather patterns were reported to have predominated in the agricultural zone of West Siberia, particularly in Tyumen and Omsk Oblasts, and also in the adjacent northern half of Kazakhstan. The Soviet Far East was hit with torrential rains, as was the Kuban Delta bread basket north of the Caucasus along the Black Sea, damaging much of its winter grain crop.

A field worker's eyewitness account of the Kuban disaster was given to the Russian Republic party newspaper, *Sovetskaya Rossiya*: "This was the first time in eight years' work that I have seen such raging elements. . . . In some 10 minutes . . . the wheat field had been mowed clean" by the rain and hail. "And how many such thunderstorms passed over the Kuban in June and July! Some 330,000 hectares of crops ended up under water, and crops perished on 100,000 hectares."

The Russian daily added that farms in Kurganinsky, Dinsky, Labinsky, and Mostovsky districts, and the Adyge Autonomous Oblast suffered in particular. An early August issue of *Selskaya Zhizhn* related that Soviet farmers are faced with "a race against time" to bring in the early harvest and salvage the crops.

During August, Moscow is the hottest city in Europe with temperatures higher than Athens and Rome and with a humidity of 90%. As one West German correspondent put it, "Moscow is turning into a boiling pot. Weather patterns are erratic throughout." In Leningrad, a tempest has caused such rains that all traffic in many parts of the city was halted because of floods. Even in Siberia, in Vekhoyansk, generally the coolest area in the summer, the temperature is up to 37°C (98.6°F). The very hot and humid weather has also caused plagues of insects in many places.

Soviet weather expert Mikhail Budyko, predicted 40°C (104°F) for the Moscow area in August.

Meanwhile the latest reports note that all across Siberia, there are raging forest fires. One of the centers of these fires is the Taiga at Khabarovsk on the Amur involving 103,000 hectares. The city of Khabarovsk is buried under a thick cloud of smoke. Whereas in the east of the Baikal, there are huge floods, which have already buried 75,000 hectares of land.

## Bad weather compounds food problem

In the Ukraine, long counted on as the "bread basket" of the Russian empire, storms were described as "unprecedented" by Radio Kiev on July 27. They destroyed crops and caused heavy damage to village dwellings and industrial installations in 13 districts of the Poltava Region, the area between Kharkov and Dnepropetrovsk. Even before the storms, the grain-producing area of Poltava, Sumy and Kharkov Oblasts (northeastern areas of the Ukraine) were hit with heavy rains. "On more than half the fields the heavy ears have been flattened against the ground. On the average at least 3 quintals of grain per hectare is being lost" reported *Izvestia* on July 22.

Also in the Ukraine, weather difficulties were compounded by disastrous breakdowns in deliveries of fuel for farm vehicles. *Izvestia* reported July 21 from Odessa Oblast, that "at the very height of the harvest, when every day and hour is precious, fuel, particularly diesel fuel, is running out." Diesel fuel also failed to arrive from suppliers in central Russia, the paper said, for agricultural customers in the southern Russian grain-growing regions of Stavropol Krai and the Kuban.

Shortly before the Moscow plenum, Radio Kiev reported that "severe food shortages" in Kharkov, the Ukraine's second largest city, were discussed at the regular session of the Presidium of the Ukrainian Supreme Soviet, adding that "sharp criticisms" were launched at Kharkov's city administrators "for serious neglect and deficiencies in providing city dwellers with foodstuffs and basic necessities."

News reaching the West indicates that certain parts of the Ukraine—with a population of over 50 million—are undergoing some of the worst food and *water* shortages seen since the war days. Shortages of baby food are so severe in some places that state authorities have been accused of "criminal negligence." Reports the *Radyanska Ukraina* of July 7, "Annual supply of sterilized milk for the Republic's population, calculated on the basis of one child of up to two years of age is at 1.6 kilogram, *kefir* [a fermented dairy drink] at 40 grams, and fruit juices at 440 grams. Yearly, that is!!!"

Growing shortages in food and basic necessities are causing panic in the Soviet population. The weekly *Moscow News* reported on "panic in Novosibirsk" and "hoarding of food." People of this Siberian city are practically buying up everything in sight, including such basic necessities as butter, soap, salt, etc.

And when food *is* available—city centers like Moscow, Leningrad, Kiev relatively have more goods available than the provinces—fewer and fewer people can afford to buy it. In a recent issue of *Argumenti i Fakti*, a comparison of food prices in Moscow with European cities was made showing that the price of meat in Moscow was 40% higher than in New York; lettuce 50% higher than in New York, Paris, Montreal; and cars cost 400% more than Japan and 200% than New York.

## USDA downplays drought damage

*The coverup continues, as the Agriculture Department keeps selling dwindling grain stocks to the Russians.*

**I**n its annual harvest projection report, released Aug. 11, the U.S. Department of Agriculture had no choice but to increase its estimates of the losses that will result from the current drought devastating U.S. farmland, as compared with its July 12 estimates of crop losses, which were ludicrously low.

The July 12 report was a special drought projection, in which, for example, national corn losses were predicted to be only 26% below last year, despite the losses of over 50% expected in the big cornbelt states—Iowa, Illinois, Indiana. In its Aug. 11 report, the USDA increased the corn losses estimate to 37%, and loss estimates for other major crops were similarly increased.

However, even the new projections underestimate the harvest losses that can be expected this year, as farmers and even many commodities traders will tell you. What the USDA crop report is intended to do, is to provide the rationale for continuing the politically motivated policy of Washington, D.C. and the international grain trade, to supply millions of tons of scarce grain stocks to the Soviet Union, to ignore the depletion of food stocks in the West, and the spread of starvation worldwide.

The USDA predicted that U.S. grains overall will be down 31% from 1987. The decreases for the major crops, as compared with the 1987 harvest, were: Corn, down 37%; soybeans, down 23%; durum wheat (for pasta), down 41%; spring wheat (for pastry), down 53%; oats, down 53%; barley, down 53%.

Additionally, the USDA projected an all-time high of 60.6 billion pounds of red meat and poultry, because of the liquidation of herds and flocks due to the high costs of feed, heat stress, water shortages, and drought-based cost increases. The USDA did not comment on the fact that killing of the breeding inventory will cause drastic meat shortfalls in years to come.

Despite all this, USDA officials have been quick to maintain that no significant food shortages will occur, and only minor food price rises will take place. At a USDA briefing Aug. 11, Ewen Wilson, assistant secretary of agriculture for economics, told reporters, "Because of large preseason stocks, total supplies are enough in most cases to assure an adequate food supply at home, satisfy foreign customers, and meet our food aid commitments." He only moderated his reassurances by saying that if drought recurs in 1989, then the result would be "catastrophic."

However, even the USDA's own meteorologist, Norton Strommen, said on Aug. 11, "The drought in 1988 is not over. We see no basic retreat from the hot, dry weather." All Strommen could offer as hopeful is the statistical pattern that droughts do not usually follow each other "back-to-back" in the growing seasons. However, continuing the hot, dry weather this summer will rob the North American wheat belt of needed soil moisture for successful planting of the winter wheat crop this fall.

The July *EIR* forecasts for harvest losses put the drop in corn at at least 50%, giving a harvest of 3.37 billion

bushels. The Chicago-based forecaster, Conrad Leslie, who bases his reports on 2,500 grain elevator managers, forecast on Aug. 1 that corn losses would be 39%, yielding a corn harvest of 4.28 billion bushels, but one week later, he revised that downward to 4 billion, "and still declining."

The same pattern of discrepancy exists between the USDA figures and *EIR* and trade estimates for soybeans—the other key animal feed besides corn—and other major crops.

This makes clear that the USDA is not merely incompetent; they are lying. Their estimates rationalize shipments of grain to the Soviets and other points-of-preference of the grain cartel companies. Already this crop year, the Soviets have purchased over 12 million tons of grain and soybean products from the United States—most of it at government-subsidized discounts—and continue to make rush-delivery purchases from other Western exporting nations.

The USDA's Wilson, in a letter to the *Washington Post* on Aug. 12, minimized the danger of low levels of world food stocks, by referring to the drought in North America and China, then saying, "But agriculture production in most other countries is up. Corn production in the rest of the world is record large; the same is true for soybeans. Wheat production and cotton production are the second highest ever."

His main point in the letter was to bemoan the fact that the drought may cause some political circles to go soft on farmers, and continue farm income supports here and abroad. "The incentive for sweeping international reform [elimination of farm supports] may well have eroded because of the drought, and predictions of global food scarcity could strengthen the argument of those who would preserve subsidies. This is a pity."

## 'Apocalypse' in Sudan?

*The country which could have been Africa's "breadbasket," becomes an inferno due to IMF and World Bank policies.*

**D**etails of the devastation caused by two days of torrential rain in Sudan during the weekend of Aug. 6-7 are now beginning to emerge. Phone and telex lines to the capital Khartoum had been cut, and electricity supplies interrupted.

One and a half million people are reported to have been made homeless by floods caused by the overflow of the two Niles, the White Nile and the Blue Nile, which meet at Khartoum.

There is no drinking water in the capital, no food supplies, the electricity supply is still only 15% of normal, and roads are still awash. The plight of the 1 million refugees camped on the outskirts of the city, and totally dependent on food aid, can only be guessed at—their camps are now inaccessible.

No one knows how many people have died, although one foreign aid worker reported that 30 Sudanese working for the aid organizations had been killed, giving an indication of a very high death toll. There is an immediate threat of epidemics of cholera, typhoid, dysentery, and hepatitis.

The Sudanese ambassador in Kenya described the floods as "one of the most terrible disasters ever to affect our country," and called for urgent international aid, including helicopters, to transport emergency aid to areas cut off by the floods.

In eastern Sudan, there are reports of similar devastation in the towns of Kassala, Gedaref, where there are 700,000 Ethiopian refugees, and Atara. But due to the breakdown in communication, the extent of damage is not yet clear.

Worse is still to come: The level

of the Nile has risen to a point where the two dams on the Blue Nile will have to be opened, sending yet more water down into Khartoum.

At the beginning of August, Sudan had appealed for international aid to fight the 30 swarms of locusts which are ravaging crops: They are consuming 300,000 tons of food per day. The torrential rain will encourage their proliferation.

Are these "natural disasters" which from time to time inevitably afflict long-suffering nations? Far from it. While the rain which fell was exceptionally heavy, 9 inches in 15 hours—twice as much as in any whole year for 30 years—the devastation caused could have been much reduced by efficient water management schemes, and by modern infrastructure.

The fact is that Sudan—a country the size of Western Europe, with only 24 million inhabitants—has been the victim of the malthusian policy of international financial institutions and organizations.

Only 20 years ago, there were exciting plans to make Sudan the "breadbasket of the Arab world," due to its tremendous agricultural potential. Sudan has 40% of the potentially arable land in the Arab world.

Projects were considered to double grain production, raise meat output by 140%, and increase sugar production to provide a large proportion of the imported food requirements of the Middle East. What happened to those plans?

Most cultivation is concentrated in the area between the White and Blue Niles. The greatest irrigation project in the world is the Gezira ("Island")

between the two rivers, where cotton, Sudan's main export commodity, is produced.

In the 1960s and 1970s, other major irrigation schemes were begun, to extend the area of arable land. The most important was the Jonglei canal project, a 175-mile canal which would have bypassed part of the Nile that winds through the Sudd, where huge quantities of water evaporate.

The Jonglei canal was called the "project of the century," and has been under study since 1904. Up to 6 billion cubic meters of water per annum would have been provided by the scheme, as well as reclamation of 3.7 million acres of land.

A road alongside the canal would have reduced the distance between Juba, the largest city of the south, and the north, and would have helped bridge the gap between the two parts of the country (the "Arab" north, and the "African" south).

However, the building of the canal, and all other major infrastructure projects have been abandoned.

In 1978, Sudan went to the International Monetary Fund (IMF) for help, due to economic problems caused by falling exports of cotton. One of the conditions for International Monetary Fund help was—stop all large-scale projects. The IMF in particular ordered Sudan to forget "diversification," i.e., production of food, and concentrate on increasing cotton production.

At the same time, the World Wildlife Fund and the German organization called the Society for Endangered Peoples, violently criticized the plans for the Jonglei canal, claiming that the swamp it would dry out was ecologically important!

In 1983, rebels in the south attacked the canal, and all work was stopped in December 1983.

# Business Briefs

## Trade

### New Soviet commercial ties with Peru

The Soviet commercial attaché in Lima, Andrei Drimitiev, met with Peruvian President Alan García on Aug. 7 to discuss various trade deals, including the possibility that the U.S.S.R. would sell or rent airliners to Peru's national airline, Aeroperu.

Soviet Civil Aviation Minister Alexander Volkov announced that the Peruvians could pay for such airplanes simply by providing services for Soviet Aeroflot planes at the Lima airport.

The Soviet fishing minister will lead a delegation which is to arrive in Peru on Aug. 19 to straighten out the controversy which broke out over Soviet fishing contracts with Peru. A scandal erupted when it was revealed that the Russians have not paid any taxes on their catch in Peruvian waters.

## Agriculture

### French group warns of locust apocalypse

"We have never been so close to the worst." That is the assessment of PRIFAS, the French organization that specializes in fighting against locusts, in its July newsletter on the current locust plague in Africa.

"Several millions of hectares in some 15 nations of Africa" are still infested, PRIFAS reports, and things are getting worse: "The hatching of desert locusts' eggs in Mauritania, Mali, Niger, and Chad" will spread from the West to the East of Africa in July and August.

PRIFAS explains that the efforts deployed up to now delayed the process of locust infestation, but did not stop it. On the contrary, the use of low-residue pesticides on 5 million hectares has destroyed only about half of the locusts, and the more recent "slowing down" of their spread is due only to seasonal factors.

"The worst scenario is presently the most probable," says the newsletter. All capabilities available to fight the locusts could be overwhelmed very soon in the Sahel and Eastern Africa by the locust swarms pres-

ently appearing in northern Ethiopia. These swarms will be bigger, stronger, and more mobile, because they are more gregarious. Moving toward the West, these swarms will aggregate with local swarms and invade the Maghreb in several months, without leaving the Sahel area.

"Any demobilization would have the most severe consequences" in the near future, "far darker than the recent period. . . . The word 'apocalypse' could very well be used in a few months if nothing extraordinary is done in the fight" against this plague, it concludes.

## Disease

### Official AIDS cases rise 8% in a month

The world has experienced an 8% increase in the number of people sick with AIDS in a single month, according to the figures released by World Health Organization officials in Geneva Aug. 5—and this only includes the cases being reported to, and being acknowledged by, the WHO, whose definition of AIDS is notoriously restrictive in order to minimize the appearance of the disease's spread.

Meanwhile, the WHO is collaborating with the World Bank in studies of the economic impact of AIDS in the developing sector, and on the demographic impact of AIDS. WHO's "Progress Report No. 3" reads, "WHO and World Bank are collaborating in studies of the economic impact of AIDS and in measures to improve planning for the expected caseload. The initial phase of the development of a model for estimating the direct treatment-related costs and the indirect costs from the years of social and economic productivity lost due to HIV infections and AIDS has been completed in three Central African countries during the first quarter of 1988. Issues addressed include: the projected effect of AIDS on the supplies of essential drugs, the possibility that AIDS patients will displace other patients, whose problems could be cured using available therapies, and the threat posed to a country's development prospects by the years of productivity lost owing to AIDS and other clinical conditions due to HIV.

"The initiative of the Director-General of WHO, launched at the Fourth Meeting of Participating Parties for the Prevention and Control of AIDS in November 1987 and aimed at a closer association of the World Bank with the global strategy on AIDS, has been welcomed by the President of the World Bank, and discussions are continuing."

## Corporate Strategy

### Italian raider targets Spanish health company

Carlo De Benedetti, the Olivetti magnate who made big news at the beginning of the year with his attempt to take over the Belgian raw materials giant, Société Générale de Belgique, is now seeking to take over the large Spanish health care firm Sanitas.

De Benedetti's financial group, COFIR, has moved to buy up 40% of Spain's Sanitas firm. The move came so unexpectedly that Sanitas's director, Marcial Gómez Sequeira, was forced to interrupt his vacation, and rush back to Madrid to try to head off the raid.

Sanitas has 1 million clients; its hospitals, located in every province of Spain, are known for their modern facilities for treatment of cardiology and respiratory illnesses. It also runs one of the most sophisticated clinics in Spain, La Zarzuela.

## Health Care

### Hospitals shutting down across the U.S.

Nearly half of the United States's 6,000 hospitals lost money treating Medicare patients, and many of the beleaguered smaller hospitals in rural areas are shutting down or in danger of shutting down, according to federal officials.

"Some of these hospitals cannot provide much better care than a first-aid station," noted one bureaucrat. From this, he deduced that they should be closed. Any financial assistance for these institutions would provide an "inordinate windfall" to hospitals already enjoying profits, he argued.



## Briefly

According to reports reaching *EIR*, county hospitals in Texas are shutting down. A source in the Quannah area of northwest Texas reports the restructuring and closing of two hospitals. In the first case, a Tennessee corporation acquired a county hospital and closed it, then reopened one floor, and leased the second floor to a drug rehabilitation center. A second hospital in a nearby county was shut down completely. County residents now have to drive a minimum of 20 miles if they require hospitalization.

### Banking

#### American S&L in big trouble

American Savings & Loan, the second-largest thrift in the United States, has announced that in addition to its failure to meet federal regulatory standards for capital requirements since 1984, in June and July of this year it wasn't even able to meet federal liquidity requirements.

The Federal Home Loan Bank Board requires that all thrifts maintain an average daily balance of liquid assets, cash or its equivalent, equal to 5% of savings deposits and short-term loans.

If American were a small thrift, it would have been closed years ago. The Bank Board seems to be trying to make the population think it is dealing with the crisis in the nation's thrift industry by quickly closing small S&Ls, while hoping the large ones that have failed, but are still open will take care of themselves or be taken over.

### Soviet Economy

#### Bus drivers strike in the Ukraine

The government daily *Pravda*, reprinted in the official Ukrainian daily *Radyanska Ukraina*, carried a lengthy article condemning the strike by bus drivers in Chernovtsy. The strike had been called in protest over the new regulations linking wages to "productivity," under which wages had been slashed. *Pravda* tactically "agreed" that the demands of the drivers were legitimate but

argued that the problems ought to be solved before resorting to such a measure as a strike. "Until recently the only meaning of 'strike' we knew was from over there where incomparable disputes exist between labor and capital. . . . In our country no such antagonism exists, we are a country of workers only. . . . What? Are we going to strike against ourselves? Who could think of such a thing?" In the same article, the strikes in Nagorno-Karabakh and Armenia formed a special focus for attack with *Pravda* saying that strikes created a "complete paralysis of the economy"—something even "worse than stagnation."

### Trade War

#### Japan may file suit with GATT

Japan's international trade and industry minister, Hajime Tamura, stated on Aug. 5 that Japan may file a suit with the General Agreement on Tariffs and Trade, asking the international trade tribunal to rule that the omnibus trade bill passed by the U.S. Senate Aug. 4 infringes on international trade rules.

Tamura pointed out that the provision applying sanctions to Japan's Toshiba company for its sales of sensitive technology to the Soviet Union violates Japanese sovereignty, on the grounds that CoCom principles specify that each CoCom member nation reserves the right to penalize business corporations of their countries based on their own judgment.

Prime Minister Noboru Takeshita also termed "problematic" the "Super 301" clause that calls for transferring authority from the President to the trade representative to decide on what measures to take against what the United States terms "unfair foreign trade practices."

Japanese brokers have reacted strongly to the measure that bars financial institutions from countries with closed government bond markets from becoming primary dealers in U.S. Treasury bonds. Some of the brokers immediately suggested that the flow of capital from Japan to the United States—which is crucial in financing the huge U.S. budget deficit—could decline sharply if the Japanese brokers are stripped of their primary dealer status.

● **FARMERS** in Minnesota fear a wave of foreclosures, according to reports reaching *EIR*. They have noted the hiring of a number of lawyers by the local office of the Federal Land Bank. In some cases, farmers have approached the Land Bank for renewed credit, citing losses in the current drought, but have been turned down flat.

● **FIVE DIRECTORS** of the Bucks County, Pennsylvania Housing Development Corp. were fired one day after the County Commissioners released their report on the lack of affordable housing in the county Aug. 6. The report showed that housing for families making \$40,000 a year or less had disappeared from the county due to inflation in real estate prices.

● **RESIGNATIONS** by members of the Lloyd's, as the London insurance market is called, may total 1,700 before the end of the year, according to a forecast by the Corporation of Lloyd's, the market's central secretariat. The principal reason cited is fear of big potential losses in U.S. liability insurance, and the diminished tax advantages of membership. Since only 1,100 new members are expected to join the Lloyd's, it will be the first time membership has contracted since the 1960s, when the market was reeling from U.S. hurricane losses.

● **TOSHIWO DOKO**, one of the leading business figures in Japan in the postwar period, died in Tokyo on Aug. 4 at 91. In the 1950s, he rescued the giant shipbuilding and engineering group, Ishikawajima-Harima Heavy Industries. In 1965, he became head of Toshiba. In 1974, he became president of the Keidanren, the powerful federation of economic associations, and led Japan through the first oil crisis. In 1982, he headed a government advisory panel that led to privatization of Nippon Telephone and Telegraph and Japan Air Lines.

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## Razing of rain forests upsets world climate

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*The transnational corporations are burning the Amazon rain forest. Results: vast pollution, dramatic changes in water-vapor levels and temperatures, and drought. Rogelio Maduro reports.*

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*This is the first in a series of EIR reports in preparation, which will deal with various aspects of the present, aberrant weather patterns worldwide. What this first report should make clear to the reader, is the nature of the fraud being perpetrated by the coterie of malthusians who argue that the drought is a by-product of industrial development. We are hearing a great deal about the supposed "greenhouse effect" lately, which, it is claimed, is caused by industrial emissions mainly of carbon by-products. What is not mentioned is the fact that an amount vastly greater than all the industrial pollution of the atmosphere by the United States, is released by the wanton burning of the Brazilian rain forest. The full consequences of the ongoing destruction of our rain forests are as yet incalculable.*

On August 24, 1987, the NOAA-9 meteorological satellite flew its usual course over the Brazilian Amazon, a routine overflight, except that this day and for the next several weeks, its data was being monitored for the first time to detect large burnings of biomass in the Amazon. The picture was rather frightening: 8,000 square kilometers (3,089 square miles) of land were on fire from 6,800 separate fires, none less than a square kilometer and several over 10 square kilometers in dimension. These were not accidental fires. They were set by man.

At the end of the satellite study, led by Brazilian scientist Alberto W. Setzer of the Institute for Space Studies in São Paulo, it was conservatively estimated, based on the satellite images and corroborated by overflight and on-site inspection, that over 20 million hectares (200,000 square kilometers, or 77,220 square miles) of land were burned down in 1987 in the Amazon Basin alone (see **Map 1**). Of this, at least 40% corresponded to virgin forest.

As can be seen in **Table 1**, the satellite pictures revealed that that approximately 4.4% of the land area of the Amazon Basin was burned down last year; at the state level, the percentage of area burned in relation to the area of the state varied from 18.7% in Rondonia to 0.1% in Amazonas.

To get an idea of the enormous land area that went up in smoke in Brazil last year, it is almost as large as West Germany, and larger than most states of the United States, about equivalent in size to Virginia and West Virginia put together. The shaded area of Map 1 corresponds to the Amazon Basin, the only area of Brazil surveyed under the satellite study. Bordering Brazil to the north are Guyana and Surinam. The total area of devastation is larger than either of those nations.

The burnings in the Amazon Basin produced dense smoke clouds over areas of 1.5 million square kilometers. "The smoke from the fires is thick enough to close down large and small airports for weeks, and it certainly increases the number of cases of respiratory illness in the area, but there are no official statistics," says Dr. Setzer.

Utilizing standard equations to calculate areas of damage due to nuclear explosives, it can be estimated that at least 650 one-megaton hydrogen bombs, such as those carried in Soviet intermediate range ballistic missiles, would have been required to wreak similar devastation to over 200,000 square kilometers of Amazon jungle. A one-megaton H-bomb will destroy everything in a radius of approximately 10 kilometers from the point of impact, depending on the topography and altitude at which the bomb detonates. The main difference between burning large areas of rain forest at once and a thermonuclear strike, is that an H-bomb would lift a somewhat larger amount of debris higher up into the atmosphere, and of course, leave a large amount of radioactivity behind. On-site observers remark that after a firestorm, the burnt

MAP 1

### Amazon Basin area covered by satellite study

(Percent of area burned shown in parentheses)



*Shaded area represents the Amazon Basin, the area of Brazil that was under real time observation by the NOAA-9 meteorological satellite. The percentages of landcover area of individual states observed under fire last year by the satellite are in parentheses. For comparison, the total area of land burned in the Amazonas last year is larger than the total area of either Surinam or Guyana, just to the north of Brazil.*

Amazon forest looks just like Hiroshima or Nagasaki.

The preceding facts have barely received notice in the press, despite the fact that one of the most severe droughts in history has just devastated food production in the U.S. grain belt. Weather anomalies, from severe drought to flooding, have been multiplying throughout the world in the past few years.

What actual phenomenon in the biosphere has caused these disturbances in the climate is a subject of great debate in the scientific community. However, if one surveys the rain

forests of the world, the picture is one of ecological holocaust whose global implications are to be dreaded. **Table 2** summarizes the results of the only systematic study done to date on global deforestation. Based on Landsat pictures, the data indicates that the world's rain forests were being deforested at a rate of 11.3 million hectares a year in 1981. That rate has increased exponentially. The NOAA-9 satellite observations revealed that in Brazil, no less than 20 million hectares of land were deforested last year, just in the Amazon, nearly twice the total amount deforested in the entire world in 1981.

TABLE 1

### Estimated areas burned in Brazil's Amazonian Basin, 1987

| State        | Area burnt (km <sup>2</sup> ) | % of state area |
|--------------|-------------------------------|-----------------|
| Rondonia     | 45,452                        | 18.7            |
| Mato Grosso  | 78,718                        | 8.9             |
| Goias        | 38,910                        | 6.1             |
| Acre         | 7,274                         | 4.8             |
| Maranhao     | 13,766                        | 4.2             |
| Para         | 19,365                        | 1.6             |
| Amazonas     | 1,093                         | 0.1             |
| <b>Total</b> | <b>204,608</b>                | <b>4.4</b>      |

Source: Alberto Setzer, *Relatorio de Atividades do Projecto IBDF-INPE "SEQUE"-Ano 1987*

Every year, about 6 million hectares of land are irretrievably lost to desertification, and a further 21 million hectares are so degraded that crop production becomes uneconomical. About 3,500 million hectares of land—an area the size of North and South America combined—are affected by desertification, while the rural population affected by serious desertification rose from 57 million people in 1977 to 135 million people in 1984.

### The 'greenhouse' myth

While this real catastrophe is staring at humanity, the Western news media have been filled with scare stories about the so-called "greenhouse effect." The Earth is supposed to warm up several degrees, the polar icecaps melt and submerge a large portion of the Earth's cities, while other major changes occur in local climates. The drought that has wiped out a large portion of this year's food production in the United States has been blamed on the "greenhouse effect."

TABLE 2

### Annual rates of deforestation (1980)

(thousand hectares)

| Region                             | Annual rates of deforestation<br>Tree formations |              |               |
|------------------------------------|--|--------------|---------------|
|                                    | Closed   | Open         | All           |
| Tropical America<br>(23 countries) | 4,339  | 1,272        | 5,611         |
| Tropical Africa<br>(37 countries)  | 1,331  | 2,345        | 3,676         |
| Tropical Asia<br>(16 countries)    | 1,826  | 190          | 2,016         |
| <b>Total</b><br>(76 countries)     | <b>7,496</b>                                     | <b>3,807</b> | <b>11,303</b> |

Source: Jean Paul Lanley, "Tropical Forest Resources," U.N. Food and Agriculture Organization, Forestry Paper 30, Rome: FAO, 1982.

The scientific basis behind the "greenhouse theory" is rather flimsy, but that is not what is important. What is important is what the proponents of the theory, the news media, and supranational institutions are covering up: the massive, wholesale destruction of the world's rain forest; the rapid increase of global desertification; and the outbreak of pandemic diseases and plagues throughout devastated areas of the underdeveloped sector. Largely as a result of this, and not any so-called "greenhouse effect," major anomalies in weather patterns such as this year's drought, are occurring throughout the world, posing serious threats to the world's food supplies and long-term survival of the human race as a whole.

Supporters of the greenhouse theory, including many members of the U.S. Congress, are marshaling forces to implement draconian measures throughout the world that will "save humanity from the greenhouse effect." This includes a 50% cutback in the consumption of fossil fuels, extensive measures to control population growth, severe restriction on industrial activities, and ultimately, the creation of a one-world fascist government that will control and "preserve" all natural resources.

### An economic policy

It is the policies of "appropriate technologies" and IMF and World Bank-dictated "conditionalities" that are directly responsible for the present rates of deforestation and desertification. U.S. presidential candidate Lyndon LaRouche warned recently:

"It must be emphasized that the deforestation of the Amazon region was a direct result of OECD nations' Brazil policies of the 1960s and 1970s. Not only the notorious Professor Milton Friedman, but also leading social-democratic ideologues among Keynesian economists, such as the late Professor Abba Lerner, proposed that forms of austerity modeled upon those of Germany's Hjalmar Schacht, be imposed upon Brazil, as also upon Chile and other nations. In the case of Brazil, such policy recommendations were dictated as international financiers' 'conditionalities,' as an alternative to Brazil's nuclear energy program, in particular, and to Brazil's big infrastructural projects program in general.

"The use of 'biomass' for fuel, as a substitute for coal, petroleum, major hydroelectric projects, and nuclear energy, was key to the process. In addition to the general waste of 'biomass' as a substitute for fuel, agricultural projects in the rain forest region were launched on a large scale—with the foreseeable result of transforming land into ruined laterite.

"The Brazil model merely exemplifies the more general result of combining the looting of primary resources, by Lombard-style usury, by the added imposition of both 'conditionalities,' and by so-called 'environmentalist' anti-technology measures, which has put most of our planet through a downward spiral of economic and ecological devolution."

## Enter the multinationals

The rate of burning of the Amazon rain forest has increased dramatically since 1985, following the opening of penetration roads into previously virgin territory, especially in the states of Rondonia and Mato Grosso. Between 1966 and 1975, 11.5 million hectares of forest were cleared, while the total amount last year alone was 20 million hectares. Despite the common misconception that most of the burning is done by peasants and Indians, during the 10 years up to 1975, 60% of the clearance was done by highway developers (3,075,000 hectares) and cattle ranchers (3,685,271 hectares), and only 17.6% by peasants.

These ratios have shifted since 1975, to the point that today transnational corporations account for almost the entire devastation.

Transnational corporations and European noble families or their "fondi," such as the Thurn und Taxis and Matarazzo families, bought most of the Amazon rain forest wholesale in the 1970s and early 1980s, when the Brazilian government sold plots larger than 2,000 hectares for \$5 per hectare. The price per hectare rose to \$35 in the 1980s, as the Brazilian government started running out of land to sell.

One of the few such transactions that came to public attention was Daniel K. Ludwig's billion-dollar Jari scheme near the mouth of the Amazon. Ludwig purchased 15,000 square kilometers of land (an area larger than the state of Connecticut), and then proceeded to fell and burn the rain forest in an area of 1,000 square kilometers in order to plant two different species of trees. As in all attempts at monocul-



*ARCO magnate Robert O. Anderson: 'environmentalist' whose corporation has committed some of the greatest crimes against the world environment.*

ture in the rain forest, the scheme failed miserably, leaving the Brazilian government with all the debts and a huge patch of desert.

The standard operating procedure in these vast tracts of land is for the transnational corporations, two of the most guilty of which are Volkswagen and Atlantic Richfield Corporation (ARCO), to clear-fell the forest, sell the few trees worth the trouble of extracting, and burn the rest; then sow grass and bring in cattle, despite the fact that the land has proven able to sustain only about one head per 2.5 hectares on average, and that the average life of each ranch is a mere two to seven years before it has to be abandoned due to weed growth, erosion, and loss of nutrients.

ARCO, by the way, is headed by Robert O. Anderson, one of the chief funders of the world's "environmentalist" movement!

At the same time, most of Brazil's rich and productive farmland, located largely in the south, is today underused, or not cultivated at all, being held for investment by corporations and absentee landlords. In Brazil, 1% of the landholders control 43% of all farmland, while 50% of the farmers own only 3% of the farmland.

In the 1970s, the Brazilian government started an ambitious program to "settle" the Amazonia, both to quiet the clamor for land reform, and to populate the areas that the transnationals wished to exploit. Land was given free to settlers, and wave after wave of immigrants arrived, enticed by hopes of a new life on their own property. The government, however, did not provide any agricultural machinery, technologies, or infrastructure—not even hospitals, schools, or the most basic services. The settlers were thus forced to use the most primitive slash-and-burn techniques to try to eke out a bare subsistence. Most failed because of the poor soil, and many ended up as laborers on the ranches that mushroomed up. Several hundred thousand of these colonists are now "trapped" in the Amazon, suffering some of the highest mortality rates in the world due to disease and malnutrition. They work on on the ranches as virtual slaves.

Indonesian rain forests are being destroyed almost as rapidly as those in Brazil. Although no satellite study has been done of the Asian rain forest, it was estimated by Alan Grainger of Oxford University, that as of 1983, logging was cutting the rain forest at a rate of over 800,000 hectares a year, while shifting cultivators following behind cut about 200,000 hectares of mostly previously logged and damaged or secondary forest. As in Brazil, transnationals, in this case Georgia Pacific and Weyerhaeuser, are responsible for most of the deforestation.

## The rain forest and global climate

The three most important tropical ecosystems in the world, which provide the vast majority of water vapor transpired from landmasses into the atmosphere, are located in the Amazon, the delta of the Zaire (Congo) River, and Indonesia.

The greatest amount of global precipitation falls on these tropical rain forests as can be seen in **Map 2**. Disastrously, these are the areas, especially the Amazonas and Indonesia, where the greatest amount of deforestation is occurring.

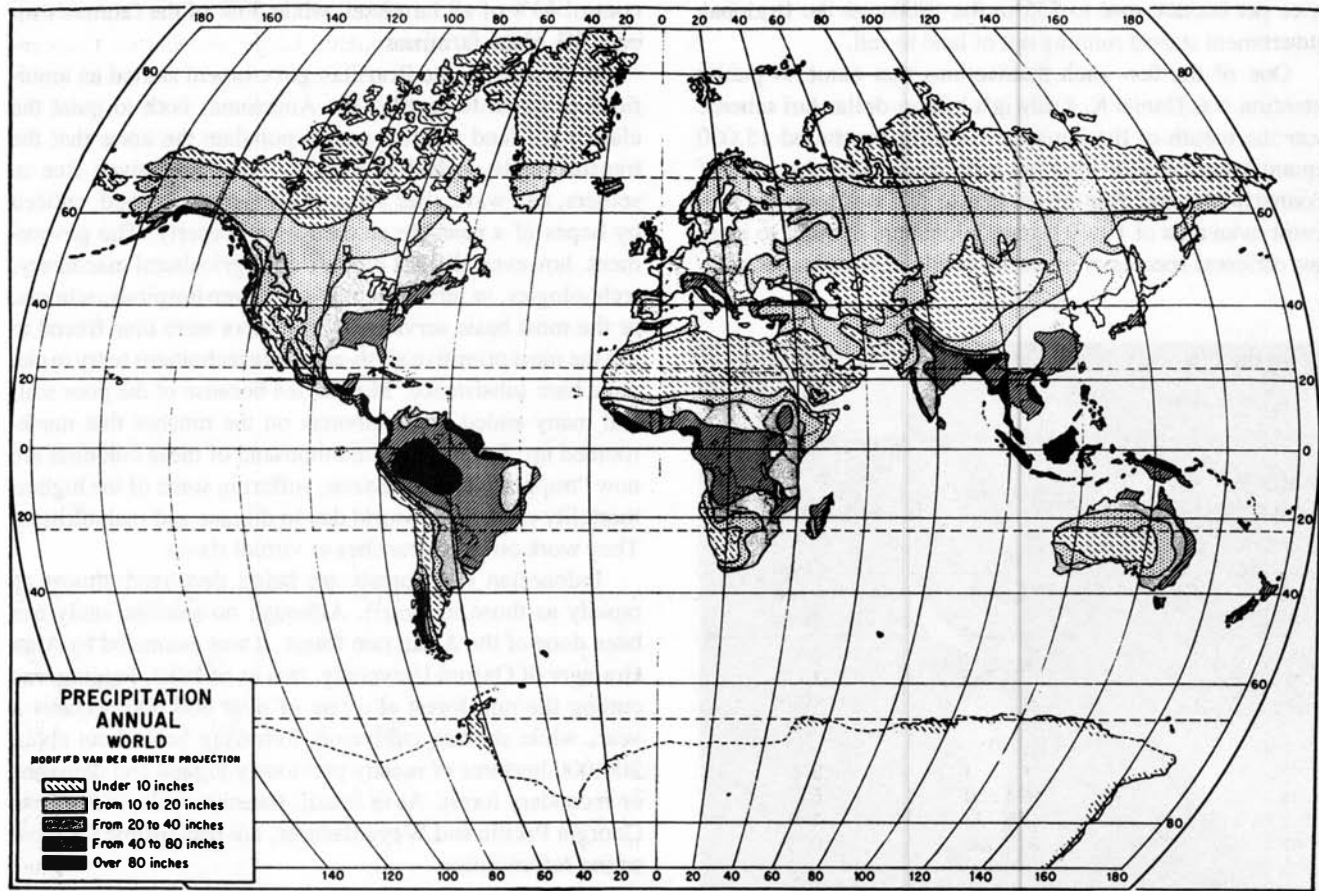
**Table 3** defines these areas and the forest types considered. Notice that Brazil possesses 30.68% of all the tropical forest in the world; Peru, Colombia, Bolivia, and Venezuela 16.5%; Indonesia by itself 9.78%; while the “deforestation belt” of Asia—Burma, Indonesia, and Papua New Guinea—account for 15.36% of the world’s tropical rain forest. In summary, the table shows that a mere 10 countries on the planet possess 75.62% of the world’s rain forest.

The tropical rain forest functions as a solar engine, absorbing more sunshine than any other living land cover, moderating surface temperatures, and reducing heat reflection into the atmosphere. It uses this absorbed energy to combine

atmospheric carbon dioxide gas to form all kinds of substances. It is the largest terrestrial net producer of oxygen. It is also the greatest source of water vapor into the atmosphere, which provides rain in other areas. As demonstrated in the now nearly extinct rain forest of Africa, deforestation creates a cycle of desertification, including a rise in temperatures as the albedo effect starts to take place, a result of cutting the green cover—and drought: Rain becomes scarcer when water vapor is no longer being returned into the atmosphere.

The complex workings of this biosphere and its relation to the atmosphere are largely unknown, but a recent joint study conducted by scientists from the United States and Brazil has provided a wealth of discoveries that are still being evaluated. The expedition, the Global Tropospheric Experiment/Amazon Boundary Layer Experiment (GTE/ABLE), was conducted above the Brazilian Amazon rain forest in

MAP 2  
Annual world precipitation



Source: Clarence E. Koeppe, *Weather and Climate*.

*Observe that the areas with the greatest amount of precipitation are the Amazon and Indonesia and surrounding areas. Water vapor is cleansed by the rain forest, including removal of CO<sub>2</sub>, and recycled into the upper atmosphere together with a rich mixture of chemicals, which are then transported to other regions of the world. These rain forests are the critical “solar engines” that are being most thoroughly destroyed.*

July and August 1985 and in April and May 1987. It combined, for the first time, local measurements at ground stations, regional measurements aboard aircraft, and global measurements from the Space Shuttle and satellites, to study the influence on the troposphere of the world's largest rain forest and its influence on chemistry and meteorology of the Earth's atmosphere.

In a paper summarizing the results, mission scientist Robert C. Harris of NASA's Langley Research Center asserted that the data obtained supported hypotheses that:

1) Tropical rain forest environments are characterized by relatively intense sources of biogenically-produced gases and aerosols.

2) The world's largest rain forest, in the Amazon basin, is a region of frequent atmospheric instability with intense thunderstorm activity, resulting in a potential for rapid mixing of biogenic gases and aerosols at high altitudes, where they impact global tropospheric chemistry.

3) The tropical troposphere is a region of intense photochemical activity where sinks for certain biogenic trace gases (e.g., isoprene (C<sub>5</sub>H<sub>8</sub>)) produce sources of gaseous products (e.g., carbon monoxide, CO) that may be significant to global budget.

One of the most important discoveries was the role of Amazonian forest soils and vegetation as sources of nitrous oxide NO and C<sub>2</sub>H<sub>6</sub> to the atmospheric mixed layer, and consequently, the potential for photochemical production of O<sub>3</sub> (ozone) during the oxidation of C<sub>2</sub>H<sub>6</sub>.

The Amazon ecosystem removes ozone from the air in the forest and the air immediately overlying the forest. Concentrations of ozone are typically 40 parts per billion (ppb) in the upper atmosphere over the Amazon, decreasing to 20 ppb in the boundary layer; they go to undetectable levels at

night in the forest. Thus, tropical forest ecosystems act as a filter, removing ozone from the air through reactions of hydrocarbon gases emitted by vegetation and by ozone uptake on soil and plant surfaces.

Large convective thunderstorms were observed to transport ozone from above 5 kilometers to the lower atmosphere where ozone removal occurs. Thus, the rain forest ecosystem removes ozone, a chemical poisonous to human and animal life in the forest, while it pumps ozone and basic chemicals in the formation of ozone, to the ozone layer. The destruction of the rain forest may therefore be one of the principal causes of the thinning of the ozone layer.

The ABLE-2 expedition also revealed that as air coming from the Atlantic Ocean flows over the Amazon to the Andes Mountains and exchanges of gases and aerosols (particles) occur, a series of chemical reactions are set off which eventually impact global air quality and the Earth's radiation budget.

Natural organic carbon makes up more than 80% of the aerosol mass. The chemical composition of aerosols changes as inflowing ocean air transects the Amazon Basin, and frequent rainstorms remove sea salt and mix forest aerosols up into the tropical atmosphere. Large convective thunderstorms typical of tropical regions can transport rain forest gases and aerosols to altitudes of greater than 6 kilometers, where they become integrated into the atmospheric circulation. These aerosols play important roles as cloud condensation nuclei, creating the conditions for rain to occur as water vapor is transported to other areas of the world.

Deforestation plays a critical role in destroying the climate of a region, through reduction of humidity and rates of plant evaporation and a change in the energy balance. In the Amazon forest, it has been calculated that 25.6% of precipi-

TABLE 3  
The world's principal tropical forest countries by area  
(square kilometers)

| Country                 | National area | Undisturbed forest | Legal/managed forest | Unproductive forest | Total forest area | % world total |
|-------------------------|---------------|--------------------|----------------------|---------------------|-------------------|---------------|
| Brazil                  | 8,511,965     | 2,886,300          | 120,000              | 556,500             | 3,562,800         | 30.68         |
| Indonesia               | 1,903,650     | 389,150            | 346,600              | 400,000             | 1,135,750         | 9.78          |
| Zaire                   | 2,345,409     | 797,400            | 3,800                | 255,300             | 1,056,500         | 9.09          |
| Peru                    | 1,285,215     | 373,200            | 60,000               | 259,900             | 693,100           | 5.97          |
| Colombia                | 1,138,914     | 386,000            | 9,000                | 69,000              | 464,000           | 3.99          |
| India                   | 3,166,828     | 48,850             | 334,730              | 76,860              | 460,440           | 3.96          |
| Bolivia                 | 1,098,580     | 177,600            | 120,900              | 141,600             | 440,100           | 3.79          |
| Papua New Guinea        | 475,300       | 138,150            | 2,200                | 196,750             | 337,100           | 2.90          |
| Venezuela               | 912,050       | 76,000             | 116,100              | 126,600             | 318,700           | 2.74          |
| Burma                   | 678,030       | 141,070            | 90,090               | 80,770              | 311,930           | 2.68          |
| <b>Cumulative total</b> |               | <b>5,413,720</b>   | <b>1,203,420</b>     | <b>2,163,280</b>    | <b>8,780,420</b>  | <b>75.62</b>  |
| And 63 other countries  |               | 1,270,430          | 720,350              | 838,550             | 2,829,930         | 24.39         |
| <b>World total</b>      |               | <b>6,684,150</b>   | <b>1,923,770</b>     | <b>3,001,830</b>    | <b>11,610,350</b> | <b>100.00</b> |

Sources: Forest types and area from *Tropical Resources Assessment Project*, Rome: FAO, 1981. Country areas from John Paxton, ed., *The Statesman's Yearbook, 1983-84*, London: Macmillan, 1985.

tation is intercepted by the vegetation and returns to the atmosphere by direct evaporation, 45.5% is transpired by plants, and 25.9% is drained through the surface run-off. Therefore, about 75% of the precipitation returns to the atmosphere in the form of water vapor through the action of plants, indicating the importance of this type of vegetation cover for the components of the Earth's water budget. (The best overview of this subject is found in *The Climatology and Hydrology of Amazonia* by Brazilian scientist Eneas Salati, from which these figures have been taken.)

Approximately 6,430 billion tons of water vapor are generated within the Amazon water basin as a whole through the direct action of plants in interception, evaporation, and transpiration. This is the same magnitude of water vapor as that coming from the ocean. There are several hypotheses as to what happens to this water vapor, but no direct studies of this have been done in the atmosphere. The best working hypothesis is that the water vapor generated by the Amazon moves toward the west, and is replaced by primary vapor generated in the Atlantic ocean. The Andean Mountains form a natural barrier 4,000 meters high and effectively prevent the exit of water vapor to the Pacific Ocean. This is the reason that the western side of the Andes on the Pacific Coast is so dry, while the eastern slope of the Andes has enormous precipitation rates.

The Andes Mountains funnel the water vapor both to the north and the south, depending on the latitude. Above the Equator, the rotation of the Earth would move the vapor northward over the Guyana Plateau and the Colombian and Venezuelan *llanos* (plains), the Amazon water vapor ending up in the Caribbean Sea, where most of the storms and hurricanes that hit the East and Gulf coasts of the United States are generated.

Below the Equator, the water vapor is driven south over the central plateau of Brazil and the lowlands of Bolivia, Paraguay, Argentina, Uruguay, and Brazil. The final destination of the Amazon water vapor is Antarctica, where it may also play a critical role in global climate.

Deforestation drastically changes this water and energy cycle. If there is less water available for evapotranspiration, there will be a decrease in relative air-humidity, which will alter the energy balance. The incident solar energy, instead of being used for water evaporation, will be used for heating the air.

In addition, the change in vegetation cover involves a change in albedo—the power of light reflected on the surface under consideration. Changes in albedo also involve changes in the energy balance. Modifications of small areas surrounded by forest should not influence the energy and water balance or regional climate as a whole, but when thousands of hectares are involved, drastic local climatic changes occur, as can be witnessed in India and Africa.

Several studies have documented the role of deforestation in increasing the temperatures and sharply reducing precipitation in local areas of Africa, Asia, and the Amazon, but no

TABLE 4

### Regional estimate of emissions produced by burning, 1987

(million metric tons)

| Substance                        | Burning rain forest* | Total U.S. pollutants 1986** |
|----------------------------------|----------------------|------------------------------|
| CO <sup>2</sup>                  | 518                  | —                            |
| CO                               | 44.03                | 60.96                        |
| POC (particulate organic Carbon) | 4.09                 | —                            |
| EC (elemental C)                 | 1.14                 | —                            |
| NO <sub>x</sub>                  | 1.09                 | 19.23                        |
| NH <sub>3</sub>                  | 0.48                 | —                            |
| SO                               | 0.17                 | 21.23                        |
| K                                | 0.17                 | —                            |
| TPM (total particulate matter)   | 6.22                 | 6.71                         |
| O <sup>3</sup>                   | 2.49                 | —                            |
| CH <sup>4</sup>                  | 4.66                 | —                            |
| CH <sup>3</sup> Cl               | 0.012                | —                            |

\*Source: Alberto Setzer, *Relatorio de Atividades do Projecto IBDF-INPE "SEQUE" Ano 1987*

\*\*U.S. Environmental Protection Agency, *National Air Pollutant Estimates, 1940-1986*

large-scale studies have been done. Mr. Indra Kumar Sharma of India has written that, in India's Rajasthan region, the unreliability of the rains has increased as a direct result of deforestation, since the dry air currents rising off the hot ground disperse weak monsoonal fronts, whereas in contrast, the warm, moist air rising from vegetated areas promotes the buildup of local thunderstorms so that areas of dense vegetation receive 40% more rain than neighboring deforested areas.

It is also important to consider the effect of the variation in the quantity of vapor condensing in the higher parts of the atmosphere. During evaporation, solar energy is transformed into latent heat which is released in the highest layers of the atmosphere where the water vapor condenses to form clouds. This energy is partially responsible for the circulation of the upper atmosphere. Part of this vapor is transferred to the polar regions, and upon condensation, releases energy; this is one form of energy transfer from equatorial to polar regions.

Dr. Alberto Setzer has also warned about the effects on global climate of the massive burning of the rain forest. The huge cloud of smoke and gases produced by the burning is carried south by the regular wind currents. This may be one of the major contributing factors toward the thinning of the ozone layer in the Antarctic. To West Germany's leading ozone expert, Professor Paul Crutzen, head of the Max Planck Institute at Mainz, the connection is already clear. "One of the main causes of ozone destruction is these enormous fires, not just in Brazil, but in Africa, too."

There are correlations between the forest fires and ozone depletion from the evidence gathered so far. Twelve days



after the peak burning detected by the NOAA-9 satellite, Aug. 24, 1987, according to doctors Rie and Stolarski writing in *Scientific American*, the internationally-backed airborne Antarctic ozone experiment recorded a dramatic fall in the ozone level. It dropped about 10% over an area of 2 million square miles.

### The pollution factor

The emission of pollution from the burning of the rain forest in Brazil is almost equal to the total air pollutant emissions in the United States in one year. According to calculations made by Dr. Setzer (see Table 4), 6.22 million metric tons of particulate matter were dumped into the atmosphere by the burning of the Amazon rain forest last year, while the total particulate matter released by all industrial, human, and non-human activity in the United States in 1986, according to the EPA, was 6.71 million metric tons. The total amount of carbon monoxide released into the atmosphere in the United States in 1986 was 60.96 million metric tons, while that released by the burning of Amazonia was 44.03 million metric tons.

It would seem, as it did to all early explorers of the Amazon, that the soil must be very rich to grow such a lush forest. Yet, the truth is that tropical rain forests are found thriving on the poorest soils on Earth. The tropical rain forests have developed an extremely complex ecosystem that essentially captures all the nutrients necessary without recourse to the soil. A forest in temperate climates, such as the United States or Europe, is differentiated "horizontally." One walks in, and first, there are shrubs, then small trees, then tall trees; pine trees will dominate certain areas, while maple and oak trees will dominate other areas. In a rain forest, it is completely different. The differentiation is "vertical." There are five canopies of trees, each with its own specializations. The forest floor is very clean, with few leaves or rotting trunks, such as those found in temperate climate forests. Every nutrient is recycled immediately in a rain forest, before they are washed away by the rain. If a leaf falls, insects, bacteria, and fungi, which live in symbiotic relationship with the roots of the trees, will digest them immediately, and return the minerals and nutrients necessary for growth back to the canopy. In the canopy itself, there are "epiphytes," plants that capture all necessary nutrients and minerals from the surrounding air.

There are two major reasons why the areas where rain forests have been either cut or burnt down become desertified so rapidly. The first is the very poor quality of the soils under the forest canopy. The second is the volume of rain that falls—several feet a year. Once the forest cover is removed, severe erosion occurs, and whatever nutrients were above ground—such as the remains of burnt plants—or in the soil itself, are leached and washed out in a short period of time. Under primitive slash-and-burn methods, a tribe of Indians or peasants move into a spot, burn a small area, and cultivate it for two years, three at the most, before all the nutrients have been exhausted. Then, they have to move on to virgin

## The greenhouse theory

The greenhouse theory rests on two basic premises. First, according to studies done by the "guru" of the greenhouse theory, James Hansen of the Goddard Institute in New York, the average global surface air temperature was 0.67°C warmer in 1987 than in the 1880s. Second, levels of carbon dioxide in the atmosphere have risen from about 275 parts per million before 1850 to 345 ppm in 1985, allegedly as a result of industrialization.

According to the theory, sunlight strikes the Earth and infrared (heat) radiation is reflected back into the atmosphere where it is blocked by growing concentrations of carbon dioxide, methane, nitrous oxide, and chlorofluorocarbons. This warms the troposphere, melting the icecaps, and raising the levels of the ocean.

forest. The rain forest can reclaim this small plot of land rather quickly. When the area becomes larger, however, the rain forest cannot recover.

Thus, tens of millions of hectares of Brazilian rain forest have now become desertified. Full-blown deserts, with moving sand dunes and sandstorms, have emerged in many areas of Brazil and other tropical countries where, barely 10 to 20 years ago, there was lush tropical rain forest.

Tropical forests are also being destroyed by the systematic harvesting of logs to make charcoal. Even in the case where trees are replanted to replace those cut down, the same problem exists as with slash-and-burn agriculture. The original nutrients are taken away with the trees. Thus, the seedlings seldom survive. Vast areas of tropical rain forest have been cut down to make charcoal, especially in Africa where fuelwood and charcoal represent between 60% and 90% of all the energy used in most countries.

Again, Brazil represents the most criminal case, where 5.34 million metric tons of charcoal were produced in 1986, more than one-quarter of the total production of charcoal in the world. Under orders from the IMF/World Bank, Brazil is limited in its importation of coal for steelmaking, in order to preserve its foreign reserves to pay its foreign debt. Not possessing significant coal reserves, Brazil utilizes the charcoal to turn iron ore into pig iron, despite the fact that importing much higher quality anthracite coal from the United States would be cheaper and would employ tens of thousands of miners in some of the most depressed areas of the United States.

In sum, millions of hectares of lush rain forest have been cut down and turned into wastelands, to please the wishes of international bankers.

## ‘I never claimed Dukakis had been cured’

by Lyndon H. LaRouche, Jr.

It began back in 1978, when Massachusetts Governor Michael Dukakis lost the battle for renomination to Edward King. According to the accounts circulating in Massachusetts journalistic and political circles at that time, Dukakis took the defeat very badly, and was reported to be in a protracted depression for some period of time following those events.

Later, Dukakis appeared to recover his confidence. The person chiefly responsible for Dukakis’s 1978 defeat, Boston Democratic Mayor Kevin White, was the victim of an attempted legal frame-up by Dukakis’s Boston U.S. Justice Department cronies. One of the dirtiest political operations seen in the state, was that conducted by Dukakis’s campaign against Governor King himself.

Dukakis blamed White and King for his 1978 defeat. He should have consulted the newspapers; by the time of his 1978 renomination fight, he had become one of the most unpopular political figures in the state. When he was ousted, the state breathed a sigh of relief, confident Michael Dukakis was out of electoral politics permanently.

By the time his second term as governor rolled around, Dukakis’s policies had changed somewhat from those of his first term, but with no perceptible improvement. Currently, a majority of Massachusetts’ Republican legislators and many Democrats, too, is urging Dukakis to resign. He will probably go down in the history of the Commonwealth of Massachusetts as the most unpopular governor in 300 years—since the Royal Governor Edmund Andros, who was virtually run out of Boston on a rail.

The subject of Dukakis’s 1978 depression is a featured topic within the two published biographies currently circulating. These biographies, both by reputable authors and publishing houses,<sup>1</sup> are the principal source of the documented evidence on the subject. A notable feature of those biographical accounts is included quotations from members of the governor’s family.

Then came the 1988 Democratic primary campaign. At first, the front-runners were Chrysler’s Lee Iacocca and 1984 veteran Sen. Gary Hart, with New York’s Gov. Mario Cuomo and Georgia’s Sen. Sam Nunn mentioned as probable nomi-

**HOUSE . . . . . No. 3272**

By Mr. Dukakis of Brookline (by request), petition of William R. Baird for legislation to repeal the laws punishing unnatural and lascivious acts with another person. The Judiciary.

**The Commonwealth of Massachusetts**

In the Year One Thousand Nine Hundred and Seventy.

AN ACT REPEALING THE LAWS PUNISHING UNNATURAL AND LASCIVIOUS ACTS WITH ANOTHER PERSON.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- 1 Section thirty-five of chapter two hundred and seventy-two
- 2 of the General Laws is hereby repealed.

**HOUSE . . . . . No. 3482**

By Mr. Dukakis of Brookline (by request), petition of William R. Baird for legislation to repeal the law prohibiting fornication. The Judiciary.

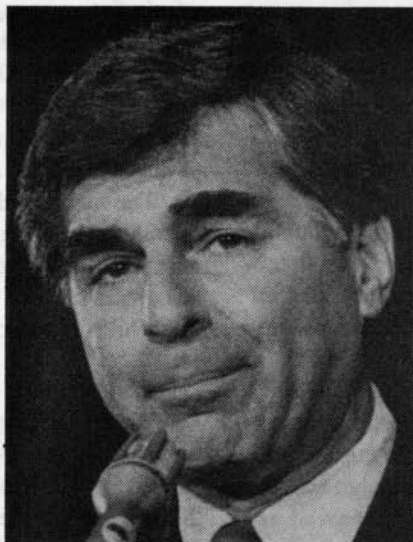
**The Commonwealth of Massachusetts**

In the Year One Thousand Nine Hundred and Seventy.

AN ACT REPEALING THE LAW PROHIBITING FORNICATION.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- 1 Section eighteen of chapter two hundred and seventy-two
- 2 of the General Laws is hereby repealed.



*Besides the issue of his mental fitness, Dukakis's social policies have also caused some to question his moral fitness for office. Shown are some of the bills he introduced as a Massachusetts legislator on behalf of pro-abortion activist Bill Baird.*

**HOUSE . . . . . No. 3756**

By Mr. Dukakis of Brookline (by request), petition of William R. Baird for legislation to repeal the law punishing abortion. Social Welfare.

**The Commonwealth of Massachusetts**

In the Year One Thousand Nine Hundred and Seventy.

AN ACT REPEALING THE LAWS PROHIBITING ABORTION.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- 1 SECTION 1. Chapter 112 of the General Laws is hereby
- 2 amended by inserting after section 12C the following section:—
- 3
- 4 SECTION 12D. Abortion may be performed by any physician
- 5 who has first obtained the consent of the female upon whom
- 6 said abortion is to be performed.

**HOUSE . . . . . No. 3483**

By Mr. Dukakis of Brookline (by request), petition of William R. Baird for legislation to repeal the law punishing blasphemy. The Judiciary.

**The Commonwealth of Massachusetts**

In the Year One Thousand Nine Hundred and Seventy.

AN ACT REPEALING THE LAW PUNISHING BLASPHEMY.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- 1 Section thirty-six of chapter two hundred and seventy-two
- 2 of the General Laws is hereby repealed.

nees, and Rhodes Scholar Sen. Bill Bradley as a likely vice-presidential candidate. Mike Dukakis's name was near the bottom of the list of the not-so-magnificent Seven, popularly dubbed "the Seven Dwarfs."

The first to drop out was front-running Iacocca, who presented two grounds for the withdrawal of his candidacy: 1) That the President inaugurated in January 1989 would face an unbelievably severe economic crisis, and 2) that he, Iacocca, had no solutions to offer for this crisis. Not long after that, Mario Cuomo withdrew his candidacy. Soon after that, Sam Nunn pulled back, stating that his work in the Senate was too important to sacrifice for a presidential campaign. Later, Bill Bradley discouraged those who sought to place his name in nomination. Sources close to Bradley offered the same explanation as Iacocca had earlier: The 1989-92 U.S. President was going to become the most unpopular U.S. President of the century, so that Bradley were better advised to wait for the 1992 campaign.

Gary Hart was eliminated by a special operation. It was the dirty-tricks operations of Dukakis's campaign which sank the candidacy of Sen. Joe Biden. The powerful machine which owned Dukakis rigged the New Hampshire primary to establish Dukakis as a front-runner. To assist Dukakis's New Hampshire campaign, cronies of Dukakis arranged to have me indicted on false charges at the end of June 1987, and thus arranged to have me tied up under this cloud, as the same Dukakis's machine had ridden Boston Mayor Kevin White and Governor King out of politics earlier.

Still, Dukakis did not have the nomination in sight: A "brokered" Atlanta convention was still the accepted pro-

gram of the Democratic leadership even through the Super Tuesday elections. Then came the meetings between Jesse Jackson and the Democratic liberal establishment; Democratic National Committee chairman Paul Kirk came out to announce that the "brokered" convention was being dropped, and that Dukakis would be rammed through at Atlanta.

**The fight for a sane Atlanta convention**

At the end of that convention, according to a published interview,<sup>2</sup> Paul Kirk bragged of the way in which the convention had been orchestrated to the effect of degrading elected and also often terrorized delegates into the status of the mere audience for a TV special. However, during that convention my friends and I made several efforts to open up the proceedings for serious deliberation. Among these efforts was a document distributed among all of the delegates by the National Democratic Policy Committee (NDPC). Since that document has become such an internationally celebrated part of more recent events, I am obliged to clarify my own role in connection with its issuance.

The first draft of the document was presented to me at my hotel room on the evening of the first day of the convention. It was the work-product of the NDPC staff. Although audit of the document proved all of its content to be solidly based on evidence published by reputable sources, I declined to adopt it as the basis for a statement by my campaign organization. I also requested, since the document would be blamed upon me whether I issued it or not, that the NDPC make certain editorial improvements in presenting the evidence. I also suggested that the document should not be issued until

all efforts to have an open convention had been exhausted. They agreed; I was content with the final edition of the document; by then, the terror-tactics against delegates supporting my nomination eliminated all possibility of democratic deliberations among the delegates. So the document was released to all delegates during the time-frame of Jesse Jackson's address to the convention.

The point of that document, as it states plainly enough, was to forewarn the convention that there were certain statements by members of Dukakis's family circle, published in biographies by reputable authors, which must be cleared up before deciding to nominate the Massachusetts governor as the 1988 presidential candidate.

The document forewarned: Unless the questions posed by the two published Dukakis biographies were cleared up, we might be certain that George Bush's campaign would make a major issue of these points. Paul Kirk proved as foolish in ignoring the issues of the NDPC report as he had been arrogant. On Tuesday, Aug. 2, the first public blow from the Republicans came in the form of an exposé published by the *Detroit Daily News*. Dukakis continued to stonewall the issue, although his wife had humiliated herself with a public confession of her former drug problems 13 months earlier. It was Dukakis's stubborn efforts at coverup which prompted the exchange at President Reagan's press conference the following day.

Instantly, Dukakis's mental health became front-page news around the world.

### **Dukakis changes the subject**

On Friday, Dukakis's international backers, the international circles of Lloyd Cutler et al., struck back. Newspapers in Britain, France, Germany, and Italy carried the liberals' defense of Dukakis as a front-page story. Dukakis's defenders offered two lines of defense.

The *New York Times* spearheaded a campaign proposing that persons suffering earlier nervous breakdowns had an oppressed minority's right to become U.S. President. More widely, Dukakis's supporters ducked the issue by changing the subject. Most of the international coverage over the weekend accused me of having stated that Dukakis had received successful psychiatric treatment for depression in 1978, something which I had never claimed to have occurred.

The documented evidence that Dukakis had a 1978 depressive episode has been widely circulated by reputable authors and publishers without refutation, including admissions quoted from members of Dukakis's own family and immediate circles. The arrogance with which Dukakis refused to address legitimate concerns respecting his mental-health history is itself just cause for grave concern on this account: The correlated issue is that Dukakis has demonstrated beyond reasonable doubt that he suffers the types of grave personality flaws which would lead to such outbreaks of depressive withdrawal under stress of keen disappointments to his overweening ambition. A correlated issue is the pattern

of vindictive savagery by Dukakis's circles, including the corrupt use of federal authority to effect false prosecution of those who cross Dukakis, as in the Kevin White case, and the pattern of related political dirty tricks by the Dukakis machine in the King case and during the course of the recent primary campaign.

The man has the makings of a new Nero or Caligula, a man already compared by some to the Biblical Nebuchadnezzar. I am obliged to emphasize again, contrary to internationally featured news-media accounts; I have never claimed that Dukakis was cured of a mental-health disorder.

### **The SDI issue**

So far, the international press has ignored the context in which the flap about Dukakis's mental health arose. The context is the Reagan-Bush bloc of unified support for the SDI. There is the Bush statement of Aug. 2 to the Mid-America Committee in Chicago. There is the President's press conference in which the witty reference to the "invalid" occurred. The principal topic of that press conference was the President's veto of a defense bill featuring an included effort to kill the SDI. This SDI issue is key to the way in which the liberal news-media launched its international, front-page attack upon me over the weekend following.

Go back a few years. At the close of 1983, a political "hit list" was drawn up, targeting personalities viewed as key in shaping the adoption of the SDI policy. At the top of that list was National Security Adviser Judge William Clark; there were numerous others, including the name of the Lyndon LaRouche who had campaigned internationally for this policy during 1982, as well as consulting with the National Security Council on this proposed policy. One may recall the wild orgy, led visibly by NBC-TV, and energetically supported by the Soviet leading press, to have my connections to the Reagan administration exposed and terminated.

In Moscow's press, my role in the SDI was the issue. Some among the drug-lobbyists tied to Roy Godson's crew, involved in the 1982-84 targeting of me, are documented as social democrats regularly performing certain services for the Soviet government. Others, presumably including NBC-TV News, are perhaps not Soviet agents in any customary sense, but are simply influenced by those liberal establishment circles pushing for a "New Yalta" arrangement with Moscow. To the latter, any evidence of my association with the U.S. government is an impediment to Moscow's trust in the good faith of the United States: To them, I must be eliminated as proof to Moscow of good U.S. intentions. Indeed, the Soviet press has made this point repeatedly and violently since the beginning of 1984 up to the most recent date.

By Thursday and Friday, Aug. 4-5, the liberal news media were in a panic, demanding once again that the Reagan administration expose and terminate all suspected connections to me. The reason for this rather violently expressed paranoia by NBC-TV and others was the coincidence in tim-

ing between the President's witty reference to the "invalid" Dukakis and the President's and George Bush's affirmation of commitment to the SDI policy. In those circumstances, NBC-TV's paranoiac shrieking and howling was simply a knee-jerk reaction to its fear that arrangements of the 1982-83 period, around the SDI, had been reactivated. No doubt, by now, there is a similar reaction in Moscow itself.

In the meantime, Michael Dukakis's name has come up in an SDI-related connection. On Sunday, Aug. 7, a report was published in the Milan daily *Avvenire*, the newspaper associated with the Catholic bishops' conference of Italy. This account links Dukakis to a plot to place the Soviet Russian Orthodox Church in a dominant position in Jerusalem among the world's religions, ousting both the Greek Orthodox Church and the Roman Catholic Church from their traditional responsibilities for the Christian shrines in the Holy Land.

The report links Secretary of State George Shultz and Max Kampelman in the key official roles in negotiating such a deal with Moscow, and identifies Dukakis as a key conduit of policy-shaping in this matter. Intelligence sources relate that it is Dukakis's anti-SDI posture which won him Moscow's confidence in this matter.<sup>3</sup>

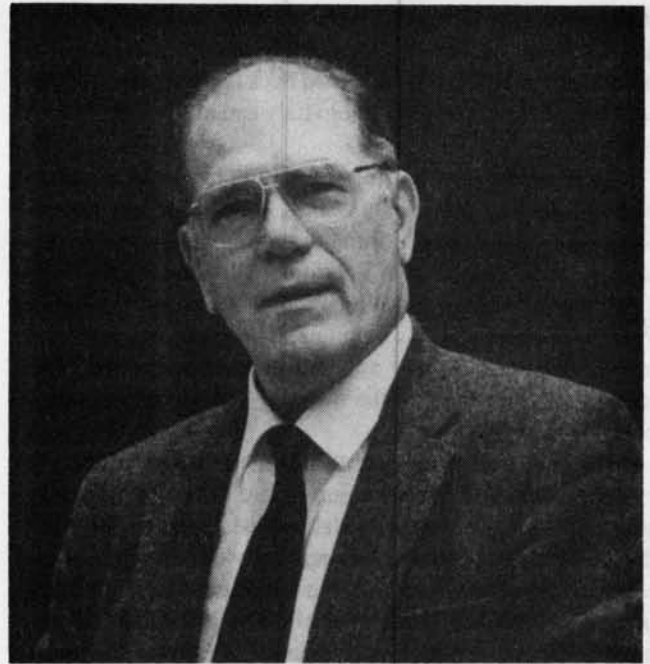
### Dukakis vs. Prime Minister Thatcher

If elected the next President, Michael Dukakis in Washington would be the figurehead he has been in Boston. His leftist background taken into account, Dukakis has been owned his entire political life by an international financial interest represented in New England by the re-insurance cartel by whom Dukakis's late father was adopted. The immediate financial interest associated with both of his governorships is a Harvard-pivoted Boston financial organization called The Vault, and the Boston law firm of Hill and Barlow. Dukakis, a fanatically ambitious office-seeker, has served simply as the political hod-carrier for these interests.

In matters of national and global policy, Dukakis the presidential candidate is controlled by an international group whose best known public figure is Lloyd Cutler. The center of policy-shaping for this international group is in Europe. The most powerful element of this international cabal is a Lombard financier group centered around the world's most powerful re-insurance cartel, Venice's Assicurazioni Generali di Venezia, the same group that earlier gave the world the 1912-14 Balkan wars triggering World War I, the 1917 Russian Revolution, and the Benito Mussolini dictatorship in Italy. The current project of this group is most popularly known today as "the 1992 project." Lloyd Cutler et al. are spokesmen for a U.S.-Canada adjunct to this "1992 project."

This "1992 project" is the scheme which Britain's Prime Minister Margaret Thatcher recently denounced publicly as an "airy fairy" piece of utopianism which her government would not tolerate.

The "1992 project" is a scheme based on the influence of four notable figures of this century. The first is the fascist



Former Democratic presidential candidate, Lyndon LaRouche, wrote this analysis on Aug. 9.

aristocrat, Richard Count Coudenhove-Kalergi, a one-time supporter of Hitler and founder of the Pan-European Union. The second is the darkest figure of the Franco-Swiss circles, the late Denis de Rougement. The third is the former Trotskyist and one-time head of NATO, Belgium's Henri Spaak. The fourth, upon whom most of the economic-policy features of the "1992 project" depend, is the late Jean Monnet. One of the key European think tanks used to indoctrinate influential international figures in this project is the Salzburg Seminar. Behind the Salzburg Seminar stand more powerful institutions, including the Venice-based Cini Foundation and the Geneva-Lausanne based predecessor of the Cini Foundation, the Centre Internationale d'Etudes sur le Fascisme. The project is supported by the influential international agency emerging as complement to the Bilderbergers and the Trilateral Commission, former West German Chancellor Helmut Schmidt's Inter-Action Council.

These utopians were the figures to whom Mrs. Thatcher referred in identifying the authorship of "airy fairy" ideas.

As advertised in the Western European press, and the literature of the project's backers, the "1992 project" has the following principal European features.

The plan is to use the occasion of the next election of a President of Europe to eliminate the national sovereignties of the nations of Western Europe, to place all authority for monetary, economic, and fiscal policy of all regions of Western Europe under the control of a European government.

Under this plan, northern Western Europe is to be reduced to impoverished circumstances, and all industrial potential to be concentrated in a region including Bavaria and Baden-

Württemberg in Germany, northern Italy, southern France, and Catalonia in Spain. Northern Germany, including the industrialized Ruhr, is to be turned back toward the economic stone age, together with southern Italy and most of the Iberian peninsula.

Already, the government of Belgium has acted to implement this utopian policy. On Friday, Aug. 5, the government of Belgium, by a two-third majority vote in the parliament, changed the constitution of Belgium, to divide the nation into a federation of three virtually autonomous political regions: Wallonia, Flanders, and Brussels. The central government retains responsibility for national defense and some other matters, but one-third of the national budget will be turned back to the regions.

This Belgian development indicates the direction. The existing nations of Western Europe are to be gradually dissolved into a collection of feudalistic local regions, all under the supranational coordinating authority of a European government controlled entirely by the financier interests centered in the powerful re-insurance cartels. This is the late Coudenhove-Kalergi's feudal-fascist utopia, "a Europe of the regions."

Dukakis has been assigned the mission of bringing a kindred state of affairs into a similarly regionalized United States and Canada.

The way leading European spokesmen for the project explain this is as follows. They admit that under normal conditions this scheme could not be sold to the populations of Europe and North America. They have no hope that simply campaigning for these utopian ideas will bring about their general adoption. However, under the kinds of savage austerity which they intend to impose during the great financial crisis and economic collapse due to occur during 1989-90, they expect to establish changed conditions under which "1992 project" goals can be reached.

No wonder Prime Minister Thatcher objects.

The United Kingdom is composed of populations which tend to identify themselves as Welsh, Scottish, and so forth. Under the circumstances that the central government of Britain were weakened to the degree the "1992 project" proposes, the endemic particularist tendencies within Britain would tend to come to the surface, especially under the circumstances of economic regionalism which the project's sponsors intend. To Britain's conservative patriots, such a scheme portends the end of Britain; the hatred of utopian "1992" ideologue Jacques Delors in these British circles is beyond description. Mrs. Thatcher's denunciation of the "airy fairy" nonsense of Mr. Dukakis's backers echoed those British patriotic sentiments.

We should object just as vehemently.

### **Dukakis the fascist**

In the strictest sense of the term, Michael Dukakis is a fascist. His social policy, to which his campaign speeches attach the name of "community," is to eliminate traditional

private entrepreneurship in the way Benito Mussolini did in Italy.

Traditionally, since the establishment of our federal Constitution, the American System of political-economy has prescribed a precise economic division of labor between government and private entrepreneurship. Under our Constitution, government is responsible to provide basic economic infrastructure such as water-management and sanitation systems, general transportation, production and distribution of power, general communications, public schools, and related elements. Government does this, on the federal or local levels, either as economic activities of government or through regulated private ownership of public utilities. The rest, excepting federal tariff and related protection in foreign and interstate commerce, is left to private entrepreneurship.

What Dukakis proposes, is to dissolve this division between government and private investment, to replace both by a new kind of corporate economic entity jointly owned and controlled by government, private investors, and local communities. Under Mussolini, this was known as "Corporativism," the essence of fascism. So far, if we overlook Dukakis's personal arrogance, he does not seem to be an imitation of the Mussolini whom the Venetian agents Volpi di Misurata and Dino Grandi brought to power in 1920s' Italy. What Dukakis proposes under the name of "community," is described by its European advocates as "neo-corporatism," and sometimes as "fascism with a democratic face," or simply "democratic fascism." It is the old Mussolini and Dolfuss varieties of fascism dressed in democratic rhetoric, and thus unlike Hitler's Nazism to that degree, but not much more.

Recently, Italy's leading daily newspaper, Milan's *Corriere della Sera*, published the first three sections of a death-bed confession by the Dino Grandi who died recently at the age of 93. Relevant excerpts are included as part of this *EIR* feature (see box). Among the notable features of that confession are:

1) How Grandi, as a representative of Venice's Contarini family, joined with the same Volpi di Misurata behind Parvus's role in the Bolshevik revolution as the creators of Mussolini.

2) The affinities of Grandi for the use of Bolshevik Russia to unify Europe under one government, where other attempts to do this had failed earlier.

3) The fact that Mussolini was recognized by his sponsors as a weak personality, whose flaws of personal character were an integral part of Mussolini's temporary usefulness.

The comparison of Mussolini and Dukakis, in these terms of reference, is notable. Dukakis's policies originate with the same Venetian "Lombard" circles which assisted the 1917 Russian Revolution and put Mussolini into power in Italy. Dukakis is a professed "corporatist," like Mussolini before him. He is, like Mussolini, of a leftist background, and like Mussolini's wealthy sponsors, soft on Russia. He has those character defects which caused his first Massachusetts governorship to be named "the Greek Colonels Regime." He is

## Deathbed confessions of a 'Trust' agent

Dino Grandi was one of the "Quadriviri" who, together with Benito Mussolini, carried out the 1922 March on Rome that brought Fascism to power in Italy. Later, Grandi served as Mussolini's foreign minister, justice minister, and ambassador to London. In 1943, he led an effort to oust Mussolini, in order to save Fascism. He was interviewed before his recent death by Gian Giacomo Migone for the nationally circulated Italian daily, *Corriere della Sera*, which serialized the interview posthumously on July 18, 19, and 20.

By Grandi's account, it was Salvatore Contarini, scion of the Sicilian branch of one of the most powerful Venetian oligarchical families, who suggested to Mussolini that Grandi be put into the foreign ministry. Contarini, who directed the foreign ministry from 1912 to 1924, "suggested my name, and so [the diplomats of the ministry] went to Mussolini to tell him they needed a new undersecretary," Grandi reported.

In 1929, Grandi related, "after Contarini resigned, I was tired, and I told Mussolini I wanted an embassy. Mussolini sarcastically replied, 'You will want Paris.' I replied no, that I wanted to go to Moscow. 'And why Moscow?' he asked me. 'Because I want to see clearly the Russian Revolution, and I don't accept the cliché put out by the Western bourgeoisie. To me the Russian Revolution is nothing but the chrysalis, the matrix of a nationalistic revolt in Asia.' At the time, it seemed particularly strange. Then Mussolini told me, 'You will be foreign minister within a week.' . . . After Pitt, I was the youngest foreign minister that Europe had had in 200 years."

Grandi went on to boast in his interview, "I was the first to have introduced the Russians into Italy, and I was the first to have the courage to bring Litvinov to Milan, because Mussolini did not give permission to bring him to Rome. Anyway, I am a follower of pro-Russian policy. We are in Europe, and here the potential unifier is Russia. Charlemagne did not succeed, Charles V, Louis XIV, the Kaiser, and Hitler did not succeed; there is no doubt that the closest to achieving European unity are the Russians."

Grandi described Mussolini's personal weaknesses of character: "Mussolini passed from Milan to Rome with a great desire to act like a respectable person, but he had this crowd of squadristi in his wake which bothered him enormously, who believed in the revolution, while he did not want to make one." And further: "He wanted to act respectable, but he was always a bozo. . . . In reality he was uncouth. . . . At the beginning he was very well spoken of, because he had started out by saying that we had to pay our debts to America, a big deal. . . ."

When the U.S. Coolidge administration tried to force the Europeans to pay their debts, most European states resisted. But in Italy, "Along comes Mussolini who wanted to look respectable. [Giuseppe] Volpi [di Misurata—Mussolini's finance minister and chief political operative of the Venetian oligarchy], the old pirate, did not want to pay. Mussolini, on the other hand, was unaware of the big economic and financial advantage of acting the part of a debtor who pays. Mussolini understood nothing of economics, but he repeated, 'I have to look good to America; I have to put Italy with its new regime into a situation of moral credit.'"

"At the end, by saying we weren't there to get easy terms or to ask for money, we got everything we wanted. . . . America's financial support to Italy in the years from 1924 to 1929, slowed down the repercussions in Italy of the 1929 world crisis."

what is called in German a *Giftzwerg* (poisonous dwarf), the weak personality type who, as figurehead, tends to be the type of some among the world's worst tyrants.

Finally, he is eminently politically expendable. Were he elected, when his dirty work as a figurehead is completed in 1992, he would leave office as one of the most hated public figures in the history of the United States, such that perhaps former President Jimmy Carter would not touch him with a 10-foot pole.

Great men become more kindly in the degree their power and influence is increased. It is the oppressed underdog who must fight bitterly against injustice; the great man in a position of power treats his defeated opponents kindly, and never uses power to settle neurotic's personal grudges. With the approach of 1989, our nation and the world are entering into a period of the most dangerous crises in the modern history

of this planet. The next President will be confronted by a complex of grave emergencies like no other President of this century. It is from that vantage-point that an objective assessment of the mental health of the next President must be made.

### References

1. *Dukakis: An American Odyssey*, by Charles Kenney and Robert L. Turner (Boston: Houghton Mifflin, 1988); *Dukakis: The Man Who Would Be President*, by Richard Gaines and Michael Segal (New York: Avon Books, 1987).
2. According to a July 23 report in the *Atlanta Journal-Constitution*, Kirk told a meeting of state delegation leaders, "Think of the convention as a four-day mini-series on television, with the delegates as the live studio audience."
3. Chief Soviet arms negotiator, Viktor Karpov quoted in the *Washington Post* on July 28, 1988.

# Is Dukakis the new Senator Eagleton?

*Here is the text of the National Democratic Policy leaflet that sparked the international uproar about Dukakis's mental state, as it was printed and circulated at the Democratic Party National Convention in Atlanta July 18-21. In the "Documentation" section that follows, we quote the sources on which the leaflet was based.*

Before you, as a delegate to the Democratic National Convention, make any final decision as to whom to support for the party's presidential nomination, you should give careful consideration to evidence available in the public domain which casts serious doubt on Gov. Dukakis's ability to carry out the duties of the presidency. The sources for such evidence include two biographies of Gov. Dukakis. These are *Dukakis: An American Odyssey*, by Charles Kenney and Robert L. Turner (Boston: Houghton Mifflin Company, 1988) and *Dukakis: The Man Who Would Be President*, by Richard Gaines and Michael Segal (New York: Avon Books, 1988). Some details are also corroborated by the profile of Dukakis published in *Time* magazine (June 20, 1988), and by a three-part profile which appeared in the *Washington Post* (July 10, 11, 12, 1988). Since all of this material is widely known, we must assume that the Bush campaign is fully aware of it, and that Bush may be planning to use these questions as a weapon against the Democratic ticket later in the campaign. In view of the vast potential damage to our party, Gov. Dukakis must respond to these questions before his name is placed in nomination for President.

First, there is strong evidence that Michael Dukakis suffers from a deep-seated mental instability that could paralyze him, and decapitate our government, in the event of a severe economic or strategic crisis. This is a tendency for psychological breakdown in a situation of adversity and perceived personal rejection. This tendency appears to be linked to his family background. In 1972, Senator Eagleton of Missouri was disqualified as our party's vice-presidential nominee because of his history of depression and electro-shock treatments. The evidence strongly suggests that Michael Dukakis ought to disqualify himself for the same general order of reasons.

Secondly, there is persuasive evidence that Dukakis is not qualified to make economic policy as President in a time of economic depression and financial panic. The record suggests that Dukakis is a cruel, ruthless, technocratic elitist whose instinct and pedigree incline him to policies of savage austerity at the expense of the unemployed, welfare victims, and others among the poorest and most defenseless members of our society. There are indications that Gov. Dukakis's cognition of human suffering and of the human price of the austerity he proposes has been brutalized by his mental disorder.

By pedigree, Mike Dukakis is a puppet of "the Vault," a group of Boston Brahmin banks and insurance companies grouped around the Hill and Barlow law firm. In his first term as Governor of Massachusetts, Dukakis cut \$311 million from the welfare program, throwing 18,000 long-term unemployed off the welfare rolls. On those still receiving payments, Dukakis sought to impose workfare, forced labor at pay scales below the minimum wage. At the time, Congressman Barney Frank attacked Dukakis as "a governor who, since the day he came into office, has been waging war against the poor. This workfare program is a disgrace." Dukakis repealed the state's commitment to help the needy and indigent who had no place else to turn. The symbol of Dukakis's first term as governor became the murderous meat cleaver he used to hack away at social programs. Don't let anyone convince you that Dukakis is a humane liberal. And don't let anyone tell you that the new, post-1982 Dukakis is any different from the old one. The new Dukakis has continued to promote 12, quasi-public semi-autonomous agencies which he calls "job-creating public-private partnerships" but which are in reality a carbon copy of the Mussolini fascist corporate state. The Democratic Speaker of the Massachusetts House said in 1978 that the prospect of a second term for Dukakis made him want to "throw up." The Democratic State Senate President Kevin B. Harrington called Dukakis "a chief executive who is unable to govern effectively." Rep. Barney Frank said of Dukakis that "by his own conscious, deliberate choices he exacerbated that situation and inflicted social damage far beyond what had to occur."

Dukakis was resoundingly defeated in the Democratic primary of Sept. 19, 1978 when he sought renomination as governor. This was the most significant moment of adversity in Dukakis's life, and can be regarded as a crucial experiment to give insight into the strength of his character. Dukakis reacted to defeat with a virtual nervous breakdown. Andrew Sutcliffe, 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 has stated that the experience was "horrible," "horrendous," "a public death" and a "period of mourning." Kenney and Turner quote Kitty Dukakis that "her husband became so depressed, she recalls now, 'that at one point I was really worried about him.'" The same authors refer to the period as "an episode of horror" and "nightmarish." Gaines and Segal write that Dukakis was "somber, hurt, and distraught." The *Washington Post* described this time as "like shock treatment" and "a mid-life change."

The finding that Dukakis suffered a debilitating mental breakdown is buttressed by a history of frank mental illness in his only sibling, his deceased elder brother Stelian. Stelian suffered a breakdown in 1951, in the course of which he was institutionalized for three to four months at Baldpate Hospital, a private mental hospital in Georgetown, Mass., where he was subjected to insulin and shock treatment. According to Euterpe Dukakis, Stelian attempted suicide on one occasion. According to published sources, Michael Dukakis cannot remember this. Stelian received psychiatric treatment for much of his adult life. During one of Mike Dukakis's election campaigns, Stelian distributed leaflets urging voters to vote against his own brother, Michael. No copies of this leaflet survive in the public domain. On March 17, 1973, Stelian was struck by a hit-and-run driver while riding his bicycle. Stelian never regained consciousness and died on July 29, 1973, after more than four months in a coma. The hit-and-run driver was never apprehended. Michael Dukakis says there is much he does not remember about his brother Stelian, including his suicide attempt. Dukakis also claimed to be unaware of his wife Kitty's twenty-six-year amphetamine dependency. Such ignorance of those around him gives a clue to Dukakis's cold aloofness, and may be psychopathological. George Bush has been rightly ridiculed for his "I didn't know" defense on Irangate-Contragate. What then can be said about Gov. Dukakis, who simply ignored the acute suffering of his own wife and brother? If the suffering of a wife and brother is a matter of such indifference, how can poor and needy citizens far away from the Dukakis family hope for compassion?

Michael Dukakis has a documented, long-term personal and family pattern of mental instability. That pattern makes questions like the following ones mandatory: If President Dukakis were to undergo a severe setback under stress, such as a new "Black Monday" financial panic or confrontation with an external enemy, would he go to pieces? Would he withdraw into himself? Would he become catatonic, as certain indices suggest he did in 1978, and leave this nation leaderless and adrift? Does Dukakis exhibit a psychological dependency on certain figures of the Kennedy School at Harvard who helped shepherd him out of his crisis? Why are psychiatrists so prominent a part of his personal circle of friends? In short, is Michael Dukakis his own man, or is he a

broken man? Given the crises this nation must overcome between 1989 and 1993, no delegate dare vote for Dukakis until these questions have received a satisfactory answer.

- Dukakis's call to collect \$110 billion in unpaid taxes is a thinly veiled call for an IRS police state.
- Dukakis is committed to implement the austerity targets of the Bob Strauss-Drew Lewis National Economic Commission in a "hundred days" of genocidal austerity.
- Dukakis is considering Felix Rohatyn of Lazard Frères, the elitist technocrat who wrecked New York City in 1975, as his Secretary of the Treasury.
- Dukakis is the tool of foreign bankers who hold U.S. Treasury bonds and control the public debt of the U.S.A.

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## Documentation

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# The facts of the case

by Kathleen Klenetsky

The entire contents of the NDPC "Eagleton" leaflet was drawn from material readily available in the public domain. One of the most useful sources is *Dukakis: An American Odyssey*, a very laudatory biography written by two *Boston Globe* reporters, Charles Kenney and Robert L. Turner. *Dukakis: The Man Who Would Be President*, by Richard Gaines and Michael Segal, is also useful, as are profiles of Dukakis published in the July 25, 1988 *Newsweek*, the June 29 *Time*, and the July 10, 11, and 12 *Washington Post*.

### I. Dukakis's mental instability

*The NDPC leaflet reads: "First, there is strong evidence that Michael Dukakis suffers from a deep-seated mental instability that could paralyze him, and decapitate our government, in the event of a severe crisis. This is a tendency for psychological breakdown in a situation of adversity and perceived personal rejection. . . . Dukakis reacted to [his 1978 gubernatorial defeat] with a virtual nervous breakdown. . . ."*

#### Sources:

1) *Dukakis: An American Odyssey*, by Charles Kenney and Robert L. Turner (Boston: Houghton Mifflin), 1988.

Chapter 6, dealing with Dukakis's 1978 election defeat, is entitled "Rejection," and reads, in part (pp. 129-131):

"The defeat was an episode of horror, the kind from

which one would awake and, recalling the details, shudder. It was nightmarish, but it was no nightmare. There was nothing in his past to prepare Dukakis for the pain of this experience. It was true that he had lost elections before, but he had never been turned out of office. It was crushing. He had achieved his lifelong dream—he was governor of Massachusetts—and now it was gone, rudely, swiftly ripped away from him. . . .

“The sickening knowledge that he had run a one-horse, complacent campaign became all too clear. . . . He had blown it. He would later characterize it as ‘the worst day of my life.’

“So great was the pain of the defeat for Kitty Dukakis that almost seven years later, during an interview with a reporter from the Associated Press, Kitty said, ‘Oh, it was horrible. It was just horrendous. That was terrible, I mean, it was like a public death.’ Her husband became so depressed, she recalls now, ‘that at one point I was really worried about him.’

“‘It was a terrible loss,’ she says. For two to three months after the defeat he went through what she describes as a ‘period of mourning,’ when ‘he was quieter at home, preoccupied more than usual.’ He didn’t know what he would do in the short run and was by no means sure that he would ever again seek public office. . . .

“Andrew Sutcliffe, Dukakis’s appointments secretary at the time, recalls the governor’s being ‘very dejected. . . . He would spend long periods sitting in his office, introspectively staring off into space.’

“Normally, Dukakis was the most optimistic man around the governor’s office, always looking on the bright side. But there was no pretension now that there *was* a bright side. Alan Johnson, who was deputy chief of staff and had been one of Dukakis’s closest aides since 1970, describes Dukakis as being ‘depressed and sullen. . . . He was stunned. We were all just incredulous. . . . For the several months afterward, a lot of that time was just a painful blur. We had been the crusaders, the righteous heroes in ’74 and ’75, and it was inconceivable that we could possibly lose.’

“Although Kitty and othes worried at times that he would become seriously depressed, Dukakis says he didn’t seek professional counseling. In fact, he says, he has never consulted a psychiatrist, not after his defeat, not after Stelian’s breakdown or death.

“Dukakis says of himself that he is not very introspective, and most of his responses to the defeat were brief, but there were times when he did air his personal thoughts in public. Dr. John E. Mack, a Brookline neighbor and distinguished psychiatrist, remembers Dukakis’s speaking to the International Society of Political Psychology some months after the primary. ‘It was a rare event,’ Mack says. ‘He was reflecting out loud on his own pain, his own hurt, his own mistakes. . . . He was still trying to grow from in—not just as a shrewd tactician but really taking it in. . . .’

“Don Lipsitt, also a friend and psychiatrist, says that the

process of recovery was a slow one, partly because the setback was such a stunning surprise. ‘He was grieving,’ says Lipsitt.”

2) *Dukakis: The Man Who Would Be President*, by Richard Gaines and Michael Segal (New York: Avon Books, 1987; published in hardcover as *Dukakis and the Reform Impulse*).

From Chapter 16, “The Out-of-Office Campaign,” pp. 217-218:

“Mike Dukakis had been a lame duck for less than twenty-four hours on September 20 when he met with his senior staff in Room 360, the governor’s office that would be his for another three and a half depression months. He was somber, hurt and distraught about what had happened. . . .

“Dukakis withdrew to recall and examine four years in the progression of a career built on lofty, if not faulty, assumptions that had led to failure. His self-confidence was destroyed. All his assumptions—about human nature, about the rewarding of virtue, about the way to lead a democracy—had been shattered. How wrong he had been about so many basic things. His hubris gone, he was humbled. He stopped Mike Widmer after the primary. ‘Am I really that awful? Am I really that cold? Am I really that bad?’ ”

3) *Newsweek*, July 25, 1988, p. 39:

“The story of Dukakis’s pain at that humiliating rejection is firmly fixed in Massachusetts political lore. He brooded over what Kitty called ‘a public death’; he apologized to his staff; he went off to rethink his life and career. He and Kitty took a couple of vacations, one on Nantucket with John and their two little girls . . . the other with Kitty alone in Jamaica. Neither was a happy escape. Dukakis had to wait out the dreary months between his loss and [Democratic rival Ed] King’s inauguration [as governor]. After that, his friend Hale Champion, a former Harvard administrator, called the dean of Harvard’s John F. Kennedy School of Government to offer an endorsement of Dukakis for a teaching job.”

4) *Newsweek*, July 25, 1988, p. 37:

Quoting Dukakis’s stepson, John: “Losing was pain of the most personal kind. . . . Off and on after that, Dad was either impassive, or else he was kicking himself around any room he was in. He wasn’t sleeping. I’d walk into their room and find him on his back, staring at the ceiling. All the wheels were turning.”

5) *The Washington Post*, July 10, 1988:

“For a politician known for a stubborn belief in his own inerrancy—as a child, he would stay in his room for hours rather than wear the socks selected by his mother—the realization that his career in elective office might be over functioned like shock treatment, prompting a mid-life change in character and policy.”

## II. Stelian Dukakis’s breakdown

*The NDPC leaflet reads: “The finding that Dukakis suffered a debilitating mental breakdown is buttressed by a*

*history of frank mental illness in his only sibling, his deceased elder brother, Stelian. Stelian suffered a breakdown in 1951."*

**Sources:**

1) From Kenney and Turner, *Dukakis: An American Odyssey*:

"Stelian, a junior at Bates College in Maine, had a severe attack of depression. He returned home and shortly thereafter tried to kill himself. Family members are extremely reluctant to discuss the incident, and usually refer to it as a 'nervous breakdown.' But Mrs. [Euterpe] Dukakis confirms there was a suicide attempt. Asked what happened, she replies: 'Do we have to talk about it?'

"Of Stelian's breakdown, Michael says, 'It came out of the blue, just bang-o. . . . He called up and said he was coming home. He was deeply depressed, couldn't function. It was a total breakdown, almost. . . .'

"Incredibly, Michael says he does not remember whether Stelian tried to kill himself. He remembers the breakdown, but recalls few details. Asked specifically whether his brother tried to take his own life, Michael replies, 'He came close.' But then, whether it was kept from him or he has repressed it,' he doesn't elaborate. 'I don't quite remember what happened,' he says. 'I remember my dad was involved. I remember a doctor being called. . . . This was at home, after he came home.' Asked if Stelian took pills, Michael answers, 'Might have, but I remember something happened and my dad brought a psychiatrist in and the decision was made to institutionalize him. It was obvious something was *very* wrong.' " (p. 32)

"For Stelian had been disturbed, had experienced periods of odd behavior and unbalanced emotions, ever since his breakdown in 1951. After Stelian went home from school that spring, he was institutionalized for three or four months at Baldpate Hospital in Georgetown, a private facility north of Boston, where, according to Dukakis, he got the basic recognized treatments for mental illness at the time, insulin and shock treatment. He responded, returned to Bates, and graduated in 1953 with a major in government. His yearbook notes that he was called 'Duke,' that he was a classical music lover, that he was on the cross-country and track teams and a member of the International Relations Club for his first three years, and that he 'took a short vacation.' Stelian received psychiatric treatment for much of his adult life, but his recovery from the original trauma was sufficient that he lived on his own. . . .

"After Stelian's breakdown, situations began to arise in which he seemed to compete with Michael's record—and usually fell short. In 1958, seven years after Michael ran the Boston Marathon, Stelian entered the race, but dropped out after 16 miles. In 1960, Stelian was at the Democratic convention in Los Angeles supporting Adlai Stevenson; Michael was there favoring John Kennedy. Later, Stelian's political efforts became more personal.

"In the most bizarre and hurtful episode, Stelian went

around Brookline one evening, dropping off leaflets that urged people to vote against his brother. The details are sketchy; no copy of the leaflet apparently survives. There is even some uncertainty about when the incident occurred, though [Dukakis ally Fran] Meaney is sure it was during Michael's first campaign for re-election to the House, in 1964. According to Dukakis, Meaney and Cohen, the leaflet was not simply supporting another candidate. It was clearly from Stelian and it argued against Michael. Meaney believed that Stelian asserted in the leaflet that he intended to run against Michael himself. When word of the flyers got out, Dukakis's supporters quickly followed Stelian's trail, trying to retrieve them before they were read. . . .

"When he is asked about Stelian, Dukakis frequently mentions the increased public understanding of youthful depression. 'In those days,' he says, 'we were, I think, less open about this kind of thing. These days you have [groups] led largely by the parents of children that have had this problem. I remember a group of them coming to see me, and I was so impressed by the fact that they were very open about it, they weren't blaming themselves.' Now, Dukakis does not shrink from questions about his brother, but there is much he doesn't remember, including Stelian's presence at the Los Angeles convention, his role as a member of the Democratic Town Committee in Brookline, and even, so he says, the very fact of his suicide attempt. And there are a number of intimate friends who say Dukakis has never shared such details. Even Don and Merna Lipsitt, a psychiatrist and his wife who had been close to the family for twenty-five years, were kept in the dark. Merna believes that, since Stelian was very close to Michael, 'possibly he has repressed that because it's so painful that he really doesn't remember.' Don says that frequently, while Stelian was still alive, 'Michael would ask me questions of a professional nature.' He says Michael wished for improvement in Stelian so earnestly that he was somewhat unrealistic. 'He thought you should be able to go to a physician and it should be fixed up,' Don says. 'He had a tendency to want to diminish the seriousness.' " (pp. 73-77)

2) *Newsweek*, July 25, 1988:

"His [Stelian's] breakdown happened after the breakup of a romance in his junior year. The diagnosis was vague; he was hospitalized for insulin and shock treatments. Stelian was never quite the same again. He had good and bad periods, in and out of therapy. . . . In his bad times the family didn't see him; he kept to himself, brooding, and there were occasional reports of heavy drinking, overpassionate political arguments and eccentric behavior. One night in 1973, riding his bicycle in the dark, Stelian was struck by a hit-and-run driver. He was in a coma for four-and-a-half agonizing months. Michael and Kitty visited daily at first, then every other day. Hopes would rise when Stelian's grip would tighten briefly, or he seemed to respond to a word, but it was an illusion. One day he was gone."

# Stelian: the governor's Chappaquiddick?

On July 21, the day that Michael Dukakis capped his political comeback by accepting the Democratic Party's presidential nomination, the *Atlanta Journal-Constitution* ran a political commentary by Christopher Lydon, a former *New York Times* and *Boston Globe* reporter who now anchors the 10 o'clock news on Boston's public TV station WGBH. Lydon warned convention delegates that a "Tragic Sibling Rivalry Toughened Dukakis."

"An excruciating tragedy of sibling rivalry lies close to the mainspring of Dukakis's politics. . . . Comparable brother troubles have formed a lot of political characters this century—such as Jimmy Carter, for example, whose brother Billy, Miss Lillian said, was the brightest of her children. But Michael Dukakis's anguish is surely deeper because his beloved rival Stelian collapsed under the strain and died young. . . ."

"Stelian Dukakis, three years older than Michael, was an ace student, athlete and school politician until Michael trumped him in every field. Just when the 17-year-old Michael posted his personal best in sports, a 3.31 time in the Boston Marathon of 1951, Stelian broke down at Bates College, attempted suicide, and came home to family care. Over the years, he was estranged, despondent, sometimes openly at war with Michael's public triumphs.

"Then in 1973, Stelian got knocked off his bicycle by a hit-and-run driver. For four months, he lay unconscious in a coma before his family, Michael included, pulled the life supports."

1973 was not 1988. The rash of depression-era propaganda for euthanasia, mercy killing, "death with dignity," plug-pulling and other forms of literal murder was unheard of. Back in 1973, murder was murder.

What's worse, if a July 25, 1988 *Newsweek* magazine profile is accurate, brother Stelian, four months and twelve days in a coma following the March 17, 1973 hit-and-run incident, was beginning to show signs of coming out of the coma—when the plug was pulled. Nearly two months to the day after he buried his troublesome brother, on Oct. 1, 1973, Michael Dukakis formally declared his candidacy for governor of Massachusetts.

## 'Sibling rivalry was something awful'

To this day, Stelian Dukakis's tragic life—and death—are steeped in unanswered questions, the kind that spark the interests of clinical psychiatrists and police investigators alike. According to the Democratic nominee's semi-official cam-

paigned biography, *Dukakis: An American Odyssey*, by *Boston Globe* reporters Charles Kenney and Robert L. Turner, Stelian's 1951 mental collapse and attempted suicide, apparently triggered in large measure by the rivalry with brother Mike, posed continuing political problems for Michael Dukakis throughout the last dozen years of Stelian's life.

"After Stelian's breakdown, situations began to arise in which he seemed to compete with Michael's record—and usually fell short. . . . In the most bizarre and hurtful episode, Stelian went around Brookline one evening dropping off leaflets that urged people to vote against his brother. The details are sketchy, no copy of the leaflet apparently survived. There is even some uncertainty about when the incident occurred. . . ."

According to the biographers, when the word got out that Stelian was circulating an obviously personal and damning leaflet against his brother, the entire Dukakis campaign organization—apparently on orders from Kitty Dukakis—launched a late-night dragnet to grab up every single copy of the document and destroy them all.

In 1972, just as Michael Dukakis, now back as a full partner at his old Brahmin law firm, Hill and Barlow, was making his decision to run for governor, brother Stelian sought and won the GOP nomination for the state representative seat that Michael had formerly held. Although he lost the general election, Stelian's continued involvement in state politics was described by one Dukakis political intimate, Haskell Kassler, as "unhealthy."

According to Kenney and Turner's account of the tragedy that eventually claimed Stelian Dukakis's life, "It was a Saturday night, March 17, 1973, and Stelian was riding his bicycle on Winchester Street in Brookline, near his home at 198 St. Paul Street. The bicycle was his only means of transportation, and he had ridden it without incident for years, but that night, he was struck by a car. It was a terrible accident—his mother still remembers that 'the bicycle was doubled over, it was so bad'—but the driver did not stop and was never found."

According to the *Boston Herald American* of March 31, 1973, police were provided with all the information normally required to track down a hit-and-run driver:

"The brother of former state rep. Michael S. Dukakis of Brookline was seriously injured in a hit and run accident in one of several weekend crashes that took the lives of a Waltham man and a Rumford, Me. resident.

"Stelian P. Dukakis, 42, of Brookline was struck by a car while riding his bicycle on Winchester St. . . ."

"Brookline police said Dukakis was taken to Beth Israel Hospital. His condition is described as grave. Police said he was struck by a Volkswagen and thrown to the pavement, landing on his head. The car sped away, witnesses said, but police were supplied with the registration number.

"Dukakis's brother Michael, was an unsuccessful candidate for Lieutenant Governor in the last state election."

# An uproar in the world's press

## United States

The *Seattle Post-Intelligencer* of July 21 carried this report, datelined Atlanta:

"This just in from the eccentric followers of Lyndon LaRouche: Michael Dukakis is mentally ill, is controlled by a secretive business cabal, is 'psychologically dependent' on Harvard advisors and once suffered a virtual nervous breakdown."

From the *Wall Street Journal's* Aug. 3 editorial:

"What strikes us in the health-record issue, though, is how little the American people know about this man nominated to be their President. . . . In Mr. Dukakis' case depression rumors were predictable enough from two incidents in his biography—*Dukakis, an American Odyssey*. . . .

"Mr. Dukakis' brother Stelian, who died in 1973 after being hit by a car while riding a bicycle, clearly did suffer from depression. While at college in 1951, he suffered a mental breakdown, attempted suicide, was institutionalized for three or four months and received insulin and shock treatments. . . .

"Edward King's victory left [Dukakis] 'very dejected,' his appointments secretary said. 'He would spend long periods sitting in his office, introspectively staring off into space.' . . .

"His biographers also note, 'Incredibly, Michael says he does not remember whether Stelian tried to kill himself.' . . .

"The question is not so much is Michael Dukakis in good health, but rather, is Michael Dukakis really what the voters think they see?"

The *Washington Post* of Aug. 4 had the following to say, under the headline, "Dukakis Acts to Kill Rumor":

"In Washington, Reagan set today's developments in motion when he was asked by a representative of political extremist Lyndon H. LaRouche, Jr. whether he thought Dukakis should make public his medical records. . . .

"The rumors about Dukakis have centered on two critical events in his life: the 1973 death, from injuries sustained in a hit-and-run accident, of his older brother, Stelian Dukakis,

who suffered a mental breakdown in 1951 and tried to kill himself at that time; and Dukakis' upset defeat in his first race for re-election as governor of Massachusetts in 1978. . . .

"The rumors are at least a year old, promoted by the LaRouche organization that makes a practice of circulating wild, inflammatory charges about people in public life. . . .

"Most of the speculation about Dukakis has centered on his emotional health following the unexpected loss of the governorship in the Democratic primary in 1978, a period friends and family members have described as devastating for him and that his wife, Kitty, has called an experience 'like a public death.'

"That the defeat was a deep, depressing loss to Dukakis has never been disputed and has been written about extensively. In the recent biography of the governor, *Dukakis, an American Odyssey*, Kitty Dukakis is quoted as saying her husband was so depressed at the time 'that at one time I was really worried about him.'

"In the book, she and other close aides describe a depressed, dejected, sullen official going through what Kitty Dukakis calls 'a period of mourning.' "

The *San Jose Mercury News* on Aug. 5 ran a front-page article titled, "How Dukakis Rumors Spread," by Carl M. Cannon.

"Only two weeks after the Democratic convention, the innuendo peddled by the LaRouche organization that Michael Dukakis might have suffered from mental depression at some point in his life found its way, in one form or another, into the nation's major newspapers and television networks. . . .

"The flier and a subsequent July 28 article in *The New Federalist*, a LaRouche-owned newspaper, drew on quotes from previously published biographies detailing how unhappy Dukakis had been after each of those episodes and implied that he would crack under the pressures of the White House.

"The same article also asserted that Dukakis 'pulled the life-support systems' on his brother after he had shown signs of recovering from a coma. . . .

"[Since most] . . . of this material is widely known, we must assume that the Bush campaign is fully aware of it and that Bush may be planning to use these questions as a weapon against the Democratic ticket later in the campaign.

"As it turned out, it didn't take that long. In the past 10 days, reporters for several news organizations, including CBS News and Knight-Ridder News Service, were tipped by Bush campaign aides about supposedly impending stories about Dukakis' mental health. . . ."

From the *Wall Street Journal's* Aug. 4 editorial, "Medical Footnote":

"Unless someone in the press wants to argue over whether the public has a right to know about health questions, it seems to us the big press issue is why most establishment watchdogs

left a legitimate question to someone from a fringe group.”

From the *Baltimore Evening Sun*'s Aug. 5 editorial, “A Dangerous Stigma”:

“What lingers . . . is the disturbing reality that it becomes a shameful stigma for an individual to seek medical treatment for a condition—clinical depression.”

From the *New York Times*' Aug. 5 editorial, “The Psychological Barrier”:

It would have been “no disgrace if [Dukakis] had sought psychiatric help,” but would actually have “reflected healthy common sense, no more disqualifying for public office than a divorce, gender, race, or the ‘wrong’ religion.”

The *Philadelphia Inquirer* on Aug. 5 devoted its second editorial to the subject, “What If He Had Seen a Shrink?”

“Well, the Duke seems to have made it this far without going off the deep end. . . .

“But we almost wish it'd been otherwise—that, like millions of his countrymen, he'd sought counseling, benefitted from it and come out the other end with a few insights on how to cope with stress or grief. Such an admission might have destroyed another taboo, just as John F. Kennedy made Catholicism a non-issue and President Reagan buried divorce as a liability.”

From an Aug. 8 article by syndicated columnists Rowland Evans and Robert Novak, titled, “Behind Those Dukakis Rumors”:

“Thus, rumors long extant about two instances of depression by Dukakis attracted the Bush campaign's interest long before they were spread by Lyndon LaRouche's minions. Because [Bush campaign manager Lee] Atwater's “opposition research” could not risk being caught, his lieutenants asked outside Republican operatives to do the digging and then quietly broadcast whatever they might find. . . .

“The fast-dying story was revived by President Reagan on Aug. 3 with his reference, in answer to a LaRouche magazine correspondent's question about medical records, to Dukakis as an ‘invalid.’ . . . Apart from his half-apology, Reagan was unrepentant (perhaps reflecting Nancy Reagan's fury over Dukakis' crack at her husband that when a fish rots, the rot starts at the head). . . .

“The incident seemed to end with a classic backfire, Dukakis apparently unhurt and the Bush campaign linked to Lyndon LaRouche.”

## Europe

Italy's *Corriere della Sera* of Aug. 3 ran a story with the headline, “This ‘Secret Illness’ of Mike Dukakis,” sub-titled, “The Democratic candidate (who has already denied it) reportedly suffered a nervous breakdown.” The article begins:

“Dukakis in psychiatric cure for a serious depression?”

‘Not true, the Governor was not in treatment for a mental depression or for any sort of mental illness,’ stated a spokesman for the organization of the Democratic candidate. But, the rumors have been growing in the past months, and took on new force after the Atlanta convention, and Dukakis's men have felt the need to call up journalists to deny that it had any foundation.”

The London *Guardian* ran a front-page article Aug. 3, titled “Rumors Depress Dukakis.” Washington correspondent Alex Brummer wrote:

“Democratic Party insiders are advising Mr. Michael Dukakis to release his medical records to quash rumors that he was once treated for depression. . . .

“He showed acute signs of stress in 1978 after he was voted out of the Massachusetts State House. His wife, Kitty, says he had difficulty sleeping and became unusually quiet. She consulted a family friend and psychiatrist, Dr. Dan Lipsett, who reassured her that her husband was just grieving.

“Mrs. Dukakis has said the Governor went through a ‘public death’ and became so depressed that ‘at one point I became really worried about him.’

“The Governor also seems to have had serious trouble handling the death of his brother Stelian Dukakis, who died in a motor accident in 1979. Stelian had a long, documented history of mental illness.”

William Lowther, in the London *Daily Mail* of Aug. 3 wrote:

“[LaRouche] alleged that Mr. Dukakis was treated for clinical depression after his brother was killed by a hit and run driver in 1973, and again five years later when he unexpectedly lost a re-election race for Governor of Massachusetts. . . . It is generally accepted that anyone with a record of mental problems cannot be elected to the White House.”

The Italian daily *La Stampa* on Aug. 3 featured LaRouche as the force behind reports about Dukakis's mental illness. It ran an uncomplimentary photo of Dukakis, with an article titled, “Dukakis: I Am Not Mentally Ill.”

From the *Daily Express* of London, Aug. 4:

“At one stage, [Dukakis] is believed to have received electro-shock therapy. The question of Mr. Dukakis's mental stability was, by last night, a blazing issue in the Presidential race. In spite of denials from his aides, leading Democrats were insisting that the Governor's refusal to publish his full medical records was only fueling suspicion and leading to allegations of a cover-up.”

From the London *Guardian* of Aug. 4, under the headline, “Reagan Gaffe Puts Dukakis on the Spot”:

Although President Reagan swiftly retracted his joke about Dukakis being an “invalid,” “he was successful in putting a national focus on repeated but unsubstantiated speculation

that Mr. Dukakis has received psychiatric treatment for depression.”

The liberal *Guardian*'s editorial defended Dukakis, saying that his problems are “part of the human condition . . . acting and feeling like a recognizable human being,” which should not be regarded as a “disqualification for holding the highest office.”

Danish TV Aug. 4 had prominent coverage of the interchange between *EIR*'s White House correspondent Nicholas F. Benton and President Reagan, in which Reagan joked about Dukakis being an “invalid.” The broadcast described the incident as “dirty American politics,” but added, “The fact is, that Dukakis *did* suffer from a severe depression after his election defeat in 1978.”

“New ‘Time-Bomb’ for Dukakis, With Cries Throughout Massachusetts to ‘Dump the Duke.’ The Next Disaster Looms for Dukakis,” is the headline of a feature in the Aug. 5 London *Daily Express*, written by Philip Finn in Boston, accompanied by a photo of Dukakis and wife Kitty, with the caption, “The honeymoon is over.” The text starts:

“Widening hints that presidential candidate Michael Dukakis may not have told all there is to know about his state of mental health are now seriously undermining the recent euphoria of the Democrats’ Atlanta convention.”

The Rome daily *La Repubblica* Aug. 5 headlined its coverage, “Dukakis Declares: ‘I Am Sane!’ ”

The Milan daily *Avvenire* on Aug. 6, published by the archdiocese of Milan, ran an article on LaRouche by Maurizio Blondet:

“The piece of news on the ‘psychic problem’ of Dukakis . . . was circulated by a man called Lyndon LaRouche: He is also a Democratic candidate, without hope for success, whom the very ‘authoritative’ papers define as ‘crazy’ and ‘right-wing extremist.’ It is not true: LaRouche (who even has a leftist past) was listened to by the White House in the early years of the so-called ‘star shield’; he has given the administration information of strategic value; has a political program, which might not be shared in total, but cannot be rejected either. Somehow, he is an important figure, a resolute critic of certain corruption and occult powers of American politics: For this he underwent political-judicial persecution inspired by no less than Henry Kissinger. For the rest, he promoted two or three referenda in California, asking for the adoption of effective measures to contain AIDS. If, notwithstanding, in Italy you never heard about LaRouche, there is a reason: In some cases and about certain men who ‘disturb’ the most real and feared powers (from Kissinger to the homosexual lobby), the American newspapers know well how to exert self-censorship.

“Around LaRouche, ‘crazy,’ ‘Nazi,’ there has been for

years a wall of silence and contempt. LaRouche has only now been able to break through it, thanks to his indiscretion on Dukakis’s ‘depression.’ But he is victimized, too, since LaRouche, who is always very well-informed, had publicized much more important information on Dukakis. He is really capable of throwing a big shadow over the candidate’s capacity to lead the United States. For example: Dukakis claims that he was able to ‘put in order’ the budget in Massachusetts. In reality, to cover the state deficit of about \$500 million, he manipulated the budget of the state, illegally putting into it money coming from lotteries, funds already allocated for public services, money taken out of pension funds. It is for these reasons that the Democrats of Massachusetts do not want to have him re-elected governor. . . .

“But the ‘authoritative’ U.S. papers did not say anything about all this; the issue of *Newsweek*, obviously extremely authoritative, is still being sold which repeats that Dukakis is the author of ‘an economic miracle’ in Massachusetts. But the history of Dukakis’s depression is different: This is really what provokes front-page headlines and television debates. . . .”

The London *Observer* of Aug. 7, owned by ‘Tiny’ Rowland, has a feature entitled, “How the Smear Became the Story.”

Reporter Patrick Brogan from Washington first attributes the Dukakis story to the desperation of some campaign workers of George Bush, who “put out the story that Michael Dukakis has a psychotic and unstable personality and was twice treated for severe depression. . . . Dukakis has denied it and his doctor came forward to insist that the stories are quite untrue. If anyone can prove otherwise, as George Bush would put it, the Duke is in deep doo-doo.”

## Asia

*The Hindu*, New Delhi, Aug. 6 carried this report, datelined Washington, Aug. 5:

“The President, Mr. Ronald Reagan, on Wednesday gave credence to a rumour about the Democratic Presidential candidate, Mr Michael Dukakis’s mental health in the past by calling him an “invalid” but withdrew his remark. . . .

“The rumour had its origin in a pamphlet issued by supporters of Mr Lyndon LaRouche, a longtime Presidential candidate known for his controversial views on domestic and foreign policy issues. It had questioned the competence of Mr Dukakis to become President after charging that he had sought psychiatric counseling in his early past. Supporters of Mr Larouche distributed the pamphlet to those attending the Atlanta Democratic national convention. . . .

“Reports have it that White House aides were worried at the President’s gaffe. There have been allegations that Mr Reagan was promoting Mr Bush’s chances in the poll through actions like vetoing the Defence Bill sent by the Congress with reduced allocation for the ‘Star Wars’ programme. . . .”

# Laurie Cabot: the Dukakis court witch

by Kathleen Klenetsky

President and Nancy Reagan may have their court astrologer, but Michael Dukakis has his official witch.

In 1977, Massachusetts Governor Dukakis formally presented Laurie Cabot with a state honor, the "Paul Revere Citation," proclaiming her the "Official Witch of Salem, Mass." Cabot received the reward, for which she was recommended by State Rep. Elaine Noble (D-Boston), ostensibly in recognition of her work with dyslexic children, whom, by her own account, she got to "go into an alpha state and alter their brain waves."

## 'No use for Christianity'

The recipient of the Dukakis award is someone who has practiced witchcraft for 40 years—and who has avidly sought to promote this dangerous garbage at every opportunity.

Cabot boasts that she has "no use for Christianity or the Bible," and instead follows the precepts of the old pagan religion of the Goddess.

Although she claims that she is a "good witch" who does not practice satanism, anyone who believes that a real distinction exists between "white" and "black" witchcraft is deluding himself. The revival of witchcraft of all stripes, with its ritualistic torture and murder of innocent children, along with the carefully orchestrated rise of the rock-drug counterculture, has been a key element in the "New Age" plot to eliminate all traces of Judeo-Christian civilization in the United States.

Scion of the oligarchical Cabot family, the 55-year-old Cabot says she has been involved in witchcraft for decades, and claims to possess powers that enable her to alter the brainwaves of herself and others.

Cabot is a leading figure in Wicca, a high priestess in the Council of Isis. She resides in Salem, the site where the witch trials of the 17th century took place, where she runs a witches' shop, Crow Haven Corner, serves on the board of the Witches' Museum, and is a prominent member of the local Chamber of Commerce.

Salem is a hotbed of occult activity. Published accounts say that 2,000 of its 38,000 residents consider themselves witches. Witchcraft plays a central role in the town's tourist industry.

According to one well-informed source, Dukakis's elevation of Cabot as Salem's official witch is part of the reason

why. Dukakis's action "opened the doors for satanism and voodoo," which have subsequently proliferated in the town. Cabot used the award "to encourage witchcraft to come out of the woodwork."

Local people say the award was a "turning point," which made it not only legitimate, but desirable, to be known as a witch.

Some observers contend that Dukakis may not have realized what he was doing in naming Cabot as the official witch, that she shamelessly promoted herself for the award, and that Dukakis merely rubber-stamped it.

Even if that were true, Dukakis has had plenty of opportunities over the last ten years to rescind the award, but has repeatedly refused to do so. "He has never repudiated it," says one local source, "even though his office has been contacted repeatedly to distance himself from Cabot." He's just "shrugged off" the requests.

Dukakis's endorsement of Cabot fits perfectly with his Aquarian, New Age outlook, exemplified by his tolerance for drugs, defense of homosexual "rights," and sponsorship of legislation to permit "unnatural and lascivious acts."

## Neutralize LaRouche

In the wake of the uproar over the candidate's mental health, Dukakis's connection to Isis-worshiper Cabot is emerging as a campaign issue—as it should. Not only does his promotion of Cabot provide further evidence of his mental instability, the prospect of having someone who tolerates witchcraft running the United States is horrifying.

A California minister, Rev. George Otis, has called on the candidate to separate himself from Cabot, and to denounce witchcraft. Like his stubborn refusal to release his medical records, Dukakis, as of this writing, remains adamant in his refusal to disassociate himself from Cabot in particular, and witchcraft in general.

For her part, Cabot is incensed over the efforts to sever her from Dukakis. She told a journalist recently that "This has to be inspired by [Lyndon] LaRouche. He hates me! He put my picture on the front page of his paper. He equates me with satanism and called me a lesbian, which I'm not. Not that I'm against lesbianism, I'm just not one myself. He doesn't want to receive enlightenment about the superiority of the old ways to Christianity. He and the fundies refuse to understand the superiority of the Goddess."

"I'm using my powers to neutralize LaRouche's negative energy," Cabot disclosed. "I can go into an alpha state and alter my brain waves so that I can turn LaRouche's negative energies back against him. That could harm him—not that we ever do anything harmful!"

Cabot claims she does not know the Dukakises personally, but thinks Kitty Dukakis "is just wonderful." The two met when a delegation of craftsmen from the People's Republic of China visited Salem. "Kitty is lovely, she's almost regal," Cabot gushed.



## Political moves to put NDPC out of business

In joint papers filed in U.S. Court in Richmond, Virginia on Aug. 3, both the office of Henry Hudson in Virginia and the U.S. Attorney's office in Massachusetts demanded that they be allowed access to National Democratic Policy Committee discovery material, in order to collect on a \$5.1 million judgment under an exotic statute known as a "Writ of Execution." Hudson's office also asserts that it has been blocked in gaining discovery of the NDPC because of "the recalcitrance of NDPC chairman Warren Hamerman." They inform the Court that since the Writ emanates from the court of Judge David Mazzone in Boston, if Hamerman refuses to answer questions, he will face the possibility of a personal contempt ruling from Mazzone in Boston.

In the Richmond government motion, affidavits are attached from both Henry Hudson's underling, Wingate Grant, and from Peter Gelhaar of the U.S. Attorney's office in Massachusetts. The government complains that "it is apparently business as usual for the NDPC," and that they want to liquidate the First Amendment-protected political action committee out of existence. It complains that the NDPC refuses to "negotiate a payment plan" on the \$5.1 million judgment emanating from a so-called contempt judgment in William Weld's "get LaRouche" grand jury. The affidavit of Hudson's underling demands a court order because "NDPC is apparently still very much in business."

Hudson's office asserts that a "Writ of Execution" for the \$5.1 million judgment has been obtained in Massachusetts, and that the Writ is now in the hands of a Virginia marshal for full collection even before the NDPC's appeal before the First Circuit Court in Massachusetts is decided.

NDPC chairman Warren J. Hamerman commented: "The friends of Michael Dukakis are obviously apoplectic over the fact that the NDPC is *not* out of political business because of the leaflet we distributed at the Atlanta Democratic Convention raising questions of the mental unfitness of Dukakis to be President. The Massachusetts yankee patricians of 'The Vault' and Harvard who run both Dukakis and that drug menace William Weld would like to throw the Constitution out the window in order to deliver a revenge *economic death penalty* against the political action committee of the LaRouche wing of the Democratic Party, before the final phase of the presidential elections. Therefore, they are so desperate that they refuse to let the First Circuit Appeals Court make its ruling, which legal experts think would occur in two to

three months, at most.

"The objective of this constitutional outrage is so blatantly political and retaliatory that it will backfire. Eliminating the political opposition on the eve of national elections is a sign of dictatorship. I am confident that neither the American electorate nor world opinion will stand for this overtly political attack on our free election process."

Warren Hamerman is still slowly recovering from multiple fractures, contusions, and abrasions suffered in an accident which occurred last June 16, when a hit-and-run driver deliberately forced his bicycle off the road causing a severe fall, and then sped away from the scene. The driver of the vehicle has not been found by police investigating the case.

### Order this report in bulk

This week's *Feature*, "Dukakis's mental health: an objective assessment," has also been printed as a 16-page Special Supplement to this edition of *EIR*. It includes a Letter from the Editor summarizing Dukakis's shocking social policies as governor of Massachusetts, which have opened the floodgates to the drug-sex counterculture, legislating privileges for the "gay rights" community and users of mind-altering drugs (previously published in *EIR*).

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## 'New Yalta' plot for unholy war over Jerusalem exposed

by Jeffrey Steinberg

On Sunday, Aug. 7, *Avvenire*, the official daily newspaper of the Catholic Archdiocese of Milan, Italy published an extraordinary exposé of a secret deal between the United States, Russia, and Israel to recognize Jerusalem as the capital of Israel—possibly as early as December of this year. According to the *Avvenire* story, which was based on detailed information from a “deep throat around government circles in Washington,” the secret deal is to have the United States and the Soviet Union simultaneously recognize Jerusalem and move their embassies to the disputed city, which is the holy place of the world’s three great monotheistic religions. This was the critical factor prompting King Hussein of Jordan to abruptly announce on July 31 that he was dropping all claims of Hashemite sovereignty over the Israeli-occupied territories on the West Bank of the Jordan River, territories that include the holy sites of East Jerusalem.

According to *Avvenire*, King Hussein was initially warned about the Russian-American-Israeli “religious New Yalta deal” on July 24 by Michael Duke of Kent, the Grand Master of Scottish Rite Freemasonry.

Two days after the warning, Sen. Jesse Helms (R-N.C.) introduced an amendment on the floor of the Senate, Amendment 2682, which authorized the U.S. government to build two new diplomatic facilities, one in Tel Aviv and one in Jerusalem, thereby giving the President-elect the opportunity to choose between the two cities as the location of the U.S. embassy. Senator Helms requested that the amendment be taken up as an “emergency measure” attached to the Senate authorization bill for the State Department’s annual budget. The maneuver apparently stunned the other senators. On behalf of the Democratic majority, Sen. Fritz Hollings (D-S.C.) requested a recess until Sen. Claiborne Pell (D-R.I.),

the chairman of the Senate Foreign Relations Committee, could be consulted.

By *Avvenire*’s accounts, Pell placed a telephone call to Gov. Michael Dukakis, who had already declared his support for U.S. recognition of Jerusalem as the capital of Israel. Dukakis gave his blessing to the Helms amendment, according to the Milan account, and several hours later, the Senate approved the amendment to S. 9925 by a voice vote. Sen. Warren Rudman (R-N.H.), a notorious Israel Lobby asset within the Congress, delivered the endorsement for the Republicans.

### Max Kampelman: secret negotiator

The *Avvenire* account emphasized the role of Ambassador Max Kampelman, the United States’s chief arms control negotiator in Geneva, in the secret talks with the Soviets and the Israelis. Kampelman reportedly conducted the “most secret negotiations” at the personal behest of Secretary of State George Shultz. Neither President Reagan nor Vice President Bush were apparently provided with details on the nature of the Kampelman diplomacy. In fact, according to *Avvenire* and other accounts, Shultz ordered Kampelman to shuttle between Geneva, Moscow, and Washington, keeping him secretly apprised of developments. Reportedly, the only other person in Washington who was brought in on the secret deal was Senator Helms, who, under the influence of longtime Anglo-Soviet Trust agent Jon Speller, has been virtually captured by an extreme right-wing faction of the Israeli Likud that favors the three-way deal over Jerusalem.

The transcript of the Senate debate over the Helms amendment provides strong circumstantial corroboration of the *Avvenire* account. According to the *Congressional Re-*

cord of July 26, 1988 on page S9919, Senator Helms is quoted telling his fellow senators, "Mr. President, I have worked over a number of months with the State Department working to reach this compromise. Throughout our negotiations, the State Department has been frank, straightforward, and candid. It just goes to show how much can be accomplished when people sit down in good faith and patiently and diligently work out their differences. In addition, I would be remiss if I failed to mention my appreciation for the work of my good friend, Ambassador Max Kampelman, who so persistently and ably worked to put this compromise together through many months of discussion."

When Senator Helms introduced his amendment on the Senate floor on July 26, he told his colleagues, "This amendment has been agreed to by the administration."

In fact, according to *EIR*'s own Washington sources, most key administration officials were kept totally in the dark until the eleventh hour. One top official, National Security Adviser Gen. Colin Powell, who was at the time deeply involved in efforts to win congressional approval for a vital arms sale to Kuwait, learned of the Helms-Kampelman maneuver only at the point that the amendment was introduced onto the floor "with administration approval." Unable to reach Kampelman or Shultz, Powell reportedly went directly to President Reagan and got the President's okay to delay the vote until after the Kuwaiti arms sale had been passed. Too late to stop the final voice vote, Powell reportedly shifted his efforts to blocking the Israel Lobby's plans to kill the Kuwaiti sale. In what may yet prove to be a Pyrrhic victory, Powell reportedly got Reps. Mel Levine (D-Calif.) and Larry Smith (D-Fla.) to drop their Kuwait-bashing campaign, and won authorization for the F-18 fighter sales.

Conservative Republicans, bamboozled by the Helms-Shultz-Kampelman cabal, are reportedly now up in arms and considering moves to have Kampelman, long branded a "socialist" and a "liberal Democrat," booted out of the Reagan administration. In the meantime, the Helms amendment is now before a joint House-Senate conference committee and could be presented for a vote by the full House of Representatives at any time.

### **Avvenire spells out the deal**

Among the key elements of the secret American-Russian-Israeli deal as reported by *Avvenire*:

- The Soviet Union will renovate two of the properties of the Russian Orthodox Church in Jerusalem for use as a Soviet embassy and cultural and consular offices, once Moscow reestablishes diplomatic ties with Israel.
- In return, Israel will cooperate with the Soviet Union in allowing the Patriarch of Moscow to establish and staff major ecclesiastical and monastic institutions in Jerusalem.
- The United States will announce its recognition of Jerusalem as the capital of Israel at the exact same moment that the Soviet Union restores diplomatic ties and announces

that it will establish its embassy in Jerusalem.

- And an Orthodox patriarch of Washington will be established with equal status to a Roman Catholic cardinal and the equivalent position in the Protestant denominations. This will legitimize Orthodoxy as a major religion in the United States.

Pivotal to the entire arrangement is the downgrading of the role of the Vatican, both within the holy city of Jerusalem and within world Christianity as a whole. "Rome is the ultimate target of this entire Russian move," said one senior U.S. intelligence veteran with years of experience in the Middle East.

*Avvenire* author Maurizio Blondet underscored the strategic implications of the three-way secret accord by ending the article on the following note:

"As far as Israel goes, it is an old dream to take the capital back to Jerusalem. It calls to mind a 1982 interview by David Ben-Gurion with *Look* magazine. Asked to describe his vision of the world in five years, 1987, his image was very clear: The Cold War is a thing of the past. In Russia, growing pressure by the intelligentsia and by the masses to have more prosperity and more liberty will lead to a gradual democratization of the Soviet powers. On the other side, the growing influence of the workers and men of science transforms the U.S.A. into a social state with a planned economy. Eastern Europe and Western Europe will become a federation of autonomous states ruled by a social democratic regime. In Jerusalem, the United Nations—the true United Nations—will build a Temple of the Prophets to serve the federated union of all the continents. This will be the supreme court of humanity destined to level all controversies among the federated states as Isaiah prophesied. At the same time, a pill capable of preventing pregnancy will slow down the demographic growth. No more armies or wars."

In the short term, the reports of the new Washington-Moscow-Jerusalem secret deal have apparently prompted King Hussein to "count himself out" of the unraveling Palestinian crisis—leaving the PLO to sink or swim. According to sources in Washington and Tel Aviv, the Shamir government has already struck another secret accord—this one with Syria, in which the two countries agree to collaborate in the extermination of the PLO. That process already began on Aug. 9, when Israeli artillery bombarded a PLO camp east of Sidon, Lebanon for hours. PLO chairman Yasser Arafat is reportedly the target of a joint Israeli-Syrian assassination scheme, to be activated the moment that the PLO attempts to establish a government-in-exile to rule over the West Bank.

On the broader horizon, to the extent that Russian Orthodoxy establishes a deeper hold in Jerusalem in collusion with extremist elements within Israel, events in the region will move inevitably in the direction of war. Just as the Balkan crisis set the stage for World War I, so the apparent "solution" to the Jerusalem question sows the seeds of a strategic miscalculation whose consequences may decimate civilization.

## The Helms amendment on Jerusalem

*The transcript which follows is taken from the Congressional Record of July 26, 1988, pp. S9919-9920 and S9925. The remarks by Sen. Jesse Helms (R-N.C.) and others were made before a full session of the U.S. Senate, convened to consider the Senate's version of the FY1989 State Department Authorization.*

*This is the one record in the public domain which helps to substantiate allegations reported in the Italian newspaper Avvenire (see article, page 40), that King Hussein of Jordan had been warned of a Russian-American-Israeli deal to make Jerusalem the capital of Israel, and that Senator Helms introduced the amendment reported here to aid that deal. The transcript also records the recess for consultation with Senator Pell, during which time, Avvenire reports, Pell would have gotten the go-ahead by telephone from the Democratic presidential nominee, Michael Dukakis.*

### Amendment No. 2682 to S. 9925

(Purpose: To provide for the diplomatic mission in Israel.)

MR. HELMS: Mr. President, I send an amendment to the desk and ask for its immediate consideration. . . . The Senator from North Carolina proposes an amendment numbered 2682:

On page 58, between lines 17 and 18, insert the following:

Sec 304. Notwithstanding Section 130 of the Foreign Relations Authorization Act, Fiscal Years 1988-89 and Section 414 of the Diplomatic Security Act and any other provisions of law, such funds as are authorized, or that may be authorized, under the Diplomatic Security Act or any other statute, and appropriated to the Department of State under this or any other Act, may be hereafter obligated or expended for site acquisition, development, and construction of two new diplomatic facilities in Israel, Jerusalem, or the West Bank, provided that each facility (A) equally preserves the ability of the United States to locate its Ambassador or its Consul General at that site, consistent with United States policy, (B) shall not be denominated as the United States Embassy or Consulate until after construction of both facilities has

begun, and construction of one facility has been completed, or is near completion; and (C) unless security considerations require otherwise, commences operation simultaneously.

. . . Obviously, this amendment is the result of intense and extensive negotiations between the administration and myself. . . . This amendment has been agreed to by the administration.

It permits the State Department to undertake site acquisition, development and construction of "two" new diplomatic facilities in Israel understood to be in Tel Aviv and Jerusalem, provided that each facility preserves the ability of the United States to locate its Ambassador at that location.

In addition, the amendment provides that neither facility be selected to be the U.S. Embassy until one facility is completed or near completion. Obviously, this effectively will leave the decision as to which facility shall be our new Embassy up to the new President of the United States, whoever he may be. . . .

As my colleagues are well aware, this question of the location of the American Embassy in Israel has been an issue for some time now.

Many of us here in the Senate—I venture to say most of us here—believe that Israel has a right to choose its own capital, and that the United States should locate its embassy accordingly. . . .

Mr. President, I have worked over a number of months with the State Department, working to reach this compromise. Throughout our negotiations, the State Department has been frank, straightforward, and candid. It just goes to show how much can be accomplished when people sit down in good faith and patiently and diligently work out their differences. In addition, I would be remiss if I failed to mention my appreciation for the work of my good friend Ambassador Max Kampelman, who so persistently and ably worked to put this compromise together through many months of discussion. . . .

MR. HOLLINGS: Mr. President, I am not prepared on this particular amendment. It affects our foreign relations field, and I have asked the distinguished Senator from Rhode Island, Mr. [Claiborne] Pell to be consulted. While he is being consulted, I suggest the absence of a quorum. . . .

MR. HOLLINGS: Mr. President, I have had the opportunity now to check with our distinguished chairman of the Foreign Relations Committee, Senator Pell, and I understand this amendment would be acceptable.

So on this side, we are prepared to accept the amendment.

MR. HELMS: I thank the Senator. . . .

MR. RUDMAN: Mr. President, I am glad we were able to work this out. The amendment has been carefully drafted. It reserves to the State Department and the President ultimately the determination of U.S. policy. It does not change policy, and it is acceptable on this side.

# Government of Panama hosts Ibero-American unity talks

by Silvia Palacios and Robyn Quijano

A continent-wide movement to bring about Ibero-American integration was forged at a historic conference in Panama Aug. 8-11, attended by 200 delegates from 22 nations of the region. Senators, congressmen, labor leaders, historians, scientists, ex-ministers, and retired military officers worked together to plan a Second Amphictyonic Congress, in honor of the first such congress organized by Simón Bolívar in 1826 to unite the continent's new republics. (In ancient Greece, an *amphictyony* was an association of neighboring states for their common interest.)

The delegates unanimously approved the "Declaration of Panama," in which they determine that "the Latin American and Caribbean chiefs of state [will] meet with the intention of forming or institutionalizing the Latin American Confederation" in 1992, to commemorate "the 500th anniversary of the meeting of two cultures." The declaration also insists, "It is historically imperative that we achieve Latin American integration, as the only way in which we can confront and overcome the constant and permanent threats against our countries, stemming from the foreign debt, the drug trade, and imperialism's military and economic aggressions."

Panamanian President Manuel Solís Palma addressed the opening session, which included hundreds of Panamanian delegates, representatives from the diplomatic corps, and the international press. On the dais sat Gen. Manuel Antonio Noriega, the conference organizing committee, which includes Nils Castro, Nilka de Abrego, Carlos Wesley, Fernando Quijano, Carlos Cota, Héctor Basualdo, Marisol Arcia, and Héctor Herrera, representing half a dozen nations of the region, along with the heads of each delegation from every nation of the continent.

President Solís began by urging those present to return to their countries after the conference ended, to work with perseverance and "to take back with you the good news that, at the site of the First Amphictyonic Congress, the work has begun to lay the basis for a Second Amphictyonic Congress, with the purpose of achieving the integration of all our potential for greatness into a single force, that will at last put an end to the servitude imposed upon our peoples." (See **Documentation.**)

To close his speech, President Solís quoted Pope John

Paul II's most recent encyclical, *Sollicitudo Rei Socialis*, demonstrating that "the aspirations which will occupy the deliberations that begin today, not only answer to the clear demands of our national realities, but also bear the highest, most authoritative, blessing."

## Support for Noriega

Speaking for the Bolivian delegation, retired Gen. Lucio Añez quoted from Gen. Omar Torrijos, the Panamanian nationalist leader who "married the armed forces to the people." The battle of patriots of the continent today should be "to end dependence on the foreign debt and drug trafficking," General Añez stated. He called Panama the place where "you find the largest percentage of popular dignity in the continent," then turned to General Noriega to state, "We are proud that you, General Noriega, are here with us today."

All the delegates gave full support to General Noriega and President Solís, and the battle Panama is waging for sovereignty. The Declaration of Panama states, "That with systematic political and economic aggressions against the Republic of Panama on the part of the Reagan administration, the intention of ignoring the Torrijos-Carter Treaties is made clear, and is confirmed in the United States Congress by a resolution that seeks its unilateral abrogation under threat of invasion."

The support for the government of Panama, demonstrated at these talks, was reported widely in the Ibero-American press, constituting the final blow to the Reagan administration's attempt to isolate General Noriega and draw all of Ibero-America into the U.S. assault against that nation. By the last day of the conference, the Peruvian government had announced that it would attempt to rectify the error of having removed Panama from the Group of Eight, the Contadora support group which Panama helped found. Peru simultaneously recognized the government of Solís Palma as the legitimate constitutional government, and sent in a new ambassador.

"This event represents the antibodies which are produced in order to endure U.S. imperialism, and perfect the defense of our Latin America," General Noriega told reporters at the inaugural session of the conference. Panama must turn to-

ward Latin America today, he said, while Latin America “sees in Panama its own anguish. . . . [We] represent the mirror of all aggressions against peoples who wish to be free. . . . The meritorious representatives of brother Latin American countries who are participating in this meeting, are authentic witnesses to the history which Panama is writing today. [Panama] is suffering one of the most brutal aggressions, because it refuses to capitulate and lend its territory so that foreign forces can attack brother countries.”

### Concrete resolutions

Delegates to the conference participated in workshops on the following subjects, to draw up resolutions on what must be done to carry out Ibero-American integration: 1) Economic Sovereignty, Integration, and the Foreign Debt; 2) Law and Integration; 3) the Labor Movement in Ibero-America; 4) Drug Trafficking as a Factor of Disintegration and Intervention in Latin America; 5) Armed Forces, Security, and Defense of Ibero-America; 6) Social and Cultural Problems; 7) the Environment; 8) Science and Technology for Integration; 9) the History of Integration.

In the morning session on Aug. 9, Deputy Irrajá Rodrigues, president of the Foreign Debt Commission of the Brazilian Congress, presented three proposals: the creation of a debtors' club among the countries of the continent; the declaration of a five-year moratorium on the debt; and the creation of an Ibero-American Common Market.

Here, Marivilia Carrasco, secretary general of the Mexican Labor Party (PLM), spoke on “Food and Energy Security for Ibero-America.” “Perhaps the area which most reflects the economic deterioration of our continent under the last five years of subjection to International Monetary Fund rule,” she said, “is the reduction in the consumption of food, and the concomitant collapse of capacity to produce these foods. . . . It is urgent that we begin agricultural infrastructure projects which will permit us to achieve food sovereignty. . . . It is evident that the tasks which we spoke of for food and energy are absolutely within our reach. Together, for example, with Argentina, Mexico, and Brazil, we can be autonomous in nuclear matters; in questions of oil technology, Pemex and Petrobrás are capable of providing technological advice, and training for the skilled manpower of any country that needs it.

“Continental collaboration will awaken the imagination of the continent to construct the *Patria Grande* [Great Fatherland]. I still see the shining eyes of those Mexican peasants to whom I have had the opportunity to propose that, instead of going as wetbacks to the U.S., they can participate in making Mexican production grow in the extension of the Argentine agricultural frontier that requires immigrants from all parts of the continent for its development,” she concluded.

“Pharmaceutical sovereignty” was put forward as vital for Ibero-America by Brazilian industrialist José Carlos de Luca Magallanes, president of the Latin American Federa-

tion of Pharmaceutical Industries, who participated in the workshop on Science and Technology for Integration. He stated that in addition to sovereignty in food and energy, sovereignty in medicines is also required. He gave as an example the 1982 Malvinas War, in which Argentina was left medically vulnerable. His presentation was a polemic against free trade and the international oligarchy that controls the pharmaceutical industry.

Venezuelan Labor Party representative Alejandro Peña told the workshop on drugs: “The crime I will discuss today will be catalogued in the future as the greatest genocide in the history of mankind, mass murder worse than that of Hitler, a murder that, not content with destroying the body, also destroys the mind, and even the soul. I refer to the role played by the policies of the International Monetary Fund in the promotion of drug trafficking.” Peña continued, “However, future generations will be able to exclaim, if today we so wish it, ‘In 1988, Ibero-America united, overthrew forever drug trafficking and the IMF.’ ”

Peña continued, “We should denounce not only the fact that . . . the international banks which are owed the debt are the principal ‘launderers’ of the \$500 billion annually managed by the narco-traffickers, but also the fact . . . that the IMF deliberately promotes drug trafficking.” Peña called for the Presidents of Ibero-America to decree a continental military alliance against drug trafficking. “For that, a Continental Joint Chiefs of Staff must be created to coordinate operations.” He also asked the meeting to take steps to “detect the fields of marijuana, cocaine, and poppy in all of Ibero-America, as well as the laboratories and centers of logistical support.” He called for using military justice to judge and jail the financiers and bankers, on the charge of being traitors to the fatherland. “We must proceed immediately to seize all their goods as booty of war,” Peña said.

### Military backs Panama

“We cannot permit U.S. imperialism to continue to place its insolent boot on our territories,” said Gen. Elio García Barrios of Venezuela. “We Latin Americans must unite; as long as the armed forces are not conscious of this integration, we will never achieve it, because we must fight together to find our destiny.” Gen. Humberto Cayoja of Bolivia said, “Panama is not alone in its sovereign fight, because it is the fight for Latin American dignity, which is why we stand in solidarity with its cause.” Gen. Miguel Angel de la Flor, ex-foreign minister of Peru, told the conference that the motto of General Torrijos, “ ‘it is better to die on one’s feet than live on one’s knees,’ is growing more important each day in the fight for freedom and sovereignty of our peoples. We must increasingly shape a Latin Americanist will to achieve the project begun by the Liberator Simón Bolívar, because only through common and united action will we be able to confront U.S. imperialism, which is trying to politically and economically subjugate us.”

"There was an awareness of the need to construct in Latin America an organized and coordinated movement," Argentina trade unionist Domingo Petrecca told *EIR*, referring to the discussions in the labor workshop. "In this new debate, we should interest all the organizations of Latin America, all the labor federations. . . . There was agreement on naming an organizing commission that will bear the responsibility for planning a Latin American meeting and the formal constitution of this new entity for the entire continent," he said.

Making up the commission on the labor movement at the conference were trade unionists from Argentina, Peru, Bolivia, Brazil, and Mexico. Participating from Mexico was Juan Sosa of the oilworkers' union.

The Science and Technology workshop voted up a document read to the plenary by State Deputy Cecilia Soto of Sonora, Mexico, a member of the Cardenista National Democratic Front (FDN). The document strongly endorsed nuclear energy, and also superconductivity and other advanced technologies, and called for the creation of a Latin American advanced research center.

Gen. Edgardo Mercado Jarrín (ret.), former Peruvian prime minister and foreign minister, reported the resolution of the Armed Forces, Security, and Defense, workshop. It called for abolishing the Rio Treaty, which set up an inter-American military force, on the grounds that it had proved itself worthless in the Malvinas and Panama situations. Instead, the resolution called for creating a Latin American defense board, excluding the United States, to represent Latin American interests.

### **'Hold the trench of dignity'**

Gen. Manuel Noriega delivered the closing speech, before a cheering crowd of 1,000 and the international press corps. Never before have so few, he told the gathered delegates, worried so very many imperialists as they have today. "As we reach the fourth day of this meeting, where there were no ideological positions nor radical postures, where in Christian fashion we sought out that which unites us rather than what divides us, we proudly proclaim to the world, and to our own Indian, black, mestizo, and white men, that the hour of the people has come. . . . And know that here in Panama, your brothers will hold the trench of dignity in the name of duty, though we may be threatened with extermination, since we are of the belief that nationalist fighters are not the masters of their lives, since their lives belong to the fatherland."

General Noriega's speech culminated the final session, at which President Solís Palma was also present, and where each of the nine workshops presented their findings. Former Argentine Congressman Héctor Basualdo also spoke on behalf of the meeting's organizing committee, and thanked the Panamanian government for hosting the event, and General Noriega in particular, "in whom we see the light of hope for Latin American integration—may God protect him."

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## Documentation

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# Solís Palma: 'This dream of integration'

*This is the full text of the speech of Acting Minister in Charge of the Presidency of the Republic of Panama, Manuel Solís Palma, to the Meeting Toward the Second Amphictyonic Congress, in Panama City on Aug. 9. Subheads have been added.*

Gentlemen:

The welcome given today by the Panamanian people and by my government to the distinguished delegations present here is very different from that given the first efforts to organize a meeting of plenipotentiaries of the new Latin American nations, which culminated in the Amphictyonic Congress of 1826, held in our capital.

The forefathers of Latin American integration had a dream, glimpsed a possibility, shared a vision of needs and aspirations which would bring our peoples to a crossroads which would make them aware of a common destiny, shaped by the similarity of the problems of our economic, social, and spiritual development, and by the sameness of the enemies of this development.

The quality of the representatives attending this conference, for the purpose of beginning to join efforts to celebrate a Second Amphictyonic Congress, confirms that conditions already exist on the continent to make Latin American integration not only a possibility, but also so necessary that its postponement implies a high cost in hardships and sufferings, in political instability and social violence, in frustrations, despair, and failures.

Indeed, the principal motivation of governments at that time was, doubtless, the common enemy—the armies of the Spanish Crown determined to reimpose imperial dominion over the territories of the new republics. But now, when there are other forms of domination, when the common weaknesses of underdevelopment and its causes have made us understand that the main weapons used to subjugate us are our own submissiveness and disunity, when the chains of the debt,

the specter of drugs, and the poison of disinformation undermine the constitutional order of our governments and their institutions, then the common enemy becomes clear to us all and seems to dictate to us the very agenda of a Second Amphictyonic Congress of plenipotentiaries of all the enemy's victims.

### **The problems we face**

The agenda of this meeting covers a wide range of specific problems shared by all the Latin American nations, and I am certain that the deliberations begun here today will shed much light on the way these problems repeat themselves in every nation, and will show not only the similarity of the nature of those problems, but also their causes and the factors that block or hinder their effective solution. Thus, I will limit myself to a few general comments from the perspective of a chief of state always obliged, and today more than ever, to see each national problem in the context of all the other problems.

The educators present here are very well aware of the deficiencies of our educational systems which, in addition to reflecting exiguous cultural levels, also block the acquisition of political virtues which are the sole basis for sustaining effective and lasting democratic institutions. But they know that these deficiencies also depend on both the scarcity of resources allocated to education and on the destructive and degenerative influence exercised by the industry of distraction of the masses, which has superimposed a frail and fictitious culture on top of our very rich, ancient, and varied cultural traditions and on top of our evolution, which constitutes one of Latin America's essential contributions to universal civilization.

The active duty and retired military men who are here today and who well represent the new orientation of Latin America's military, understand that misery and backwardness generate dangers to the security of human society as great as the whole gamut of extraterritorial threats which bombard us daily.

The scientists present here well know that the general inadequacy of our countries in the various sciences and, above all, in the sciences that are indispensable for technological progress, are not only due to our own limitations, but also, to some extent, to an exclusive concentration of the potentials for sharing the knowledge and discoveries from other places, a treasure which belongs to certain peoples, and which others do not have easy access to.

The politicians and scientists present here know well that the primary difficulty in directing the masses toward their liberation lies not only in a multiplicity of beliefs or ideologies, but also in a permanent mystification of reality, deliberately conceived as an instrument of subjugation, not only with the intention of eternalizing privileges within the frontiers of our societies, but also for the purpose of braking the drive to forge the collective will of all of our peoples, against

an unjust and unjustifiable international economic order.

One of the most fruitful achievements that could come out of this meeting, is to determine how far we are still dominated by deception, as the Liberator [Simón Bolívar—ed.] warned us in his speech at Angostura, when he said, "We have been subjugated more by deception than by force, and degraded more by vice than by superstition." These imperial weapons, gentlemen, have been perfected during the 169 years that have elapsed since.

### **What must we do now?**

Faced with this dream of Latin American integration, today so insistent, so demanding, so urgent in our consciences, we must ask ourselves: "What can we do now? What must we do now?" Notwithstanding all foreign obstacles, and all the difficulties which the powers may place in the path of Latin American integration, I believe that it is we, and only we, who will construct Latin America. And the greatest responsibility of our leaders is precisely that: to show the way, to direct people, and to lead them with concrete steps toward that unity which, as Bolívar said, "will not come to us through divine miracles, but through noticeable effects and well-directed efforts."

Personally, I believe that among the many reasons that the realization of this splendid aspiration of the Liberator has been delayed, one of the main ones has been due to associating it always with the formation of a single great state, with a federal government that incorporates all of our nations, forgetting that Bolívar himself cautioned against such impossibilities when he said, "I think that it were better for America to adopt the Koran than the government of the United States."

Each of our countries must keep our identity as nations, but we must also make the unyielding decision to struggle in unity for the sake of our authentic independence.

Just as Western Europe has been slowly uniting, despite the diversity and individual strengths of its cultures, the force of its national historic identities, and its varied levels of development, Latin America must enter more substantive stages, and join an accelerated integration movement, to also guarantee the prosperity and well-being of our peoples, whose unfulfilled aspirations are growing daily more explosive.

A few days ago, a prestigious U. S. publication stated that this decade is a lost decade for Latin America, in that our countries have all become impoverished. Average real income, without exception, is less today than in 1980. Last year, 30% of the value of all our exports disappeared in payments to the commercial banks and to the international financial institutions, as foreign debt service. But the weight of our dependency is still more terrible when it touches the very heart of our needs, when it affects the production and consumption of food. Malnutrition, which formerly existed only in some countries or regions, has spread and now covers vast regions, and has progressively become a chronic reality for the majority of our countries' populations, who increas-



ingly depend on the import of all kinds of products, and especially agricultural products.

It is necessary to warn that dependency becomes interference in our affairs, when it is used to try to impose on us a foreign political and social model. In the case of Panama today, dependency has come to form part of political, economic, and financial aggression, which replaces the war of territorial conquest.

Among the new forms of deceitful tactics that are repeatedly employed against Latin American interests, and against the interests of each Latin American nation, the terrible experience that Panama is suffering today gives us the authority to denounce the export of dreams and ideals, and the efforts to divert our people's attentions through empty institutional lures entirely irrelevant to the national reality of each of our countries.

### **We must find our own way**

Here, again, Bolívar has left behind guideposts to show us the way, in his writings which, at times, appear to us like a catechism of liberation. In this quote, a little long but from which not a word can be eliminated, we find the definitive response to the library democracies, the showcase democracies, the democracies for export: "I should say (affirms the Liberator) that it has never for a moment entered my mind to compare the position and character of two states as dissimilar as the English-American and the Spanish-American. Would it not be most difficult to apply to Spain the English system of political, civil, and religious liberty? Hence, it would be even more difficult to adapt to Venezuela the laws of North America. Does not *L'esprit des lois* state that laws should be suited to the people for whom they are made; that it would be a major coincidence if those of one nation could be adapted to another; that laws must take into account the physical conditions of the country, climate, character of the land, location, size, and mode of living of the people; that they should be in keeping with the degree of liberty that the Constitution can sanction respecting the religion of the inhabitants, their inclinations, resources, number, commerce, habits, and customs? This is the code we must consult, not the code of Washington!"

In these flowing words from Angostura, the Liberator again raises his insistent and wise advice that each of the new Latin American nations be left to digest the liberty achieved with independence, in accordance with its own nature and with its own timetable.

There he expressed at great length and detail that precept of his which adorns the entrance to the Colombian Foreign Ministry, and which tells us that each people has its own regimen which the others should respect.

The time has come for us to understand that the illusions of false ideals are weapons to restrain the political, economic, and social currents of Latin America, to embroil them in sterile disputes about the degree of perfection of its institu-

tions in the face of standards that only exist in textbooks and in pamphlets of destabilizing propaganda.

In truth, it is time that the world understand that each one of our countries has its own dream, and that those dreams are different from the U.S. dream, just as they are different from those of the peoples of Europe, and of Asia, and of the rest of the world. It is time for the world to understand, further, that those dreams are as valid and as noble as those of Jefferson, and Thomas Paine, and Lincoln, and have the same right to exist and to become our ideals and goals.

### **The basis for unity**

If we merely compare regimes and match structures, paying no attention to the inevitable asymmetry of institutional evolution that can be inferred from our diversity, we will be distancing ourselves from forms of unification based on factors that give us a common entity, and we will be sacrificing the path of material and spiritual progress for all peoples for the sake of a means of individually conceiving that progress.

The first great Latin American struggle against a foreign empire did not stop to think about the different idiosyncracies of the regimes that were about to be born. In this new struggle for final liberation, let us seek that which can unite us in Latin American integration, and not that which separates us, since all that will be more easily and quickly resolved with an integrated Latin America determined to serve each one of its peoples, themselves united by an unshakeable and permanent will to excel.

His Holiness John Paul II, in his most recent encyclical on the Church's concern over social questions, and which I would like to cite on this occasion, tells us: "The developing nations from the same geographic area, and above all those from the southern zone, can and should constitute new regional organizations, premised on criteria of equality, liberty, and participation in the concert of nations, as they have already begun to do with promising results."

Thus, the aspirations which will occupy the deliberations which begin today, not only answer to the clear demands of our national realities, but also bear the highest, most authoritative, blessing.

I wish you all much success and, above all, much perseverance. When each of you has returned to your countries of origin, may all of you spread the word that during the battle of Panama against colonialism, a dream again flowered, the other dreams of the other Americans—we Americans who have always been passed over. And that these Americans, much older and more numerous than the others, have decided to take hold of our own destiny, inspired by the legacy of the Liberator, and take back with you the good news that, at the site of the First Amphictyonic Congress, the work has begun to lay the basis for a Second Amphictyonic Congress, with the purpose of achieving the integration of all our potential for greatness into a single force, that will at last put an end to the servitude imposed upon our peoples.

# Ligachov disputes Gorbachov's reforms

by Rachel Douglas

The power struggle in the Soviet Union erupted with new force in the early days of August, when General Secretary Mikhail Gorbachov left on his summer vacation and Politburo member Yegor Ligachov used a tour of the provinces as the occasion to open fire on Gorbachov's changes in domestic and foreign policy. It was evident from Ligachov's speeches and from the crisis atmosphere at a Communist Party Central Committee plenum held July 29 (see article, p. 10), that the battle goes far beyond a clash of personalities or their fiefdoms. What drives the factional brawl is the increasingly dire condition of the Soviet economy; a central matter of dispute is how best to buy or take what the Soviet bloc will need from the West, while maintaining military advantages achieved.

It is dawning on more people in the West that, as English Sovietologist Peter Reddaway commented to the BBC on Aug. 6, Gorbachov could "stumble" in the event of "a total breakdown of order inside the Soviet Union, a crisis in the economy, unrest in Eastern Europe, or some combination of these."

Speaking Aug. 5 in the Volga River industrial city of Gorky, Ligachov warned against "Western models" of economic practice, which would bring "chronic unemployment" and undermine "the achievements of the Soviet people and the [Communist] Party in building socialism." In a swipe at the limited forms of private ownership favored by Gorbachov's economic team, Ligachov said, "Copying of Western market models based on private ownership is totally unacceptable for a socialist system."

A July 29 article by economist Tatyana Subbotina, printed in the Central Committee economics daily *Sotsialisticheskaya Industriya*—Ligachov controls much of the CC staff—attacked reform legislation with which Gorbachov has associated himself closely, the Law on the Cooperative System. This permits private enterprise on a cooperative basis, chiefly in the service sector. Subbotina sharply questioned whether the coops would "really contribute to the improvement of socialism." So far, she said, they offer high prices and poor-quality goods. "Are there any real grounds for fearing a *capitalist deformation* of our cooperative system?" Yes, she concluded, since the coop law has features which "could enter into conflict with the principles of socialism."

Ligachov, in the Gorky speech, also complained that the vaunted *glasnost*, or press liberalization policy, had led to

worse discontent among workers (in the absence of real economic improvement, that is), and even strikes. Ligachov used an old-school Soviet claim, that since "socialism is a system of the working people . . . striking against themselves is absurd."

While visiting Gorky, Ligachov also sought to rally hardcore Russian chauvinists. On Aug. 3, he met Gorky activists of the Society for the Protection of Historical and Cultural Monuments, a mass-based movement of which the anti-Semitic Pamyat society is the militant wing. Too many Communist Party organizations, he told them, "do not support the initiatives taken by the Society for the Protection of Historical Monuments. . . . Try stripping our society of its memory [*pamyat*—ed.] and of all works of material culture created by our people. One would feel uncomfortable in that society."

According to an article by Alexandre Adler, in the French paper *Libération* of Aug. 8, Ligachov's speeches were preceded a few days earlier, by rallies of Afghanistan war veterans from various Siberian towns, including Ligachov's hometown of Novosibirsk. Some veterans reportedly booed every time Gorbachov's name was mentioned, because of the party chief's "policy of abandonment in Afghanistan."

## 'Class character'

The other explosive element in Ligachov's Aug. 5 speech was his insinuation that Soviet foreign policy was abandoning the class struggle. On July 26, Foreign Minister Eduard Shevardnadze said at a foreign policy conference: "The new political thinking views peaceful coexistence in the context of the realities of the nuclear century. . . . The struggle between two opposing systems is no longer a determining tendency of the present-day era." Ligachov rejoined: "We base ourselves on the class character of international relations. Any other presentation of the question just sows confusion among Soviet people and among our friends abroad."

On July 26, Cuban leader Fidel Castro had become one of Moscow's irate friends. He devoted one section of a speech to "current differences with the Soviet Union," and proclaimed, "We must not flirt with capitalist things." Fidel also accused the U.S.S.R. of having botched military operations in Angola, one area covered by Soviet-American "regional matters" agreements.

The Afghanistan war is another regional conflict, hotly debated in Moscow. Gen. Maj. K.M. Tsagolov was recently quoted in the weekly *Ogonyok*, on the errors of Soviet policy in Afghanistan, including reliance on an Afghan Communist Party that he said was incapable of leadership. On Aug. 3, he was the target of harsh criticism by a former commander of Soviet forces there, Gen. Col. V.A. Vostrov, in the military daily *Krasnaya Zvezda*. Tsagolov participated in Shevardnadze's Foreign Ministry conference, on the panel about "Policy Toward Developing Countries and Settlement of Regional Conflicts."

# Belgium kowtows to 'Europe '92' schemes

by Mark Burdman

While most of the European continent was entering its August holiday season and attention was turned to mountain and sea resorts, the Belgian Parliament on Aug. 5 made a surprising decision. The Parliament voted, by a comfortable number over the needed two-thirds majority, to make a basic change in the Constitution, transforming Belgium from its status of a centrally governed nation, into a decentralized, federal state, made up of three relatively self-dependent regions: Flemish-speaking Flanders with 5.6 million inhabitants, French-speaking Wallonia with 3.2 million, and the bilingual capital city of Brussels, with 1 million.

Never before has a nation simply changed itself from a united state into a federation. The decision is a big step toward the "Project Europe 1992" transformation of Europe into a balkanized "Europe of the regions" ruled by supranational financial and reinsurance cartels, replacing the "Europe of the Fatherlands" favored by such great European leaders as Charles de Gaulle.

Belgian Premier Wilfried Martens called this the most important reform since the nation was created in 1830. A Belgian radio newscaster stated: "Belgian is no longer what it was before. From today, we live in a new Belgium."

Beginning in 1989, the governments of the "regions" will make the decisions on a large part of economic policy, schools, traffic (outside of air traffic and expressways), environment, and health. Combined, these add up to at least one-third of the total national budget. The central government will keep control over what are referred to as the "classical tasks of the state," such as foreign and defense policy, internal security, justice, monetary and fiscal policy, and social security. But, for example, there will no longer be a national education minister.

The Italian daily *Corriere della Sera* observed Aug. 7, that the fact that Brussels now has decreased importance as the capital of a centralized Belgium, means that it is more likely to become the capital of a united and federated Europe. In the past months, "Euro-1992" financier and wheeler-dealer Carlo De Benedetti has repeatedly insisted that one of his chief goals in his frantic attempt to buy up Belgium's Société Générale giant, is that he wants to be well-positioned in Brussels, as the future capital city of a "united Europe."

Brussels was the headquarters of the late Paul-Henri

Spaak, one of the masterminds of the "European unification" movement now known as "Project Europe 1992." One of his daughters is today married to Britain's Sir Michael Palliser, a chief figure among that renegade group in Britain which supports "Project Europe 1992," despite the strongly worded objections to the project by British Prime Minister Margaret Thatcher.

A senior figure in the Union of European Federalists—a 50,000-member organization which supports the creation of a "United States of Europe"—stated in an Aug. 9 discussion: "What happened in Belgium was very good. . . . For the future, Belgium can't hang together. Flanders and Wallonia will become separate states, and Brussels will be the Washington, D.C. of a United States of Europe. This will happen peacefully, but the point is simple: The federal system in Belgium can't hold for long."

Spain, he stressed, had in recent years adopted certain federalist features in its governing system for the Catalan, Basque, Andalusian, and other provinces, and could now be motivated to make further moves in the federalist direction.

More provocatively, this individual insisted that a "federal" solution could and should be adopted by the United Kingdom: "Sometime in the not-distant future, you will see Scotland representing itself separately in the European Parliament. It will be done in an entirely friendly way. I am very encouraged that Mrs. Thatcher is worried by the 'Europe 1992' process. She's narrowly focused, and believes that the Westminster Parliament will someday be replaced by seven regional parliaments. That doesn't have to happen, but history will mandate that the Scots will represent themselves. . . . The Scots are a nation, so are the Welsh." He added, "It is in this context of European federalism and regionalism, that the situation in Northern Ireland can be solved."

## Forced impoverishment

Over the weekend after the Aug. 5 Belgian Parliament decision, Lothar Späth, the prime minister of the West German state of Baden-Württemberg, announced he will host a conference on Sept. 9, of the four regions that would be the most prosperous on the European continent, in the "1992 reorganization." These include Baden-Württemberg itself, Catalonia in Spain, Lombardy in Italy, and the Rhone-Alps of France. These four, acting as a special unit, said Späth, should be ready to "sponsor" the prospective "poorer regions" of the emerging Europe. The latter, in Späth's view, included Portugal—and Belgium, which he labeled "regions."

Newest unemployment figures for Europe show a drop in such places as the district of Barcelona (Catalonia), Baden-Württemberg, and parts of northern Italy, but a rise in southern Italy and Denmark. Individuals involved in "Europe 1992" planning admit in private, that the projected reforms will mean the effective end of Denmark as a producing nation.

# Shultz scheme a dud in Central America

by Gretchen Small

Once again, the U.S. Establishment has decided that a Central American war is the quickest route to success, in its desperate drive to blow up the potential for a united Ibero-American defense against the global deal that the Establishment has struck with the Soviet imperialists.

What else could account for the bizarre agenda adopted by Secretary of State George Shultz during his Aug. 1-10 grandstand tour of Central and South America? From Guatemala City to Buenos Aires, Shultz told national leaders that they had better back U.S. plans to overthrow the Sandinistas in Nicaragua—or else. In the middle of the worst debt crisis in Ibero-America in six years, Shultz's insistence that overthrowing the Sandinistas is the key to solving the region's problems, borders on the absurd.

By the time he reached Uruguay on Aug. 4, Shultz declared that except for Nicaragua (which he called "a cancer" which the U.S. will "do everything we can to stop from growing"), "as far as Central America is concerned, the policies of the United States are strong and basically successful." Perhaps the first time U.S. policy toward Central America has been declared "successful" in any respect. Shultz asserted that the Central American democracies "are experiencing real growth in their economies," a remarkable description indeed of the starvation, drugs, and terrorism that Central America's governments are battling.

For eight years, the Sandinista bullies have provided the Reagan administration with a useful foil for the United States' failure to adopt even the semblance of a strategy of aid to allies in the region to defend themselves from Soviet irregular warfare. While Washington scuttlebutt is that President Reagan is toying with the idea of a late-hour war against Nicaragua, Shultz's renewed attacks on Nicaragua have another aim.

Nicaragua is not what worries the U.S. Establishment today, but rather Panama. Panama's gritty refusal to submit to the U.S.-Soviet condominium has set off the biggest explosion of nationalist resistance in Ibero-America against international financial cartels since the 1950s. Any dramatic show of force being prepared against Nicaragua today, seeks to provide cover for military action against the nation both Moscow and Washington have been unable to subdue: Panama.

"Shultz is making a last stand to get rid of Panama strongman Manuel Noriega, who has proved to be as intractable as a tick on a dog," Jack Anderson noted in his Aug. 9 column, published in the Caracas *Daily Journal*. "In spite of the setbacks, Shultz is determined—even more determined than the President—to oust Noriega. The secretary of state was a key player behind the covert action finding that Reagan secretly signed last month bolstering opposition to Noriega . . . a mild sop to Shultz, who refused to relent."

## Democratic bullying

"Relentless" Shultz was on the defensive from the get-go. He has no military or economic aid to offer Ibero-America, an official responsible for much of State Department Americas policy told the press in a background briefing before Shultz left. He will tell them that free trade is the only way they can solve their economic problems, and then return to the question of restoring "democracy" to Panama and Nicaragua. When asked if the Reagan administration plans to help Bolivia with increased military aid to fight the drug mafia, the State Department official snapped, "You know we don't go around with suitcases filled with security assistance."

Indeed, State Department spokesman Phyllis Oakley had cautioned reporters just a few days before, that reports of U.S. discussions with Peru on new military agreements to replace Peru's dependence on Russian military equipment, were exaggerated. U.S. military aid to Peru totals \$400,000 this year, and is limited to training programs, Oakley stated.

This, from this same State Department crew that demands incessantly that the Congress fork over *millions* to prop up the Nicaraguan Contras—a drug-running mercenary army whose operations for years have provided the Sandinistas with their biggest domestic support!

## A matter of sovereignty

Shultz's first stop, Guatemala City, was planned to give the secretary of state the ammunition he needed to get the South American nations to line up behind the new anti-Nicaragua blitz. Here, a meeting was set with the foreign ministers of Guatemala, El Salvador, Honduras, and Costa Rica, out of which Shultz hoped to form a new U.S.-Central American consultative mechanism which would end the Central American initiative known as Esquipulas II, launched in 1987 by Costa Rican President Oscar Arias.

The Central American initiative was never based on a strategy which could seriously take on the region's problems, except in one feature: its statement that Central Americans should take the lead in resolving the problems of Central America, and not some East-West condominium. That simple statement of sovereignty, is what Shultz's "consultative mechanism" sought to eliminate.

If the Central Americans agreed to that, then the Contadora and Support Group, Ibero-America's first step to form-

ing an independent diplomatic group, would, de facto, be ruled out of the Central American equation.

Shultz had sent down Special Ambassador to Central America Morris Busby, as an advance envoy, with instructions to get the Central Americans behind the plan. Busby offered everything from money to threats. His bullying provoked an angry backlash from Central American leaders who disliked being ordered around like the proverbial banana republic.

When he landed in Guatemala, Shultz was greeted by a full-page advertisement taken out by the ruling Christian Democratic Party. It denounced "growing pressures exercised in recent days by representatives of the U.S. government on the highest authorities of our government," including "veiled threats of economic reprisals aimed at forcing our country to join a common front to isolate and condemn Nicaragua."

Edmond Mulet, vice president of the Foreign Affairs Committee in Guatemala's Congress, named Ambassador Busby as the official who had threatened Guatemala one week before. Busby had brought a draft document with him which he demanded all the foreign ministers sign, Mulet said. If they signed, he promised the U.S. would pay part of the Guatemalan foreign debt, stabilize its currency, and give the Guatemalan military spare parts and more training.

Guatemalan officials told Busby his document was "a virtual declaration of war by the Central American countries against Nicaragua," and they would not sign unless it were modified. Then Busby threatened that "if Guatemala did not sign it, just as he had presented it, the consequences would not be good for the country," Mulet charged.

Busby's warnings hark back to Adm. John Poindexter's now-famous December 1985 warning to Panama's Gen. Manuel Noriega, that he would "pay the consequences" for refusing to allow Panama to be used as a staging base for a U.S. invasion of Nicaragua.

Costa Rica also refused to sign the Shultz-Busby document, charging that to do so, would be to hand over to Washington the right to decide Central America's future. "If we sign this statement . . . we would be losing our independence," a Costa Rican official exclaimed. Honduras and El Salvador sided with Shultz in the dispute, but El Salvador's Foreign Minister Ricardo Acevedo had no qualms in admitting why: We're interested in signing "in order to receive substantial economic aid," he told one news service.

Shultz was forced to accept a modified document, which set up no consultative mechanisms, and granted no special rights to the United States to decide policy.

Signs that Guatemala is already beginning to feel "the consequences" Busby threatened have already appeared. A new plot for a military coup was uncovered on Aug. 5. Guatemala also faces tough wrangling with the International Monetary Fund, which is demanding austerity measures guaranteed to make the government very unpopular.

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# Afghan deal is destabilizing the entire subcontinent

by Linda de Hoyos

Under the headline of "Peace Breaks Out," the liberal press in the United States has been heralding the "New Yalta" regional deals now in the process of negotiation among Washington, Moscow, and in part, Beijing. The first such regional settlement was Afghanistan. But far from bringing peace, the Afghanistan deal reached with the Geneva accords of April 14, by which the Soviet Union agreed to withdraw its troops in return for a full halt of aid to the Afghan mujahideen, has proven to be a failure on all counts in regards to Afghanistan. Furthermore, the escalating instability centering around Afghanistan has placed new pressures on adjacent nations, primarily Pakistan and India.

The pact has not brought peace to Afghanistan. Instead, Afghanistan faces a likely protracted period of civil war, as all factions scramble, politically and militarily, to fill the apparent vacuum left by Moscow's withdrawal.

Even the Soviets are divided among themselves on how to approach Afghanistan. In an interview with the weekly *Ogonyok*, Soviet Maj. Gen. Kim Tsagolov, who is an associate of Foreign Minister Eduard Shevardnadze, demanded that Kabul's policy be focused on coalition talks with "the leaders of the armed resistance in various regions" of Afghanistan, and a policy of playing upon the differences between the seven resistance parties based in Pakistan, and "the field commanders" of the resistance "inside Afghanistan." Tsagolov, now head of the Marxism-Leninism Department of Faculty at the Frunze Military Academy, predicted prolonged internecine warfare among various opposition groups in Afghanistan, whether or not the Kabul regime survives a Soviet pullout.

Tsagolov proposes that in the medium term, the Soviet Union be prepared to play the "Islamic card" in Afghanistan, as he writes that he expects the Soviet withdrawal "for a certain time" will result in the "activation of the Islamic factor . . . not only in Afghanistan . . . but in all of Islam." The problem with Soviet policy in Afghanistan, he said, is that the Afghan party "never managed to make Islam its ally. . . . We can expect a hardening of Islamic determination in connection with the notion of Islamic revolution."

However, Tsagolov has been publicly countered by Vadim Perfiyev, deputy head of the Foreign Ministry Information Directorate, who replied to the Soviet news agency TASS Aug. 2 to questions on Tsagolov's perspective with an arch-defense of the Kabul puppet-government: "As for the

opinion of the Soviet side, it differs from Tsagolov's standpoint. We hold that the People's Democratic Party of Afghanistan has good positions in its country, steers the right course that meets the interests of the people, and has every chance to continue working confidently toward attaining peace and national reconciliation of the Afghans. We are convinced that this line will triumph in Afghanistan."

The following day, *Krasnaya Zvezda* carried an interview with Col. Gen. V.A. Vostrov, who did a long tour in Afghanistan as chief military adviser. Asked to give his opinion of Tsagolov's interview, Vostrov retorted, "I cannot share the assessment made of it in the aforesaid interview. I think that Maj. Gen. K. Tsagolov formed this view back in 1981-84, when he was adviser at an Afghan military college. Nor were his views changed by his stay in Afghanistan in 1987, a stay that was short. Yet, enormous changes have taken place there. I also believe that the depth of K. Tsagolov's perception of everything happening in the country was affected by the relatively limited framework of his service in Afghanistan."

For the moment, it would appear that the latter line has prevailed, as Japan's Kyodo news agency and other press sources report that the Soviets are preparing a counteroffensive against mujahideen positions close to Kabul, which has been steadily pounded by rebel rocket attacks. Realizing the Afghan army alone cannot dislodge the mujahideen, the Soviets are stepping in with a sweep out of Kabul to the Qarghah Lake area. *Krasnaya Zvezda* also reports that the Soviets have formed "Red Guards" to defend Kabul. Intelligence sources report that although the Soviets are withdrawing their troops, they are leaving behind a major contingent of special forces.

## Mujahideen rivalries

The disarray in the Soviet camp is more than matched by factional strife within the mujahideen themselves. On Aug. 8, a group of resistance commanders, including the famous Ahmat Shah Massoud, declared that only mujahideen unity can defeat Moscow. Territory can only be captured, their statement read, "if all groups are collected into an army so as to facilitate logistics, planning, and expansion." The group, organized into the Supervisory Council of the North, under the leadership of Massoud, charged that the fundamentalist party Hezb-i-Islami, headed by Gulbuddin Hekmatyar, is

blocking their arms supply.

The two groups are also split over whether to attack withdrawing Soviet troops. From Pakistan, Burhanuddin Rabbani, head of the Jamati-i-Islami, who is allied with Massoud, called upon guerrillas to show restraint toward the Soviets to avert any delay in the Soviet withdrawal. On this issue, Rabbani is allied with both Massoud and two other Pakistani-based resistance leaders, Younis Khaled and Abdul Rasul Sayyaf. Hekmatyar, however, is demanding that the mujahideen take advantage of the withdrawal to press forward militarily.

Massoud might claim to have authority to shape the political and military policy of a mujahideen force. He claims to control 10 out of 31 Afghan provinces, and his moral authority is enhanced by the fact that he has fought within Afghanistan, rather than basing his efforts from Pakistan. However, no mujahideen forces have been able to seize any provincial cities, even as the Soviet troops withdraw. Reports emerged Aug. 12 that the mujahideen had taken back the provincial capital of Kunduz province, but the official Bakhtar Afghan news agency said that the Afghan army forces had taken back the city after infiltration by rebels. The mujahideen may also be closing in on the southern city of Kandahar. Press reports say the Afghan army controls only the innermost of the four security belts around the city. Most residents of the city have fled the fighting; 85% of the city's homes have been destroyed or badly damaged.

In summary: The withdrawal of Soviet troops—50,000 supposedly by Aug. 15—has not abated the level of violence within Afghanistan itself at all. The fighting in the country prohibits the projected next step in the agreement—the return of 3 million Afghan refugees to their homeland.

## Pressure on Pakistan

However, while the April 14 accords have not decreased the civil war levels in Afghanistan, they have acted to virtually hand the Soviet Union a *carte blanche* to increase pressure on Pakistan. By signing the Geneva accords, Pakistan is forbidden to continue militarily supplying the mujahideen, as it has done since 1979. Official arming of the rebels is, however, not necessary, since Peshawar, provincial capital of the Northwest Frontier Province along the Afghan border, is a virtual arms bazaar. Anything and everything is available; all that's needed is cash.

On Aug. 1, Pakistani Foreign Minister Yaqub Khan went to Moscow to reassure Soviet leaders and mend fences. The visit does not seem to have had lasting effect. Four days later, Soviet Foreign Minister Shevardnadze, who had charged Pakistan with aiding "international terrorism," paid a surprise visit to Kabul, where he threatened that Pakistan will bear responsibility for continued arming of the mujahideen. The Soviets, he said, will "find means" to counter Pakistan's material support for the rebels.

On Aug. 6, Pakistan's Khan dismissed the Soviet claims

as "baseless," explaining that although Pakistan was not arming the mujahideen, it had never ceased its "sympathies" with the rebel.

His response was in turn answered by an Aug. 8 dual statement from Kabul and Moscow issued at the end of Shevardnadze's visit. Charging Pakistan with "crude violations" of the Geneva accord, the statement said that Kabul and Moscow had to "draw appropriate conclusions" and would be forced to "define their actions in case the interference in the internal affairs of Afghanistan is not ceased." The statement demanded that the United States act to enforce the Geneva accords and rein in Pakistan.

Behind the words is an escalation of attacks on Pakistani territory. On Aug. 1, there were 27 people killed and 25 injured when Afghan jets bombed the Pakistani border town of Baghar. This is the worst attack on Pakistani border areas since the Geneva accord was signed, but it is not an isolated incident. On Aug. 6, a Soviet bomber was shot down over Pakistani airspace, according to BBC. In the last two months, the Pakistan government charges, Soviet or Afghan forces have violated Pakistani airspace 120 times.

Pakistani sovereignty is also under attack. One design for the Soviet withdrawal is the division of Afghanistan into at least two sections. The north would be annexed directly by the U.S.S.R. The southern half would fall into the hands of Islamic fundamentalist mujahideen (which could be played as Tsagolov sees it), or be divided along ethnic lines. This design immediately impinges upon Pakistan. The Baluchs and the Pushtoons, for example, are two tribes which straddle the Afghan-Pakistan border. The party of Abdul Wali Khan in the Northwest Frontier Province has known loyalties to the Kabul government. Representatives of this party claim that the Durand Line, devised by the British to divide Afghanistan from India, should include the entirety of the Northwest Frontier Province and part of Baluchistan.

Pakistan is seeking partners for its defense. In Washington, Pakistan is asking for an immediate upgrade of U.S. military equipment, particularly to counter Soviet and Afghan air incursions. On Aug. 6, Foreign Minister Yaqub Khan met with his Iranian counterpart, Ali Akbar Velayati, at the United Nations in New York. Aside from possibly carrying messages to Velayati from Secretary of State George Shultz, Khan discussed the Afghan war with Velayati. Reports are accumulating that, with U.S. and British backing, Pakistan will seek to create an alliance that includes Iran and China. Since the accords, Sino-Pakistani relations have tightened, especially in the military sphere. Pakistan is currently negotiating the purchase of submarines from China, and China sent an unspecified number of F-7P planes to Pakistan on July 26.

Such deals have been uneasily noted in New Delhi. For sure, the increasing militarization of the region does not bode well for the future of peace—despite the platitudes of Moscow and Washington.

# Mexico approaches constitutional crisis

by Hugo López Ochoa

Cuauhtémoc Cárdenas, the presidential candidate of the National Democratic Front (FDN), warned Aug. 4 that the July 6 Mexican "elections will have to be annulled and new ones held," if President Miguel de la Madrid's government does not show signs of "repairing the irregularities committed," and "because it is impossible to clearly establish the results."

He wrote this in a document co-signed with National Action Party (PAN) candidate Manuel J. Clouthier and Revolutionary Party of the Workers (PRT) candidate Rosario Ibarra de Piedra.

The government declared ruling Institutional Revolutionary Party (PRI) candidate Carlos Salinas de Gortari "President-elect." But, new evidence of vote fraud presented in early August by Cárdenas himself, threatens to unleash an unprecedented constitutional crisis.

On Aug. 4, Cárdenas revealed in a meeting of his supporters in Ciudad Obregón, Sonora, that in a count of the 29,000 voting booths for which the Federal Electoral Commission had announced detailed vote breakdowns, his presidential triumph was indicated. In those booths, which contained 54% of the national vote, Cárdenas received 40%, while Salinas only achieved 34%. The monetarist PAN got 22%.

Such results are due basically to Cárdenas basing his presidential campaign on a nationalist economic recovery program, focused around a debt moratorium to force creditors to negotiate better terms.

In Ciudad Obregón, Cárdenas accused Government Secretary Manuel Bartlett of having abruptly suspended the count of the 25,000 booths which had not been tallied and holding them to "alter" returns.

The Federal Electoral Commission "officially" granted 50.3% of the vote to Salinas, 31% to Cárdenas, and 17% to the PAN. To preserve these figures, Cárdenas explained, in the 25,000 remaining booths, Salinas "would have to obtain 67%, Cárdenas 20%, and the PAN 11%." That is to say, a total reversal of the tendencies shown in the previous recount! Moreover, it is known that Salinas does not enjoy a 67% level of support anywhere in the country. As the Planning and

Budget Minister who designed De la Madrid's austerity program, he was, if anything, most unpopular everywhere in the country.

## Will the PRI fragment?

At the end of his 15-state tour, Cárdenas brought out 30,000 supporters in Sonora and Baja California Norte. As he made his whistle-stop "in defense of the vote," more signs appeared of the PRI fragmenting over "Cárdenism."

Starting Sept. 1, the newly elected Congress should make its sovereign decision on the presidential elections. It is now estimated that the PRI will have only a 10-delegate advantage over the opposition. On Aug. 2, the PRI warned it would take reprisals against any of its deputies who absented themselves from the congressional sessions, "because any absence will be taken advantage of by the opposition, which at any moment could become the majority."

The PRI's fear is well founded. A few days later, a PRI candidate for federal deputy in the state of Tabasco, renounced the PRI and went over to Cárdenas's FDN the moment he had in his hands the papers certifying his victory.

Despite all, President de la Madrid showed his total disdain for the will of Mexico's majority Aug. 4 by assuring Mexico's creditors that "I understand" moratorium on the foreign debt "as an opposition party electoral tactical argument, not one by responsible persons."

Well-informed sources have informed *EIR* that PRI candidate Salinas began a frenetic series of meetings with various factions of his party to ward off mass desertions. In backroom meetings with these sectors, Salinas confessed that he knew Cárdenas had won much popularity and undeniable electoral triumphs. "I want to negotiate," he said. At the same time, however, he warned, "I will not take power in a debilitated position."

On Aug. 10, the PRI's national directorate expressed its "most energetic rejection" of the three opposition parties' document about annulling the elections. It accused them of "political adventurism," of trying to "override the juridical order," of "provocation and lust to disturb the public order."

A few days earlier, PRI President Jorge de la Vega Domínguez crudely charged that Cárdenas would be to blame should violence erupt. "Those were fighting words," *Diario de Mexico* columnist Arturo Blancas wrote.

"We are not going into flight forward with actions which serve as a pretext for the government to repress or destroy what we are creating," Cárdenas told his partisans in Navojoa, Sonora Aug. 6. In the town of Empalme, he said, "We are not in a battle for numbers, but for policies, until Mexico has a legitimate government."

On Aug. 10, all opposition party delegates walked out of a Federal Electoral Commission session after the PRI and government delegates rejected most challenges. They warned they would not return "until there are serious, honest, and responsible people to work with."



## Stock market fraud

*The fraud of the century burns President de la Madrid's fingers and threatens a group of ex-bankers.*

**P**ressure is building up for the Mexican government to severely punish the owners of the stock brokerages who were involved in the mammoth October 1987 financial fraud. More than 180,000 small, medium, and large investors lost more than \$20 billion, which "evaporated" during Mexico's October stock market crash.

On Aug. 9, the General Prosecutor's Office issued subpoenas for several individuals to appear before an investigating magistrate. It summoned Lorenzo Peón Escalante, who was president of the National Securities Commission at the time of the fraud, the commission's current president, Patricio Ayala González, and Eduardo Legorreta Chauvet, owner of Operadora de Bolsa, the country's second biggest brokerage firm. They were summoned to respond to accusations of criminal misconduct presented by César Fontanes Méndez and Antonio Sánchez Ancira, the lawyers for a large number of defrauded investors, who are demanding more than \$1.2 billion in damages.

The October fraud has become a "hot potato" for President Miguel de la Madrid's government, since senior administration officials are implicated. Even the manner in which Carlos Salinas de Gortari won the Institutional Revolutionary Party's presidential nomination has become part of the scandal.

Although the charges against the brokerages have been aired for more than six months, with abundant evidence, not a single person has been formally charged with criminal acts. On July 18, the daily *La Jornada* reported that the National Securities

Commission had found that at least five violations of the country's securities law had been committed by Operadora de Bolsa. It obliged clients to buy stocks they did not want; it made bridge loans not authorized by the clients, etc.

There are two more major brokerages which have been brought to court: Inverlat and Probusa. The first is owed by Agustín Legorreta Chauvet, first cousin of Eduardo and current president of the Business Coordinating Council, the country's most powerful business clique. Inverlat's managing director is Manuel Somoza Alonso, who was the president of the Mexican Stock Market when the October fraud took place.

In their ardor to quash the charges, the stock brokers are approaching gangsterism. The daily *La Jornada* reported July 25 that one of those going to court against Inverlat was threatened with being sent to jail if he did not separate himself from the suit. The suit was for Inverlat's having invested the client's money without the client's permission in low-yield stocks.

The market fraud and crash were caused by unchecked speculation encouraged by the government in order to attract flight capital back into the country to play the "market casino." It was also agreed that the market would be left in the hands of Mexico's top capitalists "as payment" for their supporting Salinas—at least, this is what is heard in the highest political circles.

That is quite true. In 1982, the stock market's total share value was 3 billion pesos. In 1986, it reached 135 billion pesos. By July of 1987 it had

560 billion pesos, 170 times more. In 1987, the government "sold" to the former bank owners the brokerages owned by the banks which were nationalized in 1982.

The government also changed the banking law to prohibit the nationalized banks from operating brokerages, to leave the sector to the "free" market. The government used the brokerages to massively run up its debt by marketing its financial instruments, which were manipulated by the brokerages at their pleasure. The brokers, not the government, set interest rates. Mexico's internal public debt thus fell into the hands of powerful private groups like the Legorretas, who used it to gain immense political leverage over the country's resources.

This situation had been created since 1985 by Finance Minister Gustavo Petricioli, who was considered the architect of the stock market and of its fantastic 1987 "miracle boom." Petricioli's right-hand man in this was his chief adviser, Hugo García Blake, until 1985 vice president of Casa de Bolsa Mexicana de Inversiones y Valores. This brokerage's president, Isidoro Rodríguez Ruiz, was accused in 1985 of receiving illegal loans from then-Pemex director Mario Ramón Beteta with which to buy ships for transporting Mexican oil. Rodríguez recently "donated" a fleet of trucks and cars to Salinas's presidential campaign.

Manuel Somoza, another person implicated, worked with Petricioli when he was director of the state's development bank, Nacional Financiera. Somoza was "lent" to Petricioli by Agustín Legorreta, for whom he had worked since his youth at the Banco Nacional de México. Legorreta managed that bank as a front for the Swiss Neufilze-Schlumberger interests.

### No future for Germany's coal sector?

*The "Europe 1992" deregulation plans are going to end German coal mining, once and for all.*

In late July, a letter arrived at the offices of the European Commission in Brussels, Belgium, attacking the system of state subsidies to coal in Germany as "incompatible with the free market principles of the European Community."

The letter, sent by the French government, said in a threatening tone, "It is the French view that the Commission is obliged to impose the Community's laws upon Germany."

The European Commission acted promptly, notified the government in Bonn of the French protest, and urged the Germans to "remove obstacles to deregulation in time," in order to avoid "conflicts with the new rules which will be implemented in 1992."

Both documents, the French one and the one from Brussels, give an accurate foretaste of what is going to happen on a much broader scale after the constitution of the planned "single European market." If adopted, the "Europe 1992" system will overrule national sovereignty by decrees from Brussels. Imposing "Community laws upon Germany" on coal, would render the capital-intensive coal-mining sector here noncompetitive.

The decline of steel production, and the ecologist boycott of nuclear power and of carbo-chemical industries in Germany, have caused a sharp drop in coal production over the past 10-12 years. In anticipation of growing difficulties in obtaining permits in the future, coal mining in Germany has grown over-dependent on its exclusive contract with the public utilities. They take half of the coal at guaranteed subsidized prices.

The contract, which will expire in 1995, was subsidized by 5 billion

deutschemarks in 1987, through a special "coal penny" tax surcharge on electricity prices. Designed to bridge the gap between dumping-priced imported coal and German coal, the tax should have been raised long ago, but it wasn't. The government in Bonn thinks that "coal is out anyway."

Thirty-two coal mines are left in Germany, 23 of these operated by the state-owned Ruhr Coal Corporation, which employs 104,000 miners who are producing 74 million tons of coal annually. Two years ago, 132,000 miners worked at Ruhr Coal, and there are new plans to phase out another 24,000 until the end of 1993.

This process of drastic shrinkage has led to soaring jobless rates in all of the traditional mining centers of the Ruhr, far beyond the national average in the Federal Republic. The best-situated of these mining cities is Hagen, with a jobless rate of "only" 12.5% at the end of July. The other cities, Hamm (14.0%), Recklinghausen (14.5%), Oberhausen and Essen (16.2% each), Gelsenkirchen (16.5%), Bochum (17.0%), Dortmund, and Duisburg (17.4% each), are in the same situation as the declining coal-mining regions of Britain and the Lorraine in France. Industrial unemployment has "settled down" there, the experts say, and the phenomenon of workers who have been without a job for more than two years, has become very common now.

The problems are increased by the propaganda for "Europe 1992," which is designed as a Europe of "sunrise" industries, with the "sunset" sectors like steel, coal, construction, and shipbuilding slated for dismantling.

Within the framework set by the

European Commission's policy, there is no hope for steel or mining workers in the Ruhr to find a new job in their area of expertise.

A special propaganda campaign by the European Commission and related think tanks has penetrated the management layers of German industry, alleging that coal from national production could be more easily replaced by cheap coal imported from abroad, under the "1992" deregulation. Neighboring France also made a special offer to Germany, to supply electricity from French nuclear power stations in the 1990s. The supply, the French stated, would be at preferential prices, on the condition that the Germans drop plans for construction of new nuclear power plants. This vision has gained some popularity among industrialists who are fed up with the eternal ecology quarrels in German politics.

But apparently, the French are not content with the pace of the energy debate in Germany, hence the letter to the European Commission, requesting that "adjustment procedures in the energy sector" be accelerated.

The policy is also advocated by prominent figures in German politics, notably by the Christian Democratic prime minister of the state of Baden-Württemberg, Lothar Späth, who has stated his sympathy for the French offer. There is "no need for more nuclear power plants," says Späth, who has stated privately that there is "no need for coal, either."

A program is already being prepared in Brussels, to stop all construction of new nuclear power plants in Europe in the mid-1990s, and dismantle all plants still operating. This program won't stop at the gates of France's plants. French politicians had better recognize that in time: Their enemy is not German coal, it's the European Commission in Brussels.

## Sweden subverts its secret service

*A chief target of the illegal "Palme investigation" of the Swedish government was its own secret police.*

Testimony delivered at the recent hearings of the Swedish Parliament's Constitutional Committee fully confirms *EIR's* charges that the illegal "Palme murder investigation," run by homosexual insider Ebbe Carlsson on behalf of the Social Democratic regime, have had next to nothing to do with tracking the killer of the late premier, but everything to do with running errands for Soviet intelligence—even to the point of massively subverting Sweden's official Security Police, SÄPO.

Both retired National Police Chief Holger Romander and former SÄPO Chief Sven-Åke Hjälmroth, who testified on Aug. 3 in the televised hearings, supported the July 28 testimony of SÄPO's former number-two man and chief of operations, P.G. Näss. In his testimony, Näss said the damage done to SÄPO by Ebbe Carlsson and cohorts could not have been worse, had it been carried out by a foreign secret service hostile to Sweden. (See *EIR*, Aug. 12, 1988.) Romander noted that Foreign Minister Sten Andersson and sections of the Social Democratic Party, notably its daily *Arbetet*, have run a deliberate campaign against SÄPO.

Among other incidents, Andersson, in an interview published this summer in the weekly *Tempus*, stated, "SÄPO's activity fills me with repugnance . . . I can't make sense of SÄPO." *Arbetet*, whose editor is married to Andersson's press secretary, has run a vitriolic series of articles targeting SÄPO, and denouncing Näss,

who was in charge of counterespionage, as a "cold warrior."

"It was a deliberate campaign aimed at . . . paving the way for far-reaching changes within SÄPO," Romander said in the hearings. "There has been an enormous campaign in *Arbetet*, which we regard as the opening of the Ebbe Carlsson affair. . . . This is extraordinarily serious and outrageous." In direct reference to Andersson, Romander said, "One must not issue statements that one has no confidence in the Security Police, but rather try to create confidence. The foreign minister's statement has been the gravest thing in this campaign, as his statements are noted abroad."

Concerning the alleged right-wing bias of SÄPO, Romander pointed out that there is only one political association within the Security Police: "It is Social Democratic." The foreign minister was a featured speaker at its annual meeting. Romander wrapped up his testimony, "What has occurred is of utmost importance for the Swedish security service, and thereby for one part of the total Swedish defense."

Former SÄPO chief Hjälmroth added, "A number of people like to criticize the security service, saying, true, you have pinned down a number of foreign spies, but that was done with assistance from other secret services. That's precisely the point. Information is not forthcoming by itself from other secret services. The preconditions and confidence must be established."

Indeed, it is SÄPO's cooperation

with other Western intelligence services in exposing a number of Soviet spies that is so repugnant to Andersson and the Social Democratic appeasers. Each new spy scandal plastered across the pages of the Swedish press, in spite of desperate efforts by the foreign ministry to keep each incident secret, means another setback and delay in the process of delivering a defenseless Sweden to the Russian bear.

On the very day of Romander and Hjälmroth's testimony, the big front-page news of *Svenska Dagbladet* read, "Foreign Ministry Allowed New KGB Chief into the Country." The story referred to an heretofore unpublicized incident last fall, when the SÄPO had warned the government not to grant a visa to one Igor Leonid Nikiforov, who applied for accreditation as a new consul at the Soviet embassy in Stockholm.

The reason for SÄPO's emphatic recommendation to the government not to let Nikiforov set foot on Swedish soil was that Nikiforov was known to have been appointed new KGB station chief in Sweden, to succeed the former resident, Nikolai Seliverstov. The KGB resident is the chief KGB official in a country and, in the case of Sweden, has some 100 Russian intelligence agents at his disposal, working under cover as embassy or consulate officials, trade office representatives, employees of the news agencies Novosti or Tass, the airline Aeroflot, the travel agency Intourist, etc., plus unknown numbers of traitors within the Swedish political parties, media, and administration.

At least one other Western country had refused Nikiforov accreditation, on the basis of his known credentials as a spy, but Foreign Minister Andersson, upon learning of those credentials from SÄPO, decided to welcome him to Sweden!

## Portents for the partyless poll

*General Zia's election procedure will only fan Pakistan's fragmentation into feuding tribal, ethnic, and religious sectors.*

In July, Pakistani President Zia ul-Haq announced that the Nov. 16 elections for national and state assemblies would be held on a non-party basis. While a new ordinance spelling out the rules and regulations for campaigning is now being drafted, it is generally understood that, as in the 1985 election where the "partyless poll" was pioneered, candidates will stand for office as individuals, not as representatives of a party. The parties are free to assist individuals in campaigning, but the government will not be formed on a party basis.

According to General Zia, who dismissed the previous government for, among other things, failure to push for the country's Islamization, political parties have no place in an Islamic state.

"There could only be two parties in Islam—the party of God and the party of Satan," General Zia said.

Though all of the major political parties have announced their intention to participate in the elections, there is a near unanimous rejection of the "partyless poll" concept. While some of the flutter can be discounted as posturing, there is one concern which, interestingly, has been voiced almost across the political spectrum, which strikes a deeper chord. And that is the charge that the practice of non-party elections will further ethnic, tribal, and regional tensions that are already a clear and present danger to the future of Pakistan.

It is a concern that is all the more compelling in the shadow of Afghanistan, where a desperate communist regime in Kabul flexes the "Pakthoon-

istan" card against its neighbor.

Spokesmen for the Tehrik-e-Ishtiqal, a generally pro-American party headed by retired Air Marshal Asghar Khan, have charged that the 1985 round of non-party elections showed a number of ethnic groups campaigning for their candidates, and that new ethnic groupings were cropping up in anticipation of this system.

Unless the non-party election practice is stopped, they insist, the country will be divided by ethnic hostilities.

This view was echoed by Qazi Hussain Ahmed, head of the Jamaat-i-Islami, the pro-Saudi party dominated by orthodox Sunnis. The Jamaat chief told a meeting in Quetta, Baluchistan, that Pakistan was being pushed into a situation of uncertainty due to the decision to hold nonpartisan elections, because it will further fan regionalism, ethnicism, and individualism.

Indeed, the steady rise and influence of ethnic, ethno-religious, and tribal-based pressure groups in the past 10 years since the 1977 imposition of martial law is undeniable. Over the past several years, with new pressures from the directions of Iran and Afghanistan, this process has deepened dramatically.

The continuing bloody rioting in Karachi and other major cities of Sind province is just the tip of the iceberg. There, the Mohajirs (Indian Muslims who chose to relocate to Pakistan at the time of partition) dumped the generally pro-government Muslim League and organized their own group to battle Sindhis and the Afghan immigrants

who threatened their status in the province.

Press reports from Pakistan indicate that the "Mohajir Community Movement" has already supplanted the mainstream national political parties—the Jamaat-i-Islami, Pakistan People's Party, and Muslim League—among the urban populations of Karachi and Hyderabad.

Sindhi "nationalists," celebrated in the Jiye Sind movement of G.M. Syed for the separation of Sind province from the rest of Pakistan, have gotten a fresh boost in the process. Syed's "Sind National Alliance" now includes a number of prominent national figures, such as the caretaker chief minister of Sind.

In the Northwest Frontier Province, the Pakthoon tribal-based party of Wali Khan is alive and well, and in Baluchistan, the country's most backward province, the population by all accounts retains its allegiance to tribal affiliations. Some Pakistani commentators assert that, in fact, tribalism rather than party loyalty continues to dominate local body elections throughout the country.

The fuss and fury over the recent murder of Allama Arif Hussain al-Hussaini, head of the Shia party Tehrik-i-Nifaz-i-Fiqah-e-Jafria (TNFJ) (see *International Intelligence*), points to another aspect of the fragmentation process: the emergence of highly politicized, fundamentalist sectors of both the Shia and Sunni variety. Just a year ago, Hussaini, a follower of the Ayatollah Khomeini, had transformed his religious pressure group into a militant political party. Shia-Sunni strife has emerged in a serious way since the recent riots in Gilgit, in Pakistan-occupied Kashmir, that took hundreds of lives. The Hussaini assassination, on the eve of the Muslim religious holiday Moharram, will certainly fuel this fire.

## Criminals or 'belligerents'?

*Colombia's military wants total war on the drug mafia, but the government is considering a "scorched surrender."*

Colombia's political class is currently in the throes of an insane debate over whether to apply the Geneva Convention to the narco-terrorist plague that is ravaging that nation. Former President Alfonso López Michelsen, known as the political "godfather" of the cocaine-trafficking Medellín Cartel, caused an instant sensation when, in a recent address to U.S. political scientists, he suggested that the Barco government was fostering serious confusion among the Colombian population by waffling between treating the guerrillas as "common criminals" and, alternately, as wartime belligerents.

López argued that when the Barco government tacitly endorsed negotiations with the M-19 kidnapers of former presidential candidate Alvaro Gómez Hurtado to secure his release, what it did was "abandon their treatment as criminals, and grant them the status of a military organization" in a period of civil warfare. He pointed out, too, that the Colombian "Catholic Church itself offers to mediate among conflicting forces, granting equal treatment to the legitimate government and to its subversive adversaries." López personally urged such an approach be adopted by the Colombian government.

While numerous communist mouthpieces around the country leaped to back López's thesis, one newspaper columnist hit the nail on the head when he observed Aug. 5 that the "provocative" former President would have the strictures of the international Geneva Convention imposed on Colombia's battle against the criminal under-

world, "tying the hands of the government and armed forces." Concluded *El Espectador* columnist Rodrigo Rivera Salazar, "For whom is former President López working this time?"

The Colombian military has absolutely rejected any army participation in the "peace dialogue" the narco-guerrillas hope to rope the Barco government into, and then warns that the guerrillas will use the "dialogue," as in the past, to build up their forces and forge "independent terrorist republics" on Colombian territory.

Asked to comment on the López Michelsen proposal, Defense Minister Rafael Samudio Molina told the Congress Aug. 3, "Common crimes like rebellion are defined clearly in the penal code as punishable acts." Minister Samudio had been summoned to appear before Congress to answer an interrogation on the military's response to the November 1985 narco-terrorist seizure of Colombia's Justice Palace. The interrogators were counseled by lawyer Juan Manuel López Caballero, son of Alfonso López Michelsen.

When, despite his Defense Ministry's warnings, President Barco announced his willingness to meet with the self-appointed "commissioners" of the dialogue charade and discuss an agenda for "pacification" of the country—including possible safe-conduct for the guerrilla chieftains to attend public "dialogue" sessions—the military made public a document captured in 1985 from the principal guerrilla movement in the country, the Moscow-run FARC, which elaborates a well-defined plan to seize power in

the country by 1992.

According to the document, the FARC strategy is to seize control of the eastern mountain range (one of three splitting Colombia top to bottom) and the sparsely populated Eastern Plains beyond them, then to build up an army of 120,000 with the intention of establishing a provisional guerrilla government and isolating the capital city of Bogotá. The plan would utilize the hundreds of elected officials of the Communist Party's front group, the Patriotic Union, from around the country, as well as guerrillas infiltrated into the military and police forces.

Tactics ranging from national strikes, kidnappings and assassinations, car-bombings, and assaults on isolated army patrols and barracks are detailed. In the event of failure, says the document, the jungle and mountain regions under guerrilla control would offer the ideal protection for retreat, retrenchment, and permanent guerrilla warfare.

As loud as the Armed Forces are talking, President Barco appears unable—or unwilling—to listen. In a presentation to a military ceremony celebrating the 169th anniversary of the founding of the Colombian Army, Barco said it was "unacceptable" to place criminals and subversives on the same plane. He said his government would not renounce its policy of generosity, and argued for "national reconciliation" instead of "options that limit us to a strategy of either scorched earth or political surrender."

President Barco is in for a rude surprise, however. Late reports are that the "commissioners" of the so-called peace process the President now appears willing to embrace are urging inclusion of the country's murderous drug-trafficking cartel in their dialogue.

# International Intelligence

## ***Bavaria says kissing may transmit disease***

The West German state of Bavaria's new AIDS education pamphlet has caused a stir among the West German AIDS lobby, including Prof. Meinrad Koch, the head of the Federal Health Office in West Berlin. The Bavarian pamphlet reads, "Most probably one can get infected by contact of infected body fluids with humid mucous membranes or microscopic skin cuts. Because of this, one cannot exclude the possibility of getting infected by a French kiss."

Koch has emphatically denied this possibility.

Meanwhile, the West German states of Bremen and North Rhine Westphalia are offering drug addicts single-use syringes in dispensing machines, as an anti-AIDS measure. This is supported by Bavarian AIDS adviser Prof. Michael Koch, who believes this is important in the fight against AIDS. The state government of Bavaria has refused to respond to his call for a similar program.

## ***Pope will not go to South Africa***

Pope John Paul II has rejected a formal invitation to visit South Africa, according to the Aug. 6 edition of *Avvenire*, a daily published by the Milan Archdiocese.

It reported that the Pontiff had already rejected an informal request to visit South Africa made three weeks earlier by the government in Pretoria, on the grounds that conditions were not appropriate at the time.

*Avvenire* notes that in the Pope's recent encyclical, *Sollicitudo Rei Socialis*, racism is described as one of the worst crimes against humanity.

The fact that South Africa's Botha government issued a formal invitation to the Pope, after he had rejected the informal one, is interpreted as a deliberate slap against John Paul II.

## ***Soviets seen at center of terrorism***

The ball is now in the Soviet court to prove that they are serious when Mikhail Gorbachov denounces "terrorism in all its manifestations," writes Yonah Alexander in the *Jerusalem Post* of Aug. 4. She writes that over the recent years of American-Soviet negotiations, there have remained "grey areas" in East-West relations—i.e., Soviet support for international terrorism.

When Gorbachov assumed power in 1985, it coincided with an unprecedented terror wave internationally. Then, Gorbachov's push for treaty agreements led to an apparent relaxation of tensions, including terrorism, she writes.

But while Gorbachov has been in power, Moscow has at the same time maintained a policy of "encouraging and supporting a wide range of terrorist groups, including religious fundamentalists, as well as state sponsors of terrorism," like Iran and Libya.

Alexander points to several objectives of the Soviet use of terrorism: 1) influencing neighboring countries; 2) returning "irredentist" territories to the Soviet orbit (for example, Kurdistan in eastern Turkey); 3) forcing non-communist states into Moscow's orbit (for example, Jordan); 4) splitting NATO; 5) destabilizing Europe; 6) waging a secret war against individuals considered by the Kremlin "mortal enemies" of communism and the U.S.S.R., like Pope John Paul II.

Even as she wrote, Bernard Steward, a U.S. Army colonel, was telling an international congress on "The Future Orientation of Terrorism" in Tel Aviv that more than 600 terrorists are being trained in the U.S.S.R. right now, according to a report in the Milan daily *Il Giornale* Aug. 5. The congress was attended by 21 experts from Israel, the U.S.A., and Canada.

Jossi Snir, an Israeli colonel, indicated that terrorism will develop along the sea lanes, aimed against commercial shipping, which is difficult to defend. Snir also said that the terrorists being trained in the

U.S.S.R. and other Soviet bloc countries are receiving scientific training and will be excellently equipped.

Paul Leventhal of the Washington Institute for Nuclear Control, said that nuclear terrorism is much more likely than people think, since the commercialization of chemical waste places on the markets quantities of plutonium which can be used for nuclear bombs.

## ***Sihanouk, Hun Sen join forces vs. Khmer Rouge***

Speaking at a refugee camp in Thailand moments before British Prime Minister Margaret Thatcher arrived, Prince Norodom Sihanouk of Kampuchea said Aug. 7 that he would visit both London and Washington in October for talks with Thatcher and President Reagan. He said that these meetings would be the precursor to the third round of peace talks on Kampuchea scheduled to be held in Paris the following month.

After her first meeting with Sihanouk, Mrs. Thatcher said that it was the British government's intention to try to maintain the momentum that appears to be developing toward a negotiated settlement in Kampuchea.

Sihanouk also revealed that his military forces and those of the Vietnamese-backed Kampuchean government of Hun Sen are working in tandem against the return to power of the Khmer Rouge, ostensible allies of Sihanouk's resistance forces, once the Vietnamese have withdrawn. "There is already more than a de facto truce between us and Hun Sen," Sihanouk said. "There is, in fact, cooperation between us. It is not just a truce. We are now cooperating militarily."

He noted that more and more units were joining his forces in fighting the Vietnamese occupation, and that next year, he expected to have more than 30,000 men "fully equipped with U.S. weapons."

Sihanouk hedged on whether the United

States had already made a commitment to supply weaponry, saying he could disclose nothing because of the wishes of the U.S. administration. But he added that his 30,000 men and the 40,000 under the command of the Hun Sen regime, would together be sufficient to cope with the 40,000-strong Khmer Rouge.

### **Castro seems worried over 'New Yalta'**

Fidel Castro seems quite worried by the implications of the "New Yalta" superpower deals now recarving the map of the world into respective spheres of influence—if his July 26 speech on the anniversary of the revolution is any indication.

He proclaimed, "If imperialism attacks us, who is going to defend the island? Nobody will come from abroad to defend our island. . . . We must remember our location . . . that our people are responsible for our country, and our party is responsible for our country, its policies, philosophy, and defense. . . ."

"We speak a frank and clear language" with the Soviets, said Castro; no one should think that there is "a breach between the Cubans and the Soviets." That said, he then launched into an attack on "imitators"—those who would have Cuba imitate Gorbachov's *glasnost* policy.

"There are some who believe what is being done in other places is what we must begin to do right away. . . . That is the wrong attitude. . . . If we had followed the plans of others, we would not be meeting here today. . . . According to conventional theory, this revolution could not have come about. . . . I would like to know what some of these cheap imitators would do in circumstances such as those that we faced on July 26. . . . I feel such contempt for those who have a stout heart but a weak mind and little will power, and who allow themselves to be cheated and carried away by illusions. . . . We cannot use any methods that reek of

capitalism. . . . Cuba will never adopt capitalist methods, styles, philosophies, or idiosyncracies."

Castro also stated that Cuba was not responsible in any way for last year's offensive against UNITA in southern Angola which created "a difficult and critical situation." That offensive was ordered by the Soviet Union, although Castro did not mention the fact.

### **'Debt, narcotics traffic linked' in Africa**

In an incident typical of a development which began in 1986, West Berlin drug detectives detained a Nigerian who tried to smuggle heroin in snail shells in July 1988. West Berlin's drug squad chief, Gerhard Ulber, said that the arrests of 16 people from Nigeria, Ghana, and Ivory Coast over the past three months highlighted a new trend of hard-drug smuggling from Africa via Schönefeld Airport outside East Berlin. The Nigerian had flown from Lagos to Sofia, Bulgaria, and then to East Berlin. In 1986, 20% of heroin seizures by British Customs came from southwest Asia via Nigeria, 65% of them Nigerians.

Responding to the problem in April 1987, former Nigerian head of state, Olusegun Obasanjo, wrote a commentary in the *International Herald Tribune* entitled, "Debt and the Narcotics Traffic Are Linked," pointing out that "capital flight from Third World countries—a crucial component of their debt problem—encourages the traffic in drugs, and would not be possible without the collusion of Westerners and their banks."

Many African countries are actually exporters of capital. The IMF received \$6.1 billion more from developing countries than it loaned in the last 12 months, and in the last year, developing countries have paid commercial banks a net \$10 billion. It is hardly surprising then, that drug trafficking via Africa is on the increase.

## Briefly

● **THE LEADER** of the militant Pakistani Shi'ite fundamentalist organization was shot dead in the early morning of Aug. 5 in Peshawar. Sheikh Arif Hussain al-Hussaini, a disciple of Ayatollah Khomeini, was attacked by a single man in front of his home. Disturbances broke out in Karachi and Peshawar.

● **150,000 COLOMBIANS** may be carriers of the HTLV-1 virus that causes tropical spastic paraparesia, which paralyzes its victims. AIDS is caused by a related HTLV-3 virus. Paraparesia produces a defense reaction by the body which damages the spinal column.

● **METROPOLITAN** Filaret, the Russian Orthodox Church's foreign relations expert celebrated the Russian Church Millennium in Israel from July 25 to Aug. 1, according to sources there. It was Filaret's second trip, both of them little publicized, where he has probably been involved in high-level diplomacy between Israel and the Soviet Union.

● **THE NAZI** former President of Panama Arnulfo Arias Madrid died in Miami, Aug. 10 at 87. Arias, who was being pushed as the legitimate opposition to Gen. Manuel Noriega by the State Department last year, was recruited to the Nazi Party by Adolf Hitler in the 1930s. In 1941, patriots threw him out after only 11 months in office.

● **THE HEZBOLLAH**, or Party of God, an Iranian front organization in Lebanon, is said to have "arrested" Abbas Zoreik, a leader of Islamic Jihad (Islamic Holy War), the organization said to hold at least two American hostages. The report may indicate that Iran is removing surrogates and taking direct control of the hostages in preparation for negotiating their release.

## 'Peace' deals shaped to lock U.S. into pro-Soviet posture

by Nicholas F. Benton

The apparent "peace epidemic" breaking out all over the world now, makes it clear that progress between the United States and Soviet Union on so-called "regional issues" at the summits in Washington and Moscow was far more substantive than anyone but this magazine reported.

A sudden outpouring of cooperation between Moscow and Washington on a host of regional conflicts—involving Afghanistan, Angola, the Persian Gulf, Vietnam, and even the Middle East—does not portend a more peaceful world. On the contrary, it reflects a new phase in the operation of common interests dominating both superpowers, known as the Trust, toward a one-world fascist order.

For the United States, this new era of collaboration between the superpowers involves a fundamental shift in military strategic posture, which U.S. representatives of the Trust expect the next President—be he George Bush or Michael Dukakis—to implement.

The objective is to bring the entire globe under an iron-fisted genocidal austerity regime, achieved by an unprecedented collaboration between the superpowers to crush all regional resistance and expressions of national sovereignty. This new phase includes moves by both superpowers to abandon some of their own assets that functioned as proxies for their interests in the past.

In the case of Angola, for example, the United States and Soviet Union are cooperating openly to bring the ruling totalitarian Popular Movement for the Liberation of Angola (MPLA) into negotiations with Cuba—which has served as a Soviet proxy to deploy over 50,000 troops in Angola—and the Republic of South Africa.

Following the first round of these tripartite talks in Geneva Aug. 2-5, U.S. Assistant Secretary of State Chester Crocker reported that all sides "appear ready to bite the bullet" to reach an accord. The aim of these talks is implemen-

tation of U.N. Resolution 435, calling for the withdrawal of South African forces from Namibia and free elections in that country. This would be premised upon a withdrawal of all Cuban troops from Angola.

In the case of these negotiations, both the U.S. and Soviet governments appear ready to deal harsh blows to former assets in the region. The Soviets, growing increasingly impatient with Cuba's Fidel Castro by the hour, are not only supporting the talks aimed at the withdrawal of Cuban troops from Angola, but are also admonishing the MPLA to commence negotiations with the National Union for the Total Independence of Angola (UNITA), the U.S.-backed force led by Gen. Jonas Savimbi which is engaged in a civil war with the MPLA.

Washington, for its side, appears ready to drop its support for Savimbi the minute the Soviets signal that their estimated \$1 billion per year military aid to the MPLA regime will stop. Crocker said at the State Department Aug. 9 that the United States would consider giving formal recognition to the MPLA government of Angola for the first time, if the Cuban troops withdrew and the Soviet military aid stopped. He implied that this would not be conditional on any provisions for free elections with the involvement of UNITA.

The objective of both superpowers in this situation is twofold: 1) the weakening of the Republic of South Africa, by removing its presence from Namibia and depriving it of its mission as a bastion against Marxism in the region, and 2) the elimination of strong, independent leadership in black Africa, insofar as any rapprochement between the MPLA and UNITA inside Angola would include the elimination of Savimbi as a condition. Taken together, these two objectives weaken potential regional opposition to collaborative exploitation by the superpowers, who will be increasingly willing to back up with military force the genocidal austerity policies



of the International Monetary Fund and related usurious financial agencies.

This twofold objective in the Angola case serves as a model of what the new era of U.S.-Soviet regional cooperation hopes to achieve everywhere. Among other things, it portends a new and more potent role for the United Nations Security Council, which, based on the new era of U.S.-Soviet regional cooperation, suddenly takes on the kind of clout it was intended to have, by those advocates of one-world government and malthusianism who originally set up the U.N. bureaucracy. A strengthened United Nations will supersede national interests to function as a global police force in its own right.

In this mode, United Nations resolutions will begin to carry weight as enforceable international law, and United Nations peace-keeping forces, such as the one being sent into the Gulf to monitor the Iran-Iraq ceasefire, will replace the national forces of the United States and other nations in carrying out that enforcement function.

### Blueprint from the CSIS

The nature of this shift in U.S. strategic policy is spelled out with startling candor in a newly published volume of the *Leadership Choices for the 1990s* series by the Washington, D.C.-based Center for Strategic and International Studies (CSIS), entitled, "Meeting the Mavericks: Regional Challenges for the Next President."

Drafted by Debra van Opstal and Andrew Goldberg, with a preface by Robert Kupperman, the pamphlet embodies, in the kind of summary form that the short attention span of a presidential candidate is capable of absorbing, the basics of how the next President should adapt himself to the new era of U.S.-Soviet collaboration in what it calls the emerging "multipolar" world.

The CSIS is an infamous nest of Trust policymakers, including Henry Kissinger and Zbigniew Brzezinski, who implement much of their policy through legislative initiatives carried out by Sen. Sam Nunn (D-Ga.).

Kupperman spells out the new reality in his preface to the CSIS pamphlet. He predicts a world "decreasingly influenced by traditional superpower competition," in which "the traditional power paradigm—containing the Soviet Union—may give way to condominiums of interest in which the Soviet Union and the United States together would seek to contain other power centers and regional states."

This is because, he says, "A new global reality has emerged that will tax the military and economic strength of the United States and Soviet Union." This "new global reality" is exemplified by three trends: 1) the rise of more aggressive Third World states; 2) the proliferation of advanced weaponry to these Third World states; and 3) the rise of "other great power rivals, who are likely to attempt to translate their growing economic strength into geopolitical influence."

What Kupperman omits, is the fact that it is the barbaric economic policies of the International Monetary Fund and

related institutions which are driving the Third World and the so-called "other great power rivals" (Japan, Europe, and the newly industrialized nations of Asia) into the adversarial posture that he predicts.

Nonetheless, he insists that the United States "will not be able to depend upon its permanent treaty relationships to share its economic and military burdens," but will have to be increasingly willing "to enter informal, untraditional partnerships," adding, "Most prominent among these unholy alliances will be a closing of ranks with unsavory national leaders as well as with the Soviets and their offerings of *glasnost*."

This requires the ability of the United States to "reallocate" its defense resources "to meet these emerging challenges," he adds. "The United States must determine the military equipment it will need to fight little wars, surreptitiously injecting small forces to meet defined political goals and subsequently extricating them. A whole new era of military thought and technology will arise. . . . Remaining entirely wedded to the technologies of large-scale conventional warfare and the strategic nuclear balance is not the answer."

This policy proposes to turn the world upside down. The Soviet Union, historically the principal strategic adversary of the United States, is now envisioned as an ally. The Third World and historical U.S. allies, including Japan and Europe, are now perceived as likely adversaries. It is advised that U.S. military doctrine be overhauled to adapt to this new vision of the world. "If one accepts the notion that the viability of U.S. security is currently affected far more by regional turbulence and unconventional threats than by Soviet expansionism, then the way in which U.S. leaders define policy must inevitably alter," the authors conclude.

According to the CSIS pamphlet, the new superpower condominium is based on two assumptions:

- The "single-minded U.S. focus on deterring the Soviet Union and avoiding war in Europe" is reflective of "old paradigms of power that are becoming decreasingly relevant. . . . Today, Europe is considered to be the least likely arena of conflict."

- "Even as prospects for direct U.S.-Soviet confrontation decrease, the potential for international collision—political, economic or military—almost everywhere else is on the rise. . . . The growth of Japanese and European economic, military and political influence and the modernization of China portend a more diverse global balance." India, Brazil, Argentina, and "the range of contenders for regional leadership" in the Middle East are singled out as potential major rivals.

What the Western advocates of such a new world condominium ignore, is that their schemes for weakening the Atlantic alliance, strengthening the U.N., and smashing the Third World, will only lead to Soviet domination worldwide—not to the shared superpower leadership which they hope for. In this strategic "great game," it is Moscow which holds all the cards.

# 'Burden-sharing' means U.S. deserting Europe

by Kathleen Klenetsky

The release Aug. 7 of a widely publicized congressional report on defense "burden-sharing" should serve as fair warning that proposals for drastically reducing the U.S. military commitment to Western Europe and Japan not only remain very much alive, but are gaining widespread political support.

Since Sen. Sam Nunn (D-Ga.) introduced his infamous amendment four years ago calling for the withdrawal of American troops from Western Europe, proponents of such alliance-dismembering have tried to cloak their real intentions in a debate on whether U.S. allies are shouldering their fair share of the Western defense burden.

Despite ample evidence to the contrary, the just-released report says they're not.

Produced by a House defense subcommittee created expressly to focus on the burden-sharing issue, the report is clearly designed to lay the grounds for the removal of American forces from key strategic areas around the globe. The panel's chairman is Rep. Pat Schroeder (D-Colo.), a super-liberal who has in the past introduced measures to slash U.S. troop strength in Western Europe by 50%; and its members include some of the most bitterly anti-defense members of Congress, including Rep. Ron Dellums (D-Calif.)

Its main finding is that "European members of NATO must prepare to defend the European continent without a large-scale U.S. commitment of ground forces in the future."

The report argues that, since U.S. economic strength has "declined significantly" relative to Japan and Western Europe, these countries will either have to start financing a large portion of the costs of keeping U.S. troops in their countries, or Washington will sharply reduce its military presence—and, by implication, its defense commitment to them.

As an executive summary of the report puts it: "The Panel states in the strongest possible terms that Europeans had better be prepared to defend their own territory without a large-scale U.S. ground commitment, because that commitment cannot be guaranteed forever. . . . U.S. interests in Europe and the Far East are not as great or as immediate as the interests of the Europeans and Japanese in protecting their way of life. If the allies believe that their defense posture is adequate and that their way of life is not threatened, the Panel

believes that the American taxpayers may not be prepared to continue spending as heavily on the defense of those areas in the future."

Although the Schroeder panel intends to spend another half year at least exploring specific ways that "Europeans could better defend themselves," its interim report does make some specific recommendations. For example, it calls for a "zero-based" study of U.S. military commitments and bases overseas to "assess and prioritize" U.S. interests in various regions of the world, and "realign and possibly withdraw U.S. force levels in some locations overseas according to changing U.S. interests, the ability of our allies to defend themselves with less direct U.S. military assistance and relative changes in the [Soviet] threat."

Implementation of the major thrust of the House subcommittee report could come long before the panel completes its work. The Senate defense appropriations bill—voted up 94-4 Aug. 11—contains a tough burden-sharing package sponsored by Sens. Bennett Johnston (D-La.) and Ted Stevens (R-Alaska). The package orders the secretaries of state and defense to conduct a review of U.S. long-term strategy overseas, to determine what level of U.S. troops deployed abroad is "necessary," and ways to get Europe and Japan to cough up more money for defense. The results of the review must be submitted to Congress by March 1, 1989. It also places a limit on American troop deployments to Japan and Korea (at approximately current levels), and a ceiling on spending for U.S. military personnel stationed overseas. The last provision requires the allies to pay the difference if deployment costs exceed 1988 levels.

"This is the toughest action Congress has taken yet in terms of getting the allies to do more," a congressional aide told *EIR*. He also expressed confidence that the Johnston-Stevens amendments will survive intact when the bill goes into House-Senate conference.

## Europeans alarmed

Coming in the wake of the disastrous INF Treaty, which raised grave questions about the seriousness of Washington's commitment to defend Europe against Soviet attack, congressional moves in the burden-sharing arena have further unsettled America's allies. According to the July 31 *London Sunday Times*, British Prime Minister Margaret Thatcher was alarmed enough about the Johnston-Stevens amendments, that she launched "an intensive European lobbying campaign in Washington" against them.

Her efforts do not seem to have worked. President Reagan has not spoken out against this ally-bashing, although he vetoed the Senate defense appropriations bill earlier this month, citing national security. Indeed, several congressional sources report that while Pentagon personnel have raised doubts about the wisdom of this ganging up on Washington's allies, the administration secretly favored the Johnston-Stevens package.

# Trade bill opens up ally-bashing furor

by William Jones

On Aug. 3, the Senate passed what the *New York Times* characterized as "the most sweeping trade bill in a generation." If signed and implemented, the bill threatens to become an economic battering ram against all our major trading partners, with the primary targets being Japan, South Korea, and Taiwan, as well as the West European countries. As the responses are coming in fast and furious from Europe and Japan, it also seems that the bill could ignite a major trade war among the Western countries—a trade war which might irrevocably change the political geography now governing our globe.

The Japanese have been lobbying intensively for some time now to try to stop the trade bill. The Europeans, more discreetly following the laborious twists and turns of the bill as it was bounced back and forth between the Legislative and Executive branches during the last few months, are now speaking out in unmistakable tones. Yet there is as yet no sign that anyone in Washington has begun to read the signals correctly. The mood of petty chauvinism reigning in the nation's capital bodes ill for the registering of any signals not conforming to that mood.

The bill gives the President broad powers to retaliate against nations found to engage in "unfair trading practices." It permits the President, in certain circumstances, to block foreign takeovers if he has evidence such takeovers would "impair national security." One section of the legislation, aimed primarily against Japan, would immediately force three big Japanese securities firms out of the business of being primary dealers in U.S. government securities, unless Japan offers U.S. companies "the same opportunities" within a year.

The Japanese have been big buyers of U.S. government securities, and such a measure could result in a pull-out by the Japanese from the bond market, as may already be indicated in the small turnout for the latest new issue of Treasury bills on Aug. 10.

The bill also directs the President to act against countries that permit piracy of U.S. "intellectual property." Holders of U.S. patents would be allowed, under this clause, to sue U.S. importers of any products that use their patented processes in a foreign country where the patents aren't protected. Sanctions against Brazil have been imposed with regard to a similar patents case in the pharmaceutical industry.

The bill also imposes the controversial sanctions against Japan's Toshiba Corp. in retaliation for the sale by a Toshiba subsidiary to the Soviet Union of sophisticated machine tools useful for making quieter submarines. The measure bans all imports from Toshiba Machine Co. for a period of three years.

## Oblivious to Japan, Europe

The bill is intended to "up the ante" against foreign nations whose trade is felt by Washington to be threatening to the United States. "There will be some disappointment tonight in Germany and Japan," said Democratic vice presidential candidate Lloyd Bentsen, one of the authors of the bill, with an air of self-satisfaction. The protectionist trade bill has indeed created a furor among the U.S.'s major trading partners.

Japanese Foreign Minister Sosuke Uno has called on President Reagan to veto the bill. Prime Minister Noboru Takeshita termed the U.S. action "unfortunate," citing its "protectionist undertones." International Trade and Industry Minister Hajime Tamura called the bill a "great misfortune." He said Japan "reserves the right to file suit" with the General Agreement on Tariffs and Trade. A senior Taiwanese trade official said, "We will regret it if President Reagan signs the bill."

The South Korean foreign ministry also termed the bill protectionist and said that, if enacted, it would seriously hurt the free-trade system. West German Economics Minister Martin Bangemann appealed to the Reagan administration to implement the policies outlined in the measure "with as much restraint as possible."

On Aug. 6, Willy De Clercq, EC Commissioner for External Relations and Commercial Policy, said that he "regretted" the U.S. decision to adopt a measure "which contains several protectionist elements and which increases the possibilities of recourse to unilateral action." The EC Commission will also question the legality of the U.S. measures with GATT if it judges "that the provisions of the new legislation endanger it."

Capitol Hill legislators have reacted to the increased tension with a certain amount of smugness. Nothing is easier or more feasible politically for Washington legislators than taking out the old sledge-hammer for a round of Jap-bashing and European-bashing. It would well behoove us to remember, however, that the very political and economic alliances laboriously built up during the postwar period are not necessarily permanent fixtures. There is a growing skepticism in Europe and Japan concerning continued U.S. willingness to maintain our military commitment abroad.

If we also become entangled in a trade war with our allies, the "ties that bind" may be rent asunder—perhaps irrevocably. The trade deficit crusaders should be aware that they are treading on very thin ice. A few more jolts and that ice may break—and the seas of chaos will be upon us.

# Elephants & Donkeys by Kathleen Klenetsky

## Washington Post uses EIR's material

In retaliation for the exposure of Dukakis's mental problems, the *Washington Post* launched a five-part profile on George Bush Aug. 7.

Ironically, the inaugural article focused on material which *EIR* published eight years ago (although the *Post* gave us no credit), namely, Bush's membership in, and continuing connection to, Skull & Bones, Yale's elite secret society.

*EIR*'s exposure of Bush's links to Skull & Bones, as well as to the Trilateral Commission, were instrumental in his loss to Ronald Reagan in the 1980 New Hampshire primary.

Written by Bob Woodward of Watergate fame, the article makes two main points:

- 1) George Bush was forced to reveal his innermost psychological and emotional concerns during his initiation into Skull & Bones.
- 2) George Bush has continuously placed a deep reliance on the Skull & Bones old boys network to advance his personal and political fortunes.

## Republicans compromise on the SDI

A fight within the Republican Party platform drafting committee has led to a compromise on the Strategic Defense Initiative.

The initial platform draft included language calling for SDI deployment "as soon as possible." But, at a meeting in New Orleans Aug. 9, the defense subcommittee proposed to strengthen the section to promise deployment either by 1992 or during the Bush administration.

Represented by former Texas Sen.

John Tower, Bush forces quickly moved to modify the subcommittee's position, and, by a 7-6 vote, got it to adopt a compromise. The draft now urges "rapid and certain" deployment of a strategic defense "as soon as technology permits."

## Dukakis proposal: Seize homes of elderly

Among other features of the flap over Dukakis's mental fitness, one of the leading ones is certainly his lack of human compassion. There is the meat he kept on display in his office when savaging the state budget; his indifference to his wife's drug habit; his indifference to his brother's suffering, and the euthanasia he committed against his brother.

Now we learn that last year, Governor Dukakis asked the Massachusetts legislature to endorse a proposal that would have allowed the state to seize the homes of elderly Massachusetts residents to pay for their nursing-home care costs.

Fortunately, the governor's measure was turned down.

"We found the proposal objectionable," state Rep. John Flood (D-Canton), chairman of the House tax committee, told *EIR*.

"First, it had very morbid overtones." It specified that a lien would be placed on the houses of those who were going into a nursing home for the last time.

"Imagine how that would make you feel," if you were one of those elderly so designated, Flood said.

Second, Flood said, "We believe that the elderly should not be penalized for needing nursing or medical care; this should be considered a social cost."

Many elderly have "scrimped and saved to own their own home, and in

many cases, it's their only legacy to their children," he pointed out. "For Dukakis to propose letting the state seize that legacy, is the final indignity."

The Dukakis proposal is just one more piece of evidence that the Duke has about as much human compassion as a meat cleaver.

## Mass. legislators: Dukakis should resign

A majority of Massachusetts state legislators believe that Michael Dukakis should resign as the state's governor while pursuing his presidential campaign.

Reporting on the results of a survey it conducted of the legislators, the Aug. 7 *Boston Globe* disclosed that a slight majority of Democrats and most Republicans think the governor should step down in the wake of receiving the Democratic nomination, on the grounds that he could not possibly handle the responsibilities of governing and at the same time pursue his presidential ambitions.

Deep misgivings about Dukakis's handling of the state's budget crisis apparently figured strongly in the legislators' decision. A majority of legislators responded "no" to a question which asked if they thought Dukakis generally followed through on his commitments—apparently reflecting widespread anger in the state house about Dukakis's handling of the 1989 Massachusetts budget, and specifically his vetoing of a \$91 million local aid package.

Rep. Kevin Blanchette, a Democrat who does not believe the governor should resign, told the *Globe* that the results mean that most of his colleagues don't think Dukakis can simultaneously run the state, and run for the White House.

## Medical flap costs Dukakis 10 points

In the wake of the international uproar over his mental health, Michael Dukakis's standing in the polls took a precipitous decline in early August. A CBS poll, released Aug. 9, showed that the 17-point lead Dukakis held coming out of the Atlanta convention had been cut by a whopping 10 points.

Conducted over the Aug. 8 weekend, the nationwide telephone poll of 1,004 registered voters showed Dukakis leading his Republican rival, George Bush, 49% to 42%.

Dukakis partisans tried to play down the findings, ascribing their candidate's decline to an expected downturn from his immediate post-convention high. But Duke's nosedive clearly resulted from the furor over his emotional fitness for the presidency, which dominated the international media for the first week in August.

The CBS poll found the electorate singularly unenthusiastic about both candidates. Only 36% of those queried expressed a strong preference, evenly divided between Dukakis and Bush, while the remaining 64% polled said they either had no interest in either candidate, or a weak preference at best.

Only one incident occurred during the short period since the previous polls: my question to President Reagan about whether Dukakis should release his complete medical history, and Reagan's historic response, "Look, I'm not going to pick on an invalid."

In a shameful effort to characterize the question as scurrilous (even

though similar questions have been put to every presidential candidate who's ever run), the media engaged in frantic damage control, including some vicious personal slanders of me and *EIR's* founder, Lyndon LaRouche.

When news of the Gallup Poll first broke Aug. 9, reporter Bob Schieffer of CBS-TV news noted that it was the first poll released since the "rumors that Dukakis received psychiatric care broke out into the public." By the next morning, however, any correlation between the poll and the question of Dukakis's mental health was edited out of every report. The *Washington Post* claimed that the nosedive was the result of a "natural leveling off of popularity a candidate enjoys right after their national convention."

Even the *Washington Times*, which claimed credit for having broken the story of the unanswered questions about Dukakis's mental condition, made no mention of a correlation between the change in the polls and Dukakis's mental condition.

Conservative columnists Evans and Novak, in their Aug. 8 column, also misjudged badly. "The incident seemed to end with a classic backfire, Dukakis apparently unhurt and the Bush campaign linked to Lyndon LaRouche." On the contrary, the emergence of the Dukakis mental health issue, and Dukakis's failure to effectively deal with it, was bound to hurt his popularity. This was conceded by one network, which noted a poll showing that 33% of the American voting public "is strongly prejudiced against anyone who has received psychiatric care becoming President."

Another poll, conducted in 1982 by the Field Service in California, and recalled in the *Los Angeles Herald Examiner*, showed that voters would elect a candidate who was "homosexual, bankrupt, radical, uneducated, inexperienced, foreign, or a lawyer before

they would cast their votes for anyone who had seen a psychiatrist."

## 'I'm convinced he's hiding something'

A senior columnist for a major national news magazine confided to me Aug. 9 that he is "absolutely convinced Dukakis is hiding something."

He, like the *Wall Street Journal* in its Aug. 5 editorial, agreed that the question of Dukakis's medical history was "perfectly legitimate," and backed that up by recounting how candidates going back to John F. Kennedy were required by the press to provide excruciating details of their medical conditions during their campaigns.

"It has always been very common for the media to probe into the intimate details about a candidate's health, and candidates have always been forthcoming," he said. "There was Kennedy's Addison's disease, and the fact he received medication for it, and his back problems as well. There was the fact that Johnson had a heart attack in 1954, and was receiving medication. There was Mondale's high blood pressure and the medication he was taking. These were all the subject of the closest scrutiny by the press."

By contrast, he said, "Dukakis is the most closeted candidate for the presidency we've ever had." He said that he'd gone through the files at his magazine going back over 30 years and was amazed to discover that Dukakis is the first nominee of a major party who has not opened himself up to the press, who has not, he said, "kicked his heels up onto his desk and opened up to the press about whatever was on their minds."

"Dukakis is very secretive and guarded. He carefully controls every word. . . . I'm sure there's something he's covering up," he said.

## Senate passes Contra aid bill in close vote

On Aug. 11, the Senate narrowly adopted a measure to provide \$27 million in "humanitarian aid" to the Nicaraguan Contras, after first rejecting a Republican proposal which would have provided military aid. The measure was attached to a Defense Appropriations Bill, and President Reagan has threatened to veto it if, as expected, the House attaches arms control language that he can't accept. Speaking of the Democratic proposal, White House spokesman Marlin Fitzwater said, "We don't like it. It doesn't do the job."

The debate surrounding the measure was subject to considerable confusion. Senate Majority Leader Robert Byrd (D-W.Va.) expected most Republicans to back the Democratic plan, which he had been drafting for weeks in an effort to achieve a bipartisan consensus. Senate Minority Leader Robert Dole (R-Kans.), who was faced with a rebellion in his own ranks, could not support the Democratic plan, since he had not secured White House approval.

Byrd became so angry at one point that he accused the White House of negotiating in bad faith. "I'm sick and tired of dealing with a White House that has no more steel in its guts than this White House has," said Byrd.

The bill provides for the possibility of military aid to the Contras only on a request from the President, in which he certified that the Nicaraguan government had caused "an emergency situation in Central America" that was having "a critical impact on peace and stability of that region." The Senate would then have to vote on the request before aid would be forthcoming.

The uneasy compromise will

probably guarantee that the Contra issue will remain an important focus during the fall election campaign.

## Helms questions usefulness of NATO

Sen. Jesse Helms (R-N.C.), the erstwhile crusty warrior for the national security and against communism, has once again taken up his cudgel—against U.S. allies. In a speech on Aug. 9, he denounced the Germans, and even suggested that NATO has outlived its usefulness, and the United States should pull out.

"The purpose of NATO and the OECD," he said, "is to provide for the defense and economic cooperation of the West. If these organizations cannot fulfill this purpose through real and effective cooperation in denying the Soviet Empire the ability to wage war against the free world, the United States would do well to rethink its commitments to these organizations."

Helms ventured over his head into the murky waters of history, comparing the latest deal between the Kremlin and West German financiers, involving 500 million deutschmarks, to the way the German General Staff and German banks had supported the Russian Revolution, by financing Lenin and setting up agreements with the Soviets immediately following the revolution.

Helms attributed this to a Pan-German strategy to dominate Eastern Europe and Russia, and claimed that the present moves by West German financial interests are of the same nature, although pointing out (and leaving unexplained by his "theory") that among the participants in this bond

deal are Citibank, Shearson Lehman Hutton, Salomon Brothers, and Morgan Stanley.

Are these Anglo-American banks part of a Pan-German strategy? Perhaps Senator Helms must rethink his theory.

Why does this anti-communist crusader often end up doing a such damned good job for Moscow?

## After the drought: locusts and grasshoppers

In floor statements at the end of July, after visiting the drought area in South Dakota, Republican Sen. Larry Pressler warned that grasshoppers and locusts could follow in the wake of the drought. "If the drought continues," said Pressler, "we could have a real problem with grasshoppers and locusts; counties and states may have to expand programs to assist farmers and ranchers control grasshoppers."

Pressler reminded his fellow legislators that this was not the first time that they had had such problems in the area. The Mormons during the last century were hit by a plague of grasshoppers and were saved by seagulls who came and ate the grasshoppers. Today in Salt Lake City there is a huge statue of a seagull commemorating the event.

"In the Old Testament," continued Pressler, "the Pharaoh had no defense against the grasshoppers and locusts. Locusts are mentioned throughout the Bible. Indeed, in Nahum 3:17: 'Thy crowned are as the locusts, and thy captains as the great grasshoppers, which came in the hedges in the cold day but when the Sun ariseth they flee away, and their place is not known where they are.' This is exactly the

case in parts of South Dakota.”

“Grasshoppers,” he said, “normally feed on grass in conservation reserve acres, rangeland, or other areas. With the drought, they are forced to move into nearby, small grain or corn fields. . . . It will be a bigger problem next year if we do not take preventive action this year.” Pressler emphasized that the cost of spraying would also have to be taken into account in any type of drought relief package worked out by the Congress and the U.S. Department of Agriculture.

## Joint resolution would abrogate Panama Treaty

A joint resolution was introduced on Aug. 10 by Rep. Phil Crane (R-Ill.) and Sen. Steven Symms (R-Idaho), to abrogate the Panama Canal Treaty of 1977, which is to transfer ownership of the Panama Canal to Panama after 1999.

The Crane-Symms Resolution makes several claims as the pretext for abrogating the treaty. It claims, with a bit of sophistry, that Panama's Gen. Omar Torrijos did not have the power to “enter into international treaties and agreements” according to the Constitution of Panama. The resolution also claims that the treaty does not explicitly transfer sovereignty from the United States back to Panama, and therefore cannot annul the earlier 1903 treaty, which gave the United States sovereignty over the Panama Canal.

Sen. Jesse Helms (R-N.C.) has said that he would be a co-sponsor of the bill. Since U.S. plans for overthrowing the government of Gen. Manuel Noriega in Panama have been foiled time and again, the professional Noriega-bashers in the Congress have

decided to try another flank to try to destabilize the Panamanian focal point for Ibero-American integration.

## Let Gorbachov renounce Hitler-Stalin Pact

On the occasion of the upcoming 49th anniversary of the signing of the Molotov-Ribbentrop Pact on Aug. 23, Sen. Jesse Helms (R-N.C.) made reference on Aug. 10 to the secret protocols that allowed the Soviets to annex the Baltic states, and thus eliminate in one fell swoop the nations of Latvia, Lithuania, and Estonia, which have remained under Soviet domination to this day.

“Gorbachov must renounce the non-aggression pact and attempt to undo the damage that the pact has inflicted in the past half-century,” said Helms. “The non-aggression pact is a legacy of Stalin and the terror that surrounded his regime. The removal of such legacies is a prerequisite for any real *glasnost* to occur in the Soviet Union.”

The non-aggression pact as well as the secret protocols were read into the *Congressional Record*.

## Dornan mocks Dukakis's foreign policy claims

In comments on the House floor on Aug. 9, Rep. Robert Dornan (R-Calif.) ridiculed presidential candidate Michael Dukakis's claims that he is closer to President Reagan's current views on U.S.-Soviet relations than is Vice President Bush. “If Dukakis wins,” said Dornan, “freedom fighters' efforts around the world are dead, and Dukakis even once drew his finger across his throat and said, ‘finished,’

for these young men and women, some of them teenagers, who lay their bodies on the line and die for the freedom of their country.”

Dornan went on to say that “Dukakis has completely fogged his whole image, and did it with some skill at the Democratic Convention.”

Speaking to the National Strategy Forum in Chicago, Republican Congressman Jack Kemp (N.Y.) had pointed out five dangers in the Dukakis foreign policy: endangering deterrence; unsound arms control policies; giving up Central America; unsound defense spending; and undermining the Strategic Defense Initiative.

## Move to make Jerusalem Israel's capital

The *New York Times* reports that the new State Department telephone directory “has moved the Israeli capital to Jerusalem, with the other Foreign Service post there, Tel Aviv.” Quoting Sen. Daniel Moynihan (D-N.Y.) who says that “Jerusalem is now a post with a country,” the article notes how earlier editions of Department directories had listed Jerusalem as a posting in Israel, but separately, between its alphabetical neighbors, Japan and Jordan.

This occurs in the context of behind-the-scenes negotiations among the Soviet Union, Israel, and the United States, aiming at making Jerusalem the Israeli capital (see article, p. 40). Senator Moynihan has tried unsuccessfully in the past to pass legislation requiring that the United States move its embassy from Tel Aviv. Nancy Beck, a spokeswoman for the State Department, said that the Department “does take the senator's opinions seriously.”

# National News

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## LaRouche candidates get big votes

LaRouche candidates for congressional and state legislative offices in Missouri and Michigan polled high votes in the first round of post-Democratic convention primaries Aug. 2.

Both states have been hard hit by industrial collapse and drought.

Missouri corn and livestock farmer John Gallagher, running in the 6th C.D., which includes the city of St. Joseph, one 31% of the vote in a race for the Democratic congressional nomination. Gallagher campaigned "for a space-age industrial revolution," and emphasized that the LaRouche platform represents a solution to the AIDS danger, and a policy for building up America's defense, economy, and national credit policy. In 1986, Gallagher received only 4.5% of the vote in a state senate race, including about 2% in the 6th C.D. Thus, in two years, his vote rose 29%, reflecting the vast growth in LaRouche's own support nationally.

In Michigan, legislative candidate Jim Green, running in the 84th C.D. as a "La-Rouche Democrat," polled 42% of the vote.

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## Reagan to ask Soviets to destroy radar

President Reagan has decided not to declare the Soviets' massive phased-array radar installation at Krasnoyarsk a "material breach" of the 1972 ABM Treaty, but instead will ask Moscow once again to raze the facilities, when the two countries begin their review of the ABM Treaty at the end of August.

How to handle the Krasnoyarsk issue has been a hotly debated issue within the administration, with some quarters, reportedly the National Security Council staff and Defense Secretary Frank Carlucci, urging the President to declare it a "material breach."

Under international law, such a declaration would permit the United States to ab-

rogate part of the pact, and perhaps expand its testing of Strategic Defense Initiative technologies, or withdraw from the treaty altogether.

Secretary of State George Shultz is known to be opposed to any such action.

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## Dukakis might keep Koop on

The AIDS virus will continue to spread among and kill Americans under a Dukakis administration, with the full protection of civil rights laws, if aides to the Democratic presidential nominee have their way.

They are advocating that Dukakis announce that he will keep Surgeon General C. Everett Koop at his post. Koop's lies about "clean needles and condoms" have covered for the Establishment's policy of doing nothing to stop the spread of the killer virus.

Dukakis has said that he would not make any personnel decisions until after he were elected in November, but aides said that retaining Koop could send a signal that their candidate will reward "competence and compassion."

Sen. Edward Kennedy is also said to favor Koop's retention in the Surgeon General's job, and he is quoted in the Aug. 15 edition of *U.S. News & World Report* saying that his vote against Koop's confirmation was a "mistake."

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## Condom study loses funding

A California study on the effectiveness of condom use in preventing the spread of AIDS will have its federal funding terminated, because federal health officials fear that, in fact, the condoms won't be effective in areas with high infection rates.

The rate of AIDS infection among male homosexuals in Los Angeles is considered so high that no study participants could be

assured of protection through use of condoms in acts of anal sex.

According to the *Los Angeles Times*, which released the story after obtaining documents under the Freedom of Information Act and in interviews, the action "appears to represent a major shift in the federal government's attitude toward the use of condoms in preventing AIDS among gay men. In the past, federal health officials have repeatedly described condoms as the single best way, aside from celibacy, to reduce the spread of AIDS. But now, federal officials say effectiveness of condoms in blocking the spread of AIDS through anal sex has been seriously compromised in five U.S. cities with high infection rates—Los Angeles, San Francisco, New York, Miami, and Washington."

The newspaper cited Dr. Jeffrey Perlman of the National Institute of Child Health and Human Development, saying that the risk of condom failure combined with high infection rates made chances of transmitting the virus unacceptably great.

The study was being conducted by the University of California at Los Angeles, on a \$2.6 million federal grant.

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## Governors endorse new amendment procedure

New Hampshire Gov. John H. Sununu (R), a strong supporter of George Bush and 1987-88 chairman of the National Governors Association (NGA), successfully maneuvered that organization into going on record in favor of a new way to amend the U.S. Constitution, at the organization's August meeting in Cincinnati.

Currently, the Constitution authorizes the calling of a constitutional convention to consider an amendment on petition of two-thirds of the states. This has been sought by supporters of a balanced-budget amendment. But the procedure has never been used, because of fears that a "runaway" convention would virtually rewrite the nation's founding document, whatever the original purpose of the convention.



## Briefly

Under Sununu's proposed scheme, two-thirds of the states would petition Congress for a specific amendment. Unless the House and Senate rejected the amendment by a two-thirds vote within two years, it would go back to the states, who could place it in the Constitution if three-fourths of state legislatures voted to do so.

A poll of Democrats at the NGA convention indicated that Sununu did not have the two-thirds vote needed to make this NGA policy, but when he presented the resolution, no debate was called for, and when he ruled that it had been approved by voice vote, no one demanded a roll call.

### Judge says LaRouche can be retried

Although finding that there was "institutional and systematic prosecutorial misconduct" in the first trial of Lyndon LaRouche and six associates, a federal judge has ruled that a retrial of LaRouche and the other defendants is not barred on constitutional grounds of double jeopardy.

In 120 pages of opinions issued in Boston Aug. 11, U.S. District Judge Robert E. Keeton denied defense motions for a dismissal of charges of conspiracy to obstruct justice and credit card fraud.

Keeton blamed the government misconduct on the complexity of the case and the zealotry of defense lawyers, rather than on the prosecutors assigned to the case. He called the prosecutors' failure to disclose materials in their possession to the defense "negligent misrepresentation," not an intentional violation of the law, and said it had come about because the government had not assigned enough resources to the case.

Keeton astounded legal observers by concluding: "The appropriate remedy for this transgression . . . is to pare the trial down to a scope that the government can reasonably support given the resources it sees fit to assign to this case. . . . This is a remedy 'narrowly tailored' to deter the kind of institutional and systematic prosecutorial misconduct that occurred during the first trial."

Reached for comment, the attorney for presidential candidate Lyndon LaRouche blasted the judge's ruling, saying that the misconduct of the prosecutors was not a mistake or "negligent," but deliberate. "This case was run from the highest levels of the Justice Department," said Odin P. Anderson. "Nothing was a mistake. It is ludicrous to say that the prosecutors did not have sufficient backup. . . ." Anderson said that the government has accomplished what it intended with the mistrial, which is a drop-by-drop financial bleeding of the political movement associated with LaRouche.

### Thornburgh grilled at Senate hearing

Richard Thornburgh, the former Pennsylvania governor who is President Reagan's Attorney General nominee to replace Edwin Meese, was grilled extensively at Senate hearings Aug. 5 on his involvement in the decision 12 years ago not to inform the Congress of a report dealing with alleged Panamanian involvement in drug-running.

The issue was discussed at a meeting between Thornburgh, then head of the Criminal Division, then-Attorney General Edward Levi, and two other top officials from the Department of Justice. The *Wall Street Journal* published a report on the meeting the same day that the hearings were held.

The documents included a report on a plot to assassinate Panama's Gen. Manuel Noriega.

Thornburgh initially claimed that the matters discussed were still the subject of a criminal investigation at the time the decision was made. When this story was contradicted by Sen. Howard Metzenbaum (D-Ohio), who said that the criminal investigations had been concluded at that time, Thornburgh said that his memory was not so clear about an incident which happened 12 years ago, and that, although he had been at the meeting, it was Attorney General Levi who had made the final decision for non-disclosure.

● **LLOYD BENTSEN**, the Texas senator and Democratic vice presidential nominee, has resigned from three private clubs, at least two of which have no black members, and at least one of which has no female members. Officials of the clubs, Houston's River Oaks Country Club and Ramada Club, and the Middleburg Tennis Club in Virginia, say they do not exclude anyone from membership. Still, Bentsen "just thought it was the appropriate thing to do," said a spokesman.

● **COLORADO** recently banned the use of woodstoves and fireplaces on grounds of the pollution they produce. According to Environmental Protection Agency figures, the residential burning of wood in 1986 accounted for more particulate emissions into the atmosphere than all electric utilities, railroads, aircraft, and water vessels combined, and an amount equal to all highway vehicles.

● **NEW JERSEY** funeral directors will be notified when they are dealing with AIDS victims, under a law passed by the state legislature and signed into law by Gov. Thomas Kean Aug. 8. Thomas Leach, a lobbyist for the New Jersey Funeral Directors Association, said that some doctors have been "covering up AIDS cases," especially in "well-to-do families." The law would levy fines up to \$1,000 for failure to comply.

● **EDUCATION** Secretary William Bennett announced Aug. 9 that he plans to resign, effective Sept. 20, and President Reagan announced his intention to nominate Texas Tech University President Lauro F. Cavazos as his replacement. The sudden Bennett resignation fueled speculation that he was being seriously considered as the GOP vice presidential nominee.

## Editorial

### *The message from Panama City*

At a meeting in Panama City August 8–11, delegations from all over Ibero-America gathered to debate the political issues facing their nations, and they resolved to take concrete steps toward economic integration.

A movement has now been born, which has the real potential to bring to fruition the detailed proposal made in 1982 by Lyndon LaRouche under the title of "Operation Juárez," and later elaborated by the Schiller Institute's Trade Union Commission as the book entitled *La Integración Iberoamericana*. This represents the most vibrant potential today, indeed the best that has ever existed, for actually creating a just New World Economic Order.

There are now two questions: How rapidly will the individuals gathered in Panama act to implement their resolutions; and will the United States respond positively to this golden historic opportunity?

LaRouche, it will be remembered, intersected the Ibero-American foreign debt crisis of 1982 with his proposal to show how the United States could help in a process that would reorganize the debt so as to launch a technology-vectored economic recovery, through an Ibero-American Common Market. LaRouche named his plan for Benito Juárez, the President of Mexico who had collaborated with Abraham Lincoln. He made the point then, that if the President of the United States backed such actions by his fellow hemispheric Presidents, he would be taking the essential action needed to restart economic growth in the United States itself and reverse two decades of post-industrial stagnation.

LaRouche also spelled out a more difficult path, for Ibero-American nations to "go it alone" if necessary with their own mutual resources, should the U.S. leadership stubbornly insist on sticking to its suicidally stupid, monetarist policies.

In 1982, the potential for world economic recovery was sabotaged, as country after country backed out of showing Mexico the support it needed for its sovereign stance against the international banks. Six years and countless unnecessary sufferings later, we now face another opportunity.

The 17th anniversary has just passed of the fateful decision of the U.S. Nixon administration, on Aug. 15, 1971, to detach the dollar from gold reserves and institute the floating exchange rates which cast the world monetary system adrift.

Despite all the cellophane tape and rubber bands applied by the Reagan administration, to keep up the appearance that the U.S. banking system is still solvent—at least until after the November presidential election—the situation is again veering out of control. The Federal Reserve has just raised the discount rate. A new wave of interest rate increases will unmask the Potemkin Village of "recovery" and strike fear into economic cabinets of every Ibero-American nation. Paul Volcker, the architect of the devastating interest rate increases of the Carter and Reagan administrations, which triggered the 1982 debt crisis, has remarked that the economy may not make it through August!

Meanwhile, the crisis of the external debt of our Ibero-American neighbors has come to a head again. An article in this issue details, nation by nation, the situation in which, despite all the willingness of most countries' leaders to prostrate themselves before the international creditor banks, they simply don't have the resources to make the payments now coming due. And the banks don't have the resources to extend new credits. Despite all the treachery of national leaders, things are headed for a showdown.

Only under such acute crisis conditions does the ordinary citizen sometimes decide to revolt and change his country's political leadership. The first signs came in the July Mexican elections, where the voters chose the anti-austerity dissident candidate Cuauhtémoc Cárdenas for President.

In Panama City, a relative handful of individuals took responsibility for providing moral leadership to this political ferment. If they continue to have the courage to lead, they will be followed. And that will pose the question to U.S. citizens, of how to bring to political power the policies of the one man the Ibero-Americans see as an ally in the United States, Lyndon LaRouche.

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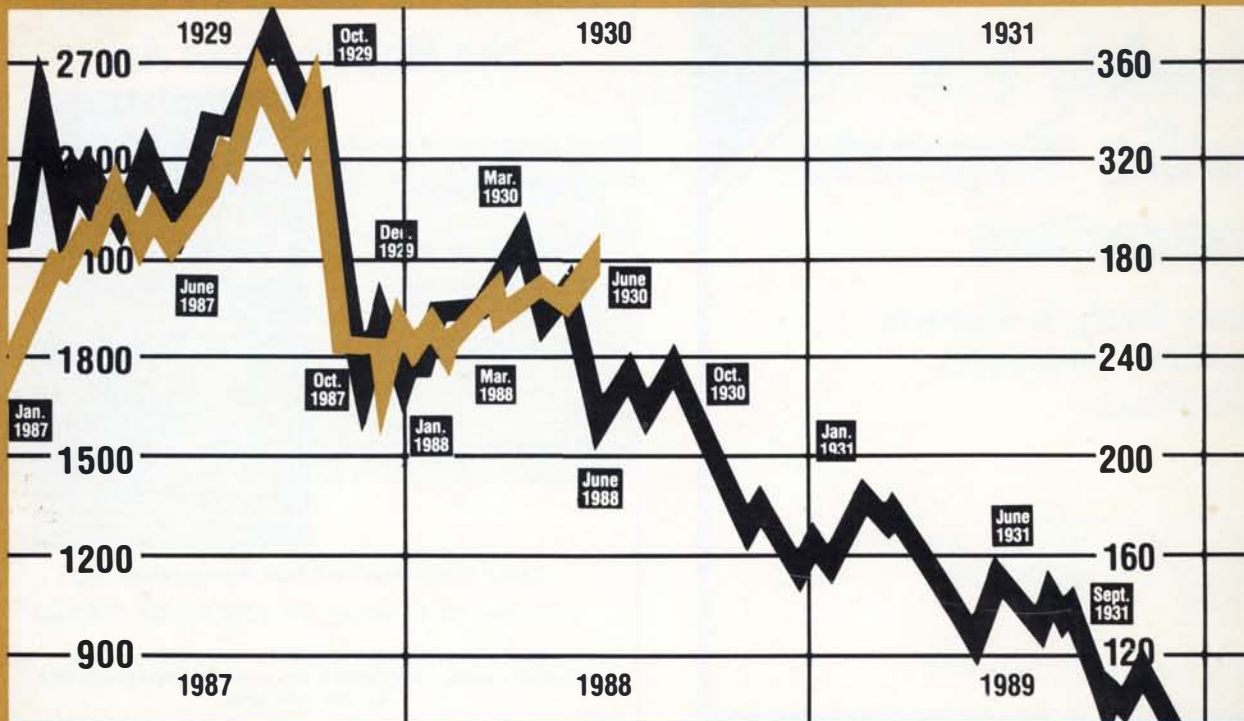
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