

# EIR

Executive Intelligence Review

November 8, 1985 • Vol. 12 No. 44

\$10.00

The Philippines: operations to remove Marcos  
AIDS, a threat to Western civilization's survival  
Argentina plans to mass-produce nuclear power

**Who in Washington is  
sabotaging the War on Drugs?**



# The Trilateral Conspiracy Against The U.S. Constitution: Fact Or Fiction?



**EIR**  
**Executive Intelligence Review**  
**Price: \$250**

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**Washington, D.C. 20041-0390**  
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**David Rockefeller:** To some, the Trilateral Commission is a sinister plot by Eastern Establishment businessmen who will do almost anything—including going into cahoots with the Kremlin—for the sake of financial gain. The fact that many former members, including President Carter, are now members of the Administration is hailed as proof of how devilishly well the conspiracy works.

—Letter to the editor of the *New York Times*, Aug. 25, 1980

**Moscow:** The Trilateral Commission has opposed some of the military programs adopted by Washington which threaten to upset the strategic balance.

—Yu. Fedorov, in *International Affairs*, July 1985

**Lyndon H. LaRouche, Jr.:** The general object from the side of the Liberal Establishments was to establish a global *Pax Romana*, a thousand-year empire of shared global rule between the Trilaterals and the Soviet empire. . . . It happens, however, that the Soviets intend to cheat. They will maintain their partnership with the Liberal Establishments no longer than the Trilaterals and similar types continue to be “useful fools” working to advantage of Soviet imperial interests. Once the usefulness of those fools has been exhausted, the Soviets will variously assimilate or obliterate them.

—Foreword to *The Trilateral Conspiracy Against the U.S. Constitution: Fact or Fiction?*

To destroy the evil influence of the Trilateral Commission in American political life, one must expose the delusions in which the Trilaterals obsessively believe. *EIR's* Special Report provides a comprehensive textual analysis and refutation of key Trilateral writings, including: Zbigniew Brzezinski's delphic attacks on the Strategic Defense Initiative; George Shultz's argument for the decline of American power and influence; David Rockefeller's “socialism.” Foreword by Lyndon H. LaRouche, Jr.

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*EIR (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July and first week of January by New Solidarity International Press Service 1612 K St. N.W., Suite 300, Washington, D.C. 20006 (202) 955-5930*

**European Headquarters:** Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, Dotzheimerstrasse 166, D-6200 Wiesbaden, Federal Republic of Germany  
Tel: (06121) 44-90-31. Executive Directors: Anno Hellenbroich, Michael Liebig

**In Denmark:** EIR, Haderslevgade 26, 1671 Copenhagen (01) 31-09-08

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

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

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**To Postmaster:** Send all address changes to EIR, 1612 K St. N.W., Suite 300, Washington, D.C. 20006 (202) 955-5930

# EIR

## From the Managing Editor

**T**he global battle lines are very clearly drawn, as we move into the countdown to the Soviet-American summit meeting. The Soviets have demanded guarantees from the U.S. administration that the “LaRouche factor” will be eliminated in Washington, and that the ideas which this magazine represents—notably the demand for a crash program to implement the Strategic Defense Initiative—will be swept aside.

The result? An unprecedented assault against political associates of *EIR* Contributing Editor Lyndon LaRouche, including the jailing of Elliot Greenspan, the New Jersey congressional candidate and anti-drug fighter. Our cover story (pages 28-37) goes right to the top in exposing who is behind this—who is out to sabotage the President’s War on Drugs. The investigative team which prepared the explosive dossier was directed by Michelle Steinberg, and included Robert Greeberg, Marilyn Kay, and Martha Quinde.

The faction in the Reagan administration which has given the green light to the witchhunt against LaRouche’s associates is the same which is now perpetrating foreign-policy disasters across the board: George Shultz has gone off to Moscow to prepare for the summit, intent upon committing treason to his country (page 38); the Treasury has declared Peru’s debt “value-impaired,” in a despicable economic-warfare move against a nation now battling for its life against the dope mafias, the terrorists, and the drug bankers (page 4); the FBI has joined the nuclear freeze lobby in attacking U.S. physicists involved in the x-ray laser program at Livermore National Laboratory, for the obvious purpose of sabotaging the SDI (page 63)!

On the other hand, we welcome the continuing effort of Peru’s President Alan García to forge Ibero-American unity against the international bankers and drug-pushers. Pope John Paul II, in his message to the United Nations, has given moral backing to the battle to solve the debt crisis (page 47).

And as we go to press, 700 international members and supporters of the Schiller Institute are gathering for a conference on “St. Augustine, Father of European and African Civilization,” to rally forces for the creation of a new world economic order based on Augustinian principles—against the genocidal policies of the International Monetary Fund. *EIR*’s editor Nora Hamerman is there, and will return next week with a first-hand report.

*Susan Welsh*

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## Banks demand 'big stick' against debtor countries

by Valerie Rush

On Oct. 29 and 30, the United States government ordered a cutoff of financing to two key debtor nations, Peru and the Philippines—both of which have been fiercely resisting demands by the international creditor institutions to dismantle their economies, and their governments along with it.

The orders were issued just one day after the creditors' cartel known as the Institute for International Finance (IIF) met in Washington, D.C. to hear a plea from the Reagan administration for more bank loans to the Third World to keep the debt bomb from exploding. The IIF responded bluntly: Washington will have to be the enforcer for the international bankers! The U.S. Treasury promptly declared Peru's debt "value-impaired," in retaliation for President Alan García's "breaking the conventional rules of the game," according to the *Wall Street Journal*. The action cuts off Peru from access to any further U.S.—and probably international—lending.

Simultaneously, the United States "gave its full backing" to a cutoff of funding to the Philippines by the International Monetary Fund, retaliation for the Marcos government's refusal to roll over and play dead.

The message is clear: The banks talk and the Reagan administration jumps.

The Reagan government had sent Assistant Treasury Secretary for International Affairs David Mulford to ask the 60 top international banks to back the so-called Baker Plan, the proposal issued at Seoul last month by Treasury Secretary James Baker III, for \$20 billion in new bank lending to the Third World debtors. In return for such aid, the recipient countries would be forced to implement "structural changes" in their economies, as demanded by the International Monetary Fund. An official statement released by the IIF after the meeting endorsed Baker's proposal, which, as we reported

last week, has generated little enthusiasm among either the debtors or the banks (*EIR*, Nov. 1, 1985, "Why debtor nations can't buy Baker's monetary reform.").

Asked if the statement constituted a public commitment from the banks to Baker's request for new money, IIF managing director André de Lattre responded, "Certainly not! The banks will give their answer through their governments." De Lattre did not specify which governments belonged to which banks.

Getting the U.S. government to jump through the hoop on command of the international financial oligarchy was an important victory for the banks, especially since it is the U.S. economy itself which is next in line for being dismantled under their stewardship. But, as this week's *London Economist* stated, another important concern of the banks—after the debt is papered over—is to make certain that "debtors' overreliance on banks" for their financing is curtailed. "One neglected source is international investment in equities," writes the *Economist*, pressing the "debt-for-equity" scheme that Henry Kissinger came up with three years ago. However, national barriers to such a scheme must be overcome, the magazine of British finance insisted.

### García's counterattack

Peruvian President García struck back with a renewed effort to forge unity of the debtor nations. In an interview with the German magazine *Stern*, he stated, "The creditors have been organizing a club for some time already, which manages very well to divide the debtors." Individual negotiations with the creditors are therefore "sheer suicide." García went on to note that for the first time in 170 years, "our people are starting to understand that our weakness lies in lack of unity." He warned that "a Disunited States of South America

cannot continue to coexist with the United States of North America," and concluded, "As long as we are unsuccessful in defending our interests jointly, each country will have to do something on its own."

The Treasury-ordered cutoff of credit to Peru was anticipated by García as far back as his inaugural address on July 28, when he warned the Peruvian people to expect retaliation for his decision to limit debt-service payments to 10% of export revenues. Then, in a speech to the United Nations on Sept. 23, García reported that the creditors had threatened to declare Peru's debt "value-impaired," and replied, "As President of Peru, I come to say that it is not necessary to wait until October for this. The Peruvian debt is already value-impaired. We declare it to be so. What we should ask ourselves, is how and by whom was our economy impaired, and what historical answer must we give to this situation."

García's response to the Treasury cutoff was spelled out on Oct. 28. Urging the country to unite against "the enemies of justice, liberty, and well-being," García told cheering workers at a newly reopened fish-processing plant that "in truth, the only thing that is impaired is the international capitalist system. . . . In the face of threats, reprisals, and the cut in credit and foreign assistance, I say, very well. This is your decision. But we Peruvians have a decision: to be free, to be independent. . . . Peru cannot continue to be a satellite of the international economy. I don't want to leave my children a country with violence, with misery, in which one cannot live, but rather a nation with full freedom, without hunger, and where there is no freedom to exploit."

García ordered several concrete measures. First, he extended a freeze on dollar savings accounts in Peru until April. Second, he announced a 24-hour deadline for several foreign oil companies to bring their investments into Peru up to the \$600 million mark, as promised to the previous government; otherwise, their substantial tax breaks would cease to exist. The companies offered \$400 million, to which García responded: \$600 million, or get out! García explained: "Don't forget that Peru has been looted by the oil companies, by the multinationals, and even by Peruvian capitalists who have preferred to take their money abroad and leave the vaults bare."

## Debt and drugs

The financial oligarchs of the creditor community have not only targeted the nationalist forces in Ibero-America, Asia, and elsewhere who would resist their prescriptions for genocide in the developing sector. They have also targeted as a potential obstacle to their designs President Reagan himself, whose anti-drug commitment makes him a potential ally of Ibero-American leaders like García.

The *Wall Street Journal* of Oct. 31 carried an editorial commentary by Cato Institute analyst Ted G. Carpenter, which blames President Reagan's "obsession with the drug issue" for everything from the creation of left-wing terrorism in Ibero-America, to U.S. vulnerability to blackmail from

cynical Ibero-American nations. The Cato Institute is a "right-wing" think tank based in Washington, which has advocated drug legalization in the past from a Friedmanite "free enterprise" standpoint.

A continent-wide war on drugs is one of the few remaining issues upon which a U.S.-Ibero-American alliance might be constructed. Carpenter, hoping to manipulate Reagan's prejudices on economic matters to break the President from his anti-drug position, writes: "Third World governments are clearly playing diplomatic 'hard ball,' seeing in Washington's obsession with the drug issue a device to secure foreign-aid funds to alleviate pressing internal economic problems. But even if lucrative aid programs are forthcoming, those governments may find it a bad bargain to enlist in Washington's anti-drug crusade. Indeed, some of those regimes might be imperiling their own existence . . . the governments of Colombia, Peru and Bolivia are antagonizing large portions of their own populations. . . . It would be a bitter irony indeed if U.S.-sponsored anti-narcotics programs helped foment radical left-wing revolutions in Latin America, but that danger is quite real."

Carpenter gets to his final point: "The Reagan administration should finally acknowledge that extensive drug use in the U.S. is a domestic problem and, therefore, cannot be solved in the arena of foreign policy. . . . It is high time that Americans face up to their own problem and stop seeking external solutions. Washington's current international crusade against narcotics is an irredeemable failure that threatens to become a diplomatic catastrophe."

Notwithstanding Carpenter's outrageous arguments, the ploy appears to be working. The Washington Post reported on Oct. 31 the open secret that the Reagan administration has been trying to blackmail countries like Peru and Bolivia into bending to the neo-colonialist dictates of the International Monetary Fund if they want to receive anti-drug aid.

Peru, whose leadership in building an anti-IMF, anti-usury consensus on the continent, has made it a prime target for such blackmail, was apparently told in early October during a visit from White House anti-narcotics adviser Carlton Turner, that anti-drug assistance from the United States might be held up indefinitely unless President García showed more "moderation" on his debt payment policies.

Earlier this year, an insulting U.S. offer to Peru of a few million dollars to battle the multi-billion dollar drug industry was indignantly rejected by García. Said the man in charge of Peru's anti-drug war, Vice-Minister of the Interior Agustín Mantilla, "It's a case of mutual responsibility. My President has said it is our moral duty to do what we're doing. But a great part of this drug evil is done to the U.S. . . . If the North Americans don't want to fight alongside us, it's their problem." Mantilla added, in an angry reference to the April 1984 assassination of Colombian Justice Minister Rodrigo Lara Bonilla, "Maybe we'll have to wait for them to kill one of our ministers so that the U.S. bureaucracy becomes convinced."

# Will Western civilization survive the AIDS pandemic?

by Warren J. Hamerman, chairman, EIR Biological Holocaust Taskforce

*The following speech was delivered at the Schiller Institute's international conference in honor of St. Augustine, held in Rome, Nov. 1-3, 1985.*

The present AIDS pandemic—the worldwide spread of a disease which is 100% lethal—is far, far deadlier than full-scale thermonuclear war. Since viruses do not recognize frontiers, the potential battlefield is global, and the very survival of Western civilization may well be decided on that battlefield. Current estimates indicate that perhaps as many as tens of millions of individuals worldwide are presently infected with the AIDS virus, and the doubling rate of those “infected” with the disease may be increasing so rapidly that within several years, mankind in general could be imperiled, if global public-health measures are not implemented.

For example, were the doubling rate of those infected to be merely once per year from a starting base of, for example, 50 million infected worldwide, 100 million would be infected in 1986, 400 million by 1988 and, sometime between 1989 and 1990, the figure would surpass 1 billion people. And in this hypothetical extrapolation, before 1992—barely seven years from now—the number of infected would *hypothetically* surpass the then currently living human race. Since the AIDS virus is an unusual “lentivirus,” or “slow virus” those infected could break out with the full-blown symptoms of the lethal disease in wave after wave over the remaining years of this century and into the 21st century.

But will the AIDS infection rate always continue to double in this linear way? Not necessarily. There are two possibilities, and only two possibilities:

1) The AIDS infection rate will accelerate and take off even faster than doubling once per year worldwide. It could suddenly spread in non-linear fashion at an even faster rate, with one deadly disease “piggybacking” upon another, as they recombine into ever more deadly strains or revive endemic diseases such as plague.

2) The spread of AIDS will be halted through the implementation of traditional public-health measures. Throughout history, “pandemics” have not been stopped with “miracle cures” but by society imposing strict public-health measures.

Furthermore, since it has been exhaustively shown that one of the primary ways in which AIDS has spread throughout America, Europe, and elsewhere is through the drug abuse community, the War on Disease is synonymous with the War on Drugs.

But we have no margin of error in waiting to declare the War on Disease. The basic issue for all mankind at this moment is stopping the biological holocaust in Africa. Herein lies the great test for humanity.

Leading scientists of Belgium put the figure of Africans already infected in the nine countries of the so-called AIDS Belt alone, as upward of 32 million. Scientists from France's leading research institutes have indicated their agreement with this order of magnitude for Africa.

Dr William A. Haseltine of the Dana Farber Cancer Institute at Harvard Medical Center estimates the number infected in the AIDS Belt in Africa as over 10 million. One scientist in the United States recently told a colleague of mine that all of these figures are grossly conservative because they only take into account nine countries; for Africa as a whole, he estimates that up to 50 million may already be infected when northern Africa and southern Africa are included.

Leading researchers of several nations would go so far as to assert that, on the continent of Africa, the *entire* population—more than one-half billion persons—is at risk.

Tropical disease specialists in the United States and Europe as well as physicians on the scene in numerous Ibero-American countries are convinced that there has been massive under-reporting of the AIDS cases in Ibero-America and that, next to Africa, it may be the worst situation. The Asian and European situations are also far worse than is being reported. For example, one leading West German scientist asserts that there are at least five times more AIDS cases in his country than the official statistics show, with West Berlin being the epicenter of the disease. Simultaneously, East Germany and East Berlin claim to have zero cases. I know no scientist who could make a case for the existence of so precise an “AIDS Curtain.”

The overall situation in the United States is best summarized by a recent statement by Dr. Myron Essex, the chairman



of the Department of Cancer Biology at the Harvard School of Public Health: "We must act fast enough so that we won't have 20 to 40 million Americans infected and several million with AIDS."

While every area of the world is now being overwhelmed by AIDS, it should be noted that the viruses seem to be afraid to march into Soviet territory. It is a fact that the Soviet Union and its militarily-allied states claim to have only a handful of cases, and none among native-born Russians.

The present health policy coordinating institutions such as the Soviet-controlled Swiss-based World Health Organization have proven themselves entirely inadequate to the crisis and subject to manipulation by political forces which either a) are committed to *not paying the necessary costs* required for research, emergency public-health measures and alleviating the economic squalor which breeds disease, or b) would find it desirable for Western nations to be crippled by the deadly disease AIDS while the nations of the Warsaw Pact were relatively unscathed, or c) have a deep philosophical commitment to encouraging the spread of AIDS and other deadly diseases in Africa, Asia, and Ibero-America as a specific means of drastically reducing what they believe to be "excess" populations in what they call "overpopulated" areas of our planet.

### The Soviet role

In one of the most cynical and outrageous series of lies ever promoted, the Geneva-based World Health Organization has just completed an African Workshop on AIDS under the coordination of the Soviet-controlled Dr. Fakhri Assaad. The WHO workshop reached the preposterous conclusion that there has not been an out-of-control AIDS epidemic in Central Africa because *no black African country notified WHO of a single case of AIDS.*

Fakhri Ayyad Assaad, the head of the AIDS Task Force at the World Health Organization (WHO), directly reports to his superiors in the WHO chain of command—the Soviet official Dr. Sergei K. Litvinov, head of the Communicable Diseases Division of the WHO in Geneva, and his deputy T. A. Bekhtimirov, head of the Virus Disease Section at WHO, who is also Russian. The head of the sub-unit on psychosocial aspects of disease is Dr. Jablensky, a Bulgarian. The head of the Smallpox Eradication Unit is Dr. Jezek of Czechoslovakia, and head of WHO's unit of "Biological Psychiatry" is also a Russian, Dr. Morosov.

Thus, the Soviet specialist on African Infectious Disease, Dr. Sergei K. Litvinov, who is currently still a top official in the Soviet Federal Ministry of Health itself, is literally in full command at WHO of all principal divisions and subdivisions for the surveillance, control, and supposed prevention of virtually every deadly disease known to man, including: AIDS, tuberculosis, malaria, smallpox, leprosy, venereal diseases, diarrheal diseases such as cholera, and all parasitic

and viral diseases in general.

Litvinov's superior in the explicit Soviet chain of command is not only the Soviet deputy minister of health, but also the personal physician of all recent Soviet heads of state and a member of the Central Committee. His name is Dr. Yevgenii Chazov, and he has just been named co-winner of the 1985 Nobel Peace Prize in his capacity as co-founder of the International Physicians for the Prevention of Nuclear War (IPPNW). When the Nobel prize announcement was made, in fact, Chazov was in Geneva at the WHO headquarters.

From Bangui, Central African Republic, in late October, the Soviet-controlled Dr. Assaad announced that WHO will now take hands-on control of all AIDS work in Africa directly through three on-site laboratories—one in Zaire, one in Gabon, and one in the Central African Republic.

WHO is desperately attempting to put the lid back on the reality of the African situation that—through a combination of conscious actions by the International Monetary Fund and Swiss-orchestrated Malthusians—tens of millions of Africans have already been infected by AIDS and large numbers have already died of the disease. Their repugnant philosophy of brutal population reduction is also the commitment of the evil State Department of my nation, which wrote the infamous *Global 2,000 Report*. . . .

As part of the WHO attempt to put the lid back on the African AIDS pandemic, two new Soviet-WHO lies are being circulated. The first is a typical WHO "accountant's trick" to try to cover up the true magnitude of AIDS cases by simply renaming AIDS cases in Uganda by another name—the so-called "Slim Disease." Secondly, the official newspaper in Ghana carried the blatant Soviet racist propaganda line denouncing whites for "trying to blame" the start of AIDS on black Africans. The editorial says there is no scientific basis for saying AIDS came from monkeys, adding, "In the white societies of Europe and America where rabies-carrying dogs . . . keep the company of women and even some homosexuals, these are not deemed to be a probable or even just possible cause of AIDS," and African media should be wary "not to push this latest whiteman's burden to the doors of the blackman." The dangerous propaganda piece mocks the "white supremacist propaganda" as a "New Form of AIDS."

The line that AIDS should be blamed on "degenerate America," and "AIDS is *not* an African-originated disease," will lead to the mass murder of millions of Africans by disarming any potential emergency public-health actions. This line is also the official Soviet policy line. Not only has this line appeared in Soviet journals over the past weeks. In early October, Sergei K. Litvinov himself, while sitting in his Geneva WHO office, told a European journalist that exaggeration and panic "*on AIDS are spread from the country where AIDS originated—the United States of America.*"

There are four aspects to the Soviet-run World Health

Organization coverup of the real story of AIDS: 1) They want to blame the mass murder of Africans through the AIDS epidemic and other diseases on the United States. 2) They want to buy time for the murderous International Monetary Fund. The lesson of Africa makes very clear that to rid the world of AIDS means massive upgrading of nutrition, sanitation, and many ambitious development programs. The WHO is located in Geneva, near the Bank for International Settlements (BIS) whose policy is to subvert development. They want to protect the IMF and the bankrupt global banking system. They have time to gain. 3) Finally, the individuals who started and continue to run the WHO have an overall Malthusian policy; they've stated in print that these areas in Africa are overpopulated. Their philosophic outlook is that of Bertrand Russell. They actually believe that disease is the *natural* way to reduce population. I recall a 1977 statement by Robert McNamara when he was president of the World Bank. He stated that the world must deal with rampant overpopulation, and drastic population reduction must be imposed against the will of individuals. He stated that there were only two ways to do this. One way was to *curtail the birth rate*, but this way was not being sufficiently effective. The only other way he stated was, of course, to *augment the death rate*. Through what means? The natural means, he argued—famine and disease.

One European physician recently revealed the details of a specific instance in which WHO deliberately set up an African-disease lie. The disease in question was smallpox, which is most significant. The Soviets used their control points at the WHO to officially declare that smallpox had been eradicated, and that therefore there was no need for nations to go on producing the vaccine. Nonetheless, Dr. Litvinov was recently stimulated to assert that the Soviet Union is currently producing, and will continue for at least three years, to produce the vaccine for "security reasons."

The European physician had been practicing in a country in the middle of the African AIDS Belt in the 1970s. There, in a hospital servicing a rather large city and the region around it, about 7 to 10 patients were treated for smallpox every week. One day, a WHO official came to prepare the official yearly epidemiological report. He visited the hospital once, and stayed in the city for several weeks, apparently spending much more time in dinners, lunches, and other social activities than either in the hospital or in the field. When the last day of his stay came, he gathered some of the physicians working in the hospital to write up his report. When smallpox was mentioned, he said, "Okay, smallpox, zero cases."

One of the physicians said: "What? But we *do* have smallpox cases, about 7 to 10 cases per week. You can't write that." The WHO official then proceeded to explain that smallpox had officially been eradicated from Central Africa and that he could not report any new case there. WHO would not accept such a report.

Furthermore, he claimed, the President of the African country would refuse such a report, and that would create problems; should he file a report speaking about smallpox cases, he would be labeled "a racist." And anyway, he added, "If you insist these smallpox cases be reported, you'll probably lose your job here. . . ."

As the story documents, the Soviet-controlled WHO uses standard KGB methods to impose its policies. The hypocritical Soviets are the biggest racist genocidal butchers in Africa. Their lies and methods have led to the mass murder of millions of Africans. The blood of disease-killed Africa is on Russian hands.

Therefore, the AIDS pandemic is the ultimate global showdown.

### The global risk

From the standpoint of the overall magnitude of the disease, the explosion of tuberculosis cases on a world scale in the past few years is very important. In July of this year, the Pasteur Institute of France succeeded in isolating the AIDS virus from the pulmonary secretions of a 30-year old Haitian woman. In a scientific paper which we have just published in *Executive Intelligence Review*, Dr. John Seale of England comments on this result by stating that AIDS transmission may be directly associated with tuberculosis-style respiratory aerosol modes of transmission in the tropics. Furthermore, several scientists point out that the people who are dying *now* of AIDS are dying of immune suppression, but we expect a second larger wave of cases to crop up over the coming years, of people who will die of brain and lung infection. AIDS and tuberculosis, the classic disease of economic breakdown which spreads in crowded and unsanitary conditions among malnourished people, will develop in tandem. . . .

Institutions such as the World Health Organization have the cart before the horse. They say AIDS generates secondary infections, such as tuberculosis, but there are many cases where people already have TB in inactive form, then get AIDS, have their immune system suppressed, and the TB breaks out into active form and they die of TB. WHO and America's Centers for Disease Control (CDC), been irresponsibly covering up the real story on AIDS in the United States, classify this as a "TB case" and not an "AIDS case." The implications are huge.

Approximately *two billion* people in this world have inactive TB. America's CDC officially lists 10 million Americans "infected" with TB, with over 20,000 new cases a year in the United States alone. The tuberculosis situation is very ugly on a global scale; there were massive increases in France last year, for example. Much of today's active tuberculosis is in fact reactivation of previous infection in individuals immune-suppressed by AIDS virus. When people are immune-suppressed they rapidly develop progressive military tuberculosis, which is why TB is such a precise "marker"

disease for AIDS. How can people be immune-suppressed? One way is through malnutrition; another is through infection with AIDS. If you look at the figures, about one-half of the world's population has exposure to tuberculosis, i.e., they are carrying the bacillus in an inactive state and have the potential to develop active disease under conditions of immune breakdown. This is the immediate real time bomb mankind is now confronting.

In addition, there exists explicit evidence that in tropical conditions the AIDS retrovirus may be transmitted through multiple bites of infected mosquitoes in unsanitary environments. In Africa, for example, it has been estimated that the average person is bitten by 150-200 insects a night. In the collapsed sugar cane cutting town of Belle Glade, Florida, Public Health officials have massive indirect evidence that AIDS is transmitted, in direct correspondence with traditional tropical arbovirus diseases such as Dengue Fever, through multiple bites of mosquitoes. A recent study of 250 outpatients in rural Zaire, reported on in the British journal *Lancet* on Sept. 7, 1985, directly correlates instances of malaria with instances of AIDS. The authors of the report raise the hypothesis that AIDS and malaria could be transmitted the same way.

While much is not known about AIDS, nonetheless it were prudent to not delay public health actions.

In 1974, eleven years ago, at the initiative of the great economist Lyndon H. LaRouche, Jr., I directed the work of what we called the "Biological Holocaust Task Force," which has been studying the unassailable relationship between economic breakdown and the spawning of deadly pandemic diseases. Eleven years ago our Task Force published a detailed study, complete with charts, maps and graphs, which forecast under Lyndon LaRouche's guidance the consequences to the world's population and the biosphere as a whole, were the blatant Malthusian and "Zero Growth" policies then being implemented by the International Monetary Fund (IMF), Robert McNamara's World Bank and the Swiss-based Bank for International Settlements not drastically altered. There are many individuals in these organizations and among their backers who *knew or should have known* that their policies would lead to mass murder.

The LaRouche "Biological Holocaust Task Force" forecast that, given the policies then being implemented by the IMF, World Bank, and BIS to "triage" essentially the tropical zones of the developing sector, treat them as so-called Fourth World graveyards, and slash the food and energy consumption of the world's population, a global biological holocaust would be the inevitable consequence. These areas were written off as unworthy of any investment. Recently a tropical disease expert now collaborating with our Task Force commented to me:

"If the world is not willing to pay the cost or make the commitment to raising the standard of living in the tropics of

Africa, Asia, and Latin America, then the tropical diseases spawned there will overwhelm the rest of the world. That's the real lesson of AIDS and other tropical diseases."

Our published forecasts 11 years ago warned of the disease pandemics and famine deaths which have come to pass; specifically, we made the following forecasts:

1) A *biological holocaust* would develop in successive waves of famine and disease, ratcheting downward in a succession of exponential step functions, to a final potential general *breakdown phase* of the biosphere—to which we gave the name "Biological Holocaust"—in the period 1987-88.

2) The process would include the emergence of new mutated deadly types of diseases, never before experienced by man, which would have the capacity of overwhelming his collapsed immunological defenses. We asserted that the combination of long-standing lethal pestilences and new "recombined" disease strains would have the potential of causing more general devastation to mankind than did the hideous Black Death of the 14th century.

3) The process between 1974 and 1988 would undergo several phase changes in 1980, 1982, and 1984, as blight and collapse of basic agricultural production capacity were expected to hit Asia, Africa and Ibero-America.

4) We forecast that, preceding the final breakdown, a cholera pandemic would erupt in Africa. We based this forecast on a study of the way in which the British Empire's cholera pandemic in the 19th century overwhelmed the world.

5) Our Task Force presented data estimating that the final phase of the biological holocaust would take a toll far, far greater than did the Black Death. Specifically, we warned that up to approximately one billion persons worldwide would be murdered *directly* by this disease process.

6) We also forecast that the "cost efficient" World Bank programs of Robert McNamara would generate conditions of gross desertification, laterization, and erosion of top soil, as ecological collapse takes place in fragile jungle zones. The growing desertification and destruction of photosynthetic-dense jungle areas would have global consequences on weather patterns.

As the great Louis Pasteur once commented with respect to the returning virulence of plague: "An epidemic in which the enfeeblement of the virus has been attained can flare up again by the restrengthening of the virus under certain conditions. . . . The plague is a virulent disease peculiar to certain countries. In all these countries its virus must exist, ready to resume its active form whenever the conditions of climate, poverty, or famine give it a fresh opportunity."

Over the span of human history, pandemics orably resulted whenever an entrenched oligarchy has violated the basic precept of Natural Law: God's injunction that, Man, in his Living Image, "Be fruitful, and multiply, and replenish the earth, and subdue it."

# Currency Rates

From the first recorded pandemics in the immediate two millennia before Christ, through the outbreak of cholera and AIDS in the IMF and World Bank-created "Fourth World" graveyards of the tropics today, science can document two basic epidemiological laws of history:

1) Pandemics do not strike productive, expanding populations, but rather follow inevitably as the consequences of decades of oligarchical debt-looting regimes.

2) Although pandemics may first break out among a "high risk" weak-link and localized population, under conditions of overall economic austerity, the world population as a whole is threatened.

As the Bible documents, the very basis of Judeo-Christian civilization was developed as a powerful movement against famine, pestilence, and brutalized slave labor. In 542 AD, after the evil Emperor Justinian tried to reimpose brutal slave labor practices, a hideous plague spread via Byzantium, and wiped out up to 100 million persons. In the 14th century, after the looting regimes of the Bardi, Peruzzi, and Acciaiuoli succeeded, for example, in brutally reducing the population of Florence from 105,000 in the year 1300 to 80,000 in 1347, the Black Death struck the already weakened society and wiped out up to half the population of Western Europe. In the 19th century, the British Empire imposed such brutal colonial austerity that cholera pandemics swept the globe. During this century, the 1918 killer influenza killed more people in six months by a factor of 10 than had died in all the fighting of World War I.

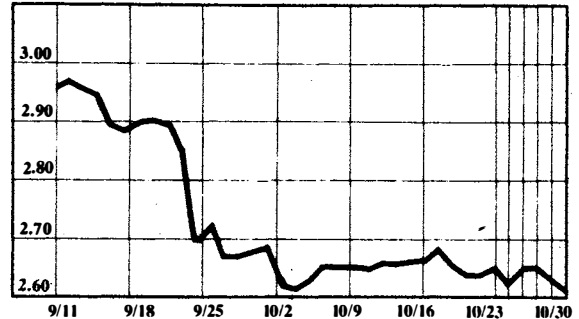
History has relentlessly proven that healthy people live in healthy economies. Therefore, it is our most urgent joint task to resuscitate Africa from the brutal policies which have been imposed on it by the IMF, the U.S. State Department, the Soviet Union, and the Malthusians at the Geneva World Health Organization.

Mankind clearly stands at a monumental crossroads; either civilization as we know it will be destroyed by AIDS or other pandemics, or we will exercise our full capacity in the coming century to create a New Just World Economic Order on Earth, and flourishing "biospheres" *de novo* on the Moon and Mars. In the post-IMF era, the human population could grow rapidly to tens of billions, as we begin our historic mission to "improve" the universe. To accomplish these goals, we will need many, many astronauts and new St. Augustines to provide intellectual and spiritual guidance in that glorious enterprise.

Therefore, we can think of no greater necessity than beginning to treat every African, Asian, and Ibero-American child now as a precious potential astronaut. Scientists already have at their fingertips extraordinary technologies and biomedical knowledge as a byproduct of the space product. We must dedicate ourselves to the goal of making every child on earth as healthy as an astronaut, so that they may have the joyful opportunities to found new "Cities of God" in resuscitated Africa and on foreign planets.

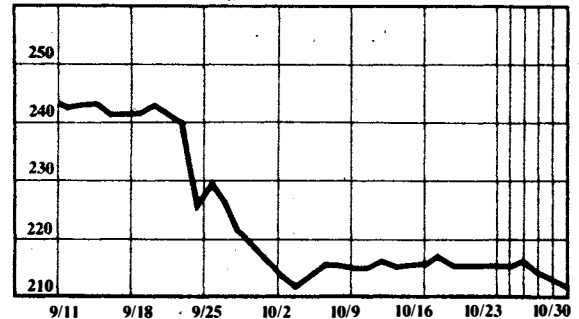
## The dollar in deutschemarks

New York late afternoon fixing



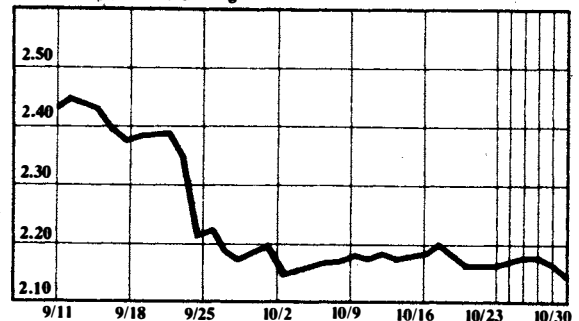
## The dollar in yen

New York late afternoon fixing



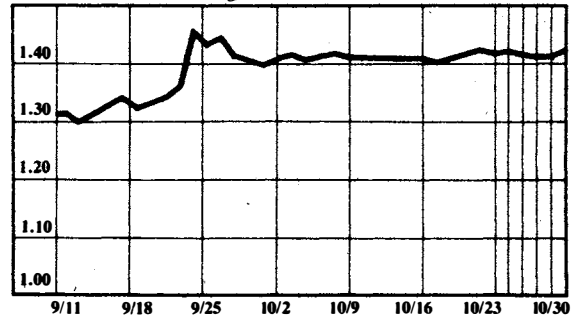
## The dollar in Swiss francs

New York late afternoon fixing



## The British pound in dollars

New York late afternoon fixing



# Alarm in Africa over rising debt

by Mary Lalevée

Beginning with the summit of the Organization of African Unity in Addis Ababa, Ethiopia, in July, officials dealing with Africa have revealed bits of the devastating picture of how this continent is being murdered by the debt collection policies of the International Monetary Fund (IMF) and World Bank. The declaration adopted by the OAU flatly stated that "the severity of the situation is underscored by the fact that in 1985 African countries will most likely repay more than they receive from the International Monetary Fund, to whose programs more than 15 African countries have acceded [emphasis added]."

The IMF is well aware what that will mean for Africa: "There seems to be little prospect that such countries will return to balance-of-payments viability and satisfactory rates of economic growth in the foreseeable future"—a polite way of saying: "Let them die!"

The OAU report detailed how "at the end of 1984, the total debt of all African countries was estimated at \$158 billion, and it is expected to exceed \$170 billion by the end of 1985. . . . At the same time, total debt service payments increased from \$12.9 billion in 1982, to \$14.9 billion in 1983. According to projections by the World Bank, debt service payments would be about \$18.9 [billion] in 1984, and \$20.4 billion in 1985."

The statement went on to describe "the considerable change in structure of [Africa's] debt over the past decade. The share of "soft" loans declined from 62.5% in 1972 to 47% in 1983, while the share of borrowing from financial markets in sub-Saharan Africa rose from 14.5% to 36% over the same period. Meanwhile, most other African countries were excluded from soft loan agreements as well as from bilateral and multilateral loans. Many thus turned to IMF standby agreements and extended fund facilities, despite the "difficult" conditions attached to such loans.

## OAU's '20% solution'

One of the measures called for in the OAU declaration was that "debt service should not be allowed to exceed 20% of the export earnings, and total debt should not exceed 30% of the Gross National Product of each country"—a path followed by Peru, which has limited payments to 10% of foreign exchange earnings. It also called for an international conference on Africa's foreign indebtedness, and discussions on this question are being held at the current United Nations

session in New York.

Alister McIntyre, deputy secretary general at the U.N. Conference on Trade and Development, gave little hope for Africa when he spoke at UNCTAD's autumn board meeting in Vienna. Warning that the 1980s could become the "lost decade" for development, he said, "As a result of the prevailing decline in growth, major debtor countries were experiencing a sharper drop in export earnings than in interest rates, with subsequent deterioration in their foreign exchange earnings."

The severe contraction in imports has led to large trade surpluses. "Altogether," he stated, "developing countries managed to reduce their collective current account deficit from \$120 billion in 1981 to just \$35 billion in 1984." The question is whether "such a draconian shift can be sustained. Indeed, a very large number of countries may well have reached the limits of austerity. *Imports have been virtually cut to the bone; there is little room left for maneuver* [emphasis added]."

## LDC program a total failure

Those worst hit have been the Least Developed Countries (LDCs). This group of 36 countries, the poorest and weakest in the world, with an average Gross Domestic Product per capita of \$200, a mere 2% of the developed countries, has been virtually "written off." The UNCTAD meeting in Geneva, called to review the program of action for the LDCs which was adopted in 1981, made clear that the "program of action" is a total failure. Official Development Assistance (ODA) was supposed to be doubled, to reach 0.15% of the donors' GNP, but UNCTAD writes, "The results have been disappointing. Indeed ODA, which constitutes up to 90% of some LDCs' external receipts, reached a plateau during the period 1980-83, when it ranged between \$6.9 and \$6.5 billion, whereas a doubling of the 1976-80 level would amount to \$9.7 billion. As non-concessional flows, including bank lending, *dried up in the 1980s, total external resource flows to LDCs during the years 1981 to 1983 actually declined as compared with 1980* [emphasis added]."

World imports from LDCs in 1984 remain below the levels of 1980, and the demand is expected to fall even further in 1985, reports UNCTAD. Meanwhile, debts are mounting "considerably," writes UNCTAD, pointing out that the LDCs' economies are extremely vulnerable, since "agricultural products still account for more than half of their export proceeds, with coffee and cotton representing about 40% of the total. In most LDCs, the share of manufacturing in GDP remains well below 10%. . . . In fact, this share has declined continuously since the second half of the 1970s, amounting for the LDCs as a group to only 8% in 1983. . . . The industrial sector has stagnated partly because of a shortage of foreign exchange needed to import capital and intermediate goods. Even the resources needed to import essential spare parts have often not been available."

# Africa's tremendous potential for development through technology

*The following remarks on the potential for the technological development of Africa—especially utilizing inter-basin water transfers for irrigation, energy, and transport—are from an interview with Robert T. N'Dau, former Minister of Planning, Transportation, Industrial Development, Water Resources and Mining of the African nation of Mali, who was also secretary general and president of the Senegal River Authority. Mr. N'Dau now works for the United Nations in Nairobi, Kenya, and was in Washington, D.C. to attend an International Symposium on Drought and Desertification Oct. 24-26. He was interviewed by EIR Washington bureau chief Nicholas Benton on EIR's daily radio program on Oct. 28.*

**EIR:** My first question concerns the potential for the development of infrastructure in the continent of Africa. Many of the comments that are being made at this conference at Howard University this weekend [such as by Lester Brown of the Worldwatch Institute, who claimed that overpopulation, resulting in the overuse of the land, was the cause of the growing deserts in Africa and, thereby, long-term food shortages—ed.] have been to the effect that Africa is faced with a virtually irreversible process of desertification. What do you think Africa's potential for infrastructure and water development is?

**N'Dau:** The potential of Africa in water resources, in soil, in hydroelectric power, in mineral resources is tremendously huge. Actually, the continent uses about 53% of its arable lands, and 47% remains unused. The continent has about 545 million people. If you take Africa globally—because, here, nobody understands that Africa is very diverse, that there are many Africas—the continent is not overpopulated.

The real problem is the technological tardiness of the people. If you speak of population-carrying capacity of the land, it is not fixed. It is a function of the technological level inside the country, and around the country. There are three levels of technology, of inputs. At the most basic level, you are dealing with agriculture being done at the time of the Bible. For most of our people, their technology is the technology of the time of the Bible. . . . But if you give a limited amount of input, in terms of fertilizer, water control, tools, and so on, you will see that land-carrying capacity increases

tremendously. And, if you take the high-development route, there is certainly no overpopulation. What is happening is that the speed of increasing of the population is too big to be complemented by the speed of economic development. We can solve the problem by taking more care of the rural development and of the technologies that can increase the capacity of the land.

This is the solution to desertification. Desertification in Africa is exacerbated because the people with axes, hoes, and fire, as their only tools, are obliged to overexploit the natural resources, to denude the ground cover to survive, to prevent famine. But at the same time, they are unable to use other natural resources which are there as water resources, mineral resources, and other local energy resources.

So, for me, to pose the problem as a problem of overpopulation alone is crazy. To push African countries to control population increase without understanding that African women make many children because most of them die before 12 years without help for them to keep the children alive, is just criminal. To do all that without speaking of the other factor which is fundamentally important, the mobilization of the unexploited natural resources to help the people, I say, I cannot qualify this attitude.

In your country, you have the benefits of development for 4,000 years. Europe started with the plow and animal power 4,000 years ago. They had 4,000 years of slow evolution with famines, epidemics, and so on to reach the point where they are. Africa has been forced by the international system, the world system, by the colonial conquests while Africa was about at the 16th century, technologically. So Africa has a leg in the 16th century which is still there, and one leg in the 20th century. That is very painful for Africa. So you can observe very clearly that with technology, African people actually use natural resources, but they have not the technological tools to exploit correctly water resources, mineral resources, local energy resources to feed themselves; 85% of the food production in Africa is made by human muscular energy. Man is not a good motor for building, for thermal energy.

**EIR:** You are talking about the need for the development of

dams, power, and irrigation systems in Africa, the use of the advanced understanding of modern technology to transform Africa to be able to feed its population. As the former Minister of Planning of Mali, having been involved in a number of these projects yourself, can you comment on your experience with the dam construction on the Senegal River?

**N'Dau:** I want to say first that I believe in action at all dimensions. State government should start centralized big actions to give inputs locally to small farmers to survive without destroying the soil and original ground cover. And this means fertilizer plants, hydroelectric power, and so on to produce locally the basic input needed to change the situation. But it doesn't mean that I don't believe in another action which is fundamental. . . . So, we should work on our two legs. One leg is that of the community at the village level inside the traditional system. The second leg is centralized action at the international level, at the sub-regional level and at the national level of government to give to the production of what the small farmer, the cattle producer, needs so he can transform his own system and produce his own food and to have a better living.

I have been involved as an engineer, as a former secretary general of the Senegal River Authority. I was appointed by four heads of state at that time in 1964. And God made that I had the honor to be minister, and president of the Senegal River Authority, and I had the honor to launch the two dams around which there are many controversies. I can tell you that most of the controversy comes from people, who don't know at all what are the parameters and the bases. For instance, on the Senegal River, it is not like Aswan Dam. . . . This management is in the infrastructure needed to transform a savage river that flows three months a year—where there is no water in the river for nine months—into a constant flow to make turbines work to make energy to irrigate all the year around 375,000 hectares for countries who import more than many hundred thousands of tons of rice and so on, and to make transport between three countries, and from them to the Atlantic Ocean.

The program is very strongly needed. It is difficult to achieve it and make it productive, but we have no choice. It is there that we have a major water resource, an energy resource, and an economic transport possibility, and Americans should think about the Tennessee Valley Authority and many other dams which have created the development of their country. Because we are doing the same, we are building them, and I think there will be many opportunities for Africans and Americans to invest in the development of irrigation, because there is permanent water; to invest in the development of industry, because there is water and energy, about 1 billion kilowatt a year at low cost; moreover, there will be economic links to exports and imports and transports.

**EIR:** Can you comment on the feasibility of this plan for the

diversion of the Zaire River to Lake Chad and the filling of Lake Chad to become a major resource for the irrigation of the entire Sahel?

**N'Dau:** Africa is a continent of about 30 million square kilometers, inside of which there are 9 million kilometers of internal depressions which are not drained to the oceans. The continent furnishes 4,200 billion cubic feet of fresh water to the oceans around without retaining any. If the continent is going to dry up—and that has happened, the Sahara is increasing—we can store in our underground capacity of storage and in these shut-in basins a part of this huge amount of water going back into the oceans around the African continent each year, and in this context, Chad is one of the internal depressions.

Drought, and perhaps poor management of the water resources, has led to a situation where the Chad Lake is going to disappear. And whether there is good rain or bad rain, in reality, we have to reinforce, to stabilize the existing Lake Chad, to stabilize the existing countries around, and the populations around.

The idea to use a part of the enormous quantity of water of the basin of the Zaire and to put a small part back to the Chad Lake is very interesting. In Europe, in America, everywhere in the world, slowly has developed a network of canals for navigation purposes, and many of the canals link two different basins, one to the other, with locks and so on. It was in the actual technology for centuries. So it is not at all unbelievable, and economically, it has to be studied carefully.

The plan would be to make a dam on the Ubangi River, because the Ubangi has dried, and the navigation for central Africa is worse and worse. A reservoir dam on the upper Ubangi will give three things: energy to develop northern Zaire and central Africa, a good link for land-locked countries in central Africa to the ocean through navigation, and a part of the reservoir can be diverted to replenish slowly the Chad basin.

But, at the same time, you have to do more than that. You have to make a better use of the existing water on the surface and underground in the basin of Lake Chad. You have also to organize a better sharing of the resources of water between riparian states. Actually, there is very little use of the water on the Chad Lake. So you have a complex study to do as you have done for Tennessee Valley. And to find perhaps the complement for water needed in the Ubangi, in the Zaire basin which is nearby.

I am against the sectorial approach because it has led us to the awful situation we have in Africa where one comes to the village for human health, another for cow health, another for water, another comes a few years after for forestation and so on. The result is that the sectorial approach has created paradigms and contradictions and led the population to the situation where we are.

# Argentine siege: in whose defense?

by Cynthia Rush

On Nov. 3, voters in Argentina will go to the polls to elect, or re-elect, members of that country's house of representatives. The elections are considered to be a major political test for President Raul Alfonsín. He and the candidates of his Radical Civic Union (UCR) have staked their reputations on the "Austral plan," the orthodox monetarist program dictated by the International Monetary Fund last June as a conditionality for Argentina receiving fresh credits from the international financial community. At a time when other Ibero-American governments—Colombia, Brazil, and Peru—are bucking the IMF, the UCR government and its candidates have made Argentina's submission to the IMF the basis of their political platform.

Observers in Buenos Aires say that this submission and the need to have a good showing at the polls prompted Alfonsín to take dramatic political action during the week of Oct. 20. On Oct. 23, the government issued Decree 2049, authorizing the arrest of 12 individuals, including three active-duty military officers said to be implicated in bombings and acts of terrorism which had plagued the country during the previous month-and-a-half. Twenty-four hours later, following a federal judge's ruling the decree unconstitutional, the government imposed a 60-day state of siege.

Interior Minister Antonio Troccoli explained that the measure was necessary to defend democracy from a group of right-wing plotters, who, with international assistance, were attempting to destabilize the Alfonsín government. Defense Minister Roque Carranza charged that some of those on the detention list were linked to the notorious P-2 Freemasonic lodge and to the drug-linked sect of Reverend Moon. The Oct. 26 edition of the Rio de Janeiro daily *Jornal do Brasil* reported that Brazilian, Uruguayan, Israeli, and U.S. intelligence had been called upon by Argentina's national intelligence service (SIDE) to help hunt down ex-general Guillermo Suárez Masón, a fugitive from justice wanted for human-rights violations, and one of the 12 names on the government's wanted list.

Given Argentina's history of political terrorism over the past 10 years, the measures met with a favorable public response. *The New York Times*, which normally attacks any-

thing remotely smelling of "militarism," on Oct. 29 leaped to Alfonsín's defense, explaining that "Mr. Alfonsín, a democrat, has acted on behalf of democracy. Freedom-lovers elsewhere can only hope that his dramatic action will be both brief and successful."

But the picture inside the country was not quite as the *Times* would have it. The networks named by Troccoli and Roque Carranza—P-2, Moon, and the drug mafias—certainly do operate in Argentina, and are unquestionably responsible for acts of violence. But they also flourish in the environment created by IMF policies. As long as the Alfonsín government remains committed to these policies, it will never dismantle terrorist and drug-trafficking networks.

The state of siege declaration and arrests unleashed a political and legal furor, the end of which is not in sight as of this writing. There is a state of heightened unrest inside the armed forces, where relations with the government are already strained as a result of the trials of nine former military junta members for violations of human rights. Of the three active-duty officers arrested, Col. Pascual Guerrieri occupied an important position in the office of the Army General Staff. The government did not bother to inform the Army Secretary General, Gen. Ríos Ereñú, of its intention to arrest three officers. Upon learning of the arrests, Ríos issued a telegram to all army units in the country denying that he had provided any information on other officers to the government, and immediately visited the military detainees in jail.

## 'Austral plan' the real problem

Sources in Buenos Aires report that leaders across the political spectrum are highly dubious about the state of siege, and see it as a blundering attempt to frighten the population into backing the Austral plan at the polls.

Peronist Sen. Vicente Saadi, first vice-president of the Justicialista Party, charged that the Alfonsín government itself was behind some of the recent bombings and bomb threats in urban centers, citing evidence implicating leaders of the UCR's left-wing youth group, Franja Morada. Government forces "are preparing a military purge," Saadi warned, "a purge to send into retirement and brand as totalitarian and authoritarian, those officers who do not wish to pay the price imposed by the United States, by the issue of the Austral plan and the International Monetary Fund, which demand the de-Malvinization of Argentina."

Also addressing the underlying cause of the problem, the Peronist-run labor federation, the CGT, is discussing new action against the unemployment and wage deterioration caused by the plan, and business sectors are urgently demanding that Alfonsín begin "phase II" of the plan, which is supposed to be the "reactivation." Humberto Volando, president of Argentina's Agrarian Federation of small- and medium-sized agricultural entities, warned on Oct. 22, "The lids would blow off, if measures were not taken soon to reactivate the economy." The Austral plan, he said, "places in jeopardy the stability of the democratic government."



### AFL-CIO convention: Trilateral heyday

*This once proud labor union is now nothing but an errand boy for the 'New Yalta' crowd.*

**C**lose to 1,000 delegates to the 30th anniversary National Convention of the AFL-CIO, representing 13.2 million trade unionists, met in Anaheim, California, the week of Oct. 27 to rubber stamp the re-election of Trilateral Commission-member Lane Kirkland as president of the national labor federation and to pass more than 250 resolutions, the substance of which had been dictated by the aims and goals of the Trilateral Commission.

The Trilateral Commission's policy, writ large throughout the labor convention, is to decouple the United States from its allies in Western Europe and Ibero-America, and to impose the "post-industrial" age on the entirety of the Western world. The AFL-CIO has been one of the leading voices for these policies around the world since Lane Kirkland took charge.

At the convention, television video outlets posted around the hotel played continuous tapes by the AFL-CIO featuring the federation's 1984 early endorsement of Democratic Presidential candidate Walter Mondale. Trilateral Commission member Mondale's "post-industrial" candidacy, and subsequent resounding defeat, brought disaster to the Democratic Party and the labor federation.

Incredibly, Kirkland fought for and won a unanimous vote—almost all resolutions were voted up unanimously—for a resolution providing for the federation's early endorsement of a presidential candidate in 1988. It has been opposed only by Democratic

Party Chairman Paul Kirk, a Kennedy man, on the grounds that such early endorsement brands the recipient a candidate of "special interests." Its sole purpose is to position the federation to bring money and campaign workers to the Democratic candidate whom the Trilateral Commission chooses to run in 1988.

A highlight of the convention was the presentation of the George Meany Human Rights Award to Ernesto F. Herrera, secretary-general of the Trade Union Congress of the Philippines, who used the opportunity to lash out at Philippine President Ferdinand Marcos, America's staunchest ally in the Pacific. Playing into the Trilateral Commission Iran-style destabilization script for the Philippines, Herrera accused Marcos of "cronyism and corruption . . . disregard of due process, [and] police brutalities."

A second resolution, condemning U.S. aid to Nicaraguan rebels fighting the communist Sandinista regime, passed with few dissensions. This was a boost for Trilateral Commission founder Zbigniew Brzezinski, who has led the Commission's effort to withdraw American troops from Western Europe, using as a pretext the necessity of protecting American interests in Central America from the Soviet-backed forces there.

Kirkland's keynote speech, and the speech of Trilateral Commission member Sol Chaikin, were violent attacks on the Reagan administration and the allies of the United States. The huge federal budget and trade deficits,

Kirkland lied, "did not arise from the profligacy of previous Democratic administrations, nor do they grow out of any inherent vice in our political, social or economic system," but are the "creation and the ultimate legacy of Ronald Reagan, as a poison pill in the body politic."

With the kind of rhetoric not heard since Nikita Khrushchev's shoe-banging speech at the United Nations, Kirkland bellowed, "We are going to outlast the bastards and sign up their undertakers on our way forward into the future."

The actual author of the disastrous economic policies which America has followed for the past eight years, Federal Reserve Bank chairman Paul Volcker, was not mentioned by Kirkland. Indeed, Trilateral Commission member Volcker's policies have never once been denounced by labor leaders associated with the AFL-CIO. In Ibero-America, where Volcker's policies are under attack from Peruvian President Alan Garcia, the AFL-CIO's American Institute for Free Labor Development (AIFLD) has worked against Volcker's enemies!

International Ladies Garment Workers Union President Sol Chaikin, also a Trilateraloid, kept up the drumbeat on "foreign imports," a favorite whipping boy of the Trilateral labor bureaucrats. A resolution calling for drastic tariffs and import quotas was the first to pass the convention.

Because of the treasonous leadership of the AFL-CIO under Kirkland, Chaikin, and their ilk, union members now make up less than 20% of the American work force, down from a high of 35% when the federation was formed in 1955. The future of trade unions in America—once a leading voice for American system economics—is bleak indeed, as long as Trilateralism continues to be tolerated at the helm.

# Business Briefs

## Currency

### Mexican leader demands end to capital flight

Trade-union leader Fidel Velázquez insisted that capital flight must be completely and immediately stopped since it is destroying the Mexican economy. In remarks made over the weekend of Oct. 25-26, he blamed private interests in Mexico for the capital flight.

In May and June of this year alone, Velázquez said, over \$3 billion fled abroad, and the flow has not really halted since 1982, because the private sector has no confidence in the country nor in the "government of the Revolution."

In the same vein, industrialist Garza Sepulveda of the VISA group, who met with U.S. Ambassador John Gavin on Oct. 24-25, declared that flight capitalists are *vendepatrias*—sell-outs to the nation. He called for "all industrialist associations to join with President de la Madrid, who has shown the capacity and honesty to change the erroneous policies of past epochs."

## International Trade

### Taiwan, Malaysia to establish relations

Taiwan and Malaysia, which do not have diplomatic relations, are to set up two organizations aimed at boosting trade and economic cooperation, a Taiwanese spokesman announced on Oct 26.

He told reporters that the Chinese National Association of Industry and Commerce had reached agreement with a group of Malaysian businessmen on setting up "business councils" in the two countries. He said Malaysia needed to import machinery from Taiwan, while Taipei wanted oil and raw materials, including Malaysian lumber and rubber.

Taiwan's trade with Malaysia fell to \$527

million in the first nine months of 1985, from \$561 million a year earlier, official statistics showed.

Following bilateral talks which ended on Oct. 16, Taiwan had pledged to open its markets to U.S. products. A spokesman said that Taiwan would institute tariff cuts on 192 U.S. products and offer better market access for wine, beer, and cigarettes.

## Biotechnology

### Hormones make salmon grow faster

The fish industry may soon have access a new biotechnological application. In a recent study by Canada's Department of Fisheries and Oceans, in West Vancouver, B.C., juvenile salmon injected with genetically engineered growth hormones grew up to 50% faster than normal fish.

The hormone is manufactured by Amgen, a California firm. After six weeks, the fish receiving the highest hormone doses weighed 50% more than the untreated controls and were 20% longer.

Because the hormone increases the salmon's ability to convert food into tissue, it could dramatically reduce the costs of salmon aquaculture.

The hormone can also be used with other commercially grown fish such as catfish and trout. The Amgen firm estimates that the potential market for such growth hormones is \$10-50 million.

## Metals

### Crisis in the world tin market

On Oct. 28, tin trading on the London Metals Exchange (LME) was suspended, as prices fell 17% in one day and the price-

support mechanism failed to halt a global fall in tin price.

Sources in London calculate that traders in some 28 central trading houses were facing at least £400 million losses. The crisis involves the Thatcher government, one of 22 signatories of the International Tin Agreement, supposedly created to regulate the world tin price.

The British government may be asked to contribute more to the buffer stock fund to support a higher price. Financial circles in London predict tin prices could eventually collapse from £18,000/ton to as low as £6,000. This is considered the worst crisis on the LME since the 1950s copper crash:

One senior LME official said that, without a rescue, "this will be bigger than the Johnson Matthey," a reference to a major bank failure in 1984 whose repercussions are still being felt.

World tin production comes from the following sources: Thailand 30%, Malaysia 23%, Indonesia 16%, Bolivia 15%, and other sources 16%. The United States has a large stockpile of tin, but the General Services Administration recently sold off 6,000 tons.

## The Invisible Hand

### World Bank recommends 'free market' to China

The latest World Bank report, issued in October, advised China to forget production targets and let the free market "stimulate innovation and efficiency." The bank also warns the Red Chinese government against trying to catch up with the standard of living of the United States: "The foundations for rapid [growth] could be laid. But this will require steering a difficult course."

Some Chinese leaders have been warning Chairman Deng that reliance on the free market and openness toward the West will create "chaos" and moral decay.

The World Bank report also tells China

to limit population growth to 200 million people by 2000 A.D. (1 child per 3 couples in the next 15 years!) and to cut investments by 15%. This will provide "job creation" in "labor intensive service sectors," the report said. They apparently have in mind staffing for abortion and sterilization centers.

## Domestic Credit

### Pension fund is in the red

The federal pension system faces record deficits, according to Oct. 28's *Wall Street Journal*.

The Pension Funds Guaranty Corp. is facing a projected deficit of \$1 billion for the coming year. Legislation has now been prepared to make it tougher for companies to abandon their pension plans, which are then picked up by the federal agency, which now insures an estimated 38 million retirees and workers.

The agency faces increasing strain due to recent terminations, including Allis-Chalmers in July, and Wheeling-Pittsburgh Steel, which recently filed for bankruptcy. Legislation has passed the House calling for a tripling of the benefits paid into the pension plan by the employer.

## Austerity

### 'IMF boys' in Thailand target oil next

In late October, following the failure of its plan to repeal subsidies on rice, Thailand's National Economic and Social Development Board is demanding that, in order to raise prices, the government should scrap the oil fund, deregulate all domestic oil prices, and abandon the two-tier pricing formula for liquid natural gas.

The NESCB is known for its adherence

to IMF austerity programs. The oil question is the "tough issue" that Chase Manhattan economist Melanie Lau recently demanded the Thais "take on."

Meanwhile, Thammasat University economist Professor Krirkkiat demanded that Thailand reverse its austerity policy before it is too late.

Measures such as the 18% credit limit, the baht devaluation, and the zero-growth budget—all foisted on Thailand by the IMF—have destroyed business activity at all levels, Krirkkiat said. Restrictive measures should be slapped on luxury imports and the government should strike for more self-reliance, with an emphasis on technology transfer.

## Finance

### More stormy weather for E. F. Hutton

The Securities and Exchange Commission staff has recommended charging E.F. Hutton & Co. with "disclosure violations and a lack of internal controls" stemming from the firm's check-kiting scheme that defrauded 400 banks of millions of dollars.

The SEC recommendation, a very slight slap on the wrist, will "remove a big cloud that has hung over Hutton's operations since it pleaded guilty in May to 2,000 counts of mail and wire fraud," according to the *Wall Street Journal*.

There have been other clouds hanging over Hutton's operations. In August, Hutton reached a settlement in North Carolina where investors were allowed to get back the \$3 million or so they had put into Hutton-backed securities, and in Maine, Hutton was fined \$7,500 for selling \$100,000 in unregistered securities.

In Boston on Oct. 27, attorneys for Hutton and the state Securities Division agreed that the firm was selling unregistered limited partnerships to finance Walt Disney movies. Hutton has agreed to refund 700 investors almost \$5 million.

● **BRAZILIAN** Sen. Albano Franco, the new president of the Association of Latin American Industrialists, stated in late October, "Today's voracious interest rates on the Latin American foreign debt are no less horrible than blind terrorism's bombs." He was echoed by Mexico's El Sol, which editorialized that to pay the debt "means to continue sacrificing the people and abandoning investment for growth, but remaining in good standing with the bankers and getting new credits to continue paying."

● **BANKERS TRUST CO.** announced on Oct. 27 that it had opened its first subsidiary in Tokyo. It and Morgan Guaranty Trust received formal permission to do trust business in Japan in mid-October. Nine other foreign banks will open trust operations in Japan, including Citibank, Chase, and Chemical.

● **UNCTAD** began a two-week conference on the slump in nickel prices on Oct. 27, with representatives from 30 producing and consuming nations. They hope to set up an International Nickel Study Group. Nickel ore and products are widely used in the aerospace industry. Trade in the metal totaled \$3 billion last year, according to Jan Pronk, UNCTAD senior representative.

● **RECORD EXPORTS** of steel were recorded by Ibero-American nations in 1984, according to the Latin American Institute of Iron and Steel. The Ibero-American steel industry was forced to export 10 million tons due to the sudden collapse in regional consumption, from 37.6 million tons in 1980 to 29.3 million tons in 1984. The indebtedness of the continent's steel industry has reached \$12 billion.

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## Argentina plans to mass produce nuclear power

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*Paul Gallagher reports on Carem Project, Argentina's prototype project for mass production of small nuclear reactor modules.*

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The capacity of the nations of the Western world to produce nuclear energy, has dropped drastically in the past decade, as those nations have fallen under the brutal grip of the International Monetary Funds, and the devastating impact of the post-1979 "Volcker interest rate regime" in the United States. The current last-chance revolt of Third World nations against the IMF, demands the immediate availability of new nuclear power capacity for both electricity and industrial/chemical heat.

Efforts at recovery mobilization, such as the newly announced Alliance for Latin American Integration, and moves to expand the Andean Development Bank to displace the IMF among those nations, cannot succeed without the ability to add high-quality nuclear power to electrical grids at the maximum reliable pace. The high energy-density of nuclear power, both produces very high concentrations of power for a given-size power plant, and can produce high-quality process heat for both industry and agricultural production at the same time. Nuclear power can rapidly eliminate the high money costs, and even the higher labor costs, of providing fuel for heat and power, which are the scourge of underdeveloped areas.

Argentina's new prototype project for the mass factory production of small nuclear reactor modules, capable of being quickly taken by truck or barge to virtually any region of the continent, is important both because it demonstrates an indigenous Ibero-American capability to supply the area, and for the intrinsic merit of its design. The Argentine prototype, which is scheduled for completion by the end of this year, is known as "Proyecto Carem" (Carem Project); it is designed

and engineered by an experienced nuclear firm—INVAP, S.A., of Barriloché, Argentina—linked to the Argentine nuclear energy commission. The CAREM prototype will demonstrate nuclear reactor modules in the power range of only 15-30 megawatts-electric (MWe), which can be serial-produced by factory methods and then either used individually or combined into clusters of up to 200 MWe total power.

A recent survey of the world's nuclear power industries by the Fusion Energy Foundation (FEF), has shown that the Argentine concept—small nuclear reactor modules for mass production—is now shared by most major nuclear technology firms in North America, Europe, and Japan. No fewer than 10 firms, including the nuclear giants such as General Electric, Germany's Kraftwerk Union, etc., are preparing a capability to factory-produce reactors ranging from 11 MWe to 300 MWe. Most of these, however, are in the conceptual design phase. It should be noted that the general preference is toward the upper end of the range, particularly for use in the advanced sector.

Argentina's INVAP has gone the furthest to prototype production, it is prepared to produce 95% of the reactor's components within that country, and is seeking the markets and the production partnerships with industrialized nation's firms, to produce "CAREM" on a mass basis. This is because INVAP's motivation is explicitly to provide widely available nuclear power sources to underdeveloped nations for industrialization needs.

The FEF's survey found that, with the exception of a potential Italian-Argentine collaboration, the small-reactor projects in the United States and Europe were taking place in

ignorance of the Argentine work. This situation is a product of the disarmament lobby's decade-long campaign to isolate and slander the Argentine nuclear program, and should be immediately rectified.

### Real efficiency of scale

As long ago as March, 1984, at a conference of the International Atomic Energy Agency (IAEA) in Lima, Peru, Argentine nuclear representatives argued that the idea of continuous economies of scale, as nuclear power reactors got larger and larger, had not proved itself true over the last 15 years, even in the industrialized countries. As reactors were scaled up from 500, to 1,000, and then to 1,100-1,300 MWe, with higher and higher operating pressures and pressure differentials within the steam generator and cooling systems, the application of the same light-water and pressurized-water designs which worked reliably at smaller sizes, produced sharply increasing "down-time" for repairs of leaks, generator problems, etc. The nightmare of environmental regulations placed increasingly complex and contradictory demands on the same nuclear plant subsystems, sharply reducing both reliability *and* safety, as every competent power engineer now agrees.

The result—50% and even higher "down-times"—robbed the expected economies of scale even when reactors did, miraculously, get operating approval. The only exception has been the French nuclear industry, unquestionably now the world's leader, which has come as close as large reactor

sizes allow, to standardized, mass-production of a single reactor design. Small-sized reactors, by contrast, can be produced in factories using pre-stressed concrete or steel containments and standardized subsystems, allowing a breakthrough to much higher rates of production, and with the new designs now being pioneered, greater reliability of operation.

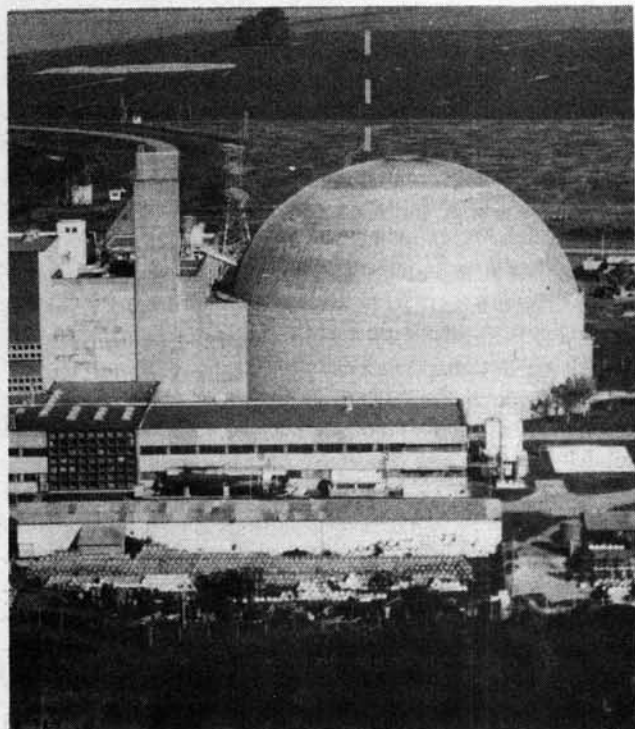
Third World nations have such extreme electricity shortages for housing and agriculture, not to speak of industrialization, that they cannot tolerate the typical *minimum* of seven years construction and licensing for a nuclear power reactor to come on-line; nor does the large size of the final addition to the grid compensate for this—quite the opposite. The IAEA itself, in its most recent world power surveys, emphasizes that no single unit in a national electricity grid should account for more than 10% of its total capacity, "if the dynamic stability of the system is to be ensured." It is difficult, and degrades reliability, to connect a big power plant to a weak grid, and is far more useful to distribute several smaller plants near the high consumption centers of the grid.

Even more important for an underdeveloped nation with an inadequate power grid full of "holes" in especially backward rural areas, the crucial objective of industrial and agricultural development is the relatively rapid, *continuous* addition of high-quality electric power increments. Particularly for nations without plentiful, easily-tapped hydro-electric power sources, this can only be done with nuclear reactors. The powering of the Panama Canal Zone for 13 years (1949-62) by a U.S. Navy floating barge nuclear reactor of 30 MWe power, is a good historical example of the high-quality, readily available electricity which small nuclear reactors can provide for developing nations, particularly if they are "water mobile." The Project CAREM design study states that "Our proposal . . . consists in using power plants made from small reactors (modules), small enough to enable a serial production . . . for electricity in isolated or remote places, or for being interconnected with small networks. It can also be used for bigger power plants, adding more reactor modules for the production of industrial steam, urban heating, or for desalination" (a small-sized version of the "nuplex" concept for agro-industrial development).

In the entire underdeveloped world, whose nations account for three-quarters of the human population, there are today fewer than 25 nuclear reactors, located in only a dozen nations. In a 1983 survey, the IAEA received a positive response to a questionnaire on small and medium-sized nuclear plants from 17 nations, including Egypt, Argentina, Chile, China, Colombia, Ecuador, Finland, Indonesia, Malaysia, Mexico, Morocco, Nigeria, Philippines, Sri Lanka, Thailand, Tunisia, Turkey, and Uruguay.

### CAREM's potential

Argentina, particularly in combination with Brazilian industry, should be able to produce and entirely engineer these small reactors, and their enriched fuel, over the next several years, if financing means outside the IMF's grip are estab-



Argentina's Atucha I nuclear reactor. The International Monetary Fund has frozen large-scale projects like this one, but Argentina has come up with a plan to mass-produce small, modular reactors.

lished. INVAP estimates the cost per CAREM module (of 15-25 MWe) to be \$30 million, a comparable cost, per kilowatt of capacity, to that of today's large reactors, aside from their massive environmentalism-added "delay costs." The company plans a factory facility able to construct three modules at one time, completing the modules in 36 months' construction, but being able to add new "starts" each year, so that the output of the factory would be three units per year from approximately 1988-89 onward. Obviously, a network of serial-production factories could be constructed by cooperative agreements among Ibero-American nations, and with nuclear production firms in North America.

## Potential suppliers of nuclear reactor mass production

The trends the IAEA points out among the 23 various small and medium power reactor (SMPR) designs are: reduced construction schedule, use of systems already proven in commercial operation, simplification of safety systems using inherent small reactor characteristics (natural circulation), a high level of prefab and shop fabrication (maximized in navy year or barge-mounted designs), high seismic design, and ability to function with relatively high cooling water temperatures (in tropical countries), meeting criteria for smaller and weaker power grids.

Most similar to the Argentine CAREM prototype for mass production and developing-sector use, but perhaps also intended for potential uses in space with more advanced and smaller models, is the "Power TRIGA" of GA Technologies Inc. division of General Atomic Corp. The Power TRIGA, modeled on their widely-used research reactor (60 now operate in 23 countries), would cost approximately \$40 million, designed for an output of 15 MWe.

The Power TRIGA will be built in five modules and can be preassembled or shipped and then reassembled. GA expects to sell them in clusters for reliability, where the servicing and maintenance would be shared for cost savings. One of the primary uses of the Power TRIGA will be the provision of "district heating," that is, reactor excess heat at appropriate temperatures for use in heating industrial and residential buildings in the area of installation.

The primary system is composed of a reactor module and a heat-exchanger module. These are vertically orient-

The follow-up "civil-engineering work" of installing reactors of this type will be minimized. They can be barged to their locations anywhere along river or coastal waterways, requiring a relatively shallow draft, unlike the very large floating nuclear reactors Westinghouse planned to mass-produce at its now-closed Jacksonville, Florida, facility. They can be transported short distances by truck to final locations.

The CAREM module unit is a pressure vessel with both reactor core and steam generators enclosed, embedded within a pool-type secondary cooling and containment structure. It is able to share a central control room with other units at the site, along with cooling water supply facilities, and little else

ed in below-grade steel-lined pits to provide radiation shielding "as well as to maintain a low building profile." The intermediate loop, consisting of heat exchanger, surge tank, pump, and piping is provided to isolate the reactor system from the district heat network. The modules, pressurizer, service systems, and interconnecting piping are factory assembled, instrumented, and pre-tested to minimize construction time.

The reactor uses an Organic Rankine Cycle for power conversion because this achieves good efficiency at low temperatures; it has a simplified, compact turbine-generator design, and it has a good history of reliability.

A major design objective, GA says, is to retain TRIGA's passive, inherent design safety features, which prevent or mitigate the effects of accidents or transients. This eliminates the need for complex engineered safety systems, and also makes it possible to contemplate automated, unattended reactor operation, "which is very important to the economic viability of small power reactors."

Here is a brief summary of some of the designs for SMPRs.

*Babcock & Wilcox Consolidated Nuclear Steam Generator:* This is a small 91 MWe integral Pressurized Water Reactor (PWR) adapted from the company's nuclear ship propulsion designs. The core and steam generators are located inside the reactor vessel, as is the reactor coolant system. There are modular components, such as 4 coolant pumps and 12 steam generators to improve plant availability. The plant is compact and can be mounted on a single barge. The entire plant can be shop fabricated if it is barge mounted; if not, all the major components can be shop fabricated.

*Rolls Royce Prefabricated Nuclear Plant:* This is a 300 MW power station mounted on two barges, one containing the nuclear island and the other containing the conventional part of the plant. The reactor is a standard 4-loop PWR that is prefabricated on the barges and shipped

is needed. Each module has "passive" safety systems, which do not require a significant electricity source, redundant to the reactor itself, to run them; thus the requirements, in case the reactor shuts down, placed upon the local electricity grid into which the CAREM unit would be added are also minimal. Heat may be extracted from the secondary cooling circuit, or "vapor cycle," for processes—while CAREM is not a high-temperature reactor capable of producing refining or chemical heat, its temperature of operation is suitable for water desalinization, in particular.

Developing nations' calls for small-reactor construction go back to the 1960s' IAEA conferences, but were bypassed

by the nuclear industries of the industrialized countries until the last few years, which have seen calls for new "inherently safe" designs, and the new demand for small nuclear reactors to produce power for space systems. However, CAREM and other small-reactor designs do have one important historical predecessor—the submarine, ship, and barge reactors pioneered by the United States Nuclear Navy beginning 1954.

The Nuclear Navy construction programs, under Adm. Hyman Rickover, have produced significant numbers of small-sized nuclear reactors for submarines and surface ships, reaching production times as short as four years for multiple units at the same shipyard, at Bridgeport, Connecticut and

to the site. Thus, the buyer can build the conventional part of the plant at a shipyard of his choice.

*National Nuclear Corp. (UK) 300 MW Magnox Generating Unit:* This is a gas-cooled (carbon dioxide) natural uranium reactor with on-load refueling and a graphite moderator. Magnox, a magnesium alloy, is used to clad the fuel rods. The aluminum concentration in the fuel rod reduces the rate of swelling, permitting longer irradiation. The reactor core, boilers, and gas circulators are all within a prestressed concrete vessel.

*Ansaldo-Nira (Italy) 300 MW Cirene plant:* This is an indigenous Italian reactor based on a 40 MW prototype scheduled to come on-line this year. It is a pressure tube heavy water reactor cooled by boiling light water. The reactor fuel is natural and slightly enriched (1.15 %) uranium oxide. Like the CANDU reactor, the vessel is a stainless steel calandria, which is housed in a steel lined concrete vault. Ansaldo-Nira is also ready now to bid on a 300 MW PWR based on a Westinghouse design and using the Enrico Fermi nuclear plant in Trino as a reference plant.

*KWU (West Germany) PHWR 300:* This is a pressurized heavy-water reactor designed for on-load refueling, slightly enriched uranium (1.2 %), recycling of plutonium, and tandem operation with light-water reactors, all of which improve the operating economy.

*Framatome (France) NP 300:* This is a PWR enclosed in a small egg-shaped container. The design is based on the 3-loop 900-MW series of the company and a similar 4-loop 1,300-MW series—of which 63 plants have been built or ordered. The total operating experience is 135 reactor years. The design of the core allows refueling only every two years. The compact design of the coolant systems results in short connections between the reactor vessel and the two steam generators, which means that the containment size is reduced and there is very little piping to break in a loss of coolant accident. The design is mod-

ular, and uses shop fabrication with an overall construction time of 5.5 years.

*GE Small Boiling Water Reactor:* This 300 MWe Boiling Water Reactor (BWR) includes some innovations to simplify safety and performance. Instead of forced recirculation, which the large BWRs use, this has natural circulation. There is a suppression pool positioned above the reactor vessel. When the reactor pressure is low, valves open in the suppression pool and water flows by gravity into the reactor vessel to keep the core covered. The pool contains borated water. The ability to retain fission products in the suppression pool is considered to be an important factor in mitigating severe accidents.

*Hitachi BWR 500:* Hitachi has 14 reactor years of experience with BWRs with an average availability of 68.4%.

*Mitsubishi PWR 300:* The company has 45 reactor years of experience with PWRs with availability averaging 65%.

*AECL's Candu 300:* This heavy-water reactor is similar to the larger Candu 600 and Candu 950, with a pressure tube reactor, heavy-water moderator, natural uranium fuel, and on-power refueling. The emphasis on the smaller design has been to reduce construction time and cost. Standardization and modularization has always been a key thrust of Candu designs.

*Atomenergoexport VVR-440:* This is a PWR of which the Soviets have built 30 units, the latest being the Kola power station, which has four units. The concept has options for hot deserts or arctic tundra as well as moderate climates. It has six horizontal steam generators, and six circulation loops with reactor coolant pumps. It can be built with a double or single containment. All safety systems have three or four independent redundant subsystems, whose circuits are located in physically separate areas and supplied with electrical power from separate diesel-backed sources.

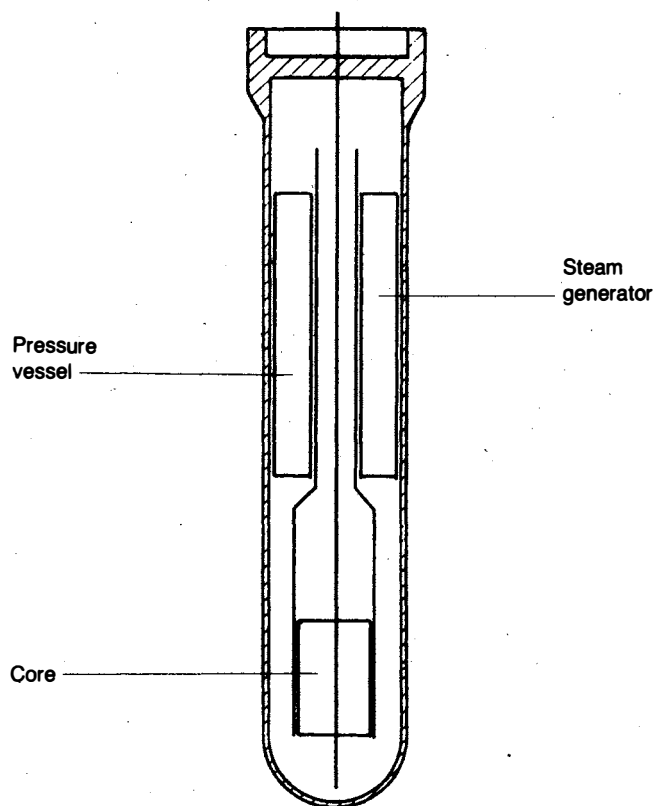
elsewhere. Production in a "navy yard" facility proved to be extremely efficient as to manpower, both for construction regulation and inspection. At the peaks of submarine reactor construction programs, yards with multiple reactors under construction have typically employed 70-75 inspectors, compared to 700-1,000 overrunning a beleaguered large-scale nuclear construction site today. The Navy reactors, and a few similar floating reactors built by the U.S. Army for mobile use (as in the Panama Canal Zone case) have been extremely reliable throughout and in some cases beyond their planned lifetimes.

Reactor designers experienced in the marine reactor programs point to the lower pressure of operation of the smaller reactors (typically 25-30% lower pressures than those in units of 1,000 MWe or more), as extremely important to their superior reliability. First, in the navy reactors, the CAREM, and other prototype small reactors now being developed, the small reactor itself is given somewhat more elbow-room within its containment, which is reduced in size but not by quite as much as the reactor. This lowers the operating pressures on reactor and containment walls, and allows simpler layouts of steam, water, and other subsystems around the reactor, which can thus be more easily maintained. Secondly, the small reactor designs remove the traditional sharp pressure barrier between the primary cooling water, which is pressurized to drive it far above its boiling temperature, and the secondary system which drives steam through the generator. In place of this sharp pressure gradient, the small reactor designs use large temperature gradients, which drive the steam through *internal* steam turbines by natural convection, still remaining within the maximum parameter of operating temperature for the reactor. This removes what many experienced reactor engineers call the most important factor in cooling system and related failures which shut down reactors—high-pressure operation of the water and steam systems.

The CAREM reactor (see **Figures 1 and 2**) is technically described as a pressurized-water reactor (PWR), as are most nuclear reactors constructed over the past decade, but its pressure gradients are in fact, quite low. It is an "integral, self-pressurized reactor and primary circuit." Its pressure vessel is a double cylinder, the inner cylinder containing the fuel core, the outer cylinder containing two steam generators—the two cylinders meet in the "vapor chamber" at the top of the vessel, where rising hot vapor makes a 180° turn and heads back down. Cooling water is fed continuously into the pressure vessel, where it heats up around the nuclear fuel core, rises up into the vapor chamber, and then—as steam—flows back down driving the steam generators, which are also inside the pressure vessel. The pressure vessel, should its overall temperature rise, can pass vapor through "design cracks" in the upper vapor chamber, into the containment vessel water pool, which is partly surrounding the pressure vessel.

FIGURE 1

**CAREM reactor vessel**



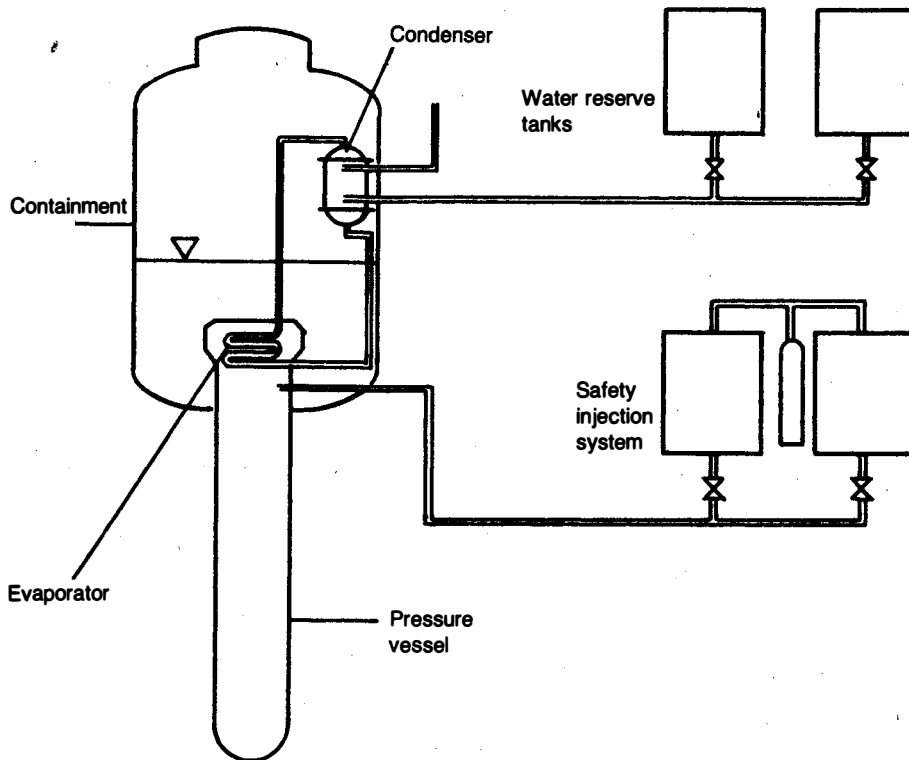
*The 15 MWe CAREM reactor's pressure vessel has effective safety features. If the reactor loses cooling water for any reason, the backup water supply is poured directly on the core, and the resulting higher pressure steam can pass through "design cracks" up into the containment pool. The heat and pressure are passed up into the pool, and the containment building as a whole, until the containment building begins to radiate excess heat into the surrounding atmosphere, stabilizing the temperature and pressure. The reactor does not need to shut down immediately, and in fact can continue to operate for a week using these "passive" safety systems," while necessary maintenance or repair is being planned.*

Both the water circulation from the reactor to the steam generators, and the circulation of external cooling water which begins in the pool, are driven by natural convection, resulting in steam vaporization and condensation.

The reactor generates its own operating pressure, which is the vapor pressure corresponding to the temperature of the outer surface of the fuel core. The neutron moderator indirectly regulates the reactor pressure, so that it stays the same, as the on-line electric power level may be raised or lowered. The upper vapor chamber absorbs the pressure changes dur-



FIGURE 2  
**CAREM reactor**



ing power transients, passing them into the surrounding pool as increases in temperature which can be radiated away. There are only very small pressure drops in any of the piping and cooling tubes, and thus the reactor is both safe and highly reliable in operation.

### **Reactor mass production**

There are nearly a dozen nuclear production companies in the United States, Europe, and Japan developing small reactor designs for potential factory mass-production, including not only water-cooled reactors but high-temperature gas-cooled reactors, and even mass-produced breeder reactors which will breed their own fuel for their entire operating lifetime. The accompanying box indicates both the broad scope of this mass-production planning, and also the extremely long time frames contemplated by most of these producers, who have internalized the current *financially* collapsed state of electric power production and consumption worldwide. If the IMF is defeated, these and other nuclear producers in the industrialized countries, collaborating with the Argentines and other immediate small-reactor users, could produce 300 or more small reactors per year by 1988-89,

*doubling the total available nuclear power in the Third World every year through the early 1990s.*

A sufficient investment in nuclear energy need not interfere with supplying additional energy to the advanced sector as well. The construction of larger plants in the United States, Europe, and Japan could be resumed on an increasingly standardized basis, as has been demonstrated most successfully in France, approximating mass production in a "floating plant" marine construction environment where possible. Clusters of mass factory-produced 300-MWe plants can prove extremely attractive for the advanced sector as well. One additional benefit would be the elimination of the necessity for on-site inspection.

### **Nuclear power for space**

Over the next generation, the industrialization of the Third World will place one great demand on mass production potentials for nuclear power, both in the developing nations and in what are now best-called the formerly industrialized countries of Europe and the United States. The other great demand will come from the colonization of the solar system and the exploration of interstellar space, beginning most immediate-

ly with space-based satellite, sensor, and laser and particle-beam requirements of the Strategic Defense Initiative (SDI).

SDI Chief Scientist Dr. Gerold Yonas testified at an Oct. 11 congressional hearing on nuclear power for space: "Just the baseload or housekeeping SDI requirements (i.e., power to maintain satellites and sensors in peacetime) are an order of magnitude greater in power level than our present experience in space power. The weapons levels power requirements (i.e., to fire laser, particle-beam, and other anti-missile weapons repeatedly), being 10,000 times greater in power level and voltage than present systems, are truly unprecedented.

"Breakthroughs, innovative concepts and truly imaginative applications of conventional wisdom will be required."

The Reagan administration has acted to revive space nuclear power development in the United States, which entered a prolonged deep-freeze in the early 1970s after Lyndon Johnson had cut down the NASA program in mid-development. Present plans for reviving space nuclear power, being centralized under the SP-100 program of the DOD, DOE, and NASA, are as follows.

For power requirements in the space exploration programs, and on various satellites, in the range of 1-1,000 watts of electric power, Radioisotope Thermoelectric Generators (RTGs) will be used, employing the heat of isotope decay, through special thermoelectric materials, to directly generate low-power electric current. RTGs are projected to operate at 6-7% efficiencies.

## GE's PRISM—a mass production breeder reactor

General Electric was awarded the Department of Energy contract in October 1984 for the design of an innovative modular liquid metal breeder reactor to be the focus of the government's breeder program after the cancellation of the Clinch River plant. GE competed with three other U.S. nuclear suppliers for this 39-month contract, which is \$6 million for the first year. PRISM, Power Reactor Inherently Safe Module, is about 135-megawatt-electric (MWe) electric and designed for factory assembly and transportation to the site on a railroad car. Any number of modules can be grouped at a site, depending on the needs of the buyer.

The most interesting aspect of this reactor is that it incorporates all the advantages of smaller, factory-assembled reactors with their passive safety systems, plus it breeds enough fuel to feed itself. (It does not breed fuel for additional reactors.) PRISM is liquid-metal-cooled with a low-pressure, high-boiling-point coolant (sodium). Its nuclear envelope or nuclear island is self-contained and the parts are designed to be shop-fabricated, assembled, and shipped to the plant for rapid installation. Their updated design calls for embedding each reactor unit in a silo underground with the steam generator by its side in another silo. The rest of the plant is conventional in design. PRISM is a pool-type reactor with simplified safety systems.

Commercial PRISM plants would have three seg-

ments or power blocks, each with three PRISM modules. The segments would be functionally independent; that is, each would have its own intermediate heat transfer system and steam supply, but the various reactors would have a common tie at the steam drum. Low-pressure liquid sodium is circulated through the core by four cartridge-type electromagnetic pumps. Heat is transferred from the hot primary sodium to sodium in a fully isolated intermediate system by means of four heat exchangers. These intermediate heat exchangers are connected to a common header that leads to a separate steam generator.

The containment vessel is 19 feet in diameter and 64 feet high, and the whole assembly (without fuel) weighs 950 tons and is shipable by rail, barge, or road. There are 48 fuel assemblies in the core, which is about 52 inches in diameter and 40 inches high. The breeder blanket has 66 uranium oxide assemblies. The design will also accommodate the new fuel assembly proposed and tested by Argonne, which avoids many of the problems of an oxide fuel. GE is waiting for two more years of tests on this metal fuel before making a final decision. The company notes that the latest experiments with oxides are improving the oxide fuel as well. PRISM would have to be refueled once a year; it breeds this fuel at a slightly faster rate, which takes into account any losses during the reprocessing and fuel fabrication.

There is a seven-foot concrete shield around the unit. The reactor has a double containment system, with the second vessel to keep the sodium from leaking if there is an accident and thus make sure that the core would always be covered. The first containment is the reactor vessel itself, which operates under a pressure of one atmosphere. A new design feature of PRISM is its passive decay heat removal system, called RVACS, for radiant vessel auxil-

For space power requirements of 1-10 KWe, scientists are developing the "dynamic isotope power system" (DIPS), which also uses isotope-decay heat, but employs a miniaturized vapor-cycle or gas generator, and an alternator, to achieve 15-20% efficiencies. These Brayton (gas) and Rankine (vapor) cycles have been extensively tested over years, and are both reliable and weight-efficient for use in space.

Requirements of 100-300 KWe are the central target range for new space nuclear-power concepts in the SP-100 Program; the first-stage analytical work of the program has focused on the development of another type of thermoelectric reactor, known as the "out of core" thermoelectric design. But for power requirements of "multi-megawatts" power and more, the new concepts are yet to be defined.

Reactor prototypes such as the CAREM or the Power TRIGA will not directly meet this space power demand; they would have to be made much smaller, while still producing the same or greater levels of power, particularly in surges. But with the SDI, 15-50 MWe of power is the level toward which space nuclear-power demand is headed (along with new reactors of similar power levels to fire anti-missile beam weapons from the ground into space), and the two long-range demands for these reactors will feed each other's development. The demand for nuclear power in space, while understood for decades, has not been seen in these power levels before, except by those scientists who have thought of transporting nuclear power sources to colonies on the Moon or Mars.

itary cooling system. RVACS removes the reactor's heat whenever there is a loss of off-site power, or the feedwater or circulating water systems fail, or there is any incident that causes a loss of the normal energy conversion systems in the non-nuclear part of the plant. No mechanical devices—dampers, valves, pumps, fans, and so on—are involved, and there is no piping to fail. The shut-down heat path consists of radiant heat transfer from the reactor vessel to the containment vessel, where the heat is removed by the natural circulation of air between the containment vessel and the concrete wall. There is also a series of electrical vaults around the base of the reactor to provide emergency power and automatic controls to shut down the reactor if there is operator failure or equipment malfunction.

If the intermediate heat transport system is lost, the sodium temperature increases to a peak of 1,105°F., which is less than the "upset" temperature of the sodium (1,200°). Thus, the reactor core can be adequately cooled. Even in the unlikely event of a blockage of the air flow over the containment vessel, a safe sodium temperature will be maintained by radiant heat transfer from the containment vessel to the concrete shield, GE says. As is the case in the smaller reactor designs, thermal radiation, "a basic law of nature," is thus used to assure safe shutdown "under all foreseeable conditions."

The installation of the system is done using an overhead crane, enabling the reactor to be moved for resiting or for replacement and decommissioning. Thus the site itself can be reused simply by inserting a new reactor module into the old silo. For each three groups of three modules, there will be one reactor service building, one control/administration building, and one mobile refueling rig. The present reference design would construct each

site in segments of about 400 MWe, with the final result a 1,200 MWe plant.

In the GE timetable, PRISM plants are expected to be commercially available at the turn of the century. They assume a three-year concept design phase, a nine-year assembly design and safety test project, and then a commercial demonstration plant. They feel it necessary to go through these 12 years, "in view of the uncertainties now associated with nuclear power."

### **A crash program**

But starting from scratch, GE production managers estimate that it would take 12-18 months to build the factory to produce the modules. They are already looking at sites to convert for such factory production. Mostly these are old nuclear component sites, like Chicago Bridge and Iron, Foster Wheeler's Panama City, Florida site, and a Babcock and Wilcox site. In those 12 months, they would also accumulate the materials necessary for the factory to begin production. It would then take an additional 36 months to begin to turn out modules. Once everything was geared up, they estimated they could turn out one module every 3.5 months.

The estimated requirement for construction on-site is 34 months, but this could overlap with the production cycle. Once the factory was set up and the materials were in the pipeline, they estimate a 34-month schedule for each power block of 3 modules. For a 1,200 MW total station, they estimate 49 months to complete. They are working on a design whereby they could put one module on line at a time, thus supplying power right away at some level. With a revived demand for nuclear power, they expect that they would have modules on the shelf and be ready to ship them as fast as the orders came in.

# Nuclear production costs increase

Over the past decade, the average lead time for construction of a U.S. nuclear plant has doubled, from 60 months to 120 months, as regulation requirements and environmental obstructions have delayed the process of putting power plants on line. (The 1985 DOE Nuclear Energy Cost Data Base puts the lead time for seven plants due for completion in 1984 at 165 months, with a construction duration of 130 months.) At the same time, the capital cost per plant has soared, rising faster than the rate of inflation. Today, the total capital cost of a nuclear plant of 1,000 MWe ranges from \$2-5 billion, most of which is related to increased costs from time delays and changes required by additional NRC regulations. If the present trend continues, one source estimates, "by 1988, more than 50% of total plant cost will be time charges, and the nuclear island [the actual reactor] will cost only 10% of the total investment." (See Figure 1.)

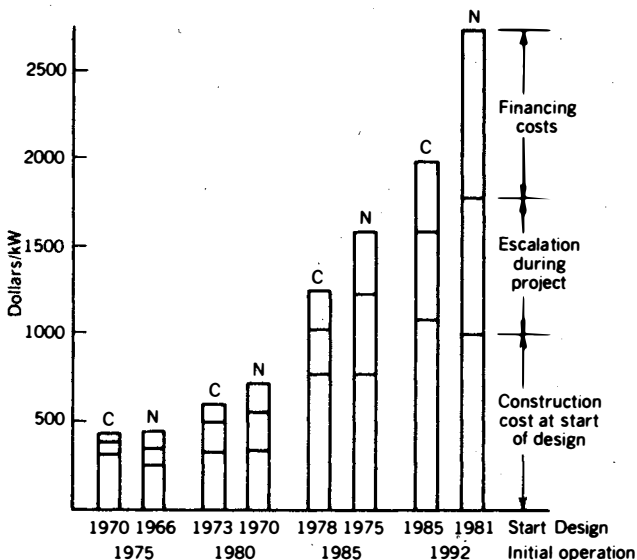
According to the Office of Technology Assessment's 1984 report, in the early 1970s, nuclear power plants were completed for a total cost of about \$150 to \$300 per kilowatt,

while in 1983, seven nuclear power plants ready to come on-line cost from \$1,000 to \$3,000 per KW, an increase of 550 to 900%. General inflation alone would account only for an increase of 115% from 1971 to 1983, while inflation on components—labor and materials—would account for a further increase of about 20%, according to the OTA. The DOE Nuclear Energy Cost Data Base report shows the total costs of a typical 1,000 MW nuclear plant in January 1984 dollars to be \$5,220 per kilowatt based on the average experience and \$2,985 per kilowatt based on the best experience.

The EPRI report says that "the major cause of nuclear construction delays is the regulatory ratcheting phenomenon, which results in plant redesign, rework, and backfitting. Direct increases in labor and materials requirements, or deliberate delays by the owner utilities, have each contributed 20% or less to the total measured lead time delay. It is thus estimated that the combination of various regulatory ratcheting measures, and the utility's ability to respond to the required changes, are the major causes of the increasing plant lead times and capital costs."

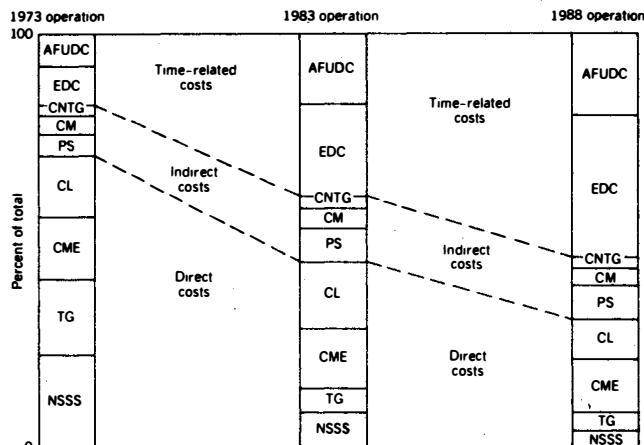
A look at the breakdown of current costs in Figure 2 gives a vivid idea of how the increased cost of a nuclear plant is *not* directly related to the nuclear island. Material costs have increased as a result of NRC regulations. For example, in 1971, an average plant needed 2,000 feet per MW of cable; now, 5,000 feet per MW are required. Similarly, in the late 1970s, the NRC revised seismic regulations, which increased

FIGURE 1  
Capital cost components, typical U.S. generating plants



key: N—nuclear; C—coal with sulfur removal  
Source: Electric Power Research Institute

FIGURE 2  
Shifts in distribution of nuclear power plant capital costs.



Key:  
NSSS—nuclear steam supply system; TG—turbine generator; CME—construction material and equipment; CL—craft labor; PS—professional services; CM—construction tools and material; CNTG—contingency; EDC—escalation during construction; AFUDC—interest during construction

the demands on the piping systems, so that pipe supports that cost several hundred dollars, have been replaced with very sophisticated restraints called "snubbers" with shock-absorbers, costing many thousands of dollars. Also, structural steel supports now cost between two and three times the cost of the same quality steel supports used for general construction which were used on nuclear plants until 1975. The EPRI study shows how there has been a doubling and tripling of the amount of electrical and other commodities required per plant—concrete increased 64% from the late 1960s to the 1970s, pipe increased 72%, and wire increased 100%. The unit prices of these commodities have also increased from four to eight times in this period. Many of the increased costs are the result of extensive modifications the plants had to undergo when they were partially completed, because the regulations were revised in midstream.

With the increase in regulations, came an increase in manpower needs. Whereas in 1967, a nuclear plant came on-line with an average of 3.5 construction manhours per kilowatt of power, in 1982-1985, 21.6 manhours per kilowatt were required. Nonmanual field and engineering labor increased from 1.3 manhours per kilowatt in 1967 to 9.2 manhours per kilowatt in 1980. The EPRI study points out that "the fastest increasing component of total costs in the last three years has been the cost of noncraft labor, which includes all engineering and supervisory manhours. The cost of engineering services for a nuclear plant completed by 1990 will be higher than the total capital cost of a plant completed in 1970, even when measured in constant dollars."

An interesting comparison is France, where total man-hours required per kilowatt are half those of the United States. Unlike the United States, which has four nuclear reactor suppliers, several architect-engineering firms, and plant designs that depend on the particular specifications of the utility, France has standardized two types of reactors—925 MW and 1,300 MW. Also, in terms of time, the French put the Superphenix on-line in eight years. This is the first commercial-size liquid metal fast breeder, an enormous construction effort, built in half the time it takes the United States to put an ordinary light water reactor on line.

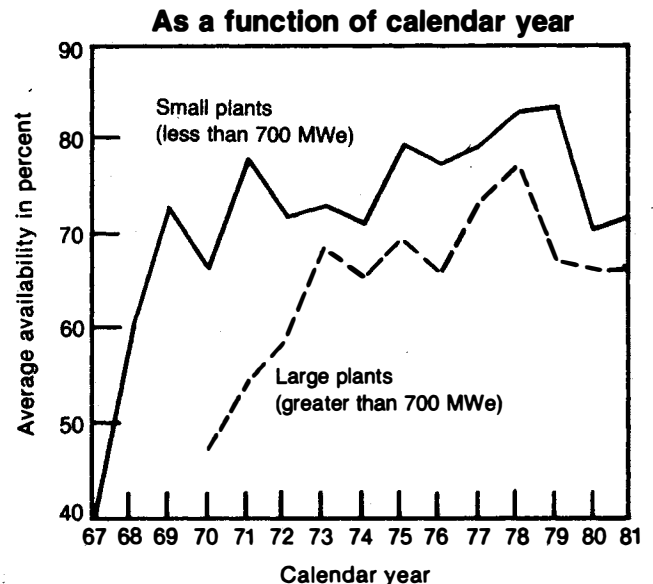
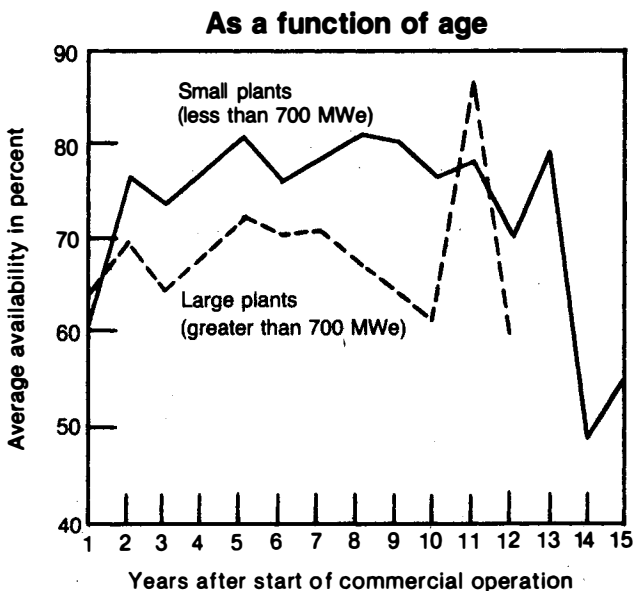
### Smaller plants more reliable

Figure 3 compares small and large plants on the basis of reactor availability, first as a function of age and second by calendar year. The smaller plants, in this case smaller than 700 MW, have at least a 5% greater availability.

The obvious advantages for smaller, modular plants are that this gives utilities greater flexibility (they can put additional power on-line in smaller amounts, which coincide with the low growth projections), the initial investment is smaller, factory fabrication is possible, and management for routine malfunctions or accidents is easier.

As in the Argentine CAREM project, smaller reactors allow for the standardized, factory production of reactors, and therefore allows the producer to create a trained workforce which remains at one worksite, greatly improving quality control at any given level of skills of the workforce generally.

FIGURE 3  
Nuclear reactor availability



Source: Office of Technology Assessment "Nuclear Power in an Age of Uncertainty."

## Who in Washington is sabotaging the War on Drugs?

by an EIR Investigative Team

Elliot Israel Greenspan, a leading spokesman for the National Democratic Policy Committee, and candidate for U.S. Congress from the state of New Jersey, told an assembly of international press at the airport in Mexico City on Oct. 31: "One of my chief purposes in coming here is to strengthen collaboration between Mexican and U.S. anti-drug fighters. . . . When elected to the U.S. Congress, I will put through legislation to stop drug-money laundering. The situation where a bank, such as the Bank of Boston, can admit to illegally laundering \$1.2 billion of probably drug-related money to Swiss banks, and be let off with no criminal prosecution and just a token fine, must end."

Greenspan is no ordinary congressional candidate. He is one of the leading fighters against international drug trafficking in the United States, and a political associate of U.S. economist and just-announced 1988 U.S. presidential candidate Lyndon H. LaRouche, Jr. But on Oct. 22, Greenspan was illegally sent to jail in Boston, Massachusetts, for an alleged "contempt of court" which never happened. Greenspan is the target of a political witchhunt by U.S. Attorney William Weld—the same corrupt official whom Greenspan had exposed, along with Federal Judge A. David Mazzone, for covering up the money-laundering crimes of the Bank of Boston.

The jailing of Greenspan by U.S. Attorney Weld, and the more than one-year fruitless grand jury investigation of the 1984 presidential campaigns of Lyndon H. LaRouche, Jr.—involving millions of law enforcement dollars, and thousands of days of investigation—demonstrate that the Justice Department and the Reagan administration, as they are currently constituted, are incapable of winning the war on drugs. By allowing a witchhunt against LaRouche—who in 1978 commissioned the publication of *Dope, Inc.*, the breakthrough study on international drug traffic—while allowing those linked to drug-money laundering, such as Weld and White House Chief of Staff Donald Regan, to serve in high government positions, the Reagan administration sends an unmistakable message to the world: The U.S. is not serious about the war on drugs.

In the pages that follow, we will identify the corrupt elements in the Reagan



*From left: William Weld, the U.S. Attorney who let the dope-money-laundering Bank of Boston off the hook; White House Chief of Staff Donald Regan, whose firm Merrill, Lynch laundered millions for the "Pizza Connection" heroin smugglers; FBI agent Francis "Bud" Mullen, the former DEA head who sabotaged the War on Drugs.*

administration that are sabotaging the war against the drug traffickers. In other nations, evidence of this nature has been sufficient to clean out corruption, and even bring down entire corrupt governments. But in the United States, the evidence points to the horrifying situation that Attorney General Edwin Meese, and perhaps even the President himself, are hostage to the international drug interests encysted in the Justice Department and the FBI.

### Corruption at the highest levels

The saboteurs of the war on drugs are led by the same White House "palace guard" around Chief of Staff Don Regan that is undermining all of President Reagan's key policies, including the Strategic Defense Initiative. Before he became treasury secretary in 1981, Regan spent more than 14 years as chief executive officer of Merrill, Lynch, Pierce Fenner and Smith, the securities firm that laundered millions to Cr dit Suisse bank for the "Pizza Connection" heroin traffickers.

It is Don Regan's cronies in the Trilateral Commission, the Wall Street banks, and the International Monetary Fund who rank among the leading drug-money launderers in the United States; the same institutions that are using the debt crisis to destabilize governments like that of Peru, that attempt to wipe out the drug trade. Regan's Trilateral Commission cronies, such as Henry Kissinger, deploy private networks inside the Justice Department to target and oust their enemies in the Reagan administration.

It is no accident that one of the main targets of this dirty network has been Attorney General Edwin Meese himself,

who was the subject of a special prosecutor's investigation and a campaign of media vilification before his confirmation as attorney general.

It is private networks of this circle, such as the Anti-Defamation League (ADL), whose top officials have enjoyed a close and profitable relationship with Cuban-based cocaine kingpin Robert Vesco, who have deployed a media smear campaign against LaRouche, to give cover to the corrupt FBI and Justice Department operations.

But the operation against LaRouche is not just an internal U.S. matter. According to highly informed U.S. intelligence sources, it was Regan and Kissinger's friends at the highest levels of the State Department who ordered the Justice Department to jail Greenspan, as a "signal" to the Soviet Union, to be delivered before the November summit meeting between Regan and Gorbachov.

The signal was intended to show that the influence of LaRouche (who is identified by Soviet publications as the "deadly" architect of the President's Strategic Defense Initiative) upon the Reagan administration had been broken. On March 12, 1984, following a television broadcast attacking LaRouche by the National Broadcasting Company (NBC)—the same TV network that, in tandem with the ADL's dope lobby, instigated Weld's witchhunt—the Soviet government newspaper *Izvestia* demanded that the White House break any connection with LaRouche. For more than one year, every Soviet asset in the United States, including the dope lobby, Edgar Bronfman, and the Office of Special Investigations of the Justice Department, which collaborates directly with the KGB, have been deployed to attempt to force the

Justice Department to "shut down LaRouche operations."

Meese's toleration of this corruption in Justice Department and the FBI demonstrates that he is unwilling—or possibly unable—to take on the "citizens above suspicion" who run the international drug trade from the top. With that compromise, the Reagan administration is making catastrophic mistakes that leave allies in the war against drugs questioning the reliability of the United States. These blunders include:

- failure to act against the estimated \$200 billion a year in drug-money laundering, and the banks which finance international drug trade;

- refusal to provide sufficient American financial and political aid to Ibero-American nations, particularly to Peru, the Western Hemisphere's leader of the war on drugs;

- lack of action to wipe out domestic U.S. production of marijuana and cocaine, which are now major industries.

Nowhere is the compromise with the international drug traffickers more obvious than in the collapse of Attorney General Meese's promise to combat money laundering.

In October 1984, an explosive report to the President and attorney general by the President's Commission on Organized Crime stated, "In spite of the elaborate recordkeeping . . . required by law, no one has yet calculated precisely how much money is laundered. All of the methods available to the Federal Government for measuring the scale and scope of concealing illegal . . . profits are indirect." The report called for a law against money laundering, and warned, "By corrupting officials and employees of financial institutions in furtherance of laundering schemes, money launderers undermine the integrity of those institutions."

In February 1985, a scandal broke out when William Weld imposed a mere \$500,000 fine on the Bank of Boston, which had just been caught in the biggest single money laundering case ever prosecuted in the United States—\$1.2 billion in unreported cash transactions over three years, in direct violation of federal reporting laws.

By March 1985, no fewer than 10 investigative bodies in the United States were examining Weld's handling of the case. Among them were: the Senate Permanent Investigating Subcommittee, the Securities and Exchange Commission, the President's Commission on Organized Crime, the House Banking Committee, and the Justice Department's Office of Professional Responsibility. But after several weeks of fanfare, all of these investigations ended in a whitewash—no further sanctions against the bank, and *commendations* for Weld.

By June 1985, it was revealed that the U.S. Treasury Department had 140 active investigations ongoing into banks, securities firms, and commodities companies for money-laundering crimes. Dirty money was taking over the U.S. banking system! Indeed, there is hardly a leading U.S. financial institution which has not been involved in dope profits. The list already includes: Chase Manhattan Bank, Chemical

Bank, Crocker National Bank, the Bank of Boston, the Bank of New England, Irving Trust Company, Manufacturers Hanover Trust Company, the Bank of America, First National Bank of Chicago, Republic Bank of Texas, Merrill, Lynch, E. F. Hutton, and Shearson/Amex. This does not even count the "fly-by-night" banks such as Marvin Warner's Great American Bank of Florida, which laundered \$500 million for Colombia-based Isaac Kattin, a Syrian Jew linked to Henry Kissinger's business partner Edmond Safra. But not one director of a U.S. corporation or bank which has laundered drug money has been individually prosecuted.

On June 13, 1985, Attorney General Meese presented legislation to Vice-President George Bush on money laundering, calling it "without question one of the biggest challenges facing law enforcement today." Citing the case of the Bank of Boston as "one of the nation's largest banks," Meese said that the nation needs legislation that "would directly prohibit the laundering of money." For six months, nothing has come of that bill, while Meese's Justice Department closed down the investigation into Weld's coverup of the Bank of Boston case.

The consumption and production of drugs in the United States is higher than at any time in history. Cocaine-processing has become a major industry, as traffickers, coming under pressure from government anti-drug efforts in Peru and Colombia, have moved their processing plants to U.S. locations. Marijuana has become the largest cash crop money-maker in the United States and the dope lobby ridicules the efforts of the U.S. government to counter their environmentalist legal suits that have blocked the use of the herbicide paraquat in some states. The latest figures released by the government indicate that cocaine consumption is the highest ever, at 50-61 metric tons per year; marijuana consumption follows the same trend at 14,000 metric tons per year, and domestic production of marijuana was 11% of the U.S. marijuana supply in 1983, and has steadily risen.

But the worst failure has been President Reagan's lack of response to the requests by allied governments to aid them in the war on drugs. The administration has launched financial warfare against Peruvian President Alan García (see article, page 4), whose war on drugs, in the State Department's own words, in less than 30 days seized "more than 2,400 kilos of cocaine base and paste [more than 2.5 tons—ed.]; . . . dismissed 37 police generals and . . . more than 200 colonels and other officers" in an anti-corruption campaign. In response to this extraordinary effort, the Reagan administration offered to *loan* Peru a mere \$1 million for law enforcement purposes—the amount of money that the narco-traffickers could make in one small cocaine shipment to the United States.

The dossiers provided here give ample basis for Attorney General Meese to clean the dope lobby out of the Justice Department. What remains is a question of morality—and guts.



# A political witchhunt: The Greenspan case

In October 1984, a grand-jury investigation was begun in Boston, Massachusetts, by U.S. Attorney William F. Weld—under the pretext of investigating alleged questionable fundraising practices by the presidential campaign of Lyndon LaRouche. From the outset, the investigation, spawned by the NBC-TV local Boston affiliate, was a fishing expedition whereby every political associate of Mr. LaRouche could be harassed, and every associated organization subjected to financial warfare designed to shut them down.

Under grand-jury procedure in the United States, a prosecutor like Weld has to present evidence to a jury of citizens before he is able to issue indictments for major crimes. But, rather than acting as a protection for the targeted individual or organization, grand-jury proceedings in recent years have become the cover for costly campaigns of harassment against their targets.

The chronology of the investigation against LaRouche associates follows:

**November 1984:** Days before the general elections, the New Jersey bank holding LaRouche campaign accounts seize \$200,000 in campaign funds, on the word of a Boston FBI agent involved in the grand-jury investigation.

**In November,** the accounts of Campaigner Publications, a publisher and distributor, are temporarily seized on rumors of “federal investigations” against the company.

**In the same month,** the New York bank accounts of Campaigner Publications and the Fusion Energy Foundation, a scientific foundation of which LaRouche is a director, are closed.

**December 1984:** The Federal Election Commission, the agency responsible for auditing election campaign finances, already involved in extensive harassment and litigation with previous LaRouche campaign committees, opens up new cases concerning credit card transactions, and sends out hundreds of investigative questionnaires to contributors, soliciting complaints.

**January 1985:** The Boston grand jury issues document subpoenas for six “LaRouche” organizations, The LaRouche

Campaign, Independent Democrats for LaRouche, the National Democratic Policy Committee (NDPC), the Fusion Energy Foundation (FEF), Campaigner Publications, and Caucus Distributors, Inc. (CDI). The two campaign committees accept the subpoenas and produce records; however, the subpoenas against the other four organizations are never properly served.

**March 1985:** At Weld’s request, the federal court in Boston directs the four organizations to show cause as to why they should not be held in contempt of court, even though subpoenas had not been properly served. Based on perjured statements from the FBI and U.S. Attorney’s office, Judge A. David Mazzone finds said companies in contempt and imposes fines of \$10,000 per day per organization.

**April 1985:** Boston FBI agent Richard Egan serves personal subpoenas on LaRouche campaign workers in Boston to appear before the grand jury.

**The same month,** Weld seeks partial judgments of \$70,000 each against CDI, FEF, Campaigner, and NDPC. Judge Mazzone grants the request and refuses to lift the \$10,000 per day contempt fines. Following this, Weld asks for an additional \$150,000 in fines per organization.

**May 1985:** Even though motions are still pending to appeal the fines, Weld illegally moves to enforce the judgments and seize bank accounts from the Fusion Energy Foundation and Campaigner Publications.

**July 1985:** True to his reputation of always ruling for the government, Judge Mazzone rules in favor of the U.S. Attorney on motions to 1) quash the subpoenas, 2) overturn the contempt fines, and 3) annul the enforcement of the contempt fines.

**During July,** the Federal Election Commission admits that it has for some months been giving all investigative material relating to LaRouche to the FBI and the Boston Grand Jury—which explained why the FEC had been opening numerous civil investigations about matters over which it had no legal jurisdiction. It is also admitted that FEC General Counsel Charles N. Steele had conducted conversations about LaRouche with his good friend and Harvard schoolmate William Weld.

**August 1985:** While Elliot Greenspan is in Boston appearing before the grand jury as the record keeper for CDI, an FBI agent serves a personal subpoena upon him. A motion to quash the subpoena is denied by the federal court.

**September 1985:** FBI agent David S. Higgins invades the offices of Campaigner Publications in Virginia, conducting

himself in a loud and abusive manner toward employees while "looking for" CDI.

**September 1985:** A new and separate grand jury in Cincinnati, Ohio, issues subpoenas for bank account records of CDI.

### The jailing of Greenspan

Greenspan had appeared before the grand jury in September and asserted his right not to testify under the First and Fifth Amendments to the United States Constitution. The U.S. Attorney's office, upon approval of either Attorney General Meese or one of his top assistants, sought and obtained an immunity order directing Greenspan to testify and stating that his testimony could not be used to incriminate him. However, Greenspan continued to assert his right under the First Amendment not to disclose information about his political associates and their fundraising activities. "The issue of credit-card fraud is a bogus issue," Greenspan said, "Weld is just looking for information with which the FBI can harass my political associates and their supporters and contributors."

On Oct. 3, Judge Mazzone attempted to nullify the First Amendment, and threatened to jail Greenspan, an NDPC candidate from New Jersey, for contempt of court. Mazzone held Greenspan in contempt and threatened to throw him in jail if he continued to assert his First Amendment rights of freedom of association.

Greenspan had already agreed to answer the three questions demanded by the court, but had objected to the nature of the intrusive questions about his associates and the relevance of those questions to the investigation. His attorney said, "It is not clear at this juncture as to the extent the Government will attempt to probe into the structures of the political organizations with whom Mr. Greenspan is affiliated, the identities of co-workers, other volunteers, fundraising, and political activities." Both the U.S. Attorney and Judge Mazzone stated on the record that this was a "specific investigation" limited to credit-card fraud, and Mazzone said he saw no application of the First Amendment "in a credit-card fraud investigation." "I also order," Judge Mazzone said, "that, if you, in the future, persist in your use of the First Amendment as grounds for refusing to answer questions, I will hear a further motion from the government to hold you in contempt, this time in criminal contempt."

Mazzone stated on the record that when Greenspan was asked, "Do you have any knowledge of the credit-card scheme?" and that if the answer is "No," then "we go no further; Mr. Greenspan goes home, and the matter is adjourned until further notice." Mazzone also stated on the record that if the prosecutor should ask questions that violated Greenspan's First Amendment rights, "they [Greenspan] can come back to me."

During Greenspan's next appearance, Assistant U.S. At-

torney Daniel Small spent almost the whole day avoiding questions about credit cards, instead subjecting Greenspan to interrogation about his personal finances and taxes. Following this, Greenspan's attorney again moved to quash the proceeding, which was once again denied by Judge Mazzone, prior to Greenspan's next appearance on Oct. 22.

Later on Oct. 22, in violation of all normal contempt requirements and procedures, Judge Mazzone ordered Greenspan to be confined in jail. Greenspan had interrupted his grand-jury testimony on Oct. 22 when Small produced a private telephone list stolen from the offices of Campaigner Publications in Virginia, and asked Greenspan to identify the persons listed, his political associates. Greenspan asked the grand-jury foreman to be excused to consult his attorney and to go before the judge for a ruling on the validity of this line of questioning, which constituted a clear intrusion into his First Amendment rights. Even though Mazzone had invited Greenspan to come back before him under such circumstances, he summarily overruled the contentions of Greenspan's attorney and said—as Small had said earlier in the day—"I don't believe this gentleman has ever purged himself of contempt."

This was an outright lie, since 1) Mazzone had received a letter from Greenspan's attorney saying that Greenspan would answer the three questions and "purge" himself; 2) Mazzone knew that Greenspan had been before the grand jury for at least two days of testimony since the Oct. 3 contempt hearing; 3) in Greenspan's renewed motion to quash the subpoena, which Mazzone had denied that morning, it was stated that Greenspan had answered the three questions; and 4) Greenspan's attorney again told Mazzone at this hearing that Greenspan had answered all the questions put to him.

The conditions at the 100-year old county jail in Lawrence, Massachusetts, where Greenspan was confined, were abysmal, with three people in cells originally intended to hold one. The first night, Greenspan was forced to sleep on the floor, with no heat, in freezing temperatures. Only after numerous calls to the jail from supporters were heat and cots provided.

On Oct. 23, Mazzone refused to reconsider his action, again asserting that Greenspan had not purged himself of contempt, even when told again that Greenspan had not refused to answer any questions. He told Greenspan's lawyers that he would release him if his lawyers filed a formal motion to purge the contempt the next morning, but, in fact, he did not issue the release order until the end of the day on Oct. 24.

On Oct. 29, Greenspan again appeared before the grand jury for more questioning about his and his associates' personal finances. At the end of the session, Small demanded that CDI produce "index cards" of all supporters and contributors used in fundraising—a move which CDI is expected to vigorously oppose, on the grounds that this would give the FBI an open door to harass all contributors and LaRouche supporters.

## William F. Weld, U.S. Attorney

During his four-year tenure as U.S. Attorney in Boston, Massachusetts, William F. Weld has become notorious for using his office to destroy political opponents. Best known was his crusade against the political machine of former mayor Kevin White, described in the *National Law Journal* as "a textbook example of a prosecutor misusing his powers to bully witnesses and manipulate the political process." When White announced his decision not to run for a fifth term, reported the *Law Journal*, "Few doubted that Mr. Weld's multiple grand juries, legions of subpoena-serving FBI agents and unrelenting pressure on the mayor's political organization had . . . taken its toll."

Weld has now turned his guns on Lyndon H. LaRouche, Jr. and his associates, who since 1977 have been outspoken against the drug mafia and especially the "citizens above suspicion" in the banking community who cover and provide cash for the drug trade. In developing this witchhunt, Weld has worked directly with Dennis King, a writer for the house organ of the dope lobby, *High Times* magazine; with the organized crime-connected Anti-Defamation League of B'nai B'rith (ADL); and with National Broadcasting Corporation, the television network which used the dope lobby to concoct a smear of LaRouche during his 1984 campaign for the U.S. presidency.

Weld has made Boston the center of the dope lobby's counter-attack against LaRouche. Since 1977, candidates associated with LaRouche directly attacked money laundering in local Boston campaigns. The book *Dope Inc.* and its Spanish edition, *Narcotráfico, SA*, commissioned by LaRouche, name the families and banks "above suspicion," among them the Bank of Boston and Crédit Suisse.

### The Bank of Boston cover-up

Since the 1970s, the Bank of Boston, the bluebloods' financial nexus in New England, has been a target of LaRouche and his associates. It is the Bank of Boston, among other banks and businesses referred to as "the Vault," that mapped out and implemented the deindustrialization and gentrification of New England. It is this consortium that allowed the environmentalist movement to dominate politics in the region.

On Feb. 7, 1985, the Bank of Boston's flagship institution, the First National Bank of Boston, pleaded guilty to a

felony charge of knowing and willful failure to file cash transaction reports involving \$1.2 billion of international cash transactions with nine foreign banks over a period of four years. Assistant U.S. Treasury Secretary for Enforcement John Walker said in congressional testimony on the case, "There's every indication that the \$600 million of small bills that the bank took in was the laundering of 'drug money' . . . why else would the money be in \$20 bills?" The largest of the transactions, which totaled \$1.16 billion, involved three Swiss banks: Crédit Suisse of Zurich, Swiss Bank Corp. of Basel, and the Union Bank of Switzerland in Zurich. Other banks included Barclays Bank International, Bank Leu of Zurich, Die Erste Oesterreichische of Vienna, Canadian Imperial Bank of Commerce in Ottawa, and Standard Charters Bank Ltd. of Canada. Crédit Suisse's Miami branch was the first target of the Drug Enforcement Administration's Operation Greenback; it had been subjected to three rounds of currency transaction report checks, as the branch had offered its name to the scams of Robert Vesco's Investment Overseas Services in the 1960s.

William Weld negotiated a plea bargain which fined Bank of Boston \$500,000—less than 1/20 of one percent of the amount laundered, equivalent to approximately one and one-half days' interest on that money. The deal was approved by Judge A. David Mazzone, who has teamed up with Weld in the witchhunt against LaRouche and his associates. It was also Mazzone who convicted Weld's target, Theodore Anzalone, the fundraiser for Mayor Kevin White, in the Boston "watergating" operation. A year later, but after the damage to White and Anzalone, was irreparably done, the First Circuit U.S. Court of Appeals overturned Mazzone's decision on Anzalone, comparing his ruling to the Soviet legal system which prosecutes "crimes by analogy."

### The Welds and the Swiss

William Weld's father, the late David Weld, was a successful investment banker and chief executive officer of the Wall Street firm of White Weld and Company. Crédit Suisse has been the family bank since that time. The Weld family fortune's biggest venture at this time is the prestigious outfit in London called White Weld Securities, the Eurobond syndication subsidiary of Crédit Suisse First Boston, Ltd., of London. Until 1978, this outfit was known as Crédit Suisse White Weld. In 1978, First Boston Inc. (not to be confused with the Bank of Boston) was brought in as a partner with Crédit Suisse, and the London branch of White Weld continued as a partner in charge of all Eurobond operations of the group. Today, it is known as the White Weld Securities subsidiary of Crédit Suisse First Boston, and it dominates the \$100 billion-a-year Eurobond market, a major haven of "legitimate" investment of "hot money" from the narcotics trade.

William Weld's coverup of the Bank of Boston scandal is merely a matter of protecting historical family interests at home and abroad.

Coincidentally—perhaps—two Bank of Boston officials were contributors to Weld's 1978 campaign: William C. Mercer, honorary director, and Peter M. Whitman.

### The Soviets and other 'old friends'

In 1978, William Weld took a stab at selling himself to the public in the Massachusetts attorney general's race. He failed miserably. Among his contributors was none other than Edgar Bronfman of the Seagram's empire, a kingpin of the international narcotics mafia (as *Dope, Inc.* established). Not surprisingly, two banks associated with Bronfman in Canada have been accused of money laundering: Scotia Bank and Bank of Montreal.

As the November Reagan-Gorbachov summit nears, Bronfman is the pointman in a Soviet-Israeli-American Zionist move to drive the United States out of the Middle East. The Soviets are offering to free Jews, in exchange for Israeli subversion of U.S. interests in the Mideast. Bronfman has been deployed through his World Jewish Congress to activate a KGB-backed network in the U.S. Justice Department's Office of Special Investigation (OSI), which passes along KGB disinformation, particularly against German scientists in the United States, falsely labeling them as Nazi war criminals. Not surprisingly, these scientists have been important in the research and support for President Reagan's Strategic Defense Initiative, which the Russians are out to stop at all costs.

Bronfman's service for the KGB goes directly into the office of Weld, through Alan Dershowitz of Harvard Law School, secretly the attorney for Mossad terrorist and FBI informant Meir Kahane, founder of the Jewish Defense League. Earlier this year, Dershowitz led an American legal delegation to the Soviet Union to discuss Bronfman's deal for the emigration of Soviet Jews. With him was the U.S. Attorney for the Southern District of New York, Rudolph Giuliani, and Weld's deputy U.S. attorney, Mark L. Wolf. It is reported that Wolf has regular phone conversations with the Soviet procurator general's office and supplements the calls with visits to the Soviet embassy in Washington, where the legal attaché is the liaison to the Justice Department's OSI. Until becoming a federal judge in May of this year, Wolf was chief of the Special Prosecutions Unit in Boston, which initiates and conducts "political corruption" cases.

Rudolph Giuliani has also figured in Weld's witchhunt against LaRouche. He is now seeking to intervene in a case in federal court in New York to prevent discovery rights for The LaRouche Campaign, in a case brought by the campaign against harassment by the Federal Election Commission. Giuliani has asked the judge in the case to prevent discovery from occurring, pending the results of the Weld investigation in Boston. Giuliani is also seeking to halt discovery in another case, *LaRouche v. Webster*, a 10-year-old case involving FBI Cointelpro operations against LaRouche and his associates.

## The FBI, Don Regan, and the dope trade

During President Ronald Reagan's first term in office, the controversial decision was made to give the Federal Bureau of Investigation concurrent jurisdiction with the Drug Enforcement Administration in the war against drugs. The DEA, reeling from the major political and resource setbacks suffered under the pro-drug policies and cutthroat budget cuts of the Carter administration, went down with a whimper. Nominated to head the DEA—and answerable to FBI Director Judge William H. Webster—was Francis "Bud" Mullen. It was a tragic move on all counts.

Mullen was perhaps the longest "acting" director in the history of the federal government, his nomination delayed while the Senate Labor Committee investigated his role in the Bureau's background check of Reagan's labor secretary, Raymond J. Donovan. Despite the findings of the Senate committee that Mullen and his FBI cohorts had deliberately lied to, misinformed, misdirected, and obstructed the Senate, Mullen was confirmed as the head of the drug agency. That Senate investigation also revealed to what depths the FBI—under Webster—was willing to cross the line into illegal activity. Had the senators dug a little deeper into the public record, they would have also found that Mullen was tainted with drug connections.

A series of 1981 news articles in the *New Orleans Times-Picayune*, the *Chicago Tribune*, and the *Los Angeles Times* reported that Mullen, while special agent in charge of the New Orleans FBI office in 1978, had received several loans from the Hibernia National Bank of New Orleans. The loans were approved by Victor Lota, then a vice-president of the bank; two years later, Lota was convicted of approving over \$5 million in fraudulent loans, of which \$1.7 million went to convicted marijuana smuggler *Ciro Callico, Sr.* to finance a drug deal.

During his second series of trials in January 1981, Lota confessed that he was personally promised a \$1 million commission for his role in a 1979 marijuana drug purchase involving Callico and 16 members of his trafficking ring. Later, law-enforcement officials suspected that the Callico ring was involved in the May 1979 assassination of Judge John Wood of San Antonio, Texas. Jamiel and Lee Chagra would ultimately be charged with the murder and with a number of narcotics-trafficking charges. Lee was murdered in Texas before he could stand trial, and his brother Jamiel is serving a sentence for the murder of Judge Wood. The FBI agent

responsible for the investigation of the Wood assassination was John C. Lawn. Known as a Mullen protégé at the FBI, Lawn succeeded his mentor at the DEA when Mullen resigned in March.

With this in mind, Mullen's sabotage of U.S./Mexican collaboration during the early phases of the investigation into the February 1985 kidnap-torture-murder of DEA agent Enrique Camarena Salazar and his pilot-informant, Alfredo Zavala Avelar, is not surprising. Mullen went to Mexico in a supposed attempt to spur officials there into action to save the life of the missing DEA agent. Instead, Mullen's bombastic escapades—including a call for the deployment of U.S. troops to seal the common border, personal attacks against the office of the Mexican attorney general, and allegations of corruption—resulted in a near-rupture of U.S.-Mexican relations. Mullen's circus performance and attacks on the ruling PRI party in Mexico gave credence to the neo-Nazi National Action Party (PAN), whose role in narco-terrorist activities have been well documented by *EIR*. President Reagan had to personally step in and undo the damage caused by Mullen. The attorneys general for both nations met in August to map out a coordinated battle plan for pursuing both the Camarena investigation and the continuing war on drugs.

Camarena, who, with Zavala, was kidnapped on Feb. 9, 1985, had been one of the DEA's top agents based in Guadalajara, reportedly closing in on those "citizens above suspicion" involved in the narcotics trade. Their bodies were found on March 5 at the ranch of the Bravo family in Michoacan. The day before the discovery of the corpses, Mexican police were given an anonymous tip that the missing men could be found at the Bravo ranch; meanwhile, a similar call was placed through the Bravo family, telling them that corrupt Mexican police were on their way to kill everyone. The result of this setup was a bloody shootout, in which the Bravo family was killed along with several policemen. The Bravo family were in fact informants for Camarena, and may have provided valuable information as to why the agent was kidnapped and killed.

Mexican authorities would fire over 400 corrupt detectives in the ensuing investigations, but the Reagan administration has ignored the continuing demands for action to weed out corruption in the United States. However, as investigations proceed in Ibero-America and in Europe, the trees are beginning to shake, and the coconuts are beginning to fall on this side of the border.

High-level officials are going to have to look for high ground—not least among them Donald Regan of the White House "palace guard."

### **Don Regan and the 'Pizza Connection'**

Prior to joining the Reagan administration—first as secretary of the treasury and now as White House chief of staff—

Donald Regan was the chairman of the board and chief executive officer of Merrill Lynch. Along with several other pillars of the Wall Street financial community, Merrill Lynch has been discovered laundering dope money.

On Sept. 26 in Lugano, Switzerland, several bagmen for a major Sicilian mafia heroin-trafficking ring were convicted of money laundering. In order to prove their guilt under Swiss banking laws, the prosecuting attorney, Bernasconi, had to detail how the large amounts of money from U.S. financial institutions that found their way into Swiss bank accounts were in fact the proceeds from the illicit drug trade.

One of the defendants at the Lugano trial was Vito Palazzola, a Sicilian who had been employed at the Banca della Svizzera Italiana in Chiasso and later at Crédit Suisse. Palazzola's family tree had taken root in Detroit and was also strongly tied to the Bonanno family. Another defendant in the trial was Franco Della Torre, the mafia bagman who laundered \$20 million in small denominations—carried in shopping bags, liquor and shoe boxes—through the services of E. F. Hutton and Merrill Lynch. According to an account of these transactions documented in an October 1984 report by the President's Commission on Organized Crime, entitled "The Cash Connection: Organized Crime Financial Institutions and Money Laundering": "In making large cash deposits at Merrill Lynch, Della Torre's practice was to request that security personnel accompany him from his hotel to Merrill Lynch offices. After several such deposits . . . arrangements were made to escort the money from Della Torre's hotel directly to Banker's Trust, where Merrill Lynch maintained accounts." Crédit Suisse was one of the major depositories of these funds. The laundered narco-dollars were then reinvested in illegal drugs, weapons deals, and in legitimate businesses.

Despite the fact that FBI and DEA agents were witness to these illegal transactions on several occasions, none of the bankers or brokers was indicted. The Della Torre case is just the tip of the iceberg. Don Regan's role in the affair has never been questioned, but as the man responsible for shaping policy at the firm for so many years, one can only conclude that Regan set the policies that defined drug traffickers as "preferred customers."

A similar question of corporate executive accountability was raised by a congressional committee in the case of E. F. Hutton following its 1985 guilty plea to 2,000 counts of fraud stemming from a check-kiting scheme that bilked hundreds of banks of millions.

The trial of 23 men indicted as members of the "Pizza Connection," a heroin ring that used pizza parlors as fronts to smuggle at least \$1.65 billion worth of heroin into the United States, has just gotten underway. The jury has been provided strict security to protect them from mafia intimidation. At the time of the indictments in April 1984, U.S. Attorney for the Southern District of New York Rudolph

Guiliani and then Attorney General William French Smith hailed the case as a major strike against organized crime. In fact, as the lack of indictments against Merrill Lynch, et. al. demonstrate, the infrastructure that allowed the Pizza Connection to work was not touched by the investigation and indictments.

In March 1984, Congress grilled then Treasury Secretary Regan about his dismantling of an "air interdiction" anti-drug operation by looting more than \$18 million in Treasury funds for that program in order to remodel his office. Don Regan, who was a political and financial backer of Jimmy Carter's presidential bids, may yet be a "citizen above suspicion" threatened with narcotics investigations. On Sept. 11, Peruvian Interior Minister Abel Salinas told British radio: "If we speak honestly and seriously, I must say that we still consider the anti-drug aid offered us by the U.S. to be very meager. . . . There must exist a co-responsibility among the rulers of the nations in the fight against the drug traffic." Salinas pointed out that his nation's battle against corruption and continuing battle against the narco-traffickers is beginning to focus on the drug profits, adding that, while some of the black-market money remains in Peru, the bulk leaves the continent ending up "surely in the secret vaults of many Western banks."

### **Corruption in the Justice Department**

In March, Dan A. Mitrione, Jr., an 11-year veteran of the FBI, pleaded guilty in Miami of having accepted \$850,000 in bribes and payoffs in exchange for stealing more than 90 pounds of cocaine from a shipment that he was supposed to have seized for the government. Mitrione was the "control agent" of Hilmer Sandini, a cocaine trafficker whose network was credited with bringing 660 pounds of cocaine into the United States between 1981 and 1984. Sandini apparently was a key informant of the Bureau's investigation, dubbed Operation Airlift, and ironically appears to have followed in the footsteps of another infamous FBI informant, Mel Weinberg of ABSCAM fame. Sandini, like Weinberg, also gave gifts to his FBI "control agent"; in this case, Sandini's gifts included a \$9,000 Rolex watch to Mitrione. The ex-FBI agent will be a key witness for the prosecution.

Mitrione filed a report in December 1982 that has become another thorn in the Bureau's side. The report details allegations by a major drug trafficker that five former and current members of Dallas Cowboys football team shaved points in return for cocaine from bookmakers and drug dealers. That report was apparently ignored by the FBI, including Thomas Kelly, then the agent in charge of the Dallas FBI office. Kelly was recently nominated by Attorney General Edwin Meese to a top post at DEA, and Kelly has asked the Bureau to investigate—even offering to take a polygraph test—in order to clear his name of any irregularities! Adding insult to injury, the "administrative inquiry" is being handled by Oliver "Buck" Revell, the Bureau's executive assistant director in charge of

all investigations.

The Bureau's past performances in such administrative inquiries demonstrates that the FBI cannot be trusted; these are simply exercises in damage control. Yet the FBI is also playing a role—as the investigative agency of the Department of Justice—in a number of other corruption investigations involving Customs and the DEA.

On Oct. 11, indictments were handed down against 27 persons, including three U.S. Customs agents who are accused of helping to direct the smugglers of 52,000 pounds of marijuana to a "safe" offloading site in Dulac, Louisiana. The agents—Charles F. Jordan, a supervisor of the Key Largo, Florida, office, and Francis G. Kinney and Keith Deerman, both supervisory patrol officers in New Orleans—were to receive a cut from the profits. The agents are also accused of providing the traffickers with data from Custom's computers and with information that would have enabled the smugglers to identify undercover agents. The indictments were returned following an internal affairs investigation by the FBI, DEA, and Customs.

On Oct. 14, UPI reported that a DEA agent and two Customs agents resigned this summer when an internal investigation turned up evidence that they accepted payoffs from smugglers in 1973; the statute of limitations prohibits criminal prosecution of the agents involved. Unidentified Justice Department sources told the wire service that it is feared that such corrupt practices are continuing, and that "as many as 10 federal agents confiscated an estimated \$1 million in marijuana that illegally crossed the Rio Grande and then hired a Mexican 'snitch' named 'Marcello' to sell and split the profits." The agents reportedly netted \$200,000 apiece from the deal.

On Oct. 28, David P. Twomey, a former prosecutor with the New England Organized Crime Strike Force, was indicted in the U.S. District Court on charges of accepting a \$200,000 payoff from a narcotics trafficker in exchange for information concerning the locations of wiretaps, the identity of informants, and the status of ongoing investigations. Evidence against Twomey was provided by Frank Lepere, who recently plead guilty of smuggling 145 tons of marijuana into the United States and who paid the prosecutor for information. U.S. Attorney William Weld has not made any statements about the case.

Another hot potato that may fall in the Bureau's lap involves the question of why the Bureau did not press earlier for the arrest and extradition from Brazil of Tung Kuei-sen, a leader of the Taiwanese criminal syndicate known as the Bamboo Union. Tung has been a fugitive from justice since he was named as a participant in the murder of writer and critic of the Taiwan government, Henry Liu in October 1984 in Daly City, California. The Bureau purportedly knew Tung's whereabouts as a result of their joint undercover investigation with New York Police Department into the gang's activities here in the United States.

# Who is covering for Ohio drug bankers?

On March 9, 1985, Marvin Warner's Cincinnati, Ohio-based Home State Savings and Loans Association collapsed, jeopardizing millions of dollars of citizens' savings deposits and sending shock waves throughout Ohio and the world. The immediate aftermath of the collapse, which was precipitated by the bankruptcy of Warner's Florida-based ESM Securities Company, was the triggering of similar bank crises in New Jersey and Maryland.

Revelations soon began to emerge concerning the corruption of law-enforcement and political circles in Ohio. The fragility of Warner's companies had been fully known for at least one year prior to the collapse, yet no action was taken by the responsible authorities.

Companies associated with Warner have continually been the subject of criminal investigations into fraud, illegal financial practices, and drug-money laundering. Yet never has action been taken against Warner.

The reason? Marvin Warner, international wheeler-dealer, former ambassador to Switzerland, powerbroker in both the Democratic and Republican parties, is a drug-runner. Through his influence, the state and federal law-enforcement apparatus in Ohio has been thoroughly corrupted.

The evidence that Warner has law-enforcement personnel in his pocket is abundant. We cite here several of the more blatant examples:

- In February 1981, Drug Enforcement Administration agents raided Warner's Dade County, Florida-based Great American Bank (GAB), as part of the Operation Greenback project to shut down drug-money laundering. At that time, Great American was estimated to be laundering millions of dollars a year into the Swiss Banking Corporation of Berne, Switzerland, the Tokyo Bank of Lima, Peru, and Banco de Ibero-America in Panama.

Among the cocaine traffickers using GAB was Isaac Kattan-Kassin, described by the DEA as the biggest cocaine-lauderer of the late 1970s. Kattan, who got his start in the late 1960s working for dope kingpin Robert Vesco, was running a \$350-million-a-year laundering operation for the Colombian mob.

- Warner's drug operations also ran through his ownership of the Orlando, Florida-based Combank, from 1976-83. During the late 1970s, according to the DEA, Combank became the bank of deposit for the largest marijuana distributor in the United States, Robert Govern.

It was through Combank that Warner began his relation-

ship with ESM, ordering all of Combank's bond and securities trading to be done through ESM. Warner's partner in Combank was his closest business associate, Hugh Culverhouse, Sr., who in turn is one of the top business associates of Dope Inc.'s Carl Lindner.

That Warner and Culverhouse escaped scot-free in these cases is not surprising. Warner's cousin Gerald Lewis was Florida's Comptroller of the Currency at the time of the raid on GAB. Hugh Culverhouse, Jr. was, at one point, Assistant U.S. Attorney in Miami, responsible for all money-laundering investigations.

- In 1979-80, Warner's Home State was the subject of a criminal investigation for issuing worthless commercial standby loan commitments to 41 contractors and developers in 11 states. Despite the bank's pleading "no contest" and being found guilty on two counts of fraud, it was merely ordered to reimburse \$800,000 to the victims.

- An "excellent case" on Warner's personal involvement in the GAB operation and in Colombian cocaine trafficking was presented to the U.S. Attorney in Cincinnati in 1981. No action was taken.

In both cases, the U.S. Attorney was James Cisell, a Democrat appointed during the Carter administration. It was Warner and Ohio Democratic Party Chairman Paul Tipps who ran Carter's 1976 state campaign. Tipps, in fact, had been granted a personal \$900,000 loan in 1976 by Home State, a loan that is still delinquent. Warner's public reward for his actions was his 1978 appointment as Carter's ambassador to Switzerland.

But Warner's friends are not only Democrats:

- In 1982, after the Reagan administration replaced Cisell with Republican Chris Barnes, son of the 10-year chairman of the state Republican Party Earl Barnes, the same case was presented for reconsideration. Again, no action was taken.

- During that same period, which spanned the last term of Ohio's Republican governor James Rhodes, the fragility of ESM and Home State was brought to the personal attention of Rhodes. Nothing was done.

The reason? Warner is a powerhouse in both parties in the state. He is a close associate of then Governor Rhodes, enjoying a special relationship with Earl Barnes, who was granted a \$1 million unsecured loan from Home State—a loan which is still outstanding. It is widely believed that Chris Barnes recently stepped down as U.S. Attorney, for fear that the relationship between Warner and his father would emerge in the course of investigations into the Home State collapse.

The likelihood, however, is that Warner's criminal actions leading to that collapse will be papered over. Aside from the above-named individuals from two previous Ohio state administrations that Warner has in his pocket, he also has leading figures from the current government. Among these are Gov. Richard Celeste, who has received \$300,000 in loans and contributions from Warner.

## George Shultz and two clichés of our time

by Criton Zoakos

Secretary of State George Shultz left for Moscow Saturday Nov. 2, 1985, resolved in his heart to commit treason against the United States. Two great clichés of our time are protecting his mission. One is the universally popular, axiomatic assumption, shared by all, humble and mighty, that men and institutions of government, in the United States, serve the national interest, real or perceived, of the United States. This axiomatic cliché is cloaking Shultz's treason from the eyes of his fellow countrymen and from those of his fellow diplomats. The other great cliché of our times is the delusion that Mutually Assured Destruction, deterrence based on offensive nuclear arms, alone, can ensure peace; this cliché is cloaking Shultz's treason from the eyes of Shultz himself, the victim of delusion.

Prior to his departure for Moscow, Secretary of State Shultz announced to the Washington press corps that it was his high hope and expectation that the Nov. 19-20 summit meeting between Reagan and Gorbachov would produce both an arms-control agreement and extensive "cultural exchange" agreements between the United States and the Soviet Union. He was deliberately contradicting President Reagan, who, the previous day, had cautioned the same group of Washington journalists against building "high hopes and expectations" about the outcome of the upcoming summit.

Following Shultz's assertions, the official Soviet news agency TASS issued a statement accusing President Reagan of making "rude attacks" against the Soviet Union and of "embarrassing his aides" with his comments about the arms race.

Our secretary of state, having taken the trouble twice in the space of one month to contradict publicly not only the secretary of defense, but also his President, has finally enlisted the factional backing of TASS's Sergei Losev and other

Soviet spokesmen. What are Mr. Shultz's objectives respecting the summit, and whence does he derive the ability to publicly counter the President?

George Shultz is neither a confused man, nor one to shy away from upholding his opinions and policies. He knows what he wants and is willing to fight for it. It is what he wants that is the problem.

Prior to his becoming secretary of state in August 1982, George Shultz had been very outspoken in his espousal of what he then called a new, emerging order of world affairs. On numerous public occasions, Shultz displayed his utter contempt for persons whom he believed to be either "misfits," or "too weak" to accept and adjust to this new order of things. Then as now, the secretary believes that such misfits and weaklings will have to be swept away by the inexorable march of this new order of things, without regret. The secretary himself would be the first to admit that these lines, should he ever read them, represent his sentiments fairly and accurately. He never tried to conceal his contempt for those he believes to be misfits and weaklings.

However, behind this facade of decisiveness, is a stupid and disastrous conception of policy. The secretary's notion of a "new order in world affairs," is as crude, as boorish, as banal, as the modest cultural baggage embodied in the secretary's tough appearance: He has inherited it from Henry Kissinger. Shultz's strong convictions are attached to the following policy objectives: a) reduce the President's Strategic Defense Initiative program to a minor, limited scheme of partial point-defense of a portion of U.S. land-based ICBM sites, eventually to be traded off for "substantial reductions" in offensive weapons; b) withdraw all U.S. strategic assets from the Pacific Ocean, the Indian Ocean, the Middle East, the Mediterranean, Africa, and Asia; c) conduct an overt



strategic decoupling of the defense of Europe from that of the United States; d) accelerate genocidal economic policies against developing-sector nations; and e) replace the national states, as institutions for managing societies, with private, multinational corporate management techniques.

These strongly felt convictions of Secretary Shultz are now carrying him to Moscow, where he intends to hammer out agreements to bring about a "New Yalta."

Shultz's greatest "preparation for the summit" was an international campaign which went on throughout October, trying to topple the pro-American governments of the Philippines, South Africa, Tunisia, Egypt, Italy, primarily, and to systematically undermine and oppose any pro-American faction and tendency virtually everywhere else in the world. Two situations are exemplary of the way in which Shultz and the State Department have operated: the Mediterranean and the Pacific. Those who know how to read military maps, conclude that if the United States loses its Filipino bases at Subic Bay and Clark Air Field, it will have to fall back to the U.S. Pacific Coast, the result being a reduction of U.S. naval operational potential in the Pacific Ocean down to one-fifth of its present level. Yet, the State Department is pursuing an aggressive campaign designed to either wreck the Filipino state, or force it to expel the U.S. bases itself.

In the Mediterranean, Shultz during October succeeded in demolishing what had remained of American ties with the friendly nations of Tunisia, Algeria, Morocco, Egypt, and Jordan, and arranged with Moscow and Israel to transfer the entire region over to the Soviet sphere of influence. As a last gesture toward completing this arrangement, State Department Undersecretary Michael Armacost arrived in Ankara, Turkey, one day prior to Shultz's trip to Moscow, to announce to the Turkish government that the United States will not be able to increase military assistance to Turkey which, Turkey had argued, was needed if that nation were to meet the increased threats to its national security which have resulted from the presence of American military bases there. In short, Shultz is leaving Turkey no option but remove American bases from there.

### **Shultz's pleas for 1988**

Developments such as these place in perspective the American request that "regional issues" be negotiated together with strategic arms issues at the upcoming Geneva summit. Reading the military map and ignoring diplomatic statements and other verbal assertions, we arrive at the following, irreducible, measurable facts: 1) If Shultz's Pacific Ocean policy succeeds, United States military potential in the Pacific is reduced by about 80% between now and 1988; 2) if Shultz's Mediterranean policy succeeds, United States military potential there is eliminated totally, by 1988; 3) if Shultz's policy toward South Africa succeeds, United States influence in South Africa, military, political, or otherwise, is also totally eliminated, by 1988; 4) if Shultz's policies of military bullying and forcible debt collection in Ibero-America succeed,

the Ibero-American subcontinent, by 1988, will have been reduced to a brutal battlefield in which the United States will have been reduced to a brutal battlefield in which the United States will be fighting against her erstwhile natural friends and allies, the Ibero-American republics.

These four items are not mere projections into the year 1988; they are actively pursued policy objectives to be attained by that year, an important election year in the United States, and otherwise an important strategic turning point for long-term Russian strategic aspirations. These four policy perspectives constitute the essential context against which Shultz is organizing the "regional issue" negotiations for the Geneva summit. What is the relationship of these to the principal issue of arms control, the Strategic Defense Initiative (SDI)?

When the Russian chief will be meeting President Reagan, he will have been briefed that the SDI is three distinct things: First, it is a policy objective of President Reagan and Defense Secretary Caspar Weinberger, to provide a comprehensive anti-missile defense for the populations and civilian and military assets of the entire Western alliance. Second, there is a different SDI, a policy perspective shared by Shultz, Henry Kissinger, Zbigniew Brzezinski, and others, to develop a technological capability for point defense of nuclear missile silos and, after developing this capability, to try and negotiate it away in exchange for "large" reductions of offensive nuclear arms. Finally, there is a third SDI, the actual research and development program now in progress in various research centers in the United States. With respect to this, Gorbachov will be in a position to know that it is so strapped by underfunding, oversight, congressional pressure, and so forth that, if allowed to continue languishing in its present miserable political exile, it will never be able to produce anything but a miserable, half-cocked point-defense system, as projected by Shultz and his cronies.

What will, then, be the realistic "bottom line" of the summit negotiations?

Will the United States, committed to a policy of rapid retrenchment and withdrawal from every corner of the globe, and preparing to live, by 1988, with only 25% of her post-1945 "sphere of influence," be pleading with the Russians to be allowed a minimal point defense of her nuclear missile silos as the only available military guarantee for the security of its splendidly isolated continental territory? Is this the secret agenda for the summit? Is this the perspective upon which the great political coalitions for the 1988 presidential election are being brokered?

This writer is not in a position to know the answer, but is in a position to be aware of the importance of the question. As for Gorbachov, he will be careful at the summit. He will try to avoid any action which might trigger a train of events back in the United States which would free the SDI program from its present restraints and set it on a course of a national wartime mobilization. In this sense, Gorbachov has bought shares in the 1988 "American succession struggle."

# The Philippines: scenarios and operations to remove Marcos

by Our Special Correspondent

October 16-17, 1985. In the plush Washington headquarters of Georgetown University's Center for Strategic and International Studies (CSIS), two 10-man teams are "war-gaming" the takeover of the Philippines by the Soviet-backed New People's Army. Composed of some of the highest-level figures of the U.S. diplomatic, intelligence, and military communities, including past directors and deputy directors of the CIA, two former chairmen of the Joint Chiefs of Staff, and several former undersecretaries of state, the teams react to the unfolding events.

The scenario proceeds: Marcos died in August, presumably of a heart attack. Leading figures of the post-Marcos government and Philippine Armed Forces are now being assassinated by a combination of Soviet "spetsnaz" teams and NPA commandos. As the NPA takes over the Philippines, U.S. and Soviet ships face each other off its coasts, and the crisis moves to the brink of World War III. The U.S. President, at first hawkish, comes close to resignation in a state of psychological breakdown. Throughout the crisis, news is reported on "television" in the corner of the room, broadcast by real-life newscasters, Howard Schorr and Howard K. Smith. The simulation is so striking that the players, according to Kupperman, are "wandering in and out of delusional states."

The events at Georgetown on Oct. 16-17 were in fact no "scenario," but were themselves part of the plot to eliminate President Ferdinand Marcos and hand the Philippines over to the Soviet Union. The assassination lists are accurate, prepared by CSIS specialists and by "people who are quite involved in dealing with that part of the world," according to Kupperman. These people include "ex-government officials, some of whom have very, very recent experience" in the Philippines. The war-game procedure itself is standard practice, in particular for the overthrow of an ally. One of the key advisers to the CSIS scenario was former ambassador to the Philippines and Iran, William H. Sullivan. In the early 1960s, in the basement of the Pentagon, Sullivan, Averell Harriman, and others "war-gamed" the fall of South Vietnam. Repeated "games" determined that there was no way the war could be won by the U.S.-backed South. *The game was then played*

*out in reality.* Sullivan personally directed the bombing of Laos.

The CSIS scenario, filmed in documentary style for release on U.S. national television in the near future, takes place amid a steadily intensifying Eastern Establishment press campaign to prepare the elimination of President Marcos. In the weeks since Sen. Paul Laxalt (R-Nev.) delivered his "blunt message" to President Marcos from President Reagan, the U.S. press has been full of rumors of Marcos's imminent "death by natural causes." Typical was an Oct. 27 *Washington Post* article which noted that the U.S. move to dump Marcos is "strongly influenced . . . by intelligence reports that Marcos is gravely ill and probably has no better than a 50% chance of living until the next Philippines election, scheduled for 1987."

These reports are a conscious lie. Aside from the fact that President Marcos has recently been filmed jogging and playing golf, Laxalt himself reported, "I came in there fully prepared to see someone who was near dead and he was anything but. He didn't seem sickly at all. I can't believe it. No one made that assessment to me at all."

## What is Georgetown CSIS?

Though the CSIS scenario was attended by former State Department officials, Kupperman, in order to keep a lid on the scandals which might arise, emphasized that *current* officials of the U.S. government did not participate. For anyone who knows the significance of Georgetown, a think tank which designs strategies implemented only months later by the U.S. government, the claim is a fraud. Not only is there incessant traffic of personnel back and forth from CSIS to the State Department, Pentagon, etc., but at least 20 *current* U.S. senators and congressmen currently serve on CSIS's Advisory Board and coordinate the CSIS "congressional working groups." Some of the congressional figures are presently active in the Philippines destabilization, such as Rep. Steven Solarz (D-N.Y.) and Senate Intelligence Committee head Richard Lugar (R-Ind.), who has been beating the drums for drastically cutting aid to the Marcos government.

The CSIS's executive director since its inception, David

Abshire (recently appointed U.S. ambassador to NATO), oversaw the transition team which set up the Reagan administration's entire foreign policy apparatus in 1980. One of the "team leaders" of the Philippines scenario, Nathaniel Samuels, was chairman of the Board of CSIS from its inception until recently, and has been a close friend and political ally of CIA head William Casey from the 1940s on.

Founded in 1962, as an adjunct to the Jesuits' Georgetown University, CSIS has been a crucial part of the back channel to Moscow, on behalf of a "New Yalta" redivision of the globe. CSIS is the operations center for numerous key figures in the New Yalta plot, including Henry Kissinger, the head of CSIS's International Councillors, Carter-era National Security Adviser Zbigniew Brzezinski, former U.N. Ambassador Jeanne Kirkpatrick, Bernard Lewis, the British intelligence specialist who first floated the plan for the "Balkanization" of the Middle East, etc.

CSIS is also the place of origin of plans to sabotage the U.S. Strategic Defense Initiative, and to wreck what is left of traditional U.S. military leadership, through Pentagon "reform."

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## Interview: Robert Kupperman

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*The following interview with Robert Kupperman, member of Georgetown CSIS's Executive Office and director of the Center's Science and Technology Programs, was provided to EIR by a Washington-area consultant. Kupperman directed the "Crisis Simulation of the Fall of the Philippines."*

**Q:** How much was the Crisis Simulation scenario based on reality?

**Kupperman:** Given that it hasn't happened, it's always tough to tell, but we had two former chairmen of the Joint Chiefs, the former director of the CIA, lots of your former undersecretaries of state, U. Alexis Johnson, Marvin Kalb. Nobody thought the scenario was unrealistic.

**Q:** Did you have a timetable?

**Kupperman:** *Now.* The scenario was retrospectively taken back to mid-August, in which it was presumed that Marcos died of a heart attack, and then it was taken to two days in October, last Wednesday and Thursday, when the game was played. It's our belief that it can happen at any time.

**Q:** How much was State, Defense, and so forth involved?

**Kupperman:** Not at all—the *current* people. But we have people who are quite recent in their experience and we have people who are quite involved in dealing with that part of the world. And, of course, we're dealing with ex-government officials, some of whom have very, very recent experience, all of whom were undersecretary or higher.

**Q:** How did the idea for this come about?

**Kupperman:** It's an internal CSIS matter, and we internally developed it. I directed it.

**Q:** You're obviously well aware of the DIA/CIA evaluation?

**Kupperman:** Yes. I can personally deal on a classified basis in many cases, but the Center deals purely on an unclassified basis with everything. It may be purely coincidence that classified documents say the identical things as unclassified—it would not be a great surprise.

**Q:** Do you think, with [Sen. Paul] Laxalt out there—that's a pretty high-powered delegation. . . .

**Kupperman:** Yes, but he got rebuffed by Marcos. Marcos, to my mind, is living in a delusionary world. I don't think he can keep up what he's doing. He's going to get deposed, whether for reasons of natural causes or fairly malevolent attempts.

**Q:** Where would you see the time-scale?

**Kupperman:** I think our view of the time-scale is, I don't know whether it's a month from now, a year from now, or in a strange sense, yesterday. But it's *soon*. That place is shaky, the NPA is getting stronger and stronger. With sort of selectively designed assassinations of the right generals, the army breaks up into fiefdoms and therefore there is a tremendous loss of cohesion. . . . Look, if Marcos were to disappear for whatever reason, constitutionally the successor is the speaker of the House. If he were assassinated and a few key generals were assassinated and a few command and control sites were taken out, the Philippine government wouldn't *exist*. Not for quite a while.

**Q:** In your wargame, do you specify the specific generals that would be taken out?

**Kupperman:** Some of them, yes. We didn't dwell on it, because it was televised and I don't want to get too close. We're close enough to the truth, I think that's enough.

**Q:** Have you talked to Armacost and Armitage on this?

**Kupperman:** We invited Armacost, he didn't come. I have not spoken to Armitage about it, but I've mentioned it to Weinberger. Look, we had an interesting group of people. We had U. Alexis Johnson, Gen. Edward Shimire, Marvin Kalb, Howard K. Smith, Daniel Schorr, Murray Weidenbaum, we dealt with both the economic and the non-economic. Also Richard Helms. We didn't deal with amateurs. Plus quite a number of lesser known people who were government specialists in the Philippines and related matters. As well as specialists in Soviet operations, like Ray Garthoff. No matter what one thinks or doesn't think of the quality of the job done, it was not because of a lack of qualified people.

**Q:** You said it went out on television?

**Kupperman:** We had it taped. We had a broadcast-quality taping of it, that will be produced in several forms, and most probably shown on television. Exactly where and when and

how, is a matter of negotiation. From that, transcripts will be developed. Before transcripts are developed, though, I would imagine that there will be at least some preliminary synopsis of what happened and what the analysis was.

**Q:** Now, on the outcome, let me make sure I have this right. There was the chaos developing after these assassinations and then the NPA took over and there was a huge crisis which developed and the Soviets actually backed down and took their own man out. Is that accurate?

**Kupperman:** There was more than their own man. The Daniel Schorr version [on National Public Radio—ed.] was rather slim. There were a bunch of assassinations. It was unclear who took whom out. But the initial thing involved the assumption of Marcos's death, the assassination of the speaker of the House, the assassination of General Ver, the taking out of some key command and control facilities. A hostage barricade at the American embassy, a hostage barricade at the Intercontinental Hotel at the time of a meeting between the Filipino and American Chambers of Commerce. And seizure of the palace by the NPA. We also had the Vietnamese attacking Thailand. And an incident at sea, because we had an increase in Soviet and American presence—a collision between an American and Soviet ship. We brought our team to the point of World War III on the first day, and the second day was to get them to back off. And that was the problem. . . . But whatever you want to call it, what I was trying to test, was this American very hawkish theme to want to take the Soviets on. . . . The real question was our strategic interests in the area, and not our tactical military problems. And what impressed me, I think more than anything else, was a real fear that things could go nuclear. And that we had to back off. We had to find ways of dealing with the Soviets to do that.

**Q:** How did that happen?

**Kupperman:** Slowly attritive, really in a simmering-down sense. People backed off. We had an initially extremely proactive President who wanted to bomb everybody. And we had an NSC calming the President down. All of this, of course, was deliberately designed. And the next day the President turned out to be a manic-depressive. I also had a psychiatrist there who treated several Presidents.

**Q:** Really? Who?

**Kupperman:** Bert Brown, former head of NIMH [National Institute for Mental Health], and now president of Hahnemann University. . . . I was very interested in the group dynamics and how a President behaves under stress. And he went from that to thoughts of resignation. It got these two teams so upset that they wanted copies of the 25th Amendment. So they got involved at that point. There's a kind of sanity question involved in game-playing, and that is, when are you playing the game and when do you believe it? These

people were wandering in and out of delusional states. Listen, I had Howard K. Smith delivering leaked commentary on television. Well-known faces. I had Daniel Schorr playing press secretary. I had Marvin Kalb wandering around helping. These are well-known people.

This took months to put together.

**Q:** Who was the team at CSIS who put this together?

**Kupperman:** Just my staff. I used Ron Palmer and others, various people with a variety of experiences. And we called them together for several meetings. But they were there to do mid-course adjustments. And to aid me in the reality of what was going on. I'm certainly not a Philippines expert.

**Q:** I wondered if you had any other big guns. Dr. Brzezinski has talked a lot about pulling the U.S. back to the Pacific Basin from the Atlanticist outlook.

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*Marcos is living in a delusionary world. . . . He's going to get deposed, whether of natural causes or fairly malevolent attempts. If he were assassinated and a few key generals were assassinated and a few command and control sites were taken out, the Philippine government wouldn't exist.*

—Robert Kupperman

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**Kupperman:** Brzezinski was not around. We had Jim Woolsey playing President. He used to be undersecretary of the Navy.

**Q:** Marcos's health, from what I understand, is not horrible at the moment, but you mentioned this idea of "malevolent forces."

**Kupperman:** Let me put it this way: We started off with the assumption that Marcos died of *natural* causes. And then the malevolent forces took over. I don't wish to belabor it, but it was an involved game.

**Q:** Who were your specific Philippine experts, on the generals and the army disintegrating and that sort of thing?

**Kupperman:** I would have to look up the list of names, but we have Ron Palmer, and Sullivan, a number of people who used to be in the Agency. Ray Cline.

# Moscow shapes Asian 'pax sovietica'

by Rachel Douglas

In late September, soon after U.S. Assistant Secretary of State Paul Wolfowitz and Soviet Deputy Foreign Minister Mikhail Kapitsa met in Moscow to discuss Asian affairs, Soviet Russian- and foreign-language publications launched a big campaign on behalf of a Soviet proposal for a "collective security" conference and pact for Asia. These writings reveal that, as a step beyond the superpowers' new Yalta-style division of the world into spheres of influence, Moscow envisions a *pax sovietica* descending over all Asia.

Leonid Brezhnev first put forward the idea of an Asian collective security pact shortly after the conclusion of the Conference on Security and Cooperation in Europe, the Helsinki Agreement of 1975. Few in Asia voiced any enthusiasm for the scheme, but at May 1985 talks with Prime Minister Rajiv Gandhi of India, Soviet party boss Mikhail Gorbachov revived it. He proposed to convene a forum on the establishment of a "zone of peace" in the Indian Ocean, for starters—"a sphere of vital interest to the states located on its shores and not to any others." Gandhi's response was lukewarm.

Lawfully enough, Gorbachov's bid to codify a Soviet sphere of influence in Asia—the U.S.S.R. has a long Pacific coastline—came the same month as the Soviets agreed to hold bilateral "high-level policy discussions" with the United States, "about specific trouble spots around the world." This is what evolved into the set of bilateral superpower talks on different regions, of which the Wolfowitz-Kapitsa contacts are one case, and the State Department scheme for regional conflicts to be center-stage at President Reagan's Nov. 21 meeting with Gorbachov. (See *EIR*, Nov. 1, 1985: "New Yalta deal: ready to sign.")

## Russia's 'spiritual' claim to Asia

But what is Moscow's ultimate design for Asia? The Soviet weekly *New Times* declared in a September cover story on Asia, that there is only one "superpower" with any business there. "The U.S.S.R., as is generally known, is not only a European but also an Asian power," wrote Dmitrii Volskii. "The Byzantine legacy which ancient Rus drew on was a unique fusion of the spiritual wealth not only of Europe but of a considerable part of Asia." (The same *New Times*, one week earlier, had admonished, "There can be no justifi-

cation for the idea that ancient Russian culture . . . was 'non-European'!")

"In Moscow's opinion," Volskii reported, "it is high time to give thought to a common comprehensive approach to [the cause of security in Asia] and to pool the efforts of the Asian countries to this end."

Writing on the eve of the latest round of Sino-Soviet talks in Peking and a meeting of the Chinese and Soviet foreign ministers in New York, Volskii pointed to "the normalization of Soviet-Chinese relations" as a development that "would unquestionably promote the positive processes in Asia. . . ."

The main Soviet idea is to drive the United States out of Asia and the Pacific altogether. In *Pravda* of Sept. 26, senior commentator Vsevolod Ovchinnikov enumerated the elements of "a formula for common Asian security," among them: a pledge by the non-nuclear countries of the region not to have or produce nuclear weapons, or allow to be stationed on their territory; complete cessation of nuclear weapons testing in Asia and the Pacific and Indian Oceans; refusal of Asian and Pacific Basin states to participate in the militarization of space (this is an attack on Japanese collaboration on the U.S. Strategic Defense Initiative); liquidation of foreign bases in Asia and the Pacific and Indian Oceans.

Another September issue of *New Times* gloated that France's nuclear testing program in the Pacific would soon face problems, due to an incipient independence movement in French Polynesia. "It looks as if the winds of the nationalist movement blowing in New Caledonia and Guadeloupe have reached the shores of yet another French possession—Polynesia," said *New Times*. The Soviets have aggressively pursued the expansion of their scope of naval action in the South Pacific, using the foot-in-the-door of fishing-rights agreements with former colonies like Vanuatu and Kiribati.

Moscow backed up its propaganda with diplomatic forays into Southeast Asia. Soviet trade delegations were in Thailand and Indonesia in late September and early October, while the Philippines were the target of intense Soviet courtship: a Russian military delegation went to Manila in September, while Moscow played host to President Marcos' wife, Imelda Marcos, in October. Eduard Shevardnadze, the Soviet foreign minister, will make an official visit to Japan early next year, a trip long postponed by his predecessor, Andrei Gromyko.

Scarcely concealed behind the scrim of diplomacy is the force of Soviet arms in the Pacific. In late August, the forces of the Soviet Pacific Fleet, which comes under the Soviet military's High Command East, were observed rehearsing large-scale amphibious landings to simulate an attack on Japan's Hokkaido Island. The operation they practiced, to secure total control of the straits through which the Pacific Fleet moves from its base at Vladivostok onto the high seas and of the Sea of Okhotsk as a sanctuary for bastions of Soviet nuclear-missile submarines, points to the importance of dominating Asia for Soviet global strategy.

# Islam-Marxists win control in Iran

by Thierry Lalevée

In recent months, Iran has witnessed its most violent factional fight since the establishment of Ayatollah Khomeini's Islamic Republic in 1979. As the remains of Iran's economy begin to rapidly collapse, a grouping of government economists and business interests has advocated a new "opening" to the hated West, including access to Western loans. However, the "Islam-Marxist" factions around Prime Minister Hussein Moussavi seem to have won the upper hand, and are moving toward a complete socialization of the economy.

The newly re-elected Iranian President Ali Khamenei is attempting to tread a middle course, and said recently that Iran is "dependent neither on East nor West." But by doing so, he has merely succeeded in reproducing some of the more bizarre features of the collapsing Nazi economy under Hitler's Economics Minister, Hjalmar Schacht, such as the infamous MEFO bills and Hitler's "People's Car."

Iran's economy is now being run on the basis of "buying the future." Goods which are not available are being sold at cut-rate prices for delivery in two or three years. This is the case for so-called luxury goods such as cars, household machines, or even housing in general. One of the most profitable markets in this religious nation, has been the selling of tickets for pilgrimages to Mecca—six years in advance!

Monetarists in Iran argue that all is well, since prices of basic domestic commodities have not increased in a year. But, in fact, there has been a dramatic and drastic fall in the population's purchasing power. Though no official figures exist, the majority of middle- and small-scale businesses have been forced into bankruptcy, unable to buy raw materials to run their business, either because the materials are too expensive or simply unavailable. This has left several hundred thousand Iranians unemployed, with two other possibilities for getting work: seeking day-to-day work on the black market, or joining any one of the mushrooming Islamic organizations, where they can be hired to ensure that none of Islam's infinite taboos and rules are broken.

Since 1979, Iran has been sustained by the legacy of wealth left by the Shah, and has maintained a sort of balance between those parts of the economy which were nationalized (either because they belonged to the former royal family and its supporters, or because they were too vital during the war

with Iraq to be left in private hands) and a large private business based on the bazaars, known as The Bazaar. Earlier this year, as a boost to the economy, some businesses which had been nationalized because their owners had left Iran in 1979 were handed over to their former owners—a measure of liberalization which was complemented by an appeal to many of Iran's scientific and military community living abroad, to come back home.

But such measures proved too much for those mullahs whose allegiance has always been to Moscow. Immediately opposing such decisions was Hojatolislam Mussavi Khomeini, who in early July had been appointed as General Prosecutor. His public denunciations drew support from among the clerics, as well as from among the Mostazaffin (the dispossessed) and the Revolutionary Guards—the very backbone of the Islamic revolution. Timed with Khomeini's denunciations against "westernizing Iran," Moscow issued its own warning at the end of August that "reactionary forces" were at work within Iran.

The factional brawl reached its peak in early September, when the re-election of Khamenei coincided with the need to form a new government. Many mullahs in the parliament, politically or financially connected to The Bazaar, wanted to oust radical Prime Minister Moussavi, who is one of Khomeini's closest associates. Moussavi was planning to form a new cabinet from politicians advocating a new land reform, confiscation of property, and the establishment of socialist-like state organizations running all of the key sectors of the economy, "in favor of the poorest classes." Moussavi was opposed both by the parliament and President Khamenei, who fears for his own personal power.

## Khomeini tips the balance

A vote of no confidence against Moussavi was quickly called. The vote failed, however, due to the direct intervention of Ayatollah Khomeini who, ignorant of all economic matters, fundamentally opposed the alternative of opening Iran to Western credit. Following suit, the Students of the Line of the Imam organized demonstrations in early October in support of Moussavi. Khomeini's heir apparent, Ayatollah Montazeri, warned the parliament against disobeying Khomeini's orders; a vote against Moussavi, he claimed, would be a vote against Khomeini directly!

Thus, Khomeini has given the green light to another major step in Iran's "revolution," the socialization of the economy under an Islam-Marxist leadership. This will obviously require even stronger internal controls, and to this end, Hojatolislam Ali Akhbar Mohtashemi has been appointed the new minister of the interior. Mohtashemi, a pro-Soviet hardliner like Khomeini and Moussavi, was for several years the Iranian ambassador to Damascus, in charge of coordination with Syrian intelligence as well as of Lebanon's many Islamic terrorists groups. His recent claim to fame was the TWA hijacking in Beirut.

## The new Middle East

*The "New Yalta" deal is reaching a culmination point, but both Israel and Russia have bitten off more than they can chew.*

By the end of October, full diplomatic relations between Israel and Poland, Hungary, and Czechoslovakia have all but been established. After a series of secret meetings between Israeli and Soviet officials, including one between Gorbachov and Perez in Paris, Moscow announced that it intends to do likewise, not later than next February, when the 27th Party Congress of the Communist Party meets to crown Gorbachov, now dubbed Czar Mikhail V. Prior to that, Moscow is preparing to exchange "interest sections" with Israel, large enough at least to handle the practicalities of airlifting an estimated 400,000 Soviet Jewish immigrants to Israel.

Reports from Moscow and Jerusalem state that most major Arab governments, including Egypt and Jordan, have been strongly recommending to Moscow to expedite her mutual recognition with Israel so that peace negotiations under Soviet sponsorship may begin at the earliest point. From the American side, Undersecretary of State Richard Murphy, speaking for George Shultz, informed the U.S. House of Representatives that the United States not only does not object to this emerging scheme, but, in fact, has strongly encouraged both Israel and Moscow to expedite the process. Also, Mr. Edgar Bronfman of the World Jewish Congress has been maintaining a negotiating track between the Soviet and the Israeli governments which runs parallel to that cultivated by Dr. Armand Hammer.

There appears to be a certain competition between the two millionaires as to who will control the concessions of the lucrative business of transporting and settling over half a million human beings. Various Israeli ministries and political interests are also vying for the spoils, thus giving the appearance of yet another typical Israeli political brawl.

The sum and substance of the situation is that the United States is already waving goodbye to the Middle East, and attempting to do so as painlessly as possible.

Israel's leading politicians have for a long time schemed to transform their feisty little nation into the modern Venice, the broker of all power relations in the Mediterranean world. Their scheme involves a continuation of their present "creeping annexationist" policy; fomenting the destabilization and breakup of neighboring Arab states; the cultivation of sacerdotal and ethnic minority movements; the maintenance of overwhelming military supremacy over all of Western Asia and North and Central Africa; the skillful manipulation of the intelligence and political establishments of major Western countries. They needed, most of all, two essential ingredients in order to carry out this "New Venice" scheme: manpower to break out of their demographic straits and financial resources to proceed with their long-term weapons buildup, associated with what is dubbed the Lavie Project.

Russia appears now to be ready to

supply the manpower. The United States Senate is preparing to approve a \$14.5 billion package to build Israel into a first-rate military superpower for the 21st century.

The U.S. announcement on Nov. 1 that it will not be able to respond to Turkey's request for increased military and economic aid, has set into motion a train of events which is more likely than not to transfer control of the Turkish Straits to the Russian Black Sea Fleet by 1988. Should this occur, the entire Mediterranean Sea, virtually instantly, becomes a "Russian lake," a prospect not ignored by the clever Israeli strategists in Jerusalem.

From the perspective of the interests of Arab nations and governments, the arrangement which is now emerging contains the seeds of mortal danger. Many Arabs, including Yasser Arafat, warned against such a "New Yalta" in recent months. The American policy of antagonizing Tunisia and Egypt has made it impossible for Arabs to effectively counter these Russian encroachments, and they have therefore opted to batten down the hatches and try to survive the emerging "new era" of Russian dominion. They are, however, about to navigate uncharted waters. No one, not even the most adventurous of the Israeli leaders, knows how they will find themselves acting in the new Middle East now emerging.

The waters are uncharted for the Russians as well. No doubt, Moscow would not be likely to display too many qualms at seeing Israel chopping up and fragmenting those neighboring Arab states still surviving. A nuclear-potent Israel committed to broker Soviet power projection for its own designs will be more than an annoying thorn on the side of Great Russian imperial planning. Both Israel and Russia are now poised to bite more than they can chew: namely each other.

## France in uproar over Trilaterals

*The Trilateral Commission just ended its European conference in the midst of an uproar generated by the European Labor Party.*

As the European branch of the Trilateral Commission met behind closed doors in the French Senate Oct. 25-27, they did so in a climate of extraordinary controversy. In the two weeks prior to the meeting, the majority of leading French newspapers and magazines had feature articles either targeting the Commission as an international conspiracy determined to sell out the West to the Soviet Union, or conversely, the articles attempted to defend the Trilateraloids from these charges.

The focus on the Commission was sparked by a two-month mobilization of the European Labor Party (POE), the organization in France based on the program of *EIR* contributing editor Lyndon H. LaRouche. The POE had published and distributed *EIR*'s report on the Commission, including in-depth reports of its involvement in the past three months' "Greenpeace affair," which has been tearing apart France's military and security apparatus.

As the POE's anti-Trilateral offensive had emphasized, it is the Commission (via Greenpeace lawyer Lloyd Cutler) and the Soviet KGB who have coordinated the Greenpeace affair to destroy French institutions.

Hence the enormous controversy surrounding the Commission's secret European summit. The daily *Le Figaro* started off the campaign in September with an article portraying the Trilateral Commission as committed to building up the Soviet Empire, as per the model of Occidental Petrole-

um's Armand Hammer.

On Oct. 23, *Le Canard Enchaîné* published an article concerning the Commission's Paris meeting, targeting in particular the Trilateral choice for next President of France, Raymond Barre. This attack on Barre was mirrored heavily in most of the other press. *Canard* pointed out that, just as the Commission had "created" Jimmy Carter (a particularly hated figure in France), so Barre is hoping it will help hand him the French presidency.

On Oct. 24, the *National Hebdo*, the weekly of the extreme right-wing Front National, published a two-page spread entitled, "Raymond Barre: On the Trilateral Planet." This ran alongside another article targeting the Commission as a pernicious East-West backchannel, reporting on the Lloyd Cutler-Greenpeace connection and concluding with the damning words, "And we understand that Raymond Barre prefers to keep silence on that unhappy Greenpeace affair."

*Minute*, a French weekly with an estimated 2-3 million readership, emphasized in its lead exposé on the eve of the Trilateral meeting the treason of Trilateral supporter Barre. "The Man of the Soviets," is how *Minute* characterized Barre, noting that, should he become President during the coming years (elections are in 1988), this would lead to the "Finlandization of France."

Headlining one segment, "When Barre Opens His Mouth, It Is the Trilaterals Who Speak," *Minute* wrote,

"It is in the membership of Raymond Barre in the Trilateral that one can find the beginnings of an explanation" for his behavior. "The Bankers' International," is how the magazine identified the Commission. The article also quoted liberally from the POE's journal, *Nouvelle Solidarité*, identifying its reporters Mark Burdman and Yves Messer as "two of the best specialists on the Trilaterals."

These and similar attacks against the Commission—in such publications as the military-technical journal *Trim International*, *Présent*, and others—could not fail to generate a response from the Commission's backers and supporters, namely the French oligarchy.

Accordingly, the Schlumberger family-owned newspaper *Libération* published an attack on the POE and its anti-Trilateral campaign on Oct. 28. It cited the POE as one among several "extreme right" organizations, including the "Belgian neo-fascists" and the "Christian intégrists" which condemn the Trilaterals as "a new plutocracy" of "Jews and freemasons."

In a pathetic attempt to give the Commission some credibility, *Libération* lied that attacks from such right-wing quarters are a switch from the earlier days, when the Commission's main opponent was the Red Brigades.

*Libération* unabashedly describes the Trilateral Commission as a "coalition of financiers and politicians who wish to rule the world as their trust."

At the conclusion of the Trilaterals' European summit, it was announced that the Commission's European head, Georges Berthoin, will travel to Washington, D.C. in mid-November "to convince the more progressive elements in Congress to combat the growing U.S. budget deficit and, consequently, to fight against the military expenditure level asked for by President Reagan."



## Pope backs debtors in U.N. speech

*The Pontiff's message was a clear signal of support for the developing countries' fight against the IMF.*

**P**ope John Paul II, in a message to the United Nations on its 40th anniversary, delivered on his behalf in New York City on Oct. 18, supported the demands of Third World countries for a just and urgent solution to the international debt crisis.

"The economic, social, and human cost of this situation," he said, "is often such as to bring whole countries to the brink of breakdown."

The Pope upheld the sovereignty of nations, before supranational organizations such as the U.N., the International Monetary Fund (IMF), and the World Bank, which are committed to the destruction of sovereignty. "Your Organization is not a world government," he said. "It has no true sovereignty of its own. It is meant to be an association of sovereign States. Though it has no power of constraint, it nevertheless possesses an authority based upon the highest moral values of humanity and upon the law. The events of the last forty years seem to confirm the need that such an authority should be endowed with juridical and political means enabling it to promote ever more effectively the universal common good and to bring about the triumph of the solutions of law and justice when conflicts threaten to break out between Nations. . . ."

"There is one current international problem in which the Holy See shares the concern of the members of your Organization, for it also presents an ethical and humanitarian aspect. This is the question of the external debt of the Third World, and in particular of

Latin America.

"There exists today a consensus on the fact that the problem of the Third World's global indebtedness and of the new relationships of dependence which it creates cannot be posed solely in economic and monetary terms. It has become more widely a problem of political cooperation and economic ethics.

"The economic, social and human cost of this situation is often such as to bring whole countries to the brink of breakdown. Moreover, neither the creditor countries nor the debtor countries have anything to gain from the development of situations of despair that would be uncontrollable. Justice and the interests of all demand that, at the world level, the situation should be envisaged in all its aspects and dimensions, not just the economic and monetary aspects and dimensions but the social, political and human ones, too."

The Pope's speech, read by his secretary of state, Agostino Cardinal Casaroli, was a reaffirmation of statements he had made during his Feb. 1-6, 1985 visit to Peru. That was before the inauguration of Alan García, the current President of Peru, who is now leading the fight of Third World countries for national sovereignty and development, against the murderous conditionalities of the International Monetary Fund.

In a speech Feb. 1 in Ayacucho, the stronghold of Peru's Shining Path terrorist gang, the Pope blamed the international institutions that have

fostered unemployment and poverty for the terrorism that has devastated the country. "The international community and institutions operating in the field of cooperation among nations," he said at that time, "must apply just measures in those relationships, especially in economic relations with developing countries. They have to abandon all discriminatory trade practices, especially in raw materials.

"By offering needed financial aid, they have to seek, by mutual agreement, conditions which permit aid to those peoples to get out of a situation of poverty and underdevelopment: renouncing imposing financial conditions which, in the long run, instead of helping those countries to improve their situation, sink them deeper and even can bring them to desperate conditions which bring conflicts whose magnitude cannot be calculated."

"This is the time for men of audacity!" the Pope told Peruvians, men who can ensure that "the people of your cities, your farmers . . . living in inhuman conditions" could have their basic "human dignity" affirmed by being given the means to "work." The right to work, he told them, "is demanded by human dignity" and is a "human right."

Precisely such "audacious" leadership has now emerged from Peru, and the Pope's U.N. speech was a clear signal of political support for García.

Both in Ayacucho and in his message to the United Nations, the Pontiff squarely placed himself in the tradition of his predecessor, Paul VI, whose 1967 encyclical *Populorum Progressio* had marked a crucial, back-handed attack against the IMF. The encyclical called for a new international lending institution whose task would be to ensure *development* of the Third World, through making available cheap and abundant credit.

## Sarney rejects IMF shock treatment

*Brazil's President has decided that growth of Brazil's economy takes precedence over the IMF's recessionary recipes.*

**P**resident José Sarney inaugurated his weekly radio-broadcast addresses to the nation the week of Oct. 21 with the announcement that he would not carry out the economic shock policies proposed by the International Monetary Fund, despite the pressures it has applied.

"When I took office, they told me I should use drastic measures to bring inflation down to zero. They tried to convince me to continue the recession, end growth, reduce credit, reduce wages. This would mean unemployment, social rebellion, and more sacrifices. I refused this path because I found it unjust, because it did not meet Brazil's needs."

This kind of weekly radio message, as President Sarney himself acknowledged, is modeled on the famous "fireside chats" of the U.S. President Franklin D. Roosevelt, a figure greatly admired by the Brazilian head of state.

For a number of months, President Sarney had been postponing a public unveiling of his economic policy, clinging to the illusion that the U.S. government might end its monetarist stubbornness and contribute to a transformation of the current world monetary system. The proposals of the U.S. Treasury Secretary in Seoul shattered President Sarney's last hopes that the financial crisis might have a painless solution.

One day before his radio message, Sarney chose the inaugural ceremony for the gigantic industrial port complex constructed by the Companhia

Vale do Rio Doce in the middle of the Amazon jungle to enunciate his new position regarding the crisis and the international financial institutions: "A country that has the Amazon can have no doubt as to its future, and has no time to feel fear. Everyone knows that we are experiencing serious difficulties, but to rule is to confront and overcome difficulties."

The projects launched by Sarney—such as the immense aluminum factory Albras and the port of Villa del Conde, a part of which is being described as "the Brazilian Mississippi"—are part of the vast Carajás complex located in the eastern Amazon. Carajas alone represents one of Ibero-America's largest economic potentials, including not only huge mineral reserves of iron, manganese, nickel, copper, bauxite, and gold, but also vast hydroelectric, industrial, and agricultural potential. Finishing the work will require an estimated investment of nearly \$40 billion.

It is in this context that Sarney declared in his Amazon speech: "My government holds as its goal the promotion of the country's growth to rates that will allow people to live well and prosper. We reject recession and unemployment. To achieve this goal, we will do everything we can to determine how we can overcome our lack of [financial] resources. We understand that Brazil cannot abandon construction of projects so vital to the development of the country. Without men there can be no works, and without works, there can be no improve-

ment in the quality of life, nor in the generation of wealth," concluded the President.

This speech paved the way for the ministers of finance and planning, and head of the central bank to release a flood of statements explaining the republic's new economic policy. Finance Minister Dilson Funaro, in a presentation before over 1,000 businessmen, asserted: "We can no longer wait for a reordering of the world economy before ourselves reentering the path of economic and social development." The majority of the businessmen expressed their agreement.

Planning Minister João Sayad told the newspaper *Folha de São Paulo*, "We must continue to grow. If we did not, we would be forced to invent formulas, new international organizations, new forms of financing, so that the growth of the Brazilian economy were not compromised by the stubbornness, the financial policies, of the creditor banks."

As we have noted, the decision of the Brazilian government to make its economic policy official came only after the Brazilian delegation to Seoul—headed by Minister Funaro—heard from the mouth of James Baker III his absurd offers of "new credits." More than anything else, Baker's praise for Argentine President Alfonsín's useless "Austral plan" was viewed by the Brazilians as a rude slap in the face.

But that slap apparently had its effect. This week, the Brazilian central bank, according to press sources, informed Douglas Smeed, vice-president of the Bank of Montreal and head of the economics subcommittee of the cartel of creditor banks, that his planned mission to Brazil would be useless since Brazil had no interest in signing any agreement with the IMF, much less in permitting it to supervise the Brazilian economy.

## Accord to share Ganga water extended

*Steady progress in regional relations is upsetting some "patriots" in India.*

Prime Minister Rajiv Gandhi and Bangladesh President Ershad reached an agreement during their meeting in Nassau, where both were attending the Commonwealth Conference, on the issue of sharing the water of the Ganges, which flows through India before finishing its course in Bangladesh.

Along with the Assam problem of uncontrolled immigration from Bangladesh, which two years ago prompted the Indian government to decide to build a fence along the border, the water-sharing issue has been a central obstacle in relations between India and Bangladesh since 1975.

The agreement reached in Nassau does not represent a breakthrough on the substance of the issue; it simply provides for a three-year extension of the current "memorandum of understanding," under which the two countries are continuing studies and discussions to find a long-term solution to the problem.

Nevertheless, the agreement sustains the momentum to take relations with neighboring Bangladesh off dead-center and onto a more constructive course, a process begun by Prime Minister Gandhi in a series of initiatives over the past year. Several personal communications between the Indian prime minister and Bangladesh President Lieutenant-General Ershad, and the *ad hoc* sympathy visit of Mr. Gandhi and Sri Lankan President Jayawardene, following the disastrous May cyclone, has helped revive an open and friendly dialogue between the two countries.

Rajiv Gandhi has made a point of his commitment to the success of the South Asian Regional Cooperation (SARC), whose first head-of-state summit is set for early December in Dhaka. Significantly, India's new ambassador in Dhaka is a man who has been intimately involved with the SARC project as a joint secretary in the ministry of external affairs.

In a mid-June interview in Dhaka, President Ershad expressed his happiness and optimism, asserting that the "natural suspicions" which his small nation has had in dealing with India in the past are going away. "Mark my words. I am not saying I *hope* there will now be more cooperation between India and Bangladesh," Ershad told the *Hindustan Times*, a major English-language daily in India. "I am saying there *will* be more cooperation."

In India, Rajiv Gandhi has injected some balance in the public view toward Bangladesh, influenced as it is by a domestic lobby of self-proclaimed patriots which spares no effort to keep a paranoid focus on the "evil designs" against India being hatched by its tiny neighbor.

Poking fun at this mentality, which had been parlayed into the fantastic proposal to erect a barbed-wire fence all along the border with Bangladesh, Mr. Gandhi recently told a press conference that since barbed-wire fences couldn't even keep bluebills (a variety of undomesticated bulls found in India) from getting onto the runway of Delhi's Palam Airport, something better would have to be thought of to

deal with the problem of uncontrolled immigration.

Predictably, the water-sharing agreement in Nassau drew new "warnings" from the "patriots." "It would be wrong to ignore the inimical forces which still existed there, maneuvering to whip up another round of anti-India slander campaigns," declared one Saral Patra in the Oct. 22 edition of the *Patriot*, the Soviet Union's daily apologist in India.

Patra asserts that the dispute over the sharing of Ganga waters is a "device" used by Bangladesh as part of an anti-India campaign. Further, this "patriot" would have us believe that Bangladesh wilfully rejected the "eminently suitable solution" offered by India, and made provocative counter-proposals instead.

This is not the place for a detailed history of Indo-Bangladesh relations, nor for the tired chronicles of the water dispute itself. Suffice it to say, the problem is by definition straightforward and amenable to solution.

At immediate issue is India's need to divert water down the Hooghly River from the Ganges before it enters Bangladesh, to ensure year-round working of the Calcutta port, and the impact this has on Bangladesh's water requirements during the drought season. India's proposal for a long-term solution—augmentation of the Ganges water flow via a "link canal" running through Bangladesh from the Bhramaputra in India's northeast to the Ganges near Farakka—has not been accepted by Bangladesh for various reasons, including the fact that the control point for such a canal would be in India.

The larger, more interesting idea of a regional effort to manage the eastern Ganges-Bhramaputra Basin area has not received any attention to this writer's knowledge.

# International Intelligence

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## ***Ibero-American mediation proposed in Middle East***

Carlos Roca, a deputy in Peruvian President Alan García's APRA party, is planning to propose to other Ibero-American countries the creation of a "support group for peace in the Middle East." In Egypt since Oct. 21, Roca made the announcement from Cairo.

The mediation project, he stated, could include countries such as Colombia, Venezuela, Argentina, Uruguay, and Brazil. Roca denounced the Israeli bombing of the PLO's Tunisian headquarters on Oct. 1, and the *Achille Lauro* sea-jacking. He stated, "Israel must accept the reality of the fact that the Palestinians are represented by the PLO; any attempt to ignore Yasser Arafat is absurd."

He pointed out that Peru is in a good position to launch such a mediation effort, since it has large Jewish, Palestinian, and Lebanese communities.

After leaving Cairo, Roca will travel to Belgrade, Yugoslavia for the meeting of the Non-Aligned nations, and then go on to Rome, where President García is expected on Nov. 9.

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## ***Industrial nations admit increased drug problem***

A draft report by delegates of seven industrial nations that attended the Bonn economic summit in May was released on Oct. 22. It recommended collective action by the industrialized nations and drug-producing nations against drug-producers, traffickers, and drug abuse. The group admitted that their anti-drug efforts "have so far failed."

"On the contrary, in most regions of the world, there is an observable increase in the drug problem with all its repercussions," including corruption, disruption of society, and support for terrorism, the report concludes.

The delegates cautioned that, with the U.S. cocaine market saturated and stable,

and with increased cocaine production worldwide, traffickers are now turning to Western Europe, where seizures have recently increased dramatically.

It was suggested that Western governments help train and supply equipment to police forces in drug-producing nations, and that a network of liaison officers be formed in the industrial and drug-producing nations to coordinate policy.

The report was endorsed by the foreign ministers of Britain, Canada, France, Germany, Italy, Japan, and the United States. It was originally suggested by First Lady Nancy Reagan and formally proposed by President Reagan at the May summit. Its findings will be presented at the 1986 economic summit meeting in Japan.

The report does not indicate what moves will be taken to clean out high-level protectors of the drug trade from the governments of the industrial nations themselves, however. The foreign ministries are particularly compromised in this regard. The U.S. State Department, for example, has boosted the drug economy in Jamaica, Mexico, and elsewhere, by promotion of a "free enterprise" model of so-called development, while West Germany's foreign minister, Hans-Dietrich Genscher, exemplified his commitments in 1981, when he intervened to secure the release from prison of Sadegh Tabatabai, the Iranian arms merchant caught smuggling opium into Germany.

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## ***Parisian mayor attacks Socialists on SDI***

Paris Mayor Jacques Chirac, the leader of France's neo-Gaullist RPR party, in a nationally televised debate with Prime Minister Laurent Fabius in late October, denounced the French Socialist government's refusal to participate in the U.S. Strategic Defense Initiative, and announced that if his party wins the legislative elections in March 1986, France will not only agree to participate in the SDI, but will engage in the development, with other European countries,

of a European Defense Initiative.

The Mitterrand government's refusal to join in the SDI, Chirac declared, was the most significant error in foreign policy committed by the Socialist regime.

In reply, Fabius declared that Europe must not be transformed into a "vassal" of the United States.

Present public opinion polls give the RPR up to 31% of the vote in the upcoming elections, enough to constitute a plurality in the French parliament.

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## ***Secret U.S./U.K. defense agreement***

Reliable sources have informed *EIR* that the U.S. and British governments have reached a secret agreement, or "memo of understanding," on cooperation on the Strategic Defense Initiative (SDI), notwithstanding whatever news to the contrary may be being reported in the British or American press.

The same sources report that the West German and American governments have only initiated, not signed, an agreement on SDI cooperation; they claim that a full agreement will be signed after the Reagan-Gorbachov summit, barring some outrageous Soviet provocation between now and then.

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## ***Soviet high-technology spying in Israel***

The Soviet Union has been seeking to acquire sensitive military components from the Haifa-based company Elbit Computers, Ltd. of Israel, through a Finnish arms dealer, according to *Jane's Defence Weekly*, a British publication. The dealer sought to acquire 200 Matador and Lancelot tank fire-control systems. The Matador has been successfully installed in Soviet-made T-55 and T-62 tanks captured by the Israeli armed forces.

During the past year, Israeli companies have received several requests from Finnish and Austrian arms dealers—known to op-

## Briefly

erate from time to time on behalf of the Soviets and their satellite countries—for the purchase of high-tech equipment.

Earlier in 1985, according to *Jane's*, a joint operation by Israeli and U.S. secret service agents uncovered an alleged plot by the KGB to use a forged telex from the Israeli communication company, Tadiran, to obtain sensitive U.S. missile-detecting sensors.

### **Soviet feelers toward Indonesia**

The Soviet Union is trying to strengthen links with Indonesia, the London *Times* reported on Oct. 30.

In a report dispatched from Singapore, the *Times* wrote that the U.S.S.R. and Indonesia signed a new protocol on economic relations during the visit of Soviet Deputy Prime Minister Yakov Ryabov to Jakarta.

Ryabov, the *Times* reported, is "the highest ranking Soviet politician to visit Jakarta for 20 years." The new agreement between the two countries "is the latest evidence of burgeoning Russian interest in wooing the nations of Southeast Asia. . . . A joint Soviet-Indonesian commission will now study ways in which the agreement can be implemented, including direct contact between Moscow and Indonesia's private sector."

### **International support for anti-drug fighter**

Luis Vasquez Medina, president of the National Anti-Drug Coalition of Peru, in a press conference on Oct. 28, condemned the illegal imprisonment of Elliot Greenspan, the U.S. anti-drug fighter, by Judge David Mazzone in Boston on Oct. 22.

Vasquez, who successfully defended himself against libel charges recently brought against him by former Peruvian Prime Minister Manuel Ulloa, whom he accused of economic policies conducive to an expand-

ed drug trade, charged that "the persecution unleashed against Greenspan and many other anti-drug fighters who collaborate with economist Lyndon H. LaRouche, is a sign of the hypocrisy of the United States government."

Vasquez compared the Greenspan case to his own legal battle with Ulloa, stating that in Peru, justice was done, unlike in Boston. "When Ulloa came to sue me," he said, "the judicial power was not cowed by his pressures, and the judge who oversaw the case declared that there was nothing libelous in what I had said and proven, and what I still maintain: that the economic policy of Ulloa directly favored the flourishing of the production and traffic of drugs in Peru."

The Greenspan case was covered on Oct. 28 in the *El Mundo* newspaper of Caracas.

### **Anti-drug fighter arrives in Mexico city**

Elliot Greenspan, the New Jersey congressional candidate illegally jailed in Boston for two days, arrived at the Mexico City airport on Oct. 31 to hold a press conference which garnered front-page headlines in a half-dozen of the country's leading newspapers. A typical headline was: "Dirty Money Laundering Very Marked in U.S.; Justice Department Corruption is Alarming."

Greenspan charged, among other things, that while Donald Regan, the White House Chief of Staff, was president of the Merrill Lynch brokerage firm, that institution implicated itself in large-scale laundering of drug-monies.

In Houston, Texas, the newspaper *El Sol* featured an exposé of the Greenspan case, under the headline "Ibero-America More Serious Than U.S. About War On Drugs." "If the Department of Justice and Attorney General Edwin Meese are serious," the paper wrote, "they should put an end to the witchhunt against Elliot Greenspan and his collaborators, and instead go after the corrupt officials who protect the drug trade in Boston."

● **WILLIAM SULLIVAN**, former ambassador to Iran and the Philippines, and a self-described member of the "cult" of the Eastern Establishment, said, during the last week in October, "The way the New Yalta is carried out is through discussions on regional matters. . . . These talks find out what real stake the two powers have in different areas of the world."

● **THE EDITOR** of *The Times* of London, Charles Douglas-Home, died on Oct. 30 of cancer at age 48. Mr. Douglas-Home displayed unusual courage in his often isolated struggle in favor of the Strategic Defense Initiative and for the development of a European space defense policy.

● **THE DIRECTOR** of the National Center of Blood Transfusions in Mexico, José Luis Dominguez Torix, has declared that the ministry has decided temporarily not to accept blood transfusion donations from outside the country, for fear of spreading the AIDS virus.

● **MANUEL ULLOA**, the former Peruvian prime minister who has been traveling outside Peru for the past month, will return for a conference in Peru, according to the Peruvian newsweekly *Caretas*. Ulloa controls the newspaper. He will be accompanied by the U.S. State Department's Luigi Einaudi, known as "Mr. War of the Pacific," from the "scenario" he spun at the Rand Corporation in the early 1970s. Under the scenario, the 19th-century War of the Pacific, which pitted a number of Ibero-American nations, including Peru, in extended border warfare, would be repeated during the 1980s. Ulloa will participate in a panel on "Peru in the International System."

## The Greek Premier: A 'roman à clef'

*We publish here Part II of the text of a mysterious manuscript, discovered "somewhere near Qasr al-Nil, in Cairo," during the Christmas season of 1982, according to the person who passed it on to us. Our occasional contributor, Phocion, has deciphered the handwriting and submitted the text for publication. Part I appeared in EIR, Oct. 18, 1985.*

### Chapter Four



## Dane Crystal's Agony

In his sixth hour of pure, silent, horror, Dane Crystal was still sweating profusely, sitting down on the damp cement floor of the cavernous basement room. As he was dragged out of the police patrol car at 5:45 in the morning, he had noticed that he had been taken to Security Police General Headquarters at 18 Bouboulinas Street. Nothing had been done to him since his arrest, no one appeared to speak to him, ask him questions, or even inform him why he was being held. Nevertheless, he was panic-stricken. His sweat-soaked shirt was glued to his fat torso, his long hair was parted in many streaming long wet locks, and his spectacles were steaming. His trousers were soiled by repeated, involuntary releases of the sphincter muscle.

Oblivious to his physical state, he stared at what was in the center of the room: a huge naked lightbulb, hanging by a long wire from the high ceiling, sending its yellow rays all the way out to his distant, darkened corner. Right underneath the bulb, a solitary, worn, wicker chair. No other furniture and no other marking were to be found in the silent room, except the locked steel door to his left.

This naked room, by itself, was Dane Crystal's horror and agony. For years, the thought of this room, even a fleeting, momentary thought, had filled him with inexpressible panic. At the thought of this room, all rational activity in his mind would instantly be replaced by the white-hot, hysterical, uncontrollable panic of a hunted rabbit. For 12 years, Dane Crystal had lived and strived for only one thing: to escape the irrational explosion of this room's remembrance. And now, after 12 years, he was inside it, again.

The last time Dane Crystal had been here was in 1973, when, a high-school student, he had been arrested for anti-government activities. Back then, he remembered, transfixed in horror, the room was filled with his hysterical screams and the obscene shouts of his tormentors. In those days, he was not fat; he was a tall, handsome, athletic 18-year-old boy, with sharp, arrogant eyes, a sonorous laughter, and a conviction that the whole wide world was, somehow, his. His crime was that he had friends just as irreverently happy, just as offensively arrogant as himself. They had been boys who couldn't help thinking that the military government of their small country was a joke. And laughed boisterously and unabashedly about it, at home, in school, in the street, without the caution of the wise. It must have been the smallness of the country which brought out the ridiculous character of the solemn dictatorship. Dane Crystal and his friends could see the stolid wives of the colonels, their neighbors, of the "Revolutionary Council" hang out their families' wash, their husbands' underwear included, on the clotheslines in the neighborhood. When cheerful boys like Dane Crystal saw the solemn colonels' underpants hanging out to dry, they could not help but laugh when they later heard the stolid, inspirational pronouncements of the "national government." But the guardians of the regime, the frightened uniformed little men "in powerful positions," were too insecure to tol-

erate this boyish laughter. So, Dane Crystal had been arrested 12 years ago.

His tormentors of the Security Police were working on him three at a time: *bastinado*, electroshocks, and localized burning of the skin. No questions, no demands of any kind were made of him at any time by his stocky, hairy, middle-aged captors. After two days of alternating shifts of tormentors, interrupted only by medical examinations, after two days of begging for some explanation between his agonized screams, he believed that the torment would never end. His swollen feet would no longer register the pain of the *bastinado*. Deprived of sleep, his mind was in a narcotic daze, watching from a distance the pain of the skin burnings and electroshocks.

The torments were repeated at two- or three-day intervals, he didn't exactly remember now. He only remembered two things, the pain and the secret. The secret was that in session after session of torture, his tormentors would not tell him what was expected of him. They did not want information, nor any kind of statement, nor a confession. Nor would they tell him what they wanted him to do. They were there simply to inflict pain, as much pain as the doctors said he could endure. They wanted *him* to discover what he should do to end his torture. To his horror (and that is the "secret"), he himself discovered what he had to do for them, to end the methodical torture. He conceived in his mind and offered voluntarily his shameful humiliation, he begged the stocky, hairy, beasts to ravish and humiliate his young boyhood. He, in the end, thanked them with tearful eyes each time they took him from the infirmary to the barracks for gang rapes. For he knew, if he didn't show eagerness for the barracks, he would be taken back to the torture chamber. When it happened, he had still been a virgin boy, not yet having known woman or girl. And when it happened, the boisterous 18-year-old self he knew, died. He knew he died, because, since that day, his mind always remembered carrying, dragging on the floor, the corpse of the once radiant soul of Dane Crystal.

Now, 12 years later, the body and the mind still carried the name Dane Crystal—but no soul by that name was living. In its place now was horror and agony. The agony of confusion. The confusion of a person with a dead soul asking himself, "Who am I?" and slowly, painfully, month after month discovering that that "I" was nothing else but the fear and the horror begging relief.

Dane Crystal was weeping again, thinking back. Weeping for the pain but more than the pain, he was weeping for the 18-year-old Dane Crystal whom he had lost and never found again, after his release from Bouboulinas Street. Just being in this room brought him back to his own funeral and the slow, unforgettable agony of his own death which preceded the funeral. He had to keep the secret of his own death from family and friends. After his release from jail, he hid behind a wall of books and silence. But in this endless silence, only one thought obsessed him: The tears of gratitude during the moment of degradation, what were they? Were

they tears of gratitude for the release from the torment, or were they tears of joy from the filthy sexual act perpetrated on his person?

Sitting, now in the same filthy cell, staring at the huge bulb, he wept and wept and still had no answer. And wept more for the self he lost in 1973. He only stopped weeping when three policemen entered the cell, handed him a change of clothes, and silently led him to the public interrogator.

He walked down the long corridors of the Security Police Headquarters, flanked by the uniformed policemen, first to the backyard, then into the sealed van which drove them to the interrogator's office. Once inside, he managed to ask, timidly, what was all this about, why had he been arrested? Receiving no answer, he ventured to mumble that, it must be a mistake, a misunderstanding, maybe a case of mistaken identity. No answer again, and he thought to himself that it could not possibly be a case of mistaken identity, because he had noticed for one full month before this morning's arrest the surveillance of his movements by personnel of the Security Police. He knew that every one of his meetings with KYP officers had been "covered" by Baskinakis' Security cops. Yet Dyslexakis, the deputy director, kept reassuring him that nothing would happen to him, and kept insisting that he preserve his "deep cover," necessary to complete his infiltration of the terrorist network. Dyslexakis insisted that Dane Crystal's identity as a KYP agent be kept secret "at all costs."

Dane Crystal, in his present terrified state, wondered how sound the deputy director's advice might be. A bitter hatred simmered inside him, against the deputy director, against his rival, General Baskinakis, against the bored cops escorting him. Undecided, he was made to step inside the public interrogator's ample, well-furnished, civilized office—as most judicial magistrates' offices are. A large ikon of Jesus Christ in a gesture of benediction was hanging on the wall right behind the magistrate's desk, adding an air of calm and reassurance to the room.

Dane Crystal's knees began shaking uncontrollably when the magistrate began speaking in his low-key, droning voice, and he asked for permission to sit. The evenness and vague boredom in the magistrate's voice began to have a sort of quiet, reassuring effect on Dane Crystal, as he listened, gradually realizing that he was going to be brought to trial, charged on numerous counts, including "moral complicity" in the assassination of conservative editor Gerry Alexiades, conspiracy to commit murder, conspiracy to insurrection, attempted murder, attempted mass murder, and some others he could not understand. At the end of the recitation, the magistrate mumbled, off the record, that he personally believed, that only the charges of "moral complicity to first-degree murder" and "conspiracy to insurrection" would eventually stick, when the pre-trial process had been completed.

Dane Crystal, still dazed, locked inside his own distant world, pale and sweating, first appeared not to comprehend that he was in any way connected with what was being said to him. As more and more eyes were fixed on him, a sense of

astonishment started growing in him. He had to be asked twice if he understood what he was being charged with, before he answered with a startled "Yes!"

"Is there anything you wish to say?" asked the magistrate.

"I . . . Are you certain there is no mistake, Sir?" Dane Crystal asked, as the magistrate stared at him silently. "I haven't done any of this. . . . I mean, what evidence do you have? . . . Who is. . . ?" He thought of Dyslexakis' insistence that he not reveal his identity as a KYP agent, and fell silent. He now felt more interested in what was to come next than in speaking. Somehow, the horrors of the detention cell began receding, and his astonishment was turning into curiosity. The very recollection of Colonel Dyslexakis seemed to somehow dispel the fear that he knew he ought to have felt over the charges, but didn't.

The magistrate, resuming his monotone, informed him that "a great deal of incriminating evidence was found in the search of your apartment after your arrest," evidence which proved his guilt beyond reasonable doubt—notes; original typewritten declarations of terrorist groups taking credit for bombings and assassinations which had occurred and others scheduled to occur; internal policy discussion papers of two terrorist organizations, the "N-17" and the "Anti-State Struggle"; chemicals used for the manufacture of explosives; devices used for detonating mechanisms; gold bars and plaques; and so forth.

## Chapter Five



### The press conference

The Premier was watching his TV set in disbelief. Filling the screen was the triumphant face of the interior ministry's permanent secretary, Tsimbas, "The Pinch," whom the Premier knew to be a self-made jackass ("who worships his creator," the joke went), but not as big a jackass as he now was making of himself before a rapt audience of two million gossip-starved citizens, glued to their TV sets.

"In an unprecedented, striking success, unique in the annals of the fight against international terrorism," Tsimbas boasted, "our law-enforcement agencies, led by the Security Police, have successfully identified and apprehended what is believed to be the high command of the terrorist movement in our country. After many months of painstaking investigations, police authorities last night took the decisive step and apprehended a braintrust of three arch-terrorists who have masterminded virtually all of the last 10 years' terrorist actions. I have been informed that their names are: Dane Crystal, Theophile Bechtarakis, and George Sikelianos. The amassed material evidence against them is overwhelming, and law enforcement organs expect that as a result of this breakthrough, new arrests will soon follow, to lead to the

complete dismantling of the terror apparatus in the country. . . ."

As Tsimbas droned on happily, the Premier felt a lump of disgust rise to his throat, almost making him spit at the television set. "Stupid, gloating, duplicitous, empty-headed little showoff!" he laughed to himself. In the past, in Cabinet meetings, the Premier's standard joke at the expense of Tsimbas was that "Showoff" might well be his Russian *nom de guerre*. He was in no joking mood right now. Unbriefed by Dyslexakis for 12 hours now, he felt the foreboding that disaster was about to strike, and strike hard. Dane Crystal, in the Premier's estimate, was just too close to knowing the secret of the government's counterterror program, including the "G. Goat Vossis Ploy." Neither the Security Police Chiefs, nor the interior ministry, nor the pathetic Tsimbas had been told about it. And now they had all plunged headlong and were squeezing Dane Crystal. And Dyslexakis had no way of finding out what Crystal was spilling to the magistrates.

"As for other suspects"—Tsimbas was responding to journalists' questions—"the police are concentrating their attention on a person with the initials G. G. V., who is frequently referenced in the captured diaries of Dane Crystal. . . . No, we are not certain of the identity, but. . . ."

"Here goes!" thought the Premier, with panic roaring inside him.

". . . there is a certain amount of speculation that the initials refer to Mr. G. Goat Vossis. . . ."

Right before the Premier's eyes, the government press room, in which Tsimbas was speaking, burst into an uproar, journalists hysterically jumping up and down, whistling, screaming, throwing up their hands, shooting questions. Pandemonium. Mr. G. Goat Vossis was a prominent member of the press corps, political editor of one of the most prominent Athens dailies, accredited to the government's press office. He happened to be absent when Tsimbas mentioned his name. His colleagues were now ready to lynch the permanent secretary. The Premier secretly wished they would. It was clear now that the idiot gumshoe cops had organized the Dane Crystal arrest just to get to the G. Goat Vossis bait. The Premier knew that if what he and Dyslexakis had codenamed the "Ploy," the "G. Goat Vossis Ploy," failed to hold up to close scrutiny, then he, the Premier, would be finished. Dyslexakis, of course, had not shared this concern, but then again, Dyslexakis had not known the true extent of the Premier's involvement with Vossis through the mediation of Pablo. All Dyslexakis knew was the Premier's involvement with Vossis, and his involvement with Pablo—separately. He did not know the strand which linked all three together into something far more compromising than anything contained in his meticulous blackmail files. So Dyslexakis could assure the Premier of the invulnerability of the "Ploy."

In another part of town, Colonel Dyslexakis was watching the same television program with amusement. As Tsimbas proceeded with his boastful pronouncements, the smile on the colonel's face grew into laughter. When the name G.



Goat Vossis was pronounced, he exploded with sarcasm. "They've walked straight into the trap!" he congratulated himself. "From here on in, we go for the kill. The reorganization will be complete." For years, Dyslexakis had cultivated Vossis' romantic leftist proclivities in order to build an elaborate alibi for the terrorism. He watched for years how Vossis studied ecstatically the writings of Bakunin, Kropotkin, Carlos Marighela, "Che" Guevara, and every other anarchist-terrorist theoretician. Vossis loved the literature of political terror and violence. He stayed up nights in political cafés discussing the merits of political violence. He daydreamed of that future day on which his country, Greece, would have its own robust political terrorist movement, like those of the exotic, distant lands he was reading about—Nicaragua, San Salvador, Peru, Palestine, South Africa.

Dyslexakis knew that, back in 1975, when the CIA's station chief Richard Welch was assassinated, he, Dyslexakis, had done Vossis the greatest favor in his life: He had given him what seemed to be a real, homegrown, anti-imperialist terrorist movement. How it was done is another story. Year after year, murder after murder, bombing after bombing, the legend was woven. As time went by, G. Goat Vossis' articles and books helped weave the legend, and Colonel Dyslexakis was expecting that he would become part of the legend itself. The central computer of the National Security Police was inexorably compiling, year after year, the strands of disparate reports, opinions, speculation mixed with facts, about the infinite possibilities that G. Goat Vossis might, just might, be a member of the legendary "N-17" terror organization. Many of these reports originated from Dyslexakis' KYP informants; other were captioned under the byline of West European law-enforcement agencies playing back to KYP and Greek Security Police officials, tantalizing morsels of information about G. Goat Vossis, originally slipped to them by Dyslexakis' own people. The time was coming when the sleuths at Security Police, beginning with General Baskinakis himself, started toying with the bold theory that G. Goat Vossis might be no less than the leader, founder, and mastermind of "N-17."

Dyslexakis had kept score: In 10 years, there had been over 250 bombings, a dozen multi-million-dollar arson incidents, 10 executions of Greek public personalities, 20 more discreet deaths, and over 15 killings of Palestinian and other Arab political personalities in Greece. The Security Police had developed no leads or hypotheses other than growing suspicions about G. Goat Vossis and his circle of crackpot writers and *artistes*. Of course, there had been two shootouts between policemen and "suspects," in which two policemen and two "suspects" had been killed. One of the suspects was a Dyslexakis agent, the other a trainee. But nobody was ever to know this.

Dyslexakis was still watching Tsimbas' comical performance when a phone call from the Premier interrupted him.

"John, I want to know what Dane Crystal is saying."

"Yes, I know. It is a little tough for us at the moment to

get inside, but I wouldn't worry. I know he is not treated badly, and that's important for him."

"John, listen to me. First I must know what he's saying. Second, you must ensure that he doesn't say anything wrong, if you know what I mean. Third, I want you to keep a very, very close watch over the G. Goat Vossis aspect of this. *After* this, I might be interested in how Dane Crystal is being treated by the cops—not before."

"Mr. Premier, let me assure you: Dane Crystal will not speak unless he is under extreme physical duress, which is now ruled out. I have had the entire press corps clamoring on the phones about police brutality. Baskinakis has received an earful from each of the major Athens editors personally. Dane is safe and sound and he knows it. Besides, over a period of weeks he has been conditioned not to divulge his relationship with the KYP under any circumstances. He feels completely assured that we shall back him up to the hilt. If I know him at all, he is probably enjoying, right now, the intrigue and the limelight of his little adventure. All he is likely to spill to the magistrates is his theories about Vossis."

"Cut it out, John," the Premier snapped. "Get it through your head that Crystal has one of two choices: Either he says he is a junior member of 'N-17,' and a couple of other groups, and plays out the scenario all the way, or he says he is a KYP agent on assignment. And neither you nor I know if he has the staying power to go through the scenario."

"I know Dane Crystal better than he knows himself. For him it is not a matter of staying power. He will play out the scenario, because this is his favorite way of thinking about himself. So long as he knows that the scenario has your backing, he'll play the role to the hilt. It's part of his fascination with me, with the service, and with your office. Your sending Xyangas to meet him was a stroke of genius. His fascination with the service is his soul—whether he knows his soul or not. I know it, because I am in the service. Please don't worry, Mr. Premier."

"OK, John, I leave it up to you," the Premier said.

"And one more thing, Mr. Premier. We have sent one of our people into the interrogator's room for a few minutes—just to reassure Dane and reinforce the grip. In was in-and-out, but it worked."

As the conversation ended, both the colonel and the Premier noticed that a new drama was unfolding on the television screen. A second press conference was apparently taking place, this time not by Tsimbas but by the deputy minister of the press, Costas Lalistatos. The spokesman was making his opening statement in response to the Turkish prime minister's recent statement respecting sea and air demarcations over the Aegean between Greece and Turkey. He ended with long citations from the Treaty of Lausanne, the Montraux Convention, and the Law of the Sea. Suddenly, the wiry figure of G. Goat Vossis appeared on the screen, leaping up from among the journalists.

"With all due respect, Mr. Minister," Vossis was saying, "do you mind cutting out the bull and answering a few ques-

tions about this Dane Crystal matter? Why were the arrests concealed from the morning press? Second, why did so many hours pass before Crystal was brought to the magistrates? Why did his interrogation occur with the public prosecutor present, but without defense attorneys?"

Both Dyslexakis and the Premier were surprised to learn from Vossis that the public prosecutor was present at the interrogation. Then they heard Lalistatos answer, with the usual officiousness of uncertainty, to the effect that "these two questions pertain to matters of juridical procedure which should, therefore, be addressed to the judicial authorities. In order to obtain any information pertaining to this matter, you must address the supervisor of the Athens Prosecutor's Office, who is supervising the interrogation clerks, who, in this instance, happen to be officers of the Security Police."

This mouthful did not seem to impress Vossis, whose appearance in the conference room was quite a spectacle. He was a tiny, wiry man, darting about restlessly, balding, with a short, black beard, and piercing, bloodshot eyes. His mousey face was a succession of snarling contortions.

"We shall not buy this c--p from you, Mr. Minister, with all due respect, and we shall ask you whether or not your office has been maintaining wiretaps over the press corps in general and over 'yours truly' in particular."

Five other journalists rose to their feet demanding answers about wiretapping. The deputy minister was on the defensive. The leak about the wiretaps had gone from the Security Police to a group of Members of Parliament who were requesting the formation of a commission of inquiry.

Vossis pressed his attack: "Given that we are naive folk, Mr. Minister, will you tell us whether or not your famously left-wing governing party will allow the formation of this commission of inquiry? You know, for example, that my phone has been tapped since the election period?"

"To begin with, do not raise your voice, Mr. Vossis," the minister mumbled weakly.

"Listen, mister," Vossis retorted with his typical irreverence, "some days ago, when I told you, and other journalists told you and your goddamned government that the phone company was tapping our phones, you said that all these charges are 'mythology.' And now, Mr. Minister, the charges have been proven true."

Livid at the insult, Lalistatos snapped back, "They still are 'mythology,' Mr. Vossis, and as you know, the telephone company has sued the journalists who allege wiretapping."

"Another crock, Mr. Minister, because all the colleagues from the right-wing newspapers have been sued, but I haven't been sued, and I called the telephone company and all its officers a bunch of stoolpigeons and they still have not sued me, Mr. Minister."

"They have not sued you, Mr. Vossis?"

"They have not sued me, Mr. Minister."

"At any rate, let us continue," Lalistatos stuttered, demolished before the eyes of the press corps and the national television audience. The hall was a zoo. The Premier was

disgusted and distressed. Dyslexakis was ecstatic, as he watched the legend of his handiwork soaring before the eyes of the nation.

Then, suddenly, a new element was injected into the press conference, as a news bulletin was read from the interior minister himself that Dane Crystal had told the interrogator that he was an employee of the KYP. Dyslexakis turned pale, transfixed in front of his TV set. The Premier, panicked, turned off his television, ordered his car, and told Xyangas to call an emergency meeting. Dyslexakis received Xyangas' call summoning him to the defense minister's office within the hour.

Now, the hall of the press conference was dominated by the senior political editor of the Communist Party's daily newspaper, a calm, large man with a *basso profundo* voice, who had the reputation of being the best-informed in his profession. His name was Oeconomou. "If I understand correctly, sir," this Oeconomou was saying, "the responsible minister has announced that a person employed by the government as an agent of the KYP, who for years has been infiltrating progressive organizations of the Left, was taking part in certain kinds of activity and is now accused, as I understand, with attempted murder, 'moral complicity' in assassination, conspiracy to insurrection, and certain other activities, while he was on government payroll. Do I understand correctly, sir?"

"So you say!" answered Lalistatos.

"And I further say, Mr. Minister," continued the communist editor, "that Dane Crystal, the KYP employee in question, has testified that he had meetings with the Premier's own personal secretary, one Raphael Xyangas, and that this Xyangas had secured for said KYP employee and accused assassin a lucrative employment at the State Television Institute, for the purpose of conducting surveillance over journalists such as myself and Mr. Vossis."

To his horror, Dyslexakis watched the deputy minister of the press, perspiring and panicked by the turn of events, commit the ultimate, catastrophic mistake. Lalistatos, unable to resist the temptation, declared: "Mr. Oeconomou, on the matter of Mr. Xyangas, I can state categorically that he never once had any contact, either in person or by telephone, with Dane Crystal. Moreover, Mr. Xyangas has absolutely no connection with this matter."

Slyly, coolly, the communist editor let the Xyangas bait go by, and continued; "But, Sir, the question is much broader and goes beyond Mr. Xyangas. We have here an announcement by the interior minister himself that Dane Crystal, a man accused of murder, is an employee of the KYP. Doesn't this service bear any responsibility? And doesn't the particular government which is served by this service bear any responsibility? And do I understand the Constitution correctly when I read that the KYP, constitutionally, is under the direct, personal supervision of the Premier?"

"Mr. Oeconomou," Lalistatos replied, crestfallen, "I have nothing more to add to this other than what the minister of

interior just announced.”

But this was not the end of it. Vossis, informed that the previous government spokesman, Tsimbas, had named him as a prime suspect in the aftermath of the Crystal interrogation, was out to draw blood. As the cameras swung to focus on his bloodthirsty face, Colonel Dyslexakis knew fear.

“Whoa boy, Mr. Minister!” Vossis growled, “remaining the naive a---e that I am, Sir, with due respect, I had been hoping that certain resignations were to be announced today. General Baskinakis, maybe, and Colonel Dyslexakis, and General Paulettes, I don’t know, maybe Mr. Xyangas, too, not to say our great Premier himself, and I won’t dare say maybe even the august deputy minister of the press. No resignations having been announced, I am to keep this naiveté of mine to myself. My question now to you is this: You were saying a while back, that the KYP’s proper task is taking care of national security, and among the chores of national security, the matter of terrorism is also to be included.”

Dyslexakis winced.

“Now then, my good deputy minister of the press,” Vossis continued, “tell me whether our good KYP—with all these paid employees and stoolpigeons, and accused murderers like Dane here—does it not have a conception of national security that is like a rubber band? Could not this rubber band be stretched a little to characterize half of the citizens of this beautiful realm as terrorists, according to the wits of this stray Inspector Clouseau and that random Colonel Dyslexakis? And could not the responsibilities of the guardians of our national security, stretch to include in their definition of terrorism, the way certain journalists, certain leftist journalists such as myself, carry out their profession? And could not such journalists be slyly approached by our KYP and its constitutional chief the Premier, to be bribed and compromised with gold and jewels? Would such activities be within the jurisdiction of the KYP?”

Complete silence had now fallen in the conference hall. The howls had died down and journalists, security men, cameramen, and officials, breath baited, were staring intently, now at Vossis, now at the wounded, perspiring deputy minister of the press. Dyslexakis, a few miles away, held his breath as he watched his television screen.

Finally, Lalistatos, breathing heavily, replied.

“This is your point of view, Mr. Vossis. Whoever is not a terrorist, will not be considered a terrorist and will not be accused of being a terrorist. All of us know that journalism is not terrorism. This is my answer.”

A few miles away from the conference room, still in front of his television, the middle-aged, overweight Colonel Dyslexakis was finally beginning to perspire, even though his open window was letting the fresh, cool September breeze into his office. He was stunned, first of all, that G. Goat Vossis had named him on national television—“that random Colonel Dyslexakis,” he had said. After 21 years of effective, well-concealed work, now the walls of insulation were coming down, because of this loud-mouthed marionette. Yet this

was merely the personal aspect of the disaster. Worse yet was the fact that the whole policy had been blown out of the water. Dane Crystal had been made to speak things he was not supposed to speak. He was out of control, had named Xyangas as a contact, and had confessed he was working for the KYP. Worse, the interior minister himself had seen it fit to announce all this to the national press, even before the KYP had a chance to know what was going on. And even worse than that, this communist Oeconomou seemed to know more of what was going on than the interior minister! The colonel, flustered, had only one explanation for this whole tangled mess: That bastard General Baskinakis of the Security Police had him outmaneuvered, and the outmaneuvering was probably part of some kind of coup now in progress.

Before his meeting with the Premier, 45 minutes from now, Dyslexakis must put in motion a damage-control operation. Once damage-control was in progress, he knew how to force the Premier to proceed with a coverup. But how do you do carry out damage-control against General Baskinakis when you don’t know what the bastard is up to? Baskinakis had been meeting with the Americans and with Mossad representatives for the last two weeks. No contacts with the Russians, of course, and that worried Dyslexakis even more: Had the Americans developed a separate track with Baskinakis over the matter of the famous “Bokhan revelations?” Was there a “Bokhan angle” in Baskinakis’ hunt for Dane Crystal and himself? Either way, damage-control must include a discrediting of Dane Crystal.

Dyslexakis turned on his dictaphone and dictated a press release, instructing his secretary to distribute it immediately to the wire services and the press. The release communicated the following points of information: Yes, Colonel Dyslexakis, the deputy director of the KYP, confirms that Dane Crystal is an agent of the KYP. Crystal, however, had been for 10 years a paid agent of the Security Police, under Baskinakis, prior to volunteering his services to the KYP. The KYP accepted his offer because it was interested in information regarding the G. Goat Vossis terror network, which Dane Crystal possessed as a result of his association with this network prior to his service with the KYP. Finally, the KYP had never fully cleared Crystal, who is still under suspicion of being a “G. Goat Vossis” terrorist, or perhaps an “N-17” terrorist trying to infiltrate the secret services.

The press release concluded with a hint that, in the KYP’s considered opinion, Crystal would have been exposed as an “N-17” agent, when the investigation was prematurely ruptured by the Security Police’s ill-considered arrest of the suspect this morning. This was supposed to leave a lingering suspicion that the Security Police might deliberately have tried to protect “N-17” and Dane Crystal by prematurely blowing up the meticulous work of the KYP.

With his little masterpiece already going over the news-wires, Dyslexakis briskly stepped out to meet the Premier, at the Army General Staff Headquarters in Holargos, just outside of Athens.

## Chapter Six



# The dead man's revenge

It was about two hours after the meeting with the Premier had started that something extraordinary began unfolding at the main entrance of the Athens magistracy's office, where Dane Crystal had been taken for interrogation. Even as his emergency meeting was going on, the Premier was soon to learn, the little drama unfolding at the interrogation was to shake the country to its roots.

As Dane Crystal and his three police guards emerged from the interrogator's room, they were besieged by a mob of journalists, cameramen, and photographers. Dane Crystal refused to follow the gait of his escorts and planted his feet on the ground, looked up and faced the shouting journalists. Cameras began clicking and video-recorders rolling. He looked disgusting: rolls of fat coming down his chins, unshaven, unwashed, breathing heavily, with long streaks of sweat slowly pouring down from his forehead to his neck and chest, his long, unkempt hair sticking and wet, his thick glasses balancing on his potato-like nose. Yet his fat lips were growing into a smile. The policemen tugged at his sleeve, but he refused to budge.

"I want to make a statement to the press!" he shouted.

Everybody froze. The cops stood helplessly at attention. TV cameras were broadcasting live. Slowly, deliberately, Dane Crystal selected his most eloquent diction. A liberating, merciful feeling of calmness was taking over inside him, ever since the moment he had decided, inside the magistrate's office, to tell the whole truth as he knew it. He felt that a weight was being lifted from him, as though he didn't have to drag along the weight of his dead soul any longer.

"Ladies and gentlemen of the press. My name, as you may know, is Dane Crystal, and I have just been informed at the public interrogator's office, that I have been charged, on numerous counts, with matters pertaining to political murders, terrorism, and sedition in general. All these charges are lies, fairy-tales spun of whole cloth. The authorities claim to have found what they prefer to describe as 'conclusive evidence' in my home, which I invite you and urge you to examine. They have found nothing more than four coffee-making machines. The authorities have spun a plot against me, a plot aiming for my destruction."

"But why should they do such a thing, Mr. Crystal?" a journalist asked.

"I was hoping for this question, and I thank you for asking it, sir," Crystal said. "I am not exactly certain of their reasons, but please pay attention to what I have to say. I am a disreputable person, a 'stoolpigeon,' a filthy person, you might say. I am, have been, an agent of KYP. A paid agent

of KYP, for a number of years now. As such, I had infiltrated certain political parties and even was regional secretary of one for some time. Initially I did these things under coercion, but not exactly under coercion, since I had been swept up by the fascination of it all." Crystal paused to take a deep breath.

"I am guessing why they should want to set me up, so please bear with me. . . . I know their dirty affairs. I am a KYP agent. On salary. I was in collaboration with 15 officers whom I have named in my preliminary testimony and I shall name again in my full testimony.

"What dirty affairs?" a reporter asked.

"About the murder of the two in the Polytechnic School during the 1980 commemoration." Dane Crystal responded. "About the murder of discharged officer Kouvas . . . the entrapment of the Russian Sergei Rogof . . . the conspiracy in the Serifis Affair . . . the rivalries and hatred which emerged with the merger of police and gendarmerie and the role of the KYP in this merger . . . the hatred between Dyslexakis of KYP and General Baskinakis . . . Christodoulides . . . the correspondent of *Liberation*."

"You are accused of bombings."

"I deny the charges. I have nothing to do with this."

"How were you going to spy on journalists?"

"Xyngas placed me in the Television Institute. I shall tell the investigator everything that I have been pressured to withhold until now. I have been pressured to conceal from the examining magistrate the fact that I was being used to frame up innocent persons with charges of terrorist activities. In other words, that I should accuse named persons of the extreme Left, about these forged documents which were passed to me. More specifically, the KYP and the Security Police wanted me to make G. Goat Vossis appear as the terrorist mastermind of the country. I know this is a lie. I know that the KYP is behind virtually every terrorist act of the last 10 years. And I know that the Security Police are totally in the dark.

"I shall refer to everything I have learned in the course of my service. I shall show the extent of plots that have been woven in the last few years. And I shall refer to the specific documents of which they accuse me. These documents, I assume, are either forgeries, or are conduited for the creation of deceptive impressions or to conceal their own activities."

He was getting dizzy, but he continued: "I had first been arrested in 1973, for anti-junta activities. The 1973 affair was clearcut . . . then I was a boy of 18. I was tortured by the Security Police with *bastinado* and so forth, the usual. This left its marks on me. Later, when they came around and sought to contact me around 1976-77, I was already in a state of phobia toward policemen—not just phobia, but also worship. I was also dominated, I say it sincerely, by a worship for power. Then there are other complications. I'm a very messed up person, ugh, maybe this is not relevant, but things are more complicated, I have my weaknesses, you know."

The mob of reporters, startled for a moment, fell silent. A clerk from the magistrate's office came out already distrib-

uting copies of the first interrogation's transcript. Dane Crystal's police escorts, holding him firmly by the arms, pushed quietly through the crowd.

Before the Premier or Dyslexakis or anyone else had received advance notice, the press corps was now reading the transcript of the first interrogation. General Baskinakis had arranged for full publicity before Dyslexakis had a chance to react. The text read, in part:

**"Magistrate:** In the search of your house which was conducted this morning, the following typewritten, original texts of proclamations and letters were found: a) a proclamation of one 'Revolutionary Organization of Anti-Militarist Struggle,' which begins with the sentence 'Today's execution of the publisher of the *Daily News* . . . ' and ends with the sentence 'an object lesson to the bourgeois and reformist press'; b) a proclamation by the 'Group of Revolutionary Solidarity' taking responsibility for the bombing of the Embassy of Saudi Arabia on April 14, 1983; c) a proclamation by the 'People's Revolutionary Army,' addressed to the 'Revolutionary Organization N-17,' which proposes actions to execute certain judges and exercises criticism against 'N-17' on grounds that the latter 'only executes American and CIA-connected targets.' How did these documents come into your possession and what do you have to say about their contents?

**"Dane Crystal:** These original, typewritten documents were given to me at various times by Lt.-Col. John Dyslexakis of the KYP. The colonel requested that I do an analytical study of the text of each of these, in accordance with my contractual obligations with the KYP. I did write such analyses for each of the texts that your honor has mentioned and handed them over to the colonel. I did likewise for a number of other texts, which your honor has not yet mentioned, which were still in my possession, until the time of my arrest, all of which were given to me by Lieutenant-Colonel Dyslexakis, in a similar manner. I had formed the opinion about these texts that, either the KYP and Dyslexakis had obtained them through their informants inside these terrorist organizations, or that the texts were written by KYP officials, for purposes of their own, to which I am not privy. I believe that I was told to 'analyze' them in order for the KYP forgers to test the credibility of their forgeries.

"I must further add, your honor, that my immediate superior, Lieutenant-Colonel Dyslexakis, repeatedly drew my attention to a person frequently referred to in these documents with the initials G. G. V. Dyslexakis repeatedly confided in me that he suspected this might be the well-known columnist G. Goat Vossis, and he repeatedly asked me to investigate and verify this suspicion. Your Honor will notice that the documents cast G. G. V. in a role of undisputed leadership and authority among the reputed terrorist organizations.

**"Magistrate:** Why should Lieutenant-Colonel Dyslexakis give you these documents? What was your relationship with him, or the KYP, if any?

**"Dane Crystal:** I have been a paid employee of the KYP

since 1976. Earlier, I had been employed as informant by the Athens Region Security Police and, occasionally, by the Service of National Security. My assignment was to inform on leftist parties and organizations, especially of the extra-parliamentary, extreme-radical Left, and, if possible, on terrorist groups and organizations, all of which I had been instructed to infiltrate. I did infiltrate leftist political groups, but it proved impossible to infiltrate any terrorist group after years of endeavor. My salary at the KYP was 15,000 drachmas per week and I was collaborating with 16 officers, whose names I am submitting to Your Honor in writing. The immediate superior to whom I was reporting was Lieutenant-Colonel Dyslexakis. On occasion, however, I did directly report to the Premier's private secretary, Mr. Raphael Xyngas. Mr. Xyngas personally instructed me to conceal any evidence which might emerge between an alleged terrorist who had been killed last May by officers of the Security Police, and members of our present Socialist Party government. In return, Mr. Xyngas had me employed at the Television Institute, from which I drew a second salary. A third form of payment to me was numerous gifts of gold bars and gold jewels from Dyslexakis. These gifts were given to me in connection with a special request from Dyslexakis, that I should entrap certain journalists of the extreme Left, especially including G. Goat Vossis. From my general knowledge and experience of KYP methods and procedures, I have formed the opinion that the KYP conducts all the bombing incidents in this country, though I have no court-admissible proof for this. I further believe that all the terrorist assassinations in recent years have been conducted either by the KYP or with the knowledge and consent of the KYP. For the specific instance of the execution of publisher Montferrat, I overheard KYP officials report that the actual assassin was a convict who had been sentenced to death—I am submitting his name to Your Honor in writing—who was offered by Dyslexakis to carry out the execution in return for which his sentence would be commuted. This convict was transported by the KYP from the Corfu prison to Athens, carried out the murder, and was returned to Corfu on the day of the murder. His death sentence was subsequently commuted to 20 years in prison."

The entire press corps was reading this text avidly while the Premier was locked up at Army Headquarters in an emergency meeting with Dyslexakis, Deputy Defense Minister Johnny Cool, his personal attorney, the minister of the interior, General Paulettes, the figurehead chief of the KYP, and of course, the indispensable Xyngas. The storm was about to reach its climax.

Meanwhile, all editorial offices had already received Colonel Dyslexakis' press release, and the relevant political commentators, on KYP payroll, began to work on the following theory: Either Dane Crystal's testimony is KYP-ordered disinformation spread for some unfathomable purpose, or Crystal is an "N-17" infiltrator into the KYP. That he might be telling the truth is out of the question. (*To be continued*)

## Battle over AIDS turns U.S. politics upside down

by Nancy Spannaus

When traditional Republican conservatives in the United States begin to call for strong federal government intervention in the local community, and even demand the spending of more money on social services, it is clear that there is a revolution going on in politics. That's precisely what's happening in the U.S. political scene right now.

And all signs are that this is only the beginning of the biggest upheaval and realignment in U.S. politics since World War II. While the leadership of the Democratic Party, captured by the liberal hedonists in the early 1970s, is still clinging to policies of gay rights, in opposition to the fundamental principles of public health, the days during which that leadership can command the masses of Democratic Party are numbered as well.

And all this is happening despite the fact that the bulk of the mass media in the United States, continues to promote the coverup line of the Centers for Disease Control, that AIDS is a disease of homosexuals and drug users, rather than of economic and biological holocaust. Indeed, American distrust of the Eastern Establishment media, which has been screaming at them not to panic, may be operating to accelerate the concern. Recent polls in California and in Texas, have shown over 70% of the respondents extremely concerned that more be done on the AIDS issue.

Among the most singular events in the emerging realignment on the AIDS issue in U.S. politics are:

1) the introduction of five bills in the U.S. Congress on Oct. 30, which would ordain various immediate public health measures required to reduce the spread of AIDS;

2) the Oct. 24 decision by the Department of Defense to screen for AIDS every new recruit, and existing enlisted man, in the U.S. armed forces;

3) the campaign by Republican New York City mayoral candidate Diane McGrath to get emergency public health measures, including improvement of social services, implemented, in order to deal with the AIDS crisis;

4) tentative moves by members of the Democratic Party in Texas to treat AIDS as the major public health threat which it is, despite the official position of the Democratic Party; and

5) the formation of a committee on Oct. 24 to put a Citizens Initiative on the ballot in California, which would mandate screening and appropriate health measures for AIDS patients.

### A bipartisan effort

The loudest and most active force on the U.S. political scene which is moving for emergency measures to deal with the AIDS epidemic, is the National Democratic Policy Committee, and the campaign for the 1988 Democratic presidential nomination of Lyndon H. LaRouche, Jr. School board, city council, and mayoral candidates, mostly Democrats, endorsed by the NDPC around the country, have been addressing city councils, school boards, and state legislatures on the need to screen for AIDS, keep AIDS victims out of schools and service jobs, and launch an all-out public health campaign, to prevent the further spread of the disease.

The NDPC has found Democrats warmly receptive to its approach, and totally alarmed at the "do your own thing, no

matter whom you harm" attitude of the official Democratic Party. However, among what might be called "established" politicians, it is the Republicans who have picked up the issue, and have begun to go with it.

On the national level, the leader of the anti-AIDS battle is Congressman William Dannemeyer (R-Calif.). Dannemeyer's five pieces of legislation, each with 5 to 11 co-sponsors, would mandate the following action:

- 1) make it a felony for a member of a high-risk AIDS group to donate blood;
- 2) bar AIDS victims from working in health care delivery systems;
- 3) authorize health care professionals to wear protective garments when treating AIDS patients;
- 4) close public bath houses that create a public health hazard; and
- 5) urge school districts not to allow children with AIDS to attend classes, and to make alternative arrangements for such students to receive education.

At a press conference in Washington, D.C. on Oct. 30, Dannemeyer said that the "impetus for this legislation" stemmed from "the inadequate action of the states and the public health service to take necessary practical measures to protect the public and our health care professionals from the threat of this deadly disease."

Dannemeyer was understating the case, if anything. In the major cities of his state, Los Angeles and San Francisco, the "health" authorities have adopted measures which literally prevent basic screening and isolation of AIDS victims from positions in which they can pass on the disease. In other school districts around the country, the authorities are being equally irresponsible, by insisting that children with AIDS be allowed to attend public schools.

As rational as Dannemeyer's approach is, as a beginning, it does not encompass three major necessary components for legislation on AIDS: the need for massive public research, for screening of all service workers, and for emergency economic upgrading of the centers of dismal poverty, where AIDS is most predominant. This was the most extraordinary aspect of the Oct. 1 statement (*see below*) issued by Republican mayoral candidate Diane McGrath, who is challenging the mayor of the United States' leading Sodom and Gomorrah, Mayor Edward Koch.

It took a lot of courage for McGrath to stick to her program, since her view was immediately opposed not only by Koch, but by Governor Mario Cuomo, and leading New York Republicans, such as William Simon of Kissinger Associates. The Republican National Committee then decided not to grant her the funds which she had requested for her campaign. It was only one week before the election, Oct. 28, that Vice-President George Bush, who just formed his own pre-election campaign committee, decided to express his support for McGrath, by sending a donation to her campaign.

There is little question that the policy debate on AIDS is

only in its early stages, and is not going to go away. This can be seen, among other places, in the state of Texas, where the campaign for mayor of Houston is being dominated by the AIDS issue.

Both leading candidates in the mayoral race are Democrats, but one, former mayor Louie Welch, has made AIDS the leading issue of the campaign, while incumbent Mayor Kathy Whitmire, has stuck to a "gay rights" approach. The third candidate for mayor, Susan Director, a Democrat backed by the NDPC, along with a slate of candidates for City Council, has taken a major role in publicizing the roots of the AIDS pandemic, and the necessary measures to deal with it. Although the media are claiming that Welch, who is also backed by the Republicans, is losing support through an "extremist" anti-homosexual approach, local political organizers report just the opposite.

There has so far been one result more permanent than political polarization. The State Health Commissioner, Robert Bernstein, a Democratic political appointee, said on Oct. 22 that he will recommend that AIDS be added to the state's list of quarantinable diseases.

Resolutions approaching the AIDS problem from the standpoint of the NDPC program have already been passed in three city councils in the United States—Buffalo, New York; Clairton, Pa.; and Pittsburgh, Pa. A resolution is also pending in the Ohio state legislature.

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## Documentation

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*The following is the full statement by Republican mayoral candidate Diane McGrath, issued Oct. 1, 1985:*

Diane McGrath, Republican-Conservative candidate for Mayor of New York, today called upon the City to "recognize and deal with the nation's number one health problem. The AIDS epidemic has been characterized as our most serious threat to health by Margaret Heckler, Secretary of Health and Human Services. But New York, with a disproportionately large share of the AIDS population, has no real policy and no adequate program to treat the victims or protect the health of the rest of the population."

"The problem is twofold," McGrath pointed out. "There is the long range necessity to rebuild New York City." Many scientists believe epidemics are associated with a general breakdown in housing, sanitation, nutrition and water supply. "Belle Glade, Florida is a startling example of the truth of that theory. The collapse of its economy and infrastructure over a period of years, left it vulnerable to epidemics."

"Rat infested houses, filthy sewage and impure water helped spread AIDS. An astonishingly high proportion of the people of Belle Glade are AIDS victims although they are not members of the established high risk groups: homosexuals, intravenous drug users and hemophiliacs. The long range

bleak prospects for our deteriorating New York are obvious.”

“If you think I exaggerate the possibility, even probability of an AIDS epidemic among the general population, there are some statistics from the City’s Board of Health worth thinking about. Tuberculosis, once thought to be all but eradicated, is staging a remarkable comeback in New York. It is a disease often associated with the urban poor who lead substandard lives. The plain truth, according to the Board of Health, is that there was a slight decline in the incidence of tuberculosis among whites from 1979 to 1984, but a sharp increase among blacks and hispanics.

“Clearly we are leaving ourselves open to an epidemic of AIDS as our own living standards decline, especially since the City has so far refused to initiate any real programs to forestall this looming disaster.”

### **AIDS virus has no civil rights**

“Among the immediate steps that must be initiated are: Bathhouses frequented by homosexuals, theaters, bars and porno bookstores, that encourage promiscuous sexual activity on their premises, must be closed. They are a clear and evident menace to the health of their patrons. It is our duty to protect these people from themselves, if we are forced to.

“Full scale, explicit education programs must be instituted about what activities actually transmit the AIDS virus. Information concerning safe sexual activity and all other preventative measures must be widely disseminated.

“Persons who deal with others in an intimate way so that they may be obvious potential carriers must be tested for AIDS antibodies. This would include food preparers and servers, doctors and nurses, teachers and others. If their test for AIDS antibodies comes up positive twice, they can no longer be permitted their normal functions. This is a harsh measure and I recognize and regret it. On the other hand, the AIDS virus has no civil rights.

“AIDS patients in city, state and other hospitals must be segregated from other patients for their own, and their fellow patients’ comfort and safety. The fear of contagion is very high; the possibility of actual contagion is not completely known. Rather than closing city hospitals, we should study their possible use as AIDS centers and also their conversion to AIDS research and treatment facilities, or hospices.

“AIDS-infected children must not be permitted to attend the public schools. There are two principal reasons for this; the children themselves are vulnerable because of their immune deficiencies, to all kinds of diseases the other children may be carrying. Secondly, far too little is known about how the disease is transmitted to put thousands of well children at risk. Prostitutes who are arrested for any reason must be given a test for AIDS antibodies. They are an obvious source of infection and a strict policy toward prostitute carriers must be worked out and put into operation quickly.”

Only last Thursday, Sept. 26, Dr. James O. Mason, Acting Assistant Secretary for Health in Washington told Con-

gress “AIDS research is woefully inadequate.” He called for an additional 70 million dollars next year. At the same hearing, Dr. William Haseltine, a leading AIDS researcher at the Harvard Medical School, declared that perhaps “a million people in the United States have already been infected with the AIDS virus, even though a small percentage has become sick. We must be prepared to anticipate that the vast majority of those now infected will ultimately, over a period of five to ten years, develop life-threatening illness.”

McGrath asked, “Can there be any doubt that our present funding of AIDS research is woefully inadequate. The prestige and power of the Office of Mayor of the City of New York must be behind effective efforts to pressure the federal, state, city governments and private industry to underwrite the cost of greatly expanded research. As Mayor of New York, I intend to do just that, in addition to the measures I have outlined,” McGrath said in conclusion.

*Excerpts of Ballot Initiative on AIDS submitted to the Office of the State Attorney General of California. 393,000 voter signatures will place this on the 1986 ballot.*

### **SECTION 1.**

The purpose of this Act is to:

A. Enforce and confirm the declaration of the California Legislature set forth in Health and Safety Code Section 105 that Acquired Immune Deficiency Syndrome (AIDS) is serious and life-threatening to men and women from all segments of society, that AIDS is usually lethal, and that it is caused by an infectious agent with a high concentration of cases in California;

B. Protect victims of Acquired Immune Deficiency Syndrome (AIDS), members of their families and local communities, and the public at large; and

C. Utilize the existing structure of the State Department of Health Services and local health officers and the statutes and regulations under which they serve to preserve the public health from Acquired Immune Deficiency Syndrome (AIDS).

### **SECTION 2.**

Acquired Immune Deficiency Syndrome (AIDS) is an infectious, contagious and communicable disease, and the condition of being a carrier of the HTLV-III virus is an infectious, contagious and communicable condition, and both shall be placed and maintained by the director of the Department of Health Services on the list of reportable diseases and conditions mandated by Health and Safety Code Section 3123, and both shall be included within the provisions of Division 4 of such code . . . and all personnel of the Department of Health Services and all health officers shall fulfill all of the duties and obligations specified in each and all of the sections of said statutory division and administrative code subchapter in a manner consistent with the intent of this Act, as shall all other persons identified in said provisions.



# SDI scientists under fire from the FBI

by Paul Gallagher

The Federal Bureau of Investigation, as if on Soviet orders, has hit the U.S. military-science community with a new and deadly manufactured scandal, escalating an attack on Lawrence Livermore Laboratory and its x-ray laser program, and forcing the resignation of Livermore's director of Nuclear Weapons Programs, Dr. Roy Woodruff.

In a bizarre case with profound ramifications for U.S. national security, the FBI has been shown to be directly at the center of a campaign to suppress the x-ray laser program, and cut it off from President Reagan's Strategic Defense Initiative (SDI). When this dirty work surfaced Nov. 1 in articles in the *New York Times* and *Science* magazine, the nuclear-freezeniks from the Federation of American Scientists immediately demanded that Reagan sign a comprehensive nuclear test ban treaty with the Russians, banning our x-ray laser program. The Soviet command has long demanded the suppression of the x-ray laser program in particular among SDI projects, calling it a "first-strike space weapon." Yet the Soviets' own x-ray laser program, centered at the Lebedev Institute of Physics, has been under way since 1975, predating the U.S. program known as "Excalibur."

Woodruff, under whose division Dr. Lowell Wood and the entire x-ray laser team at Livermore operate, resigned Oct. 31, when the contents of an article about the program in the Nov. 8 issue of *Science* first became known. Several sources confirmed that the two events were both directly connected to higher pressures on the program.

The *Science* article, citing no sources, claims that May 1985 underground tests to prove new focusing methods for the x-ray laser were a failure. Reporters for both *Science* and the *New York Times*, which repeated the story the next day, claim that their secret sources came from the lab itself. They are presumably part of a well-known group of Livermore physicists who do not think x-ray laser ABM weapons can, or should, be developed.

The kicker is that Livermore scientists who earlier reported the success of the focusing tests, both to the *New York Times* and to *Fusion* magazine, have been under intensive FBI investigation ever since. The Sept. 23 *Los Angeles Times* gloatingly reported that "advisors to the President" were determined that the Livermore scientists would not be allowed to "change government program priorities" by giving favorable reports of their own project to the press. In other words, the most lethal anti-missile shield and the only one with a

nuclear power source, was to be squeezed out of SDI planning as a concession to Soviet demands, allowing a nuclear test ban treaty on Soviet terms. The *Los Angeles Times* reported that the FBI was "intensively" investigating the lab and those responsible for the favorable reports.

The latest events clearly show that the FBI pressure is escalating, and reaching high into the federal bureaucracy in Washington. The *Science* article showed that opponents of the x-ray laser program in the national labs were given the go-ahead to leak attacks on the program to the national media, leading to Woodruff's resignation, while Livermore physicists working directly on the x-ray laser were afraid to say a word.

## Budget cuts for the SDI

Meanwhile the Strategic Defense Initiative as a whole is under continued fire from the budget-cutters in Washington. Lt.-Gen. James Abrahamson, the SDIO director, told the Senate Armed Services Committee Oct. 31 that the SDI is growing at a much slower pace than the comparable Soviet program or the United States' own previous successful crash programs, the Apollo and Manhattan Projects.

Behind the public battle over the ABM Treaty congressional promoters of Soviet "peace policies" have been imposing the most restrictive interpretation of the SDI by the threat of further budget cuts.

While Kennedyites in the House, led by Kerry of Massachusetts and Joseph Addabbo of New York, tried to cut the SDI budget once again, to \$2 billion, Abrahamson told the Senate that its own \$2.75 billion figure is not adequate either. Directly comparable Soviet expenditures are estimated to be \$7-10 billion. The American Manhattan Project of World War II, by contrast to the SDI, spent (in 1985 dollars) \$3.1 billion in 1943, its first full year as a research program. It jumped 156% to \$8 billion in 1944, as it became a large-scale engineering and development program; then another 74% to \$14 billion in 1945.

Discussing these figures, Abrahamson warned that "in the face of these reductions, we simply cannot afford to conduct the comprehensive, complete program of research that had been structured. . . . Budget cuts have caused major revisions in our program. At the current level, the program has been severely effected and considerable changes have been forced. The result has been that the program has had to make premature 'down-selection' of certain key technologies."

The SDIO director warned the Senate, in effect, that the development of beam weapons for anti-missile defense is simply being held up by the shriveled size of the SDI budgets, aside from the extraordinary progress in ground-based laser system demonstrations. These are resulting not from any major engineering or testing programs, but from technological breakthroughs in Free Electron Lasers and large flexible mirrors and lenses.

## Weinberger challenges the arms controllers

*Secretary of Defense Caspar Weinberger has in his recent speeches and public comments consistently put forth a strategic doctrine in which offense and defense are equally emphasized. His most recent statement of this approach was his testimony to the Senate Armed Services Committee on Oct. 31, significant portions of which we excerpt below.*

*Until 1960, the concept of combined offense and defense was firmly embedded in our strategic outlook. Then, from 1960, the influence of the Pugwash Conference for East-West crisis management led to the abandonment of strategic defense. From that date forward, deterrence was no longer merely an aspect of our strategy, but rather its cornerstone, and defense was replaced by vulnerability; that is the content of the infamous strategy of Mutually Assured Destruction (MAD).*

*From that time dates the emergence of a new pressure group, the arms-control lobby, although the secretary does not so name it. Perhaps the most powerful interest group in the world, the lobby is unalterably opposed to any strategic defense. Its pressure—and lies—led to the signing and ratification of the Anti-Ballistic Missile Treaty of 1972.*

*Weinberger said on Oct. 22, "Recent history shows that arms control has hardly been a raving success. . . . It is difficult to argue that the only moral course for this nation is more of the same." Weinberger, however, does not oppose arms control outright, since his strategic doctrine incorporates all the legitimate goals of arms control, while abandoning MAD.*

*The arms-control lobby, however, bitterly opposes Weinberger and his influence on President Reagan, precisely because it is committed to preserving the vulnerability of U.S. and allied forces! The latest example of this are remarks by Sen. William Proxmire (D-Wisc.), known as the Hair-Transplant King: "Weinberger should support arms control or quit. . . . Secretary Weinberger has questioned arms control and believe me, we are in big trouble."*

. . . Some people allege that the President's Strategic Defense Initiative is upsetting a stable order which has lasted for 40 years. In fact, the strategic order has been far from

stable. . . But in speaking of "deterrence" . . . we may have created a misimpression that it is some sort of unchanging stable arrangement. . . .

While the basic role of strategic offensive forces—to impose unacceptable costs in response to aggression—has been relatively constant, this has not been true of the role of strategic defensive forces.

As the Soviet threat to the United States developed in the 1950s, the Eisenhower administration reacted by strengthening our nation's strategic defenses. The North American air defense program was expanded: By the early 1960s, the U.S. had 2,000 aircraft dedicated to this role and 3,000 surface-to-air missiles. In 1960, the Defense Department spent about as much for strategic defense as for strategic offensive forces. In addition, the Eisenhower administration emphasized civil-defense preparations. It is worth noting that this emphasis on strategic air defense did influence Soviet planning: The Soviet leadership was dissuaded from building a new strategic bomber and concentrated instead on ballistic missiles. The Soviet Union built a new intercontinental bomber only *after* we had abandoned air defenses. Thus, it appears the absence of strategic defense stimulated this Soviet build-up.

However, our policy on defensive forces soon changed. We concluded in the early 1960s that for technical reasons the ABM network then under consideration could not defend the United States adequately against the projected Soviet missile threat. Hence, we cut back our proposed ABM system, and sought to place arms-control limits on such systems. We also slashed our air defenses since the unobstructed missile threat made them too vulnerable. After we had ratified the 1972 ABM Treaty, we soon began to neglect what was left of North American air defense and abandoned the single, permitted site for ballistic missile defense.

The negotiation of the ABM Treaty led to the belief in the United States that we had reached an understanding with the Soviet Union to keep our nations vulnerable to each other's nuclear attack. Moreover, we thought the Soviet Union would join us in maintaining this mutual vulnerability as a stable order—a strategic order that would render a further build-up in offensive forces unnecessary. In fact, the belief was widely held in the West that this agreed vulnerability was the best, indeed the only, way to slow down the Soviet build-up in offensive nuclear arms. The 1972 treaty curbing ballistic missile defense—the ABM Treaty—was intended to preserve this consensus in perpetuity.

As it turned out, the consensus was illusory. Our theory about a U.S.-Soviet consensus on a stable, mutual vulnerability had nothing to do with the way the Soviets viewed nuclear weapons. Despite lip service to the contrary, the Soviet government went right ahead building up and expanding its missile forces, perfecting its air defenses, and working vigorously on ballistic missile defense. It also expanded a great effort to prepare underground shelters for the political

and military leadership. Since the signing of the ABM Treaty, the Soviet Union has spent as much on strategic defense as it has spent on strategic offensive forces. . . .

When this administration came into office, we were confronted by a serious deterioration in U.S. strategic nuclear capabilities.

- The Soviets had built a force of SS-18 and SS-19 ICBMs with sufficient numbers of highly accurate warheads to pose a major threat against our ICBM force.

- Soviet hardening programs had, in the absence of U.S. improvements to our forces, created virtual sanctuaries for their ICBMs, launch-control facilities, and many leadership shelters.

- Soviet air defenses were becoming sufficiently sophisticated so that the ability of our old B-52s to penetrate them would be severely jeopardized in the near-term.

- Most serious of all, our strategic command, control, and communications net had become highly vulnerable to Soviet nuclear attack.

Our response had to be vigorous. Building on the valuable elements in some existing programs, President Reagan fashioned a strategic modernization program to repair our deterrent. . . .

But our strategic modernization program, started in 1981, is not a sufficient response for the long-term. We should not remain locked into an approach that will demand an indefinite competition in offensive arms. As the President stated in his address a week ago to the United Nations General Assembly, “. . . if we are destined by history to compete, militarily, to keep the peace, then let us compete in systems that defend our society rather than competing in weapons which can destroy us both, and much of God’s creation along with us.”

The prospect of an unending requirement for the Western democracies to compete with a totalitarian regime by constantly adding to and perfecting these awesome weapons of mass destruction is an unappealing vision of the future. Would our democracies support such a competition indefinitely?

The President concluded that we needed to begin a high priority effort to develop advanced anti-ballistic missile systems—not only as a hedge against similar Soviet efforts—but more importantly as a means to build a safer strategic order for the future. . . .

Now let me turn to the question of transition to strategic defense from the current situation with our exclusive reliance on nuclear offensive forces. By openly discussing our program on strategic defense, we in the United States took a course different from that of the Soviet Union. We do not conceal the fact that we are engaged in research on missile defense. We do not violate treaties. We brief all our allies and consult extensively with them. In fact, I have just returned from such consultations in Brussels. Also we have a standing offer in Geneva to discuss with the Soviets how we could cooperate to establish a more secure strategic order in the long term, through an agreed, safe transition toward a

decreasing reliance on offensive nuclear arms.

As we seek to achieve a strategic order based on defense, we must not neglect our offensive deterrent systems. . . .

Far from being destabilizing, it turns out that the initial defensive capabilities, if properly planned and phased, can actually strengthen the present deterrent capability of our alliance. Even partially effective defenses can help deny Soviet planners the objective of a missile attack and hence serve to strengthen deterrence.

## The Geneva talks

. . . This is what we seek to negotiate in Geneva. The transition would be more difficult and more prolonged if the Soviet Union persists in expanding its missile arsenals and rejected the road of cooperation to a safer world.

What can be said about the Soviet motivation to choose either road? Those critical of strategic defense argue that a cooperative transition would never be accepted by the Soviet rulers. These critics are convinced that the Soviet rulers would

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*Our theory about a U.S.-Soviet consensus on a stable, mutual vulnerability had nothing to do with the way the Soviets viewed nuclear weapons. . . . Since the signing of the ABM Treaty, the Soviet Union has spent as much on strategic defense as it has spent on strategic offensive forces.*

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rather forgo a chance to protect their own country than give up their capability to threaten our alliance with mass destruction. Yet, according to these critics, these same Soviet rulers would readily settle for “a plague on both your houses”—that is, they would settle down with us in an equilibrium of mutual vulnerability and indefinitely keep it stable. Haven’t we learned during the last 15 years that by abstaining from missile defense ourselves we do not halt the Soviet build-up in offensive missiles nor do we halt their defensive efforts?

Isn’t the opposite more plausible? If the time come when Soviet rulers are willing to abide by an understanding on strategic arms control, it seems unlikely that this would be to preserve indefinitely the threat of mutual mass destruction—or, as seen from Moscow, to preserve the threat of the destruction of the Soviet Union. A genuine understanding on strategic arms control must give promise to both the Soviet Union and to our alliance that it will serve to reduce, and eventually eliminate this horrible threat.

# Henry Clay: National development must take precedence over debt payments

by Anton Chaitkin

*On Feb. 2, 3, and 6, 1832, Sen. Henry Clay of Kentucky delivered a speech, entitled "In Defense of the American System, Against the British Colonial System." Clay defended the American System of government-guided development of industry, from the attack of British agents of influence in northern and southern states.*

*Henry Clay had recently completed a term as U.S. Secretary of State (1825-29), in which post he had ably advanced and defended the joint interests and independence of the new republics in North and South America, urging the adoption of the anti-colonial principles of the American Revolution for all developing nations.*

*The instruments of the American System included: the Bank of the United States—run by American nationalists—controlling speculators and guaranteeing cheap credit for farmers and developers; tariffs to protect home industry against foreign trade war; and growing government expenditures for the creation of roads, canals, and rail lines.*

*South Carolina was threatening to secede from the Union unless the protective system were ended. The anti-national ("Free Trade" or what would today be termed a "pro-free market") movement was led by the former U.S. Treasury Secretary Albert Gallatin of Switzerland. During his own long reign at the Treasury (1801-14), Gallatin had canceled the Founding Fathers' industrial development program and had virtually dissolved the American armed forces, using the money instead to "try to pay off the national debt."*

... [The] decision on the system of policy embraced in this debate, involves the future destiny of this growing country. One way . . . it would lead to deep and general distress; general bankruptcy and national ruin; the other, the existing prosperity will be preserved and augmented, and the nation will continue rapidly to advance in wealth, power and greatness. . . .

Eight years ago, it was my painful duty to present to the other House of Congress, an unexaggerated picture of the general distress pervading the whole land. We must all yet remember some of its frightful features. We all know that the

people were then oppressed and borne down by an enormous load of debt; that the value of property was at the lowest point of depression; that ruinous sales and sacrifices were everywhere made of real estate [such as forced sales of farms]; that stop laws and relief laws [i.e., debt moratoria] and paper money were adopted to save the people from impending destruction; that a deficit in the public revenue existed, which compelled Government to seize upon, and divert from its legitimate object, the appropriation to the sinking fund to redeem the national debt. . . .

[Today by contrast] we behold cultivation extended, the arts flourishing, the face of the country improved, our people fully and profitably employed . . . a People out of debt; land rising slowly in value, but in a secure and salutary degree; a ready, though not extravagant market for all the surplus productions of our industry; innumerable flocks and herds browsing and gamboling on ten thousand hills and plains, covered with rich and verdant grasses; our cities expanded, and whole villages springing up, as it were, by enchantment; our exports and imports increased and increasing; our tonnage [shipping], foreign and coastwise, swelling and fully occupied; the rivers of our interior animated by the perpetual thunder and lightning of countless steam boats; the currency sound and abundant; the public debt of two wars nearly redeemed; and, to crown all, the public treasury overflowing. . . .

This transformation of the condition of the country from gloom and distress to brightness and prosperity, has been mainly the work of American legislation, fostering American industry, instead of allowing it to be controlled by foreign legislation, cherishing foreign industry. . . .

It is now proposed to abolish the system, to which we owe so much of the public prosperity . . . I have been aware that, among those who were most eagerly pressing the payment of the public debt, and, upon that ground, were opposing appropriations to other great interests [i.e., to pay debts *instead of* develop and defend the nation], there were some who cared less about the debt than [preventing] the accomplishment of other objects. But the People of the United

States, have not coupled the payment of their public debt with the destruction of the protection of their industry. . . . If it is to be attended or followed by the subversion of the American system, and an exposure of our establishments and our productions to the unguarded consequences of the selfish policy of foreign Powers, the payment of the public debt will be the bitterest of curses. Its fruit will be like the fruit

“Of that forbidden tree, whose mortal taste  
Brought death into the world, and all our woe,  
“With loss of Eden.”

. . . [There] is scarcely an interest, scarcely a vocation in society, which is not embraced by the beneficence of this system [of government promotion and deliberate development]. . . .

. . . When gentlemen have succeeded in their design of an immediate or gradual destruction of the American System, what is their substitute? Free trade! Free trade! The call for free trade, is as unavailing as the cry of a spoiled child, in its nurse’s arms, for the moon or the stars that glitter in the firmament of heaven. It never has existed; it never will exist. . . .

Gentlemen deceive themselves. It is not free trade that they are recommending to our acceptance. It is, in effect, the British colonial system that we are invited to adopt; and, if their policy prevail, it will lead, substantially, to the recolonization of these States, under the commercial dominion of Great Britain. And whom do we find some of the principal supporters, out of Congress, of this foreign system? Mr. President, there are some foreigners who always remain exotics, and never become naturalized in our country: whilst, happily, there are many others who readily attach themselves to our principles and our institutions. . . .

But, sir, the gentleman [Albert Gallatin . . . or Henry Kissinger?] to whom I am about to allude, although long a resident of this country, has no feelings, no attachments, no sympathies, no principles, in common with our People. Nearly fifty years ago, Pennsylvania took him to her bosom, and warmed, and cherished, and honored him; and how does he manifest his gratitude? By aiming a vital blow at a system endeared to her by a thorough conviction that it is indispensable to its prosperity. . . .

To [recommend] the . . . theories by Mr. Gallatin . . . to favorable consideration . . . [South Carolina’s Senator Robert Y. Hayne] has cited a speech by my Lord Goderich, addressed to the British Parliament, in favor of free trade. . . . I dislike this resort to authority, and especially *foreign* and *interested* authority, for the support of principles of public policy. I would greatly prefer to meet gentlemen on the broad ground of fact, of experience, and of reason; but since they will appeal to British names and authority, I feel myself compelled to imitate their bad example. Allow me to quote from the speech of a member of the British Parliament, bearing the same family name with my Lord Goderich. . . .

“It was idle for us to endeavor to persuade other nations

to join with us in adopting the principles of what was called ‘free trade.’ Other nations knew . . . what we meant by ‘free trade’ was nothing more nor less than . . . to prevent them, one meant by ‘free trade’ was nothing more nor less than . . . to prevent them, one and all, from ever becoming manufacturing nations. . . . The policy that France acted on, was that of encouraging its native manufactures, and it was a wise policy; because if it were freely to admit our manufactures, it would speedily be reduced to the rank of an agricultural nation; and therefore a poor nation, as all must be that depend exclusively upon agriculture. America acted too upon the same principle with France. America legislated for futurity—legislated for an increasing population . . . since the peace, France, Germany, America, and all the other countries of the world, had proceeded upon the principle of encouraging and protecting native manufactures.”

But I have said that the system nominally called “free trade” . . . is a mere revival of the British colonial system, forced upon us by Great Britain during the existence of our colonial vassalage. The whole system is fully explained and illustrated in a work published as far back as 1750, entitled “The trade and navigation of Great Britain considered, by Joshua Gee”. . . . In that work the author contends—

“1. That manufactures, in the American colonies, should be discouraged or prohibited . . . we ought always to keep a watchful eye over our colonies, to restrain them from setting up any of the manufactures which are carried on in Britain; and any such attempts should be crushed in the beginning: for, if they are suffered to grow up to maturity, it will be difficult to suppress them. . . .

“2. The advantages to Great Britain from keeping the colonists dependent upon her for their essential supplies . . . not one-fourth part of their product redounds to their own profit: for, out of all that comes here, they only carry back clothing and other accommodations for their families; all of which is the merchandise and manufacture of this kingdom. . . .

“All these advantages we receive by the plantations, besides the mortgages on the planters’ estates, and the high interest they pay us, which is very considerable; and therefore very great care ought to be taken, in regulating all affairs of the colonists, that the planters be not put under *too many difficulties*, but encouraged to go on cheerfully.”

*But the British colonial authorities had taken no heed of warnings, and had squeezed the American colonists beyond their endurance. The Americans had fought back in the Revolution of 1775-1782. British cavalymen had broken into and ransacked the house of the four-year-old Henry Clay, who watched while enemy soldiers thrust swords into the grave of his recently-dead father, looking for treasure.*

*Senator Clay remembered these scenes, while recommending to his countrymen the American over the British system of economics.*

## Senate judiciary opens money-laundering hearings

Six months after the administration introduced legislation to make money laundering a federal crime, the Congress has begun to hold hearings on the bill. On Oct. 29, the Senate Judiciary Committee heard testimony from Sen. Alfonse D'Amato (R-N.Y.), Assistant Attorney General Stephen S. Trott, Presidential Task Force on Organized Crime spokesman James Harmon, and the ACLU.

In his testimony, Trott said, "Sales of \$80 billion would make the illegal drug trade a bigger operation than all but one of the Fortune 500 companies." He indicated that prosecuting money laundering is "striking at the economic base of organized crime. . . . It is something we can control in the U.S. Crops can move from region to region, drug labs can be moved, too, but the banks in the U.S. will remain where they are, and we can reach them."

The committee is considering the administration's legislation and similar bills introduced by several senators, all of which address three main points: the need to raise fines in money-laundering cases, the need to make money laundering a crime, and the need to give the Treasury Department subpoena power to enforce the Bank Secrecy Act.

Senator D'Amato urged Judiciary Committee Chairman Strom Thurmond to "do all in your power to have a strong bill against money laundering marked up and reported out of committee this year, and then scheduled for a vote early in 1986." D'Amato

warned, "With so many Senate and House bills to consider . . . we could run out of time to pass any bill at all. . . . That would be a tragedy because this Congress has a unique and historic opportunity to attack the financial empires of the drug czars and the organized-crime networks."

Neither the Justice Department, the Senate Judiciary Committee, nor Senator D'Amato himself, however, has taken any action to clean out the drug-related corruption in the U.S. government.

## Congressional attacks on Marcos escalate

Senators and congressman are jumping into the fray, joining the campaign of the State Department and the news media to topple U.S. ally President Ferdinand Marcos of the Philippines.

Senator David Durenberger (R-Minn.), chairman of the Senate Intelligence Committee, has called for placing CIA covert networks into the Philippines behind the back of President Marcos. Durenberger, a close friend of Zbigniew Brezinski who has staffed his committee with aides to former Carter administration CIA Director Stansfield Turner, said that the CIA should figure a way to "put some people in place now" over Marcos's objections. Durenberger made his remarks to the *San Jose Mercury News* and to National Public Radio.

On Oct. 30, Senate Foreign Relations Committee Chairman Richard Lugar (R-Ind.) convened hearings on the Philippines. At those hearings, Alan Cranston, Moscow's favorite

Democratic senator from California, declared, "The best friend the communists have in Manila today is Ferdinand Marcos." Cranston called for Marcos's overthrow, and demanded that the United States do all it can to "bring about a swift transfer of power" from the "Marcos dictatorship." He praised the Reagan administration and Republicans on the committee, especially Sen. Frank Murkowski (R-Alaska), for the cooperation and "extraordinary bipartisan consensus" regarding the Philippines.

## Dannemeyer: sodomy is not a civil right

"I have no intention of elevating sodomy to a civil right," Rep. William Dannemeyer (R-Calif.) said, in response to charges from the press that he was "gay bashing" and using AIDS for political ends by introducing five bills to the Congress calling for a series of emergency measures to prevent the spread of the disease (see article, page 60).

Dannemeyer said: "There is a contest in the culture of our society whether to equate a homosexual with a heterosexual lifestyle . . . and I have no intention of elevating sodomy to a civil right. It is perversion and should be described as such. . . ."

Dannemeyer also blasted the Democratic Party national leadership, "which has said the male homosexual community is welcome in their ranks."

In response to questioning from *EIR*, Dannemeyer replied that he saw "no reason to recommend" a program of general screening in the population

for AIDS similar to the military program, and said he "can't foresee the need in the reasonable future."

Tom Bliley (R-Va.), a co-sponsor of the legislation, said that the bills were designed "not to bash the gay community but to protect the public." He said he had co-sponsored the "sense of the Congress" to keep children with AIDS out of school because the danger of transmission was very real, and "we have to come down on the side of safety."

Dannemeyer now expects the bills to be offered soon as amendments to legislation.

## Heavy committee schedule on SDI

Over the next month, both the Senate Armed Services Committee and the Senate Foreign Relations Committee have set major hearings on the Strategic Defense Initiative.

At Oct. 30 hearings featuring Lt.-Gen. James Abrahamson and Assistant Secretary of Defense Fred Iklé, Senate Armed Services Strategic and Theater Nuclear Forces Subcommittee Chairman John Warner (R-Va.) announced that the hearings would continue in closed session, with the same two witnesses, on Nov. 6. Nov. 12 hearings will review the Soviet SDI program; Nov. 19 hearings will hear from the SDI opposition, and Nov. 21 hearings will review developments from the Reagan-Gorbachov summit.

The Senate Foreign Relations Committee, which heard Secretary of Defense Caspar Weinberger on Oct. 31, will conduct further hearings on

U.S. strategic, ballistic-missile defense, and arms control, according to Chairman Richard Lugar. Nov. 7 hearings will feature former NSC adviser Brent Scowcroft, former Defense Secretary James Schlesinger, and strategic analyst Walter Slocum. Testifying on Nov. 12 will be U.S. arms-control negotiator Paul Nitze, Assistant Secretary of Defense Richard Perle, and SDI opponents Gerard C. Smith and John Rhineland.

## New 'Bretton Woods' conference to convene

Members of Congress are fronting for several schemes to replace the defunct "Bretton Woods" monetary system with an equally disastrous system of supranational control. An upcoming "U.S. congressional summit" on the international monetary system is being used by Treasury Secretary James Baker to push to end to floating exchange rates, according to *Washington Post* columnists Evans and Novak.

The summit, the brainchild of Rep. Jack Kemp (R-N.Y.) and Sen. William Bradley (D-N.J.), is expected to draw top European and Japanese government, banking, and business officials and will be addressed by, among others, Paul Volcker and Sen. Ted Kennedy.

The columnists claim that Baker will use the conference to move the administration away from its commitment to floating exchange rates. They add that Shultz opposes moving away from flexible rates.

Perhaps reflecting Shultz's influ-

ence, Sen. Gary Hart introduced an omnibus bill on Oct. 29 which calls "for a new Bretton Woods conference, called by the International Monetary Fund, to bring currencies back into line while preserving a flexible exchange-rate structure," and to establish a new monetary regime.

Otherwise, the bill calls for assisting the "development of the private sectors of less developed countries to increase demand for U.S. exports, strengthening the General Agreement on Tariffs and Trade and reform U.S. trade laws; assisting American industries in improving their competitive posture in international markets, and providing transition assistance to workers in response to changing global economic conditions."

In an earlier floor statement, on Sept. 17, Hart filled out some of the details of S. 1797. Hart's proposals for the developing sector amounts to little more than asset-grabbing, with a sugar coating. He would "link expanded aid—through investment and debt-recycling assistance—to increased American access to Third World markets." In exchange, the bill calls for a new, multilateral agreement to prevent the IMF from imposing austerity measures that threaten new democracies.

The legislation strengthens trade retaliation measures by the United States. It also includes a corporatist section on labor-management agreements to increase productivity—"compacts brokered by the President among labor, management and private capital" under which wage demands would be conditioned on profitability or productivity."

# National News

## Dixy Lee Ray backs 'Patriots for Germany'

Former Washington state governor Dixy Lee Ray has endorsed the effort of a group of German patriots to prevent the success of the Soviet drive to "decouple" the United States from the Federal Republic of Germany. The statement endorses the U.S. Strategic Defense Initiative (SDI), and calls for reviving the Western alliance on the basis of the cultural and political principles of the German classics and the American Revolution.

Dr. Ray, who is also the former chairman of the Atomic Energy Commission, said: "I believe strongly in non-appeasement, maintaining our freedom and that of Western Europe, and returning to classical education and support for the SDI."

The statement of support for the "Patriots for Germany" which Governor Ray endorsed is being circulated in the United States by Milton Croom, former chairman of Peace Through Strength. Released from West Germany on Oct. 18, the statement says in part: "On behalf of millions of Americans committed to the preservation of freedom, we the undersigned applaud the formation of the Patriots for Germany citizens organization. . . . We, too, say no to decoupling, and yes to cooperation on the Strategic Defense Initiative, economic growth and a strong alliance. We applaud your efforts against a Red-Green government, and for a just treaty of peace for all Germany."

## \$200 million cut from Coast Guard budget

The Senate voted 84-13 on Oct. 23 to sustain \$500 million in budgets for the Coast Guard and Federal Aviation Administration as part of a \$10 billion Department of Transportation appropriation for fiscal 1986.

Despite the vote, almost no support was expressed for the budget cuts, and it is ex-

pected that the money will be restored when differences between the House and Senate are ironed out in conference committees.

According to James S. Gracey, head of the Coast Guard, the cuts would reduce the service's operational budget by \$200 million. The reductions would jeopardize 6,000 jobs and force the service to mothball harbor tugs, cutters, and patrol boats along the Eastern seaboard, and would severely limit the Coast Guard's role in the Reagan administrations's war on narcotic smugglers.

## New York City: a Village singles' bar?

"We have a mayor in New York who runs this city like it was a giant Greenwich village singles' bar," the Right-to-Life mayoral candidate Yehuda Levin said during the first and only New York mayoral debate on Oct. 24.

Levin directly attacked Mayor Edward Koch's "anti-family" values, adding that by marching in a homosexual parade (said to include the North American Man-Boy Love Association, NAMBLA), speaking at a Jewish temple attended by homosexuals, condoning pornography, and pressuring religious institutions receiving government aid to issue bans on discrimination against homosexuals, Koch was "one step away from excommunication."

"As a Jew, I feel you are an embarrassment. . . . I think the things you are doing are obscene," said Levin.

According to a source, Levin also said Koch would wind up with the "blood of New York City's AIDS victims on his hands."

## Seaway unreliable due to disinvestment

The vital St. Lawrence Seaway system has been paralyzed since a canal wall collapsed Oct. 14 on the Welland Canal between lakes Ontario and Erie. Seaway officials are scrambling to repair the damage in time to

convince customers that the shipping route is not accident-prone, and say shipping will resume before the waterway normally closes in late December.

Thomas Burke of the Cleveland Port Authority recently suggested the United States take over the entire line, because of what he sees as poor maintenance procedures by Canada. Though Canada ships 60% of its export wheat through the seaway (compared to 7% for the United States), some maintain the seaway does not generate enough income to afford what should be spent to refurbish the system.

The 26-year old seaway has trapped 154 vessels in this accident, compared to the broken-lift bridge at Valleyfield, Quebec, 11 months ago, that stranded 165 vessels, and caused millions of dollars in losses for ship owners.

## Soviets increase chemical warfare

A report just released by the U.S. Defense Intelligence Agency says the Soviets have significantly escalated preparations for battlefield use of nerve gas.

The report, "Soviet Chemical Weapons [CW] Threat," identified a 26% increase in the number of Soviet chemical warfare depots since 1980, making a 16% rise in storage capacity. There are now 32 chemical warfare depots in the East bloc.

## 'Free trade' cuts for maritime industry

In the name of "free enterprise," the Reagan administration has announced the end to the construction subsidy program that previously paid up to 50% of the costs of vessels built in American shipyards.

At Savannah, Georgia, the Propeller Club convention's national president, Frederick W. Hassett, read a telegram from President Reagan to the maritime industry, calling for less government funds, and an urgent



"loosening of fetters so the industry can compete vigorously. . . ."

Andrew E. Gibson, U.S. maritime administrator from 1969 to 1972 and now president of American Automar company, groaned: "Government—when it comes to the maritime industry—is there any vision? And when there is no vision, people perish."

## Some senators remember what progress is

Senator Barry Goldwater (R-Ariz.) attacked the *Washington Post* during congressional hearings on the Strategic Defense Initiative. Referring to a front-page article in the *Washington Post* of Oct. 30 which claimed that computer problems make the SDI impossible, the Senate Armed Services Committee chairman opened the hearings, which featured testimony from SDI chief Lt.-Gen. James Abrahamson, by caustically noting:

"I'm kind of glad that the *Washington Post* hasn't been around forever. Because if it was, we would have no radios, no automobiles; we never would have put a man on the moon, we wouldn't have developed penicillin or cured polio; there would have been no heart transplants. We wouldn't even have panty hose.

"So I came to this hearing today, General Abrahamson, to have my confidence restored that America can do damn well anything that it puts its mind to."

## Scientists criticize OTA report on beams

Dr. Robert Jastrow, professor of Earth Sciences at Dartmouth College, and Dr. Frederick Seitz, president emeritus of Rockefeller University, said that the "confusion" in the Office of Technology Assessment report on Ballistic Missile Defense Technologies "raises questions about the value of this analysis as a contribution to the technical issues involved in missile defense."

As *EIR* demonstrated (Oct. 18, 1985), the OTA's most recent pronouncements are discredited merely by comparing them with its own 1984 report on the same topic. All the major claims made in that 1984 report against the technological feasibility of ABM defenses were dropped or watered down in the 1985 version.

In a press conference in Washington D.C. on Oct. 29, Jastrow and Seitz said that the OTA staff "did not contain the level of technical skill and understanding required to handle [the SDI issues] in an adequately critical way by the methods they used."

The OTA advisory panel, they noted, was held "not responsible for the contents of the final report," which, unusually, was not subject to outside neutral review to ensure fairness, and the report totally ignored "the most striking aspect of the SDI program . . . its rapid progress towards achievement of its technical goals."

## Executive calls for industrial restoration

Robert W. Lundeen, chairman of Dow Chemical Co., speaking to business executives at a luncheon meeting of the Hong Kong Association of New York in late October, compared the Reagan administration to a corporation "that achieves cost savings by reducing personnel and cutting discretionary expenditures here and there, but fails to spend enough on maintenance of its plants and on research and development for the future."

Short-term profit improvement makes the shareholders "happy for a while," but the shareholders become disenchanted "when the company fails to produce and deliver successful new products against aggressive competitors because its basic structure has corroded and its capacity for innovation has been blunted."

Lundeen called for a "business wizard" in the White House to convince Reagan that a "national, bipartisan action program directed at restoring our country's industrial competitiveness is, after national security, our highest priority as a nation. . . ."

## Briefly

● **A NEW JERSEY** court has given the state ombudsman for the institutionalized elderly, Jack D'Ambrosia, the authority to decide which comatose or "incompetent" patients are to live and which are to die. He is authorized to approve the withholding of food, medication, and life support. The court ruled that this is not "inhumane," since anyone unable to sense hunger or thirst would not suffer.

● **LINUS PAULING**, the kook chemist, told reporters at a press conference in Portland, Oregon on Oct. 25 that Vitamin C should be used to treat on AIDS. "AIDS is caused by a virus and since Vitamin C inactivates viruses, it would seem that in large doses Vitamin C might help." He failed to mention the evidence accumulating that the massive dosages of the vitamin he has advocated in the past have caused cancer.

● **THE AFL-CIO** voted its president Lane Kirkland a 30% salary increase, bringing his annual income, without perks, to \$150,000! This is in contrast to the 2% pay hike averaged by most of the 13 million members of the labor confederation, not to mention the millions of unemployed AFL-CIO members. Trilateral Commission member Kirkland was also re-elected for a two-year term at the just-concluded AFL-CIO national convention.

● **SENATOR Strom Thurmond** (R-S.C.) called the Strategic Defense Initiative "the most outstanding technology of my generation" in remarks at Congressional hearings on the SDI on Oct. 30. "There is no doubt [the SDI] will be the turning point to bring peace to the entire world," he said. "Gorbachov is afraid of the SDI because if we can defend ourselves from missiles, he can't carry out his domination of the world."

## Editorial

### *The dangers of the summit obsession*

Despite the increasingly overt pro-Soviet machinations by Secretary of State George Shultz, at the present time the Reagan administration outlook for the superpower summit looks good. The President has taken the offensive on the Strategic Defense Initiative, and won a general statement of support from the European allies at the Nuclear Planning Group meeting the last week in October. His interview with BBC radio was an extraordinary reiteration of the need for *both* superpowers to have a defensive weapons system, so extraordinary that the British and other would-be saboteurs could scarcely contain their chagrin.

But, in terms of the larger game of grand strategy, one would have to conclude that the President, for all his good intentions, is losing the war. He has become so fixated on defending the SDI issue at the summit, that he has let the State Department proceed with policy decisions that are well on their way to losing the United States every ally it might wish to defend.

First, we have the situation in the Philippines, where the State Department is virtually campaigning to give the islands to Moscow. The major source of complaints about "human rights" in that island nation is now the same circle of U.S. senators, newspapers, and State Department bureaucrats who were responsible for bringing down the Shah of Iran. Should the Philippines be lost, the United States will have to withdraw its nuclear forces all the way to Hawaii. Japan and other U.S. allies in the region will have been handed over to the Soviets, who have already beefed up their forces in the Pacific to an alarming degree.

Second, and equally alarming, is the situation in Ibero-America. Even before Paul Volcker's review board decided to declare Peru's debt non-performing in late October, the actions of the administration had created a near-Malvinas type situation to the south of the United States. This was accomplished by Reagan's announcement that the United States would deal with hotspots like Central America through demanding local negotiations, and then sitting down with the Soviet Union, to work out a longer-term deal in the various regions.

This announcement by Reagan finally made offi-

cial, what the State Department had been doing all along, in relation to the efforts of the Contadora nations to bring about a peace process in Central America. The Reagan administration had been pledging its official support for Contadora up until the President's U.N. speech. Now, the President had ripped up his promises, and told Mexico, Panama, Colombia, and Venezuela that the "big boys" were going to take over the process.

This is not quite the same as the U.S. backing England's military intervention into Argentina, as in the Malvinas war, but it presages a similar kind of development. Contadora, from its outset, has demanded that peace was only possible if both superpowers stopped meddling in the region. And now, Reagan was pushing hard in just the opposite direction.

The State Department, with its insistence upon IMF conditionalities throughout Ibero-America, had already alienated Ibero-America. Now, this statement of intent has virtually lost it.

The third area where the State Department has been allowed to carry out its wrecking operations against the allies, is the Middle East. What has prevented the Mediterranean from becoming a Soviet lake, up until now, has been the friendship of certain North African nations, as well as Turkey, Egypt, Jordan, and Israel, with the United States. Yet, one by one, the State Department has proceeded to insult and betray those nations, leaving the United States identified solely with Israel, at the time when Israel itself is rushing into the arms of the Soviets!

The postponement of arms sales to Jordan, the refusal to meet necessary economic demands from Turkey, and the cut-off of millions of dollars of aid to Egypt—all carried out during the last days of October—have stabbed all of our allies in the back.

The quality of commitment which the President has applied to the SDI, needs urgently to be applied to the concept of principled alliances with our neighbors and friends. The commitment to share the benefits of the SDI, must be extended to the commitment to create actual conditions for economic growth for our allies. Let's not win a victory at the summit—but lose the world.

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