

EIR

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Lawsuits say Leesburg 'panty raid' was a hoax
García's Peru grows by 22.5% in manufactures
AFRICA Fund formed as barrier to all-out war

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go to jail in 'Iran-gate'?**



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From the Editor

Our cover story this week presents a wealth of material developed during seven years of investigation into covert U.S. support for Iran's Ayatollah Khomeini, and the Israeli gun-running rings that have kept his terrorists supplied. The basis for understanding the "Iran-gate" currently unfolding, was published in detail eight months ago, in *EIR's* Special Report titled "Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia." For those of our readers who may be kicking themselves for not getting this information earlier, we call to your attention the following additional Special Reports:

- "A Classical KGB Disinformation Campaign: Who Killed Olof Palme?" Given the events of recent days, and the rapidly unfolding developments in the investigation of the Palme murder, this report will be indispensable to sort out truth from Soviet-inspired media disinformation.

- "Soviet Unconventional Warfare in Ibero-America: The Case of Guatemala." Following the recent exposure by Attorney-General Ed Meese of the Israeli role in U.S. weapons sales to the Nicaraguan Contras, media attention has suddenly been drawn to Israeli gun-running in Central America. Our report, published in the fall of 1985, gives the background required to understand what is going on now—including the Soviet-Israeli connection in the Central American arms traffic.

- "White Paper on the Panama Crisis: Who's Out to Destabilize the U.S. Ally, and Why." The operative policy is the same one behind "Iran-gate."

- "Germany's Green Party and Terrorism." As West Germany approaches its national elections on Jan. 25, 1987, this report will be essential to understand the Soviet strategy for "irregular warfare" in Europe.

Further information on these and other reports can be obtained from your *EIR* sales representative.

Nora Hamerman

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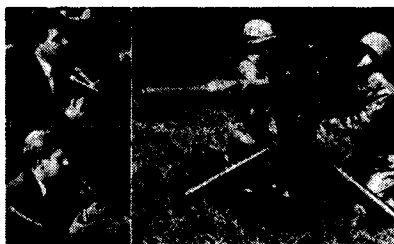
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García's Peru grows by 22.5% in manufactures

by Mark Sonnenblick

Peru's manufacturing output was 22.5% higher during the first 10 months of this year than during the same period last year, Manuel Romero, the minister of industry, trade, tourism, and integration, proudly announced on Nov. 29. Romero correctly observed that that was the highest growth rate which that key sector had ever experienced.

Overall economic growth is running at an equally impressive 7.8%, the highest rate for Peru since 1974, before the economy was wrecked by the International Monetary Fund (IMF) and its allies in the cocaine business. All this was achieved amidst continuous erosion of the prices Peru is paid for its exports—its petroleum, its copper, and its iron ore. Peru's terms of trade are close to half their 1979 levels.

Romero attributed the dramatic recovery, led by metalworking and cement, to President Alan García's economic policy based on the recovery of consumer demand, tariff protection for domestic markets, and increased state activity in purchasing goods and providing credit support.

The facts show that García's heterodox economic model works, while the orthodox monetarist policies being applied by his Ibero-American neighbors have plunged them deeper into economic disaster. García made that clear in an interview broadcast on Mexico's private sector television network, Televisa, Nov. 27.

García documented a success story which must have made Mexicans envious. "When we took office [on July 28, 1985], inflation was more than 200%; now it is 60% annually. In the second place, the Peruvian currency was rapidly losing its buying power in relation to the dollar. It was devaluing at 250% annually. Incredible. We, by a virtual act of economic will, have preserved the same exchange rate for the past 15 months, without any change, and this seems heretical, absurd, to the monetarists. But there we are; you can see it. As a result of this cutting of inflation, we have achieved an increase in the population's consumption. We have improved

wages; we have kept many products at the same price as last year: bread, oil, flours. Thanks to this, the population could consume more. And, since the population consumes more, industry and the economy came to be reactivated."

García's political economy starts by improving the well-being of the present and future labor force. He continued, "Peru's population grows 3% annually. We had been growing economically 1 or 2%. That is, always regressing in relation to the population. We have moved onto the scene this year a fundamental element of the economy which had been forgotten: the masses' consumption capacity, generalized social well-being."

He drew the obvious conclusion, "Many economists under the influence of ideologies proper to the developed countries or the International Monetary Fund, say that this is dangerous, transitory, etc. But, the truth is that during a year and a half, it has been working. The worst thing is for one to sit on his doorstep and cry that it is impossible to do anything, condemn oneself to impotence and not dare to do something different. That is terrible for the peoples, not for the rulers. Sure, what we are doing has risks; but so far, things are going better than before; and that is just what we want."

On Dec. 3, García announced the end of freezes of prices and exchange rates, without changing the essence of his policy at all. He promised wages would rise in 1987 by at least 6% more than prices. Internal demand would still provoke increased production. Nor "should we fall into either extremism, either a policy of completely fixed prices or totally free prices," he admonished.

Given the 60% inflation, Peru had to devalue to prevent exports from drying up. Peru's exporters complained that the *inti* (Peru's currency) was 22% overvalued, in marked contrast to Mexico, for example, whose peso has been battered so far as to be 30% undervalued. García declared on Dec. 3, "Some have said that there would be a 30% devaluation on

Jan. 1 and bought dollars to profit at the expense of the country. I want to announce that the official and financial dollar will be kept at the same rate until Dec. 31 and that there will not be any traumatic devaluation next year; but the price of the dollar will be adjusted by 2% monthly."

To provide immediate relief for a trade balance which became negative in September, the García government shifted most products on Dec. 1 from a lower to a higher exchange rate. Importers complained of this as a "25% disguised devaluation," but 360 of the top priority imports—food, medicine, and certain machinery—were kept at the lower rate.

On his first day in office, García decreed measures to stem capital flight, revive moribund industrial and agricultural sectors, and feed his people, 80% of whom were undernourished, according to a 1985 Food and Agricultural Organization survey.

The keystone of his entire program was his unilaterally limiting payments on Peru's \$14 billion foreign debt to 10% of export income. In response to a curve ball about Peru not paying its debts, thrown at him by the Mexican journalist Jacobo Zabludovsky, García replied, "I never said that I would not pay, because the day I say I am not going to pay, they could immediately embargo and sue me and claim that I stated I would not pay. What I have said is: One, I recognize I owe because it is part of my historic error; number two, I am not going to sacrifice my people paying. . . . So, we are now teaching the Peruvian people to eat more, to consume more. We'll pay later. . . . because we have to pay something, so nobody says that we are, pardon me, cheats; we said, we will pay a quantity, 10% of the total value of our exports. . . . And we have complied. . . . I think that is a position any U.S. senator would share with me if he were in Peru's shoes."

The comprehensive package of measures by which the state promoted economic recovery has had its effect. Credit, which formerly went to dollar speculators and narcotics traffickers, was redirected to productive investments at interest rates far below inflation, even zero interest in the most backward regions. State banks increased their loan volume by 17% in real terms.

While the state has directed the economy, the legitimate private sector bankrupted under previous "free-enterprise" regimes has profited handily. One indication is that the percentage of loans in the state banks' overdue portfolio has been reduced from 19.4% to 13.5%. Industry thrived thanks to tax cuts, electricity price cuts, cheap and abundant credit, tariff protection, and especially because the people had the cash to increase capacity utilization and reduce per unit costs.

Next step: resuming private investment

García announced on Dec. 3, "We have begun a harmonizing process with business so that profits made with the reactivation of 1986 are invested in the areas of interest to national development. For example, food, textiles, and in the provinces." García has held weekly meetings with industrial leaders to work out investment policies. Next year, those

of each sector will decide where increased capacity is needed. Income invested in those areas will receive tax freedom, if some fresh capital is also invested. García told a business convention on Nov. 16, "An industrialist is not a speculator. . . . An industrialist is someone who takes risks for himself and for Peru."

With a little help from governments such as West Germany, Italy, and France, García is bringing on-line infrastructure projects and beginning others. He plans to turn a dozen smaller cities into major industrial centers, to decentralize growth out of Lima. To prevent Lima from choking in its own traffic, he plans a rail mass-transit system.

Peru's model must spread . . . or fail

García once said he intended to serve "as a model of leadership for other countries of the world." He has proved it possible to set a sovereign path, ignore the IMF, and thrive, compared to those who "behave."

But, Peru's model must spread—first continentally and then globally—or fail. During November, Zaire limited debt payments to 10% of exports; and there are voices in Brazil for doing the same. But, by and large, Peru's path has not yet been followed.

In his Mexican interview, García hit that problem with a devastating attack on the "pettiness" and "little jealousies" of Ibero-American leaders who have prevented the integration of a powerful economic and political force on the continent: "Gentlemen rulers of Latin America; our peoples all have grave problems of growth, health, welfare, problems of historic dissatisfaction [of needs]. What are we, the rulers of Latin America, doing if we don't unite and show the world that we are not cheats, but that we do have the right to impel our societies to develop without insecurity, without violence, without misery? A country cannot be developed if it does not make an economy of national defense. . . . Latin America has to take the step of historic unity . . . has to be integrationist. No country by itself, could be successful in the struggle against financial imperialism if it is not united and protected by other countries."

He explained that the Ibero-American economy "has enormous agricultural, mining, and industrial capacities, and what is most important, has an enormous population which if we use it to consume adequately would oblige our industries to work properly. So, foreign credit is not a problem for us. We have paid more in recent years than they have loaned.

"Not even Mexico which is a much bigger and more solid country needs that much money from outside. What it needs is for its economy to produce and its population to consume. . . . If we united all the Latin American countries, just think of the enormous sum of demand and social consumption and productive capacity we would have. Right now, any of our countries with small foreign resources . . . could, by ordering its economy and applying a new economic theory, put its society to work and allow its people to consume."

An Emergency War Plan to Fight AIDS

EIR's Biological Holocaust Task Force has prepared the world's only science-intensive "Emergency War Plan to Fight AIDS." The newest discoveries of optical biophysics and advanced laser technology can improve diagnosis and lead to research breakthroughs—if governments move now.

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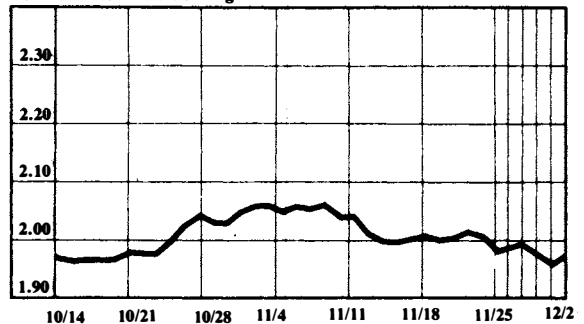
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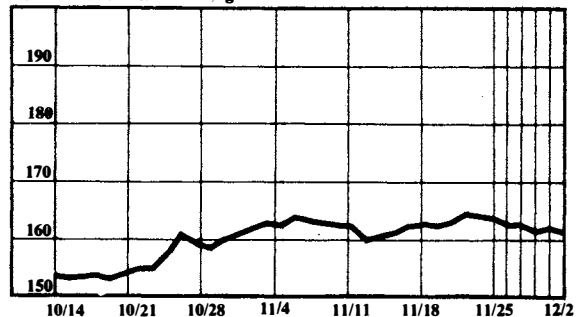
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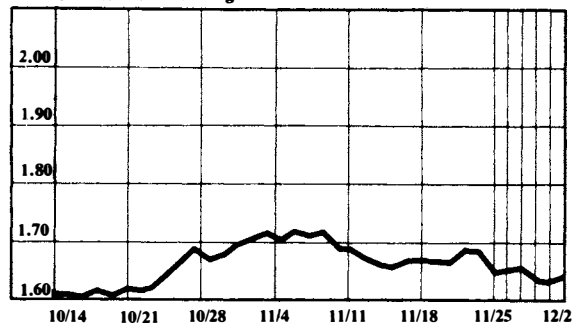
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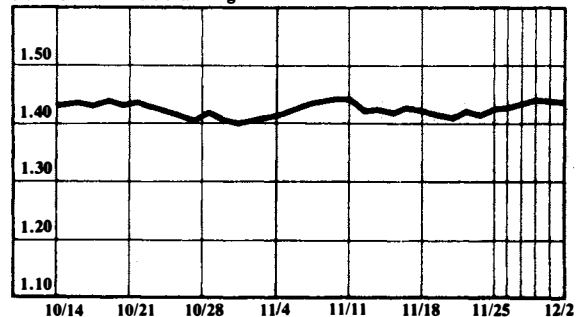
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



AFRICA Fund: building a solution in southern Africa

by Ramtanu and Susan Maitra

Perhaps the most substantial outcome of the 8th Non-Aligned summit, held last September at Harare, Zimbabwe, was the formation of the AFRICA Fund—a means to assist the southern African nations to develop their now extremely fragile economies. It is an effort to, literally, build a barrier against all-out war in the region.

Formation of the fund is the result of a joint initiative of nine non-aligned nations, which include India, Peru, Argentina, Yugoslavia, Nigeria, the Congo, Algeria, and two southern African countries, Zimbabwe and Zambia.

AFRICA is an acronym for Action for Resistance to Invasion, Colonialism, and Apartheid. As the name suggests, the impetus to set up the fund was the need to counter the dangers the southern African nations face in light of the continuing crisis in South Africa over apartheid, and the inevitable economic problems these so-called front-line nations will encounter if serious economic sanctions are imposed on South Africa by the rest of the world. It is well known that these nations depend overwhelmingly on South Africa for trade, cargo movement, and other basics.

But the purpose behind the fund goes beyond stop-gap aid to tide over the immediate crisis, and one need not be an advocate of the sanctions tactic to see the fund's urgency and merit.

In the first place, the economic programs the fund was established to finance, consist of precisely the kind of basic infrastructural projects necessary to create a viable basis for restoring political stability in the region, and maintaining it in the long run.

In the second place, as long as the front-line states remain economic hostages to South Africa, any meaningful pressure on the Pretoria regime—sanctions or otherwise—necessarily risks a region-wide conflagration and probable superpower confrontation.

It is this grim prospect which the AFRICA Fund initiators want to head off. Unless there is a meaningful intervention by OECD and other advanced-sector nations, these front-line states will be forced to queue up in Moscow for assistance to

attempt a military solution, plunging the entire region into a cauldron of superpower rivalries.

Thus although the Fund was initiated by the Non-Aligned Movement leadership, it is not intended to be a "South-South" affair. The participation of the developed nations is being actively sought. It is interesting to note, in this connection, that both Cuba and North Korea were kept off the Fund's committee, and nine of the most active and dependable members of the Non-Aligned have taken charge.

A Gandhi-García initiative

India, former Non-Aligned chairman, has been appointed chairman of the AFRICA Fund, and a special cell has been set up within the foreign affairs ministry in New Delhi to give exclusive attention to implementation of the proposed program. Prime Minister Rajiv Gandhi has reportedly asked Minister of State for Foreign Affairs Eduardo Faleiro to devote his time entirely to attending to this plan, under the general supervision of Foreign Minister N.D. Tiwari. Immediately following the Non-Aligned summit, Faleiro was sent by Prime Minister Gandhi to visit each of the front-line states, following up his own consultations earlier in the year, and, in particular, to identify criteria and urgent projects which can be assisted by the Fund.

Further, Gandhi has invited Dr. Alan García, the President of Peru and one of the prime movers behind the formation of the AFRICA Fund, to be the chief guest at India's Republic Day celebration to be held on Jan. 26 in New Delhi. In a letter to the Peruvian President published in the Peruvian press, Mr. Gandhi emphasizes that the Fund be made operative "as soon as possible," and proposes that a first high-level Committee of the AFRICA Fund be held in New Delhi early in December, and that "public activities" by a select group of industrialized countries on behalf of the Fund be launched forthwith.

The larger plan is to repair the damage caused by a decade of subversive warfare in the southern African region, and thus pave the way for establishing stable economies in those

nations. Included in the plan are: improvement of telecommunications networks in Mozambique; establishment of a rail link between the capitals of Zimbabwe and Zambia—two land-locked states; repair of the railway lines between Tanzania and Mozambique; improvement of the port facilities at Nacala, Beira, and Maputo in Mozambique, among others. Indian railway experts have already been in Zimbabwe making surveys and preparing feasibility studies in order to assess the time and financial burdens involved in developing the rail systems.

Africa needs large inputs of industrial technology, but first it needs the infrastructure to allow this technology to function productively, and this is where the AFRICA Fund is essential.

During his own visit to Zimbabwe for the Non-Aligned meeting, Prime Minister Gandhi assured his hosts that India would also attempt to foster the country's agricultural development.

The SADCC report

The concept of the AFRICA Fund was mooted in a detailed contingency plan drawn up by the Southern African Development Coordinating Conference (SADCC)—a body set up not too long ago by the southern African nations—prior to the Non-Aligned summit. The SADCC secretariat has pointed out that there are three major areas of economic activity in which its member nations are heavily dependent upon South Africa: labor remittances, trade, and transport. Once South Africa imposes countersanctions, SADCC said, labor remittances will fall, and the countries imposing sanctions on South Africa will have to take responsibility for handling capital flows on a concessionary basis to enable the SADCC countries to make adjustments.

The SADCC secretariat has also put forward a plan to maintain trade links to the outside world in the event of comprehensive countersanctions from South Africa—namely, developing the Beira corridor through central Mozambique as the region's main sea outlet, and patrolling it heavily to prevent disruption by South Africa or South African-backed local guerrillas. South African and guerrilla armies have repeatedly damaged the railway to Benguela port in Angola and the rail line in Maputo in Mozambique. The Tan-Zam railway, through Tanzania and Zambia leading to Dar-es-

Salaam port, has failed to perform according to expectations.

According to the SADCC report, the plan will require extensive refurbishing of Beira and Nacala ports in addition to relaying a few dozen miles of railroad tracks. Further, it recommended that to improve the costly telecommunication-system linking the front-line states, which also reflects their dependence on South Africa, it will be necessary to set up a telecommunication-monitoring system.

Apart from projects in transport and telecommunications, the SADCC report underlines the necessity of an accelerated pace of industrialization and adequate assistance to strengthen the front-line states' agricultural sectors. The background documents for the Harare summit on the world economic situation, prepared by the New Delhi State Research and Information System for the Non-Aligned and other developing nations, endorsed the SADCC recommendations and urged action on them by the heads of state.

The World Bank vs. the 'Lagos Plan'

"We intend to participate actively in the forthcoming United Nations Special Session on Africa to lay the foundations for the region's long-term development," read a portion of the Economic Declaration of the OECD nations at the 1986 Tokyo Summit. But when the General Assembly was convened in New York City, to consider the proposal from the Organization of African Unity (OAU) for a \$128 billion, five-year recovery plan for the continent, the OECD representatives demanded further submission to IMF-dictated "free market" measures to even consider it. The hollowness of OECD rhetoric is nothing new.

In the early 1980s, two main strategies were put forward to deal with the African crisis. One was outlined in the World Bank's "Accelerated Development in Sub-Saharan Africa: An Agenda for Action." The other is the OAU's \$128 billion "Lagos Plan of Action for the Economic Development of Africa, 1980-2000." Predictably, the World Bank prescribed devaluation, price adjustments, austerity, "better management," and increased exports in the context of agriculture-based economies. Never mind the fact that these nations are already agricultural and generally one-commodity exporters, and have been bankrupted and caught in the treadmill of debt dependence for that very reason.

The Lagos Plan of Action, by contrast, rests on quite different objectives. First, a reorientation to internal development of the various national economies and, second, a shift to "self-reliance." Unlike the Bank's prescriptions, the Lagos Plan is a long-term strategy for industrialization and real development. Though technically sound, it requires foreign financing—a virtual impossibility in a world economic environment controlled by the World Bank-IMF.

There is no doubt that Africa needs large inputs of industrial technology, but first it needs the infrastructure to allow this technology to function productively, and this is where the AFRICA Fund is essential.

AIDS crisis in Brazil: Health must take priority over foreign debt

Dr. Mário Barreto Correa Lima is professor of medicine, biological sciences, and health at the University of Rio de Janeiro; former president of the Brazilian Medical Association and of the Society of Medicine and Surgery of Rio de Janeiro; president of the Society for Promotion of Research and Instruction; and member of the National Academy of Medicine. The interview was granted on Dec. 2 to Silvia Palacios and Lorenzo Carrasco, EIR's reporters in Brazil.

EIR: What danger does AIDS pose for humanity?

Lima: Despite the tremendous progress medicine has made, we are unable to say with certainty that humanity will never again be wracked by deadly epidemics and pandemics. In large parts of the planet, promiscuity, caused by extraordinary poverty, has no parallel in history. With the vast megapolis lacking—at least in its outskirts—water and adequate drainage, there is everywhere an immense concentration of human beings just waiting for the emergence of a new savage virus which could reproduce, in unexpected proportions, the plagues of long ago.

Today's world is no longer made up of isolated and dispersed populations. Intercontinental travel by any and all means of transport, including the most diverse kinds of vehicles such as trains, ships, and planes, is a fact of this day and age.

This is not to speak of the sexual habits of the last two decades, of that other form of promiscuity—sexual—which, although it also depends in part on poverty and on poor income distribution, is in reality, paradoxically, the offspring of the affluence of exaggerated consumerism, the lack of perspective, of the perpetual search for pleasure, of the relaxation of values, and even of ignorance.

The trap is set. With this backdrop, the Acquired Immunodeficiency Syndrome, AIDS, makes its appearance.

EIR: What, specifically, is the evolution of AIDS in Brazil?

Lima: Brazil is currently disputing with France the dubious distinction of having the second-highest incidence of the disease. The official history of AIDS (in Brazil) began in

1982 with a homosexual who acquired the disease in the U.S. From that point on, the first cases began to be discovered. When an evaluation was made in 1983 and 149 cases were verified, 28 of them were discovered to be patients who came from the U.S., that is, people who had traveled to New York or to the West Coast, San Francisco, Los Angeles, and who then brought the disease here where it has found an environment through the same habits that exist in the United States, particularly among the homosexual and bisexual groups.

There was also another important question which drew our attention. That is the incidence of the disease among victims of hemopathology, principally among hemophiliacs. While among hematopaths worldwide, the incidence of the disease represents more or less 1-1.7%, in Brazil and particularly in Rio de Janeiro during the initial phase, there was massive contamination of hemophiliacs, who in Rio represented more than 44% of the AIDS cases. This was due to massive contamination of the blood supply. Currently, more or less 98% of the hemophiliacs of Rio de Janeiro test seropositive for HTL-III, meaning they had contact with the virus.

Later, the disease became acclimatized among homosexuals where it became autochthonous, and then began to radiate outward to other centers of Latin America. With this huge incidence within the major cities of Rio and Sao Paulo—this last a leader in AIDS statistics—the greatest predominance is among the male homosexuals and among bisexuals, although it is now also beginning to appear among narcotics consumers.

EIR: We understand that there are no reliable statistics on the number of AIDS-infected. What is your estimate?

Lima: Our statistics are far from accurate, above all because notification of cases is inadequate, really inadequate, and there probably exist many more cases than those officially registered.

It is probable that there are 30% more than those officially registered (853, according to the Health Ministry). But I believe that whatever percentage anyone comes up with can

be no more than a mere guess. What I can say, is that in view of what people feel, based on what they see, in view of the cases I, for example, have received and those which have been treated without notification being made, I suppose that there are many, but I don't have the statistical basis for saying how many. It is very difficult to know because, for example, here in the hospital, the initial idea changed because we were receiving so many sick people. There are those who estimate 30% more than those calculated. Possibly it is more, perhaps 50 or even 100%, but I don't have the basis for saying so.

EIR: And what about carriers?

Lima: There is no correct estimate of the number of carriers, just a few very superficial and partial studies that don't reflect the numbers of AIDS-infected among the general population.

EIR: In your book *AIDS, the Disease of Fear*, you note the necessity of utilizing mass screening to permit a broader evaluation of AIDS.

Lima: This proposal has various purposes. One is to know exactly how the disease is transmitted. It is clear that if the disease has two transmission vectors, one by sexual relations and the other, by contaminated blood or blood material, evidently one could control that means of transmission by testing all blood donors. This is absolutely necessary and should be done immediately, in defense of the health of the individuals who could eventually require a transfusion.

With regard to this preventive aspect of the disease, testing of that group is obligatory. Besides this, it is necessary to know how many contaminated individuals there are in the country; it is the only way to learn the natural history of the disease. It is necessary to know who is infected, to then know what measures to take. Assuming from the beginning that these viruses are capable of serious damage to the central nervous system, it is important to know the fate of these patients. For all these reasons, testing large groups of the population is important.

EIR: You speak of mass testing because the disease has broken out of the groups which were previously categorized as high-risk. What resources are available for these mass tests?

Lima: Tests are not necessary for several million, but they are within a group which sufficiently represents the population. From this, one could calculate what new groups already have the virus. It will not be necessary to test 135 million Brazilians. In Brazil, even government agencies have fought against tests, because of the cost, among other reasons; but it does not cost a lot to test; years ago it was calculated that a case of 200 tests costs \$191. Most of the tests are imported, but whatever the price, massive testing must be obligatory, because it is a life-or-death question. Therefore, whatever money must be spent to save that life would be worth it. Funds must be diverted for these preventive measures. These

measures are for the future, and in 20 or 30 years, the importance of having them today will be understood.

EIR: Brazil has millions of individuals with diseases such as malaria, chagas, and schistosomiasis. How will AIDS aggravate problems of public health?

Lima: The fact that the country already has such great public health problems can in no way mean that the AIDS problem can be ignored. The initial argument for not even testing, was that Brazil already has serious public health problems. This is neither relevant nor an acceptable argument. The truth is, yes, this is a very serious problem. Brazil has more than 6 million victims of schistosomiasis, 7 million with chagas, and millions upon millions with parasites.

EIR: Returning to the AIDS problem, can it interact with other epidemics and other endemic illnesses in the country? What is the specific risk for Brazil as a representative of the Third World?

Lima: It is aggravated in several ways. From the health

Panic over AIDS sweeps Ibero-America

Brazil: Africa-style threat

"Brazil has the potential for an Africa-style epidemic," said Dr. Jonathan Mann, director of AIDS research for the World Health Organization (WHO), at a news briefing on Dec. 4. This marks an about-face from the previous WHO position that AIDS was not a serious danger to Ibero-America. Mann compared the doubling rate on the continent to that of a few years ago in the U.S. and Africa.

Rio and Sao Paulo have infection rates of 2.5 per thousand, comparable to some U.S. cities. A study by the Panos Institute of Europe and the Norwegian Red Cross found reported cases in Brazil increased from 6 in 1984 to 800 this past September, which closely mirrors the U.S. increase between 1978 and 1982. A prominent Rio physician told *EIR* that most Brazilian AIDS cases are not being reported, and stated that in his own practice, 42 patients tested positive for AIDS in November alone.

Mexico declares AIDS reportable

Mexico has 50 to 100 times as many AIDS cases as

perspective of the individual, it is clear that AIDS is a serious risk; and in view of the other infectious diseases, we know that the risks are multiplied. Persons with schistosomiasis are already debilitated. If, on top of this, you have a virus like Hepatitis B, etc., you will suffer a worse impact on your health. Thus, it is clear that AIDS represents a serious risk, above all for individuals whose immunity is already weakened.

EIR: Then the public health problem can get out of control if funding to prevent it is not made available?

Lima: Yes, AIDS is a grave problem for the health of the population in general and if it already suffers from other diseases, it evidently becomes a cumulative problem. Greater resources, personnel, and investigation are needed.

EIR: Then, do you recommend a drastic increase in the public health budget? What is Brazil doing about this?

Lima: Unfortunately, a policy which would overcome these obstacles has not been developed. There has not been any

increase in funding in this respect. In most places, the already insufficient normal resources are being used. For example, not a penny has been added to the budget for AIDS.

EIR: The enormous public-health needs, aggravated by AIDS, remind us that at the same time great amounts of money are used for payment of interest on the debt. What solution do you propose?

Lima: The main problem is that no country can pay \$12 billion in interest per year. The politicians, economists, and people of Brazil have to solve this problem. Priorities must be set. The country cannot pay or spend 2% of its Gross National Product on health while many times that is spent paying the debt, a debt of dubious origin, with interest rates which have been unilaterally increased successively without any justification. This is a problem which will have to be solved. Funding priorities must be set. Health must be top priority because it is the basis for the country's development and the well-being, not only of Brazil, but of the whole continent and even the world.

previously reported, Health Minister Guillermo Soberón confessed on Dec. 4. The admission reverses a previous cover-up and comes less than a week after the Mexican government declared AIDS a reportable, contagious disease.

On Nov. 29, at Soberón's request, the Mexican General Health Council ordered that all active or inactive carriers of AIDS or its antibodies be reported, and noted that the virus "has been found in the blood, urine, brain fluid, tears, and saliva of patients." The government directive overturned Soberón's previous do-nothing policy, but did not set any guidelines for preventing the epidemic from spreading, nor did it provide for systematic screening.

A Schiller Institute task force led by Dr. Bertha Farfan had agitated prior to the decision for a change in Mexican policy. After many doctors had disputed the government's under-reporting of AIDS cases, the Health Ministry on Nov. 24 admitted that 6% of all blood stored in private hospitals was contaminated with the AIDS virus.

The president of the National Chamber of Private Hospitals and Clinics, Jesús Gómez Medina, blamed the government, since it "does not inspect blood banks." He charged that "blood contraband is a big business, in which some Health Ministry officials are implicated." He said much Mexican blood was going illegally to the United States. And, he added, "more than 1,500 cases of AIDS

have been detected in Mexico," compared to the government figure of 249 cases.

At a Dec. 4 press conference Health Minister Soberón admitted for the first time that for every one of the 249 reported cases, there are "between 50 and 100 other people infected."

Peru: IMF policy blamed

Front-page headlines like "AIDS Kills 14 in Peru" appeared in three Lima dailies Nov. 28 as a result of a press conference announcing the visit of Dr. Debra Freeman, public health adviser to U.S. presidential candidate Lyndon LaRouche.

Dr. Hugo Díaz Lozano, president of the Peruvian Medical Federation (which, with the Schiller Institute, co-sponsored Freeman's Dec. 9 conference in Lima), is quoted in the press describing Dr. Freeman as a leading proponent of the PANIC initiative in California: Proposition 64, the ballot measure which sought to have AIDS declared a contagious disease, and to apply to it standard public health measures. Dr. Díaz blamed "the economic policies imposed by the International Monetary Fund (IMF) as conditions for the rapid expansion of AIDS, due to the situation of the extreme poverty of our population."

Dr. Victor Durán, quoted in the daily *Extra* on Nov. 23, estimated that "there are probably 3,000 AIDS victims in Lima alone who do not know they are sick."

EIR: You say 2% of the Gross National Product is invested in health while 5% or more goes to pay the debt? Do you think it is correct to invert the equation, at least for public health?

Lima: Yes, that is a key, fundamental, question. The first thing is to check the legitimacy of that debt, whether it was contracted by the rules, where the money was invested, etc. But in any case, it is illicit that any debt contracted be unilaterally increased, and the debt increases every day, despite the fact that Brazil has gone through a true bloodletting, and everything it is doing today to pay it.

The country has to give priority to its interests and know the importance of public health in this picture. The developed countries spend an average of 10% of their GNP on health; but the fact is that we, in Brazil and the Third World countries, have a great social deficit in terms of employment, basic sanitation, food, nutrition, education. That debt must be at least three times the value of the foreign debt. It must be something like \$300 billion.

This has to be redeemed so that individuals have the right to live. For example, life expectancy in the Brazilian Northeast is 40 years, due to the misery there. That must be overcome and a greater investment in health made. Brazil has spent 2% of its GNP on health since 1979. In that period alone, the annual GNP has been on the order of \$200 billion, while, in the United States, it was \$3 trillion; and there they spend 10% of the GNP on health, without even having the poverty which exists in Brazil. Therefore, Brazil should spend more on health, should channel investments toward basic questions—nutrition and hygiene to increase life expectancy. If we compare what the U.S. spends, although we have half their population, the difference is very, very big. There is a very great gap. . . .

EIR: Then, we could say that Brazil needs a minimum of 5% of GNP to reestablish minimum living standards in Brazil?

Lima: No, that is too little, because we have that social debt which has to be redeemed. We don't have schools, sewers; food is lacking. Such investments apparently don't have a return, since they don't have an economic return, no profit. But even so, every country today pays more than 10% of its GNP to see to the individual health of its citizens. So, 5% of GNP is too little.

EIR: That means that the debt should not be paid either with hunger or with health?

Lima: Without the slightest doubt; health cannot be sold nor risked in any way; health is an invaluable gift which is worth more than ordinary economic goods. The highest objective is to promote the citizen's health, based on modern funding and nutrition. I think of the great territorial size of Brazil, and then see our people of the Northeast. This is incomprehensible. This is unacceptable.

Fusion

JET successes only the beginning

by Heinz Horeis

After the U.S. Tokamak Fusion Test Reactor (TFTR) had set a new record with a plasma temperature of 200 million degrees (Celsius) last August, the European tokamak JET (Joint European Torus) in Culham, England announced similar results: Recently, JET scientists were able to heat plasma to a temperature of 150 million degrees. Both results are spectacular, because these temperatures are well above the 100 million degrees required for a fusion reactor. However, both temperatures were achieved at plasma densities ($1 - 2 \times 10^{13}$ particles/cm³ at JET) about 10 times below the value needed for a reactor.

Fusion scientists describe the requirements of a reactor-grade plasma by using the confinement value, the product of plasma density n and confinement time τ : At a certain density n , the plasma must be confined for a certain time τ , so the energy-producing reactions can take place in sufficient number. The confinement value should be around 10^{14} sec/cm³. A confinement time of one second and a density of 10^{14} particles/cm³ are typical values in magnetic fusion.

Seen against this background, other experiments recently undertaken at JET are much more important than those that led to the spectacular high temperatures. In earlier November, JET scientists achieved plasma densities and confinement times which are close to the cited values, at temperatures of 6 KeV (about 70 million degrees).

Producing the 'H-regime'

The idea for those successful experiments came from Dr. M. Keilhacker, who some time ago transferred from the Plasma Physics Institute (IPP) in Garching near Munich to Culham. At IPP, Keilhacker has led the experimental work on ASDEX, a middle-sized tokamak equipped with a so-called divertor. This is a special magnetic field configuration, which separates the inner region of the plasma from the boundary layers, thereby preventing impurities from the chamber wall from streaming into the plasma and degrading it.

ASDEX has operated this divertor very successfully. In 1982, the ASDEX team discovered that discharges of an "H-type" exist. These were later also found at other divertor-equipped experiments like Doublet-III. This discovery solved a problem that had caused many headaches. To achieve the required temperatures, the plasma must be heated from the outside, through the injection of high-energy neutral particle beams or the coupling of electromagnetic radiation. But normally, this external heating degrades plasma confinement, an unpleasant result, since not only future reactors, but also such experiments as JET and TFTR, must use very powerful heating.

The production of the H-regime solved this dilemma. Compared to "normal" discharges, H-type discharges are characterized by much better confinement—higher temperature, higher density, higher beta (beta is the ratio of the pressure of the plasma gas to the pressure of the magnetic field). The H-regime has been proven to exist over a wide range and can now be produced on a routine basis. However, it is necessary to produce a divertor that confines the plasma effectively at its boundary, preventing particles from streaming in or out of the plasma.

JET is not equipped with special divertor coils, but it can use its poloidal field coils to create a comparable magnetic field configuration: a magnetic separator that insulates an inner region from an outer region of the plasma—without, however, having a divertor chamber to which the flow of the outer region is directed, as in the case of a "normal" divertor. As it turned out, one can do without this chamber. With the configuration described above, JET could produce discharges of the H-type, using additional heating with a power of 5 to 10 MW (ASDEX used 3 to 4 MW).

The confinement was improved by a factor of 2 to 2.5 compared to normal limiter discharges, and at a temperature of 6 KeV and a density of 7×10^{13} particles/cm³, a confinement time ranging from 0.6-0.7 sec (10 MW heating) to 0.8 to 1.0 sec (5 MW). This gives a confinement value τ of $0.5 - 0.7 \times 10^{14}$ sec/cm³, less than a factor of 2 below the desired value.

This result is not as spectacular as the 150 or 200 million degrees, but more important. Decisive are not single records for only one parameter, but the combination of the three values, temperature, density, and confinement time. What the JET scientists have achieved now are results that can be evaluated as the best produced by any large tokamak. This is also illustrated by a comparison with the TFTR, which—besides the record temperature mentioned above—achieved plasma values comparable to those of JET. However, this was achieved with relatively larger "efforts": 10 to 20 MW of heat power was focused in the TFTR plasma, twice as much as the heating power used in JET, and this in a plasma volume 5 times smaller than that of JET.

The recent experiments also have important consequences for the technology. They have shown that a special

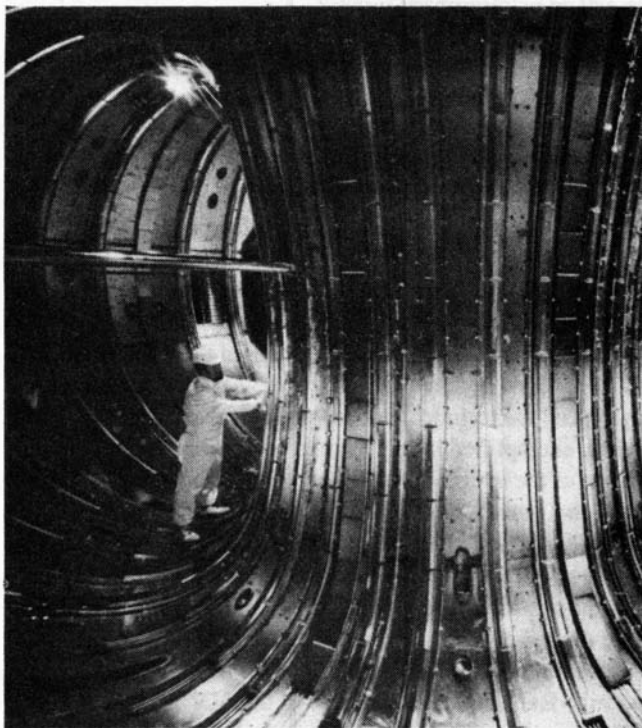
divertor is not necessary to achieve good confinement. The divertor-like configuration produced with existing coils is sufficient. This will allow simpler technical solutions to problems in future devices, because additional coils and chambers are not necessary.

Next steps

Had the JET team which is experimenting today with deuterium plasma used a deuterium-tritium fuel (DT), they would have achieved a Q -value of 0.2. Q gives the ratio of energy output generated by the fusion reaction to the energy input to achieve that reaction. At $Q = 1$, breakeven is achieved, where the fusion energy equals the energy invested. At a later phase, 1989-90, JET will operate with DT fuel and is expected to reach $Q = 1$. The recent results are a big step toward this objective.

At the beginning of December, JET was shut down to allow for upgrading and improvement. A second neutral beam line will be installed and the number of antennas for heating will be increased from 3 to 8. This will provide JET with the full heating power of 45 MW.

The device will also be strengthened mechanically to allow a plasma current of 7 megaamperes (MA), more than the design value of 6 MA. The experiments above were run with 2 to 3 MA. It is already proven that confinement time increases linearly with the current, and this alone will lead to a significant improvement of the confinement.



Interior of the Inconel vacuum vessel in which hot gases are confined in the Joint European Torus.

East bloc drafted for Soviet SDI program

by Tadeusz Rejtan

Less than a week after the 42nd annual meeting in Bucharest of the prime ministers of the Council for Mutual Economic Assistance ("Comecon," the institution linking the economies of Soviet bloc countries), the 10 leaders of those countries' Communist Parties met unexpectedly in Moscow Nov. 10-11. In an empire where everything is planned far ahead, the hurry implies that the Kremlin had some dramatic instructions to deliver to its satraps.

The brief final communiqué gives a hint of what was up. It reports that two themes were discussed: "new forms of economic cooperation" and support for Mikhail Gorbachov's position at the Reykjavik summit. But the first had been thoroughly discussed a few days earlier in Bucharest, and the support of Gorbachov's "yes" men for his policy is no reason to call an extraordinary summit.

It is the link between the two themes that is significant. While the Bucharest meeting was held in a business-as-usual atmosphere, a new tone of urgency was set by the Moscow summit. The necessity of accelerating scientific and technological progress, through an outright integration of the Comecon's economies under Soviet control, was hammered down within a very specific context: Gorbachov's failure to force President Reagan to give up the Strategic Defense Initiative (SDI) in Reykjavik. This was immediately reflected in the Polish media.

Stanislaw Dlugosz, vice-president of the Polish Planning Commission, declared in an interview that it was necessary to match "the technical and technological acceleration in the West, exemplified by the Eureka project and by the mobilization of the international military-industrial complex linked with the ominous Star Wars program." Zygmunt Szeliga, deputy editor-in-chief of the semi-official weekly *Polityka*, wrote in a front-page article that "should the U.S. administration continue trying to impose its strategy, the socialist side must draw the necessary conclusions—in the sphere of defense as well as in the sphere of the economy" (emphasis added). Reflecting Russian fear of the SDI, he added: "The arms race . . . in the capitalist economy, especially in the American one, still plays the role of the main driving motor

. . . of technical and technological progress."

The Bucharest meeting of the Comecon had on its agenda the furthering of "socialist economic integration." The prime ministers decided to coordinate their respective five-year plans, to increase the number of bilateral and multilateral agreements at all levels, and to emphasize the division of labor among member countries: an acceleration of the "sovietization" of the East bloc nations, in keeping with what had already been decided at the 1984 Moscow Comecon summit.

Since Gorbachov's accession to power, a multiplication of contacts and meetings has been noted. The Soviet leadership has imposed upon its "allies" a whole spectrum of measures: joint ventures, cooperation down to the plant level, and joint R&D teams. Formal agreements to this effect were signed in Bucharest between the U.S.S.R. on the one side, and Bulgaria, Czechoslovakia, East Germany, and Hungary on the other. A similar comprehensive agreement between the Kremlin and Warsaw had been signed earlier, during the visit of Soviet Prime Minister Nikolai Ryzhkov to the Polish capital in mid-October, confirming the pilot role that Jaruzelski's Poland plays in Gorbachov's design.

'Joint ventures' for Polish serfdom

On the eve of Ryzhkov's visit, the Polish Politburo met and set the tone for the period ahead. Speaking of its relation to the Soviet Union, it announced, "The exchange of experience and the practice of international cooperation between the two brother parties has reached a new quality and a new dimension." It committed the country to the task of hailing the "achievements" of "Polish-Soviet friendship." What this means can be seen in the pledge to multiply joint ventures of all sorts and in the plan to increase the Soviet Union's share in Poland's foreign trade from 37% in 1985 to 43% in 1990.

In an interview with Teresa Toranska, a Polish independent investigative journalist, published in a book put out by the underground *Przedswit* publishing house, Jakub Berman, number-two Communist Party leader during the bloodiest years of the Stalinist terror in Poland, stated in defense of his policy of the late '40s and early '50s:

"True, we shipped them 'Russia' coal for free, or almost for free, but we chose this solution to avoid entering into joint venture agreements, which is what they were proposing. . . . If we had agreed to enter into joint venture agreements with them *we would have lost control over the whole of the Polish mining industry*" (emphasis added). And concerning foreign trade, Berman adds: "We tried to maintain trade with the Soviet Union under 30% for, had it been higher, up to 40% . . . this would have led to *economic dependence, which in turn would have led to political dependence*" (emphasis added). The most patriotic Polish oppositionist could not have passed a more severe judgment on the implication of Jaruzelski's policy of "joint ventures" and 45% trade dependence on Moscow for the future of Poland.

Supreme Soviet unveils new NEP

And makes no bones about the fact that the military-industrial sector will get whatever it wants.

The autumn session of the Supreme Soviet opened on Nov. 17 in Moscow, and ratified party boss Mikhail Gorbachov's "long-term program for accelerating scientific and technological advances" and "a draft budget for next year," according to Radio Moscow's report of the same day.

Since the Soviet "parliament" merely rubber-stamps decisions already reached by the ruling Politburo, it was no surprise that the Supreme Soviet echoed Gorbachov's demands for a high-technology "transformation" of Soviet industry and society—a transformation which will feed Russia's unprecedented military buildup. The Supreme Soviet conveyed as top priority the "need to increase high-technology investment." What was remarkable, was how the priority of Russia's military-industrial sector in getting any level of investment it wants, was so openly formulated.

Soviet Finance Minister Boris Gostev told the first day's session: "The armed forces of the U.S.S.R. will get as much funds as they need to maintain an adequate level of defense." Gostev also announced that the official defense budget would rise to 20.2 billion rubles for 1987. While Soviet official defense budgets are meaningless in terms of what Moscow actually spends on its armed forces, the increase signaled a much larger increase in real military outlays.

Over recent months, Gorbachov has brought back a phrase not heard in the Russian lexicon since the 1920s—

NEP. The New Economic Policy under Lenin and for a few years after his death allowed Western investment in the Soviet Union, and allowed the creation of a limited private sector in agriculture, services, and skilled handicrafts.

The NEP was motivated by urgent state-security considerations. A private sector was created to fill critical gaps in the economy. Foreign investment was sought because Russia needed Western technology on a huge scale to build a new industrial base and modernize the old one. The same urgent state-interest questions govern Gorbachov's current resurrection of NEP.

The Supreme Soviet ratified the first NEP-style "privatization" laws outside agriculture since the 1920s. The first law permits private firms, confined to family members only, in 29 areas, which range from making toys and fishing tackle, to driving a taxi, operating a small cafe, and all sorts of repair services.

This means that families can "moonlight" after their regular jobs with state enterprises—as in Hungary—in any of the 29 prescribed areas. It costs the State nothing, and could help solve the worst irritant-bottle-necks in the Soviet system—such as the odyssey involved in mundane matters such as shoe, TV and radio, and watch repairs.

The second measure allows for cooperatives of 5 to 50 members to be established, in manufacture, repair,

and services. Eligible for such cooperatives are pensioners, students, and housewives, categories involving millions not in the state labor pool. Again, this costs the state nary a ruble.

The Supreme Soviet, attended by Gorbachov and the full Politburo, also passed a law allowing 70 large enterprises to engage in foreign trade, without having to go through the Foreign Trade Ministry. Under the new arrangement, for example, the Lada state automobile enterprise can conduct and sign its own export contracts with Western firms, and allocate the foreign exchange it earns as it sees fit.

The measure is designed to rake in more hard-currency export earnings, to be used to hasten the pace of modernizing Soviet industry.

The Supreme Soviet also moved to loosen up food sale procedures for collective and state farms, to increase their income. Now, such farms may sell up to 30% of their annual produce in vegetables and fruit at higher prices, either to the state, or, in competition with the production from private plots, on the open market. In addition, all production above the annual quota can be sold on the open market, as is done with food grown on private plots.

Finally, to facilitate a massive flow of Western industrial technology into the economy, joint ventures with Western firms are now allowed, for the first time since NEP. Soon after the Supreme Soviet session ended, the first such agreement was signed, with the Swedish company Sandvik AB, to build a tool manufacturing plant in Byelorussia.

As in the 1920s during NEP, there is no shortage of Western business interests willing to increase trade with Moscow. In all the Western euphoria over Gorbachov's "liberalization," it would be wise to recall Lenin's characterization of the NEP—to "supply us with the rope to hang them."

The 'dollar bloc' crumbles

One curious side-effect of this collapse is that Taipei has become a leading supporter of the Treasury market.

With the most recent indications of American economic unraveling, the dollar now buys less than two German marks, against more than 3.3 marks in mid-1985, and its value is trickling away daily. Not since January 1981, before President Reagan took office, has the dollar bought so little; overseas, the "Reagan recovery" is priced in Jimmy Carter dollars.

But America's trade deficit appears to defy the laws of gravity, given that imports from America's biggest trading partners, e.g., West Germany and Japan, now cost 40% more than they did a year ago, and are likely to cost a great deal more soon, as the dollar continues falling below DM 2.00.

Part of the reason that the deficit has *not* declined, except for apparent shrinking of oil inventory-buildup, is to be found in the so-called dollar bloc, i.e., the group of America's trading partners whose currencies are closely pegged to the dollar. The increasing U.S. dependency on such sources has strained this arrangement to the breaking point, and caused one of the strangest financial side-effects on record: Taiwan this year built up the world's fastest-growing official net creditor position with respect to the United States.

Since 1985, one-fifth of America's total consumption of physical goods has come from the trade deficit, a worse dependency on foreign suppliers than that suffered by any major nation in history.

Japan's \$40 billion or so trade sur-

plus with the United States makes up the largest single portion of this subsidy. Taiwan may exceed a \$12 billion trade surplus this year, huge for the size of its economy, but small by comparison. However, Taiwan belongs to what officials call a "dollar bloc," i.e., a network of trading partners whose currencies fluctuate closely with the dollar.

That resembles the old British "sterling bloc," the colonial arrangement by which the British bought raw materials from subject countries at cheap prices. Taiwanese export prices have not risen commensurately with the yen.

During the first years of the Reagan administration, high U.S. interest rates forced the dollar up, permitting American industries to buy materials and component parts—including about a quarter of the value of an "American-made car"—at a 40% discount. In West Germany and Japan, that discount is no longer available; the dollar may still be overvalued at DM 1.96, the current market rate, but by no more than 20% or so. (That is the amount the dollar has yet to fall, according to former West German Chancellor Helmut Schmidt, a leading advocate of an anti-dollar European currency bloc).

If the United States had to pay for its entire trade subsidy in expensive yen and marks, the trade deficit would be much more than the already horrendous \$200 billion a year we now owe. The so-called "dollar bloc," including such diverse nations as Canada, Bra-

zil, and Taiwan, provides us with a subsidy of physical goods at a still-affordable price.

Considering that Taiwan's dollar has held fairly steady against the American dollar, while the Japanese yen has appreciated by 40%, it should surprise no one that speculators want the Taiwanese dollar. It cannot remain so low forever, considering the enormous volume of trade between Japan and Taiwan.

The rush of funds into the Taiwanese dollar made the little island-nation the biggest single purchaser of U.S. Treasury securities during 1986. During the first nine months of the year, Taiwan invested \$17.5 billion in U.S. government paper, helping the Federal Reserve to bring interest rates down, buying time before the financial structure came apart.

Taiwan is not the only major supporter of the U.S. Treasury; overseas government holdings of government securities rose \$60 billion between January and September. The next-largest patron of the Treasury, Japan, accumulated \$15 billion of U.S. debt paper. But Taiwan came in first.

Even for Taiwan, which has shown a consistent and growing trade surplus with the United States, that is a lot of money. In fact, it is more than its national product. So where did it get the funds to build up a \$20 billion creditor position against the U.S. government in the course of this year?

The answer is that there has been a run out of the U.S. dollar, into the Taiwan dollar. Apparently, holders of U.S. dollars bought enormous amounts of Taiwanese dollars, and the Taiwan monetary authorities obliged by printing up their own currency, selling it to speculators for their unwanted U.S. dollars, and then investing the proceeds in U.S. Treasury securities.

Texas: big state, big bank crisis

The vultures from New York are circling overhead as the Lone Star State goes under.

As of November, the state of Texas posted 21 bank failures this year, with more on the way before year-end. This is just the most obvious consequence of the crumbling of the entire regional credit structure—built up over this century to serve the agriculture, energy, and shipping growth of the Southwest. Now, the vultures—the megabanks from New York, and some other out-of-state entities—are circling to pick over the remains.

The following are the bare bones of the picture.

The 21st bank failure was the Citizens State Bank of Donna, closed Nov. 6 by State Banking Commissioner James Sexton, who said that the bank had a "severely weakened capital structure." Donna is in the Rio Grande Valley. Most of the failed banks are agriculture-related. Texas ranks among the top five cattle-producing states in the nation, and cattle numbers themselves now stand at a 24-year low.

Financial troubles are causing most of the major Texas banks to suspend their stock dividend payments. First City, which lost \$265.2 million in the first nine months of 1986, suspended its dividend Nov. 20; it had been paying 25¢ a share. Allied suspended its dividends Nov. 19, one day after cutting its dividend from 21¢ to 11¢ per share. Earlier in November, MCorp suspended its dividend. InterFirst suspended its dividend after the second quarter.

As the banks go broke, their rank order of size in the state shifts.

InterFirst, which several years ago was the largest in the state, has dropped to fourth place. One year ago, InterFirst had assets of \$21.4 billion, and now has only \$18.5 billion. First City, in the \$16-billion range several years ago, has slipped to \$14 billion. RepublicBank, the largest Texas bank this summer, has slipped somewhere down the ranks.

The rumors are that Chemical Bank of New York will take over InterFirst; Chase Manhattan will take over Texas Commerce, soon after the first of the year.

As of Jan. 1, 1987, both interstate and branch banking will go into effect in Texas. These provisions were approved by the voters of Texas in a constitutional amendment this year. Virtually unrestricted interstate banking, in combination with branch banking, will completely transform the Texas banking system during the coming period. The banking interests in favor of these changes outspent those opposed by 10 to 1, and conducted a campaign to convince the public the law should be changed for their "convenience."

The economy is collapsing all around. For example, home mortgage delinquencies are at an all-time high in the Sunbelt. At the Harris County (Houston) public foreclosure sale held Nov. 4, exactly 2,738 properties were sold—a record, out of a total of 4,351 properties posted for foreclosure. October sales were a record high of 2,595. The December sales dropped to 2,443, out of a total of 3,955 properties post-

ed for foreclosure. But nobody is happy. The local foreclosures are 90-95% residential properties.

All the big-name Texas-based companies are announcing new layoffs and job terminations every day. On Dec. 2, Texas-based Pennzoil announced it had laid off 264 workers, part of a previously announced plan to reduce the company's workforce by 330, all in its oil and gas division. There were 137 jobs terminated in Houston. The Midland, Texas Pennzoil office was cut down to four: 17 were laid off, and 8 were transferred to Houston. The Corpus Christi office was reduced to four. The Denver office, and the marine division office in Houston were closed. Additional numbers were laid off in Shreveport and Lafayette, Louisiana, in Bradford, Pennsylvania, and in Parkersburg, West Virginia. Pennzoil cut 449 employees earlier this year.

This is typical. Texas Instruments is laying off 200 people in Stafford, Texas, as part of its previously announced plan to terminate 1,000 jobs in its operations worldwide.

Certain Texas bankers are scrambling for new maneuvers to buy time, and evade the real issue of the need to restore the real economy. Richard E. Lane, president of First City Bank-Central Park in San Antonio, and chairman of the Texas Bankers Association, said that his first state policy priority in 1987, is to repeal the constitutional prohibition on getting second home mortgages for general use purposes. The state constitution allows borrowers to obtain home equity financing only to buy a home, make home improvements, or pay taxes. A study by a Texas A&M professor claims that repealing the prohibition would generate \$4.15 billion annually and create 34,000 permanent jobs in Texas.

Drug tests: labor responds foolishly

The magnitude of the problem is such that there is no time for AFL-CIO nit-picking.

President Reagan's call for mandatory drug testing for those in sensitive jobs last September has provoked the expected reaction from the American Civil Liberties Union, which vehemently opposes these actions as a violation of individual civil liberties. Unfortunately the AFL-CIO has endorsed this ACLU approach.

On Nov. 12, the U.S. Customs Service was permanently enjoined from conducting urinalysis drug tests in the absence of probable cause. The decision was handed down by U.S. District Court Judge Robert Collins of New Orleans in a lawsuit brought against the Customs Union by the unaffiliated Treasury Employees Union and AFL-CIO affiliated unions, including Ken Blaylock's American Federation of Government Employees.

Judge Collins found that the Fourth Amendment guarantee against unwarranted search and seizure was violated by mandatory testing. Collins stated that the unreliability of the drug testing plan violated due process of law.

This court ruling is being challenged by the Department of Justice in a number of ways. The DOJ has filed a motion for a stay of the ruling pending appeal and filed a notice of appeal to the Fifth Circuit Court of Appeals. The DOJ has also filed an *amicus* brief in *Guiney v. Roache*, a Boston court case between the Patrolmen's Association and the Police Commissioner of Boston. The DOJ maintains that

unobserved drug testing doesn't trigger the Fourth Amendment and even if a Fourth Amendment interest is triggered, the reasonableness of testing in the work situation merits the tests.

The President's Executive Guidelines called for mandatory testing of individuals in sensitive areas, public health and trust positions, and law enforcement. On Nov. 28, the Office of Personnel Management of the White House issued guidelines for testing. The OPM order provides for unobserved testing and advance notice, which according to the DOJ are designed to set standards that preclude subjective and arbitrary harassment.

Labor's response to New Orleans Judge Collins' decision seems to be uniform. John Leyden, executive director of the federal-postal division of the AFL-CIO, was very pleased, AFGE President Blaylock described the directive as "totally unacceptable," and Gerald W. McEntee of the State, County, and Municipal Employees' Union applauded Collins' decision.

Last month, the Food and Allied Services Trade Department and the ACLU sponsored a conference at which FAST president Robert Harbrant proposed guidelines for drug testing. Harbrant called for full involvement of workers in implementing the programs, drug testing only for workers who exhibit symptoms (this is the issue of "probable cause"), worker access to the results, the use of

high-quality tests, and the right to be retested by a different lab, and finally workers' right to rehabilitation and job reinstatement without prejudice.

Harbrant's guidelines come not only in response to Reagan's call for drug screening, but in response to extensive use of drug testing in the private sector. Last year, 30% of the Fortune 500 companies tested more than 4.5 million workers.

Given the magnitude of the problem, the ACLU's approach is to avoid responsibility for those workers lives that could be ruined, from a health and safety standpoint, by drug use and abuse of their fellow workers.

National Institute of Drug Abuse (NIDA) studies for 1985 show that 20 million Americans were casual users of cocaine, with more than 4 million regular users. Last spring, NIDA held a conference of 125 representatives of industry and labor which concluded that alcohol and drug abuse resulted in more than \$100 billion lost in productivity each year. Stories abound about how drug use has permeated high schools and junior high schools destroying the concentration span and skill-level capabilities of the next generation of our workforce.

There are certain areas in the private and public sector where very strict edicts against drug abuse clearly have to be maintained. In these areas, random testing and strict policies of immediate removal, with no stipulations for rehiring and rehabilitation, seem absolutely appropriate. From air controllers to nuclear plant operators, these kinds of tenets clearly apply. In other areas, the AFL-CIO certainly is correct in establishing guidelines for rehabilitation and other types of protections for potential abusers. NIDA statistics, however, show that we are losing the war against drugs, which is why the negativistic nit-picking of the AFL-CIO is way out in left field.

USDA: Famine is good for exports

Millions are starving, but James Donald and other loonies at the Agriculture Department see it as a golden opportunity.

The 63rd Annual U.S. Department of Agriculture Outlook conference, the week of Dec. 2 in Washington, D.C., presented some lunatic forecasts of what to expect for U.S. and foreign farming and food supplies in 1987. The chairman of the Agriculture Department's World Agriculture Outlook Board, James Donald, made a presentation in classic double-speak about the current "interim period of slowly growing global demand and slightly dampened production expansion."

Translated, Donald's point of view is that more starvation in the world will encourage more demand for U.S. exports. He advocated keeping U.S. food commodity prices low for several years to undercut the food output of farmers in allied food exporting nations, and at the same time to create more demand for food by making food scarce. Of course, he didn't use those crass expressions, but he did make those policy proposals.

According to the USDA, the rate of annual increase in world consumption of major crops has slowed to 1.4% a year, compared to 3% annual growth in the 1970s. What this reflects, is that millions of the world's people—in Africa, in Indonesia, in the Micronesian islands and elsewhere, are eating less, and starving.

However, Donald, and others at the USDA, see it differently. They say that if there is a slump in consumption, then there should be an organized reduction in food output, so that, relatively speaking, food exports will again be "in demand."

Carrying this same logic farther, Donald advocated continued federal farm programs that will nominally supplement farmers' income while the "interim period" of transition to tighter supplies takes place. He said, "The outlook for the next few years is for a continuation of large government payments."

The fraud in this perspective, besides the obvious immorality of reducing food supplies, is that the farm income programs are not preserving the independent farmer. They are making the decreasing supplies of food available to the international food cartel companies at dirt-cheap prices, at government expense.

According to the official figures released at the Outlook Conference meeting, a record \$25.5 billion was spent in fiscal 1986 for farm program costs. The previous record was \$19 billion in 1983, the year of the introduction of the loony PIK (Payment-in-Kind) program. Of this \$25.5 billion, a reported \$12 to \$13 billion in direct cash subsidies were transferred to farmers—amounting to 25% of their estimated \$44 billion in net farm cash income. In contrast, in the 1970s, such payments totaled 7% or less of net farm cash income.

However, since the new, 1985 farm bill, much of these subsidy payments are organized to the direct advantage of the cartel trading companies. For example, billions in government money goes to meet the costs of storing "surplus" crops and making loans to farmers with crops as collateral. But this occurs because of the

low market prices for crops—set on a world "market" dominated by a handful of cartel companies. Additionally, U.S. food exports have collapsed by over 35% in volume, because of the orders given by the International Monetary Fund that debtor nations should not import food, only export food.

Any crops forfeited by farmers to government ownership, can be obtained by cartel companies, by use of the new "crop certificates"—the funny-money put in circulation this year by the USDA, in payment to farmers for various programs, for example, land set-aside and drought assistance. The cartel companies buy up the certificates from farmers, then redeem them for any commodity desired. Meantime, the company has paid no storage, interest, or other acquisition costs for the commodity they demand.

Therefore, the Department of Agriculture is misrepresenting the facts when they report that farmers are the beneficiaries of the billions of dollars spent on agriculture programs at present.

In one extreme case, rice production, a new "marketing loan" swindle was implemented in April, 1985. Under its provisions, rice farmers who put their crop up as collateral, and then sell it for a lower price per hundred-weight than the valuation of the collateral, can have the government forgive the difference. Who does this benefit? The cartel trading companies—Cargill, Riceland Corp., and others—can buy rice at dirt-cheap rates, and then use it to undercut Thailand and other foreign producers, while U.S. farmers remain in the hole.

Because of the cartel-serving policies in Washington, food prices will soon escalate here at home. The USDA predicts a guaranteed increase of 2 to 4% in food costs for consumers in early 1987. They ought to know.

Business Briefs

International Trade

British firm dealing with Libyan dictator

Britain's "Tiny" Rowland, chief executive of the powerful Lonrho Corporation, has been involved in secret negotiations in Libya with Colonel Qaddafi, and has proposed joint ventures with Qaddafi, whereby Lonrho would take over the operations of U.S. oil companies in Libya, the *Daily Telegraph* of London reported on Nov. 27.

Citing revelations made in the British magazine *Business*, the *Telegraph* claims that Rowland contacted Qaddafi through Ahmed Qaddafadam, a cousin of Qaddafi who works for Libyan security and intelligence.

The *Telegraph* further asserts that the Lonrho chairman, Tory parliamentarian Edward Du Cann, "is understood to have been fully briefed about the move by Mr. Rowland." Rowland is a key figure in the so-called "Russian Party" of the British business and intelligence establishment.

U.S. 'Recovery'

More signs of economic collapse

- The Houston and San Antonio United Food and Commercial Workers meat cutters have approved a new 39-month contract with Kroger that calls for a pay cut, the loss of three personal holidays, and a cut in Sunday, holiday, and overtime pay. The highest-paid meat cutters will take a \$1.50 per hour pay cut, and meat wrappers, a \$1.25 per hour pay cut.

- Frito-Lay has temporarily laid off 100 employees at its new Duncanville Road manufacturing plant in Dallas. The plant, which opened in July 1986 at a cost of about \$40 million, employed about 200 persons prior to the layoffs.

- The State of Louisiana is facing a \$370 million deficit for FY 86-87, and may be forced to call a special session of the legislature to deal with the problem. Gov. Edwin Edwards ordered \$235 million in budget cuts

earlier in October, when the estimated shortfall was only \$255 million. The new estimate, issued by the Legislative Fiscal Office, means the state still has a \$135 million projected deficit, after a 10% across-the-board budget cut for most state agencies.

- GM will cut production of some full-sized and luxury cars early next year, idling another 4,500 hourly workers. GM will fire 2,500 Feb. 2 at its Detroit-Hamtramck plant, which now employs 5,800 workers. At GM's Orion plant north of Detroit, 1,000 of its 7,300 workers will be fired starting Jan. 5, as will 1,000 of its 6,500 workers at the Wentzville, Missouri, plant.

Maritime Trade

World shipping fleet shrinking

The world shipping fleet is shrinking at a rapid rate, according to *Lloyds Register*. For the first six months of 1986, the world shipping fleet fell a record 11.4 million gross tons, three times the previous record.

Fearnley's of Oslo reports that the physical volume of world shipping tonnage has collapsed by 26% to an annual level of 14 billion ton-miles, since the onset of the combined oil and interest-rate shocks of 1979.

In late November and early December, layoffs at European shipyards have included 1,500 at Scott Lithgov in Scotland and 800 at H&W in Belfast. U.S. Lines, owned by the pioneer of containerized shipping, laid off 1,200 when it went into Chapter 11 bankruptcy on Nov. 25.

International Credit

East bloc debt to West increases

The Comecon's hard-currency debt to the West will increase a record \$10-12 billion in 1986. According to Western European trade sources, the "hard currency" debts of the Comecon countries will show the big-

gest annual increase in history and reach the highest levels ever, an estimated \$83-85 billion.

While the dollar drop accounts for about half, the post-September collapse of Soviet oil earnings has been compounded by lower earnings on natural gas exports to Western Europe.

According to one Belgian analyst, "The Soviets have compensated for the collapse of hard currency export earnings by demanding better terms of trade within Comecon from its Eastern European satellites. Industrial exports from countries such as Czechoslovakia, originally intended for Western markets, have been forced to go instead to the Soviet market to pay for energy."

Health

French government mobilizes against AIDS

Lyndon H. LaRouche is in the center of the news in France following the decision by the government in Paris to launch a series of exceptional measures against the AIDS epidemic (see *EIR*, Dec. 5, 1986, p. 41).

The Dec. 5 *Paris-Match* commented: "Behind the tragic epidemic, with the nascent come-back of puritanism, is hiding an ideological and political threat which any day could explode in our faces. Lyndon LaRouche. . . ."

Jean-Marie Le Pen's National Front has now jumped on this AIDS issue. A National Front representative in the Chamber of Deputies, Dr. Bachelot, called a press conference on Dec. 1 to present his party's anti-AIDS plan. He declared: "There won't be anyone left by 2025. . . . 26 million are already infected in Africa. . . . This epidemic would bankrupt the social security system too. . . . AIDS is worse than a nuclear war!"

He criticized the government anti-AIDS plan for not going far enough and proposed to quarantine the infected people and organize a national referendum with parliamentary approval.

The Socialist paper *Le Matin* commented: "This plan looks amazingly like that pro-

Briefly

posed last August by the old battler for American moral order, Lyndon LaRouche, principal leader of the NDPC [National Democratic Policy Committee] whose theses are defended in France by the Parti Ouvrier Européen. The same desire for politicization of an above-all medical problem, the same will to marginalize infected persons, and above all, the same opportunism on a possible 'moral' judo of a generalized worry. . . ."

AIDS

Soviet doctors to join in research

"Soviet Doctors to Join AIDS Research," was the headline of a front-page article in the *Times* of London on Nov. 28. The article reported: "British and Soviet doctors are to collaborate on research into AIDS and other public health issues in a return to 'medical détente' between the two countries. Soviet virologists will work with British specialists on studies of AIDS after talks in London this week between a delegation of Russian doctors and the Department of Health and Social Security."

Times science correspondent Thomson Prentice comments: "The inclusion of AIDS research on the agenda suggests that Soviet health authorities are more concerned about the impact of the disease in Russia than recent official statements have indicated."

Infrastructure

New York to allow raw sewage in water supply?

New York State environmental officials recommended in late November that an upstate sewage treatment plant that empties directly into the New York City reservoir system be allowed to discontinue chlorination. This is to "save the fish" that populate the streams leading to the reservoirs.

The outcome of the hearing in Albany will set a precedent for 90 other sewage plants

that empty into the city's water system. The State Commissioner of Environmental Conservation will decide the question, though his department is the party to the hearing in favor of dropping chlorination.

"Our water supply system was never meant to accommodate raw sewage," said Dr. Vin Coluccio, supervisor of the Drinking Water Quality planning office of the New York City Bureau of Water Supply. "From a public health point of view, this is completely indefensible."

The amount of wastewater dumped by the treatment plant in Delhi, southeast of Oneonta, New York, is 500,000 gallons per day. Testifying against the proposal *inter alia* are the State Department of Health, the New York City Department of Environmental Protection, and the Environmental Defense Fund.

Biological Holocaust

Score German failure in AIDS fight

"The strategy of the West German Federal Health Ministry to fight AIDS has failed," said Peter Gauweiler, state secretary in the Bavarian Interior Ministry, quoted in the weekly *Der Spiegel* Dec. 1. "A lot of the estimations of the Federal Health Ministry have been proven wrong," Gauweiler stated.

For example, the assertion that AIDS will only spread in the "risk groups" and that only 5 to 15% of the infected persons will come down with AIDS. Although AIDS is taking a "catastrophic course," the Federal Health Ministry continues its "psycho-social activities campaign."

Der Spiegel also reported that at the last meeting of the health ministers of the West German states, at the end of November, Bavaria was the only state that voted against the continuation of this "strategy."

"Doing without anti-epidemiological measures against AIDS puts the lives of many contact persons at risk," said Gauweiler. This attitude "is most likely incompatible with the constitutionally prescribed responsibility of the state to protect healthy persons."

● **AMEX TRIED** to smuggle credit cards into Argentina, a former employee reported in early December. He testified that AMEX regularly does this in other countries. "We pay the police. In Mexico we pay the police every month," he claimed.

● **JAPAN** will invest \$500 million in Mexico's Pacific Oil Project, both governments announced in late November, at the end of President de la Madrid's visit to Japan. A trade agreement between Mexico, the United States, and Japan was also signed, under which Mexico will become a "bridge" for Japanese products to the United States.

● **COLOMBIA'S** Comptroller's General office issued a new criminal indictment on Dec. 3 against Occidental Petroleum for tax evasion, this time involving Oxy's project to construct a maritime port in the free zone of Cartagena. The Eighth Commission of Colombia's House of Representatives will debate the Occidental case later in December.

● **ARGENTINA** will eliminate 20% of state employees during the next three years, the finance ministry reported on Nov. 30. "An inefficient state discourages the will to participate and burdens the country's productive activities." According to German Abdala, head of the state employees union, this "highlights the systematic destruction of the state."

● **OTTO WOLFF** von Amerongen, president of the Trade with the East Division of the West German Trade and Industry Association, said in an interview published in the German press on Dec. 1 that East bloc trade has been the "most stable element" in relations between the U.S.S.R. and West Germany. He declared that if the "new ice age" between Moscow and Bonn continues, "it will be up to businessmen to show that icy relations are not good for both sides."

How to save, and how to invest

Part 15

Ibero-American integration

By the year 2000, 100 million new jobs will be created in Ibero-America, in which workers will be trained to be skilled in the production of capital goods. By 2015, the continent will be an economic superpower, whose production and productivity will equal the level attained by the industrialized countries of today.

This installment concludes Chapter 5 of the Schiller Institute's book, *Ibero-American Integration: 100 Million New Jobs by the Year 2000!* published in September 1986 in Spanish, and appearing exclusively in English in *EIR*'s serialization. An international team of experts prepared this study on the urgent measures needed to free Ibero-America of its economic dependency and spark a true, worldwide economic recovery, elaborating the outline of Lyndon LaRouche's 1982 proposal, "Operation Juárez."

Numbering of figures and tables follows that of the book.



The secret of successful development is designing an investment policy that uses available economic surplus for investment—that is, the “free energy” of the economic cycle—and reinvests it such that it maximizes that same rate of “free energy” produced in the subsequent production cycle. In the specific case of Ibero-America, this means choosing investments that will generate 100 million new jobs by the year 2000, in the indicated areas of production, with emphasis on manufacturing, capital-goods producing industry, and construction (see *EIR*, Nov. 21, 1986, pp. 20-25).

We assume an average level of productivity in Ibero-America of approximately one-fourth that of the leading industrialized countries. If we reinvest the entirety of the domestic savings of the Ibero-American countries, we could generate over the next 12 months about 5 million new jobs, with a productivity rate twice that of the current average of the region. The immediate result of this step would be to increase the total productivity of the economy, which in turn would allow for increasing the margin of reinvestment and therefore the number of jobs to be created the following year, which would represent yet another increase in levels of productivity. Over the course of 15 years, this process would translate into 100 million new jobs, and into total productivity levels twice that of the present. In addition, Ibero-America would reach the year 2000 with the capacity to generate jobs with productivity levels comparable to those of the developed nations today (see **Figure 5-14**).

Ibero-America today has a level of overall domestic savings of 25% of the aggregate gross product, which is adequate for generating an initial growth rate of 10%—as long as

investments are carried out properly and efficiently, and within the framework of continental economic integration.

The main problem in this regard is that the domestic savings of the subcontinent are not entirely channeled into the process of economic reinvestment, since a considerable portion of those resources goes into servicing the foreign debt—as much as 5% of the aggregate gross product. Another part disappears through deterioration in the terms of trade, implying an additional 3%. In truth, as can be seen in **Table 5-8**, only some 17% of the aggregate product of the continent is being reinvested, which represents the lowest level of gross investment that Ibero-America has had in the past 15 years. If one also considers the fact that approximately one-third of the current gross investment is allocated to replacement of depreciated assets—that is, capital used up in the economic cycle—then the net margin of investment is reduced to only 11% of the gross product. And from this figure one must deduct the large percentage that is dedicated to non-productive investment, to speculation, to the drug-trade, and to other parasitic and destructive activities. What remains—if anything does remain—is inadequate to the growth perspective we have proposed.

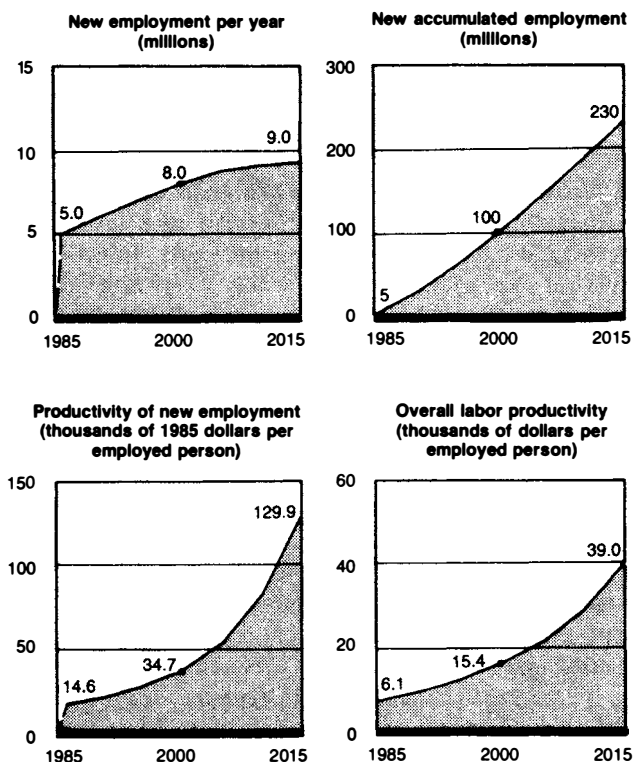
TABLE 5-8

Generation of domestic savings in Ibero-America 1985

	Value (billions of dollars)	Percentage of GDP (%)
Gross domestic product (GDP)	708.6	100.0
Consumer costs	554.1	78.2
Gross domestic savings	154.5	21.8
Gross domestic investment	122.5	17.3
Resources sent abroad	32.0	4.5
Export of goods and services	108.0	15.2
Import of goods and services	76.0	10.7
Effect of terms of trade	19.9	2.8
Real domestic savings	174.4	24.6

Source: Estimates based on preliminary figures of ECLA.

FIGURE 5-14
Generation of new employment and levels of labor productivity in Ibero-America 1985-2015

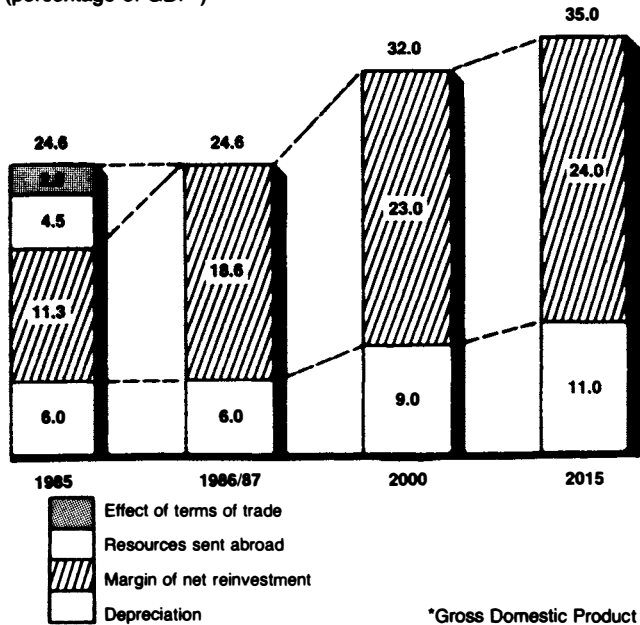


Therefore, the possibility of launching a process of accelerated development depends on channeling the entirety of the gross domestic savings of the continent toward investment and economic growth, reorienting in this direction all the resources currently wasted on payment of debt service, deterioration of terms of trade, and non-productive or speculative expense. In this way, the level of gross investment will immediately increase to 25% of gross product, and the net margin of investment to 19%, after covering the replacement costs for depreciated capital. By applying this policy over the course of three decades, the growing capitalization of the Ibero-American economies through the application of increasingly advanced technologies will generate productivity increases sufficient to raise the gross margin of reinvestment to 35% of the gross product (see **Figure 5-15**).

Once the available resources for investment are maximized, they must be reinvested in two key areas. The first is direct investment in the productive apparatus itself, using frontier technology. The second is investment in infrastructure, including social infrastructure which, while not directly contributing to production, nonetheless increases the general levels of productivity of the economy.

Given the indirect function of infrastructural investment, some governments tend to fall into the trap of believing they can “save” resources if they stop investment in this area. This can lead to disastrous results in a very short period of time, by creating a series of bottlenecks that strangle growth of the productive sectors. Any country that advocates the development of its economy must allocate substantial resources for the strengthening of its basic economic infrastructure.

FIGURE 5-15
Projection of domestic savings and reinvestment in Ibero-America 1985-2015
 (percentage of GDP*)



In addition to the infrastructure of each individual nation, the process of economic integration requires establishing infrastructure for increasing intra-regional trade, particularly the construction and expansion of ports, the integration of a continent-wide railroad network, the linkage of waterways, and the construction of a second inter-oceanic canal, to mention some of the most urgent investment necessities. This continental infrastructure is as fundamental as the national, since upon it depends the very process of the physical integration of the continent. To accomplish this will require a strategy of multinational investments, in which the different nations of the area will participate as a function of the direct benefits they will receive.

Speaking in numerical terms, we have calculated the annual reinvestment amount required to reach these objectives and, by adding these figures up, have reached the conclusion that an approximate total of \$9.5 billion at current prices is needed for investment over the next 15 years. Of this amount, \$6 billion corresponds to investment in expanding the productive apparatus and internal infrastructure of the countries of the sub-continent; \$1.3 billion for infrastructure of continental integration; and the remaining \$2.2 billion for recovering depreciated assets in the productive and infrastructural areas.

These investment figures are directly derived from the production levels required to create the projected 100 million jobs between now and the year 2000 (see Figure 5-16). In view of the average level of capitalization of Ibero-American economies today, we would need to invest within the first few months approximately \$40,000 to generate one job with a productivity level twice the current average, as the economic progress of the area demands. But in the following years, the amount of investment per new job must be increased to assure its technological superiority and thus an increase in productivity. Thus, by the year 2000, an investment of approximately \$125,000 is required to create a job whose productivity is four times that of current levels. In the most advanced areas of the developed sector, investment costs to generate a single job is approximately \$500,000, and implies a level of productivity 17 times greater than the current average in Ibero-America. This is the level of investment and productivity that the subcontinent will have reached by the year 2015, based on the reinvestment policy we are proposing.

Of a total \$9.5 trillion in investments between now and the year 2000, approximately 80%—that is, \$7.7 trillion—could be generated internally by the Ibero-American countries themselves, premised on a reorientation towards developing those resources in the subcontinent currently looted by the IMF and by the international banks (Figure 5-17). This level of domestic savings would represent approximately 28% of the gross product accumulated through that period, and would easily cover the required investment costs for

FIGURE 5-16
Relation between investment and production in Ibero-America 1985-2015
 (thousands of dollars per employed person)

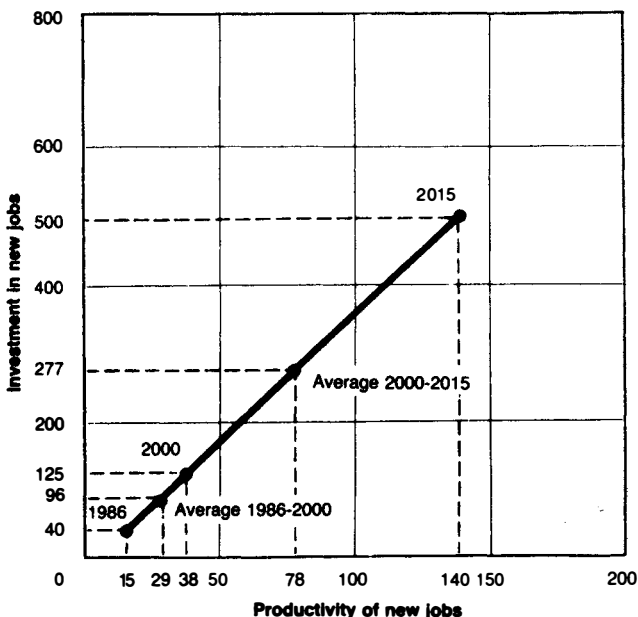
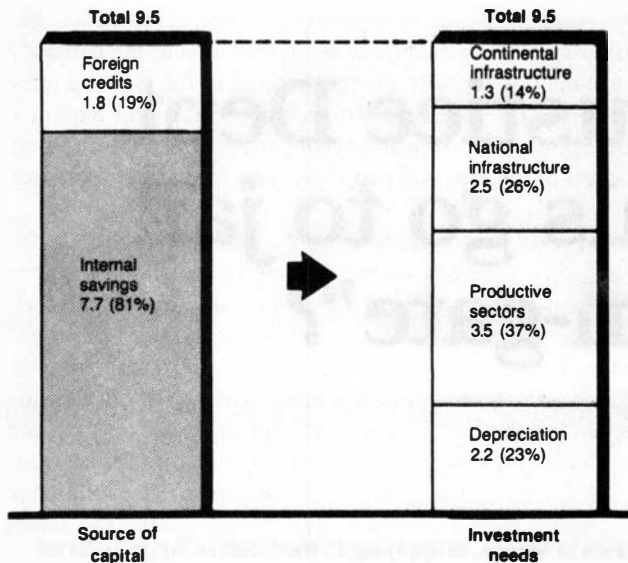


FIGURE 5-17

Financing of investments in Ibero-America 1985-2000

(billions of 1985 dollars)



developing the productive apparatus and the vast bulk of the internal infrastructure of the countries of the subcontinent, with a 10% annual growth rate.

The rest of the resources, approximately \$1.8 trillion, specifically corresponds to investments needed for developing the continent's integration infrastructure, and would have to be acquired from abroad, through long-term and low interest credits from the advanced sector nations. This amount—\$1.8 trillion over 15 years, or some \$120 billion per year—is relatively small with respect to the economic potential of those countries, but is nonetheless considerable in view of the needs and capabilities of Ibero-America over the next 15 years, since it is equivalent to 7% of the total gross product

that Ibero-America will generate during that period. Repayment of these new credits will be guaranteed by the additional economic growth of the sub-continent such continental integration projects would produce, since their repayment would represent less than 2% of the gross product that Ibero-America would generate in the first 15 years of the next century. The increase in productivity that would result from such infrastructure projects would undoubtedly be more—much more—than that 2%.

Financing these infrastructure projects should be subject to repayment schedules appropriate to the useful economic lives of the projects, with grace periods during the time of construction and with non-speculative interest rates. This implies that in the majority of the long-term national and continental infrastructure projects, whose construction would take approximately 10 years and whose economic life would last more than two to three decades, the credits could be amortized over at least 20 to 30 years, with 10 years of grace and annual rates of interest at 2%.

With the establishment of infrastructure for the development and economic integration of the continent, Ibero-America could continue well into the next century with levels of productivity that would allow the generation of internal savings continent-wide equivalent to 36% of the aggregate gross product in the next 15 years, thereby equaling the high level of internal savings that Japan accomplished during its period of accelerated economic growth. Such levels of savings will represent available resources for reinvestment on the order of \$36 trillion, *after* covering the costs of infrastructure credits. On this basis, approximately 130 million new jobs will be generated between the year 2000 and 2015, with productivity levels at least 10 times greater than present-day levels, achieving thus levels of employment and productivity comparable to the developed sector nations.

In sum, as can be seen in **Table 5-9**, a total investment of \$45.5 billion between now and the year 2015 will create 230 million new jobs, giving us the means to turn Ibero-America into an economic superpower.

TABLE 5-9

Needed investments in Ibero-America 1985-2015

Period	New jobs (millions)	Productivity of new jobs (thousands of dollars per employed person)	Needed investment to create each new job (thousands of dollars)	Total investment (billions of 1985 dollars)
1986-2000	98.4	29	96	9.5
2001-2015	130.0	78	277	36.0
Total	228.4			45.5

Will Justice Dept. officials go to jail in 'Iran-gate'?

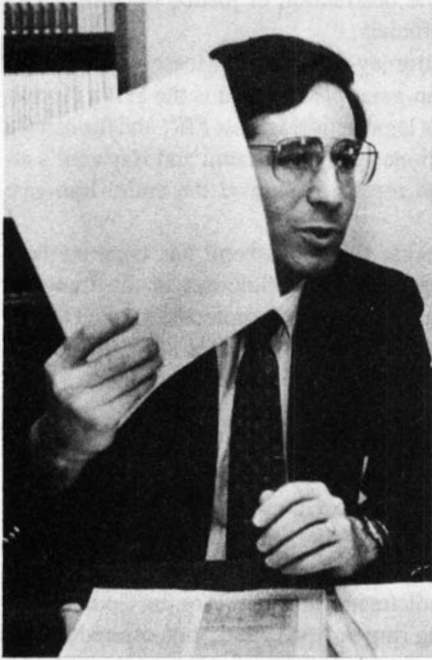
by the Editors

When Attorney-General Edwin Meese, in applying to the Court of Appeals for an independent counsel to conduct the "Iran-gate" investigation, hinted that a "possible conflict of interest" may be involved in having the Department of Justice investigate the matter, he told a greater truth than he may have imagined. The Department of Justice bureaucracy has been more deeply involved in covering up both for Iranian terrorism in the United States and for arms shipments to Khomeini, than any other agency in the U.S. government. *EIR* has the evidence to prove this charge, and will submit documentation to this effect to the independent counsel, as soon as he or she is appointed.

Much of this evidence was presented at an *EIR* press conference on Dec. 4 in Washington. On the evening of that same day, FBI deputy director Oliver "Buck" Revell, one of the subjects of our documentation, withdrew from the investigation, on grounds that he was part of the same National Security Council team as Lt.-Col. Oliver North, who had been relieved of his duties on Nov. 25 for his role in coordinating illegal weapons shipments to Iran. Buck Revell's history of guilt in covering up both for Iranian terror assassinations and gun-running will be documented below. Following Revell's withdrawal from the investigation, we learned that both Associate Attorney-General Stephen Trott, the "number two" of the Department, and Director of the Criminal Division William Weld, the "number three," have been applying discreet pressure on U.S. Attorney for New York Rudolph Giuliani, to drop the trial—scheduled for January—of Israeli Gen. Avraham Bar-Am and numerous other co-defendants, on charges of conspiring to export some \$2 billion worth of U.S. arms to Iran.

Trott and Weld's covert actions to pressure Giuliani are *prima facie* obstruction of justice—and directly in conflict with both President Reagan's and Attorney-General Meese's stated policy of "full disclosure" in the matter of Iran-gate. This obstruction of justice by the Justice Department is neither new nor surprising.

The Department's entrenched bureaucracy contains the densest concentration of illegality in the U.S. government. It is not accidental that the leading American apologist of the Khomeini regime is former U.S. Attorney-General Ramsey Clark,



EIR editors (from left) Robert Greenberg, Paul Goldstein, and Edward Spannaus present the evidence of the Justice Department's obstruction of justice, at a press conference in Washington, D.C. on Dec. 3.

who, during the time of Khomeini's revolution, led demonstrations of hundreds of thousands in the streets of Teheran, carrying placards with the inscription "Death to America." Nor is it accidental that the leading Iranian gun-runner in the United States, Cyrus Hashemi, had as his personal lawyers: 1) another former attorney-general of the United States, Elliott Richardson, who today is a registered foreign agent for the communist government of Angola, and 2) J. Stanley Pottinger, an associate attorney-general from the Ford administration. It was Pottinger who advised Cyrus Hashemi to sue *EIR* for "libel." It was in the course of litigation of that libel case, and in associated researches and investigations, that *EIR* developed most of the documentary materials presented here.

Why the Justice Department contains such a high concentration of law-breakers and corrupt persons is not really a mystery: It is under the thumb of a few old, famous, and treacherous Eastern Establishment law firms, whose record of treachery goes back to the famous lawyer Aaron Burr and the American Revolution. It is through the influence of these forces, that the Justice Department has developed a tradition of treason which goes back to Theodore Roosevelt's reforms and his "progressive ideas."

The present Justice Department Iran-gate cover-up dates back to the mid-1970s, when the Khomeini revolution was still being planned by the Trilateral Commission and Henry Kissinger. The broader policy under which the primitivist Khomeini movement was hatched, had been given the name "post-industrial society." The name was invented by Zbigniew Brzezinski and was popularized by Kissinger's political

patrons in high society. "Post-industrial society" policy meant, essentially, two things of relevance to the Justice Department: irrationalist political movements (like Khomeini's) and anti-industrialist policies, at home as well as abroad. This meant providing legal protection for domestic irrationalist and radical movements (such as the infamous "Levy Guidelines"); it meant Buck Revell's own protection of assassins such as Bahram Nahidian and Cyrus Hashemi, as well as the various "environmental protection" legal rackets which have bankrupted thousands of U.S. industrial enterprises. The Justice Department's various "Brilab" and "Abscam" operations and selectively targeted corporate raids have been a major instrument in pursuit of the goals of "post-industrial society."

Today, the Department's Stephen Trott and William Weld, according to their own official testimonies, are further committed to a policy of witchhunts against defense contractors and corporations participating in the nation's defense effort. They are out to shut down what the Russians call the "military-industrial complex."

These are the broader policy commitments of the den of anomie hiding inside the Justice Department. Their cover-ups and other illegalities associated with Iran-gate, are simply the consequence of those broader commitments.

The case of Oliver 'Buck' Revell

EIR is in possession of documents which positively identify the FBI's deputy director, Oliver "Buck" Revell, at the center of a long-standing Justice Department cover-up of U.S. government backing for weapons-trafficking to the terrorist dictatorship of Ayatollah Khomeini.

The evidence concerning Revell exists in two sealed Justice Department affidavits, classified as "secret," used to block *EIR* from obtaining copies of official documents bearing upon the U.S. government's massive cover-up of the Iran weapons-trafficking of Cyrus Hashemi. One of the affidavits was represented by the Justice Department as sworn to by Revell; the second, initially submitted in unsigned form, was purported to have been submitted on behalf of then-Attorney-General William French Smith.

EIR's files, and the legal record in the continuing aftermath of Hashemi vs. Campaigner Publications, EIR, et al., are the key to unraveling Iran-gate. If the administration were to cover up any part of the facts shown by those files, the administration would fall in disgrace very quickly.

The Justice Department affidavits were submitted on March 7, 1983, in response to subpoenas issued by attorneys for *EIR* and Campaigner Publications, in connection with a frivolous libel suit brought by weapons-smuggler and banker Hashemi. *EIR* issued subpoenas to five government agencies: the FBI, CIA, National Security Council (NSC), State Department, and National Security Agency (NSA). The State Department and NSC denied having any documents responsive to the subpoenas; the NSA and CIA claimed statutory exemption from the subpoena (although the CIA subsequently released four documents in redacted form). The FBI claimed that its files concerning Hashemi were privileged under the "state secrets" doctrine, and that disclosure of its documents would harm the national security of the United States (see *EIR*, March 29, 1983).

This action proves that the Justice Department and FBI had knowledge of continuing unlawful shipments of U.S. weapons to Iran dating back to 1979-80.

The Justice Department's 1983 action in blocking *EIR*'s access to the relevant documents may not have been an act of obstruction of justice in itself. However, there is strong suspicion that the Department was guilty of obstruction of justice in failing to report to the President that a violation of laws against export of weapons to Iran was in progress. The Justice Department's intervention to block *EIR*'s access to documents in the Hashemi case is seen by observers as very strong

evidence of probable obstruction of justice by Justice Department and FBI officials.

Therefore, if Attorney-General Ed Meese wishes to get to the bottom of Iran-gate, his key lead is the FBI's Revell. Hashemi's frivolous legal action against *EIR*, and the history of *EIR*'s counteractions against Hashemi and Hashemi's attorneys, provide the means to unravel the entire Iran-gate scandal.

Over recent weeks, Cyrus Hashemi has been publicly identified as having been the middleman in the Iran-gate scandal. In fact, Hashemi has been protected by the Department of Justice since at least 1980, as this news service has repeatedly charged. Hashemi operated with impunity for years in the United States both before and after his indictment in 1984 for arms smuggling.

Hashemi's name first surfaced in the current Iran-gate scandal, when the *New York Post* reported that U.S. Attorney Rudolph Giuliani had put the Reagan administration in touch with Hashemi. This was after Hashemi turned "double agent," helped set up the indictments and arrests of the General Bar-Am arms-smuggling ring in April 1986, then offered to help the administration set up an arms-for-hostages deal. Although indicted in 1984, Hashemi was never prosecuted by Giuliani, and was allowed to travel freely outside the United States even though he was out on bail. On Nov. 12, former Attorney-General Elliott Richardson, who held various positions in the Nixon, Ford, and Carter administrations, said that Hashemi was *his* client, whom he had put in touch with Reagan administration officials to see if Hashemi could help gain the release of the hostages in Lebanon.

Cyrus Hashemi died suddenly under mysterious circumstances in a London hospital in July 1986; one of his brothers charged that he was killed because of his role as a government informant during the Bar-Am investigation. Shortly after the arrests of the Bar-Am gun-running ring, Israeli spokesmen attacked the U.S. government for using Hashemi as an informant to set up the "sting" operation against General Bar-Am.

Hashemi and the Tabatabai assassination

Cyrus Hashemi first came to the attention of this news service during 1980, while U.S. hostages were being held in the U.S. embassy in Teheran. Numerous confidential sources reported that Hashemi was financing pro-Khomeini terrorism in the United States, that he was involved in laundering money from sales of hashish and cocaine, and that he was a ringleader in the United States of Khomeini's secret-police apparatus, the Savama. The names of Hashemi and his First Gulf Bank and Trust Company came up particularly around the July 22, 1980 assassination of the former Iranian press attaché in Washington, Ali Tabatabai. It was well known around Washington at the time that the FBI had thrown a "national security" cover over the murder case, as part of the Carter administration's secret deal with Khomeini.

Hashemi was "the Ayatollah's banker" in the United

States. Shortly after the installation of the Khomeini regime, Hashemi was appointed one of the three members of the revolutionary "Komiteh" operating in New York, and he was put in charge of the two Iranian banks in New York, Bank Sepah and Bank Melli. These banks, plus his own First Gulf Bank and Trust, were used to conduit money into the United States for pro-Khomeini demonstrations and terrorism, as well as for arms deals.

All of this was well known to the FBI and the Department of Justice. The secret deal between the Carter administration

Every root and branch of the policy of using Israeli weapons-dealers to traffic in arms to terrorist nations, must be ripped out of government and its immediate environment. The President is suffering now, for having failed to read his copies of EIR more carefully.

and the Khomeini regime provided that Iranian terrorists would have a free hand in the United States, in return for promised favorable treatment for the hostages. This deal continued through the transition period and into the Reagan administration, through the direct intervention of Henry Kissinger.

Hashemi maintained his gun-running and financial dealings continuously from 1979 to his death in 1986. Although Hashemi was the subject of numerous federal investigations for gun-running and other illegal activities from 1979 on, he remained untouched for five years. An internal document of the Treasury Department's Bureau of Alcohol, Tobacco, and Firearms shows that ATF was requested by another agency, probably the FBI, *not* to conduct an investigation of Hashemi, after ATF received information about arms sales to Iran. Hashemi's 1984 indictment revealed that the FBI had conducted electronic surveillance of his offices from October 1980 to January 1981, overhearing former Assistant Attorney-General Stanley Pottinger advising Hashemi on how to circumvent the U.S. arms embargo against Iran. FBI agents had also raided the offices of Hashemi's First Gulf Bank and Trust in 1981.

Later, in another act of obstruction of justice, the FBI "lost" the tapes of the electronic surveillance, which prevented former Justice Department official Pottinger from being indicted.

During the spring of 1982, there was an active federal

grand jury investigation of Hashemi and Israeli gun-running to Iran, conducted in the Southern District of New York. A subpoena issued by the grand jury named not only Hashemi and various of his front companies, including First Gulf Bank and Trust, but also a number of Israeli-linked companies. Still, no indictments were handed down. When Hashemi finally was indicted in 1984, the action was apparently taken at the instigation of a task force headed by the Treasury Department's Bureau of Customs, not the Justice Department.

Currently, *EIR's* documentation on the history of the Hashemi case, including a persisting U.S. government cover-up of U.S. weapons-trafficking to Iran since 1979, is in the possession of numerous appropriate persons and agencies around Washington, D.C. *EIR* has been the only agency which has been tracking this weapons-trafficking operation consistently over these years. Over the entire period, agencies of the U.S. government have repeatedly acted, either to deny such activities, or to suppress admissions of this activity under the cover of "national security." The State Department and the Justice Department have been at the center of this cover-up for eight years. That evidence is now on the table.

Attorney-General Meese erred, in assigning Justice Department officials Stephen Trott and William Weld to conduct the investigation. The same kind of mistake was made in appointing Brent Scowcroft and Ed Muskie to the special review board investigating the White House's side in the affair. Scowcroft is a Kissinger man; the policy under which Carter began the U.S. weapons-trafficking to Khomeini was created by the Trilateral Commission circles of Kissinger and Brzezinski. Muskie was Carter's secretary of state during a period in which the State Department was deeply involved in covering up this weapons-trafficking.

EIR's files, and the legal record in the continuing aftermath of *Hashemi vs. Campaigner Publications, EIR, et al.*, are the key to unraveling Iran-gate. At this point, if the administration were to cover up any part of the facts shown by those files, the administration would fall in disgrace very quickly.

Many familiar faces around Washington will have to go very quickly, if the President himself is not to be brought down by his linking himself to the continuing operation set up by the Carter administration and Kissinger's circles. Not only the White House, but State, Justice, the CIA, and the Pentagon, as well as all involved in the recent years operations of the "208 Committee," must be purged from the vicinity of government. The question whether those officials and influentials merely acted on orders, or were initiators, and the question whether this or that individual is potentially indictable or not, is irrelevant. Every root and branch of the policy of using Israeli weapons-dealers to traffic in arms to terrorist nations, must be ripped out of government and its immediate environment.

The President is suffering now, for having failed to read his copies of *EIR* more carefully.

A Chronology of Events

U.S. trafficking with Khomeini's Iran

by Scott Thompson

1975-76: Under National Security Adviser Gen. Brent Scowcroft, the NSC's Office of Policy Coordination completes a revision of National Intelligence Estimates, which resolves that the United States can no longer support Shah Reza Pahlavi of Iran. Scowcroft's predecessor, Henry Kissinger, began the reevaluation and started to destabilize the Shah through covert support for a Kurdish rebellion.

The Kissinger strategy is based partially upon a plan of Princeton Prof. Bernard Lewis to replace newly emergent Arab nations with a balkanized mosaic of ethnic and tribal entities. The "Bernard Lewis Plan" envisioned pan-Islamic fundamentalism as the ideology which would unify these smaller sects. As secretary of state, Kissinger launched a sub-plan to balkanize Lebanon, then partition it between a Greater Syria and Greater Israel. Through Bertrand Russell's Pugwash Conference, the East-West "back channel" for negotiations, he had already pre-negotiated a strategy which would turn the Middle East over to the Soviet Union, as part of a "New Yalta" deal.

1978: National Security Adviser Zbigniew Brzezinski adopts the "Bernard Lewis Plan," creating a top-secret Iran Task Force headed by George Ball, which calls for unequivocal support to be given to Ayatollah Khomeini's Islamic fundamentalists. Publicly, Brzezinski proclaims that an "arc of crisis" stretches from North and East Africa through the Middle East, Turkey, Iran, and Pakistan, which, he says, necessitates U.S. support for Islamic fundamentalism. Brzezinski lies that the "Islamic fundamentalist card" can be played to balkanize Muslim regions of the Soviet Union.

President Jimmy Carter gives a highly publicized speech, ostensibly supporting the Shah of Iran, which observers describe as a "kiss of death."

Dec. 13, 1978: Henry Precht, a State Department representative on the National Security Council's Iran Task Force, holds a meeting at Washington's Dominique Restaurant with CIA asset Ibrahim Yazdi, who will become Ayatollah Khomeini's first foreign minister. Prof. Marvin Zonis, an Iran Task Force adviser, briefs Yazdi on plans to topple the Shah, but warns that Carter cannot yet give public support to a "fun-

damentalist religious revolution."

January 1979: Secretary of State Cyrus Vance and his deputy, Warren Christopher, deploy former Attorney-General Ramsey Clark to Teheran. Clark leads the marxist Mujaheddin in anti-Shah riots under banners that read "Death to America!" From Teheran he flies to Paris, where he tells Ayatollah Khomeini the United States will "let the nation determine its own fate."

Jan. 3-Feb. 4, 1979: Brzezinski and NATO Supreme Allied Commander-Europe Alexander Haig deploy Haig's deputy, Air Force Gen. Robert Huyser, to Iran. General Huyser urges the Imperial Armed Forces not to let the Shah use them to suppress the revolution, then tells the Shah to take a "vacation."

Jan. 16, 1979: Shah Reza Pahlavi leaves Iran "on vacation," from which he never returns. Asked whether he will use the Armed Forces, the Shah says he is awaiting permission from Washington.

Feb. 1, 1979: Ayatollah Khomeini flies to Teheran, where, within hours, he proclaims the government of Prime Minister Shahpour Bakhtiar to be illegal. Khomeini creates a dual government with Mehdi Bazargan as his prime minister.

Feb. 9, 1979: When pro-Khomeini military personnel begin to seize arsenals, Chief of Staff General Gharabaghi proclaims that the Armed Forces will remain "impartial" in the crisis. Top-ranking officers who oppose such treason are shot.

September 1979: Based on cable reports from Teheran of a pending embassy takeover, the NSC and State Department plan a hostage crisis scenario.

Nov. 1, 1979: Brzezinski meets with Prime Minister Mehdi Bazargan and Foreign Minister Ibrahim Yazdi in Algeria.

Nov. 4, 1979: Fifty-three Americans are taken hostage with the seizure of the U.S. Embassy in Teheran. They are to be held 444 days.

Nov. 5, 1979: President Carter announces the freezing of Iranian assets in the United States and its banks. Some \$24 billion in Iranian and the Shah's assets become involved, although a much lower figure is announced.

December 1979: U.S. Customs reports that 300 well-trained Islamic fundamentalist terrorists have entered the United States, using Embassy visa stamps. This network is led by Washington, D.C. Savama (secret police) chief Bahram Nahidian, funded through banks connected to New York Sava-

ma agent Cyrus Hashemi (a cousin of Iranian Majlis Speaker Ali Akbar Hashemi-Rafsanjani), and coordinated with Yazdi's Muslim Student Association-Persian Speaking Group.

Dec. 12, 1979: President Carter orders the expulsion of 183 Iranian diplomats.

Dec. 19, 1979: Capt. Siavash Setoudeh, the military attaché at the Iranian Interest Section in Washington, is discovered by *EIR* running an arms network from the United States to Iran with NSC approval. His 16-man staff operated from the Washington, D.C. Office of Naval Research of the Office of Naval Intelligence.

June 1980: Iraq invades Iran. U.S. and Israeli arms-traffickers go into high gear.

Summer 1980: While on the staff of the Senate Armed Services Committee, Robert McFarlane brings an Iranian official to meet with Reagan campaign staffer Richard Allen. The Iranian offers to have the embassy hostages released to Reagan, rather than President Carter.

July 1980: Gen. Hossein Fardoust, one of the leaders of Khomeini's Savama, visits the United States with Carter administration protection to negotiate arms-for-hostages deals and to mount an assassination program against anti-Khomeini exiles.

July 22, 1980: The head of the anti-Khomeini Iran Freedom Foundation, Ali Akbar Tabatabai, is assassinated at his Bethesda, Maryland home. The assassin, David Belfield (a.k.a. Daoud Salahuddin), is a bodyguard of Washington Savama chief Bahram Nahidian. Nahidian's boss, Cyrus Hashemi, is implicated, but he and Nahidian are protected by Attorney-General Civiletti and Brzezinski, who throw a "national security" blanket over the murder.

August-September 1980: Brzezinski orders C-130 airlifts of arms and spare parts to Iran from at least three secret NATO bases.

Aug. 12, 1980: *EIR* breaks the story of Cyrus Hashemi's role in U.S. terrorist operations, including the assassination of Tabatabai.

Aug. 26, 1980: Former Assistant Attorney-General for Civil Rights J. Stanley Pottinger urges Hashemi to sue *EIR* for its exposure of him as a Savama bagman and arms trafficker.

September 1980: Ayatollah Khomeini's son-in-law Sadegh Tabatabai sets up an arms procurement network that includes Israeli arms-trafficker Ya'acov Nimrodi, the former Mossad station chief in Teheran who had arms dealings with the Shah.

Sept. 27, 1980: Israeli Deputy Defense Minister Mordechai Zippori, supported by then-Foreign Minister Yitzhak Shamir, says Israel will give Iran military aid.

Oct. 7, 1980: Israeli chief of military intelligence Yehoshua Sagui tells Iran how to bomb Iraq's nuclear facilities. If Iran fails, he pledges that Israel will carry out the bombing.

December 1980: On behalf of the Israeli military attaché in Washington, Gen. Menachem Meron, Israeli lobbyist Morris Amitay asks Reagan "transition team" head Richard Allen for approval of Israeli arms sales to Iran. Amitay claims Allen signaled approval.

Jan. 20, 1981: President Carter concludes a deal for the release of the 53 hostages. The United States pays Khomeini \$3.5 billion. Most of the protocol's clauses remain classified. Some \$20.5 billion assets claimed by Iran disappear in Wall Street banks.

Feb. 20, 1981: Secretary of State Alexander Haig is briefed on Israeli sales to Iran in preparation for a meeting with Israeli Foreign Minister Yitzhak Shamir. Haig does not object at the meeting.

July 1981: A contract is signed by Ya'acov Nimrodi's International Desalination Equipment, Ltd. with the Iranian Ministry of Defense, for the sale of \$135 million worth of U.S. missiles and shells.

July 1981: An Argentine CL-44 turboprop transport plane rented from Transporte Aereo Rio Platense of Buenos Aires is intercepted by Soviet fighters and crashes in Soviet Armenia en route back from Teheran. This is the third in a series of flights from Israel to ferry \$100 million worth of 106mm recoilless rifles and ammunition to Iran.

November 1981: Israeli Defense Minister Gen. Ariel Sharon arrives in Washington, where Secretary of State Alexander Haig approves arms sales to Iranian "moderates." Haig appoints his counselor, Robert McFarlane, to work with Israeli foreign ministry director-general David Kimche on the program. Aided by Michael Ledeen, Haig also negotiates a strategic Memorandum of Understanding with Israel that promotes Israel as a U.S. surrogate for such arms sales.

Feb. 15, 1982: Israeli foreign ministry director-general David Kimche and Ya'acov Nimrodi appear on BBC's "Panorama" program to defend Israeli arms sales to Iran as a way to keep the Iranian army strong.

May 1982: Secretary of State Alexander Haig calls publicly for a halt on arms sales to Iran and Iraq, but takes no action against Israeli-Iran sales.

June 6, 1982: Israel invades Lebanon. Before the month is over, Haig will be fired for setting up a "back channel" with General Sharon to deceive the President on Israeli plans in Lebanon and to run Mossad operations against Reagan cabinet officers who oppose them.

September 1982: Paul Sjeklocha (a.k.a. Paul Cutter), a Moscow-educated American professor, returns from Israel, where he was asked to sell arms Israel captured in Lebanon to Iran. Sjeklocha, who will be targeted by the FBI in an Iranian arms-sale "sting," is a board member of the Jewish Institute for National Security Affairs. JINSA's founders are Deputy Assistant Secretary of Defense Stephen Bryen and Haig's aide Michael Ledeen. Bryen's Office of Technology Transfer approves what arms and technology can be sold to Israel and thence Iran.

October 1982: Israeli Ambassador to the United States Moshe Arens tells the *Boston Globe* that "almost the highest levels" of the administration have approved Israeli arms sales to Iran.

December 1982: Gen. Ariel Sharon visits Honduras, where he signs contracts that involve Israel in military support for anti-Sandinista forces.

Jan. 8, 1983: Ya'acov Nimrodi's partner, Sadegh Tabatabai, who funds Iranian terrorists in Lebanon's Bekaa Valley, is arrested in West Germany in possession of 1.2 kg of opium. West German Foreign Minister Hans-Dietrich Genscher obtains his release.

Jan. 8, 1983: Cyrus Hashemi's partner, George Perry, disappears in New York. He will be found shot to death. Perry had met with Tabatabai in Zurich to arrange a \$1 billion arms deal for Iran with Stiil, Inc. of Brazil. One of George Perry's partners in Stiil, Milan Jedlicka, was convicted of cocaine smuggling in New York in 1982.

March 7, 1983: In the course of litigation of *Hashemi v. Campaigner Publications, EIR, et al.*, the FBI's Oliver "Buck" Revell files affidavits claiming that FBI documents on Cyrus Hashemi's illegal activities are classified under "national security" provisions and are protected as "state secrets."

July 1983: The CIA releases documents under FOIA to *EIR*, which is being sued for \$100 million by Cyrus Hashemi. The documents state that Hashemi's First Gulf Bank and Trust has been used to launder funds for Khomeini's covert operations in the United States. These funds were passed through Bahram Nahidian, who was "probably involved" in the assassination of Iranian exile leader Ali Akbar Tabatabai in Maryland.

July 25, 1983: *Time* magazine names Balanian (Jamshid) Hashemi and his brother Cyrus, together with their Brazilian partner, Carlos de Mello, as prominent in illegal Iranian arms deals. They were also said to be under federal investigation.

November 1983: After a meeting between President Reagan and Israeli Prime Minister Menachem Begin, U.S. Undersecretary of State for Political Affairs Lawrence Eagleburger and Israel's David Kimche are assigned to coordinate a Joint U.S.-Israeli Political-Military Group. Under the guise of combating increased Soviet involvement in the Middle East, the Group picks up Haig's suspended Memorandum of Understanding for using Israel as a U.S. surrogate to sell arms in areas ranging from Iran to Central America. When Eagleburger leaves State to join Kissinger Associates, the assistant secretary of state for political-military affairs becomes the U.S. coordinator.

March 16, 1984: William Buckley, the CIA station chief in Beirut, is abducted by Islamic Jihad.

April 1984: At President Reagan's request, the CIA and State Department ask Israel to give secret support to the Contras. David Kimche is briefed at a meeting of the Joint U.S.-Israeli Political-Military Group.

May 14, 1984: Cyrus, Reza, and Jamshid Hashemi are indicted in New York for the sale of U.S. military equipment to Iran, together with Cmdr. Firuz (Cyrus) Davari, the former Iranian procurement officer in London. Named as a co-conspirator in these deals is former Assistant Attorney-General J. Stanley Pottinger.

December 1984: The FBI admits that Pottinger has not been indicted, but only named as an unindicted co-conspirator, because the Bureau "lost" tapes of Pottinger talking with Hashemi about arms sales to Iran.

Dec. 28, 1984: Israeli sources report that an Israeli consortium led by one Jacob Zifroni sold thousands of U.S.-made TOW anti-tank guided weapons to Iran. The deal was approved by the Pentagon's Export License Department, shortly after Michael Ledeen's wife, Barbara, became associated with it.

July-August 1985: Secret U.S.-Iranian contacts are initiated by the National Security Council with the Iranian regime following discussions between David Kimche and Robert McFarlane and NSC staffer Lt.-Col. Oliver North. Kimche is authorized to sell sophisticated weapons to Iran with Ya'acov Nimrodi and Israeli Aircraft Industries founder Al Schwimmer. McFarlane creates an informal task force that may include: Maj.-Gen. (ret.) Richard V. Secord; former

CIA director of clandestine operations Thomas Clines, who was linked to Edwin Wilson; Assistant Secretary of Defense Noel Koch, who was in charge of counter-terrorism operations; and George Cave, a former CIA station chief in Tehran.

July 15, 1985: A 61-count indictment from a Southern California grand jury is made public against a 20-person California-to-England ring that smuggled F-14 spare parts obtained from U.S. aircraft carriers to Iran.

August-September 1985: The "first" NSC-approved, Israeli planeload of TOW anti-tank guided weapons arms is sent to Iran. The CIA had requisitioned the TOWs from stockpiles in Europe and the United States. President Reagan approves the sale after the fact.

Aug. 1, 1985: Israeli-connected arms trafficker Paul Sjeklocha (a.k.a. Paul Cutter) and five others are arrested through an FBI sting for trying to sell thousands of TOWs and other missiles to Iran. Lt.-Col. Wayne G. Gillespie of Alexandria, Virginia, an assistant to the deputy chief of staff for international programs at the Army Materiel Command, will win acquittal on the basis that the United States had approved the sale.

Sept. 14, 1985: The Rev. Benjamin Weir, a hostage, is released.

November 1985: The "second" shipment of TOWs and obsolete HAWK (SAM) missiles are shipped to Iran by Israel. When asked to provide a plane for the shipment, Deputy CIA Director John McMahon says a presidential order would be needed for further CIA support.

Dec. 4, 1985: President Reagan announces the resignation of National Security Adviser Robert McFarlane.

Dec. 6, 1985: The first known full-scale discussion of Iran operations is held by President Reagan's cabinet. McFarlane and NSC consultant Michael Ledeen fly to London, where they discuss arms sales with Iranian procurement officer Manucher Ghorbanifar, in a meeting arranged by David Kimche and Gen. Richard Secord.

Jan. 17, 1986: President Reagan signs a secret document, called a "finding," that authorizes arms shipments to Iran. President Reagan orders DCI William Casey not to tell Congress about the operation.

February 1986: Iran returns obsolete HAWK missile parts. The "first" U.S. arms shipment is made via Israel to Iran. Two Southern Air Transport 707s, each carrying 45 tons of TOW missiles and other unknown cargo, make deliveries

from Kelly Air Force Base in Texas to Tel Aviv.

April 14, 1986: The Iranian news agency IRNA announces that former Khomeini Foreign Minister Ibrahim Yazdi will visit the United States. He holds meetings with former Carter administration Iran policymakers in New York, then stays at Savama agent Bahram Nahidian's home outside Washington, while meeting with top State and NSC officials.

April 22, 1986: U.S. Attorney Rudolph Giuliani indicts Gen. Avraham Bar-am (a former deputy of Gen. Ariel Sharon) and 16 others in a plot to sell over \$2 billion worth of jet fighters, tanks, and missiles. The deal was arranged by Cyrus Hashemi with London-based attorney Sam Evans. While General Bar-am and the Israeli defendants claim they had Israeli government approval, defendant Col. (ret.) John Delaroque had sought approval from the Reagan administration, possibly including Vice-President George Bush's office, through his associate Michael J. Brenneke, a broker in an earlier Iran arms deal who may have had U.S. government backing.

May 28, 1986: Robert McFarlane secretly visits Teheran in a 707 jet full of arms to explore "political-diplomatic feelers," possibly accompanied by a convoy carrying additional arms. It has been confirmed that NSC staffer Lt.-Col. Oliver North and George Cave, a former CIA station chief in Teheran fluent in Farsi, accompanied McFarlane.

July 21, 1986: Cyrus Hashemi dies under mysterious circumstances in London. All charges against him are dropped by U.S. Attorney Rudolph Giuliani.

July 26, 1986: The Rev. Lawrence Jenco, a hostage, is released.

August 1986: The "third" U.S. arms shipment is made via Israel to Iran. The White House announces more hostages will be released.

Oct. 26, 1986: The "fourth" U.S. arms shipment is made to Iran. Between \$10-30 million in profits from previous arms sales deposited in the Geneva, Switzerland investment bank Cr dit Feduciaire Services were diverted through CFS's Cayman Islands subsidiary for the Contras. Whether the Contras received this aid is now in doubt.

Nov. 2, 1986: David P. Jacobsen, a hostage, is released. Three other Americans were abducted since Reverend Jenco's release in July.

Nov. 3, 1986: The pro-Syrian Lebanese magazine *Al Shiraa* reports that Robert McFarlane traveled secretly to Iran. It also charges that four Galaxy C-130s had been flown to Iran carrying arms from Clark Air Base in the Philippines.

The Tabatabai murder: how the Justice Dept. obstructed justice

by Jeffrey Steinberg

On July 22, 1980, Ali Akbar Tabatabai, the director of the anti-Khomeini Iran Freedom Foundation, was assassinated at his home in Bethesda, Maryland. The killer, an American black Muslim named David Belfield (a.k.a. Daoud Salahuddin), employed at the time as a security guard at the Iranian Interest Section at the Algerian embassy in Washington, D.C., escaped via Montreal, Paris, and Geneva to Teheran. The mastermind of the assassination, Bahram Nahidian, the Washington-area station chief of Khomeini's secret police, the Savama, who also employed Belfield as a personal bodyguard, was never charged in the case. To this day, he resides and works in the Washington area.

The Department of Justice and FBI are not merely responsible for a six-and-a-half-year coverup of the most significant political assassination in the United States in over a decade. The FBI, as well as top DOJ officials, including some currently employed by the Department, were *complicit* in the Tabatabai assassination. A broad trail of documents exists, proving beyond a doubt that ranking Justice Department and FBI executives, including Carter-era Attorney-General Benjamin Civiletti and current FBI Executive Assistant Director Oliver "Buck" Revell, knew in advance of the threat to Tabatabai's life, intervened to prevent local police from providing adequate security to the targeted anti-Khomeini activist during the days leading up to his assassination, and engaged in a continuing cover-up that included the withholding of FBI documents under bogus claims of "state secrets privilege," and the loss and likely destruction of taped telephone conversations between a former top Justice Department official, Stanley Pottinger, and Iranian gun-runner Cyrus Hashemi. Circumstantial evidence further suggests that the FBI has conducted a witchhunt against *EIR* in part because of this publication's continuing exposure of the FBI's criminal behavior in the Tabatabai-Nahidian-Hashemi affair.

Preparations for a hit

Beginning on Christmas eve 1979, as part of *EIR*'s ongoing coverage of the role of the Carter administration in

installing Ayatollah Khomeini in power in Iran, this magazine unearthed an Iranian gun-running and terrorist network operating out of the D.C. Iranian embassy and the U.S. Office of Naval Research. As early as Nov. 4, 1979, *EIR* had identified David Belfield and Abdullah Nahidian, the son of rug merchant and Savama chief Bahram Nahidian, as terrorist cadre associated with the Muslim Student Association (MSA), the principal Muslim Brotherhood front organization in the United States. At that time, both were arrested during a siege at the Statue of Liberty. Background information on the participants and on the MSA was submitted by *EIR* to both the FBI and the office of Attorney-General Civiletti during the winter of 1979.

From May 23-27, 1980, despite a public Carter administration ban on all Iranian travel to the United States, two top officials of Khomeini's government entered the country to participate in an MSA conference held in Oxford, Ohio. According to participants in that event, orders were given by the Iranian "guests" to begin assassinating anti-Khomeini activists within the Iranian exile community in the United States. According to Immigration and Naturalization Service officials, the Justice Department blocked a probe into the illegal presence of the Iranian government representatives in the United States.

Within weeks of the MSA event, *EIR* began reporting that Iranian exile sources had discovered an influx of Khomeini's killers into the United States. By late June, an estimated 200 Iranian-linked terrorists were reportedly operating from the continental United States.

In December 1979, Mustafa Chafik, a nephew of the deposed Shah, had been assassinated in Paris by a Savama killer suspected of having traveled from the United States to France to carry out the hit. In June 1980, a similar Paris assassination attempt against former Iranian Prime Minister Shahpour Bakhtiar was prevented when his personal bodyguards shot up an assault team of Khomeini's killers.

It was on the basis of this emerging pattern of Khomeini-directed terrorism that *EIR* investigators went to Washington, D.C. police officials in mid-July 1980 to express concern that the Savama cell controlled by Nahidian was about to launch an assassination spree and that Ali Tabatabai, then in process of organizing a major anti-Khomeini demonstration in the nation's capital, was a high-probability target. The police concurred that a round-the-clock surveillance of Nahidian and the D.C. Islamic House (Belfield's last known residence at the time of the Tabatabai assassination) was more than appropriate. Following the July 22 assassination of Tabatabai by Nahidian's personal bodyguard Belfield, D.C. police informed *EIR* that *they had been explicitly ordered off the Nahidian watch by the FBI*. Information which surfaced in the subsequent trial of two of Belfield's co-conspirators revealed that *EIR*'s reports had been 100% accurate. A hit-list of anti-Khomeini leaders in the United States had been cir-

culated at the Iranian Interest Section, where Belfield was employed as a security guard.

Why the cover-up?

According to documents and testimony, on the morning of July 23, 1980, a meeting was held in the office of Attorney-General Civiletti, attended by representatives of the National Security Council and the CIA, at which it was decided to put a "national security clamp" on the Tabatabai assassination.

It seemed that the FBI blocking of the Nahidian surveillance was part of a top-down Carter administration scheme to use every available channel to have the 53 American hostages in Teheran freed before the Democratic presidential nominating convention, scheduled to begin Aug. 11.

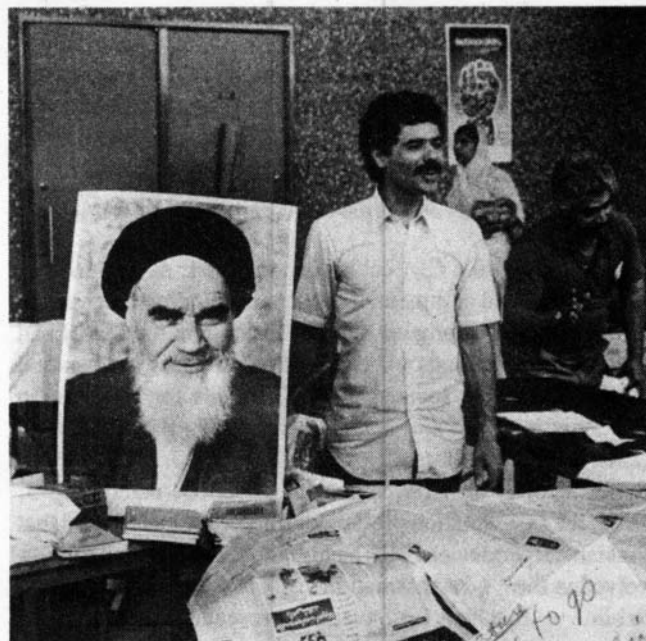
According to testimony given by Bahram Nahidian during a civil deposition in the case of *Hashemi v. Campaigner Publications, et al.* on March 24, 1983, at the very point that Nahidian was deploying assassins to kill Khomeini's exiled opposition, representatives of the Carter White House were practically beating down his door to draw him into the "back-channel" negotiations: "[They] offered to have me meet with someone at the White House. I said 'no.' An American official came to my shop, and asked me if I'd like to have lunch with a high official. . . . They also asked me if I would like to meet with President Carter."

As a sign of the Carter administration's "good faith," Nahidian received a license to kill on U.S. soil. Ali Akbar Tabatabai was the first—and not the last—victim of this foul policy. The hasty "national security clamp" constructed in Civiletti's office on July 23 marked the beginning of a cover-up that is still ongoing to the present day. At stake is the complicity of the Carter White House, NSC, and top Justice Department and FBI officials in the Tabatabai political assassination. Even more to the point, as *EIR* has repeatedly documented since 1980, the Carter national security apparatus created the arms-trafficking channel to Khomeini, assigning former Assistant Attorney-General Stanley Pottinger under the auspices of CIA Director Stansfield Turner, to direct arms merchant Cyrus Hashemi and to finance Hashemi's entry into the international black market arms bazaar.

EIR's warnings ignored

On Aug. 1, 1980, two *EIR* journalists met with officials of the foreign counterintelligence staff of the New York field office of the FBI to provide detailed evidence of the Nahidian-Hashemi plot to kill Tabatabai and carry out other targeted terrorist actions. A 19-page dossier, prepared on July 26, 1980 and submitted simultaneously to the Senate Judiciary Committee then investigating the "Billygate affair," was handed to the FBI at that meeting. According to a transcript of that session, FBI agents acknowledged that Hashemi was a suspected Savama agent.

On Aug. 5, as a followup to the New York City meeting,



The Muslim Students' Association's meeting in Oxford, Ohio in 1980. Khomeini's secret police agents gave the orders here to assassinate anti-Khomeini Iranian exiles living in the United States.

Paul Goldstein, an *EIR* counterintelligence specialist, sent a three-page letter to FBI Director William Webster, reviewing a series of face-to-face meetings between *EIR* investigators and representatives of the FBI's Foreign Counterintelligence Section in December 1979 and January 1980. The letter complained of FBI "hostility" and "lack of cooperation" and other "outrageous actions" throughout the spring and summer of 1980, leading up to and beyond the Tabatabai assassination.

The Goldstein letter was answered in an Aug. 22, 1980 letter from FBI Assistant Director Oliver Revell, then head of the Criminal Investigations Division, which stated in part: "I can assure you that the murder of Ali Akbar Tabatabai is thoroughly investigated by the FBI and local law enforcement authorities."

Despite Revell's official response to *EIR*, Nahidian and Hashemi remained protected entities—even after the Carter administration left office. This continued DOJ-FBI protection centered around a 1982 federal grand jury in the Southern District of New York, which whitewashed Hashemi's illegal gun-running activities, and around the protection of Hashemi against discovery in the *Hashemi v. Campaigner* case.

On March 7, the same Oliver Revell submitted an affidavit in response to Campaigner discovery motions placing all documents regarding Hashemi's FBI and DOJ ties under "state secrets privilege." Even Revell's affidavit was sealed by the court and was never made available to the defense.

The invoking of "state secrecy" is reserved for military and foreign policy information of the highest national security classifications.

While DOJ and FBI were taking these extraordinary measures, the CIA released documents to Campaigner and *EIR* attorneys—over the objection of the Justice Department—showing that the Carter administration at the highest levels had foreknowledge of the Nahidian-Hashemi plot to assassinate Tabatabai.

According to a CIA cable No. 4504464, dated June 11, 1980, "The lead commented on a covert funding mechanism utilized by pro-Khomeini Iranians residing in the U.S. Lead told source that funds for clandestine purposes are handled by the Gulf Bank located in NYC. Funds for activities in Washington DC are passed by Gulf Bank through (FNU)Nahidian."

In a followup CIA cable No. 4632503, dated July 3, 1980, the assassination plot is identified: "He has learned that Persian carpet dealer FNU Nahidian . . . were probably involved in the . . . assassination. . . . Nahidian had admitted to him . . . that he is the Savama representative in the Washington area. Nahidian also reportedly claimed that if Iranians in the U.S. were going to be against Khomeini then they would be killed one by one if necessary. . . . Nahidian is also to have told . . . that he and some other pro-Khomeini Iranians will be filming the anti-Khomeini demonstration planned for 27 July 80 in Washington DC."

A footnote on Belfield

Exactly 42 days after the submission of Revell's sealed affidavit to the court, on April 18, 1983, the DOJ-FBI cover-up of the Tabatabai assassination took another bizarre and ugly twist, when Iranian-backed terrorists blew up the U.S. embassy in Beirut, Lebanon, killing over 50 people, including Robert Ames, a senior CIA Middle East specialist, and his entire staff. According to highly reliable regional sources, when a team of six FBI agents arrived in Beirut days later to probe the bombing, to their horror, they discovered that David Belfield had been among the terrorists who carried out the attack. Wearing a stolen Marine uniform and using forged identification, Belfield had, according to the sources, entered the embassy compound and planted a suitcase of explosives in the basement, that went off at the same time as the car bomb.

It seems that after Belfield escaped by car to Montreal, with FBI complicity, he traveled to Geneva, where a Muslim Brotherhood financier, Said Ramadan, paid him \$100,000 for the Tabatabai hit. After spending several months in training in Teheran, Belfield was assigned on loan to Syrian intelligence in Lebanon's Bekaa Valley. Under joint Syrian-Iranian auspices, Belfield participated in the April 1983 embassy bombing. According to recently published sources, Belfield is now back in Teheran working at the North American Propaganda Section of the Iranian foreign ministry.

The 'comsymps' in the Justice Department

"Stephen Trott, Meese's investigator, will try to dig a prosecutor's trap for the president. Trott will argue that his inquiry must be kept secret. . . . If he prevails, . . . Trott may succeed in saving his prosecutions at the cost of the presidency. If Mr. Reagan is wise, he will communicate everything discovered, early and often." So wrote John Ehrlichman, former aide to President Nixon, who was once prosecuted by Trott for the alleged break-in into the office of the psychiatrist of "Pentagon Papers" peacenik, Daniel Ellsberg. Ehrlichman's warning in the Dec. 8, 1986 issue of *Newsweek*, was borne out when "high-level Justice Department officials," widely reported to be Trott and his sidekick William Weld, head of the Criminal Division, leaked to the *Washington Post*, that Meese must be excluded from the investigation of Iran arms sales ordered by the President, because of conflict of interest within the Justice Department.

But statements by President Reagan and Attorney-General Edwin Meese that they support the appointment of an "independent counsel" to investigate illegalities in the Iran arms deals, sent would-be watergaters, such as Trott's collaborator Oliver "Buck" Revell, executive director of the FBI, scurrying to cover up their own conflict of interest. Revell announced on Dec. 4 his withdrawal from investigations of the arms deals, because of his past involvement in a National Security Council committee with Lt.-Col. Oliver North.

For a real investigation

As editors of *EIR* warned in a Dec. 3 press conference in Washington, D.C., only an investigation totally independent of Trott and Revell's dirty Justice Department apparatus, could bring to light the U.S. traitors who helped Khomeini into power in Iran, and provided support for his arms supply and terrorist operations since 1979. *EIR*'s editors released to the press documents proving Revell's involvement in the Carter administration's protection of Iranian gun-runner Cyrus Hashemi.

The same team, led by Revell and Trott, that blocked investigation into the Iranian terrorist financiers, is also the heart of the Justice Department's "Get LaRouche" operation,

which has run a two-year investigation of Lyndon LaRouche's 1984 presidential campaign, and which ordered the Oct. 6 raid on companies, including this magazine, associated with LaRouche in Leesburg, Virginia, with nearly 400 machine gun-armed federal, state, and local troops.

The Trott-Revell grouping described below has been caught repeatedly protecting, and indeed collaborating with, the Soviet KGB. In the case of Trott, his ties to Communist Party sympathizers in the music industry, may constitute the next major investigation Reagan and Meese should conduct to clean out the administration.

Stephen Trott: Widely misidentified as an "Edwin Meese conservative," Trott is a product of the political machine reflected by California Attorney-General John Van De Kamp, whose political career was built on contributions from California's organized crime apparatus, and long-time Soviet agent Armand Hammer.



In the early 1960s, Trott, then in college, became a successful folk music star in the group known as The Highwaymen. The rights to the group's most successful hit song, "Michael," were owned by Sanga Music, the company owned by Harry Leventhal, a well-known Communist Party fellow-traveler, who also handled accounts for Pete Seeger, Woody and Arlo Guthrie. Through Leventhal and an associate, Ken Greengrass, who became manager of the group, The Highwaymen obtained a contract with United Artists, run by Arthur Krim, a Hollywood organized-crime-linked figure. The earnings from this arrangement financed Trott's legal education at Harvard.

The political connections of Krim were no doubt important for Trott's later career. Krim and his wife, Mathilda, are Los Angeles politicians who are still close to Armand Hammer and Van De Kamp.

At Senate hearings this past August to confirm Trott's promotion from head of the Criminal Division in the Justice Department to the number-three post, Trott boasted that he would make the activities of the Office of Special Investigations, the so-called Nazi-hunting section that is the main channel for Justice Department collaboration with the KGB, one of his priorities. Trott also promised that, with the help of William Weld, who was being confirmed the same day for Trott's old job, he would put together a "super" unit to churn up prosecutions of defense contractors. In 1985, Trott personally supervised the re-opening of the prosecution of NASA chief James Beggs on a fraud case (later dropped), that caused Beggs to resign from the NASA post. Beggs's resignation,

and his replacement with the incompetent William Graham, directly contributed to the loss of the Challenger Shuttle in January 1986.

Oliver Revell: The FBI's "dirty tricks" specialist, Revell was the architect of the "Abscam" entrapments that used convicted felons to bribe and blackmail U.S. congressmen. Revell works closely with NBC "hatchet men" Brian Ross and Ira Silverman, whom he uses to "try" his targets in the press, before indictments are even obtained.

Since 1984, Revell maneuvered to oversee the FBI's anti-terrorist and "white collar crime" investigations, and was personally involved in FBI director William Webster's repeated contradictions of President Reagan's identification of the Soviet Union's hand behind terrorism and international narcotics traffic.

In 1980, Revell signed letters to *EIR* acknowledging receipt of information about involvement by Iranians Cyrus Hashemi and Bahram Nahidian in the murder of anti-Khomeini Iranian leader Dr. Ali Tabatabai. The FBI kept Nahidian out of the case, despite the fact the accused assassins had been recruited by Nahidian.

William Weld: The former U.S. Attorney in Boston, who opened the investigation into Lyndon LaRouche's 1984 presidential campaign at the behest of the dope lobby and "bankers' CIA," Weld is now head of the Criminal Division of the Justice Department. He detailed at his confirmation hearings in



August, that he will run a "fraud unit" that will make prosecutions of the defense industry his personal priority. Weld, a self-avowed "environmental terrorist," is planning an operation through the Justice Department to gut the research capability through private industry that is essential to the President's Strategic Defense Initiative.

Weld is the offspring of the notorious Weld banking family, that made its fortune by running opium in the 19th century, and expanded that fortune through business deals with *Crédit Suisse*, the world's best-established laundry for drug money. In 1985, Weld negotiated a plea-bargain to fine the Bank of Boston a mere \$500,000 for currency violations upwards of \$1.22 billion—identified by top Treasury Department officials as drug-money proceeds.

Weld is also a funder of U.S.- and Canadian-based pro-terrorist networks, through the (now-defunct) Boston *Real Paper*, and his reported secret investment in Filmlines International, which funnels money to the Greenpeace radical ecologist group, and is in a film partnership with the People's Liberation Army of Communist China.

EIR's record: how we called the shots

For the past seven years, EIR has documented in exhaustive detail the role of the Carter administration, and then the Reagan administration, in supplying arms and other support to the Iranian regime of Ayatollah Khomeini. The policy began with Zbigniew Brzezinski's idea of playing the "Islamic fundamentalist card" against the Soviet Union—a scheme which led to the overthrow of the Shah and the installation of Khomeini and his Moscow-trained mullahs, all accomplished with the assistance of the U.S. State Department. The following are excerpts from our coverage:

Jan. 8-14, 1986: "It has recently become obvious that U.S. National Security Council Director Zbigniew Brzezinski has been sold on the idea that Muslim fundamentalism, if properly guided, can be useful to Anglo-American strategy as a 'bulwark against Communism.'"

Jan. 8-14, 1980: "With the full knowledge of the Carter administration, the [Iranian] military attaché, Captain Siavash Setoudeh and his staff conducted their affairs at the ONR [Office of Naval Research] building at 800 North Quincy Street in Arlington, Virginia. Within this highly sensitive facility . . . Captain Setoudeh . . . and a dozen other military agents of Ayatollah Khomeini's Islamic Republic of Iran all operate in coordination with U.S. naval intelligence and with the approval of Zbigniew Brzezinski's National Security Council. . . . Setoudeh and his colleagues are engaged in arms smuggling, gun-running, and conduiting weapons to terrorist units. . . . [Setoudeh] has not been asked to leave the country despite an order from the White House in early December expelling the bulk of Iranian diplomatic personnel, and reporters who have sought to inquire about the case are being turned away with a wall of official silence about the matter. . . . It is now believed that the White House and the Pentagon are afraid that any investigation into the matter of Capt. Setoudeh would expose the secret collaboration between Brzezinski, Haig, and the Muslim Brotherhood in Iran beginning in 1978."

Aug. 12, 1980: "The scandal around Billy Carter's 'Libya connection' goes far beyond a mere indiscretion by the President's brother. In fact, the issue raised by the Billy

Carter affair is the issue of the Carter administration's deliberate alliance with the Muslim fundamentalist movement. In 1977, President Carter lent U.S. power to the movement launched one year earlier by British intelligence to topple the Shah of Iran and to install Ayatollah Khomeini in Teheran. Since then, Carter has armed and trained the Iranian military . . . [and] given free rein to terrorists in the employ of the Khomeini regime to wage war-by-assassination on the soil of the United States. . . .

"Over three months ago, the *EIR* exposed in print the activities of Bahram Nahidian, the leading Washington representative of the Iranian secret police Savama, and David Belfield, a Nahidian protégé from the American Black Muslim circles. . . . Because this information was not used by the authorities, [Ali Akbar] Tabatabai is now dead and Belfield is being hunted as his assassin. . . . According to police sources, the U.S. Department of Justice and the CIA are protecting Nahidian from being arrested on grounds of 'national security.'"

Aug. 12, 1980: "According to U.S. intelligence sources and high-level diplomatic informants, the White House is negotiating the deal with the Muslim Brotherhood mullahs that run Iran in order to boost Carter's bid for renomination. In exchange, Carter and Zbigniew Brzezinski have agreed that the Carter administration will look the other way as Khomeini dispatches teams of the Savama . . . to the United States to physically eliminate opponents of the Khomeini regime.

"Under the direction of Zbigniew Brzezinski, the Carter regime established a formal alliance with the Muslim Brotherhood secret society, a paramilitary organization of fanatics with branches in Iran and nearly every other Muslim country, often with sympathizers at the highest levels of government. After Camp David in 1978, the U.S., Egyptian, and Israeli secret services entered into a secret accord to forge a working alliance with the Muslim Brotherhood. Immediately afterward, under the direction of NSC special agent George Ball, the Carter administration supported and encouraged the Islamic revolution that toppled the Shah."

Aug. 12, 1980: "High-level U.S. intelligence sources, exiled Iranian political leaders, and officers of a Washington, D.C. police intelligence unit have each independently charged Attorney General Benjamin Civiletti with covering up for the assassins of Ali Akbar Tabatabai. . . . This obstruction of justice by a U.S. Attorney General was allegedly committed to protect a political 'deal' whereby Iran would release the 51 American hostages."

Aug. 12, 1980: "The ringleader of Savama in the United States . . . is Dr. Cyrus Hashemi . . . a friend of Dr. Ibrahim Yazdi, the U.S. citizen who served as Iran's foreign minister in 1979, and who is presently an intelligence adviser to Ayatollah Khomeini. . . . Hashemi also reportedly funds directly the work of a prime suspect in the assassination of

Tabatabai, Bahram Nahidian.”

Sept. 23, 1980: “It is a matter of public record that Brzezinski’s NSC in fall 1978 secured the services of George Ball to conduct a top-secret official task force on the crisis in Iran and . . . that Ball’s task force recommended that the United States abandon the Shah and throw its unequivocal support behind the Khomeini-led opposition. . . . During this period, Brzezinski commissioned a special team of the Special Coordinating Committee of the NSC to prepare a worldwide study of the potential for an alliance between the United States and Islamic fundamentalism throughout the so-called ‘arc of crisis,’ a term coined by Brzezinski in December 1978.”

Nov. 4, 1980: “In recent days, Carter and Secretary of State Ed Muskie have declared that the United States is prepared to send weapons and spare parts to the aid of Khomeini’s terrorist clique if the hostages are freed. . . . Reagan yesterday blasted Carter . . . for having let the hostages languish. . . . Because key elements in the Reagan camp, such as Henry Kissinger and David Rockefeller, were themselves directly involved in the conspiracy to seize the hostages, it is certain that Reagan will not raise the real issues of the Tehran crisis unless he breaks with the Kissinger-Rockefeller faction.”

Sept. 22, 1981: “Prominent Reagan advisers once criticized Carter and Co. for supporting Khomeini. The very same Reagan advisers are now arguing that American support for the ‘Islamic Republic’ is required to halt the Soviet advance in the region. Some opponents of the ‘Muslim card,’ such as former U.S. Ambassador to Saudi Arabia Robert Neumann, have even been summarily dismissed from their posts by Secretary of State Alexander Haig.”

March 16, 1982: “U.S. and NATO weaponry is being channeled into Iran through transshipment points in Israel, Brazil, and certain Persian Gulf sheikhdoms. . . . In the United States, the military procurement effort for Iran is being led by Commander Firuz Davari, . . . who previously served as Iran’s military purchasing agent in London for two years and maintained links to the black market arms traffickers in London and Switzerland. . . . Davari is reportedly in league with banker Cyrus Hashemi, an Iranian Khomeini loyalist. . . . During 1980, it was reported that Hashemi was a secret intermediary for relations between Khomeini and the Carter administration.”

March 16, 1982: “During the negotiations over the American hostages being held by the Khomeini regimes, Hashemi is reported to have met at various times with officials of the State Department and the National Security Council. On the day after the release of the hostages, Hashemi appeared on NBC-TV with his friend David Mizrahi. Hashemi was described as a ‘top adviser to the government in Teheran’ who was involved in the hostage negotiations. Ask the State Department about Hashemi today, and you will still

be told that the information is classified for national security reasons. . . . Hashemi is identified in Iranian government documents as the official representative of the Islamic Revolutionary Committee in New York.”

March 29, 1983: “On March 7 . . . explosive affidavits were filed in response to subpoenas issued in the case of *Hashemi v. Campaigner Publications, et al.* . . . The subpoenas . . . sought any government files pertaining to Hashemi’s and Nahidian’s reported involvement in illegal activities in the United States. . . . Although three government agencies admitted to the existence of relevant documents, disclosure of these files was refused on grounds of ‘state secret privilege’ and national security classification. These three agencies are the FBI, CIA, and National Security Agency (NSA). . . . The thickest wall was thrown up by the FBI and the Department of Justice, which not only have classified all their documents concerning Hashemi and Nahidian, but even classified the affidavits which stated their claims of privilege!”

Aug. 2, 1983: “New evidence has just been disclosed which confirms that the Carter administration was providing covert protection to Iranian arms dealers and terrorists in hopes of securing a politically favorable release of the U.S. hostages during the 1980 election campaign. . . . Declassified CIA documents confirm *EIR*’s earlier charges that the Carter administration and the FBI were responsible for massive cover-up of the 1980 assassination of a prominent anti-Khomeini spokesman.”

Dec. 25, 1984: “The FBI has ‘lost,’ or ‘misplaced,’ the wire-tapped conversations between convicted gun-runner and terrorist-bankroller Cyrus Hashemi and the former chief of the Department of Justice’s Civil Rights Division under the Nixon and Ford administrations, J. Stanley Pottinger. . . . These tapes would prove conclusively that the cover-up of one of the most massive gun-and-drug dealing operations, under orders from Zbigniew Brzezinski and the State Department, is still protected by the FBI.”

Aug. 16, 1985: “A series of indictments and arrests in recent weeks and months, involving illegal exports of arms and spare parts to Iran, signals the breaking up of a widespread arms-smuggling ring which developed under the protection of the Carter administration. . . . The arms smuggling network . . . involves a secret arrangement with the Israeli Mossad faction linked to Ariel Sharon which has allowed the Mossad to conduct extensive penetration of U.S. military agencies. Secret accords negotiated as part of the Camp David agreement allowed the Israelis to sell arms to countries which had been cut off by the U.S. government . . . often at a 300% markup. . . . The Khomeini regime created its current arms-procurement network following the outbreak of the Iran-Iraq war in September 1980. . . . A key figure was Jacob Nimrodi, the former Israeli military attaché in Teheran under the Shah.”

Status of the experimental free electron laser

In this article concluding a three-part series on the free electron laser, Robert Gallagher reviews the status of the leading experimental programs.

The Strategic Defense Initiative Organization (SDIO) has chosen to develop and construct a ground-based free electron laser as a prototype interceptor for destruction of ballistic missiles in the early, boost phase of their trajectories. For strategic defense, the free electron laser would direct its beam towards mirrors in space which would focus it on enemy missiles to destroy them.

In a free electron laser, an electron beam traveling close to the speed of light, is directed between a series of alternating polarity magnets which oscillate the trajectory of the electrons (see **Figure 1**). Whenever the path of electrons traveling at such speeds is oscillated, the electrons emit electromagnetic radiation whose frequency varies with the speed of the electrons and the spacing of the magnets. The electrons are not bound to any atomic nucleus while emitting radiation, and for that reason are called "free electrons."

There are several types of free electron lasers, differing by the type of electron accelerator or other source for the electron beam, and by whether or not the device generates, or only amplifies laser radiation.

Free electron laser amplifiers are being developed at Lawrence Livermore National Laboratory driven by the linear induction accelerators developed there, in an application of the principles of the transformer, and originally intended for use as electron beam missile interceptors for terminal defense. Last spring, a Livermore free electron laser amplified a 50-kilowatt millimeter-wave pulse to 1,000 megawatts.

Second, there are the free electron laser oscillators driven by radio-frequency linear accelerators which were developed out of World War II. A radio-frequency linear accelerator accelerates an electron beam with pulses of current alternating at microwave frequencies produced from electric tubes,

such as the klystron. Work on these devices is being conducted at Los Alamos Scientific Laboratory, Stanford, TRW, and also at Boeing Company. Los Alamos researchers achieved 800 megawatts peak power of 10-micron wavelength infrared radiation inside the optical cavity of their free electron laser oscillator in 1984.

In addition, a joint project of TRW, Inc. and Stanford University is developing radio-frequency linear accelerator-based free electron lasers with supercooled accelerator cavities using superconducting materials. The Stanford-TRW team achieved 460 megawatts peak power of 1.6-micron infrared radiation inside the optical cavity of their free electron laser oscillator in experiments in 1984.

Third, there are the free electron lasers under development at the Laboratory for the Utilization of Electromagnetic Radiation (LURE) in Orsay, France, and at Stanford by John Madey's group, based on electron-beam storage rings. The LURE group generated low-power 0.65-micron wavelength visible laser light in 1983. Madey forecasts a peak power of 130 megawatts in a "slow pulsed mode" for his device.

Table 1 presents the parameters of and the results achieved to date with these free electron lasers. These programs must meet the following requirements and solve the following problems to be relevant to the SDI:

1) Electron beam energy must be hundreds of million-electron-volts (MeV), to produce radiation at those wavelengths necessary for interception of ballistic missiles in their boost phase, with radiation ranging from the near infrared (1 micrometer) to the ultraviolet.

Radio-frequency linear accelerators and storage rings met this requirement many years ago. In a recent development, Livermore researchers attained 50 MeV with the induction

linear Advanced Test Accelerator.

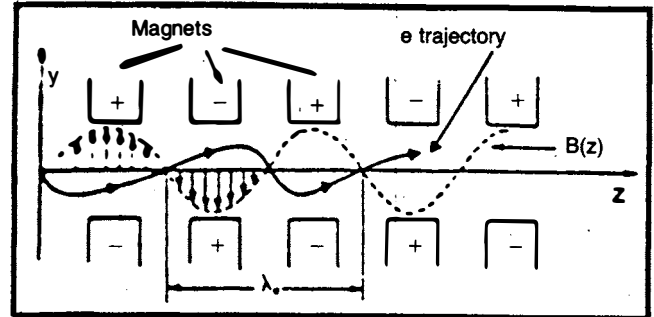
2) The free electron laser must produce a high power output of gigawatts of coherent light. A Livermore induction linear accelerator free electron laser device has shown the capability to amplify long-wavelength microwaves to one gigawatt power level. Los Alamos plans to combine a tunable radio-frequency linear accelerator-based free electron laser oscillator with a radio-frequency linear accelerator free electron laser amplifier, to attain required power levels.

3) Electron beam "brightness" must be high for free electron lasers. "Brightness" measures the extent to which a beam is intensely focused. It increases with beam current and decreases with the square of "emittance," a measure of transverse beam motion. Bright beams are required in order to generate short wavelength light in the visible or ultraviolet regions of the electromagnetic spectrum, and to produce high laser gain.

Beam control in radio-frequency linear accelerators is considerably better than in induction linear accelerators. Radio-frequency-linear accelerators at Los Alamos and Stanford have produced beams with an emittance thousands of times better than that of the Livermore induction linear Experimental Test Accelerator (see Table 1, column 10). This is one reason why radio-frequency linear accelerator free electron lasers have produced such high powers inside their optical cavities with electron beams that have only a tiny

FIGURE 1

Sketch of a linearly polarized undulator and electron trajectory



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

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

TABLE 1
Status of free electron laser experimental programs

Free electron laser characteristics						Electron accelerator characteristics				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Date	Wavelength achieved (microns)	Efficiency of beam energy extraction (%)	Oscillator?	Pulse length (p sec)	Peak lasing power ¹ (MW)	Accelerator type	Beam peak current (amp)	Electron kinetic energy (MeV)	Beam emittance (π mm mrad)	
Stanford	1984	1.57 & 0.5	1.2	Yes	4.3	460	SL	2.6	66	0.15
LURE	1983	0.650	low	Yes	500-1000	NA	SR	0.05	160	NA
LASL	1983	10.6	3.7	No	5000	900	L	NA	19-22	0.5-6.0
	1984	9-35	1.0	Yes	36	800	L	27-40	10-21	2.5-5.0
LLNL	1986	8671	6	No	15,000	180	IND	850 ²	3.5	4700
	1986	8671	34	No	15,000	1000	IND	850 ²	3.5	4700

Notes:

1. This measure (the same as peak intracavity power for oscillators) factors out accelerator duty cycle limitations.
2. Generated beam of 4000 amps reduce-filtered to 840 amps, or 21% of original current.

Legend for Symbols. LURE = Laboratory for the Utilization of Electromagnetic Radiation; LASL = Los Alamos Scientific Laboratory; LLNL = Lawrence Livermore National Laboratory. NA = Data not available. p sec, (picosecond) = 1 trillionth of a second. MW = megawatts. Accelerator types: SL = superconducting radio frequency linear accelerator; SR = storage ring; L = radio frequency linear accelerator; IND = linear induction accelerator. amp = amperes. MeV = million electron volts.

fraction of the current of beams produced by induction linear accelerators.

Linear induction accelerators introduce transverse oscillations into the beam, which increase emittance and degrade brightness as an inherent characteristic of the accelerator action. These oscillations are amplified as the beam is accelerated.

Even in radio-frequency linear accelerators, the geometry of the resonant microwave cavities which accelerate the beam, can generate higher harmonics of microwave power which can introduce oscillations in the beam and degrade emittance and brightness.

Storage rings produce high brightness beams, but presently are considered inefficient for free electron lasers for strategic defense, because most of the beam energy is dissipated in synchrotron radiation emitted in the beam's circuit around the ring.

4) Interactions between the electron beam and the undulator at high beam currents, can significantly reduce the coherence of the free electron laser output. The interaction can produce longitudinal "synchrotron" oscillations of the beam within the undulator, resulting in the generation and growth of significant sidebands about the fundamental lasing frequency, from the production of "combination tones" by the addition (or subtraction) of the low-frequency longitudinal oscillations to or from the fundamental frequency of laser output.

Los Alamos reported 3%-wide sidebands in their free electron laser in 1984. LASL researchers propose use of gratings inside the optical cavity that would diffract (and thus not oscillate) the frequencies of sideband radiation, in order to eliminate them from the output. This technique would preserve the tunability of the device since the frequencies passed through the gratings can be tuned with the free electron laser by rotating them relative to the axis of the optical cavity.

5) In experiments conducted to date, laser power extracted from an electron beam in a free electron laser is limited by a phenomenon which limits the length of the free electron laser undulator, the region where radiation is extracted from the beam, and thus the maximum laser power obtainable.

All forms of directed energy, whether electrons or laser light, diffract spherically.

a) Therefore, in a long undulator, it is necessary to focus the electron beam to maintain beam brightness since otherwise, like any form of radiation, the electron beam would spherically diffract. However, most focusing schemes induce synchrotron oscillations.

b) Second, in long undulators, it is necessary for the laser light produced from the electron beam, to be actively focused about the beam. Otherwise, it will diffract away from the electrons, with the result that

radiation already produced will not be able to stimulate lasing and produce an exponential growth in laser gain along the length of the undulator. This is more of a problem for long-wavelength free electron laser operations, since the longer the wavelength, the greater the angle of diffraction.

6) Existing accelerators used in free electron lasers, such as those at Livermore or Los Alamos, have a low duty cycle; they generate only one pulse or train of pulses per second. Pulse rates of thousands per second will be required by both SDI and any serious industrial application of free electron lasers.

The Livermore Advanced Test Accelerator (ATA) can at present produce only a single pulse of electrons per second, 15 billionths of a second (15 nanoseconds) long, because of the electric power switching technology it uses. The Los Alamos radio-frequency linear accelerator produces a single pulse train per second, 150 microseconds long. In either case, the duty cycle of the accelerators, the proportion of operating time in which accelerator power is on, is very low, a ratio of about one in 66 million for the ATA, and about one in 13 thousand for the Los Alamos machine.

Low duty cycles usually reflect a physical limitation of a technology used in the accelerator. For example, in radio-frequency linear accelerators, the accelerating microwave power heats the copper of the resonant cavities to such high temperatures that it is necessary to cool them to prevent damage, prior to the next pulse of the electron beam. This cooling requirement places a limit on the duty cycle attainable in radio-frequency linear accelerators. In one reported case, fully a megawatt of power is being used per meter of accelerator length to pump coolant water around the cavities.

Livermore has announced that it is working on a system to raise the pulse rate to 2,000 per second for a duty cycle of about 0.004 percent. Los Alamos researchers report that they will be able to achieve a thousand pulses per second, each 100 microseconds long, for a duty cycle of 10%.

7) Free electron laser oscillators are at present limited to low output powers (i.e., tens of megawatts) because optical components cannot withstand high output powers required by SDI. Although the Los Alamos free electron laser achieved 800 megawatts in peak intracavity power in 1984, its peak output power was only 10 megawatts. However, by feeding the megawatt output of an oscillator into a radio-frequency linear accelerator-based free electron laser amplifier, Los Alamos hopes to produce gigawatt output in a dual-laser system.

8) Free electron laser output radiation wavelength and pulse shape, must be optimal for transmission through the atmosphere from ground-based systems to relay mirrors in space.

9) For high-power operation for the SDI, it is desirable

for free electron lasers to have high efficiencies in conversion of electron beam power into laser power so that the size and complexity of power sources for the accelerator can be minimized. Free electron lasers based on radio-frequency linear accelerators promise to achieve efficiencies in use of the electron beam of 95% or greater.

Classical hyperbolic saturation

In order to meet these requirements in electron beam energy, brightness, and focusing, and solve remaining problems in laser output power, coherence, transmission, and efficiency, and in accelerator duty cycle, physicists must develop and engineer superior physical principles on which to base the operation of both the accelerators that power their free electron lasers and the lasers themselves, especially for induction linear accelerator-based devices.

A physical principle of a machine's operation is a past or current discovery in experimental or applied physics, that can be translated into a new engineering design for a superior machine. The replacement of waterwheels by steam engines, to power blast furnaces in the 1840s, is an example of the application of a superior physical engineering principle, new to iron making. The practice of distinguishing machines by the physical principles of their operation, was elaborated by Leonardo da Vinci, Leibniz, and Lazare Carnot.

The contrary approach involves making incremental changes in existing machines. This will produce only "diminishing returns," minor improvements in the brightness of beams, or higher frequency operation, at the sacrifice of efficiency, tunability, and other features. Historical precedent in the development of electron tube devices, shows this to be the case.

Our past experience in the development of electron tubes is entirely relevant to the free electron laser. In fact, the free electron laser is not a laser in the ordinary sense, but rather, a more advanced electron tube, falling into the same general class of technology as the magnetron microwave tube that is used in everyday microwave ovens, or the klystron that provides microwave power to accelerate electron beams in radio-frequency linear accelerators.

The Los Alamos free electron laser experimental device is a case in point. It is nothing but an assemblage of electron tubes. It uses an electron gun from a traveling wave tube to produce a beam, which is then accelerated by microwave power, provided by a series of klystrons.

Because different electron devices are based on different physical principles, they cover different, bounded regions of the electromagnetic spectrum. This will prove to be just as characteristic of free electron lasers as it has been of previous electron tube technology; each electron tube developed before the free electron laser, has a definite frequency range of efficient operation.

The magnetron, an electron tube microwave oscillator

developed during World War II, can step up the frequency of electric power to tens of millions of cycles per second with 65 to 75% efficiency. As you push the device-type to its limits, to produce higher frequency electromagnetic action, such as microwaves for radar (1-40 billion cps), the technology begins to display a classic hyperbolic saturation, and the efficiency begins to drop off. Magnetron microwave radar efficiency is as low as 40 to 50%. Like the magnetron, each electron tube device leading up to the free electron laser, has inherent limitations. Each has its optimal range of operating frequencies after which its efficiency degrades and its operation ultimately collapses.

The need for the development of each of these devices, derives from the fact that as we raise the frequency of electric power—that is, its frequency of action—its behavior begins to change; it escapes the boundary conditions that we have imposed on it through technology: For example, as the wavelength being transmitted by a wire approaches the size of the wire, the wire's properties as a waveguide break down, and it broadcasts radiation like an antenna.

The traveling wave tube (described in a previous article of this series), displays a nonlinear hyperbolic fall-off in amplification as it is driven to operate at higher frequencies (see **Figure 2**) and for any particular frequency, a hyperbolic saturation and fall-off in amplifier gain (and efficiency) as the power of the input microwave beam to be amplified, is increased (see **Figure 3**). This hyperbolic saturation of the efficiency and output of a device as more energy, of the same type, is pumped through it, is characteristic of the history of technological development, and has been documented in *Executive Intelligence Review* for the cases of iron and steel making technology, and electric power production.

There thus appears to be considerable basis, for assuming that free electron lasers will be organized into regions or "octaves" along the electromagnetic spectrum, in accordance with differences in the physical principles of their operation. One machine dealing perhaps with x-ray and ultraviolet light, another machine dealing with visible and the near infrared, and perhaps another dealing with the far infrared, or some arrangement of that sort.

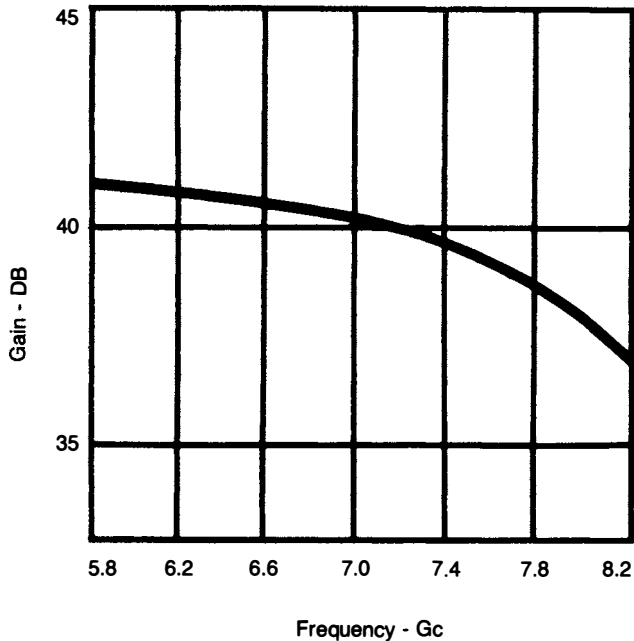
Charles Brau of Los Alamos made one attempt to convey a similar concept in **Figure 4** from a recent paper. Although his projection of the relative performance of the various free electron laser types, in terms of operational wavelengths and peak power, is probably wrong in detail, the notion that machines differ by their physical principles of operation is correct.

By contrast, quantum electrodynamics (QED) based on its statistics of "random uncertainties," does not provide a methodological guide for comparing or transforming existing machines, and thus appears somewhat irrelevant.

The proper concern of researchers in free electron lasers, is not only the linear scaling of their machines to longer,

FIGURE 2

Typical hyperbolic gain vs frequency relationship for a traveling wave tube



Source: "Introduction to the Traveling Wave Tube," Selected Articles from the Lenkurt Demodulator, Lenkurt Electric Company, subsidiary of GT&E, 1966.

more powerful, highly computerized versions based on the same physical principles, but the application of more advanced principles to their design and operation. This need is acute at Lawrence Livermore National Laboratory. With its previous work, Livermore has shown promising results in amplifying millimeter radiation, but now must upshift to frequencies 10,000 times greater (1 micron or less in wavelength) to attain laser radiation effective for SDI boost-phase intercept. As discussed above, efforts to accomplish lesser tasks in the development of electron tubes, have led to dramatic fall-off in amplifier gain and efficiency, or simply failure.

Livermore's challenge

Earlier this year, Livermore achieved a 34% efficiency of energy extraction in amplifying a 50-kilowatt beam of 8.7-mm wave radiation, to 1 gigawatt power with a tailored, 850 ampere, 3.5 MeV electron beam, produced by the Experimental Test Accelerator, as reported in *Physical Review Letters* in October. In order to achieve this result, Livermore used a 3-meter undulator with a magnetic field tapered 45% along the undulator. Although this extraction efficiency is high for a free electron laser, it is low for electron devices

that produce or amplify radiation of the same wavelength, such as the magnetron.

Furthermore, to produce the stated results in power and efficiency, Livermore first generated a 4,000 ampere electron beam and then used a filter to produce a beam 80% smaller in current but geometrically superior.

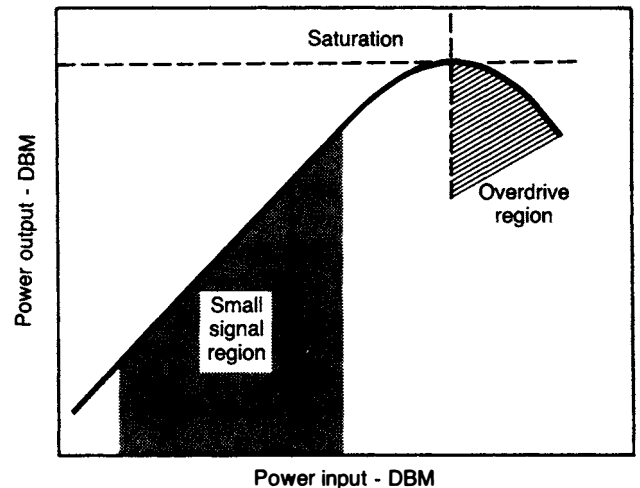
In the next year, Livermore will attempt to go to a frequency 1,000 times greater than previous experiments, in an experiment to amplify a 10.6-micrometer infrared laser beam, by driving a 5-meter undulator with a 50-MeV beam from the Advanced Test Accelerator. If successful, the lab will attempt to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

Many researchers both inside and outside Livermore have their fingers crossed over the lab's 10.6-micron "Paladin" experiment. Given that the lion's share of free electron laser funding, is invested in the Livermore program, and that the free electron laser is the only SDI program oriented toward development of a prototype weapon system, a failure for Paladin would be a serious setback for the SDI program as a whole.

Livermore did not want to carry out a free electron laser experiment with the ATA, in part because the machine could not produce a 10,000 amp, 50-MeV beam with magnetic focusing of the beam within the accelerator. The energy (or speed) to which the machine could accelerate a beam, appeared limited by the growth of a beam-accelerator interaction instability known as "beam breakup," which grows as

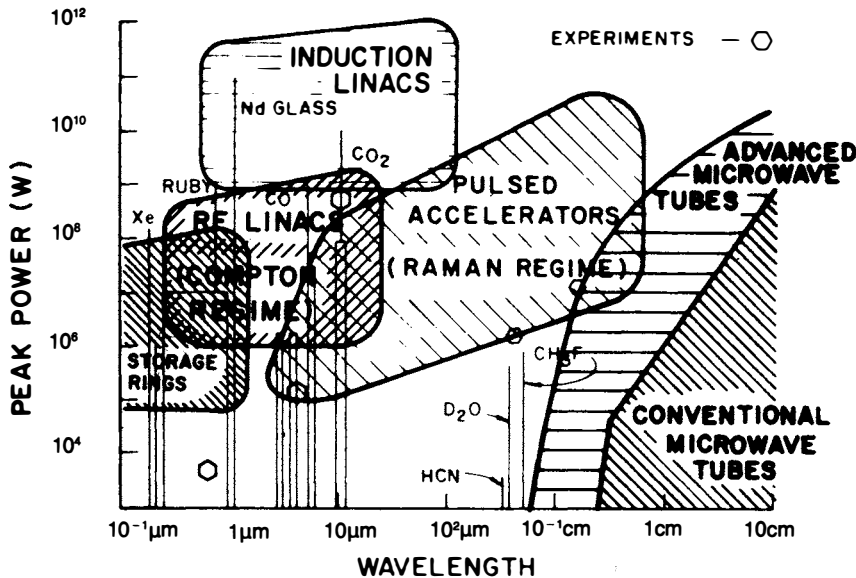
FIGURE 3

A hyperbolic power output vs. power input relationship in traveling wave tube.



Source: same as Fig 2.

FIGURE 4
Power and wavelength



To change the wavelength, or color of the beam from a free-electron laser, it is necessary to change the electron velocity, or energy; short wavelengths require higher energy. Different types of accelerators are used for low- and high-energy electrons. To operate in the visible portion of the spectrum, storage rings, rf linacs, and possibly induction linacs can be used.

the beam is accelerated to higher and higher energies. Beam breakup instabilities are symptomatic of accelerators that produce long, continuous-pulse beams, report SDI scientists. Radio-frequency linear accelerators avoid them, by producing trains of short "micropulses."

Beam focusing with the ATA's external magnets was insufficient to prevent the beam from literally thrashing against the walls of the accelerator, unless monstrously large solenoid magnets whose engineering feasibility is questionable, were applied. Experiments in beam propagation conducted in the ATA, indicated that the machine could not achieve its design specifications of producing a 10,000-ampere current, 50-million-electron-volt (50 MeV) electron beam. Beam breakup destroyed the beam before it ever reached those power levels.

For this reason, Livermore proposed building another accelerator, designed specifically for use in a free electron laser, to amplify shorter-wavelength near-infrared radiation, 1-micron in wavelength. The proposal for this machine (known as "Alex") was turned down by the SDIO, pending the results of the Paladin experiments.

In order to get the ATA to work, Livermore scientists have developed a technique they call "laser guiding" of electron beams within the ATA. Laser guiding (also called "electrostatic channel guiding" by Livermore) has been successful in reducing beam instabilities by a factor of 1,000 (see *EIR*, Nov. 14, 1986); it suppresses beam transverse oscillations and focuses the beam about a line of benzene ions introduced into the accelerator. As a result, the ATA can now produce

the high current, 50-MeV beam required for Paladin.

While laser guiding was under development, Livermore's E.T. Scharlemann led theoretical studies to investigate ways to focus electron beams in undulators and extend the possible length of undulators to the high values required by Paladin (25 meters) and SDI prototypes. This work identified two possibly feasible physical engineering principles to bring to bear in Paladin, that were not used in the previous Livermore free electron laser experiments:

a) the use of parabolic magnets to focus the beam inside the undulator without exciting the synchrotron oscillations that generate sidebands; and

b) the use of the optically refractive properties of the electron beam to focus the emitted radiation around the beam itself, a phenomenon known as "optical guiding."

The use of parabolic focusing of the electron beam in the undulator was discussed in the previous article in this series (see *EIR*, Nov. 7, 1986). Parabolic focusing may permit propagation of focused electron beams down long undulators, eliminating synchrotron oscillations and removing limitations listed above 4) on free electron laser coherence, and 5a) on free electron laser power. Optical guiding is hoped to eliminate limitation 5b) on laser power. Both parabolic focusing and optical guiding remain to be demonstrated experimentally.

Electron beams as fiber optics

It has been known for some time that the coherent interaction between light and electrons in a free electron laser,

produces a phase shift of the light, such that light is refracted toward the electron beam. Lawrence Livermore National Laboratory and Lawrence Berkeley Laboratory conducted an extensive computer simulation of beam-laser interaction to study this property. Last year they announced that the electron beam in a free electron laser has properties of an optical fiber, and could itself focus the laser beam. E.T. Scharlemann of Livermore and his associates at Lawrence Berkeley Laboratory wrote in *Nuclear Instruments and Methods in Physics Research*: "The electron beam in a high gain free electron laser physically bunches on the optical wavelength; because of the bunching, the beam has an effective index of refraction greater than 1," that is, it focuses the laser light. They write that there are two fiber-optic effects, "refractive guiding" and "gain focusing."

"The first refers to the familiar guiding of an optical beam by a fiber with a real index of refraction. The power in the optical beam propagates exactly parallel to the fiber. The second, gain focusing, refers to self-similar propagation of an optical beam profile around a fiber with gain: Power diffracts away from the fiber, but the gain in the fiber more than balances diffraction. The result is an optical profile that grows in amplitude but does not change shape (hence the description as self-similar propagation)."

The research team writes:

"The importance of optical guiding . . . to free electron laser performance [is that] one can contemplate free electron lasers of exceedingly long length. In this way it appears possible to have a small electron beam radius and a very long wiggler (hence a very high gain free electron laser) even in the vacuum ultraviolet range.

The success of the 25-meter-undulator Paladin experiment hinges on whether the ATA electron beam's optical guiding of the long wavelength, 10.6-micron infrared radiation, is intense enough to prevent significant diffraction, and diffraction is greater at long wavelengths. The severity of the problem for Paladin is illustrated by the fact that the minimum divergence angle for 10.6-micron infrared radiation is over 10 times greater than that of all wavelengths of radiation of interest for the SDI (1 micron and lower), assuming the focusing element, the electron beam, has the same diameter.

On the other hand, if optical guiding is as intense as Scharlemann and his associates project, it may find widespread application. They note: "Because of the effect of optical guiding, it is possible to direct and focus the free electron laser-generated optical beam. This is of interest for very intense beams, such as are contemplated for laser inertial fusion, where lenses and mirrors of conventional materials would be destroyed by the light. . . . Optical guiding applies, also, to very short wavelength light, which does not interact coherently with normal material. Application of this to the vacuum ultraviolet and to soft x-rays would appear to make possible some interesting devices. . . ."

Radio-frequency linear accelerator-based free electron lasers also show tremendous promise for the SDI. They have already demonstrated the ability to produce short wavelength radiation. It is known that they meet, or can be easily modified to meet, all the requirements listed above.

A tunable gigawatt source

Research in laser chemistry has shown that the picosecond laser "micropulses" produced by radio-frequency linear accelerator free electron lasers, are optimal for transmission through the atmosphere. The primary problem in these devices, is increasing their output power.

As noted above, output power of radio-frequency linear accelerator-based free electron laser oscillators, is limited by the tolerance of mirrors and other optical components that direct the laser radiation to bounce back and forth through the undulator, forming a resonating optical cavity that extracts energy from the electron beam. Existing optical components cannot withstand the gigawatt power levels required by the SDI, scientists report.

However, there is a simple solution to this problem of relatively low peak powers: Use a high current radio-frequency linear accelerator electron beam, to amplify the output of a free electron laser oscillator, in a single pass through another free electron laser undulator. By combining an oscillator and a high current amplifier in series in this way, gigawatt power levels may be achieved while retaining the tunability of the system, since the signal originates from a tunable free electron laser oscillator. Reportedly, Los Alamos has submitted a proposal to develop such a system.

Recent experiments have confirmed that radio-frequency accelerators are also capable of extremely high efficiencies. Scientists at Stanford University and TRW, Inc. have demonstrated over 90% efficiency in recovery of the energy from the electron beam produced by the Stanford superconducting radio-frequency linear accelerator that drives the free electron laser under joint development by the two organizations.

The announcement of the success at an international conference on free electron lasers held in Glasgow, Scotland in early September, was no surprise to scientists familiar with the evolution of the free electron laser from electron tubes that produce microwaves.

A radio-frequency linear accelerator accelerates an electron beam with pulses of current alternating at microwave frequencies produced from electric tubes. Stanford and TRW have simply established a system for converting the energy of the accelerated beam of electrons back into microwave power for the accelerator, after the beam has passed through the interaction, or "undulator" region of their free electron laser, where radiation is generated. In this machine, microwave power and electron beams are simple transformations of each other.

Los Alamos Scientific Laboratory had already demon-

strated in 1983 a 4% efficiency of extraction in transforming the power of a radio-frequency linear accelerator beam, into coherent laser radiation. Boeing Aerospace projects a 5% peak extraction efficiency for a free electron laser under development there. Together, these results and projections indicate that a free electron laser driven by a radio-frequency linear accelerator equipped with a system for beam energy recovery, can achieve an efficiency in use of the energy of the electron beam of 95% or greater.

The promise of superconducting accelerators

Although radio-frequency linear accelerators already produce extremely low-emittance, high-brightness beams, efforts are under way to make further improvements in accelerator design. In a radio-frequency linear accelerator, the electron beam is accelerated by microwave power fed into resonant cavities along the course of the accelerator. Degradation in beam quality is produced by the interaction of the longitudinal (that is, along the accelerator) and transverse action of the microwave power. The geometry of the resonant cavities can also generate higher harmonics of microwave power, which can introduce oscillations into the beam. Increasing the size of the cavities minimizes such effects, but increases power losses to their walls. Considerable effort is now being devoted to making improvements in the design of resonant cavities for radio-frequency linear accelerators.

At the same time, the high microwave power fed into the cavities, heats them to temperatures they cannot withstand for longer than a fraction of a second, limiting accelerator duty cycle. Various schemes are being applied to cool microwave cavities in radio-frequency linear accelerators around the country.

These problems with power loss and accelerator duty cycle, are resolved with use of superconducting accelerator cavities, according to scientists on the Stanford-TRW project. The use of superconducting materials, reduces losses to the cavity walls by 99%, according to one researcher. As a result, the accelerating gradient may be increased, to produce a beam of many times more current.

In supercooled, superconducting accelerators such as in the TRW-Stanford project, the cavities are kept cool by a liquid helium bath, eliminating the requirement to cool them between pulses, and thereby permitting a higher duty cycle. Stanford and TRW, Inc. are collaborating in the only project on superconducting radio-frequency linear accelerators. Project spokesmen emphasize that their free electron laser design can achieve the wavelength and power requirements of the SDI program. Unfortunately, the project has long been underfunded. In fact, for two years between 1984 and 1986, the Stanford Superconducting Accelerator-based free electron laser, which produced the world's first free electron laser oscillations, was shut down due to underfunding.

The free electron laser is best understood by analogy with

hydrodynamic phenomena such as the "Doppler shift."

If the electrons in the free electron laser were not traveling at a speed close to the speed of light, the result of their undulation, would be the emission of radiation at wavelengths close to that of the spacing of the undulator magnets, that is, in the range of centimeter radar waves. However, an electron traveling close to the speed of light, upshifts the emitted radiation into the infrared, visible, and ultraviolet, as the energy of the electron beam is increased. This upshift in frequency (or compression in wavelength) is produced by the movement of the source (the oscillating electron), with respect to the emitted electromagnetic waves, which travel at the speed of light. Any moving source of radiation, will upshift or downshift the frequency of its output, depending on whether its motion relative to the direction of the waves it emits, results in their compression or rarefaction. This is the so-called Doppler effect.

The action of the electron beam in "compressing" the emitted electromagnetic wave in this fashion is thought to involve a clean transfer of energy from the electron beam to the electromagnetic wave; there is no "waste heat." By definition, such a process is termed "isentropic." Free electron lasers thus appear to vindicate Bernhard Riemann's 1859 paper on the creation of new wave forms out of the isentropic compression of propagating waves. Electrons traveling close to the speed of light and oscillating spatially at a wavelength equal to the period of the magnets in the undulator of a free electron laser, isentropically emit electromagnetic waves of a wavelength that is compressed, or "contracted," relative to that of their own oscillations. This is a classical example of a "relativistic effect."

Unlike conventional lasers, there appears to be no need for modern "quantum theory" to explain the free electron laser. Charles Brau of Los Alamos Scientific Laboratory wrote in *Laser Focus* in May 1981: "There is nothing inherently quantum mechanical about a free electron laser. In fact, Planck's constant appears nowhere in the final formulas, at least for photon energy small compared with the electron energy (many million electron volts)." Brau's condition holds all the way down into the x-ray region of the electromagnetic spectrum.

The free electron laser does, of course, involve quantized phenomena. An electron beam itself is quantized. The mastery of quantized phenomena, however, will not come about through the statistics of "random uncertainties," but only through the study of, for example, beam-laser physical geometry. In this way, the free electron laser was conceptualized based on the classical hydrodynamic relativistic Doppler effect—not with quantum electrodynamics' uncertain theory.

Robert McLaughlin carried out some of the research that went into this series. The first two parts appeared in the Oct. 24 and Nov. 7 issues.

With SALT ended, NATO cancels Reykjavik blunder

by Criton Zoakos

On Nov. 28, the Kissinger-era SALT II Treaty passed into ancient history, as the 131st nuclear cruise armed B-52 bomber rolled out of its hangar to begin service. Six days later, at the NATO defense ministers' meeting in Brussels, the last hopes of the Trilateral Commission for a decoupling of Europe from the U.S.A. were dashed. The ministers issued a joint communiqué which scrapped the so-called Reykjavik proposals for "eliminating all nuclear missiles," including the American Pershing II and cruise missiles stationed in Europe.

Soviet spokesmen in Geneva and in Moscow held press conferences to note the change. Foreign ministry press spokesman Genadii Gerasimov, in Moscow, flatly announced that the United States has abandoned the Reykjavik proposals, and warned that the "internal crisis in Washington," referring to "Iran-gate," should not be used as an excuse to slow down the arms-control negotiations. "Time is of essence," Gerasimov warned, "because military technologies are developing at an alarming rate." Victor Karpov, Moscow's chief negotiator in Geneva, echoed the same theme: "The United States is refusing to discuss any limits for the Strategic Defense Initiative. It is the SDI which is the principal obstacle to progress in arms control."

Indeed. Not only has the SDI proven to be non-negotiable, but, it has been expanded to include anti-missile defenses for Europe against short-range and intermediate-range Soviet missiles. In the course of the NATO meeting in Brussels, Secretary of Defense Caspar Weinberger formally announced the awarding of \$14 million worth of contracts for the "architectural studies" for a Tactical or European Defense Initiative. Weinberger took the occasion to stress that the defense of Europe against Soviet SS-20s, SS-21s, and the

short-range series, is a task not only for the European members of NATO, but for the alliance as a whole. Moreover, in the text of the final NATO communiqué, the term "zero option" does not appear, either in reference to strategic or to intermediate-range missiles. Instead, what does appear for the first time in a NATO communiqué, is an unequivocal, wholehearted endorsement of the Strategic Defense Initiative.

These developments, from Nov. 28 to Dec. 4, are dramatic and unusual, and their implications are enormous and far-reaching. They have so far gone unnoticed by the general public, primarily for two reasons. First, the Soviets recognize the importance of these changes in the West's defense preparations, without illusions. After the liberals and the appeasers had their say at Reykjavik, after the clamor of the Moscow-directed peace movement had its say, the patriotic forces in the Western alliance still had the required strength to both break the SALT Treaty and scrap the proposals of the Reykjavik fiasco.

Moscow, for the time being, is engaged in a thorough reassessment of its options. That reassessment will provide the tenor of its future propaganda blasts. In the West, the liberal news media, which would ordinarily be screaming about such matters, are embroiled in histrionics over "Iran-gate," which they can neither understand, nor stop obsessing over.

The most influential printed and electronic media aligned with the Trilateral Commission, have, on cue from Henry Kissinger's speech to the British Labour Party Dec. 1, attempted to circulate in Europe the line that the United States has been caught in a debilitating, paralyzing domestic crisis

and that, therefore, the European allies must go on alone to make their accommodation with the Russians.

The bottom line

The European allies of the United States are best situated to understand what is occurring in Washington with "Iran-gate," when they focus on the same "bottom line" that the Soviet military commanders read, and ignore the public confetti over the scandal. The bottom line is: The United States has abandoned SALT II, and Defense Secretary Weinberger has emerged as the principal cabinet official of the Reagan administration. Secretary of State George Shultz, whose letter of resignation is still in some drawer in the Oval Office, is contemplating a quiet, private life for after January, or perhaps February of 1987. Shultz's ally Donald Regan, the White House chief of staff, has been stripped of all policy influence and is slowly twisting in the wind. His continuing presence in the White House is a measure of the man's capacity to endure ridicule and humiliation. The appointment of Frank Carlucci as the President's national security adviser was imposed by Weinberger, and is a public signal of Weinberger's emergence as a principal officer of the cabinet.

Personalities, however, are not the issue in what is going on in Washington. Policies are forcing themselves on the nation, policies which are beyond the control of personalities. Caspar Weinberger, or George Bush, or their advisers, are becoming important and come to the fore, to the extent that they are able to respond to the dramatic strategic realities of the day by devising and carrying out policies which correspond to the extent of the crisis.

The matter is best illustrated with a U.S. military intelligence "leak" published by the conservative columnists Rowland Evans and Robert Novak on Dec. 5. As of Nov. 10, Evans and Novak write, U.S. intelligence has identified the existence of three more massive ABM radar installations in the Soviet Union, all similar to the previously discovered Krasnoyarsk installations. They are located 1) at Baranovichi, near the Polish border, 2) at Skrunda on the Lithuanian border, and 3) at Mukachevo, on the Czech border. Evans and Novak report that the Pentagon and CIA want the President to declare, in his next report to Congress on Soviet compliance, that the Soviet Union is on the verge of a strategic defensive "breakout." The State Department opposes this. The man to resolve the conflict will be Frank Carlucci, who begins his new duties Jan. 1.

It is rightly pointed out, that a presidential declaration of such an imminent "breakout" will have momentous implications, both for national survival of the United States, and for all the policies of the Reagan administration. Out of "Iran-gate," the United States may emerge a nation chastised and awoken to the horrible reality of the Soviet military threat. The verified existence of a grand total of four Krasnoyarsk-style ABM radar installations will have an impact on both the population and the policy-elites of the United States approx-

imating the Pearl Harbor shock of 1941. To give an example of such a potential impact: The Krasnoyarsk radar installation is the only arms-control issue for which the Soviets are berated by their best arms-control supporters in the United States, McGeorge Bundy and Gerard Smith. These two and their friends in the arms-control mafia of the United States have agreed with President Reagan that Krasnoyarsk is a Soviet violation of SALT and of the 1972 ABM Treaty. It was this admission by the liberal opposition which facilitated the quiet abandonment of the SALT limits last week.

A declaration of an "imminent Soviet breakout," will go very much beyond merely obliterating any liberal objections to a vigorous strategic defense policy: It will obliterate all economic policies and economic arguments associated with the insanity of the Gramm-Rudman budget-cutting legislation and with de-industrialization. Such a recognition of harsh reality, which might be announced at the next State of the Union address or even, perhaps, at the maiden speech of a President George Bush, would set the United States on a course of Roosevelt-style wartime economic/industrial mobilization.

The significance of the NATO defense ministers' communiqué, and of the irreversible abandonment of SALT by the United States, is simply this: With Reykjavik now scuttled, and the commitment of the United States to the defense of Europe reconfirmed, the Soviet command is adjusting its war drive to compensate for the fact that Western Europe is not likely to be neutralized during 1987 as had been earlier projected. The Soviet command, when it takes action to compensate for its temporary reversal in Europe, will, at the same time, be forcing the United States further in the direction of events already anticipated.

The reason that the Moscow propaganda machine is so quiet over the abandonment of SALT limits by the United States is, primarily, that Moscow is not sure exactly what it will be that will awaken the still sleeping American giant and set him onto a post-Pearl Harbor industrial mobilization course. As the political chemistry of the United States is changing rapidly and unpredictably, Moscow is afraid that any harsh bullying from its side will play straight into the hands of those forces that, Moscow suspects, are steering the course of events behind Iran-gate.

In this post-SALT situation, two alternate courses appear available for the world: either continuing deterioration all the way to thermonuclear confrontation, or, the only alternative grounds for a new type of arms-control negotiations: on the basis of the proposed sharing of advanced SDI technologies by both superpowers. In all likelihood, for the months ahead, the more the confrontation and war threat increases, the more both sides will strive to preserve the arms-control negotiating channels.

The only Reykjavik proposal remaining on the table is President Reagan's generous offer to share SDI technologies. Will Moscow be interested?

NATO deliberates on West German extended air defense proposal

by George Gregory

At their May 1986 meeting, NATO defense ministers adopted a proposal from the West German government to begin concept-studies for an integrated and extended West European air defense. The NATO Military Committee meeting on Dec. 4 in Brussels reviewed national studies on the emerging "extended European air defense system."

The extended European air defense conception is an immense challenge to West European industry and science, and is also a major effort to undercut Soviet efforts to "decouple" Western Europe from the U.S. strategic defense commitments.

Studies are also being conducted under the auspices of AGARD (Advisory Group for Aerospace Research and Development) at the SHAPE Technical Center, and the staff of SACEUR. Gen. Bernard Rogers is acting in support of these activities. In the Federal Republic of Germany, the key NATO military partner in continental Europe, the Ministry of Defense, has a project team collaborating with the system-architecture study teams of West German national industries, who are expected to deliver their first proposals by summer 1987.

What relation to SDI?

West German officials, particularly Defense Minister Manfred Wörner, insist that "there is no link" between the extended European air-defense project and the U.S. Strategic Defense Initiative (SDI). "The two programs are completely independent, particularly because we must act to neutralize a manifold increasing threat *now*, whereas SDI is still in the research phase," Wörner adds, however, ". . . but somewhere down the line, the results of SDI research may be utilized in the extended European air-defense as we envision it."

The Soviet airborne threat (nuclear, chemical, conventional, manned, unmanned, ballistic or air-breathing) differs in character against the United States and Europe, but not in scope. The pace of Soviet deployment and development of

modernized ballistic missiles and strategic missile defense against the United States, parallels the vast upgrading of Soviet air force capabilities, short- and medium-range ballistic missiles, cruise missile capabilities, and forward-based, dense-grid air-defense capabilities against Western Europe.

According to a memorandum, "Air Defense in Europe," by two West German General Staff officers serving on the Planning Staff of the Bonn Defense Ministry, Col. Jörg Köpke and Lt.-Col. Klaus Olshausen, and published in the October 1986 issue of *Wehrtechnik*, West German conceptions of "extended European air defense" consist of two basic project-pathways, one "conservative," the other "innovative."

It is within the "innovative" pathway, that "early-warning, reconnaissance, and battle-management systems are to be considered, as well as land-based and airborne weapons systems or systems components. In this context, it is thoroughly probable that investigations in the framework of SDI research will contribute essential knowledge." Since the "innovative pathway" is both preferred and indispensable to neutralize the Soviet threat now and in the future, officials acknowledge a "technology link" to SDI. The chief questions are whether SDI survives the Reagan administration, and whether the relevant technologies can be utilized for air defense in and for Europe—or whether the SDI which survives would be dedicated to a strategic orientation of "Fortress America."

Given the political and financial constraints imposed on SDI and its technological spinoffs on the U.S. economy, West German military and industrial-scientific circles still place the proposals circulated in the *Executive Intelligence Review*/Fusion Energy Foundation joint memorandum of February 1985, "The European Air Defense Initiative—Guidelines for a European Crash Program for Beam Weapon Defense" at the "most innovative" far end of the scale of desirable "innovative pathways."

In the meantime, threat-assessments have gained in

Warsaw Pact short range missiles and shorter range intermediate forces (SR-INF)

Category	System	Date introduced	Range (km)	Armament/warheads	Fire-ready in # minutes	Guidance technology	Reloadable y/n	Circular error probable (CEP, m)		# systems totals		
								now	future	USSR	WP	tot.
Tactical	FROG-7	1965 (7A) 1968 (7B)	70	nuc., chem., conv.	15-30	unguided	yes	500				
	SS-21 SCARAB	1976	120	nuc., chem., conv.	< 30	unknown	yes	50-100	50	460	240	700
Operative/ tactical	SS-18 SCUD-B	1961	300	nuc., chem., conv.	< 60	simple inertial	yes	700				
	SS-23 SPIDER	1982	500	nuc., chem., conv.	< 30	inertial	yes	200-300	50-100	500	130	630
Operative	SS-12 SCALE-BOARD	1967	900	nuclear	< 60	inertial suspected	yes					
	SS-12/22	1979	900	nuclear, possibly conv.	< 60	guided, technology unknown	yes	200-300	50-100	100		100

*Unofficially, West German intelligence sources think the estimate of 700 SS-21 systems is a gross underestimation; since SS-21 began to replace FROG in 1980, Soviet production-rate capabilities for this system lead to more appropriate estimates of about 2500 SS-21s, most of which have been "kept in the shadows."

Source: Wehrtechnik 10/86.

sharpness. As a result, "most innovative" is hardly a pejorative term, and has come to mean "the closest to what is actually bottom-line necessity."

Components of the air threat

Köpke and Olshausen mention the following components of the Soviet air threat in their memorandum:

- Qualitative and quantitative enhancements of Soviet/Warsaw Pact Air Forces today imply some 10,000 Warsaw Pact combat sorties against central-western Europe on the first day of war in Europe.

- The increased accuracy (and range) of the SS-21, SS-22, and SS-23 short-range and medium-range ballistic missiles (see table) enables mounting of both conventional and chemical warheads, in addition to or instead of the nuclear warheads on the predecessor Frog-7, Scaleboard, and Scud-B models. Combined with enhanced performance of reconnaissance, target-identification, and fire-control, modern warheads and "smart" submunitions, the Soviet Union will have the capability to knock out NATO nuclear assets, air-defenses, air-bases, command, control, and communications centers without overstepping the "nuclear threshold."

Thus, while undercutting both NATO's nuclear deterrent and the backbone of its conventional defense, the Soviet Union would also be able to limit nuclear damage and contamination to the territory and population of conquered Western Europe. More important, such a Soviet capability, left

unencountered, is the equivalent of posing Western Europe with no choice but to surrender, three moves before "check-mate" is declared and demonstrated.

- Enhanced Soviet air defense and anti-missile defense, forward based, serve to make the "checkmate" more compelling, and will increasingly degrade the value of the British and French nuclear forces as well. Improved air-defense missiles, the SA-10 and SA-X-12, combined with the integrated area-coverage of Soviet missile-defense radar and fire-control, secure to the Soviet Union the capability to absorb and thin out aircraft and ballistic missile/cruise missile strikes by NATO, to the effect of complete nuclear and conventional dominance (not only superiority) over Western Europe.

The Köpke/Olshausen memorandum establishes five criteria to be met by an "extended European air-defense." 1) "It must be suited to the threat," designed to neutralize the additional conventional threat of the Warsaw pact. 2) "It must be appropriate," designed to meet the ballistic-missile threat as part of the entire spectrum of airborne threat. 3) "It must be jointly realizable in NATO," developed on the basis of existing integrated air-defense efforts. 4) "It must be economically feasible, i.e., the costs for the attacker must be higher than those of the defender." 5) "It must be realizable, i.e., the financial and personnel framework must be taken into account from the beginning."

Both the "conservative" and the "innovative" pathways will be limited at first to terminal point defense of essential

assets, consisting of the improved Patriot/Roland and tactical air-defense systems for close-up defense (Hawk). The "conservative" pathway would consist of active and passive air defense, with Offensive Counter Air operations, which would have to take account of the degrading effects of advanced Soviet measures. Rapid dispersion capabilities, with the corresponding C(3)I backup, hardening of C(3)I, bunkering, redundancy and other passive measures would bear the major weight of the effort to avoid subjecting essential assets to concentrated Soviet "saturation" fire.

'Innovative' pathway needed

The "conservative" pathway, however, reveals points of basic vulnerability, which in turn define necessary crossover points to what is envisioned as "innovative," utilizing directed-energy and other SDI-associated technologies. The Patriot/Roland system outfitted also for an anti-missile-missile role makes more sense in Europe than equivalent systems in the United States as terminal point-defense, because the short- and medium-range missiles which Europe faces are not MIRVed (i.e., they lack multiple independent reentry vehicles), and warhead reentry speeds are slower, at about 3 km/sec, than the nearly 8 km/sec speeds of the reentry vehicles on ICBM warheads. However, the shorter flight times and lower trajectories of Soviet short- and medium-range missiles against Europe are also a compelling argument for the necessity of airborne or orbiting sensors for detection, target acquisition, and tracking.

Thus, even though Patriot anti-missile-missiles, for example, would be deployed in a terminal point-defense mode, they require sensing systems with broader area-coverage to be effective. The broader area-coverage of sensing systems is, in turn, one crossover to employment of directed-energy anti-missile/anti-aircraft weapons. Soviet progress in enhancing the accuracy of its weapons, as well as reconnaissance and target-acquisition in the future, will increase the Soviet capability to deliver saturation salvos against those targets provided with terminal point defense.

Within the Federal Republic of Germany, the main opposition party, the Social Democrats, opposes the extended European air defense conception. They argue that, since they want to have U.S. nuclear weapons removed from Western Europe, it makes no sense to set up a defensive system "for those American weapons." Yet, without such defense, the deterrent value of all nuclear weapons in Europe is degraded, and the Soviet Union would have the capability of bringing its nuclear and conventional superiority to bear against Western Europe with impunity.

Köpke and Olshausen speak to these considerations when they note that extended European air defense "must be conceived, so that it cannot be saturated with simple means nor paralyzed by electronic measures, since this is the only way to prevent additional assault forces from penetrating and achieving their aims."

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The consensus at the end of the two days was that Japan's participation in the SDI as an equal partner is both necessary and urgent. As Prof. Makoto Momoi of the Yomiuri Research Center put it, "Every day that Japan does not participate in the SDI is another day lost" in the battle to counter the Soviet threat.

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New flank for peace in Central America

by Gretchen Small

The reactivation of the Central American Defense Council (Condeca), announced on Nov. 22 in Panama, introduces a new factor with the potential to break the strategic impasse in Central America. Condeca can provide Central America's militaries with an active role in policy-planning for the area; facilitate coordination of the war against Moscow's agents, narco-terrorism, and economic collapse in the region; and allow the military to assist the diplomatic efforts of the Contadora Group, spokesmen announced from Panama.

Panama's Defense Force Commander, Gen. Manuel Noriega, hosted the Nov. 15-22 meetings of top representatives of Central America's military, where the final details of Condeca's reconstitution were worked out. Originally formed in 1963, Condeca has not functioned since the 1969 El Salvador-Honduras war. Efforts to revive the Defense Council during the 1970s failed, in large part because of its association with Nicaraguan dictator Anastasio Somoza.

This time, Panama has joined the Council; Costa Rica, which has no military, will participate as an observer; and Nicaragua remains, for the time being, excluded. The policy outlook dominant in Central America's military has also shifted since Somoza's days, as military leaders recognize that the economic well-being of the population—or its lack—determines the limits of national security. In Panama and Guatemala—the two nations which have taken the lead in the revived Condeca—military participation in national development is viewed today as critical to national defense.

General Noriega, the region's most outspoken proponent of this broader definition of national security, indicated the thinking behind the revived Condeca, following the meeting. In his speech at an award ceremony for Honduras' military chief, Gen. Humberto Regalado (awarded Panama's Omar Torrijos award at the end of the Condeca meeting), Noriega emphasized that military cooperation is essential to end backwardness in the area. Without such collaboration, the region will never escape the appellation of "Third World," he stressed.

Neither can the communist threat in Central America be ended without military participation in peace negotiations. Condeca "ought to be an organization of military assistance and counsel for the evaluation of military aspects of the region," advising in particular the Contadora Group, Reuters news agency reports Noriega told the Condeca meetings. "The war in Central America is real, not a game. . . . the efforts of the Contadora Group must rely on advice of experts

in war, which we, the military, are," Noriega said in a Nov. 30 television interview.

The Contadora Group was founded by Panama, Mexico, Colombia, and Venezuela in 1983, to stop Central America from being destroyed in the surrogate warfare deployed within the region by both sides of the "New Yalta" deal struck between the Soviet Union and Western imperial interests. The Contadora Group insisted that sovereignty must be respected—by Washington as well as Moscow and its Cuban and Nicaraguan assets—and provided a regional forum for negotiating a return to peace.

Washington has ignored Contadora's advice, and stuck with an economic policy which feeds Soviet-dominated narco-terrorism, and a military policy pivoted on the drug-linked Nicaraguan Contras. And while Soviet power grows, the folks at the State Department, led by Sikh terrorist supporter Elliott Abrams, the Israeli-linked assistant secretary for inter-American affairs, have turned their fire against the two strongest militaries in the region, those of Panama and Guatemala.

For several months, Noriega has argued that, while Contadora is the only forum in which peace can ultimately be concluded, diplomatic means are not sufficient in and of themselves. "The negotiating table must be advised by military men, because war is military. For example, they speak of lowering armaments, of eliminating military advisers. But what do diplomats know of this?" Noriega pointed out in an interview with Bogota's *El Tiempo*, published on Aug. 24.

He cited the example of Nicaragua's maneuver during the meeting of Central American Presidents in Guatemala this past May. Nicaragua there proposed an arms freeze, and offered a list of weapons which should be excluded from the area. "To the Presidents of the area, the list presented by Nicaragua appeared very satisfactory," Noriega said. "But, when military men saw it, they exclaimed, 'Nicaragua does not even have this equipment!'"

The danger of Sandinista army attacks into the territory of its neighbors has grown. "The presence of Nicaraguan troops along the Honduras border threatens to provoke a war throughout Central America," Honduras' General Regalado warned from Panama on Nov. 26. "The danger is imminent, not just for Honduras but for the whole region." Costa Rican Public Minister H. Garron Salazar announced shortly thereafter that his country will establish a military zone along its border with Nicaragua.

Condeca's reactivation at this moment of crisis offers the United States an opportunity to dump the rotten Contra policy, and instead attack head-on the elements of the crisis through which Moscow is working—economic crisis and the drug trade, in cooperation with U.S. allies in the region. Hopefully, this will be the message conveyed by U.S. Southern Command head Gen. John Galvin and Pentagon representative Nestor Sanchez, who participated in the Condeca meetings.

Fraga's resignation creates danger of new absolutist regime in Spain

by Leonardo Servadio

A crowd of some 2,000 people gathered on Dec. 2 outside the central offices of Popular Alliance (AP) in Madrid to protest the resignation of Manuel Fraga from his position as chairman of that party. People in this spontaneous demonstration waved signs reading "Do not leave," "We don't want any other boss but you," "If Fraga goes we will all go," "Fraga yes, traitors no."

In his letter of resignation, Fraga explained that the "forces of the democratic right wing have to unite to win" and that he did not want, "now that incredible heights of insolidarity have been reached, for anybody to think that my person might be . . . an obstacle" to pursuing that goal.

Fraga has been, through the years of the still very young Spanish democracy, the undisputed chief of the conservative opposition. His party has consistently won about one-fourth of the votes and has led a coalition which included, until the political election last June, the Christian Democratic PDP and the liberal PL. These two small parties, had they not been part of the coalition with AP, would have had very little influence in Spanish political life, which since 1982 has been increasingly dominated by the Socialist Party (PSOE), which won an absolute majority in two consecutive elections.

Fraga's resignation was the result of a months-long campaign to get him out of the way, waged in various quarters, but in particular by the Spanish banking structure connected to the "Trilateral Commission" of U.S. moneybags David Rockefeller. This faction wanted Fraga out for reasons that have nothing to do with those presented in public (i.e., that the "right wing" would never win with him leading it, due to his past as information minister in the Franco dictatorship). They wanted Fraga out because his ideas on economic policy would be much different from the Trilateral Commission's, and because he is an "organic leader" of a mass-based party inclined to respond to real issues, and tough on terrorism and drugs. They wanted Fraga out, not to build an alternative which could win more votes than the PSOE, but to prevent the existence in the Spanish political spectrum of an "independent variable" not totally under control. In other words, to kick Fraga out means to try to eliminate any potential opposition to monetarist policy in the style of the "Chicago boys."

The occasion of the resignation came after the late-No-

vember elections in the Basque region for the local "autonomous" Basque parliament. AP was able to reelect only 2 of its 7 deputies, whereas the Socialist party won, for the first time in this region, a relative majority, with 18 deputies. The party which had previously dominated the Basque region, the Partido Nacional Vasco (PNV), led by former Jesuit Arzallus, elected only 17 deputies, after Garaicoechea, one of its leaders, left to form a new party, Eusko Alkartasuna (EA), which won 14 deputies. Now the only way to govern the region is to create a coalition led by the PSOE, which will further strengthen the domination of the Socialist party in Spain as a whole.

The role of the banks

An interesting angle on the poor showing of AP in the Basque election was that it had to wage the campaign without financing from the national banks. These banks refused to finance Fraga's election campaign with the excuse that AP has not yet paid back the loans from the June national election. The pretext was absurd, since AP is no worse at paying than any other party, but it gives a measure of the extent to which the Spanish banks directly and openly meddle in Spanish politics.

For the June balloting, the syndicate of the big national banks had concocted a political monstrosity, the synthetic PRD (Reformist Democratic Party), led by Spanish Trilateral Commission founder Garrigues Walker, and heavily supported by the heir to the infamous Nazi-communist financier Juan March, Carlos March Delgado. To this "party," the banks officially gave 800 million pesetas in election campaign credit (just for comparison—of the large parties, AP was allotted 1,400 million and the ruling PSOE received 1,700 million). That was the official figure. According to usually well-informed sources, in reality the synthetic PRD got twice as much money as the AP.

The PRD, whose economic program is the purest form of Milton Friedman-style liberalism, being a totally synthetic operation, turned out to be a resounding fiasco, and did not elect a single deputy. In the minds of those who planned the operation, the PRD's function was to take away the leadership of the conservative opposition from Fraga.

That ploy having failed new operations were put in place

after the election. First the small PDP split from the coalition with Fraga's Popular Alliance, and its representatives in Parliament, being too few to create their own parliamentary group, joined the "grupo mixto," a sort of parking area for those whose political representation is not big enough to have their own group. People started to say that if Fraga remained as the head of AP, the "right wing" would crumble. Shortly thereafter, Fraga denounced a plot within the party to oust him from leadership, and demoted Gorge Verstryngge from the position of secretary-general of AP. Verstryngge was soon followed by four more AP parliamentarians, who abandoned the party and joined the "grupo mixto" in protest against Fraga's leadership.

Meanwhile, AP representatives, such as Abel Matutes, working in the European Community Commission started to signal their "availability" to return to Madrid to help the party if necessary, which, in that context meant, to replace Fraga. In the Galicia region's party structure, an actual revolt broke out against the local party and its regional president, Fernandez Albor, a man described as very close to Fraga. The loss in the Basque elections was simply the last straw.

Industrialists versus monetarists

It would be impossible to formulate a correct judgment on what went on in Spain without considering as the primary factor, not the question of Fraga per se, but the debate which is going on in the country, partly in public and partly behind the scenes, over what kind of economic policy to follow. It is a textbook debate of industrialists versus monetarists.

At the beginning of November, José María Cuevas, the president of the industrialists' association CEOE, took a public stand in Fraga's favor and openly criticized the Spanish financial establishment for having launched the ridiculous fiasco of the PRD. The Trilateral Commission-run paper *El País* reported that, according to sources of the industrialists' association, the financial circles which had launched the PRD were the same ones that in 1977, when an emotional upsurge appeared possible in Spain which could have played into the Communists' hands, started to transfer funds out of the country—while the industrialists got to work, trying to define a strategy of economic development for the nation which was just emerging out of Franco's dictatorship.

This is the real debate: whether the country shall be subdued by the puppets of the Trilateral Commission into a financial dictatorship, or whether the real economy of the country will be able to develop itself in a more independent way. The Trilateral Commission issue is a very prominent one. It was in Madrid that the Trilateraloids held their most recent international meeting last spring, where they openly announced the necessity of a "global economy management" for the world.

It is interesting to see how the only political leader who attacked the Trilateral Commission in Spain in an open way has been the fundamentalist Blas Pinar. Pinar is a religious integrist in the tradition of the schismatic "bishop" Lefebvre,

who agitates to go back to the good old times of the Franco dictatorship. The fact that he would attack the Trilateral Commission creates the best ideological conditions for defending the it, by associating anybody who dares attack it with Pinar.

The real debate in Spain is not over Fraga, but over economic policy—a textbook debate of industrial growth versus monetarism. The president of the industrialists' association came out publicly in Fraga's favor in November, and criticized the Spanish financial establishment for having launched the ridiculous fiasco of the PRD.

At the end of October, Pinar relaunched his old political outfit, once called "Fuerza Nueva," now called "Frente Nacional," in the style and with the support of the French ultra-right Le Pen. The purpose of Pinar and his cohort of "nostalgics" was merely to create problems for Fraga, by keeping Fraga and the industrialists' faction from moving against the Trilateral monetarists.

A new dictatorship?

A few months ago, thanks to its absolute majority, the Socialist government passed a law mandating that the supreme council of the magistracy, previously elected by the magistracy itself, will now be elected, in its totality, by Parliament. This practically took away the constitutionally necessary distinction between the political and judicial branches, subjecting the judiciary more and more to the political branch. From the constitutional standpoint this means coming closer and closer to a new form of dictatorship, whose aim is to let the "Socialist" financial mafia tighten its grip on the country.

The destruction of Fraga as potential opposition, is nothing but one more step in this direction.

The questions which remain open are two: With the wave of popular support which his resignation has provoked, is Fraga really destroyed? How long will the "financial mafia" be able to deceive the Socialist electorate and its very party structure, which have chosen the Socialist Party to guarantee a freer and more democratic society, after 40 years of dictatorship, and do not want to fall now into a new dictatorship?

Strange bedfellows on London trip

"Strange bedfellows," is how one London political observer described British magnate Robert Maxwell's sponsorship of Henry Kissinger's Nov. 30-Dec. 1 trip to London. The observer evidently was not passing judgment on Henry's sexual preferences, but on the fact that Kissinger has spent the past years trying to portray himself as a neo-conservative, while Maxwell, who runs the *Mirror* newspaper chain, is one of Britain's chief left-liberal friends of the Soviet Union.

Of course, the subject of Henry Kissinger's own reputed Soviet agent-of-influence status has become enormously controversial in its own right, as a result of the political fallout from the campaigns of Lyndon LaRouche in the United States. But from another standpoint, the bedfellows may not be so strange. In a time of radical shifts in political coalitions potentially growing out of U.S. "Irangate" and the Australia/MI5 affair in Britain, it would not be surprising to see Kissinger hustling to come out on top in the political brawls in *both* countries.

So, not so surprising to see Kissinger giving the "Ernest Bevin Memorial Lecture" in the House of Commons on Dec. 1, before a Labour Party-dominated group. Ernest Bevin was the late Labour political leader; Maxwell is a Labour funder.

Also, not so surprising to see Kissinger's trip arranged by some of the chief British liaisons to the United States from the Jimmy Carter presidency. Maxwell's personal chief of

staff is Peter Jay, the British ambassador in Washington during the 1977-79 period, who arranged the minutiae of Kissinger's visit. The main organizer inside Parliament for Kissinger's trip was James Callaghan, prime minister from 1976 to 1979, and Jay's former father-in-law.

In his public lecture, Kissinger, ever the Jesuit in such matters, staked out a position of "critical support" for the Reagan SDI, hoping that it would be modified toward less of a total defense system for the American population, and more toward a system consistent with the old deterrence doctrines. More privately, Kissinger put out the line that the United States could less and less be trusted, and that the Europeans must seek new, more "independent" paths. That mis-evaluation of the U.S. situation soon began to filter out from various policy quarters in London, Oxford, and elsewhere in the U.K., during and after Kissinger's stay.

Maxwell, Carter, and the Moonies

As for Maxwell's sponsorship of Kissinger, the most suggestive element is that, on Nov. 30, Maxwell's *Sunday Mirror* ran an editorial attacking Mrs. Thatcher over the Australia/MI5 case, demanding that the prime minister "come clean," or resign.

It would be of interest for Mrs. Thatcher's supporters to probe to what extent Henry was plotting out a "post-Thatcher configuration" with Callaghan and other Labourites. His trip coincided with new rumors from London, of backroom discussion in Trilateral Commission and Royal Family-linked circles, of a new ruling group emerging in Britain, combining anti-Thatcher moderates in the Tory Party, with the Social Democratic Party of

David Owen, a Trilateralist, and perhaps with moderates from the Labour Party too. This could be a British form of "grand coalition."

Maxwell himself is well-placed not only in Trilateral Commission circles, but also in one-world-federalist circles tied to the Reverend Sun Myung Moon and the Club of Rome International. For about a decade, Maxwell has been the Executive of the British Group of the Club of Rome, and Pergamon Press, the publishing house he controls, is the chief English-language publisher of Club of Rome works internationally.

In August, the London *Sunday Times* and other British sources revealed that Maxwell was working closely with Japanese shipbuilding-and-gambling magnate Ryiochi Sessakawa, on a number of projects. Sessakawa is notorious not only for having funded Japanese fascist gangs in the 1930s, but for having become one of the chief funders of Reverend Moon's activities since World War II.

Maxwell co-founded, with Moonbacker Sessakawa, a new entity called "The Great Britain Sessakawa Foundation," supposedly to advance Japanese-British cultural relations. Its headquarters is in the *Mirror* chain building, and it may be reached by phone via the *Mirror's* switchboard. Its board of directors includes Trilateralist David Owen, Lonrho Corporation chairman Sir Edward duCann, and Angus Ogilvy, husband of Princess Alexandra.

Maxwell and Sessakawa are also collaborating in another odd effort, together with Jimmy and Rosalynn Carter, on "development in Africa." Based out of Emory University's Carter Center in Atlanta, Georgia, this task force on Africa meets once a year, officially, and several times a year, more unofficially. It draws heavily on the studies of the Club of Rome.

Sabotage of the chemical industry?

Recent oil spills, chemical explosions, and such "accidents" play into the hands of Moscow and the Greens.

Since Nov. 1, West Germany's chemical industry has been haunted by one catastrophe after the other. The country's main rivers—the Rhine and the Main—are being polluted by highly toxic substances and liquids almost daily. All of the big names of Germany's chemical industry, such as Hoechst, Bayer, and BASF, have appeared in daily media headlines.

What is the likelihood of sabotage in this series of "accidents"?

The catastrophes began on Nov. 1, with a huge fire at Sandoz Basel Corp., a Swiss agro-chemical plant located on the German-Swiss border. The fire produced a leak of toxic substances into the Rhine, killing tens of thousands of tons of fish and producing a "water panic" in all the regions directly bordering on the river. The ecologist Green Party hurried to call for a halt to "production of toxic chemicals." (For the anti-industrial Greens, all chemical production is "toxic," and they and the ecologist wing of the Social Democrats are quick to denounce "the chemical section of the military-industrial complex.")

From inside the Sandoz management, initial statements pointed to the possibility of "sabotage."

Then, a few days after the fire, a letter was dropped into the mail-boxes of news agencies in Basel: a so-called Swiss Group of the Red Army Faction (RAF) claimed responsibility for an arson attack against Sandoz, charging the company with being "an arm of chemical warfare production." The RAF is the most dangerous German

terrorist group.

The Sandoz management decided to officially deny all connections between the fire and terrorism, however, and coverage of RAF involvement had died away by mid-November. But this did not solve the mystery.

The question was brought up again in statements by several West German political and industrial leaders. Christian Lenzer, a member of the Christian Democrats' parliamentary group in Bonn, said in an interview with *Bildzeitung*, a million-run daily newspaper, on Nov. 27: "No fewer than six major incidents in one month—this can't be accidental. I have the shocking suspicion that we have cases of sabotage here. Eastern agents have the order not only to spy on our industry, but also to disrupt it."

In the same newspaper, Hans-Joachim Langmann, president of the Chemical Industry Association, stated: "We probably have to think of sabotage." And Heribert Hellenbroich, until one year ago head of the West German counter-espionage division, said: "Radical environmentalist fanatics may have carried out sabotage to destroy the reputation of the chemical industry."

While the other two spokesmen did not specify their charges, Lenzer did in a private discussion with *EIR*, pointing to a mysterious "oil spill" on the Rhine River on Nov. 25, which had led to an international pollution alarm. *EIR* looked into this affair, and found evidence of sabotage, as well as on the role of the Green Party.

On Nov. 25, a routine patrol of the Hesse state water police detected an oil spill covering the Rhine between the cities of Wiesbaden and Geisenheim, over a distance of 13 kilometers. Hardly had the incident been detected, when the news agencies broadcast reports of "another heavy catastrophe," and the minister of environmental affairs of the state of Hesse, Josef "Joschka" Fischer, inspected the scene, declaring that an international pollution alarm had to be given. Fischer is a prominent member of the Green Party.

What were the facts? As police spokesmen told *EIR*, the "oil spill" affair was a case of sabotage: Since an empty 15-liter barrel was found on one of the islands in the Rhine River not far from the "catastrophe site," the conclusion to be drawn was that the barrel had been emptied into the river just seconds before the arrival of the water patrol. The oil spill was washed away by the current shortly after Minister Fischer had left the scene.

The timing of the spill, coinciding with the Green Party's arrival on the scene, was too close to be a mere "accident."

While sabotage by Soviet and East bloc special commando forces (spetsnaz) has not been proven in the current cases, there was ample evidence produced at a parliamentary hearing in Bonn on Sept. 24, of spetsnaz destruction of West Germany's industry.

A curious addendum: While all other meetings with Bonn officials were canceled by Moscow after the Reykjavik summit—in protest against statements by Chancellor Helmut Kohl comparing Mikhail Gorbachov to Joseph Goebbels—still a ranking Green Party delegation spent four days in Moscow in mid-November, meeting with government and Communist Party officials.

The reconquista of Sinaloa

Mexican military nationalists are liquidating the private armies of Sinaloa's narcotics traffickers to disarm the PAN party.

The Mexican army is sending reinforcements to the state of Sinaloa to recapture it from the hands of Dope, Inc. before January.

Sinaloa, on the Pacific Coast above Acapulco, is one of the most developed of Mexico's agricultural regions. It is also the most violent part of the country, with a drug trafficking tradition going back decades, when Mazatlán was a main entry port for Chinese opium on its way to Bugsy Siegel's Los Angeles.

The Sinaloa mafia was severely repressed by "Operation Condor," during the Echeverría and López Portillo governments. But, during the past four years, under poverty conditions imposed by the International Monetary Fund and restraints put on nationalist anti-drug factions of the military, the state became a drug cesspool. The killers of DEA agent Enrique Camarena not only used a Mazatlan hotel as a safehouse, they owned it.

The Mexican government began the *reconquista* by transferring Gen. Rodolfo Reta Trigos to Sinaloa. Reta served as chief of staff of the Mexican Army during the six-year presidency of José López Portillo (1976-82). He graduated general staff courses inside and outside of Mexico. Until Nov. 12, he commanded the Tenth Military Zone in the state of Durango. During Reta's tour of duty in Durango, that state ceased to be Mexico's second-largest producer of drugs. With his transfer to Sinaloa, he becomes the head of the Third Military Region, which commands Durango, Chihu-

ahua, and Sonora as well as Sinaloa. This area is the heartland of Mexico's narcotics traffic.

On Dec. 1, Reta organized a military parade in Mazatlán, to show that law and order had returned. He warned at the ceremony, "We don't want the drug traffickers here, because that is the will of the community. If they are smart, they'll leave and stop sowing drugs which are only poisoning our youth, the most sacred [part] of society."

On Nov. 29, Reta had returned from Mexico City where he arranged with Defense Secretary Juan Arevalo Gardoqui for "an unprecedented battle plan against narcotics traffic." Trustworthy army units will be brought in to help the campaign. Reta announced that a special magistrate and a prosecutor would be deployed to investigate all complaints of "abuses by the troops in the mountainous region." Reta warned that the Army would not only arrest the peasants who grow narcotics. "We will also come down on the heads of narcotics traffic, on those who are behind them." He promised to "bring back to Sinaloa the peace which it needs and has lost." Soldiers will follow up every report of shoot-outs or machine-gun fire. "We will not allow nincompoops who freely shoot their guns in the streets of the city." He pledged to disarm the "influentials" allied to departing governor Antonio Toledo Corro and their corrupt policemen.

Political circles view General Reta's reassignment as the minimum ac-

tion required to guarantee a smooth inauguration for governor-elect Francisco Labastida Ochoa. Labastida left a cabinet position as energy minister to clean up Sinaloa. His campaign focused on the fight against narcotics traffic. In the election campaign, he defeated a man who might be the financial chief of drug traffic in the state, Manuel J. Clouthier. (Clouthier's warehouse was found packed full of marijuana in 1973.)

Clouthier was fielded by the National Action Party, PAN, known as "Moscow's terrorists in Mexico." The PAN could be expected to seize and burn city halls in Sinaloa as the inauguration of victorious PRI candidates take place in the first days of January. The deployment of the savvy Reta with extra troops should prevent PAN from wielding the private armies of the narcotics traffickers against Mexico.

Labastida said on Nov. 11, "We are in head-on combat against the neofascism which threatens the social stability of our state." The battle is against "those willing to bring Sinaloa to the brink of violence in their lust to seize power."

It is interesting for Mexico-watchers to note that when General Reta was leaving Durango, the new governor, a man from the Confederation of Mexican Workers (CTM), was effusive in praise of what had been accomplished and promised he would continue Reta's work against narcotics traffic. After his arrival in Sinaloa, the first—and the only—public declaration of support came from the CTM by means of Sen. Juan Sigfrido Millan Lizarraga. He declared that the Mexican Army's battle against narcotics traffic and illegal possession of arms had "the complete support of all the citizens and of the worker sector." That was the answer to Reta's exhortation for "all civil organizations to participate in this campaign."

Mr. Gorbachov comes to town

Behind the rhetoric, there is little evidence of a qualitative shift in Indo-Soviet ties.

On Nov. 25-28, Soviet Communist Party leader Mikhail Gorbachov and his wife, with a huge retinue of big guns, made their first state visit to a non-bloc developing nation. The Indo-Soviet relationship is based on many shared perceptions, not the least of which is a mutual enthusiasm for the ceremonial "big show," what in India is called *tamasha*. So, while the visit was elaborately prepared and billed as marking a "milestone," the big overlay of *tamasha* makes it difficult to see just what was actually accomplished.

The so-called New Delhi Declaration signed by the two heads of state is a piece of rhetoric which claims to be the basis for a new world order. That's a bit exaggerated. Undoubtedly, New Delhi was responsible for the formulations, but how seriously can one take the paeans to individual liberty and freedom, over the signature of the Soviet state boss?

As far as the economic and science-technology agreements are concerned, they are essentially statements of intent. A subsequent expert confab will be used to work out the latter, while, as we shall indicate in this column next week, the economic relationship, boosted with a large new Soviet credit, is not without difficulty for India.

The lengthy joint statement issued at the end of the visit, reemphasizes many known issues and positions, starting with nuclear disarmament, but, on the main point, which could

have marked a new departure in the relationship, and was certainly so intended by the Soviets—namely, Mr. Gorbachov's Asia-Pacific "collective security pact"—India gave no endorsement. Indian officials consistently point out that Asian security is a far more complicated matter, hardly comparable to Europe (where the "Helsinki process" is the Soviet model of reference), and is, moreover, no new idea. Jawaharlal Nehru was talking of it in the 1940s.

If the concluding joint press conference is any clue, the visit was largely Mr. Gorbachov's show. He took the opportunity to display the new sophisticated political and diplomatic style with which he seeks to transform the appearance, if not the substance, of *Matushka Rus*. Elevation of the Indo-Soviet relationship as a model of "peaceful coexistence" between two large nations with different social systems was integral to this tactic.

At the same time, he said, both India and Russia feel deep responsibility for the fate of the world in these times of crisis. He appealed for "new political thinking" about international relations, and was careful not to take up the issue of Pakistan or even the U.S.A. in a direct way.

But if it was Gorbachov's show, there is no denying India's willingness to provide the stage—albeit with entries and exits controlled. India has a great interest in a stable relationship with the Soviet Union on purely geograph-

ical terms if no other. And since the official, if foolish, assessment here is that Gorbachov represents a progressive and potentially "liberating" current in the Soviet Union, his promotion is not surprising. Moreover, India's long-term commitment to nuclear disarmament and official opposition to the American Strategic Defense Initiative add to the logic.

More immediately, India has made no secret of its discomfiture over the U.S. arming of Pakistan, the latest installment of which—the mooted transfer of AWACS—provided the immediate backdrop for Gorbachov's visit. It is this American policy which has kept the fulcrum of the Indo-Soviet relationship—namely, military hardware—firmly locked in place. The fact that the Soviet troops in Afghanistan are the ultimate reason for India's weapons need is not lost here.

As an Indian newsman put it to Mr. Gorbachov, "You say you're a friend of India, yet your military intervention in Afghanistan has caused us more trouble than anything else in the last 15 years." That the Soviet Afghanistan policy and the rapprochement with China remain deeply sensitive issues for India points to the fact that there is more to the Indo-Soviet equation than meets the eye.

Ultimately, the substance of the visit was whatever took place during an unprecedented 10-hours of private dialogue between Mr. Rajiv Gandhi and Mr. Gorbachov—and that may never be known, if the report that the sole party to the talks was a Russian translator is true. Otherwise, besides concerned ministers and an address to parliament, Mr. Gorbachov met the leadership of the two Communist Parties (Moscow recently recognized the Maoist CP-Marxist now ruling West Bengal state). There are unconfirmed reports that his desire to visit Calcutta was quietly refused.

Will Brazil join Peru?

The growing clamor against covert agreement with IMF demands has the Brazilian government facing a crisis.

The draconian austerity measures imposed by the Brazilian government following the Nov. 15 elections are being viewed here as covert agreement to a letter-of-intent with the International Monetary Fund. This would explain the violent and unanimous rejection and the growing clamor for debt moratorium by the population, a broad spectrum of political and trade union leaders, and the Catholic Church.

A significant percentage of leaders of the Brazilian Democratic Party (PMDB), including recently elected governors and senators, have met with President José Sarney to ask for action against the continued hemorrhaging of the economy represented by payments on a debt already paid. Also, for the first time in decades, the two major trade union organizations, CGT and CUT, have called a joint general strike for Dec. 12 to protest the government's failure to include a wage increase in the new economic package.

The Brazilian Church is similarly united in its discontent. On Nov. 28, following an apparently fruitless meeting with Finance Minister Dilson Funaro, the president of the National Bishops Conference of Brazil, Ivo Lorscheiter, declared that the "lacerating problem of the foreign debt" should receive a more just treatment. He went on to announce, in brief, what Pope John Paul II will be discussing in his soon-to-be-released document on Third World debt.

The government will be in a real

fix if it does not take action, and quickly, on the demands expressed by the very constituency which gave the government party a sweeping victory at the polls Nov. 15. If its economic policy is not corrected, the radical machines of left and right will capitalize on the discontent and turn it into a political destabilization of the government itself, as can be seen by rioting in Brasilia on Nov. 27.

What is at stake is not moratorium—this could very well occur spontaneously as the result of a dramatic collapse in exports and in the country's monetary reserves. In October alone, the official trade surplus was only \$200 million, well below the anticipated \$1 billion. As a result, the international reserves of Brazil will close the year at \$3 billion. Next year will be no better. With extreme optimism, Finance Minister Funaro has admitted that the trade surplus will not surpass \$8 billion, against the more than \$11 billion required in 1987 interest payments.

Given this situation, the possibility of Brazil following the path blazed by Peru has made the bankers and the Brazilian oligarchy more than a little hysterical. On December 1, Claude Cheysson, speaking unofficially in the name of the IMF and the Club of Paris, with which Brazil will begin debt negotiations on Dec. 25, threatened that either Brazil sign an agreement with the IMF, or there will be no rescheduling of the debt in Paris.

In separate statements, Brazilian

banker Mario Enrique Simonsen, a partner of Citibank, and his pal Delfim Netto, former Planning Minister who handed Brazil over to the IMF in 1983, warned against even thinking of taking some kind of unilateral action, "since it would be like the invasion of the Malvinas by Argentina." In other words, measures of the sort taken by Alan García in Peru would inflame the legitimate anti-colonialist passions of Ibero-America. The daily *Journal do Brasil*, mouthpiece of the financial oligarchy, devoted its Nov. 30 editorial to demanding that President Sarney put his house in order and squelch anti-IMF debate since, insisted the editorial, Brazil cannot compare itself to "those countries of the Third World," like Mexico.

Brazil, just like those other countries of the Third World, has little choice but to change its policies or face wholesale chaos and a possible return to military dictatorship. Measures it must immediately take include:

- 1) Reducing debt interest payments to a percentage of its export earnings. Numerous industrialists have insisted that a ceiling of no more than 20% be imposed, and that the rest be allocated to productive investment.

- 2) Alter the domestic credit system, allocating resources to major infrastructure investments, above all in the debilitated energy and public health sectors.

- 3) Fiscal reform to penalize speculation, including the possession of non-productive lands which could serve as the beginning of a long-overdue agrarian reform.

If these measures are not taken, it will be like the individual who robs himself rather than risk being robbed. If the debt continues to be paid, it will be by inflating the banks' speculative bubble at the expense of the real economy and the population itself.

Legalization or excommunication

Colombia under Barco has reached a crossroads on the drug question: Will 'free enterprise' win out over morality?

The president of the Colombian government's Council of State, a high-level government advisory board on juridical and constitutional matters, has just called for the legalization of cocaine and marijuana traffic, during the same week that the Colombian Catholic Church has unanimously recommended the excommunication of drug traffickers.

These two events summarize the crossroads at which the government of Virgilio Barco presently stands. Under intense pressure from the dope mob and from international creditors to turn the "handicap" of the illegal drug trade into the "virtue" of legalized big bucks, Colombia's weak-kneed head of state has yielded vital ground in his first four months in office. The Church, under the leadership of Pope John Paul II, has been one of the few national institutions to draw an unambiguous line on the question of the drug trade, and the Nov. 29 decision of the Colombian Bishops' Conference to damn traffickers to "eternal perdition" through the weapon of excommunication was doubtless intended to call the question.

The response from Dope, Inc. was immediate. Magistrate Samuel Buitrago Hurtado of the Council of State appeared Dec. 1 on national television to blame the government's continued persecution of drug traffickers for the country's chaotic and violence-ridden state of affairs. Claiming to be speaking in his own name, Buitrago declared, "We have been playing the role of useful idiots, because we are conducting a campaign [against drugs]

with a high social cost, and what have we Colombians received in return? The threats are against very important Colombians, above all against those who administer justice."

Continuing to play on anti-U.S. feelings, Judge Buitrago argued the mafia line that extradition of Colombian nationals on trafficking charges was "unconstitutional," "repulsive," and "unpatriotic." He also insisted that legalization of cocaine and marijuana by the Colombian state would reduce mafia profits, and ultimately the mafia itself, while giving the government a huge boost through taxes collected on profits from the drug trade.

Lest one's sympathy for the beleaguered and terrified judges of Colombia fool one into thinking that Judge Buitrago himself is playing the role of "useful idiot" for the mob, it is worth noting the company the judge admits he keeps. In his television interview, he declares: "I once heard Dr. Ernesto Samper Pizano and believe me, I share his criteria, and a little while ago I read an article in *El Espectador* by Antonio Caballero . . . and I share these criteria based on the ideas of Mr. Friedman of the United States."

Samper Pizano, currently a Liberal Party senator in the Colombian Congress, has been the outspoken head of the drug legalization lobby in Colombia since the mid-1970s, and is considered the political heir to mafia "godfather" and former Liberal President Alfonso López Michelsen. "Journalist" Antonio Caballero is family-related to the former President. Drawing heavily on Milton

Friedman's "free enterprise" logic, López's 1974-78 administration opened up the Colombian economy to the drug bankers and traffickers who have gratefully financed López's electoral campaigns in return.

While López is part of the same "official" wing of the Liberal Party from which Barco was chosen as the party's presidential candidate, the "godfather" does not have the kind of influence over his successor he would like. Thus, López regularly ups the pressure on Barco, to remind him to toe the line.

In a radio and television interview broadcast nationally Nov. 19, López declared, "Disgracefully, the country is no longer in the hands of the President of the Republic. . . . The social situation has totally escaped the government's control, not to mention the political situation." López's warnings of lack of government control were echoed by Judge Buitrago, who nonetheless specified that it was management of the drug trade which had "escaped the hands of government."

The immediate response from certain members of the Barco cabinet has been encouraging. Justice Minister Eduardo Suescún rejected Judge Buitrago's proposal as "absolutely inadequate, because the state cannot dedicate itself to producing something which leads to the degeneration of the species." Following a meeting with U.S. Ambassador to Colombia Charles Gillespie, Attorney-General Carlos Mauro Hoyos insisted, "This is no way to end the drug trade."

Despite these hopeful signs, President Barco remains silent on this appeal for surrender to the mafia from one of his highest-level advisers. Unless Judge Buitrago resigns from the Council of State immediately, his "personal opinions" may well be seen as inseparable from the President's.

International Intelligence

Ethnic troubles hit India again

Authorities in India placed the army on alert status in New Delhi, after rioting Hindus sacked Sikh homes and shops in a backlash of Nov. 30's worst-ever massacre of Hindus by Sikh terrorists. In Punjab, six gunmen hijacked a bus, forced off all the women and those men believed to be non-Hindus, and killed the others.

Then, Sikh extremists killed 10 more people in India's Punjab State, bringing the death toll to 34 in two days. The police said they arrested two hard-line Sikh leaders, including the former chief minister of Punjab, Prakash Singh Badal, in the latest wave of Sikh violence. The arrests coincided with a one-day strike called by the right-wing Hindu Bharatiya Janata Party in New Delhi, to protest against the killing of bus passengers in Hoshiarpur on Nov. 30.

Rioting and general strikes in New Delhi and other northern areas of India were the result.

Meanwhile, there have been signs of a split within the Congress Party over the government's efforts to restore order in Punjab. It was reported that Prime Minister Rajiv Gandhi is considering imposing more control in Punjab, perhaps using the army.

German peaceniks ran 'protection' scam

The West German "peace movement" solicited and received "protection" money in connection with their big 1983 demonstration in Bonn, the district-attorney of the city announced Dec. 2.

A person now working as an adviser to Social Democratic Party head Willy Brandt, who was a member of the "coordinating committee" for the 1983 demonstration, sent letters to business leaders demanding that they pay 1,200 marks, or have their names appear on posters declaring that they didn't pay the "solidarity charge."

This letter garnered 150,000 marks for the peace movement. Now, after a court case on the extortion affair, the peace movement has had to pay a fine of 3,000 marks—quite a profit.

Radio Moscow praised a major component of the "peace movement," the Green Party, for its denunciation of U.S. military policy, reporting that at the Green Party Congress in Cologne, "300 delegates denounced the United States for its militaristic policy and called for disbanding military alliances."

Vesco exposed for Costa Rica operations

Robert Vesco "uses our national territory to shelter part of a drug-trafficking organization which operates from here at his service," Costa Rica's newspaper of record, *La Nación*, announced Nov. 30.

Local and international authorities are convinced that Vesco, believed based in Havana, Cuba, under the protection of Fidel Castro, has traveled to Nicaragua several times, and from there, "enters Costa Rica clandestinely," *La Nación* reports.

One of Vesco's lieutenants operates out of Costa Rica, under the protection of several former government officials. Another of his top people, says *La Nación*, is a U.S.-born Costa Rican whom U.S. authorities are seeking as the mastermind of trafficking to the United States and Europe.

Call for calm in the Philippines

New Philippine Defense Minister Rafael Ilto said Dec. 1 that the cease-fire agreement just concluded with communist rebels should be given a chance. Ilto made his call a day after the Communist Party said that the 60-day truce, which starts Dec. 10, is too short.

Ilto said that some officers might not agree with the truce, but the military should unite and support it: "Let us have one policy

line in matters of national security, and let everybody adhere to that line as far as the public is concerned."

But Philippine communist rebels did little to maintain calm when they seriously wounded a mayor and eight companions in an ambush Nov. 30. The attack took place on Mindanao, and is not technically a violation of the cease-fire, since that does not take effect until 10 days after the incident was recorded. Mayor Nazario Omandac, his wife, son, and others, were attacked by New People's Army (NPA) guerrillas, who set up roadblocks and planted land mines beside the main road to Davao.

Petition OAS on attacks on LaRouche

The President of the U.S. branch of the Schiller Institute, Webster Tarpley, presented the second of two petitions to the Inter-American Commission of Human Rights of the Organization of American States (OAS) on Dec. 1.

The Schiller Institute is a foreign policy and cultural association, founded by the German political figure Helga Zepp-LaRouche.

Tarpley's appeal to the OAS Inter-American Commission on Human Rights cites the numerous human and civil rights violations of the American Declaration of the Rights and Duties of Man that have occurred as a result of two raids Oct. 6 and Nov. 20 against businesses operated by associates of LaRouche. According to Tarpley, if these types of human rights violations are allowed to crush the political views of LaRouche, then the last glimmer of humanity that has existed in the West will soon perish.

Tarpley documented the extraordinary force used in the raids—which included SWAT team-style helicopters, armored vehicles, attack dogs, bomb detonating units, and 325 heavily armed, machinegun-toting federal agents. While businesses were raided, according to security consultants con-

tacted, the preponderance of force used suggested that the real target of the Leesburg raid was the nearby house in which LaRouche himself is staying. Had such an attack occurred, according to Tarpley, the federal agents would have surely provoked a bloodbath.

Tarpley further elaborated on the illegal political witchhunt that is now taking place within the United States. This has included declaring financial contributors "mentally incompetent," to prevent them from making further contributions to political efforts associated with Lyndon LaRouche.

Mr. LaRouche is known throughout Ibero-America for his "Operation Juárez" program, a counterproposal to the hideous malthusian and genocidal "conditionalities" policies of the International Monetary Fund.

Colombian drug runners face excommunication

Colombian Bishop Alberto Giraldo told a press conference in Bogota Nov. 28 that the just-concluded Bishops' conference there had voted to excommunicate individuals known to be involved in drug trafficking. In response to a question from *EIR*, Giraldo said that drug trafficking destroyed lives as much as abortions, and was as deserving as homicide of canonical penalty. He said such a decision would not involve public naming of names, as in a "black list," any more than practitioners of abortion were publicly named by the church.

"This remains in the realm of the conscience and of the Sacraments," said the bishop. The bishops merely want to inform such a sinner that "we no longer consider you Catholic and therefore the Sacraments are not for you."

The Bishops' conference concluded that society is facing drug-related "social and political deterioration," referring to kidnapping, subversive violence, and terrorism. They lament the lack of "just" responses to unemployment. They criticize the political disputes of both the Liberal and Conservative parties, saying that the welfare of the

country should be above "merely partisan interests."

Drug-traffickers were quick to react. *El Tiempo*, the newspaper published by former President Alfonso López Michelsen, scoffed at the Colombian Church for unanimously approving excommunication of drug traffickers, murderers, and kidnapers. Colombia is Catholic in name only, *El Tiempo's* editorial stated Dec. 3, and the drug traffickers who poison our youth are hardly likely to concern themselves over excommunication. "Perhaps there remains something intimate left over from what they learned as children in each subversive and each narco."

Israel in turmoil over 'Irangate'

Israeli politics has been plunged into turmoil over the "Irangate" revelations exploding in the United States, not least because all the revelations are coming from the United States, beyond any Israeli's control.

The official government "damage control" policy now appears to be centered on blaming the United States for everything. In an official statement released Dec. 3, the Israeli government distanced itself from the White House, by insisting that all of its arms shipments to Iran were done under White House authorization and request.

But Industry minister Ariel Sharon, writing in *Ma'ariv* Nov. 28, stated that in his view, Iran should win the war with Iraq. He argues that Israel's policy toward the Gulf has been misrepresented; it is in Israel's interest that "Iran win the war against Iraq. A victorious Iran will not forget the longstanding and historical relationship between Iran and Israel." An Iranian victory, which would lead to the dismantling of Iraq, would be no threat to Israel, says Sharon, "granted that both Syria and Jordan will serve as a buffer zone" between Iran and Israel!

But, says Premier Yitzhak Shamir, Israel and the United States have a strategic relationship, and it was only in that framework that arms were delivered to Iran.

Briefly

● **STATE DEPARTMENT** officials criticized the South Korean government Dec. 1 for thwarting a New Korea Democratic Party (NKDP) demonstration scheduled for Nov. 29. Charles Redman insinuated that the Seoul government had breached its own constitution by sending riot police onto the streets to halt the rally.

● **HONDURAN COCAINE** czar Juan Ramón Matta Ballesteros handed out 100 lempira notes as he walked out of jail Nov. 30, absolved by a Honduran court of all charges of murder and drug-trafficking. Matta "escaped" to Honduras from Colombia, where he faced extradition to the United States on charges of masterminding the 1985 assassination of U.S. DEA agent, Enrique Camarena.

● **A DUTCH COURT** has approved the extradition of two IRA terrorists. Brendan McFarlane and Gerard Kelly were arrested in Amsterdam last year for weapons smuggling. Both had escaped an Irish prison in 1983 while serving life sentences for terrorist bombings and murder.

● **SAUDI ARABIA'S** monarch is expected to undertake a pro-American reshuffle of his cabinet as a result of an ongoing meeting of the "Royal Council." Intelligence sources say King Fahd will replace Foreign Minister Prince Saud al Faisal, who will be demoted to "Oil Minister," with Prince Bandar, the present ambassador to Washington.

● **THE MOSSAD**, Israeli foreign intelligence, was behind the West Berlin night club bombings last spring, according to a story in Germany's *Der Spiegel* picked up by the *Washington Post* and *Boston Globe* on Dec. 3. German intelligence believes that the two terrorists convicted for the disco bombings were Mossad agents, as are the Hindawi brothers, responsible for an attempted El Al hijacking in London.

The case builds for Donald Regan's ouster

by Susan Welsh

The clamor of demands for the firing of Donald T. Regan has reached deafening proportions in Washington, as political forces ranging from Nancy Reagan to the *Washington Post* to Kissinger Associates' Lawrence Eagleburger insist that the head of the White House chief of staff must finally roll. Since Lyndon H. LaRouche, Jr. called for Regan's ouster, in a press conference before the National Press Club in Washington in April of this year, the attention of the nation has increasingly been focused on this kingpin of the White House "Palace Guard."

Don Regan never allows the President to receive a briefing from a high government official without himself being present; he scrutinizes the most minute details of the functioning of the Executive Branch; yet now he would have us believe that he "did not know" about the illegal actions of the National Security Council, in selling weapons to Khomeini's Iran, and diverting part of the proceeds to arm the Nicaraguan Contras—among others.

Nobody in Washington today believes that, as the following sampling of responses reveals:

- Lawrence Eagleburger, the former assistant secretary of state and current president of Kissinger Associates, wrote in the *Washington Post* on Nov. 30, that President Reagan must carry out "a wholesale housecleaning of those who let him down either through action or inaction, starting with Chief of Staff Donald Regan. . . . Only if he shows himself to be in charge, and surrounds himself with the best talent available, can the President regain lost confidence."

- Syndicated columnists Evans and Novak wrote on Dec. 3 that "major changes in personnel" are required, "starting with what is obviously a painful decision for the President: chuck Donald Regan overboard as chief of staff."

- The *Los Angeles Times* on Dec. 3 wrote that "Regan

must go because, by either commission or omission, he bears a central responsibility for the ill-conceived plan that made a shambles of America's anti-terrorism policy and a mockery of congressional intent."

- The *Washington Post* ran a full-page article in its "Style" section on Dec. 5, saying that "not since Haldeman and Ehrlichman has a White House top operative spawned such ill will as Donald Thomas Regan, the White House chief of staff." The article quotes Sen. Larry Pressler (R-S.D.), "Regan talked and acted as if he didn't need anybody. He had a very exalted view of himself."

- On Dec. 5 columnist Robert Novak said, in an interview on "The McLaughlin Group" television talk show, "There's a real fight going on inside the White House between whether or not Don Regan is trying to save himself at the expense of the President."

- Sen. Richard Lugar (R-Ind.) on Dec. 6 called for the resignation of Don Regan and CIA Director William Casey. Speaking at DePauw University in Indiana, he said, "It seems to me the President has not been well served in intelligence matters or by his chief of staff." He suggested that the administration bring in "big leaguers," such as Henry Kissinger or Jeane Kirkpatrick, to continue the nation's foreign policy!

The policy issues

Certainly there is no way that President Reagan can prevent the destruction of his presidency without firing his "Rasputin," the evil adviser from Wall Street's Merrill Lynch, whose control over the Chief Executive has driven the First Lady into such a fury. But it is the entire complex of policies which Regan upholds, which must now be reversed. On behalf of the Eastern Liberal Establishment, its Wall Street financial moguls, and its Trilateral Commission, Regan has

overseen the destruction of the U.S. economy, with industrial production declining at an annual rate of 15-25%. From his career as chairman of the board of Merrill Lynch, to his stint as treasury secretary, and then as White House chief of staff, Regan has worked to promote the drug-linked financial interests and dirty-money-laundering capabilities which are replacing manufacturing industry in the United States. When appointed chief of staff, he proclaimed that he saw one of his principal jobs to be reigning in the defense budget, and keeping Defense Secretary Caspar Weinberger away from the President. In cahoots with Secretary of State George Shultz, Regan has fostered the foreign policies which developed out of Henry Kissinger's reign at the National Security Council and State Department, including the Kissinger-Carter-Brzezinski shaping of "the Islamic fundamentalism card" and "the special relationship with Israel."

It is not surprising to find Don Regan's Merrill Lynch firm cropping up in the course of the current Iran-gate investigations: It turns out that the Iranians maintained very large deposits in the Geneva branch of Cr dit Suisse bank, business partners of Merrill Lynch. It has been reported that the same branch was involved in a financial transfer from Iran to the Contras, involving a mysterious arms-trading company known as the M-Group, whose director was formerly the director of Merrill Lynch's Teheran office, during Regan's tenure at the brokerage.

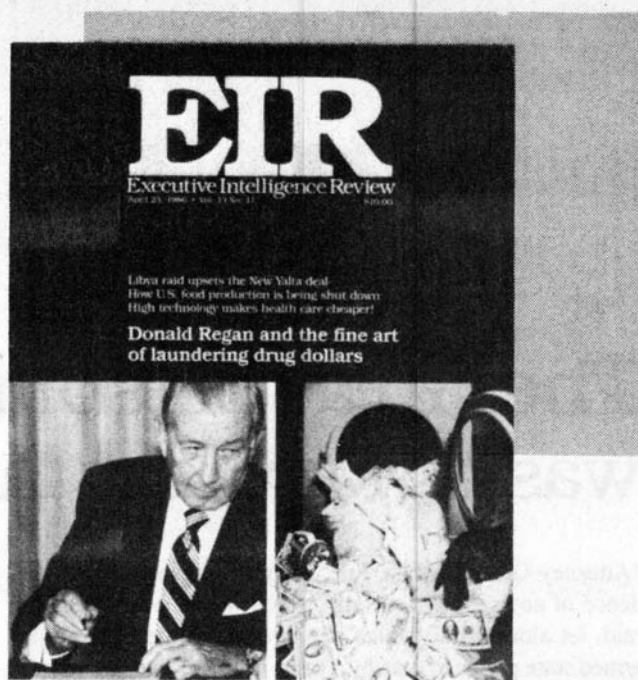
Weinberger: 'bad advice'

Will President Reagan repudiate the policy which led to Iran-gate, and distance himself from the Trilateral Commission? Defense Secretary Weinberger opened the way for that, when he charged, during his recent visit to Western Europe, that the President had been given "bad advice," which led to the sale of arms to Iran and the Contras. The charge pointed implicitly to officials of the National Security Council, and to Donald Regan.

Speaking to reporters in Paris on Dec. 2, Weinberger said that he was "horrified" to learn that profits from U.S. arms sale to Iran went to the Nicaraguan Contras. "It's totally the wrong thing to do in my opinion," he said. ". . . I think it's proper that the Contras be supported, but not in that way, [rather] by appropriation from the Congress."

The following day, Weinberger said that the President was trying "to open an agreement and an arrangement with people whom he had been advised were of a far different character than the people he was quite properly denouncing as being fanatical lunatics in Iran. I think, unfortunately, some of that advice has not turned out to have been accurate or correct. We will find out whether or not the President was not only being given bad advice, but was being deceived along with the American people. If that is the case, proper punishment will take place."

Then in an interview from Europe on NBC's "Today" show on Dec. 4, Weinberger said that he had explained to European governments what the President tried to do. Con-



EIR exposed Don Regan's role in drug-money laundering in its April 25, 1986 issue.

trary to the State Department-NSC policy of secret negotiations with "moderate" mullahs, Weinberger denied that there were any such forces politically active in Iran. "I've had the opportunity to go over with them [the Europeans] the President's very good motives, unquestioned motives, in trying to open a relationship with a country that is very strategically and geographically located, such as Iran. . . . And the point was, he did try to do that, and he tried to do it on what turned out to be very bad advice, to the effect that there were some moderate elements in Iran that could be dealt with. . . . There aren't any moderate elements in Iran, that are still alive, that can be dealt with.

The appointment of Frank Carlucci to replace Adm. John Poindexter as national security adviser is one indication of Weinberger's factional strength at this point. (Donald Regan had reportedly backed William Hyland, the editor of *Foreign Affairs*, journal of the New York Council on Foreign Relations; Carlucci was Weinberger's deputy at the Pentagon until late 1982, and was reportedly recommended for the NSC post by Weinberger.) "I can't think of a better appointment," said the defense secretary on Dec. 3. He predicted that Carlucci will run the NSC with "total loyalty" and in "total support for the President's policies." Under Carlucci, the NSC will be "a staff to the President and concerned primarily with sorting out and presenting to the President the different views and giving the President excellent staff advice on these matters and working extraordinarily well with all the elements of the security community. The role of the NSC that I've outlined, that I believe Frank Carlucci will bring to it, is a proper and necessary role for that agency."

The Great Leesburg Panty Raid was a hoax, say lawsuits

“Attorney-General Mary Sue Terry has absolutely no evidence of any criminal activity which would warrant even a raid, let alone a raid which deployed overtime 400 heavily armed state police to occupy a town for more than 24 hours.” That is the way Linda de Hoyos, president of Campaigner Publications, summarized matters in her Dec. 2 press conference in Leesburg, Virginia to announce the filing of a new court suit a day earlier against Virginia state officials involved in the enormous Oct. 6-7 police raid against associates of Lyndon H. LaRouche, Jr.

“This was timed precisely one month before the general elections, and had to do with what you would call a freak-out throughout the liberal media and press over the fact, that two candidates associated with LaRouche had won state primaries in Illinois while spending only \$300 on the campaign—which indicates a significant level of political support.

“It is an attempt to disenfranchise at least 20 to 30% of the voting public right now, by shutting down the organizations which put out literature which they read, and which constitute a political movement which they support, and which they may very well support in the 1988 presidential campaign.”

Twelve organizations that suffered through the “Great Leesburg Panty Raid” have now filed two separate lawsuits against Virginia state authorities, charging violations of civil rights and blatant political motivations in the police raid.

Six organizations targeted in the raid of Oct. 6-7, 1986 filed a court action Dec. 1, claiming that the entire search conducted by Virginia state law-enforcement officials was a hoax designed to provide political cover for a simultaneous federal raid.

This court action, “A Motion to Vacate and Return Property,” was filed in Loudoun County Circuit Court in Leesburg by the six organizations: Caucus Distributors, Inc., Campaigner Publications, Publications Equities, Inc., Publications & General Management, Executive Intelligence Review, and Columbus Data Systems, which had been named in the search warrant procured by Virginia authorities.

The state warrant admits the political nature of the search by arguing that these six organizations are connected to Lyndon H. LaRouche, the only declared candidate for the 1988 Democratic presidential nomination.

John P. Flannery, attorney for the plaintiffs, sums it up in section “IV. Argument,” entitling subhead “A. The State Search Was a Sham.”

Not even a warrant

In November, six other organizations, whose records were seized in the raid even though they were not mentioned in the warrant, brought a civil-rights lawsuit against Commonwealth of Virginia officials in federal court in Richmond, Virginia.

That suit named Virginia Attorney-General Mary Sue Terry and three top Virginia state police officials as defendants in connection with the 400-man paramilitary raid, and asked \$400,000 in damages.

The suit charges that state authorities acted in wanton violation of the plaintiffs’ civil rights and deprived them of due process of law, by seizing and carrying away their property without a search warrant.

The plaintiffs are seeking preliminary and permanent injunctions to prevent state authorities from keeping and using materials seized during the raid, in addition to the \$400,000 monetary damages.

The six organizations filing suit are the Fusion Energy Foundation, the Schiller Institute, the National Democratic Policy Committee, Independent Democrats for LaRouche, The LaRouche Campaign, and the Leesburg Security Fund. Their suit was filed Nov. 12 in Richmond in the U.S. District Court for the Eastern District of Virginia.

The plaintiffs point out that state officials admitted, when they handed over a list of property taken in the raid, that they had taken property from these organizations. Yet, the search warrants which were signed in authorization of the raid “did not authorize or otherwise permit the seizure or removal of property belonging to the plaintiffs.”

Thus, the suit notes, "The actions of the defendants in removing the property of the plaintiffs were intentional and willful, and done in wanton disregard of the rights of the plaintiffs," guaranteed by the Constitution.

The suit also notes that the "wrongful seizure of the property belonging to the plaintiffs has caused each of them to incur damages due to the disruption of their normal business activities. The continued wrongful retention of the property of the plaintiffs by the defendants will cause irreparable injury to the business operations of the plaintiffs."

To compensate for the wrongs done to them, the organizations are making two sets of demands. First, they seek to inspect all property, identify all persons and organizations to whom information about the property has been disclosed, prohibit further disclosure, and to get all the materials and copies back again. Second, they seek compensatory and punitive damages, in particular from the two state police officers who ran the search, W.A. Spivey and R.H. Perry, III. Spivey and Perry "stole, carried away, and converted to their own use and to the use of others the property of the plaintiffs."

Atmosphere of lawlessness

The lawsuit against the Virginia state police attacks one of the grossest illegalities in the paramilitary raid ordered by William Weld of the Justice Department on Oct. 6 and 7. It and the subsequent Dec. 1 suit by organizations that were named in the warrant are the first of many legal challenges to be expected against the government's violation of the constitutional rights of the defendants, including Jeffrey and Michele Steinberg, Paul Goldstein, and others who were arrested under federal criminal indictments for "obstruction of justice" which were issued shortly before the raid.

As FBI agents smashed in doors with sledgehammers, refused permission for legal observers to witness the search, and sought to cripple the organizations' activities by seizing truckloads of documents, the Virginia state police participated in the general atmosphere of lawlessness. One example: The private security guard employed at the premises where the raid took place, himself a former New York City police officer, was brutally manhandled by the state police, when he was seeking to inform them of his cooperation.

The pattern of human rights violations in both the indictments and the paramilitary raid have led to the establishment of an International Commission to Investigate Soviet-Style Human Rights Violations in the United States. The Commission is currently in the process of recruiting members who will sit on a tribunal, to review the government's actions.

One charge to be aired before the tribunal is that the excessive use of force—325 police and FBI officers—betrayed the intention to provoke an incident at LaRouche's residence, in which he would be killed. Soviet officials had demanded LaRouche's head on a platter during the two months before the raid.

There are other indications that a provocation to police

violence was on the agenda. One example: Some of the state police appeared to have been fed disinformation by their superiors or other parties which caused them to become intensely paranoid and fearful for their own physical safety. Several sources say police refused cups of coffee offered by a local restaurant, because they feared being poisoned.

Blatant political motivation

The Motion to Vacate, filed Dec. 1 by the organizations that were named in the search warrant, exposes the blatant political purpose underlying the raid in its opening paragraph:

On Oct. 6 and 7, 1986, about one month before the nationwide midterm elections, state authorities, in a dramatic show of force and with a flair for media exposure, so extreme as to constitute misconduct, conducted an unlawful and otherwise unnecessary search of the political, news, publishing and other organizations named herein, exceeding the scope of the warrant improvidently granted.

The motion plus attached affidavits and exhibits demonstrate that the Commonwealth of Virginia merely tagged along on the federal search to provide local political support for sledgehammer-wielding FBI agents who broke down the doors of two office buildings at 6 o'clock in the morning.

The federal raid was calculated to cause maximum disruption less than one month before the November midterm elections when LaRouche Democrats, Janice Hart, Mark Fairchild, and others, and the LaRouche-backed Proposition 64 in California were to appear on the general election ballot. On the same day the raid began, federal authorities arrested five LaRouche associates on the basis of trumped-up indictments issued by a grand jury in Boston, Mass.

The Commonwealth of Virginia, however, had no grand jury investigation to justify their *Nacht und Nebel* raid on the Leesburg offices. The Fourth Amendment to the U.S. Constitution mandates a preliminary showing of criminal activity, known as "probable cause," to justify the issuance of a search warrant. The Commonwealth of Virginia attempted to conjure up "probable cause" by citing isolated examples from various state *civil* cases against two of the organizations targeted. Lacking any evidence of criminality, the Commonwealth instead tried to create the aura of criminal wrongdoing, by citing "confidential sources" who allegedly supplied information at great peril to their physical safety.

The Motion to Vacate exposes this "confidential source" tactic to be a complete fraud, perpetrated to "bolster otherwise paltry evidentiary submission." In affidavits conjoined to the Motion to Vacate, three of the four sources assert that they did not ask for confidentiality or express fear for their personal safety, and two of the individuals submitted sworn statements attesting to the misrepresentation in the state's affidavit.

Sam Nunn threatens to restructure SDI

by Kathy Klenetsky

The Strategic Defense Initiative (SDI) will face some of its roughest sledding yet when the new Congress convenes Jan. 6. Although the SDI's budget has been slashed by Congress every year since it was first launched by President Reagan in March 1983, the program's basic premises, as well as its budget, are now under assault.

A coterie of "pro-defense" Democrats, led by Sen. Sam Nunn (Ga.), has developed a new line of attack against the SDI. Rather than opposing the program wholesale, Nunn and his allies, notably House Armed Services Committee chairman Rep. Les Aspin (D-Wis.), are trying to force a fundamental shift in SDI's orientation.

Arguing that President Reagan's vision of a strategic defense that would protect the populations of the United States and its allies is "impractical" and "too expensive," Nunn et al. propose that SDI be limited to the more "realistic" objective of providing a near-term defense of missiles and command-control centers.

There is little perceptible difference between Nunn's plans and those of Lt.-Gen. Danny Graham and his Heritage Foundation-backed "High Frontier." One of Graham's Capitol Hill devotees, Sen. Dan Quayle (R-Ind.), a self-proclaimed champion of strategic defense, has been screaming at Reagan and Weinberger to stop fooling around with "exotic" technologies, and to orient SDI into a missile-defense program based on existing technologies.

Defense Secretary Caspar Weinberger, as well as the President, have spoken out forcefully against such a reorientation. Weinberger has correctly emphasized that only a system based on the most advanced technologies, and a multi-layered design, makes any sense, both from the scientific-technological standpoint, and in light of the Soviet Union's ambitious strategic defense program. He also warns that diverting SDI's limited resources into near-term point-defense could easily sabotage the more advanced, and more efficient, technologies.

Nevertheless, Nunn has already chalked up some partial successes: In 1986, he amended the FY1987 defense authorization bill to stipulate that SDI's emphasis should be on the "realistic" goal of protecting U.S. nuclear forces and wartime communications, not on protecting the population. Nunn led the fight in the Senate to cut the SDI's budget by \$2 billion.

With Nunn slated to assume the chairmanship of the

Senate Armed Services Committee, in a Democrat-controlled Senate, the SDI's chances of escaping further deep damage are expected to nose dive. Much of the inspiration for Nunn's new line of attack comes from the Aspen Institute, the Denver think-tank which spawned the NATO "decoupling" operation, in which Nunn has also played a key role.

Aspen has provided many of the scripts used by the SDI's enemies. Particularly active on this front has been Aspen's Strategy Group, which is co-chaired by Dr. William Perry (former undersecretary of defense in the Carter-Mondale administration) and Lt.-Gen. Brent Scowcroft (ret.), who now heads Henry Kissinger's consulting firm, and whose members include such anti-SDI zealots as Dr. Sidney Drell, Dr. John Steinbruner, Prof. George Rathjens, Prof. Paul Doty, as well as Sam Nunn and Les Aspin.

Last month, the Strategy Group issued a report, "The Strategic Defense Initiative and American Security," which will serve as Nunn's blueprint. Declaring, "We see virtually no prospect of building a significant and effective population shield against a responsive enemy inside this century, and there is great uncertainty about the long term," the report recommends the following: 1) "Up through the early 1990s, our main interest in strategic defense should be . . . to preserve options for selected defenses of our retaliatory forces," a task to which "SDI is not well-suited." 2) "Focus SDI experimental work on technology development, not engineering development or field demonstrations"; 3) "Continue to adhere to the traditional interpretation of the ABM Treaty"—which would prohibit work in the most promising defensive technologies; and 4) "Establish a framework accord with the Soviets for deep cuts in offensive arms and continued restraint on defense."

One key reason that the Aspen gang—Nunn included—has decided to drop all-out opposition to the SDI, in favor of a show of conditional support, is that they've finally woken up to the fact that the vast majority of Americans support the concept of strategic defense. That fact was duly recognized by Hoover Institution fellow Gregory Fossedal, who put forth an "SDI for Democrats" scheme in the Nov. 17 issue of the *New Republic*.

Fossedal, who is close to the Heritage Foundation, called on Democrats to become "supporters" of the SDI by promoting High Frontier against Reagan's "peace shield delusion." Given the popularity of SDI with the electorate, Fossedal advises the Democrats to "devise a position for themselves that captures much of the public sentiment behind Star Wars, yet rallies it behind something different." How about this proposal? 1) Cut funding for the present SDI research effort in half, largely by eliminating work on some laser beams and other exotic "kill mechanisms." 2) Use the money saved actually to build an advanced defense "using less futuristic technology." Such a system, he comments, "would be a military reformer's design for strategic defense: using simpler, cheaper systems instead of high-tech weapons."

DNC sets stage for Nunn candidacy

In keeping with recent revelations that Sen. Sam Nunn (D-Ga.) is the new up-and-coming favorite of the Trilateral Commission to become the Democratic presidential nominee for 1988, the Executive Committee of the Democratic National Committee met in Washington, D.C. in November to move the public image of the party further to the "right."

It is indicative of the incurable sickness of the current DNC leadership under Chairman Paul Kirk that the keynote speaker for the meeting was a pollster from CBS television. These hacks aren't concerned about issues—they are concerned about perceptions and image.

Paul Kirk says, "If moving to the right is what will get us votes, then that's what we're going to do." The party hacks cheer, because for them, votes mean jobs and perks.

Before my very eyes, the Democratic leadership made it clear at this meeting its utter disdain for constituency-based politics, especially the black voter. It was not only the committee's refusal to touch the racially-tinged party-splitting squabble in Chicago that is indicative. It was also the report from pollster Warren J. Mitofsky, director of the CBS News Elections and Survey Unit, that despite all his best efforts, Jesse Jackson did nothing to increase the net voter turnout for Democrats in 1984.

This comes as surprising news, and in days gone by it would have aroused great concern. It has two implications: 1) Jesse Jackson does not appeal to black voters—which is true, and re-

freshing to see confirmed by a pollster's data. 2) The Democratic Party leadership should not "waste its time" trying to appeal to the black voter in the future, since it doesn't produce results.

The DNC was also told that, after all the publicity and bipartisan support for a War on Drugs that led Congress to pass a multibillion-dollar anti-drug package in September, drugs was very low on the list of priorities of voters.

But if so, that is only because voters feel that this issue is no longer a major point of difference between parties and candidates.

Nonetheless, the DNC, again, chose to interpret the data to mean that issues especially of concern to inner-city minorities, like drugs, can be ignored.

So, what does the DNC want to focus on? Well, Mitofsky told them they need to recapture the youth vote—the 18- to-29-year-olds, who were the key to the Reagan landslides in 1980 and 1984. He was even more precise: Males in this age group like the ideas of the "Reagan Revolution."

In short, those who are for pulling the plug on their grandmothers to cut costs, who think that "entrepreneurship" means managing your own McDonald's franchise, playing lotto, and maybe peddling a little coke, are the ones the Democrats are designing their 1988 presidential campaign for.

Remember, they are against big industry, toxic wastes, and overpopulation in Africa, but they are also big on computers, all the "technetronic" stuff, and fiercely for saving the Free World from browned-skinned Soviet surrogates.

The DNC thinking is that the broken trade unionists of the "rust belt," the desperate farmers, and the inner-city minorities will "have no choice but to vote Democratic," so their con-

cerns can be ignored.

In Paul Kirk's twisted mind, the phoenix rising out of the Democratic ashes is a young, self-centered, post-industrial eunuch (not a faggot—they are definitely "out"). This is the kind of voter Sam Nunn, as well as a half a dozen other young Democratic potentials, were made for.

By the way, the DNC Executive Committee also increased its own powers at the meeting to insure that its scenario unfolds without a hitch. They voted their entire membership of 363 as automatic delegates to the 1988 Democratic convention, taking away slots formerly reserved for "uncommitted" delegates.

Senate committee to go after Merrill Lynch?

Sen. William Proxmire (D-Wis.), who will become the chairman of the Senate Banking Committee when the new Democratic-controlled Senate is sworn in next month, is reportedly a major opponent of "non-bank banks," and the interstate banking frenzy that is reducing the nation's banking industry to a handful of Eastern Establishment "megabanks."

But even though Proxmire's Rockefeller connections and his stand on many issues leave a lot to be desired, it could be very interesting if he really begins to probe Merrill Lynch and fellow corporate entities who are lobbying heavily to retain loopholes in the laws that allow them to unfairly compete against all but the biggest banks in the country.

In a time when drug money-laundering and international arms trafficking have become very unpopular, Merrill Lynch might not be so anxious to have Senator Proxmire poking around into all of its highly diversified activities.

National News

Israeli gun-runner prosecution stalled

The prosecution of Israeli Gen. Avraham Bar-Am and a dozen others for illegal arms sales to Iran has effectively been put on ice, as a New York court on Dec. 2 ordered a delay in pre-trial hearings until November 1987. The case, a "sting" using Iranian gun-runner Cyrus Hashemi to entrap Bar-Am's group, had been scheduled to go to trial Feb. 2, 1987.

U.S. Attorney Rudolph Giuliani, concerned he might have stumbled onto a sanctioned government operation, got the go-ahead to prosecute last spring from Attorney-General Edwin Meese, Secretary of State George Shultz, and the CIA, according to the *Washington Post*.

But the prosecution is now being reassessed in light of the Justice Department's "Iran-gate" investigation, according to Giuliani.

The 17 defendants were charged last April with plotting to sell more than \$2 billion in U.S. heavy weapons to Khomeini's Iran. They are now trying to use the unfolding Irangate revelations to bolster their claim that they were operating on behalf of the United States all along.

Said lawyer William Kunstler: "Obviously, the right hand [of the government] did not know what the left hand was doing."

Dole supports scuttling of SALT

Senator Bob Dole (R-Kan.) told President Reagan Dec. 3 that he fully supports his decision to scuttle SALT II, and will seek a Senate vote on the treaty, if other members of Congress try to force the Reagan administration to comply with the treaty.

In a letter to Reagan, Dole said that the President's decision to exceed the treaty's limits "sends precisely the right message to the Soviet Union: that we will take whatever steps are necessary to insure our national

security and will respond vigorously to Soviet violations of any arms-control agreement."

He said he was "deeply disturbed that some in Congress have indicated their intention to try to vitiate the B-52 conversion decision, or otherwise force compliance with SALT II, through legislation. Should any such legislative effort be made," he wrote, "it would be my intention to seek instead that the Senate formally consider ratification of the SALT II treaty itself."

Weinberger 'horrified' at Contra aid scheme

Defense Secretary Caspar Weinberger was "horrified" to learn that profits from U.S. arms sales to Iran were funneled to the Contras. "I was horrified" after learning about this aspect from Attorney-General Edwin Meese last week, Weinberger told reporters Dec. 2 in Paris.

"It's totally the wrong thing to do in my opinion. . . . I think it's proper that the Contras be supported, but not in that way, [rather] by appropriation from the Congress."

Weinberger reported that the Defense Department, acting on the President's order, transferred weapons to the CIA so that they could be sold to Iran. But he insisted that he was not aware of the National Security Council operation to conduit the profits to the Nicaraguan Contras.

Myerson tied to New York S&M club

A lurid S&M (sado-masochism) club scandal has erupted in New York City, tied to Mayor Koch's director of cultural affairs (and former "constant companion") Bess Myerson. Newspapers have featured pictures of Myerson, a former Miss America, with her boyfriend, Charles Capasso, a construction company owner who has been linked to the Gambino organized-crime family.

Myerson has been accused of giving lucrative rental variances to an "artist" named Steven Baker for a "studio-residence" at 25 East 4th Street. Baker's neighbors are up in arms because he has been running two "S&M" clubs at the location for five years: the "Club O" and the "Eulenspiegel Society," the latter being described as "a non-profit organization for those interested in S&M and dominance."

Such sex clubs are notorious for being beneficially owned by mafia families.

Myerson is publicly defending the slushy deal with Baker, stating, "We certify that he is professionally engaged in the arts. We do not discuss the quality of that art, and we don't interfere in the creative process."

According to the *New York Post*, "Activities at the Eulenspiegel Society this month included a transvestite workshop."

Jersey welfare poor to work in casinos

The New Jersey Department of Human Services and the Atlantic City Casino Association are developing a plan to transfer up to 1,000 people from the state's welfare rolls to the Casino Association payrolls.

The program is the brainchild of state Sen. William Gormley, who says that the idea came to him when he was a member of Governor Tom Kean's transition team.

The types of jobs are not specified, but the state alleges that within two to three years, \$7 million in state aid and food stamps would be saved.

AMA out to justify euthanasia stand

The American Medical Association has tried to justify euthanasia by carrying out an "opinion poll," whose results were released Nov. 27. The AMA has taken a formal stand in favor of such murder of patients in the past.

The poll allegedly showed that nearly three out of four people favored "withdraw-

ing life support systems, including food and water, from hopelessly (terminally) ill or irreversibly comatose patients if they or their family request it."

Seventy percent of those surveyed said they would be willing to pay more taxes to keep Medicare afloat.

New York mayor defends sex ed

Mayor Ed Koch of New York defended a new sex education reference book available to New York public school children that contends that anal and oral sex "pose no health risks."

The book, *Learning About Sex: A Contemporary Guide for Young Adults*, also covers subjects such as bestiality.

Koch said textbooks "shouldn't have to appeal to everyone. . . . They should be scientifically correct."

An attack on the whole sex education program, in which prescriptions for contraceptives can be dispensed by school health clinics, has been launched by John Hale, a New York attorney on close terms with the Catholic archdiocese of New York, headed by John Cardinal O'Connor.

Msgr. John Woolsey, joined by 50 members of other religious institutions, is also leading in the fight against the program.

Buckley demands U.S. exit from NATO

"Should the U.S. Exit from NATO?" is the cover headline of the current issue of William F. Buckley's *National Review*. The famous "conservative" has finally revealed his true colors, to deliver Western Europe to the Soviet empire.

The most ridiculous sort of "conservative" arguments are employed to make the desertion of America's allies seem palatable to American conservatives, even downright principled.

Contributing editor Tom Bethell trots out Irving Kristol, Zbigniew Brzezinski, Henry

Kissinger, and other "decouplers" to demand a U.S. pullout from NATO. In one appeal to conservatives, Bethell compares Western Europe's dependency on U.S. defense subsidies to the poor welfare recipients' dependency on welfare payments! "Just as welfare dependency corrupts inner-city dwellers, so military dependency has corrupted our European allies."

He also claims that NATO's anti-communist purpose disguises "a collectivist principle . . . embodied in collectivized organizations." NATO, he writes, "should be thought of as a product of the times that produced not so much Senator McCarthy as the World Federalists, the U.N., UNESCO, and Americans for Democratic Action."

Pentagon assessing premature SDI moves

Pressure from Sen. Sam Nunn (D-Ga.) and "conservatives" linked to the Heritage Foundation in Congress has forced the Pentagon to assess deploying a near-term defense based on "High Frontier" technologies, the Dec. 3 *Washington Times* says.

Sen. Dan Quayle (R-Ind.) amended the Fiscal Year 1987 defense authorization bill to require the Pentagon to report to Congress what Strategic Defense Initiative technologies could be ready within the next 5-10 years—meaning to specify kinetic-energy as opposed to directed energy (laser et al.) weapons systems.

The study, due in March, is said to have the support of one key player in the Defense Department—undersecretary Fred Iklé. A Senate staffer told the *Times* that Nunn will add to the pressure, noting that he helped amend the defense bill to state that SDI's emphasis should be on the "realistic" goal of protecting U.S. missiles, not on protecting the population.

"You're going to see him pushing [SDI head] Abrahamson," said the staffer.

Nunn, as in all his policy commitments, is demanding the Kissinger-Brzezinski version of SDI, which, by protecting only missiles, essentially maintains the doctrinal framework of "Mutually Assured Destruction."

Briefly

● **ROBERT BYRD**, Senate Democratic "Grand Dragon," implied that Congress might force President Reagan to comply with SALT II, by voting to drydock and dismantle a Poseidon submarine. Byrd made his comments in a CBS-TV interview Nov. 30.

● **THE WASHINGTON POST** ran an article on Nov. 22 which misquoted Lyndon H. LaRouche to the effect that federal prosecutors have "got me," when what LaRouche actually said is "they've got nothing." The paper has since published a small correction, and a letter to the editor restating the correction.

● **ANTON CHAITKIN**, investigative reporter for *EIR*, will have his day in court. Chaitkin charges that *Washington Post* owner Katharine Graham murdered her husband to obtain control of the newspaper. He has sued the Commonwealth of Virginia demanding release of the records relating to Phil Graham's death. The judge rejected Commonwealth attorneys' plea to dismiss the case on technicalities.

● **U.S. ATTORNEY** Anton Valukas of Chicago has just announced indictments of two city aldermen and five others after an 18-month investigation into bribe-taking. In fact, it was entrapment. The chief witness is the same Michael Raymond used to entrap New York City officials by U.S. Attorney Rudolf Giuliani. Unfortunately for Valukas's case, "sting man" Raymond has just been accused of murdering three people in Florida.

● **ELIZABETH ROSE**, the senior citizen who is being persecuted for her support of causes associated with Lyndon H. LaRouche, began a national tour on Dec. 2, meeting with representatives of the Helsinki Commission and congressional aides in Washington, D.C. The legislative director of a Pennsylvania congressman told her, "You have the right to your ideas and to give your money to whomever you want."

Fiscal policy and the Constitution

As the U.S. government undergoes a probable vast house-cleaning around the Iran-gate affair, it is not too early in the process to anticipate that enough rotten apples will be gotten out to permit some desperately needed policy changes in Washington. It is part of the responsibility of *EIR*, very much in the center of the Iran-gate house-cleaning, that we specify precisely what area of policy must be dramatically changed, and precisely what new policy must be instituted.

There will be no United States in short order unless some dramatic change is made in fiscal, monetary, and economic policies.

The reality of an accelerating collapse of our nation's production of basic physical goods has overtaken what is becoming more widely recognized as a purely mythical 1983-85 "economic upsurge." Agriculture, manufacturing, and energy industries are collapsing capacity at an accelerating rate; even the much admired growth of the fast-food industry seems to be ending. Some say that 15 of our 50 states are currently in depression-like conditions; others estimate that as high as 31 should be included as economically depressed.

The Congress has recently enacted a tax-reform bill which eliminates much of the incentive for technology-intensive, capital-intensive investment of retained earnings and savings into reversing a disastrous fall in average levels of U.S. productivity. Congress must reconsider taxation policies in the light of the need to stimulate a genuine economic recovery in those sectors which produce our nation's physical wealth.

In this area of policy-shaping and law, all of us who have sworn an oath to uphold our federal Constitution are bound chiefly by two features of that Constitution. First, we are bound by those famous words from the Preamble:

"To . . . establish Justice, insure domestic Tranquility, provide for the common defence, promote the General Welfare, and secure the Blessings of Liberty to ourselves and our posterity."

We are also constrained in these matters by relevant

stipulations provided in Article I, the provisions of Section 8 most emphatically.

The cause of the federal deficit, as no one in Washington seems to grasp, was Paul Volcker, whose 1979 measures increased borrowing costs for the federal government, and everyone else, thus simultaneously contracting the government's revenue base. That means that even the lunatic Gramm-Rudman bill could never close the deficit, but, in fact, only increase it by accelerating the revenue-base collapse while preserving rising debt service commitments. Anyone who says otherwise is a liar.

The tax-revenue base of federal, state, and local government has been collapsing, per capita, more rapidly than inflation-adjusted levels of governmental budgets have been reduced. The problem is not that government is spending too much. The tax-revenue base per capita is declining.

The central concern in the making of government policy ought to be, to foster accelerating growth in the tax-revenue base of federal, state, and local governments. This increase cannot occur without a shift in emphasis to promoting growth of employment in technologically progressive capital-intensive forms of production of physical goods.

Our entrepreneurial farms and industries are private institutions, but their well-being and stability is our vital national interest. Government, for its part, must provide the basic economic infrastructure on which agriculture, industry, and distribution—the tax-revenue base—depend; the system of technologically progressive entrepreneurship is the rock on which our economy's health, and the well-being of citizens, absolutely depends.

The present slide into a new, terrible depression, ought to inform all reflective, sane minds, that we have guided ourselves by wrong monetary, fiscal, and economic policies, increasingly over the past 20 years. Let us recognize that error, and correct it, before it is too late to do so.

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