

EIR

Executive Intelligence Review

May 22, 1987 • Vol. 14 No. 21

\$10.00

Russians tighten noose around West Berlin
How the Apollo program produced economic wealth
India's economy: time to go back to basics

**LaRouche defines his policy on
Soviet arms-control proposals**





An EIR Special Report

Germany's Green Party and Terrorism

Moscow's Irregular Warfare Against the West

- **On May 17-18 of this year, the tiny Bavarian village of Wackersdorf** was rocked by well organized, unprecedentedly violent attacks on police guarding a local nuclear construction site. A first wave of 1,000-1,200 masked "demonstrators" drew police out from behind fences to make arrests. Immediately the exposed police were hit by a second wave of masked attackers, wielding killer sling-shots, steel bolts, and sharp steel splinters. Then, a third wave came in for targeted attacks on individual policemen.
- **In Hanover, 350 miles away, the convention of the Green Party** was taking place. Upon the news that 183 police had been hospitalized by the violence at Wackersdorf, the delegates cheered wildly. Rainer Trampert, party executive committee member, denounced the planned construction of a nuclear reprocessing plant in Wackersdorf as "a project to build a German nuclear bomb."
- **Only a few days earlier, Rainer Trampert had been in Moscow** conferring with President Andrei Gromyko and other Kremlin officials. The Soviet officials and the Soviet press had been steadily denouncing the Wackersdorf construction as—"a plot to build a German nuclear bomb."

125 pages
Price: \$250

From

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

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editor-in-chief: Criton Zoakos

Editor: Nora Hamerman

Managing Editors: Vin Berg and Susan Welsh

Contributing Editors: Uwe Parpart-Henke,

Nancy Spannaus, Webster Tarpley,

Christopher White, Warren Hamerman,

William Wertz, Gerald Rose, Mel Klenetsky,

Antony Papert, Allen Salisbury

Science and Technology: Carol White

Special Services: Richard Freeman

Advertising Director: Joseph Cohen

Circulation Manager: Joseph Jennings

INTELLIGENCE DIRECTORS:

Africa: Douglas DeGroot, Mary Lalevé

Agriculture: Marcia Merry

Asia: Linda de Hoyos

Counterintelligence: Jeffrey Steinberg,

Paul Goldstein

Economics: David Goldman

European Economics: William Engdahl,

Laurent Murawiec

Europe: Vivian Freyre Zoakos

Ibero-America: Robyn Quijano, Dennis Small

Law: Edward Spannaus

Medicine: John Grauerholz, M.D.

Middle East: Thierry Lalevé

Soviet Union and Eastern Europe:

Rachel Douglas, Konstantin George

Special Projects: Mark Burdman

United States: Kathleen Klenetsky

INTERNATIONAL BUREAUS:

Bangkok: Pakdee and Sophie Tanapura

Bogotá: Javier Almario

Bonn: George Gregory, Rainer Apel

Chicago: Paul Greenberg

Copenhagen: Poul Rasmussen

Houston: Harley Schlanger

Lima: Sara Madueño

Los Angeles: Theodore Andromidas

Mexico City: Josefina Menéndez

Milan: Marco Fanini

New Delhi: Susan Maitra

Paris: Christine Bierre

Rio de Janeiro: Silvia Palacios

Rome: Leonardo Servadio, Stefania Sacchi

Stockholm: William Jones

United Nations: Douglas DeGroot

Washington, D.C.: Nicholas F. Benton

Wiesbaden: Philip Golub, Göran Haglund

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

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

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

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

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

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

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

EIR

From the Editor

The fifth issue of *Executive Intelligence Review* to appear since the unconstitutional shutdown of our Washington office features on the cover the opposition between Lyndon H. LaRouche, Jr., the founder of *EIR*, and Soviet Marshal Ogarkov, author of the "Ogarkov Plan" to mobilize the Soviet Union for a nuclear first-strike capability against the West. LaRouche's comprehensive policy statement on Soviet arms-control proposals appears on page 34. Since this was issued as a presidential campaign statement, we summarize other 1988 candidates' proposed responses to Soviet "arms control" initiatives, insofar as we could obtain them.

While the candidates' offices were pointedly reticent on this subject, many of the candidates or closet candidates (such as Sam Nunn of Georgia), were committing blatant treason in Congress with their sabotage of the Strategic Defense Initiative and the defense of Western Europe. The tale of shame is recounted in *Congressional Closeup*, page 68.

News developments reported in this issue back up the chilling LaRouche analysis. On page 48, East bloc analyst Konstantin George reports on the open push forward of the Soviet "SDI." This is followed by a report on the worsening Russian pressures on West Berlin, a crisis still ignored by Western governments and media (with the partial exception of France).

The *National* section leads with a report on the Project Democracy crowd's brazen calls to overthrow the Constitution. Meanwhile, the same outfit's efforts to overturn elected governments in Mexico and Panama, long exposed in this review, are coming under broad scrutiny (page 64).

The Ogarkov Plan can only be stopped by rooting out the means by which wrong policies have been made, the illegal, secret government behind Project Democracy; and by instituting the sound economic policies to restore Western economic strength, without which military strength is unthinkable. This week's economic coverage includes a U.S. industrial survey exposing the threadbare "recovery" still touted by Wall Street; an analysis of how the Apollo space program (and future defense and space spending) creates economic wealth; and an in-depth look at the Indian economy, including exposure of the follies of "liberalization."

Nora Hamerman

EIR Contents

Departments

- 11 Report from Rio**
No consensus for the IMF.
- 21 Africa Report**
Zambia breaks with the IMF.
- 58 Andean Report**
Venezuelan "days of rage."
- 59 Northern Flank**
New underwater activity in Stockholm.
- 72 Editorial**
'No' to a new constitutional convention.

Science & Technology

- 24 How the Apollo program produced economic wealth**
Lyndon LaRouche has been proven right about the relation between a defense build-up at the frontiers of technology, and economic recovery. By Robert Gallagher.
- 30 America's space program needs a shot in the arm**

AIDS Update

- 12 AIDS' effect on brain studied**
- 61 Bavaria cracks down on spread of AIDS**
- 68 AIDS legislation blocked in committee**
- 70 Health service opposes broadened AIDS testing**
- 71 LaRouche AIDS policy rocks New Hampshire**

Economics

- 4 President Reagan dives into the budget trap**
The Trilateral Commission bankers are steering the administration into a replay of the 1978-79 events that led to the present world economic catastrophe, but with the difference, that the dollar and bond-market crash now in preparation will destroy America's strategic position for all time.
- 6 Currency Rates**
- 7 Myth of recovery lingers on Wall Street, as economy plunges**
An industrial survey of the United States.
- 10 Argentina still hostage to debt**
- 12 Medicine**
AIDS' effect on brain studied.
- 13 The economy of India: it's time to go back to basics**
The public sector has done poorly, the private sector even worse—the fact is, the country lacks infrastructure.
- 19 Malthusians plan to cut fertilizer use**
- 22 Business Briefs**

Feature



NSIPS/Philip Ulanowsky; UPI/Bettmann Archive

Lyndon H. LaRouche, Jr. and his principal adversary, Soviet Marshal Nikolai Ogarkov, at Ogarkov's memorable appearance in September 1983 before the press, when he justified the shooting down of civilian airliner KAL-7.

34 My policy on Soviet arms-control proposals

By Lyndon H. LaRouche, Jr.
Should the West be duped by the new offers we can anticipate to come from Marshal Ogarkov through Mikhail Gorbachov, Soviet troops could soon occupy the entirety of Europe whenever Moscow might choose to do so.

Documentation: What others have to say about Gorbachov's offers.

International

48 Gorbachov unveils new advances in space defense

The West has just been treated to a new equivalent of the 1957 "Sputnik Shock."

50 Russians tighten the noose around West Berlin

The Soviets and their East German proxies have launched provocations against all three Western allies in the city, while a renewed anti-missile campaign is targeting the American troops in West Germany.

52 Russian Church seeks German reunification

53 Nazi-communism on trial in Barbie case

54 Project Democracy imposes IMF dictator on the Philippines

Cory Aquino's cronies, with full U.S. backing, have just perpetrated the most incredible vote fraud in that nation's history—and pushed matters a giant step toward civil war.

56 Moscow orders civil war against García

As terrorism reaches unprecedented levels, the Peruvian communists are threatening a general strike.

60 International Intelligence

National

62 Will 'Project Democracy' destroy the Constitution?

The real issue of the Irangate scandal is whether the American republic will survive as a government of law.

64 Exposures of U.S. Contra policy and PAN set off shock waves in Mexico

Revelations that the sole criterion for U.S. policy toward Ibero-American nations was whether they supported the Contra policy for war in Central America, have exposed Mexico's opposition leaders as traitors.

66 Elephants & Donkeys

Who's on first?

67 Eye on Washington

Ogarkov promotion frightens Abshire.

68 Congressional Closeup

70 National News

President Reagan dives into the budget trap

by David Goldman

The federal budget trap is yawning wide, and President Reagan has dived into it head-first. Whether the U.S. Treasury will default upon outstanding debt by the time subscribers read this, due to the Senate's reluctance to approve an extension of the federal debt ceiling, or whether the Senate will view the threat as mightier than the execution, and postpone the crisis until July, remains unclear at deadline. Whether the trap springs now or later, i.e., whether the dollar and government bond markets suffer their worst crash to date before or after the June 6 industrial nations' summit in Venice, the outlines of the plan are unmistakable.

"Things have not been so bad in Washington since that clown Bill Miller was Treasury Secretary" in 1978, commented an adviser to the International Monetary Fund, and the remark is not out of place: The financial institutions which first put in place the Carter administration, associated generally with the Trilateral Commission, are steering the Reagan administration into a horrible replay of the 1978-79 events that led to the present world economic catastrophe.

The differences between today and 1979, however, mean that the dollar and bond-market crash now in preparation, which is supposed to compel the United States to adopt Third-World-style budgetary austerity, will destroy America's strategic position for all time.

The pre-programmed failure of the Venice economic summit will trigger a flight from the dollar, at the same time that the U.S. administration concludes that a further drop of the dollar, by perhaps 30%, is required to bring down the U.S. trade deficit, still running (as of the \$13.63 billion March deficit) in the \$160-170 billion annual range. The bankers' pack will howl that "fundamental solutions" to "structural problems" must be carved out of federal defense and entitlements spending; and Federal Reserve chairman

Paul Volcker will play the only trick he knows, and repeat the credit-crunch of late 1979, in order to blackmail Congress into accepting such a policy. Sen. Phil Gramm (R-Texas) will play the role of the drunken deacon blessing a lynch mob, threatening, or perhaps even forcing, default by the U.S. Treasury, perhaps as early as May 25, in order to batter the White House into acceptance. And President Reagan, mumbling the magic formula "108 in '88!" is attacking congressional Democrats for moving with insufficient speed against the deficit!

The deficit-reduction hoax

It must be assumed that the Goldman Sachs, Salomon Brothers, Merrill Lynch cabal of government securities-dealers playing out this scenario are not so stupid as to imagine that this program will actually reduce the federal deficit, and that their intent is broader, strategic in content: to knock the United States out as a world power. Brazilian-style austerity will massively *increase* the budget deficit, rather than reduce it.

The federal government's off-budget guarantees of the financial system include a trillion dollars' worth of home mortgages, a trillion dollars' worth of savings deposits, two trillion dollars' worth of commercial-bank deposits, half a trillion dollars' worth of pension obligations, and the assorted Exim Bank, shipbuilding, student, and similar loans.

The insurance funds behind the \$1 trillion in savings deposits are exhausted, and the insurer, the Federal Savings and Loan Insurance Corporation (FSLIC), requires \$45 billion to sort out the problems now at hand; it will probably end up usurping the \$18 billion now insuring the \$2 trillion in commercial-bank deposits, leaving those unbacked. The Pension Benefit Guarantee Board is similarly out of funds.

The agencies which guarantee the trillion dollars' worth of home mortgages have funds amounting to barely 1% of exposure, and a modest rise from the present home-mortgage default rate will send them running to the Treasury.

The federal deficit will balloon uncontrollably as these guarantees are brought to be honored at the Treasury. The self-feeding collapse of U.S. government finance, triggered by a collapsing dollar and rising interest rates, will wipe out America's already shaky commitment to spend money to defend itself and its allies.

A 30% dollar decline

"The implication" of European views at the just-concluded ministerial meeting of the Organization for Economic Cooperation and Development (OECD) in Paris, wrote *Washington Post* columnist Hobart Rowen on May 14, "is that Baker and Co. quit too early in their effort to force the dollar lower—a judgment in which many financial analysts concur." Among these are Rudiger Dornbusch of MIT, one of the Trilateral Commission's stable since the Carter days. "Why the Dollar Must Fall Another 30%" was the headline of Dornbusch's commentary in the May 10 *New York Times*. "The dollar continues to be overvalued. In fact, it will have to decline as much as 30% to eliminate the remaining trade deficit, create the conditions for cutting the federal budget deficit, and force Europe and Japan into more reasonable economic policies." Dornbusch takes Treasury Secretary James Baker III's discredited logic and pushes it to extreme conclusions: If bashing the dollar is the way to cut the deficit, it has another 30% to go, since, with the dollar collapse so far, "the deficit by 1991 will be moving once again toward 1986 levels."

Only two weeks before, the financial press crucified Baker for bashing the dollar in order to reduce the trade deficit. (At the OECD meeting, Baker actually argued that the policy had shown success, because the volume of U.S. imports had declined—i.e., the United States is consuming less, but paying more for it!) Precisely when Japanese and European investors are considering whether to cut their massive losses in the dollar—which has lost 45% of its value in two years against their currencies, and particularly in U.S. government bonds, which have lost 13% of their value since April 1—Baker is now being urged to knock the dollar down again.

The consensus in the London and other European financial centers says that the lack of agreement at the Venice summit will provoke a much worse crash of the dollar than ever before. But after testing the waters in Venice, Baker told reporters on May 13 that nothing should be expected from the summit. After all, he shrugged, you can't expect a major agreement among industrial nations every three weeks. That goes especially when the last several rounds of "major agreements" have been demolished on the financial markets. For all the talk of pushing the West Germans into a reflationary course, Economics Minister Martin Bangemann promised an unspecified reflationary program, if West German

economic growth were to fall short of 2% this year. He promised as little as Japanese Prime Minister Yasuhiro Nakasone promised to President Reagan during his Washington visit two weeks earlier.

The debt ceiling cliffhanger

On the same *New York Times* page as Dornbusch's demand for an additional 30% dollar devaluation, former Carter economic official Robert Hormats, a Trilateral Commission member now at Goldman Sachs, argued that a huge reduction in the federal deficit was the only solution. New currency agreements between industrial nations can't "break the logjam," and "credible revenue increases and federal spending cuts would make a larger portion of domestic savings available to finance new investment. . . . United States budget action should induce the Germans and Japanese, among others, to stimulate domestic demand."

The conclusion was cited by the *Washington Post's* Hobart Rowen, from a paper presented recently at the Center for Strategic and International Studies (CSIS): "Little that the principal Western partners can do in the short term will break the effect of the very serious imbalances that have been allowed to emerge over the last few years. . . . What most needs to be done will require not only time, but political perseverance of an exceptional order. . . . We would suggest that there is no short-term panacea for the current ills of the Western world."

This translates into a federal budget crisis, designed to break the back of any resistance to banana-republic economic prescriptions for the United States. A three-level national default crisis is in preparation for either May 25, mid-July, or September. Despite House approval of a 60-day extension of the federal debt ceiling May 13, and maneuvers for a "unanimous consent agreement" in the Senate for the same extension, it is still doubtful that the Senate will act in time to prevent the Treasury from defaulting upon maturing Treasury bills May 25. The last expansion of the federal debt ceiling contained a time-bomb, under which the ceiling reverts back to \$2.1 trillion from the "temporary" \$2.3 trillion level this month. Since the debt now stands at about \$2.25 trillion, the Treasury must, by law, pay back all maturing debt.

The scenario on Capitol Hill runs as follows: Sen. Phil Gramm is will introduce an amendment to the debt-ceiling extension, "strengthening" Gramm-Rudman-Hollings, by reintroducing automatic sequestration of funds, struck down last year by the Supreme Court. Then the House will strip the Gramm amendment. Gramm will either hold up approval of the extension in committee until the Senate recesses May 22, making default inevitable; or he will withdraw his amendment, and strengthen his hand for the July re-emergence of the default crisis. Whether the showdown occurs in May or July, depends entirely upon the tactical decisions of the forces that want to put the administration against the wall.

The House and Senate have already proposed a "deficit

reduction" program linking any increased defense spending to tax increases, putting the White House in a bind. Under the Senate version, a \$7 billion increase in defense spending, already less than the rate of inflation, would be paid for by \$7 billion of a total of \$18.3 billion in new taxes.

The budget-cutting faction ridicules these proposals as inadequate in any event. The Committee for a Responsible Federal Budget wants much more. Susan Joy, executive director of the group, notes that a large portion of the cuts, too small in any case, is to be derived from asset sales and similar one-shot devices, including changes in accounting, which "will not take the budget off its long-term glide." She predicts that the budget debate next September may "roll the debt ceiling, Gramm-Rudman, and deficit reduction all into one," in a final showdown with the White House.

An internal White House analysis surfaced in press accounts, showing that the Fiscal Year 1988 deficit will be \$135 billion, up \$37 billion from previous projections. Neither this nor previous projections have much to do with the real world, since the standard private estimate puts the FY 1988 deficit at \$170 billion—without counting, say, \$100 billion to bail out FSLIC and other bankrupt agencies. Nonetheless, "Disclosure of the analysis also will embarrass the administration," notes the May 14 *Wall Street Journal*. "President Reagan has been criticizing Democratic lawmakers for drafting budgets that fail to adhere to Gramm-Rudman, and Democrats have fired back by contending that the President's own budget—which purports to hit the law's deficit target on the nose—actually misses it by billions of dollars."

The consequences

"Most people were able to take Peru's partial default in stride, and even Brazil's, but how would the world feel about a U.S. default?" asked the May 8 *Wall Street Journal*. "The [federal debt] ceiling will be raised ultimately. The only question is whether some temporary delay will further damage the world's confidence in the ability of the U.S. Congress to manage its affairs. In other words, how much will Congress cost the country in higher interest rates and a further flight from the dollar?"

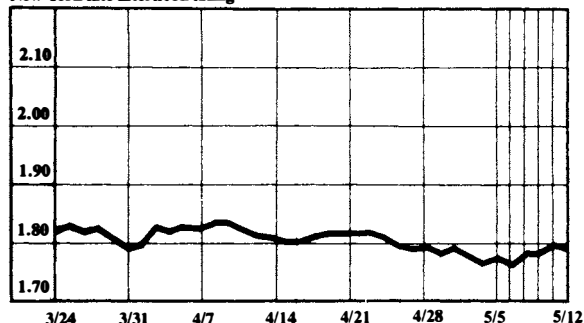
Recall that the dollar and the bond market survived the May 6 Treasury debt auction, only because Japan's government virtually assigned quotas to major Japanese institutions purchasing U.S. government securities. City of London observers believe that a Treasury default would explode the government securities market.

At the point that the flight from the dollar runs out of control, Paul Volcker will step into the breach, as he did in October 1979, and conduct a new "Columbus Day massacre." Wall Street wants a sharp rise in interest rates, not merely to stabilize the dollar, but to force the administration and Congress to adopt banana-republic measures. A sharp rise in U.S. interest rates following the Venice summit will coincide with either the aftermath, or preparations for, Treasury default.

Currency Rates

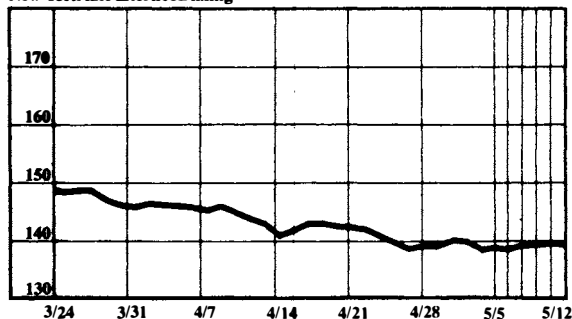
The dollar in deutschemarks

New York late afternoon fixing



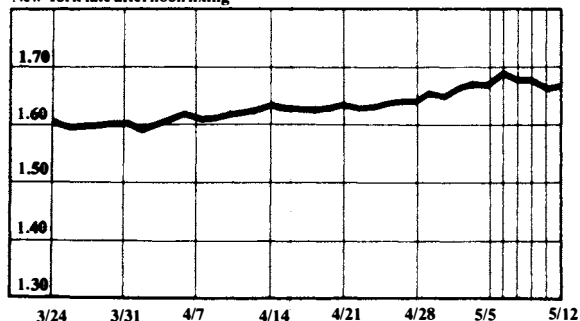
The dollar in yen

New York late afternoon fixing



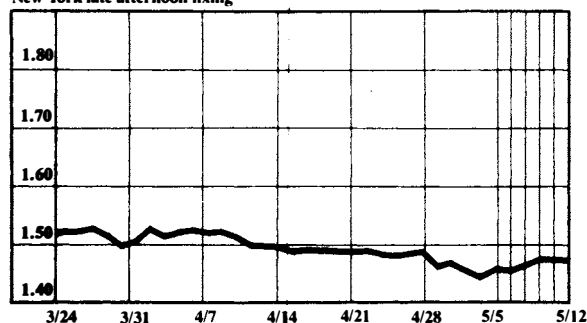
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Myth of recovery lingers on Wall Street, as economy plunges

by Marcia Merry

The week of May 8, President Reagan told a group of GOP lawmakers that newly released government statistics “indicate that economic expansion and creation of jobs continues at a strong pace.” The Bureau of Labor Statistics figures released May 8 showed the national jobless rate down to 6.3%—which the Commerce Department called the “best since 1980.” A survey by the *Wall Street Journal*, published May 11, showed a picture of “Rebounding Profits” for U.S. corporations. They called it the “Best Gain Since ’84.”

Does this bear any resemblance to the “recovery” going on in your area? The truth is, that when the very same statistics and figures are analyzed from these government and business reports and surveys, a totally different picture emerges. The “recovery” is killing the economy. Any other conclusion is a deadly myth.

The material below documents the dramatic decline in selected U.S. industrial sectors now taking place. The *EIR Quarterly Economic Reports* for the past year predicted that this disintegration would occur, if emergency monetary and economic mobilization measures were not implemented. And now the collapse-process is under way. The *EIR* fourth quarter 1986 report showed that in 1986, the output potential of the nation, in terms of the consumer’s market basket of real goods, fell about 20%. The report stressed, “That rate of decline cannot continue in 1987,” because eventually you reach the bottom. After just the first quarter of 1987, that warning is now coming true.

Before seeing the facts of this disaster-in-the-making, it is worth taking a brief look at the bogus argumentation embodied in the government and business survey methodology

that concludes economic growth is under way.

Consider, for example, the *Wall Street Journal* May 11 survey of the first-quarter corporate profits. In this two-page feature, the *Journal* concluded, “First-Quarter Profits Up 11%.” *Journal* staff surveyed 503 companies in 38 categories of activity they termed industries, and in another group called “other.” The first technique they used to affect the overall picture, was to selectively include and omit industrial sectors as they chose. Among the “industries” they included were service activities such as banking, media, and thrift institutions. Among those industries the *Journal* omitted, were trucking, shipbuilding, and other basic industry.

The way the *Journal* got an overall rate of an 11% rise in corporate profits, was simply to average the first-quarter earnings of the 503 companies they selected. The catch is, as the *Journal* points out in small print, a profit shows up in many cases because of one or more of the following reasons, which do not indicate expanding capacity: 1) liberalized accounting methods; 2) one-time-only federal tax rebates; and 3) drastic cost-cutting in the form of retirement, sale, or shutdown of output capacity. Despite this, the *Journal* extrapolates that the current, what they call “rosy,” picture will continue. “Most analysts explain that the economy is clearly expanding, with barometers generally signaling more growth.”

Just one example is sufficient to show the fallacious thinking of the *Journal* survey. Bethlehem Steel—the third-largest steelmaker in the nation—showed a profit in the first quarter this year, for only the second quarter since 1985, entirely because of a government rebate of \$32.5 million in

tax credits. Meantime, Bethlehem has even put its corporate headquarters up for sale to cut costs, while it strives to sell steel in a radically shrinking economy.

Apart from the factor of cost-cutting, the *Journal* bases its forecast of economic expansion on the effects of general "modest economic growth" in the economy, a myth asserted by current Commerce Department reports, in line with the ongoing policy of the White House to insist there is a "recovery" under way.

Again, just one example is sufficient to show the fallacious reasoning involved. The latest Bureau of Labor Statistics figures assert that there is "economic growth" under way simply because of the rise in service sector jobs. The BLS regards as unimportant the facts that the pay rate is falling, the average weekly hours worked per person is lower, and the numbers of jobs in manufacturing, mining, and construction are shrinking relative to the service sector. According to the BLS, non-farm-payroll employees increased a "robust 316,000" in April, but even they say that most of the gain was in service sector jobs. For April, service sector employment increased 274,000, following a 189,000-job rise in services in March. In contrast, goods-producing jobs—including mining and construction as well as manufacturing, rose a reported 42,000, after a drop of 34,000 a month before. Construction jobs increased 23,000 after a drop of 35,000.

People are simply disappearing from the labor force. The labor force increased 113,000 in April, after falling 127,000 in March. This net loss, shown in the number of workers recorded as looking for work, has gone on for months since about the time Paul Volcker took office. Even the present "rosy" unemployment figures show no change in the number of people jobless for six months or longer, or in the number of people working part-time for economic reasons. The unemployment rate for adult women is now the same as for men, because, although women have taken jobs to help support the household, now even women cannot find supplementary work, and are unemployed themselves. The real rate of unemployed, is at least 20%.

However, the Bureau of Labor Statistics' latest figure for the national jobless rate is 6.3% of the workforce—the best they have reported since 1980, which the *Wall Street Journal* uses as evidence for their view of an "economy that is growing steadily."

The ulterior motive for the stupidity of the *Journal* is revealed in their wishful thinking that the stock market will continue to function because of projections of continued corporate profits. Regarding the 11% first-quarter profit rate, the *Journal* asks, "A Cheerful Omen for Stocks?" to which question they then answer, "yes," by asserting that, "strong profits could help allay fears of a plunge in the high-flying stock market, which, for all its volatility, tends to move roughly in tandem with corporate earnings."

The real picture—when you look firm by firm, industry by industry—shows that earnings, production, jobs, and the

entire industrial infrastructure of the nation is disintegrating because of the continuation of the Recovery. Here are some of the facts, which even the *Journal's* survey itself shows.

Decline in steel

This year, steel shipments are expected to be only 64 million tons, down from 89.4 million tons ten years ago. Last year the second-largest steelmaker, LTV, declared Chapter 11 bankruptcy, and has continued scaled-down operations, relying on such cost savings as non-payment of pensions. The nation's largest steelmaker, USX (U.S. Steel Corp.), contrived a record six-month long lock-out, to bring down inventories.

When it reopened Feb. 1, USX announced that four of its basic steel plants would remain closed indefinitely, to stay in line with the falling market.

The third-largest steelmaker, Bethlehem Steel Co., put its corporate headquarters building up for sale early in 1987, as part of its program to sell off "non-steel assets." These are the kinds of corporate strategies which obtained when the *Wall Street Journal* issued its glowing evaluation, "steelmakers rebounded into the black." Why? According to the *Journal*, because the companies were "buoyed by hefty government tax credits," and because the USX lock-out gave the other companies some temporary business.

In fact, Bethlehem Steel would be in the red were it not for its tax credit, which gave it a positive balance for only the second quarter since 1985. Bethlehem received a cash rebate of \$32.5 million on its federal tax credit allowance—a program that applies only for this year. Other producers likewise posted positive earnings because of receipt of their unused federal tax credits.

Last year Bethlehem was \$91.8 million in the red in the first quarter; this year Bethlehem was \$25.6 million in the black because of the tax credit. Armco received a \$41.7 million tax gain, after a negative \$62.9 in the first quarter 1986, because of eliminating certain capacity. Inland Steel had a \$50 million tax credit first quarter 1987, enabling it to post a \$62.456 million profit, in contrast to a loss in the first quarter 1986 of \$22.031 million.

LTV was able to post profits on the basis, not only of avoiding pension payments, but renegotiating all interest payments, raw-materials contracts, and other costs, under provisions of the Chapter 11 bankruptcy code. Earlier this year, Sharon Steel—12th in the nation, declared Chapter 11.

Despite this prevailing picture of cutbacks and bankruptcy, *Journal* analysts insist that the future looks good for steelmakers. Why? They say, because steel prices have been raised, and, in addition, more tax credits are due this year. The reality is, the Recovery is killing the steel industry.

Steel is the measuring unit for modern industrial society. By that metric, the country is in deep trouble. Demand for steel—the real determinant of the future of the steel industry, is itself collapsing. The markets for steel in autos, farmequip-

ment, buildings and bridges, and ships are all in sharp decline.

Auto and equipment output slashed

Auto and equipment companies are manufacturing fewer and fewer cars, in an attempt to "adjust" to the Recovery. Because of cost-cutting, Ford Motors posted a gain in earnings; but the general picture is bleak in all respects. The group of 10 major automakers and parts suppliers overall posted \$2.795 billion in earnings compared with \$2.315 billion in the same quarter last year. However, the state of industry now is a desperate attempt to cut output to pull inventories down to the declining level of demand shown this year. There were 15% fewer autos produced in April. For the next two months, the remainder of the quarter, more scaling down is scheduled. All predictions are that second quarter earnings will be down compared with both the first quarter and the second quarter last year, down to less than \$2.300 billion or less.

In the first quarter, General Motors—the largest U.S. automaker—gained the benefit of liberalized accounting methods for its leased vehicles, but sales for the giant company are falling, and GM has scheduled a shutdown of 5 plants, idling 30,000 workers, for the remainder of the second quarter.

Farm, industrial equipment stalled

Farmers are not buying equipment, and the demand for machinery for large-scale projects has likewise declined sharply. Therefore, despite accounting tricks, down-scaling output, and every other maneuver, the combined first quarter loss for 15 major companies was \$199.288 million, compared with a net of \$289.069 million the same time last year. John Deere—the world's largest equipment maker—posted a record quarterly loss of \$192.6 million. Farm equipment expenditures nationally last year fell to an estimated \$4.5 billion, and continue to fall. In 1985 (the latest year of accurate data), there were only 2,912 four-wheel drive tractors sold, compared with an annual average of 10,276 between 1978 and 1980; and an average of 7,188 each year from 1981 to 1988; then down to 3,975 units sold in 1984, as the Recovery set in. The sales of two-wheel drive tractors have fallen from 62,818 ten years ago down to 30,600. Now John Deere is trying hard to sell riding lawnmowers in the Maryland and Virginia suburbs of Washington, D.C., just for some cash flow. This is the great Recovery in action.

Merchant ship construction stopped

National U.S. shipyard capacity is down by 30% in only four years. The *Wall Street Journal* did not even list this industry as a category whose profits are to be analyzed. There have been no new orders at all for commercial vessels in the last two years, and no orders are on the horizon. The Navy is now the only customer placing new work in U.S. yards. As

of January 1, 1987, there were only six commercial vessels of 1,000 tons or more under construction. On April 23, testimony was presented to Congress on the crisis-nature of the industry. The trade journal, *Shipyards Weekly*, later reported, "The collapse of the commercial shipbuilding market and the resulting shrinkage of the industry appeared to surprise the members of the subcommittee." The shipbuilding trade council is now lobbying Congress for passage of legislation that would guarantee them a few orders a year to construct some fish-processing vessels, just to ensure that the shipyards can stay in existence.

Electrical equipment and electronics

Not only the heavy industrial base of the nation is being "restructured" out of existence, but the so-called post-industrial "high-tech" industries are now in the same declining situation because of the Recovery. According to the American Electronics Association, 25,000 jobs—about 9% of the total—disappeared from the semiconductor industry between the beginning of 1985 and the present. Overall, employment fell in the electronics field by 1.6% last year, the second year of decline. This shows clearly in the corporate earnings picture. General Instrument, for example, showed a loss of \$90.497 million the first quarter this year, because of a charge of \$89.6 million relating to leaving the semiconductor field altogether, and relating to some other investment venture decisions. The *Wall Street Journal* glibly describes as "favorable" the situation for semiconductor companies, "whose overcapacity problems have been solved by growing demand and plant closings."

Industrial decline a defense issue

Contrary to the glowing analyses by Wall Street, the degraded condition of the national industrial base has reached the point of constituting a defense crisis. Norman R. Augustine, who chaired a Defense Science Board task force on semiconductors for the Pentagon, and is president of the defense contractor Martin Marietta, said, "The bottom line is that we see a trend that we've all seen before in this country. Semiconductors is on exactly the same glide slope as steel and automobiles and others have been before it." Similarly, regarding shipbuilding, defense industry leaders from the Shipbuilding Council, said, according to *Shipyards Weekly* (May 1), "The question is the long-term impact on the financial health of the shipbuilders as a result of having only one customer, the Navy, in this period of declining markets."

What even business statistics show—even those from the *Wall Street Journal* itself, is that every sector of industry that is still in operation, has gone so far in eliminating "overcapacity" that the very economy of the United States, and the Western alliance, is being dismantled in the name of "restructuring." What is required is an end to the rhetoric of lies about "Rebounding Profits . . . Sharp Earnings Increases" and the rest, and a call for emergency action before it is too late.

Argentina still hostage to debt

by Mark Sonnenblick

Argentina is on a debt treadmill. If current debt-payment policies are continued, "By the year 2000, we will have paid about \$54 billion in interest and still owe more than \$100 billion in an unending spiral," a Peronist Party faction called "the Renovators" charged May 4. Argentina's debt today is \$51 billion. It spent 60% of its export income paying interest on debt last year and will pay over 70% this year, if its export prices continue to fall amid the world trade depression.

The Peronists alerted, "The only way out of this vicious circle is through growth; there is no stability without growth. Here you have our essential difference with the government's perspective."

Debt vs. productive labor

President Raúl Alfonsín has made a deal with foreign creditors to refinance \$30 billion in unpayable debt principal, in return for Argentina applying the economic tourniquet prescribed by the International Monetary Fund. Alfonsín promised to continue his suicidal course of economic stagnation, low wages, and relinquishing the productive sector to foreign speculators. The Peronists charged that his policy "condemns the country to permanent drainage of reserves." They call for "a new payment model which sees debt moratorium as the only way to launch a new economic strategy whose central objective would be the growth of social justice. Debt management must be subordinated to the defense of productive labor."

The subordination of productive labor to financial speculators by the Alfonsín government and the preceding military dictatorship was documented in a study released May 2 by the Association of Christian Business Executives. The study found that to bring real income back to the levels of the 1964-66 government of Arturo Illia, industrial wages would have to be increased 60%. To bring them back to the level of Juan and Isabel Perón's presidency (1973-75) would require a 76% increase in real wages.

Since the 1976 military coup, there has been a savage redistribution of income from wages into financial profits.

Practically none of that money has been reinvested in useful production. During the 1978-82 period alone, about \$21 billion in capital was sucked out of the country into secret accounts abroad, *Somos* magazine reported April 29. One of the most profitable businesses conducted by the major money-center banks during this period was lending to Argentines—at ridiculously high interest rates and commissions—dollars which they redeposited in other accounts at the same bank. The deposits soon disappeared, leaving the Argentine people stuck with the debts.

This looting process was orchestrated by British-oriented banker José Martínez de Hoz, the finance minister during the military dictatorship. The Peronist Renovators' document names Martínez de Hoz as exemplary of "the serious symptoms of corruption which tainted the armed forces," and as the architect of the "dirty war," which tortured and murdered not only to stop terrorism, but to intimidate anyone who would challenge the looting of the nation.

Alive, well, and living in Argentina

While preferring not to resort to death squads and torture centers, President Alfonsín is committed to continuing de Hoz's "free market" economic policies. He is lifting barriers on exportation of capital, while denationalizing industry and keeping real wages even lower than they were during the dictatorship. Naturally, most Argentines think that Presidents like Illia and Perón were right not to subordinate the nation to creditors. Alfonsín responded to this in his May Day injunction: "There is no cure for the Argentine crisis in any Golden Age which is found in the past."

Alfonsín is trying to lure the Peronist-controlled labor movement into a "social pact" which would give token wage increases in return for roping labor into helping preserve the status quo. He provoked a military rebellion in April to evoke images of a renewed cycle of repression to scare labor into such a pact. The Peronist General Confederation of Labor (CGT) joined in "the Act of Democratic Commitment" in defense of the Constitution, but refused to give Alfonsín the blank check he demanded for his IMF economic policies. The CGT insists that labor peace is conditional on measures which will "enable us to mobilize domestic growth" and an end to "adjusting our economic growth to the foreign debt." "Debtors' solidarity" is the only solution, the Peronist Renovators concluded. "Brazil's and Peru's isolation can only be attributed to the Argentine government's refusal to launch a joint action with world debtors." Even the president of the Latin American Association of Banks, Leonidas Ortega Trujillo, agreed: "There must be uniform continental action to fight it [foreign debt] and to protect the very existence of the American continent." Ortega called for an Ibero-American presidential summit to design such a "crusade" to defeat the debt "enemy" without sacrificing either the Ibero-Americans' "legitimate aspirations for economic and social development," or the stability of U.S. banks.

No consensus for the IMF

The Inter-American Dialogue offers Brazil a "more democratic" IMF, but most Brazilians aren't buying.

Only days after the dismissal of Brazilian finance minister Dilson Funaro, buzzards from the so-called Inter-American Dialogue, an organization headed by Sol Linowitz, descended on Brazil to offer their services in mediating a deal with the International Monetary Fund (IMF). Not accidentally, a delegation from the Fund itself arrived at the same time. The Dialogue tried to sell the idea that the IMF was now a "more democratic" institution, and also pushed the Henry Kissinger policy of debt-for-equity.

However, things are not all that simple for the Dialogue. Despite Funaro's departure, the battle for control over Brazil's economic policy is by no means resolved. Bankers' man Bresser Pereira, the replacement for Funaro, triggered a furor of opposition when he announced his plans to reduce economic growth from the 7% pledged in the ruling PMDB party's platform, to a mere 3%. Powerful forces within the party, and pro-growth industrialists, stand as an obstacle to the bankers' drive to recapture Ibero-America's largest nation.

The executive committee of the Inter-American Dialogue began its two days of deliberations in Brasilia on May 4, with the stated intention of formulating a series of policy recommendations for solving the "debt problem." One of its first pronouncements, through Dialogue vice president Peter Bell, was that the IMF now accepted the concept of adjustment programs "compatible with growth."

Claiming to give support to Presi-

dent Sarney for his moratorium decision, the Dialogue committee met with both Sarney and his new finance minister. Apparently buoyed by their offers of support, Bresser took the risk of publicly announcing—for the first time—that the government would accept the IMF were it to come bearing "more reasonable proposals." Observers were quick to point out that it would then not be the IMF.

But Bresser's willingness to return to Fund servitude is far from the Brazilian consensus. A May 11-12 meeting of David Rockefeller's Council of the Americas in Washington, D.C. focused on Brazil. Undersecretary of State for Inter-American Affairs Elliott Abrams took the opportunity to praise the newly-appointed Bresser, but also noted that in the context of the rather volatile political situation in Brazil, the government of José Sarney would not find it easy to impose the required "adjustments" on the economy.

Even more explicit was an executive from the firm Anderson Clayton, who declared during the Council of the Americas meeting that, despite the largely conservative make-up of Brazil's constituent assembly, "I don't think there will ever again be an IMF office in the presidential palace."

The Dialogue envoys were received delightedly not only by Bresser, but also by the ministry of foreign relations (Itamaraty). Secretary general Paulo Tarso Flecha de Lima offered a gala luncheon for the Inter-American crew, behavior consistent

with the ministry's determination to rapidly turn Funaro's debt moratorium into a fading memory.

That homage, however, was in stark contrast to the reception offered the Inter-American Dialogue by Brazil's political elite of congressmen, senators, and industrialists, who scorned the Dialogue's "altruism." Nowadays in Brazil, anyone who dares to speak favorably of the IMF is unwelcome, no matter what their origin.

And this appears to be the prevalent sentiment in Brazilian political circles everywhere. When the IMF's South Atlantic division chief Thomas Reichmann arrived in Brazil with his five-man team, he was greeted by one of the PMDB's most powerful senators, Mario Covas: "The Brazilian economy will not be supervised by the IMF. At the swearing-in of minister Luis Carlos Bresser Pereira, President Sarney made this very clear. . . . Brazil cannot negotiate its sovereignty with the IMF; the Fund will not dictate what economic policies the country should adopt."

After a May 12 meeting between Bresser Pereira and industrial leaders, an industrialist remarked, "It seems the minister is indirectly asking us to raise prices, invest in the financial market, to stop investing in production, to fire personnel. It's like him telling the CUT [radical labor unions] that they should loot, because their wages are going to lose their value."

Senator Albano Franco, president of the National Confederation of Industries, said May 12, "There is no business in the world that can be profitable paying real interest rates of 30% or 35% a year. . . . We are really exchanging piles of goods for piles of financial capital to the detriment of productive activity."

Bresser Pereira countered, "Finance ministers should never be popular."

AIDS' effect on brain studied

Newly published studies on AIDS shed light on connections between the brain and immune system.

Progressive degeneration of the central nervous system, with or without the presence of immune deficiency, is being seen in more and more individuals infected by the AIDS virus, HIV. Indeed, a growing number of cases are being seen in which brain degeneration leading to death is the only manifestation of infection by the virus. As in the case of immune dysfunction, however, the mechanism of this process within the living patient is still obscure.

Some of this obscurity was clarified by a recent report in the *Journal of Experimental Medicine* by scientists at the Institute for Immunology in Munich, West Germany. Using monoclonal antibodies, these scientists were able to detect the CD4 molecule, the characteristic surface receptor of the so-called T-lymphocytes, on the surface of brain cells. Not only was the molecule detected on the cells of the supporting network of the brain, known as glial cells, but also on the actual neurones, or nerve cells.

In a related study in the May 1987 issue of *The Journal of Infectious Diseases*, scientists at the Baylor College of Medicine in Houston, Texas, demonstrated HIV virus in the brain tissue of five of seven patients with progressive encephalopathy (brain degeneration).

Using electron microscopy, the researchers found the virus in two types of glial cells, known as astroglia and microglia, as well as in brain capillaries. Virus was found in the lumens of the capillaries, as well as in gaps be-

tween the cells which line the capillaries, and in the spaces between adjacent brain cells. No virus was reported in the neurones themselves.

Infection of the glial cells would have a devastating impact on the brain even if the actual nerve cells were not infected. The astroglial cells or astrocytes, so called because of their star-shaped form, are intimately connected to the small capillary blood vessels of the brain and form part of the "blood-brain" barrier which controls which substances and nutrients in the blood will gain access to the nervous tissue.

The microglial cells are responsible for producing the myelin sheath which surrounds the long processes of the neurones, known as axons. These axons are the equivalent of electrical wires and the myelin sheath is the equivalent of the insulation which prevents short-circuiting of the nervous impulses. Destruction of the microglial cells would result in degeneration of the myelin sheaths of the nerves, known as demyelinating disease, which is one of the characteristic forms which AIDS encephalopathy takes.

In the Houston study, the majority of virus replication appeared to take place in the microglia, even though astrocytes and neurones also appear to contain the CD4 receptor. This would seem to indicate that something other than the CD4 receptor may be necessary for infection of a cell and production of virus by that cell.

One indication that this is true is an article in the May 2 issue of the medical journal *Lancet*. In this article,

researchers at St. Mary's Hospital Medical School in London describe the relationship of inherited variations in a cell surface molecule to susceptibility to HIV infection and the subsequent risk of developing AIDS.

The surface molecule, known as group specific component (GC) exists as three genetically distinct forms which can be distinguished by the speed with which they migrate in an electric field. These are known as Gc 1 fast (Gc 1f), Gc 1 slow (Gc 1s), and Gc 2. Individuals can either be homozygous, i.e., they have two identical molecules, or heterozygous, in which case they have two of the three types.

The study consisted of examining 203 homosexuals at risk of infection or infected with HIV, 50 randomly selected homosexuals and 122 male heterosexual healthy seronegative controls. Of patients with active AIDS, 30.2% were homozygous for Gc-1f, and patients with other manifestations of HIV infection were also more likely to have Gc-1f. On the other hand seronegative, symptomless homosexual contacts of AIDS patients lacked Gc-1f and 25% of them were homozygous for Gc 2. Not one AIDS patient was homozygous for Gc 2. Progression to AIDS in infected individuals was strongly correlated with presence of Gc 1f, and negatively correlated to Gc 2.

The group specific component is a binding site for vitamin D and is apparently close to the CD4 molecule. The difference between the various Gc molecules is related to the presence or absence of sialic acid, which appears to be related to viral binding and entry into cells. One epidemiological support for the role of this surface receptor in AIDS development is the fact that in Central Africa the Gc 1f gene predominates in the indigenous population.

The economy of India: It's time to go back to basics

by Susan and Ramtanu Maitra

Two years after the first salvo of "liberalization" was fired in 1985, the Rajiv Gandhi government's application of economic pragmatism has forced the underlying distortions in the Indian economy to the surface. The elixir of a "quick fix" by relaxing controls and regulations on private sector businesses, and infusing blood into the private sector, is now receding into the distance. Once again, the necessity of taking tough and sustained policy measures in the areas of basic infrastructure, including manpower development, and agriculture to raise the economy's productivity and efficiency is becoming more and more urgent.

While the public sector's performance has been poor, the private sector has done little better. In fact, a government economic survey report raised alarm about the mounting number of bankrupt companies and the sector's increasing debt to the commercial banks. In reality, the sorry state of the private sector is part and parcel of the problem in the public sector. In 1985, the new administration started lifting the shackles of regulations from the private sector and eased the licensing procedures for expansion and diversification. The denizens of the private sector licked their chops and dreamed of the spoils from areas from which they had been barred for so long by the licensing restrictions.

More than 1,000 licenses to would-be television manufacturers were issued; more than 80 brands of color television are now available in the market. Some 52 companies make telephone instruments. Over 80 companies are producing computer hardware, and another 100 hold licenses to produce the same. About 30 companies are selling photocopiers and another 20 are selling electronic typewriters. The same headlong rush was visible in the auto and two-wheeler industries.

It was a rude awakening for Indian businessmen to find out that it is much easier to make profits when they are protected by the government than when facing open competition. The shoddy products which had been the profit-leaders were challenged by better products in the same price range, manufactured by unknown "upstarts." Indian manufacturers, who never bothered themselves with the notion of after-sales service, suddenly found their competitors offering some such facilities. The shock of liberation from licenses and regulations was indeed great, as the rate of conversion, or recon-

version, to "socialism" among these layers indicates.

The fact is that a restricted market, where only a tiny fraction of the population has any buying capacity, cannot begin to support the type of "boom" that was launched. And meanwhile, the new investment only put more pressure on existing facilities which require fresh input of capital for modernization to keep pace. The lack of new capital in old facilities is turning them into "sick industries"—a quaint economic terminology that could only be coined in a society where government is an all-pervasive nanny. To meet the rash of "sickness," the government introduced legislation in 1986 to ensure that after the entire net worth (share capital plus reserves) of a unit is exhausted, that unit must apply to a new Board for Industrial and Financial Reconstruction (BIFR) for reorganization, a management change, or merger.

The pre-budget survey which Prime Minister Gandhi presented Feb. 25 before the Indian Parliament itself shows that it is high time that the fundamentals of physical economy are given a heavy push. Energy, water, related infrastructure, and manpower development continue to be the critical "weak links" in the economic machine. A large amount of new investment is required in these areas, but simply pouring in money will not do the trick. Productivity and efficiency is the key to making good on such investments.

Since basic infrastructure and manpower development will continue to depend mainly on public sector investments, such investments should be specifically directed to solve complex macro-economic problems. Large projects associated with land and water development must be undertaken, with the benefit that available surplus manpower can be employed usefully, and receive training in the process.

Good news, bad news

The provisional statistics on the Indian economy for fiscal year 1986-87 show that while the economy is moving forward, there is little evidence that the ground has been stabilized for sustained, rapid growth. The basic indicators, such as growth rate of GNP, production increases in the agricultural and industrial sectors, performance of the energy sector, trade performance, and others, show modest to satisfactory growth (Table 1). But wholesale prices have risen sharply

TABLE 1

Selected economic indicators

(percentage change over previous year)

	1983-84	1984-85	1985-86	1986-87*
GNP (at 1970-71 prices)	8.0	3.7	5.1	4.5-5.0
Agricultural production	13.7	-0.9	1.9	1.0
Industrial production (revised index)**	5.4 (6.7)	6.8 (8.6)	6.3 (8.7)	6.4 (7.8)
Electricity generation (utilities only)	7.6	11.6	8.6	10.3
Wholesale prices	8.2	7.6	3.8	5.9
Imports (at current prices)	10.8	8.5	15.1	1.4
Exports (at current prices)	11.0	21.3	-7.1	17.3
Foreign exchange reserves (including gold and SDRs in \$ billion)	4.98	6.04	6.52	6.4

* Provisional or part year's figure.

** Figures in parenthesis based on the revised industrial production index (base: 1980-81).

Source: *Economic Survey, 1986-87*, government of India.

and are expected to be rising at a rate of 6.5% by the end of March. The consumer price index is now rising at a rate of 8% or more.

A 15.7% increase in the M_3 monetary base for 1986-87 has prompted warnings about inflation. Such warnings may have some basis in fact, but not for the reasons cited by the Brand Z monetarists. In an economy that sports glaring inefficiencies in some of the major basic sectors, the in-any-case-dubious idea of a one-to-one relationship between money growth and price rise is downright silly. It is not the amount of capital running around but its use that has put pressure on both the wholesale and consumer markets. For example, in 1986-87, a \$765 million planned outlay has resulted in only 1% growth in the agricultural sector. In earlier years, the same sector showed much more encouraging growth at a lesser investment.

India's foreign trade deficit for the year is expected to decline significantly, but it is a kind of monetary illusion in part. The April-November 1986 figure showed a decline of 18.3%, or about \$900 million. A wide range of measures have been undertaken to encourage indigenous production of key bulk import items such as edible oils, sugar, and fertilizers, but there is little indication that these have had any material effect yet (Table 2). There has also been a great deal of at least verbal emphasis on export expansion. What happened, it appears, is that while exports during this period did rise by 17.3%, the decline of international oil prices kept import costs to only a 1.4% rise.

TABLE 2

Principal imports & exports

(in million U.S. dollars)

	1970-71	1975-76	1980-81	1984-85
Imports				
Food and cereals	202	1,163	317	579
Raw and intermediate mat'ls	741	2,328	8,133	10,747
Capital goods	337	807	1,592	2,640
Exports				
Agricultural products	407	1,245	1,713	2,498
Ore & minerals	137	247	345	532
Manufactured goods	643	1,459	3,083	5,176
Mineral fuels & Lubricants	11	32	24	1,519

Source: *Economic Survey, 1986-87*, government of India.

The country's foreign exchange reserves have declined somewhat over the year, and are expected to be at \$5.9 billion by the end of fiscal 1986-87. This is generally adequate as it covers about four months' worth of imports. But there is no doubt that pressure exists here also. Domestic oil production has begun to level off at a time when world market prices are again firming. A bunching of loan repayments has pushed debt servicing to 17% of India's export earnings, while surging protectionism and increasing chaos in international money markets complicate the prospects for trade and concessional finance.

There is some good news on the industrial front. According to the newly revised Index of Industrial Production, industrial growth was 8.6% and 8.7% in the last two years, respectively, and is expected to come close to 8% this year. The old index, which showed growth several percentage points lower, did not include whole industries such as electronics, petrochemicals, and garments, which have grown by leaps in recent years. But since the agricultural sector still accounts for more than 70% of the workforce, a majority of whom are both underemployed and underpaid, nothing less than a steady 10% growth of the industrial sector for more than a decade will make a significant dent in the brutal and widespread poverty in the country.

In this context, a study prepared by the National Council on Applied Economic Research (NCAER) is noteworthy. NCAER carried out a longitudinal survey of rural households in 1981-82, returning to households visited in 1970-71. The surveyors found that the incidence of poverty declined from nearly 57% in 1970-71 to 48.5% in 1981-82. But most significant, the survey also showed that had households above the poverty line not descended below it over the same period, the incidence of poverty would have declined much further, to about 29.5% by 1982.

The study concluded that the low rate at which poverty is being eradicated, and particularly the descent below the poverty line of many who had not been poor before, can therefore be attributed in major part to the lag in industrial growth. The lag in industrial growth is linked in a kind of vicious circle with the fact that India's agriculture, although it has achieved a significant amount of success over the decades, continues to be highly unproductive. It is incapable of producing the surpluses with which to expand industry. Nor can it absorb the additional workforce coming onto the employment line. It is highly undesirable in any case that fully three-fourths of India's entire workforce continues to be agricultural. But failure to make the industrial sector grow at an appreciable rate has thrown this unemployed workforce back into the land-based households and is pushing them below the poverty line.

The 'resources' problem

Overall, failure to generate surpluses from invested capital is narrowing the government's chance of success in mobilizing additional resources. During the past year there was no dearth of government effort to tap private money or allow the private sector, through a large increase in capital issues, to soak up private savings. In 1985-86, permits for capital issues given by the Controller of Capital Issues reached \$2.15 billion—an 85% increase over the previous year. In fact, the boom in the capital market grew steadily over the last four years, and for a while, the amount of new capital issues seemed much less than the market demand.

A few public sector corporations, figuring it would be worthwhile to draw upon the capital market as well as budgetary support for mobilizing additional resources, also entered into the fray last year, but achieved limited success. According to reports, the offers by the Mahanagar Telephone Nigam, Ltd. and the National Thermal Power Corporation were oversubscribed only because of the massive support extended by the nationalized banking system and the financial institutions. In both cases, less than 10% of the funds came from private investors.

In addition, the government is getting heavily indebted to the domestic banks. The interest burden on government debt, which ate up 18.4% of revenue receipts in 1970-71, took away 27.5% of these receipts in 1985-86, and eroded about 30% of this year's revenue receipts. Meanwhile, the government's budget deficits are piling up and the government has to borrow more money each year to fund the widening deficit. A large part of these loans has been obtained from the banking system, which, on the basis of holding government securities, in turn became eligible for refinancing facilities from the Reserve Bank of India, the country's central bank.

Since, in fact, most of the new money mobilized by the government has come from the bank, the lending rate has been kept high and the potential for inflationary pressure stays

alive. The government can, of course, generate income from public sector enterprises by raising the administered prices of manufactured goods and services. But it will also have a cumulative inflationary effect.

In this context, the steady increase in non-plan, or non-developmental, expenditure, by the government is rightly distressing. The coming year's non-plan expenditure, the biggest chunk of which goes into defense, interest payments, major subsidies such as for food, fertilizer, export promotion, etc., but which also includes services and the government payroll in general, is expected to rise to \$33 billion—more than one-third of the total budget. Though the government constantly complains about "resource constraints," very little result has been achieved in curbing the burgeoning bureaucracy and plugging the numerous government "sink-holes."

What is becoming increasingly evident is that the economy will have a tight money situation in the coming years, in spite of one of the highest rates of domestic savings in the world and a respectable investment ratio overall. India's performance over the years in mobilizing resources has been laudable. In the 1950s and 1960s, domestic savings contributed to less than 10% of the gross domestic product. Now, the contribution of domestic savings to the national exchequer is more than 20%, one of the highest rates in the world and nearly as high as Japan had in the early phase of its development. There is nothing wrong with the investment share either, presently at around 25% of the gross domestic product. A more efficient use of this capital could certainly generate the needed increase in resources.

Indeed, it is the other side of the savings coin—the return on capital—that gives a disturbing picture. A slow-moving juggernaut, known as the public enterprises and plan projects, is eating up billions of dollars of investment annually and producing very little new money in return. According to a recent estimate by *India Today*, a fortnightly magazine published in New Delhi, 264 government projects with long time overruns are holding about \$54 billion of invested capital to ransom today. The amount is more than the Seventh Plan outlay for the entire organized sector of investment! The cost overruns of these projects alone amount to a tidy sum of \$21 billion—more than the total budget deficits of the last four years put together.

Slipshod operation by the entire gamut of government projects is well known and on principle, as of now, has been largely overlooked. For political reasons (satisfying the local political bosses who are expected in turn to deliver votes), starting new projects has always been more important than finishing them. Moreover, prolonging the project is an easy way to guarantee that cash continues to find its way into the pockets the political bosses want to line. Such abundant funds are not available, nor is such a lackadaisical approach in attending to the investment possible in the case of private capital. It is the government projects—the exemplars of "so-

TABLE 3

Public sector contribution in total industrial production

	National production		Public sector production	
	1968-69	1985-86	1968-69	1985-86
Coal including lignite (million tons)	75.4	162.3	16.6	158.5
Petroleum crude (million tons)	6.1	30.2	3.1	30.2
Steel ingot (million tons)	6.5	9.1	3.7	7.0
Saleable steel (million tons)	4.7	7.8	2.6	6.0
Aluminum (thousand tons)	125.3	264.8	Nil	96.5
Copper (thousand tons)	9.5	33.5	—	33.5
Nitrogenous fertilizers (thousand tons)	503	4,328.0	391	2,052.0
Phosphatic fertilizers (thousand tons)	213.0	1,428.0	—	304.0

cialism”—which are the victims of the political bosses.

But that is neither the beginning nor the end of Indian politicians' efforts to usher in "social justice." Many projects get into the planners' blueprint not because of their merit, but simply because the political bosses want to create an "economic boom" in their area to snare future votes. Prime Minister Gandhi, fully aware of such hornets' nests, set up a ministry for program implementation in 1985 to monitor government projects. So far, it has yielded limited results—not surprisingly, since projects are rarely delayed for lack of attention.

The lack of concern about public money is truly scandalous in a country with such extensive poverty. But a deep-rooted belief that public money is meant simply for sustaining the population through day-to-day handouts has become a trademark in India. During the last two decades, as the government took more and more control over the nation's economy, two problems were created. First, a coalition was forged between hundreds of thousands of government servants and a horde of political bosses who often direct the government money to assure their own long-term political future. While both the government workers and politicians couch the perpetuation of their respective self-interests in promotion of "social justice," private entrepreneurs have been institutionalized as profit-hungry and anti-national—a phrase used loosely in India.

Second, big government became the big mother who plans, formulates, decides, and implements whatever is necessary. The government made the public enterprises what they are today, just as it also provided a kind of blanket protection to the incompetent entrepreneurs whose sole aim was to make money and use that money to wield influence in a poor nation.

The people have been getting the worst from both ends. Caught in a vortex of collusion between big government and powerful petty traders-cum-industrialists and handicapped

by lack of information, people became ignorant of the issues. "Whatever is important for the nation is to be taken care of by the government; I take care of myself," became the motto of millions who could otherwise have contributed effectively to nation-building. Petty local issues, religious issues, communal issues, and caste issues have remained the only subjects with the grasp of these millions.

As the problems multiplied, more and more people dipped their hands into the public fund to achieve "social justice."

The sacred cow

From the outset, the public sector enterprises, concentrated in heavy industry and basic raw materials, were warehouses for employment-seekers. Necessary, as well as a large number of totally unnecessary, jobs were handed out as political trade-offs. This might have worked had the decision been made to use excess labor only in labor-intensive industries and in the execution of large land-based projects. Many such large projects still need to be undertaken, for which manual labor is appropriate and which could also be used to impart technical skills to the labor force so employed.

TABLE 4

Profitability profile of public enterprises

(in billion dollars)

	1976-77	1980-81	1985-86
No. of enterprises	149.0	168.0	211.0
Capital employed	10.0	15.2	35.9
Gross profit	0.9	1.1	4.4
Percentage of gross profit to capital employed	9.29	7.79	12.34

TABLE 5

Public enterprise employment and average annual wage

(in dollars)

	No. of employees (in millions)	Average per capita wage
1976-77	1.58	750
1981-82	1.94	1,346
1984-85	2.11	2,027
1985-86	2.16	2,172

For instance, millions of hectares of arable land remain non-productive due to inadequate command area development. Millions of dollars are spent annually on flood-relief while mighty rivers like the Brahmaputra remain uncontrolled and the highly fertile Ganga River basin, which houses 150 million people, remains neglected and poor. The major rivers of India, which all flow east-west, remain to be connected from north to south, thus opening an extensive inland waterway system. These are only a few projects among many, but they are the type of projects that India must undertake and complete if it is to realize its potential as an agro-industrial nation.

Instead of investing manpower on such projects, the capital-intensive production centers that are the core of the public sector have become labor dumping grounds. Stuffed with hordes of non-working personnel, the public sector's wage expenditure has been pushed up steeply. In the process, high-

cost, capital-intensive plants, which the first prime minister of India called "the temples of modern India," have become perpetual loss-makers (Tables 3-6). Union Energy Minister Vasant Sathe, who has been crusading against the wasteful nature of the public sector units for some time, has aptly described them "a sacred cow that produces neither milk nor calves." Sathe points out that Indian steel costs twice the international price, and notes that while South Korea employed 14,000 people to produce 9 million tons of steel, the Indian public sector employs 125,000 people to produce 5.5 million tons!

Big government has not ushered in "social justice" in India because the emphasis was never on effectively using the public money. The *Public Enterprises Survey (1985-86)*, an annual report on the industrial and commercial undertakings of the central government, is a painful reminder of a problem which has grown 40 years old and accumulated awesome dimensions. The survey shows that a \$42 billion investment in the public sector has netted a reinvestible profit of less than \$1 billion—a measly 2.5% return on capital. If the two oil corporations are excluded from the 211 operating enterprises, most of which enjoy absolute monopoly control over pricing and marketing, then the overall balance sheet runs sharply into the red.

Ironically, treating the public enterprises as employment troughs has had exactly the opposite of its intended effect. The inefficient and wasteful use of capital that has resulted has decisively undercut the country's capacity to produce a growing economic surplus, the only basis for steadily expanding meaningful employment.

What is necessary, and Japan can be cited as an example, is to develop lighter industries extensively as a back-up as well as a user for the capital-intensive core units. The capital-

TABLE 6

Employment in public and private sector industry

(in millions)

	Public sector			Private sector		
	1976	1980	1985	1976	1980	1985
Agriculture, dairy, etc.	0.36	0.43	0.50	0.83	0.86	0.82
Mining & quarrying	0.72	0.80	0.97	0.13	0.13	0.11
Manufacturing	1.13	1.45	1.76	4.16	4.42	4.43
Electricity, gas, & water	0.54	0.66	0.76	0.04	0.03	0.04
Construction	0.99	1.06	1.15	0.09	0.07	0.07
Wholesale & retail trade	0.06	0.11	0.13	0.29	0.27	0.28
Transport, storage, & communications	2.42	2.65	2.91	0.07	0.07	0.06
Financing, insurance, etc.	0.49	0.69	0.99	0.18	0.21	0.22
Community & social services	6.64	7.22	8.15	1.06	1.17	1.31

Source: *Economic Survey, 1986-87*, government of India.

intensive manufacturing units, on the other hand, must be trimmed of their excess fat and modernized with the most efficient technology so that they can be highly productive, producing both "milk and calves." Lighter industries, expanded and provided with financial incentives, will be the major employers. Large-scale projects where manual laborers can be trained and made economically useful, must be undertaken at the same time as the backbone of a nation-building program.

Power shortage

In all of this, the fundamentals have not changed a bit over the years. In spite of repeated talk of catching up with the technologically developed nations, the capability of India's basic sectors remains inadequate to the task. The shortcomings are dramatic. For example, India does not produce enough electricity at any given time to allow every household to switch on three 100-watt bulbs. It is a hypothetical proposition at this point in any case, since the vast majority of households do not have any electrical connections at all.

Yet this striking portrait of drastic energy shortage and corresponding low living standards is routinely glossed over by pointing to the 8-10% annual rate of growth in the energy sector (Table 7). The government spends a significant amount of financial resources for energy development—more than ever at 35% of the current plan outlays—but day-to-day performance remains slipshod and the gestation period for new power plants is much too long.

Another major constraint of the energy sector is official reliance on coal as the centerpiece of the country's power program and a reluctance to push nuclear energy—whose technology has been fully mastered indigenously—into the central position which only it is capable of filling. The coal industry was nationalized in the early 1970s as a basis for India's long-term energy planning and growing steel demand. When the mines were nationalized, India's coal production was 71 million tons and declining. The amount of investment that was necessary to modernize the old mines

and make them productive and to open new mines was not forthcoming from the private sector. Left with little choice, the government formed Coal India, Ltd. (CIL).

Since then, coal production has gone up significantly, reaching 134 million tons in 1985-86. However, from the financial point of view, CIL is a chronically sick organization, having lost money every year since its formation. It is one of the largest employers in India, with 668,000 employees, and since its nationalization, more than \$4 billion has been poured into CIL. This in itself is not the problem: The problem is in the incredible assumptions the government is apparently making about the coal industry. By the turn of the century, according to government projections, Coal India's output will be over 300 million tons annually. Looking at prevailing coal-mining technology, it is unlikely that that target will be met. In a large number of mines, the output per man-hour shift is way below one ton, and the cost of production significantly exceeds the selling price.

To base India's future energy installations on coal will invite many problems there seem to be very little hope of solving. First, movement of coal by railroad is putting strain on the creaking railroads. Year-end pit-head stocks are increasing, and reached 27 million tons by the end of fiscal year 1985-86. If India proposes to mine 300 million tons of coal for meaningful purposes, expensive revamping of the railroads and installation of efficient coal-handling facilities in the mining areas is a prerequisite.

Second, the poor quality of non-coking coal used for power generation requires a fundamental re-design of power plants. According to CIL officials, the older power houses, which had been designed for better quality coal, need to be phased out.

All these problems have *already* made electricity generation with coal-based plants a tenuous economic proposition. As Dr. N. Tata Rao, chairman of the Andhra Pradesh State Electricity Board and an acknowledged expert in the power industry, told an Indian business magazine in 1984: "Presently for us, when it comes to generation it is a hand-to-mouth existence. We have to depend on coal, the railways, and indigenous equipment—all of which leave much to be desired. We ask for coal—we get muck. The indigenous equipment manufacturers have experimented long enough on us and made us bankrupt in the process."

Water management

Agricultural productivity has also continued to remain low—whether it is looked at from the standpoint of land productivity or labor productivity. This is one sector which needs to be more productive than any other if India wants to generate new employment. Only a highly productive agricultural sector can give momentum to the agro-industries, which have already shown some signs of life due to surplus food production in certain areas. Agro-industries can open

TABLE 7

Electricity (installed plant capacity in Mw)

Year	Hydel	Thermal	Nuclear	Total
1970-71	6,383	7,906	420	14,709
1975-76	8,464	11,013	640	20,117
1980-81	11,791	17,563	860	30,214
1985-86*	15,481	29,984	1,330	51,898

* Tentative

Source: *Economic Survey, 1986-87*, government of India.

up a large employment potential both in the manufacturing and service sectors, and their proliferation would also create a demand surplus for the basic industries.

The constraints in enhancing agricultural productivity are few and basic. India has experienced a poor monsoon for the last four years. Lack of sufficient electrical power and the high cost of diesel has put a crimp on pumped-water use. Huge tracts of cultivated land still depend heavily on inadequate rainwater. Although fertilizer use among farmers is increasing—and the government provides a tidy sum in subsidy to this area—the crop productivity of land has not gone up. Another NCAER study points out that the problem lies in the mix of fertilizers. For instance, against a recommendation to use (N) and phosphates (P_2O_3) in the ratio of 2:1, the average ratio in India is 5:1. As a result, nitrogen's effectiveness is reduced, and if the trend continues, productivity could become negative—for a double loss. Similar deficiencies can be pointed out in the case of other critical inputs—irrigation, quality of seeds, use of pesticides, etc.

For example, water management—perhaps the most basic problem, and a matter of gross neglect for years. Dr. B.B. Vohra, head of the government's Energy Advisory Board, has highlighted India's water problems extensively in recent papers, where he repeatedly points to the "tunnel vision" in water management policy. Since independence, 20.8 million hectares of land have been developed for their irrigation potential. Out of that, fully 5.2 million hectares still remain to be utilized. At the going cost of \$3,000 per hectare to develop, it would take another \$16 billion to make the "potential" utilizable! Due to lack of groundwater management, canal irrigation has resulted in water logging and salination that has already affected about 7 million hectares of land. In some places canal irrigation has turned into a curse.

The ministry of irrigation limits its concept of groundwater management to pumping up the water for farm work. Pumped groundwater in fact accounts for irrigation of about 26 million hectares of land, about the same that the large dams and canals have achieved so far—and at a fraction of the large projects' cost. However, pumping groundwater with systematic recharging of the aquifers has caused salination and a lowering of the groundwater table.

India receives annually about 330 million hectare meters (mhm) of water, excluding 70 mhm which evaporate immediately after precipitation. Of these, 330 mhm enter the soil, where about 110 mhm are retained as soil moisture and the remaining 40 mhm enter the deep strata in the form of groundwater. Of the remaining 180 mhm of water which do not find their way into the soil, only 17 mhm are impounded as run-off to the reservoirs. The rest—163 mhm of water, or 90% of the run-off—goes to the sea and is lost. After four decades of massive irrigation projects and expenditures reaching \$30 billion, only 10% of India's annually renewed water resources can be captured for use!

The European Community

Malthusians plan to cut fertilizer use

by William Engdahl

The European Commission, the 12-nation bureaucracy of the European Community (EC), is preparing a secret plan which would force drastic cuts in the world's second-most-important food-producing region. This would be implemented in the midst of the deepest depression in European farming since the 1930s. The cuts would be the result of centrally mandated cuts in fertilizer use, on the basis of the fraudulent claim that nitrates from animal and chemical fertilizers are "polluting" European water.

According to high-level EC sources who prefer to remain unnamed, the plan has already won the "green light" from the office of the Director General for Agriculture DG VI, Guy Legras of France. The plan is considered so sensitive politically, that its circulation is limited to six copies. "We want the action to be as drastic as possible," confessed one senior EC planner. But potential "political problems" mean that the measure is being carefully introduced first as an "environmental" issue for "sensitive land areas."

The discovery of the new plan comes just as the finance ministers of the 24 OECD countries, meeting in Paris, approved a resolution calling for elimination of some \$100 billion in government supports to agriculture; elimination of so-called surplus stocks of grain, meat, and butter, and decisive steps to bring national farm production into "free market orientation." Sources inside the OECD reveal that that plan is simply a propaganda ploy to loot desperate developing-sector debtor nations such as Brazil or Argentina, by allowing multinational cartel trading giants like Cargill or Archer Daniels Midland to set up "run-away" factories at low wages, to export super feed concentrates such as soyacakes. The scheme benefits neither developing nations nor industrial countries; but Cargill enjoyed a 66% net profit increase last year, as a result of such maneuvers.

By July of this year, the European Commission in Brussels plans to have a full 12-member EC "experts' review" approved, in which each member country will send up to two

officials to hammer out details of the proposal.

According to people involved in the scheme, the attempt to restrict nitrogen fertilizer and nitrates from animal manure, is aimed at cutting food production. "*We could not care less about the environment. This is going to be used to cut food production,*" said one. "This is the interest of [Agriculture Under Commissioner Franz] Andriessen, to cut production of agriculture to meet market demand."

The Danish precedent

According to Brussels sources, the tactic follows closely the unprecedented decision of the Danish Parliament, reached in February of this year, to force severe reductions in farm nitrogen use from fertilizers as well as manure, and to mandate billions of dollars of investment in manure storage tanks, on the false premise that manure piles, a rich source of nitrogen fertilizer, seep nitrates into the ground water and ultimately out to the ocean. There, Danish environmentalists lyingly claimed last fall, the nitrate increase results in faster growth of seaweed, purportedly robbing sea life of necessary oxygen. Danish soil scientists had demonstrated in exhaustive experiments over years, that fertilizer use is *not* chemically a major addition to ground water. But this did not stop the environmentalist demagogues.

Fritz Herman, a Danish farm leader and board member of that country's oldest alternative farmers' union, LFO, told a Coblenz, West Germany conference of the Schiller Institute on May 9, "I am here to warn German farmers of the dangers we in Denmark have experienced. In the last six months, we have been accused of being the worst destroyer of the environment in the world. It all centers on nitrogen in the seas of the Kattegat, so-called fish-death, and alleged pollution of drinking water." Danish farm suppliers since the January 1987 introduction of the legislation to Parliament, have seen orders for new farm equipment simply collapse. No farmer has been willing to risk major capital investment, in the face of such an attack on the basic elements of agriculture.

Unlike in Denmark, the EC attempt to cut vital nitrogen input will proceed in stages. "Our first step will be to localize the issue to application in so-called environmentally sensitive areas," said one source. "This will allow us to get it by without major controversy. We will show how it damages the environment, or health. Then it will be easier to expand into other areas. This will then allow us to move ahead and take other measures."

The "other measures" have not yet been defined, but the general intent is clear: to implement the "free-market orientation" strategy of the multinational cartels. That strategy, which is the base for Andriessen's policy since 1984, was drafted by David Rockefeller's Trilateral Commission, in an April 1985 report on "Agricultural Policy and Trade." The head of that task force was Andriessen's friend and adviser Pierre Lardinois, a fellow banker from Utrecht, Holland. Lardinois, now chairman of Rabobank in Holland, was An-

driessen's predecessor at the EC for agriculture.

This slashing of production parallels the process which savaged food production in the 1920s. Today, as then, the vital issue for governments is whether to protect production of food and industry, or to let the monetarists' policies devastate production of real wealth.

No scientific basis

Is the new Brussels initiative based on any scientific evidence, which would demonstrate the causal relationship between the kilogram input of nitrogen fertilizer into agriculture? Hardly. It is based on *no detailed preliminary evidence from any competent university or agricultural research facility*. A source intimately involved in the preparation of the new initiative admitted, "The initiative is based on no close collaboration [with any scientific research agency—ed.]. *We based it on the general feeling*, as expressed in the literature on nitrate pollution." According to this "general feeling," nitrates from fertilizer and animal manure sources are responsible for 70-80% of nitrates found in ground water!

The latest issue of Andriessen's DG VI "Green Book," about to be officially issued by the EC, for the first time includes "admission" of the responsibility of agriculture for "pollution." While framed in general terms, sources in Brussels say this is considered a foot in the door for the whole "fertilizers pollute" offensive against European food production. "It is a good coincidence that our effort comes in the environment area, just when the EC is preoccupied with how to cut the surplus food production. Two or three years ago we could never have succeeded with such an initiative. Agriculture interests would have blocked it right away. We were actually surprised when we sent our proposal for comment to the Directorate for Agriculture. They returned it without major change and told us to proceed. They gave the 'green light.' *They see it as a possible measure to cut production. Our goal is to cut production,*" related an official involved in the direct discussions.

The Brussels bureaucrats are expecting to receive help from Denmark in implementing the bold measures. The proposed mechanism, to be applied first to "environmentally sensitive" areas, will be in the form of ceilings on nitrogen inputs from animal or chemical fertilizers, so that nitrate content in groundwater for "environmentally sensitive areas" does not exceed a proposed level of 50 mg/liter of water. There would be varied levels of allowed inputs of nitrogen; for example, for certain range crops, a maximum of 150 kg/ha., or a maximum animal holding capacity when manure is spread, of 2-3 cows/ha. for those designated areas.

EC planners expect this formula will hit the Netherlands, West Germany, Denmark, Britain, and parts of France most severely. "Nitrogen is one of the most important factors in plant growth," admitted one Brussels bureaucrat. This is why some are attempting to block its use for further development of the world's food supply.

Zambia breaks with the IMF

President Kaunda also blasted the Socialist International's Friedrich Ebert Foundation for weakening the economy.

Zambia has become the second nation in Africa to follow the example of Peru's President Alan García, in breaking with the International Monetary Fund (IMF) and imposing a limit on debt service repayments. Last November, Zaire's President Mobutu announced that no more than 10% of Zaire's export revenues would be used for debt repayment: Now Zambia has followed suit.

In a dramatic televised speech to the nation on May 1, Zambia's President Kaunda declared that the IMF's latest conditions for resuming aid to his country were unacceptable, and that his government would embark on a new policy of growth from its own resources. He said that debt service payments would be limited to 10% of export earnings.

Zambia has been following IMF-dictated policies since 1973. The result has been drastic falls in living standards, with per capita income now only one-third of the 1981 level, less than \$200 per annum, and with almost 60% of the active population unemployed. Zambia's economy has also been hit by the fall in the price of copper, which provides 90% of export revenues. The copper price has fallen 75% since 1973. In 1986, eighty percent of export revenues were used for debt repayment.

Kaunda announced the abandonment of the liberal economic policies insisted on by the IMF, and the imposition of strict import controls, the freezing of prices, the fixing of loan rates at 15%, and a new program of

public sector investment. The currency, the kwacha, was revalued, and IMF-dictated foreign exchange auctions were abolished. These auctions had led to the devaluation of the currency by 528% since October 1985.

President Kaunda said, "The IMF program was supposed to help us get out of the quagmire we had got into. But the time has come to reconsider the situation in its entirety. The severe austerity program of the IMF has only brought suffering and malnutrition to Zambians." Sweden's *Svenska Dagbladet* quotes Kaunda saying, "People here are starving to death as a result of the IMF reforms."

President Kaunda accused the International Monetary Fund, South Africa, the United States, the UNITA rebels from Angola, RENAMO rebels from Mozambique, and most interestingly, the West German Friedrich Ebert Foundation of deliberately weakening the economy to undermine his authority. The pro forma attacks on South Africa aside, his naming of the Socialist International-run Ebert Foundation is very significant. Kaunda has always presented himself as a "humanist," rejecting "the narrow-mindedness of Western Capitalism and the perversity of Marxist-Leninist Socialism," as described in a government radio commentary, and had allied closely with Socialist International figures like Willy Brandt and the late Olof Palme.

On April 15, 1987 Kaunda broke with that policy by ordering a leading representative of the Ebert Foundation

out of the country for "giving money to the Zambia Congress of Trade Unions" (ZCTU), traditionally a focus of opposition to the government. A Zambian source in West Germany commented that he was "very sad" about what had happened. "There are these foundations that give you the impression they are your friends, and you get a surprise when they do things like this. . . . You take them for granted, and you don't realize they are stabbing you in the back." What the Ebert Foundation was doing was "tantamount to destabilization, by groups which on the surface are supposed to be helping."

The Swedish Social Democratic government reacted to Kaunda's break with the IMF by declaring that financial aid to the country may be suspended. Zambia was supposed to receive about \$16 million from Stockholm, but according to a Swedish foreign ministry spokesman quoted in *Svenska Dagbladet* on May 7, "It is no longer self-evident that there will be a payment . . . to Zambia. We must analyze this new situation."

Support for Zambia's step came from the Organization of African Unity, whose secretary general Ide Oumarou declared on May 9 that the OAU would fully support Zambia after the break with the IMF. Oumarou said that the move was justified by the failure of IMF policies in African countries, with their programs of reducing government expenditure and liberalizing the economy not achieving their aims. Not only had there been no influx of foreign capital for productive investment, but the IMF measures had led to rebellions in several countries.

The French newsletter *Lettre d'Afrique* reports in its May 5 issue that Zambia's move "is just the beginning," and several other African countries may follow suit.

Business Briefs

Science

Space technology called backbone of economy

James Fletcher, director of the National Aeronautics and Space Administration, said May 13 that the American space program has paid for itself two or three times over.

Speaking to an audience in Chicago, Fletcher stressed that technology developed in the space program is now the backbone of the U.S. economy. \$200 or \$300 billion has been returned to the economy for the \$100 billion spent.

He stated that 30,000 new or improved products resulted from space research and development, and pointed to electronic calculators and programmable heart pacemakers as examples.

Earlier studies, including one by Chase Econometrics, estimated that at the height of the Apollo Moon-shot program during the 1960s, 6,000 new technologies a month were being introduced to the private-sector economy. Chase stated that for every \$1 spent on space research, \$14 was generated through improved productivity in the civilian economy.

Agriculture

Black Africa can't feed its population

According to the latest report of the U.N. Food and Agriculture Organization, the nations of Black Africa, who suffered severe drought and famine in 1985-86, are still not in a position to feed their populations alone, and will require continued international aid.

The report particularly stresses the cases of Ethiopia, Angola, Botswana, Lesotho and Mozambique. These five, says the FAO, will need need "extreme food help" in the next 12 months.

The report said that this year's grain deficit for nations south of the Sahara is almost 7.5 million tons. According to FAO estimates, 4.5 million tons could be covered by

commercial imports; 3.2 million tons will have to come from food gifts.

International Trade

India, Soviets sign new agreements

The governments of India and the Soviet Union have reached agreements that are intended to increase Indo-Soviet trade turnover by two-and-a-half times in the next five years.

Included in the trade basket are chemicals, power, coal, steel, electronics, and railways. The "service sector" has also been identified as a new area for expanded commercial ties.

Indian companies are said to be likely to receive the contracts for construction of three hostel complexes in Tashkent, Samarkand, and Bukhara, U.S.S.R.

The Russians will market manufactured goods in India, including tea, coffee, tobacco, textiles, leather goods, and machinery.

At present, there is a large trade surplus between the two countries in India's favor. The current agreements are said to be designed to bring trade more into balance.

International Credit

Sudan to follow Zambia on debt?

On May 4, Sudanese Finance Minister Beshir Omar declared that Sudan was not able to pay the total debt service it owes to foreign creditors this year, and will not seek to do so.

Sudan owes foreign bankers some \$10.6 billion in payments for 1987.

Omar called for the outright cancellation of the debt of all drought-affected African countries, adding that for debt to private banks, rescheduling could be considered, provided no interest payments whatsoever were paid.

Sudan is only paying 20% of the debt service due this year.

In early May, Zambia announced that it was suspending all but a small percentage of its current debt service payments. Government spokesmen denounced the policies of the International Monetary Fund as destructive.

The Debt Bomb

Colombian official calls for moratorium

Colombian Controller of the Currency González García has called for a debt moratorium by his nation. Addressing an audience of business executives in Cali May 10, he stated: "Since the times of Bolivar and Santander, Colombia has had moratoria, not because we are accustomed to not paying, but because the debts exceed the abilities of the debtors. It is legal to declare moratoria, because more important than debt is human survival of all nations such as ours."

He complained that the country pays one-quarter of its export earnings to meet "exaggerated commitments to the multinational and international banks.

"How are we going to maintain a policy of social development if there is no basic budget support to repair highways, to resolve the problems the guerrillas leave in their destructive wake, to revive the marginalized zones."

Finance

Japan to auction bonds to foreigners

Japan plans to auction some of its government bonds in a way that suggests Tokyo is responding to U.S. pressure to open its markets more to foreign, especially U.S., firms. Currently, most Japanese government bonds are sold to a syndicate controlled by local institutions, which in turn sells them to other

Briefly

members. Now, in many cases, foreign firms will be able to bid on an equal basis.

In early May, the U.S. House of Representatives passed an amendment to its trade bill barring foreign firms, i.e., Japanese, from being primary dealers in U.S. government securities unless U.S. firms were granted equal access there.

Forcing Japan to open its markets for looting by desperate international financial institutions has long been the program of the Trilateral Commission, and is currently an incorporated feature of Reagan administration trade war policy.

The Japanese government is considering, in addition to 20-year bonds, auctioning off at least some of its 10-year bonds.

This "sounds like a major advance coming sooner than most people expected. . . . It would be a major step forward, if these government auctions were to be implemented in such a way that the foreign firms and the Japanese were able to bid on an equal basis," said Mark J. Lerner, head of Merrill Lynch's Japan Banking Group in New York.

U.S. financial institutions are also demanding more than the six seats they currently have on the Tokyo stock exchange. Currently, Merrill Lynch, Morgan Stanley; Goldman, Sachs; and a unit of Citicorp hold seats.

Infrastructure

Brazil's big-project plans upset World Bank

World Bank officials have received "disagreeably" plans disclosed by the Brazilian government to invest billions in the next three years in major infrastructure projects.

According to a report in Rio's *Gazeta Mercantil*, the value of infrastructure projects planned by the government of José Sarney, but not included in the 1987 budget, is \$20 billion. The sum includes \$2.4 billion for a north-south railway link; \$6.1 billion for a Rio-Sao Paulo rail link; an east-west rail link, and various others.

According to the report, World Bank "technicians" recently reviewed the invest-

ment plans, and concluded that Brazil's intent is to invest nearly \$16 billion in these projects in each of the next three years. The World Bank considered this viable, but objected to the \$20 billion figure.

A second *Gazeta* report says that both the International Monetary Fund and World Bank are against the north-south rail link, pronouncing it "exorbitant" and "seriously affecting the credibility of the Sarney government."

Government

Justice Dept. plans tax-case changes

Former officials of the IRS and Justice Department are opposed to a plan, expected to be approved soon, that would cut Justice Department tax lawyers in Washington out of the process of selecting tax fraud cases for prosecution. Instead, U.S. Attorneys around the nation would decide which cases to pursue.

The department's Washington tax lawyers would handle only the "overflow" of cases the U.S. Attorneys did not want to pursue.

However, in a letter to Attorney General Edwin Meese, 21 Washington tax lawyers, many of them former officials at the IRS and Justice Department, objected to the plan, stating that similar decentralization proposals "have been considered and rejected by successive attorneys general over the last 50 years as unworkable and likely to jeopardize the national criminal enforcement program of the Internal Revenue Service."

The current IRS commissioner, Lawrence B. Gibbs, also objected to the plan, saying that a decentralized system like the proposed one "would have a very adverse impact" on tax enforcement.

Former IRS commissioner Sheldon S. Cohen stated that U.S. attorneys "don't know anything about sophisticated kinds of financial-transaction cases. They tend to crap them up."

Nevertheless, Deputy Attorney General Arnold Burns is expected to approve the plan soon.

● **2,500 PEOPLE** mobbed a local hotel on May 7-8 to compete for 25 jobs offered by Lever Brothers at its soap manufacturing plant in southeast Baltimore. "Eager job hunters began lining up at 11 p.m. Friday and waited outside all night," said a local press report.

● **BILL BRADLEY**, the senator from New Jersey, told a Washington meeting of the Council of the Americas May 12 that the debt policies of the Reagan administration are opening up Ibero-America to Soviet influence. He noted that Mikhail Gorbachov will visit Ibero-America in September. "Why don't U.S. banks charge Brazil the same spreads they charge the Soviet Union?" the senator asked. That would save Brazil \$2 billion a year.

● **JAMES BAKER**, Secretary of the Treasury, has asked the Council of Economic Advisers to study the possibility of employing a national lottery to help shrink the U.S. budget deficit. Opposition is expected to come from those opposed to government-sponsored gambling, states which already have lotteries and are afraid their take will be lowered, and those who say they have no idea how to estimate, and so budget for, what the take will be.

● **AN ARTICLE** by *EIR*'s Brazilian correspondent, Lorenzo Carrasco, was featured prominently in the May 12 *Jornal do Comercio* in Brazil. Titled "World Financial Collapse Soon," Carrasco's article stated: that the recent ouster of Finance Minister Dilson Funaro "is far from ending the real dangers of an imminent world financial collapse, whose responsibility falls exclusively on the usurious financial and banking practices practiced with the tolerance of the U.S. Federal Reserve."

How the Apollo program produced economic wealth

Lyndon LaRouche has been proven right about the relation between a defense build-up at the frontiers of technology, and economic recovery. By Robert Gallagher.

The commitments made last winter by leading Democrats and Republicans toward “Apollo program style” economic policies have so far proven to be worth less than the paper the speeches were written on. Rep. Jim Wright, Speaker of the House of Representatives, has abandoned his promise “to get this country moving again” with the sort of programs that Apollo represents, and has turned booster for austerity and trade war instead. Typically, the focus of recent official economic policy debate has been over whether to raise interest rates to strengthen the dollar in the currency markets (an action that would cut off credit to U.S. industry) or lower interest rates and produce a collapse of the dollar.

Not a single one of the announced Democratic or Republican presidential candidates has even put forward a program for economic recovery, let alone exhibit the determination required to implement it—except of course, Lyndon H. LaRouche, Jr.

A cursory glance at even post-World War II economic history would show these persons the sort of thing that works in economic policy, and what doesn't. For this purpose, we publish here adapted portions of a study from the *EIR Quarterly Economic Report*, 4th Quarter, 1986, on how the Apollo program produced a period of economic growth from 1961 to 1967 unparalleled in the over 40 year postwar period. Complete documentation appears in that *Report*.

When President John F. Kennedy launched the Apollo program in 1961, the stagnant U.S. economy needed some driving economic process that would cheapen the cost of production throughout industry. Investment in the Apollo program and the post-Sputnik missile build-up, provided this driver for the economy so that, by the achievement of set national goals, it forced the economy as a whole forward,

into capital investment to implement more advanced technology.

The effects of the Apollo program on the U.S. economy show that goal-oriented programs in defense and aerospace drive economic recovery and subsequent growth in two distinct ways.

First, by requiring that capital-goods industries develop and produce the most advanced possible equipment and systems to attain a goal within a specific period of time, such as a manned Moon landing, the very initiation of such a program sends the entire economy into a capital investment boom that increases the amount of capital equipment available per industrial operative—that is, increases the capital-intensity of the economy as a whole. This capital investment has the immediate effect of boosting productivity throughout the basic industrial sectors of mining, manufacturing, construction, and utilities, as technology developed by previous programs, but not yet implemented, is infused into the economy. To produce such a “tidal wave” of economic impact, the Apollo program had to be accompanied by the enactment of Kennedy's tax and other incentives for capital investment.

The second type of “economic driver” effect produced by goal-oriented defense and aerospace programs, flows from the propagation of the technology developed by the program throughout the entire economy. This effect, which lags behind the initiation of the program by as much as several years, will, if followed through, produce productivity advances of a qualitatively higher order than the first, and thus amplify the economic impact of the program.

Contrary to Marxist doctrines that portray investment in defense and space exploration as a net cost to the economy, and defense and aerospace workers as a form of “hidden

unemployment," investment in these areas is an integral part of building the future. In fact, the space program, in a fashion similar to President Lincoln's program to build the railroads, is entirely an investment in building the future infrastructure of an economy that will increasingly be moving out into space. Thus, in making necessary preparations for the economy's continued existence, it can hardly be considered over-head.

Even in defense weapons development and production, most of the capital investment goes into production equipment that can be used in both military and civilian production. One example of this dual aspect of military production facilities is the production of the famous Boeing 707 jet airliner, which was nothing but a KC-135 military jet fuel tanker with windows punched along the fuselage and seats installed.

Of course, it is understandable why "Marxist" nations of the East may regard defense and aerospace as a drag on their economies. Only in the democratic republics of the West can these sectors perform the healthy "driver" role we have outlined here.

Spurred on by Kennedy's investment tax-credit program, new orders for capital goods boomed during the 1959-69 defense-aerospace build-up for the first time since World War II. From 1950 to 1957, annual new orders for capital goods in non-defense industries actually declined by about 8%. By 1958, the decline was 18%. The following decade of the

TABLE 1
Defense cuts and inflation
(Avg. percents)

	1950-1957	1959-1969	1970-1980
Aerospace & defense production workers as % of durable goods production workers	8.0	7.7	5.3
New orders, capital goods, in aerospace as % of nat'l. total	NA	30	22
% change new orders, capital goods, nondefense industries (constant dollars)	-7.7	127	36
Annual % change in wholesale price index	2.4	1.1	9.3
Annual % change in prices of capital equipment	4.1	1.7	8.8

Apollo program, however, saw an explosive growth in capital-goods spending in constant dollars, from \$103 billion in 1959 to \$234 billion in 1969, an increase of 127% (see **Figure 1** and **Table 1**).

The role of aerospace as a driver for the economy is seen in the fact that while annual new orders for capital goods in aerospace almost doubled from 1958 to 1967 (92% growth), this growth in aerospace provoked a faster acceleration of investment in non-defense industries as a whole (127%), while aerospace accounted for only three-tenths of the total growth in new orders in that period.

Three periods in postwar economic history

Under Kennedy's program, the stagnant U.S. steel industry got a new lease on life. Although very little steel is actually used as material in fabrication of, for example, a Saturn V rocket, the requirements for steel of the machine-tool, metal-working, and construction industries, to meet national objectives, drove even industries like steel, apparently remote from aerospace, to implement more advanced technologies in major capital investment programs. Backed by the investment tax credit, the industry was able to convert its steel-refining mills from the obsolete open-hearth furnace technology to the basic oxygen process.

Only as a result of the momentum built up during the Apollo program, did the Kissinger-Carter years see an additional increase of 36% in annual investment in capital goods up through 1980.

U.S. postwar economic history is thus characterized by three periods: 1) a period of stagnation following the Korean War mobilization, from Harry Truman's second administration until the 1958 recession; 2) the post-Sputnik aerospace-defense build-up from 1959 to 1967; and 3) renewed stagnation deliberately imposed on the economy from the election of Nixon and installation of Kissinger as national security

FIGURE 1
New orders for capital goods in manufacturing boomed during Apollo program

New orders

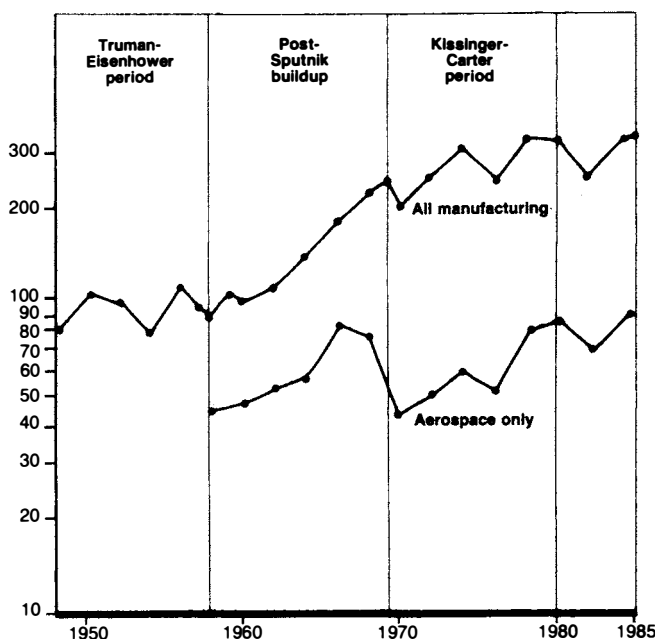
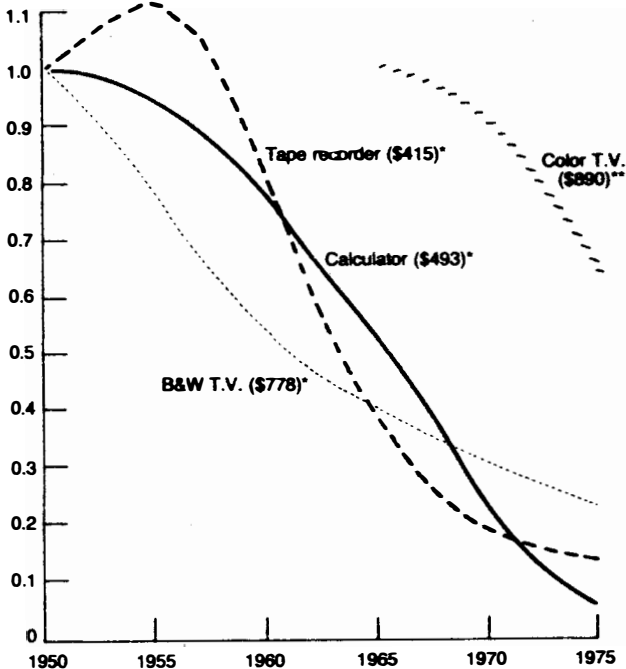


FIGURE 2

Cost trends for high-technology civilian electronic products, 1950-1975

Ratio of annually advertised prices to 1950 price



* Figures in parenthesis are 1950 prices in constant FY 1977 dollars

** Color T.V. figure is 1965 price in constant FY 1977 dollars

Source: Jacques Gonzier, *The Defense Industry*, MIT press.

adviser, through the Carter years. This was a conscious reversal of President Kennedy's conservative economic policies. The third period of enforced recession saw inflation take off at rates previously unimagined for the U.S. economy, and a drop in the percentage of the productive labor force involved in defense and aerospace, to as low as the immediate postwar years by 1973.

The point of this comparison of the period of the 1960s with the Truman-Eisenhower or Kissinger-Carter periods, is simply this: The economy in the postwar years has been healthier the greater the proportion of national resources committed to defense and aerospace—industries that under conventional wisdom, do not contribute to national wealth. When these industries are cut back, inflation is set off, as if upon command.

The period of 1958 to 1968 when U.S. defense and aerospace spending grew at the highest rate in the postwar period, coincides with the period of the greatest postwar price stability. From 1959 to 1969 the average annual percent change in wholesale prices was 1.1% per year. From 1950 to 1957, the rate was 2.4%, and from 1970 to 1980 the average annual percent change was 9.3% per year. Increases in inflation correlate with cuts in investment in defense and space exploration.

Inflation rates for capital equipment parallel these statistics. From 1959 to 1969, the average annual percent change in the price of capital equipment was 1.7%. From 1950 to 1957, the rate was 4.1%, and from 1970 to 1980, the average annual percent change was 8.8%.

Figure 2 gives one indication of the tremendous cheapening of production throughout the economy produced by aerospace and defense investment. Note that the rapid drop in prices for the items shown in the figure, coincides with the capital investment boom set off by the post-Sputnik missile and space programs. The specific technologies whose application brought down these prices (for example, the mass production of reliable transistors), had actually been developed under the 1950s ballistic-missile program or earlier, but were only driven into the civilian economy as a result of Apollo.

Notice also that the rate of fall of these prices slows dramatically from the late 1960s onward, after the investment driver effect of the Apollo program had been aborted with the election of Nixon and the installation of Kissinger at the White House as national security adviser. This regressive shift in national investment policy removed the mechanism for driving technologies produced by the Apollo program into the civilian sector. As a result, most Apollo-era technologies never saw application in industry as a whole.

For example, the second-generation nuclear fission technologies, developed by NASA in the 1960s program for a manned mission to Mars, never became commercial breeder and high-temperature reactors built by U.S. utilities.

The economy that Kennedy inherited

When the United States embarked upon its civilian and military space program, the U.S. economy was actually, in foundation, in miserable shape.

1) From 1948 to 1958, new orders of capital goods in non-defense industries had stagnated around the same level of 80-100 billion constant 1982 dollars per year.

2) By 1958, fully 60% of metalworking machine tools in use in metalworking industries were classified as "over-age" or "obsolete" by the American Machinists' Inventory of Metalworking Equipment, a significant increase from previous inventories (see *EIR Quarterly Economic Report*, June 1985).

3) The American iron and steel industry was based on antiquated technology from the 19th century, the ancient open-hearth furnace and the same basic blast furnace developed by Andrew Carnegie, improved only by computerization and the introduction of superior raw materials. Stagnation in iron and steel was indicated by the fact that per capita iron production had remained for 40 years at about the same level as it was in 1920 (see *EIR Quarterly Economic Report*, June 1985). From 1958 to 1960, per capita iron and steel production was lower than any year since World War II. Energy flux density in U.S. blast furnaces, a measure of reducing power, leveled off in the postwar period.

4) The electric power industry was little better off. Since the 1930s, it had been struggling with the technological limitations of boiler technology. The increase in energy flux density across the boiler heat transfer area, had leveled off in the 1930s due to these limitations. As a result, increases in energy flux density in electric power production, could only be achieved by increasing the scale of furnaces (or going nuclear! See *EIR*, June 20, 1986).

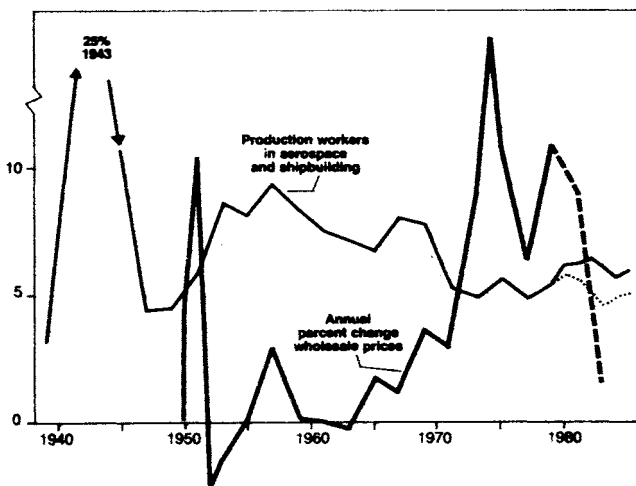
These, and problems elsewhere in basic industry, contributed to producing the 1958 recession that resulted in Kennedy's victory in 1960. These same factors prompted U.S. Steel to attempt to raise steel prices in the early part of President Kennedy's administration, resulting in his famous confrontation between the steel companies and the young President.

Aerospace as a science driver

In the 1959-69 boom, it was not mere employment in aerospace that was the driver for the economy. From 1959 to 1967, the number of production workers in aerospace increased only about 14%. The driver was the effect that aerospace investment had on the rest of the economy. We have already mentioned how investment in new orders of capital goods by aerospace industries almost doubled between 1958 and 1967. This is remarkable given that in 1958, the Air Force ballistic missile program was already tooled up for full production and the long-range bombers were already rolling off the production lines.

The mere quantity of capital investment is not the only feature of aerospace's driving of the economy to cheapen the cost of production. Rather, the type and quality of capital investment is just as important. The aerospace industry has

FIGURE 3
Production workers in aerospace and shipbuilding as a percentage of all production workers in durable goods, 1937-1985



the unusual characteristic that it employs one scientist or engineer in research and development for every four or five production workers. By contrast, in manufacturing industries as a whole, one scientist or engineer is employed for every 30-40 production workers. In part, it is this characteristic of aerospace that makes it possible for its contribution to the economy as a whole to be a healthy one. However, this high-technology industry must be assigned a definite goal to achieve, without budgetary constraints, and backed up by the right national investment policy, for this potential to be realized.

Lyndon H. LaRouche, Jr. has recently argued that a healthy U.S. economy would consist of a labor force of which 55% would be production workers in manufacturing, mining, construction, utilities, and agriculture, and another 10% scientists and engineers involved in research and development, with a resulting ratio of one scientist or engineer for every five or six production workers in the economy as a whole. The only sectors "in the ballpark" with this projection, are aerospace and communications. In 1983, there was one scientist or engineer for every 5.5 production workers in production of communications equipment (Standard Industry Classification 366).

Profile of economic decline

One way to understand how the economy was wrecked in the 1970s by Kissinger, et al., is to compare the proportion of the productive labor force—the fundamental resource of any economy—deployed in aerospace and defense in the 1960s aerospace build-up, with the Kissinger-Carter years. Another metric is investment patterns in these high-technology areas.

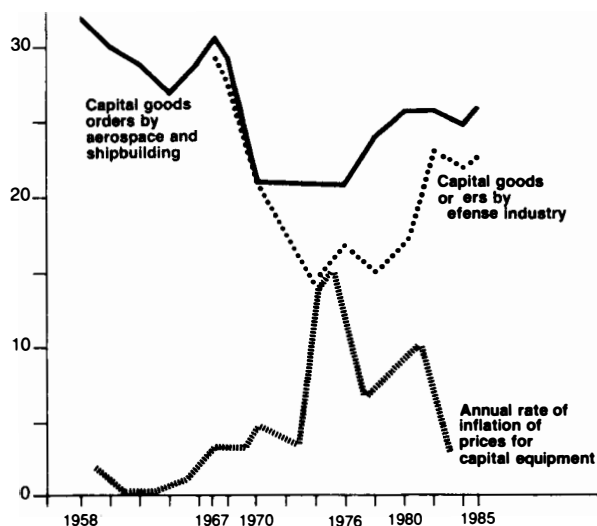
During these periods in postwar economic history, the deployment of the American productive labor force in defense and defense-related industries, such as shipbuilding and aerospace, was markedly different. From 1950 to 1969, almost 8% of production workers involved in durable-goods production were employed in shipbuilding and repair, aircraft and aircraft parts production, and production of missiles and space vehicles. In the period from 1970 to 1980, the average percentage of durable-goods production workers involved in these defense-related areas, had declined to 5.3% (Figure 3).

Investment in capital goods was greatly different over the periods examined. From 1958 to 1969, an average of 30% of all new orders for capital goods in the United States originated from the aerospace and shipbuilding sectors. From 1970 to 1980, the average percentage of new orders of capital goods in aerospace and shipbuilding had declined to 22% (Figure 4).

The full extent to which the policies of Henry Kissinger's Mutually Assured Destruction (MAD) tore the guts out of U.S. defense industries, producing the collapse of the U.S. economy, is shown when we look at the tremendous decline in the absolute numbers of production workers devoted to

FIGURE 4

New capital goods orders by aerospace, shipbuilding and by defense as percent of national total, 1958-1985



aerospace and shipbuilding over the past 25 years. In the late 1960s, these defense-related industries reached a peak employment of industrial operatives of approximately 680,000. In the two years from 1969 to 1971, employment in these sectors was reduced 40% to 417,000, and remained at that level until 1977. Even in 1985, at the height of the Reagan defense build-up, productive employment in shipbuilding and aerospace is still over 234,000 (30%) lower than the peak reached in the late 1960s.

The trend in investment in capital goods in the same sectors, over the same period, is just as alarming. In 1967, new orders for capital goods in aerospace, that is, aircraft, missiles, and space vehicles production, had reached a height of \$30.4 billion (in 1967 dollars). By 1970, this level of new orders of capital goods in aerospace alone had collapsed 50% to \$15.5 billion in constant 1967 dollars. New orders for capital goods in defense work alone, in all industries—aerospace, communications, shipbuilding, and others—totaled almost \$30 billion (in 1967 dollars) in 1968. By 1972, this rate of investment had collapsed 42%. Only in the last few years has the rate of investment in aerospace and defense begun to approximate that of the late 1960s.

This drop in new orders for capital goods was specific to the aerospace and defense sectors in the early 1970s. In the same period, from 1967 to 1972, in which new orders of capital goods in aerospace and defense plummeted 42%, new orders of capital goods in the entire economy fell only 3% and recovered in succeeding years. In 1984, when defense and aerospace had begun to achieve late-1960s investment rates, new orders of capital goods for the entire economy were 33% greater, in constant dollars, than in 1967. This

indicates the shift in the nature of investment away from the high-technology investment characteristic of aerospace and defense industries.

This same pattern of redeployment of resources appears in the deployment of the productive labor force over the 1960s and 1970s. While the number of production workers involved in production of durable goods reached a postwar peak of 9,110,000 in 1979, production workers in shipbuilding and aerospace became a diminishing proportion of that total.

There is this dubious distinction: Only with the collapse of production in basic manufacturing and durable-goods industries since Paul Volcker became head of the Federal Reserve in 1979, has aerospace and shipbuilding risen significantly as a percentage of production workers involved in durable-goods production. Defense-related employment as a percentage of production workers involved in durable-goods production at the 1979 peak, has stagnated at the level of 5% under the Reagan administration; the administration's defense build-up really doesn't have all that much muscle.

How McNamara got the decline going

The destruction of the U.S. economy did not begin precipitously with the swearing in of Henry Kissinger as national security adviser to the President in 1969. Kissinger merely carried on a process that was set into motion when Defense Secretary Robert McNamara adopted the policy known MAD. Underlying this dogma was the assumption that it was not necessary for national defense to have a strong basic industrial economy, that only the maintenance of a fleet of ballistic missiles was necessary, and that once this fleet was deployed, further investment in new defense technologies and strategies was not required.

Although McNamara announced this policy in the wake of the Cuban missile crisis before President Kennedy's assassination, the policy itself, and especially its economic impact, was not felt until after Kennedy was dead.

McNamara and his allies began dismantling Kennedy's "New Frontier." They eliminated aerospace and defense programs right and left: the supersonic transport, the Air Force manned orbiting laboratory, the original 1960s program for an aerospace plane, Project Defender for a space-based ABM system, and NASA's post-Apollo program for rapid development of a Shuttle and space station, and many others. As LaRouche recently wrote in an essay "The World Economic Depression in Progress: Why It Happened, and How Recovery Must Be Organized":

The collapse of the U.S. economy, is not the result of any single facet of U.S. policy; it is the result of the mutual interaction of the past 20 years' trends in several policy areas: monetary policy, credit policy, tax policy, and economic policy. In the area of economic policy, the most powerful depressing factor, was a dramatic shift in U.S. defense policy, estab-

lished under President Johnson, and consolidated under the Nixon, Ford, and Carter administrations.

Defense policy enters the picture in the following way.

Although the Johnson administration launched the neo-malthusian, "technetronic" policy as an official policy-trend of government, the "post-industrial" policy was consolidated by the Nixon administration. Key in this was Henry A. Kissinger's leading role in negotiating arms-control and other treaties with Moscow, treaties which made neo-malthusianism federal law, spilling over from the military sector into civilian production and the economy generally.

The victorious survivors of the death of President John F. Kennedy—McGeorge Bundy, Averell Harriman, George Ball, Robert McNamara, and so on—started the process of transforming the United States from the most powerful state in world history, into becoming a second-rate power. The initial emphasis, in which McNamara figured prominently, was turning the United States into a second-rate military power.

The means by which the U.S. began to be transformed into a second-rate military power, during McNamara's term and later, was destroying the U.S. position as a leading economic power. . . .

Under "normal" conditions, in which the Western nations are committed to continuing a policy of technological progress in both military and civilian production, the total economic strength of the Western alliance is between three and four times as great as the combined resources of the Soviet empire. Therefore, as long as we use that economic superiority to maintain military superiority, we have no reason to seek war with the Soviet empire, and the Soviet forces would not dare to attack us. That is the kernel of a "peace through strength" policy.

As long as the U.S. remained committed to such a "peace through strength" approach to defense of the United States and its allies, it was impossible for the advocates of a malthusian "post-industrial society" to sustain any headway in pushing the U.S. government into a "post-industrial" policy. It was impossible for the Soviet empire to threaten launching a nuclear first-strike attack against us. Only if we abandoned a "peace through strength" policy, could there be the danger of an actual thermonuclear conflict. Only if we abandoned a "peace through strength" policy, could fellows such as Zbigniew Brzezinski succeed in selling their ruinous "technetronic" sort of "post-industrial" policy.

McNamara's doctrine of "systems analysis" started the process of ruining the Defense Department's role in the economy. McNamara's doctrine could not succeed by itself; without Kissinger's actions of the 1969-76 period, the Soviets could have never built up military superiority, nor could the collapse of the U.S.

economy have gone as far as it has gone.

Data on the 1963-65 period give several indicators, that the seeds of the economic crisis that Kissinger forced the country into in 1969, had been planted under Defense Secretary McNamara. In 1963, the number of metalworking machine tools in use in metalworking industries per 1,000 production workers in mining, manufacturing, and construction, achieved a postwar peak of 180 machine tools per 1,000 production workers, and then proceeded to decline into the 1970s and 1980s.

Following Kennedy's assassination, the proportion of funding of industrial research and development provided by the federal government, underwent its first period of continuous decline in a decade. Under the post-Sputnik aerospace and defense build-up, the federal government contributed between 56% and 59% of all industrial research and development funds invested in the country. Curiously, this proportion began a continuous decline in 1964, from 58% in 1963 to 49% by 1968. This coincides with McNamara's policy of pulling the government out of the financing of capital equipment and work-in-progress in the aerospace and defense industries, as detailed in the second 1986 *EIR Quarterly Economic Report*.

The effect of the shift in policy introduced by McNamara under President Johnson, had an almost immediate impact on the economy. The lag time between the shutdown of Kennedy's ambitious aerospace/defense policy by McNamara, and that shutdown's effect on other industries varied with the condition of other basic industries and their proximity to aerospace and defense. Industries that were in the worst shape exhibited problems earliest.

In electric power production, the rate of increase in energy flux density leveled off in the mid-1960s, productivity growth leveled off by 1970, as did improvements in the efficiency of power production.

In the machine-tool industry, production of heavy metal-cutting and metal-forming tools, reached a peak in 1967 of shipments of 118,000 tools. The industry then entered a decline which has yet to be reversed.

Productivity in the steel industry continued to grow into the early 1970s as a result of a large-scale conversion of steel refining from open-hearth technology to basic oxygen process technology from 1960 to 1972. However, the impact of this conversion was short-lived, and the across-the-board trends in the overall economy began to express themselves as per capita iron and steel production reached a postwar peak in 1973, and began to decline thereafter, for the first time since Herbert Hoover's depression.

Shortly thereafter, in the second half of the 1970s, per capita production of electric power entered into its first decline since the early 1930s. Productivity in the machine-tool building sector itself peaked in the mid-1970s, at about 340 heavy metal-forming and metal-cutting machine tools per 100 production workers.

America's space program needs a shot in the arm

by Carol White

On April 28 of this year, a stinging criticism of the U.S. space program was issued by the American Institute of Aeronautics and Astronautics, at their annual convention. The AIAA is a 40,000-member group which mainly includes engineers, scientists, managers, and policy-makers in the aerospace industry.

At the conference, AIAA spokesman, Jerry Grey, reported upon a document issued in March of this year by the AIAA, *U.S. Civil Space Program, an AIAA Assessment* (of which he was one of three editors), which warns that the United States is headed towards second-class status as a space power, if the present NASA budget is not substantially increased.

The AIAA recommends a 40% increase overall in science, with a 100% increase in NASA funding devoted to basic scientific research. Grey criticized the penny-wise pound-foolish attitude toward budgeting which has hamstrung NASA over the past decade or more. As he said, and the nation learned to its horror with the Shuttle disaster, scrimping in the present only increases the costs downstream, and creates additional problems which effect performance adversely.

Grey and the AIAA argue for a U.S. space program which sets its goals first, as in the days of President Kennedy's Apollo program, and then determines the budget needed to accomplish the assigned task. Today, the reverse occurs, with NASA being forced to scale its objectives down to meet preexisting budget levels.

The report includes a comparison of NASA funding to that of other federal agencies, which shows a drop of 54% in funding from 1965 to 1985 (in 1985 dollars), compared to a total increase in government spending for Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Housing and Urban Development, Transportation, and Environmental Protection, of 157%. To take one example, the Environmental Protection Agency funding increased over that time by 974%.

They strongly recommended that the original program

for the space station be met, so that the decision to postpone it and plans to launch it in two stages be reversed, and they support development of expendable launch vehicles, and additional Shuttle capacity. They also emphasize that while safety is a predominant consideration in restarting the Shuttle program, it must be recognized that space-flight activities will always involve some degree of risk; therefore they recommend that all proposals for redesign take into account the need to rapidly gain regular access to space.

While the report gives favorable mention to the National Commission on Space recommendations for establishing a manned base on Mars, its objective is not to argue for specifics but to emphasize and reemphasize the necessity for the United States to have an aggressive space program. In this regard they draw attention to the role of the European governments and the Japanese in supporting their own nations' space programs.

They warn that by 1992 the United States is in danger of losing its large share of the high-technology aerospace market, and they point out how the foolishness of the U.S. failure to underwrite continued high technology development in space, is underscored by the enormous payback to such investment by increased tax revenues. To illustrate this, Grey related an amusing anecdote. Once Michael Faraday was asked what was the practical use of his discovery of induction. He replied that he didn't know, but assured his interlocutor that he would be taxing it in the near future.

The report

The following quotations from the AIAA report itself, make the case which we also have been arguing in *EIR*.

The first requirement [for a healthy space program] is a unified national policy which sets clear long-term objectives and makes firm commitments to their implementation. The Soviet Union, Europe, Japan, and China have made such commitments to strong space programs; U.S. preeminence cannot be reestablished,

nor can the U.S. participate properly in global space activities, without comparable action.

The AIAA report argues against excessive security measures, pointing out that the best security is in a high rate of development. To quote:

In all cooperative activities of this type [i.e., the space program], by far the best counter to foreign competition is to remain ahead in research and technology development. However, current technology transfer policy, aimed at preventing the leakage of unclassified technology, is considered by many to have adversely affected U.S. innovative potential.

In the section of the report devoted to an assessment of the U.S. Space Program they have the following to say:

Underlying the theme of this AIAA Assessment is the fundamental premise that a vigorous civil space program is a key element in promoting both national vitality and successful international relations, and that U.S. leadership in space is essential to the strength of the nation.

. . . The formerly healthy U.S. balance of trade in high-technology products and services has been decaying sharply since 1980-81 . . . and even the traditionally strong favorable balance in agricultural products declined from nearly \$15 billion in 1981 to only \$7.5 billion in 1986. Although the aerospace trade balance has remained positive during this period, foreign inroads, particularly in the still-small but rapidly growing space sector are building alarmingly. Foreign governments provide substantial support of space activities not only in the Soviet Union but also in Europe, Japan, and China, with the clearly stated intent of developing the industrial capability needed to take advantage of growing space-related global market opportunities.

Unless the government strengthens its support of U.S. space activities, particularly in the key areas of space transportation, applications technologies (communications and remote sensing), microgravity research, and advancing the basic science and technology that underlie all new development, the early U.S. lead in this important new economic area will continue to decay.

. . . The AIAA recognizes the urgent need for strong government-industry-university teamwork to return the nation's civil space program to its former preeminence, with the consequent benefits both to economic return and international prestige.

Criticizing the U.S. failure to adequately finance its space program—a problem which has been building since the end of the Apollo program—the AIAA rejects the current

insanity in Congress, which is building a climate of trade war against our allies. Instead they argue for the government to: "recognize civil space expenditures as an investment in the future industrial competitiveness of the country, and increase them appropriately as recommended above." Reiterating their argument against undue secrecy they say about a joint effort to build a space station:

Benefits will be proportional to the vigor with which a nation employs the space station resource. If the U.S. investment in the program is not accompanied by a strong exploitation of the capability, the preceding precautions will be futile. The concerns that have been expressed by several members of Congress that NASA will "give away the store" in the space-station negotiations will then be real. But the best way for the U.S. to stay ahead of its foreign competitors, both in the space station and in other high-technology areas, is to move faster and more effectively than they do in research and technology development, not to bar their cooperative participation in developing new and potential valuable space facilities.

This AIAA report is a particularly important policy input right now, as we stand on the brink of the panic phase of a global economic collapse. It is precisely the kind of approach recommended by the AIAA, coupled with the goal of colonizing Mars and industrializing the Moon, in a 40-year period, which offers an alternative to the threatened economic chaos.

The significance of aerospace

The aerospace industry is significant in itself, but it plays an additional role in the economy, as that sector which, in general, develops and deploys the highest level of technology, which can then be disseminated throughout the economy. This, of course, was typified by the NASA Apollo program. It is no exaggeration to say that the vitality of the aerospace and associated industries determines the health of the economy as a whole.

The reason for this is not obscure. The health of an economy is determined by the rate at which it is able to generate new technologies, with the proviso that these technologies are themselves the embodiment of what might be termed technological phase shifts. Concretely, this means that a healthy economy generates technology waves, each one of which is more capital-intensive and more energy-intensive than the last. Such a healthy economy provides the resources necessary to support a growing population with a constantly increasing standard of living.

Advancement in technology is not a matter simply of enhancing or upgrading the "tools" of production; these "tools" must be deployed by a workforce which is capable of transforming itself in order to assimilate the new technology. One important parameter this can be seen in is the ratio of scien-



Simply all you need.

Exerciser

AN ENTIRE HEALTH SPA THAT FITS INTO YOUR BRIEFCASE.

ONLY \$19.95

Check or Money Order + \$3.25 tax & shipping.

LIGHT WEIGHT — STRONG — COMPACT

2 SIZES AVAILABLE:

Regular and Large (Men's) with larger and stronger elastic cord.

Order today or pick up in person.

BIOROBIC 1324 RIALTO AVE. • SAN BERNARDINO, CA 92410
CALL 714-885-8416

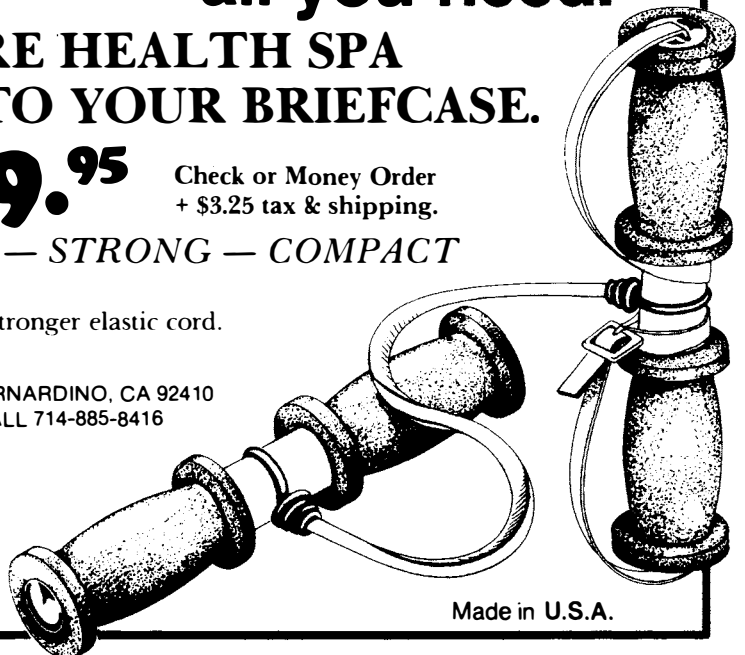
Please send me _____ regular size or _____ large (Men's) size BIOROBIC Exerciser.

Enclosed is \$19.95 + \$3.25 tax & shipping for each.

Name _____

Address _____

City _____ Zip _____



Made in U.S.A.

ARABIAN HORSES ARE STILL A GOOD INVESTMENT!

Our Triple National Champion, Zarabo + + +, is an American Legend

Family-Oriented Show Champions and Future Show Champions are now offered for sale— a tax shelter for horse-lovers.

The HIGHEST QUALITY Arabians at believable prices!

Moehlmans **BM** Ranch & Training Stable

P.O. Box 1567 Greenville, Texas 75401
(214) 862-3620

SEE OUR CATALOG IN THOMAS REGISTER
THOMCAT

- Business Brokers
- Accounting Systems
- Analysis Service
- Investment Counseling

WALLIS ASSOCIATES

4 WARFIELD ST.,
UPPER MONTCLAIR, N.J. 07043
(201) 746-0067

My policy on Soviet arms control proposals

by Lyndon H. LaRouche, Jr.

This statement was released May 11 by the LaRouche Democratic Campaign.

Sunday's news dispatches reported that Soviet Secretary General Mikhail Gorbachov will soon propose that Moscow will evacuate Soviet troops from the captive nations of Eastern Europe, if the United States will withdraw its troops from Western Europe. News reports say that Gorbachov will make this proposal officially during the forthcoming Warsaw Pact meeting in East Berlin.

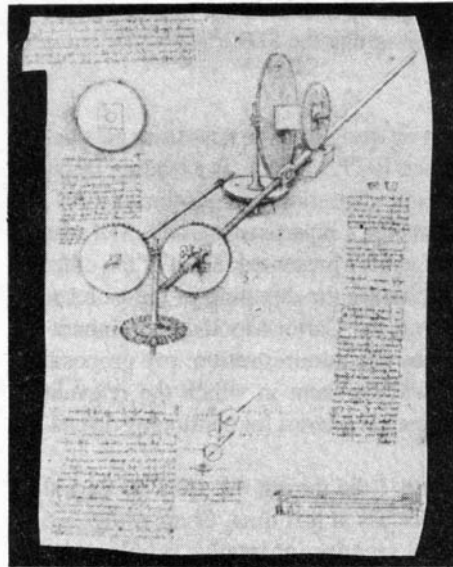
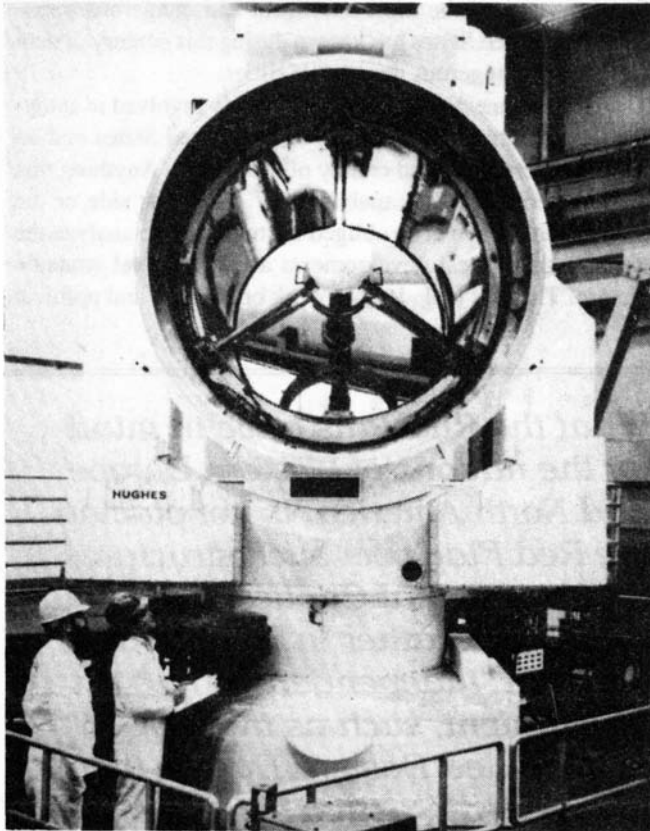
I have been waiting for Moscow to make such a proposal as part of the public relations campaign for the so-called zero-option agreements. If the United States were to accept such a proposal, it would mean that Soviet troops could soon occupy the entirety of Europe whenever Moscow might choose to do so. This propaganda stunt is one of wily Soviet Marshal Nikolai Ogarkov's really clever strategic tricks, aimed at confusing and duping the West into virtual strategic suicide.

Under present conditions, accepting such a proposal would mean that U.S. forces leave Western Europe, never to return, while Soviet forces in Russia would move back to the frontier of Germany whenever they pleased. Within a few years, when the Russians had deployed their own "SDI," which the Soviet military is now deploying at the most rapid rate possible, they would be able to overrun Western Europe at their pleasure. Under these conditions, most of Western Europe would most probably accept Soviet terms without firing a shot in resistance.

This would leave the United States sitting alone in North America, with more than two-thirds of the world's industrial might—and about three-quarters of the world's developed mineral resources, and most of the sea lanes—in Soviet hands. It would be only a short step beyond that, for the massively outpowered United States itself to accept Russian imperial overlordship of North America, too. In return for our willing submission, Moscow would allow us to keep about the same degree of independence as Poland or Czechoslovakia today.

Obviously, for those reasons, I am opposed to any U.S. troop withdrawal from Western Europe. Any presidential candidate who disagrees with me on that issue, is not thinking straight.

Obviously, only a lunatic wishes to leave the United States or Western Europe exposed to Soviet nuclear arsenals. Even if all nuclear weapons could vanish



Today's frontiers of military technology, and the tradition they embody: (Left) High-energy laser beam director, an experimental pointing and tracking system designed to track targets in flight and direct a high-power laser beam to selected aimpoints. (Right) One of Leonardo da Vinci's most advanced military machine tools. A hydraulically driven complex for forming a stave of a gun barrel having a heavier breech section than that at the muzzle. The power transfer diagram is worked out at the bottom. Such cannon barrels were too large to make by forging methods before Leonardo's invention.

magically, we have suffered enough major wars in this century already. However, there has to be a better way of avoiding nuclear war than surrendering to one Soviet strategic expansion and demand after another, as we have done step-by-step, mostly, since 1945.

I say: Forget the so-called Zero Option, and forget about pulling U.S. forces out of Europe. There has to be a better way of avoiding nuclear war, than surrendering, inch-by-inch, to expansion of the Russian empire. There is a better way. What most of you know by the name of "Strategic Defense Initiative" (SDI) is the key to that better way. SDI is not the total answer, but it is the key to making all other options workable ones.

I explain that in a better way. I must explain it, because none of the other presidential candidates—Republican or Democrat—in the race has the special technical background needed to explain key strategic issues involved.

"Hold on a moment, buddy," some of you are thinking; "Are you asking us to believe that Cap Weinberger doesn't know as much as you know about this?" Of course, responsible Defense officials such as Cap Weinberger and General James Abrahamson's staff are experts in this area. I have merely stated that the other presidential candidates presently in the running do not. There are some things which knowledgeable officials such as Cap Weinberger or General Abrahamson should not discuss in public, but which are perfectly proper for me to discuss in public.

When I speak publicly, since I am not a government

official, I am presenting a proposal. If a Cap Weinberger or General Abrahamson were to say the same thing publicly, that would be revealing that our government is already committed to some of the same things I am presenting as a candidate's proposal. In other words, if they speak, they are revealing secrets of our government; if I say the same thing in the form of a personal proposal, I am not revealing government secrets.

Let me restate that same point in a slightly different way. I was among the designers of the SDI policies adopted both by the United States and among our allies. My proposals, made publicly before the SDI was officially adopted, are obviously not national secrets. However, the question of how much of my proposals on SDI or other military policies has been adopted by our government or our allies, is a governmental secret.

So, for a defense official of our government to repeat some of the same things I said publicly back during 1981, 1982, and early 1983, would be revealing that the government is committed to those details of my policy. It is that commitment by government which is the national secret involved. So, when I speak about my own policy, I can say anything I wish to reveal, and I do not compromise our national security by revealing this. However, as a responsible citizen, I can not and will not reveal any commitment to details of my policy by our own or allied governments, unless it has already been made public, or unless I were specifically authorized to leak that information.

Before getting into the details of the better way I propose, I summarize my role in designing the SDI.

My role in the SDI

I have been working on designing the new strategic doctrine now called SDI since 1977. When I, as a leading Democrat, met with Reagan administration officials during 1981, to present my suggestions for a bipartisan agenda, SDI was one of the items on the agenda I presented. Most of the other items on my agenda, including the dumping of the Volcker policies carried over from the Carter-Mondale administration, were not adopted by the administration; my proposal for what became SDI was the item in which the relevant officials expressed the greatest interest for continuing discussions.

There are some things I did during the 1981-83 period which I am not free to discuss at this time. Some things are either matters of national security, or involve privileges of the Executive Branch. However, the parts of my activities on which I must still hold back information have no direct bearing on the scope of this report.

There were two technical aspects to my design for an SDI. The advanced physics involved, I had available through my position as a director of a prominent scientific association, an institution which our government has most ungratefully, recently, shut down, in a highly illegal procedure. The economic feasibility of SDI was a matter directly within my specialized technical competence. The key to SDI is, that if we use advanced physics principles, the cost of destroying a missile is less than the combined cost of building, deploying, and launching that missile. By the end of 1981, my work on the economic feasibility of SDI was approximately finished.

It was understood, that the proper way for the U.S. government to move into an SDI doctrine was to present the idea of such a change publicly, to avoid creating the situation in which either the Soviets or our allies would be surprised by our government's announced adoption of such a policy. So, for that reason, I was the first to announce—at a well-attended February 1982 public conference held in Washington—what became known as the "SDI," thirteen months before the President's televised announcement of March 23, 1983. By the time SDI was announced as official U.S. doctrine, I had given in-depth briefings to groups of relevant military officials in France, West Germany, and other allied nations. Although the President's announcement of SDI came as a surprise to many, every foreign government of our allies and adversaries knew the policy in detail months before the President's announcement.

I have been deeply involved in the technical side of the strategy business since 1981. My function has included key responsibility for assessing Soviet war-plans, so that we might be better able to judge what our technical requirements and timetables must be, to match the Russians' capabilities for posing a military threat. So, I have been virtually nose-to-nose against the top Soviet war-planner, Marshal Nikolai

Ogarkov, one of the most intelligent and dangerous opponents the United States has known during this century, a man vastly more dangerous than Adolf Hitler.

In this connection, I have been deeply involved in studying the total strategic situation of the United States and its allies in every nook and cranny of this planet. Anything that might affect the total capabilities of either our side or the Soviet side, I have been obliged to study, and to analyze the way in which local developments affect the total strategic picture. This has included my work on cultural and political

What the Russians have in mind for the nations of Western Europe and North America, is not placing the Red Flag over such structures as our national Capitol or the White House, but rather "allowing" us to have an "independent" government, such as those of Soviet-ruled Eastern Europe today, undoubtedly with a slightly greater appearance of independence than the Eastern European states.

issues, economic policies, the Soviet direction of most of the narcotics trafficking and terrorist deployments around the world, and the special danger represented by assassination and sabotage capabilities of both the Soviet military spetsnaz forces and similar lethal arms of the Soviet KGB.

My commitment has been to discover how the United States could avoid nuclear war without continuing to back down, step-by-step, to Russian imperial aggression and subversion. In other words, what combinations of cultural, military, anti-drug, anti-terrorist, and military policies would halt Soviet-directed subversion, and deter Moscow from resorting to the kinds of military adventures which would plunge the world into total war.

My solution is a policy of "peace through strength." According to former National Security Adviser McGeorge Bundy, this was the policy which President John F. Kennedy was to present in the address he would have delivered on the evening of the day he was assassinated. This includes not only military strength, but also cultural, political, health, and economic strength, and greatly improved internal security against irregular Soviet forces such as terrorists, drug-trafficking, and spetsnaz and KGB spies, saboteurs, and killers. It means building up strong bonds of alliance or merely

friendship with as many nations of this planet as possible, which means treating our allies and other friends fairly on all issues which might tend to divide us. It also means treating our own citizens fairly in quality of income, education, employment security, food supplies available, and in health policy.

That said, I come to the technical matters. I admit that much of this is technical, that some seems complicated. Competent policy shapers have no choice; it is the world which is very technical, and very complicated. There are no simplistic solutions of the sort which can be identified by simple campaign-slogans, or by double-talk filled up with popular "buzz words." There is no sound strategic or military policy for the United States which does not require very serious thinking. Anyone who seems to make the issues involved simple, emotional appeals to popular prejudice, is telling you dangerous foolishness; if he believes what he is saying, he is the sort of bungling fool you should wish nowhere near the White House.

I start with the Russian imperial threat.

Moscow's plan for world-conquest

Officially, the rulers of Moscow have been committed to making Moscow the capital of a world-wide new Roman Empire since A.D. 1510. If we look at the changes in the world's political empire since 1510, we see the red blob spreading from Moscow, conquering nearby Slavic peoples, overrunning then the non-Russians of the Caucasus and Asia, and spreading and spreading. Under Czar or Commissar, this imperial commitment to world-conquest has never changed.

Throughout modern Russian history, since even before 1510, as early as A.D. 1440, the people of Moscow have hated Western culture, which they have always called, ever since, the culture of "the Rome of the West." The few Czars, such as Peter the Great and Alexander II, who attempted to civilize Russia with Western European and North American culture, were deeply hated by most Muscovites for this reason. For the same reason, at the end of World War II, the Russians celebrated their victory by butchering the Christian priests and destroying their churches, in the Ukraine and Romania, just as Russians had committed mass-murder against about 40,000 Polish prisoners of war at Katyn during the war.

During the 1880s and later, following the assassination of President Lincoln's ally, Czar Alexander II, by the Czarist secret police, the Okhrana, the same Russians responsible for killing this czar elaborated a new policy for world-conquest, based on a plan to overthrow the entire Romanov dynasty, and to create a new dynasty based on the most fanatically anti-Western strata of Russian society, the so-called "Old Believers" (Raskolniki). The key figure in writing up this new plan of world-conquest was a writer wholly owned by the Okhrana, Fyodor Dostoevsky. Dostoevsky's "Diary of a Writer" is the best source to study to understand this plan.

During this time, the same faction within the Czar's interior and justice ministries behind the Okhrana actions created an assortment of ultra-radical, violence-prone illegal organizations, including the famous Russian nihilist assassins, the Populists (Narodniks), and the quasi-Marxist Russian social-democrats of V.I. Lenin and his Menshevik competitors. By a somewhat complicated process, these forces inside high places in Czarist Russia organized the 1905 revolution as a dress-rehearsal, and then launched the revolutions of 1917, bringing the Bolsheviks to power. Leading Okhrana officials, who had been "controllers" of the Bolsheviks before October 1917, became top officials of the Bolsheviks' secret-police organization, the Cheka, immediately.

Although the early Bolshevik rulers kept Dostoevsky's name in the background for decades—chiefly to avoid frightening Western Marxist recruits—Soviet policy has never deviated from the policies set down in Dostoevsky's plan. Today, the Okhrana's successor, the KGB, has officially raised Dostoevsky to a Muscovite sort of cultural and political sainthood, and the Queen of all the Russias, "Czarina" Raisa Gorbachov, has made Dostoevsky the central figure of her Armand Hammer-funded arm of cultural subversion against the West, the Soviet Cultural Fund.

Russian imperial policy was stated very plainly by dictator Khrushchev, during his public appearances in the United States: "We will bury you!" So far, since Khrushchev made that threat, Moscow has gone a long way toward accomplishing just that.

There is no exaggeration in using the term "Russian Empire," to describe today's Warsaw Pact alliances, nor are we carelessly slinging nasty labels on an adversary when we say that the Russians are imperialists. Since the Chaldeans, an "empire" means a system of colonies and semi-independent "satrapies" under the administrative and military domination of a master race.

Like the ancient Chaldeans and Magi of the ancient Mesopotamian empires, the Russians of today place great value on assigning to each ethnic or religious "nationality" a Russian-approved form of distinctive ethnic or religious "culture." Evgenii Primakov's Soviet Oriental Institute is one of the most notable Soviet intelligence agencies which fulfills this function of the ancient Babylonian priesthood. It selects and concocts an approved list of "customs" and "myths," which it endorses as approved beliefs of the subject ethnic or religious nationality. It concocts these mythologies both as "religious" ideas used to foster subversion—as in the case of Peru's Sendero Luminoso terrorists—and as the approved culture of the "nation" brought to power by aid of such subversion.

For obvious reasons, like the ancient Babylonian priests, the Soviet "Magi" of today bury certain common features in each of the assorted cults manufactured at locations such as Tashkent. The ideas of man, nature, and God, in each case, are the same pagan belief-system of the ancient Rus worshippers of the "blood and soil" cult of Matushka Rus, the doc-

trine of Stalin in his famous, barely literate text on the "nationalities question." The cult is hewn in such a way as to assist the Moscow overlords in manipulating more readily the ethnic or religious entity organized around this cult-mythology.

So, today, Moscow deploys its Soviet State Orthodox Church, to demand that Western Protestant and Catholic churches modify their liturgy into "ecumenical" conformity with the dogmas of the Russian church, attacking the "Filioque" of the Latin Creed with about the same degree of fanaticism it directs against the U.S. SDI.

What the Russians have in mind for the nations of Western Europe and North America, for example, is not placing the Red Flag over such structures as our national Capitol or the White House, but rather "allowing" us to have an "independent" government, such as those of Soviet-ruled Eastern Europe today, undoubtedly with a slightly greater appearance of independence than such Eastern European states. The way things would work for us, were that to come about through aid of "zero-option" agreements, would be that the candidates and policies of the candidates would be selected with Moscow's prior approval. Our present Federal Constitution, with its presidential system, would have to go, of course, to be replaced by a parliamentary system, under which arrangement Moscow could quickly and quietly dump any head of government who displeased the imperial overlords, without having to upset the system of self-government charitably allowed to us.

We would deliver to Moscow the goods it required, at the prices Moscow chose to pay—as we see this trend in present U.S. and Western European charity to Moscow in subsidized food shipments. Moscow would pay for these purchases whenever it pleased Moscow to do so. We would have no real power over our foreign policy. We would have no industries Moscow did not allow us to maintain. Twenty to thirty percent of our national product would be skimmed off for delivery to the imperial overlords in Moscow. Nowhere in the world would there exist an organized force capable of saying "No" to any Moscow demand.

That is what Russian imperialism means in practice. That is the Soviet strategic objective, which they intend to have solidly in place by the end of this century, after which they will turn to the question of China.

From the beginning, to the present day, Soviet policy toward the West has been "total war." By "total war," strategic specialists mean a combination of two kinds of warfare: what we call "regular warfare," the use of lethal force by regular military forces, and what we call "irregular warfare." They see the two kinds of warfare as interdependent. "Irregular warfare" is the Soviets' method of fighting war against their enemies up to the brink of regular war; once regular warfare begins, irregular warfare does not end: irregular warfare is increased in intensity to the

maximum as a partner of regular warfare.

"Irregular warfare" means generally what most people are accustomed to call "subversion," enriched by assassinations and sabotage. It includes undermining the culture of the West, corrupting Western politicians, business leaders, and political parties. It lays heavy emphasis on "peace movements" and "anti-nuclear movements" of the sort started up by the most evil man of the 20th century, Bertrand Russell. It means subverting ministers, priests, and rabbis, and churches and temples, to become vehicles to radiate Moscow's influence.

It means working to cause Western economies to weaken themselves from within. It means promoting radical movements, as Moscow backs Ramsey Clark's cronies among the "radical ecologist" movements of Europe and North America today. It means promoting the international drug-traffic, which Moscow has now largely taken over, at the point of production and initial distribution, since the beginnings of these Soviet operations in 1967, as a way of destroying large sections of the population of the West. It means deploying international terrorism, created by Moscow as a partner of the international drug-warfare program in 1967.

It means building up paramilitary capabilities controlled by Moscow, such as nearly 10,000 West German paramilitary forces deployed for mass violence (under direction of GRU auxiliary officers trained in and directed from chiefly East Germany, Czechoslovakia, and Syria). It means deeply penetrating the rear echelons of the interior of Western nations with Soviet military spetsnaz sabotage and assassination units, and similar units of the KGB.

In discussing Soviet military strategy as such, I shall concentrate only on the key strategic role performed by Warsaw Pact spetsnaz units, which operate directly under Soviet military command, and which are used for such included missions as deploying "hand-carried" nuclear bombs, chemical-biological weapons, and radio-frequency weapons, missions used as a substitute for Soviet missile-warheads against strategic military and logistical targets, at the moment of outbreak of war.

Selected assassinations of Western public figures and military commands, near or at the point of outbreak of war, are included among military-strategic Soviet operations under the direction of Marshal Nikolai Ogarkov, in his present position as Soviet Deputy Supreme Commander in time of war.

What the Russians have done, is to redefine war-planning in such a way that the various aspects of irregular and regular warfare are treated in a combined way, under the kind of war-planning we associate with the German General Staff under von Schlieffen.

This is an extremely important point. Not only do we in the West fail, so far, to see irregular and regular warfare in this integrated way. Since the negotiations with Moscow

establishing the United Nations, at San Francisco, we of the West have abandoned classical war-planning, and have substituted a diplomatic doctrine of military policy called "crisis management." "Crisis management" doctrine means, that our defense officials and military professionals are prohibited from using any thinking which is based on traditional military science.

Some among our professionals may think in "Clausewitzian" terms privately, but they are not permitted to reflect such thinking in the shaping of defense policy, or in terms of functions of military command under combat conditions. It was this "crisis management" policy which led to a "no-win peace" stalemate in Korea, and was directly responsible for every disgusting feature of the U.S. protracted war in Southeast Asia.

So, the Soviet military commanders are way ahead of us in official military-science practice today. Not only is their ongoing irregular war against us conducted under the direction of military war-planning requirements, but they are permitted to think ahead in a way which Western commands are officially prohibited from doing. So, Soviet commanders have wide ranges of policy-options which are not available to Western governments at this time.

This brings us again to Marshal Ogarkov. He is the author of the currently operational Soviet master war-plan, the so-called "Ogarkov Plan." He is the military peacetime commander of all combined ground, sea, and air forces on the Western front, facing Western Europe and the Atlantic theater of the United States. He is the senior field commander of all Soviet forces in all theaters. He has been nominated recently as Deputy Supreme Soviet Commander, a post which has remained unoccupied since Marshal Zhukov occupied this post during World War II. After the first secretary of the Communist Party, General Secretary Gorbachov, he is the most powerful man in the pecking order of strategic command in the Russian empire, and is the actual director of warfare operations globally under conditions of actual war-fighting.

At present, the Soviet economy is undergoing a massive, and often bloody-handed reorganization. The Russians call this reorganization "perestroika." "Perestroika" is a leading feature of the Ogarkov war-plan, in which "perestroika" is defined as a limited period of military mobilization of the Russian economy, in preparation for the launching of a full-scale first strike attack against the West.

One of the facts which has put me personally into direct opposition to Ogarkov in the global strategic picture, is the fact that he and I are pushing the same conception of how the next world war might be won, despite so-called "nuclear deterrence" capabilities. Not only is he the most vigorous backer of Soviet SDI's "crash development and deployment," as I am his opposite number on this point in the West as a whole. He understands the place of SDI within the total

What others have to say about Gorbachov's offers

Senate Majority leader Robert Byrd (D-W.Va.): "The President should not race into an agreement solely based on political expediency."

Senate GOP leader Robert Dole (R-Kan.): "We shouldn't count our arms-control chickens before they are hatched . . . those little birds may not be the sort of thing we would like on the dining room table."

Rep. Richard Gephardt (D-Mo.): "Arms control must be the top priority of the next President. . . . In pursuit of arms, this administration has busted the budget of the United States."

Sen. Albert Gore, Jr. (D-Tenn.): "A positive step which pushes us in the right direction . . . the President ought to pick up some of the threads that were dropped at Reykjavik."

Rep. Jack Kemp (R-N.Y.): "The Soviets approach arms control the way Andy Warhol approached art—anything you can get away with."

Sen. Sam Nunn (D-Ga.): "An historic opportunity that in the long term promotes an accord on strategic arms."

Rev. Pat Robertson: "We have so much military presence in Europe. . . . It seems like we ought to be able to deploy those men somewhere else."

House Speaker Jim Wright (D-Tex.): "This is our best chance since Alexander Kerensky to negotiate satisfactorily with a leader of the Soviet Union."

picture, as do very, very few officials in the West today. So, I recognize Ogarkov as the greatest single threat to us, and Moscow has repeatedly identified me, since March 23, 1983, as the greatest single threat to Moscow's plans.

Among supporters of the SDI in official and other key positions, it is broadly understood, that the kinds of defensive weapons proposed by Dr. Edward Teller's Lawrence Livermore Laboratory are an effective means for destroying most of the missiles and warheads in a general Soviet nuclear-missile barrage, and that the intrinsic cost of destroying a missile by this means is approximately one-tenth the cost of constructing and launching that Soviet missile. Unfortunately, too few among the supporters of SDI have yet understood the fuller and deeper implications of the SDI policy I presented to French and German military authorities at the close of 1982. Unfortunately, Marshal Ogarkov does!

For this reason, most of the published official and think

tank assessments of both the Soviet internal situation, and Soviet strategic policy, are more or less incompetent.

They do not understand how the Soviet economy functions, and often see it as failing, when, by Russian standards, it is more or less successfully accomplishing its assigned strategic mission. Some folk assume that the Soviets are attempting to take some of the pressure of military spending-levels off the civilian economy, when the Soviet command has precisely the opposite intention. Their domestic economy policy is based on the policy of preparing either to win a

The Soviet command understands very well what I am proposing, and therefore sees me as the greatest danger which any public figure poses to their mad dreams of world-conquest. They hate me all the more, because I do not underestimate the Russians, especially not Marshal Ogarkov.

global war, or to be so capable of winning such a war, that the West capitulates to Soviet demands step-by-step. Their economy is operating on the basis of the pre-war mobilization specifications of the Ogarkov war-plan.

Consequently, Western experts often see the inevitable, sometimes bloody-handed political friction “perestroika” causes in Moscow, as implying a growing internal factional threat to the policies of Gorbachov and Ogarkov. They refuse to understand the nature of the Ogarkov Plan, and therefore misread the symptoms of the implementation of that plan.

There is a more specific point, which I wish to stress at this point. Ogarkov’s plan, like mine, is not only committed to the most rapid full-scale deployment of a global “SDI.” Gorbachov and I are thinking in similar ways about what is known to military science as high rates of “technological attrition.” We are also each thinking of the importance of having all the essential elements of production of high rates of technological attrition within our respective national economies, I in the United States, he in Russia itself.

The difference is, that under my policy, the United States can outpace the Soviets in technological attrition, and the Soviet command understands this. I have been told directly, more than once, by high-ranking adversaries among Soviet officials: “Yes, your plan for strategic defense will work, but your economy will outpace ours. Therefore, we will never allow the United States to adopt your policy.”

The combined populations and agro-industrial potential

of the combined economies of North America, Western Europe, and Japan, are each more than twice the Soviet potential. On condition that we follow the correct choices in economic and military policies, Moscow would never dare attack us. That, I consider an excellent way to have durable peace—especially if one understands the mind-set of our Russian adversary.

We have another vast superiority over Moscow, our Western European Judeo-Christian culture. The nations of Western Europe, Japan, and of North and South America combined, have throughout a developed form of culture which enables us to develop and to assimilate very high rates of technological progress. Traditional Muscovite culture does not permit them to match us in this.

Moscow could not even contemplate further imperial expansion, unless it could rely upon our undermining our own traditional pro-technology culture, and our willful, systematic destruction of our agro-industrial output and development. It can not dare further expansion, unless it induces us to weaken ourselves greatly from within—culturally, morally, economically, and militarily.

If we followed my strategic doctrine in these matters, we would rapidly outpace the Russian empire so much, that within a generation or two, Russians would be forced to recognize the permanently hopeless inferiority of their present culture, and would begin to change their culture into what would be predominantly as near an imitation of ours as they could manage. That is my policy for winning victory through peace based on strength.

The Soviet command understands very well what I am proposing, and therefore sees me as the greatest danger which any public figure poses to their mad dreams of world-conquest. They hate me all the more, because I do not underestimate the Russians, especially not Marshal Ogarkov.

In this day and age of sports and movie fans, it is considered “showing the right attitude” to insist that the Russian system doesn’t work, that everything they do is a failure, that they are about to collapse, or that present leaders are about to be overthrown. “Rah! Rah! Rah! Siss-boom-bah! Yeah, team!” Unfortunately, Russian military production has outpaced the combined output of the United States and its allies. Since 1945, they have been winning, and we have been retreating, especially since 1967. “Siss-boom-bah!—bunk!” The fact that an adversary is a deadly one, means exactly that he is not to be underestimated, even if we must offend the “sports fans” in noting this fact.

Our defense policies must be precisely the right ones, especially for the increasingly most dangerous months and years just ahead. That Soviet marshal and his immediate collaborators are among the military geniuses of this century—in strategic matters as such. They are not likely to miss many opportunities, and will probe us now for every exploitable chink in our material capabilities and political will. We must not permit sloppy, pragmatic compromises, to spoil the very precise set of strategic policies we must follow to get

safely through the next months and several years of greatest danger.

The relevant ABCs of military science

Modern military science developed around Renaissance Florence. Strategic principles of statecraft were founded by the great Cosimo de Medici. International law bearing upon war and peace, was established implicitly by Cardinal Nicolaus of Cusa. The first modern strategist was France's King Louis XI, whose example is well worth study in light of the Soviet threat of today. The first military scientist as such, was Leonardo da Vinci, as echoed by his follower Niccolò Machiavelli.

The principles of Machiavelli's "Commentaries on the Ten Books of Livy" were given exemplary application by Oliver Cromwell's New Model Army, the precedent for 18th-century U.S. military policy. The founder of modern "grand strategy" was France's Jean-Baptiste Colbert—also relevant for study today. The great impetus for further development of military science was supplied by Gottfried Leibniz. The great commander of the 18th century, until the 1793-95 work of Lazare Carnot, was Prussia's Frederick the Great. U.S. military policy under General Washington, incorporating Prussian and French military science, stunned the world. Carnot established modern classical military science, and his accomplishments were improved upon rather fundamentally by the Prussian reformers, vom Stein, von Humboldt, and Scharnhorst.

Those are the broad essentials.

Within this, 18th-century France resumed the work of Leonardo and Leibniz, in the application of projective geometry to analysis of the relationship between offense and defense. The question was, how to situate mobility, firepower, and depth of capabilities, respecting options for defense and offense. A modern, updated version of this application of projective geometry, is indispensable for analyzing the implications of Soviet military strategy and how to deal with them.

The ABCs are elementary enough to be more or less readily understood by the thoughtful layman.

Let us define the offensive and defensive forces, respectively, as each representing a certain number of military personnel deploying in a certain amount of territory. First, look at the offensive forces. Measure the mobility, firepower, and depth of these forces, per capita and per square kilometer of area in which the forces are operating. Next, let us use the same measurements of the enemy forces against which the offensive firepower of the attacking forces is directed. By estimating the likelihood that a shot by attacking forces will reduce the mobility, firepower, and depth of the defending forces, we can construct the idea of "effective firepower." Mobility and depth pertain, then, to the possibility of enhancing the effectiveness of firepower directed.

Then, simply shift the definitions slightly. Obviously, the defenders are shooting back, an offensive action by the

defending force. Is the defense or the offense more effective?

Our job, in either case, is not to pile up a "body count." Our objective is to reduce the enemy's mobility, firepower, and depth. People are killed in that process, of course, but the killing of persons is not the objective. The killing is an unfortunate but unavoidable side-effect of doing the things which win war. It is the adversary's effective (!) mobility, firepower, and depth which must be destroyed; it is the degree to which we accomplish that result, not the simple number of adversaries killed, which measures whether or not our action is tending to win the war.

So, our choices of weapons, of organization of our forces, and methods and objectives of rapid development in continuing deployment, are properly shaped to produce this very specific sort of war-winning result. By using the right sort of Riemannian geometric model, we are able to assess these questions of doctrine and policy most effectively.

If we are wise, we do not limit the application of this method of analysis to battlefield situations in the particular actual or hypothetical case. Instead we examine the way in which the same principles operate more broadly, in terms of seeing total war—integrated irregular and regular warfare, spread over the extent of the pre-war period, as well as that of regular war-fighting.

This leads us to consider a very special kind of case, in which it is possible to win a war without actually coming to the point of regular warfare. In other words, if we create, for the potential adversary, a pre-war condition which makes his launching of war prelude either to a defeat, or to endurance of losses beyond his willingness to tolerate them, then we can win the peace without actually coming into a condition of regular war-fighting.

This special case helps to draw our attention to a more general case, the study of a mixed condition, in which irregular warfare may represent such percentages of the total-war effort as 25%, 50%, 75%, or even 100% of the total war-effort. For example, in what are called "low-intensity wars," the victorious party will probably expend between 70% and 80% of his means on non-military political, cultural, and economic operations—or else, he will often likely not be the victorious party, as we should have learned before escalating in Southeast Asia. Non-military means are not merely supplements to regular warfare, nor merely substitutes.

Now, the measurements become more complicated, although the basic principles remain much the same. The introduction of modern technical forms of mobility and firepower (especially) makes the geometry of our model much more sophisticated. No longer can we use the images of school-book projective geometry. We must use much more advanced geometries, particularly those developed during the 19th century by two of the century's greatest scientists, Karl Gauss and Bernhard Riemann. That aspect of the technical details I need not present in this report. I assume I have given you the gist of the idea, and that will be sufficient for our discussion now.

Now we must come to the crucial point of my design of SDI, a point on which Ogarkov has based his design of the fraudulent "concessions" Gorbachov has offered, in the effort to lure the United States into a strategically suicidal "zero-option" agreement: high rates of "technological attrition."

Ogarkov has assumed that the catastrophic economic situation building up in the United States since Carter-Mondale has brought the West into the kind of economic and budgetary crisis in which the West will render itself incapable of deploying significantly increased breadth or depth for its military forces, a condition in which the rate of technological progress in weapons-design and so forth will be at a relative minimum. Under these conditions, if Ogarkov's "perestroika" restructuring is pushed with a sufficiently bloody hand inside Russia, Moscow can sustain rates of technological progress in warfare capabilities which the West will not match even approximately.

For various reasons, the United States has wishfully deluded itself into imagining that Moscow can not drive its economy at such a combined pace of military production and technological advances in military hardware. What is true in the "least worst" among these misguided estimates among U.S. and Western European specialists, is that "perestroika" produces all of the problems of bottlenecks and political frictions which any war-mobilization level of military production would cause inside Russia. Ogarkov took this fully into account in presenting his policy.

First, the Soviet military planners have emphasized the following point to the Soviet political command.

In the preceding two world wars of this century, intense war-economy mobilization began after regular warfare was under way. However, the decisive margins of destructive force represented by nuclear and related initial-assault weapons ensures that all defense plans based on post-D-day mobilizations of reserves are the folly of wishful budgeteers; no such post-D-day mobilizations will occur in time to overcome the effect of the first 48 to 72 hours of initial war-fighting. Second, that the destruction suffered by initial bombardments will lower productive potentials of combatants to a fraction of their pre-war levels. Therefore, Soviet war-planners have submitted and won the argument, that the kind of full-scale war-economy mobilization which heretofore followed the outbreak of hostilities, must be completed before the war is launched!

In summary, the maximum level of war-production which one might imagine to be reached after the onset of war, must be reached prior to the outbreak of war!

Ogarkov et al. have also stressed, that the Soviet civilian economy could not withstand the strain of such a war-economy mobilization indefinitely. After peak levels of such mobilization are reached, further war-economy mobilization would cause the productive potential of the economy to fall, with ultimately potentially catastrophic strategic effects. So, "perestroika" means, that the Soviet command is preparing

to launch a first-strike attack by about the point that the war-economy mobilization approaches saturation-levels.

The political and other impact of "perestroika" on Russia must be understood solely in those terms of the Ogarkov Plan.

Second, in his writings—and we must presume elsewhere—Ogarkov himself has repeatedly insisted, that Stalin's great strategic blunder prior to Summer 1941, was to shift from the economic policy of 1929-35 to the lower level of strain on the civilian economy of the 1935-41 period. The lack of broadly based technological progress and logistical depth in Soviet military production during the 1935-41 period was crucial to Hitler's initial victories of 1941, according to Ogarkov.

He insists that that error must not be repeated. Yet, Western analysts generally assume the Soviet policy will tend to snap back to an approximation of Stalin's post-1934 adjustment. The fact that Ogarkov's "perestroika" is operational is sufficient proof that such analysts have their heads buried in an awkward place.

Based on these features of "perestroika," we know that Moscow has selected the present period of economic and political crisis in the West as a "window of historic opportunity" for pushing through a global strategic victory. If the Western economies were to revive, and resume pre-1967 rates of technological progress, Russia's present strategic opportunity would vanish. The launching of "perestroika," given the fact that the Soviet command is fully aware of the difficulties of extending that indefinitely, signifies that Moscow is viewing the second Reagan administration, plus the initial period of his successor's term, as a "Now or Maybe Never" chance for making Soviet strategic victory an irreversible fact shortly down the road.

The Ogarkov Plan is a further elaboration and refinement of the doctrine of Marshal V.D. Sokolovskii's 1962 *Military Strategy*, emphasizing Soviet "SDI" as the key to a war-winning assault against the United States and its allies. However, Ogarkov has grasped a point which I have tried to persuade our government to recognize.

The SDI is not merely a "defensive system," to be deployed once a more or less "perfected" design is approved by the accountants, and then adopted. In 1982, I specified four successive SDI systems to be deployed by about the end of this century: an initial Mark I, then an improved Mark II, then an improved Mark III, and then a Mark IV. Each improvement would be deployed between three to five years after its predecessor. The total cost of the Mark I, I estimated at about \$200 billion; the total cost of all four systems, about \$1 trillion (in 1982 dollars). However, the total net outlay for all four systems would be no greater than the cost of the first Mark I system, since the increase in productivity in the civilian sector of our economy, caused by spillovers of SDI technologies, would increase the federal tax-revenue base so that the SDI would more than pay for itself in this way.

This pay-back would occur for us, only under the condition that we used a system of investment tax-credits and

special, low-priced investment credit to encourage manufacturers and utilities to invest in the new technologies SDI will introduce directly into the civilian machine-tool sector.

The Soviets can not match us in this, since our culture favors high rates of assimilation of new productive technologies by our labor-force, whereas Russian culture produces a labor-force which stubbornly resists high rates of technological progress. However, if we are not following such a program, Ogarkov recognizes, then the poorer potential performance of the Russians will be sufficient to produce new kinds of weapons-systems our federal budgets and so on will prevent us from matching. This special factor of Soviet advantage gained from the errors in our economic policies, was first conspicuously demonstrated during the 1970s, by the qualitative superiority of speed and other factors of new generations of Soviet submarines.

What I have just described is, in first approximation, what military science names "technological attrition." High rates of technological progress by one power, in the case that its adversary is technological stagnant or nearly so, ensures a potential war-winning capability for the former.

Earlier, I have identified some outlines of the way in which factors of mobility, firepower, and depth, per capita and per square kilometer, fit into a geometrical function defining "effective firepower." Now, let us modify that picture, by constructing our geometrical function to include "technological attrition." This image suggests the appropriate conception to be applied in understanding what Ogarkov allows Gorbachov to seem to be so generous in offers of "zero-option" conditions.

I must introduce a conception here, which most readers will not understand. However, it is so indispensable to analysis of Ogarkov's strategy, that I must mention it nonetheless. It is better that you should know that something important exists, which you may not understand, than not to know so important a factor does exist. If I attempt to construct a geometrical function to include technological attrition as an independent variable, I face the difficulty that there is no simple linear algebraic function which can describe the functional effect of successive advances in technology. The function is of a type which mathematicians and physicists term "non-linear."

This sort of function happens to be, as the fellow says, "just my meat." All of my accomplishments in economic science are based on recognizing the nature of a Riemannian solution for the role of a representable line of succession of technological advances, each superseding the other, in an economic process.

I explain the practical meaning of this in language which I hope will help the reader to understand the military problem involved.

The reader who has gone through a pre-1960s pre-science course in secondary schools or freshman university mathematics, is familiar with graphs which show a process increasing in a line without sharp breaks, up to some upper limit,

usually called an asymptote. The familiar S-curve, for example. Do processes exist which do not permit that kind of graphing? This takes us into Riemannian physics directly. One of the simplest illustrations of this is the way Riemann forecast the possibility of powered flight beyond the upper limit of the speed of sound.

For a long time, even after Riemann, most physicists denied that transonic powered flight were possible. This view was held by many up to the point in the postwar period, our first military supersonic flights occurred. It was assumed by so-called conventional mathematicians, using conventional gas-theory as the basis for their argument, that once the plane reached the speed of sound, that a barrier existed which would prevent faster speeds. Already in 1859, Riemann proved this was not so. As the powered projectile reached the speed of sound, a new condition is introduced, a condition of a type which physicists call a "singularity." At this point, the local laws of physics operating seem to be changed in a definite way.

This is the general nature of the effect of continuous technological progress on economies. From the standpoint of conventional, linear mathematical physics, the old laws of physics appear to break down, and new laws take their place, in the form of "new factors" which suddenly pop into the equation. Another way of saying this, is that "new physical principles" take over.

The specifications I gave for SDI technologies were based on using known kinds of "new physical principles." Once we move into the domain of those new technologies, a whole series of new kinds of technologies appears one after the other. That I attempted to show our government. Ogarkov has succeeded in convincing his.

When we enter the domain of generation of coherent pulses of electromagnetic radiation as either tools or weapons, if we apply to the use of such technologies principles of harmonics we should readily learn from optical biophysics, we are operating in what might seem to many at first as a new universe. Among the array of such weapons, are not only defensive SDI weapons-systems, but, at a more advanced level, also radio-frequency assault weapons.

What most strategic analysts and policy-shapers in the West are overlooking so far, is the fact that Ogarkov's willingness to dump large portions of presently deployed types of nuclear assault-weapons, if the West does likewise, is that he is basing his current adjustments in the Ogarkov war-plan on the deployment of more advanced kinds of assault weapons. These include a new generation of missile-systems more advanced than the SS-20 (for example), and also include increased reliance upon radio-frequency assault weapons, including anti-personnel weapons against which, presently, there is virtually no defense. If Ogarkov can accelerate the deployment of the Soviet version of "SDI," now being readied rapidly, changes the mobility and firepower with more advanced kinds of weapons systems, and reorganizes his strike-forces order of battle to take this into account, Ogarkov

might be able to produce several Russian military varieties of "Sputniks of the 1990s," rendering us, if we are not prepared, helplessly outflanked on the technological flank of war-fighting.

For that reason, Ogarkov's game behind Gorbachov's "zero-option" hoax, is to enable Russia to shift its production capacities from production of the less-advanced weapons systems Moscow is now deploying, to more advanced systems, including new kinds of assault weapons on the other side of the next level of technological singularities.

Unless we commit ourselves now, to putting U.S. military production through the paces of high rates of technological attrition, and if we accept Moscow's zero-option offers, Ogarkov could win. If we were to accept the zero option, we might seem to buy a period of relative strategic calm in the European theater. However, this apparent Soviet pull-back from advanced positions in Eastern Europe would be merely a regrouping of Soviet forces, pending the early deployment of the Soviet SDI and the reorganization of Soviet forces around the new series of weapons issued. Then, Moscow would be ready to strike, and is clearly intending that this attack will be launched at approximately the point that the present Soviet war-economy mobilization peaks at near-saturation levels.

If I were to become President, Ogarkov could not win. I know the game, and know how we can win it without actually going to war. I can force Moscow to give up the game, as one it knows it can not win, and which it can not afford to play out for long, unless it were assured of winning.

Some of Ogarkov's cute tricks

Some folks have been conditioned to accept without question the slogan that "thermonuclear arsenals are the ultimate weapon." Many also believe that the use of such weapons is "unthinkable." Both popular assumptions are without any foundation in fact.

Back in early Eisenhower administration days, good old Charley Wilson, over at Defense, was in a defense-budget-cutting fit. We could reduce our military forces, he argued, by relying upon thermonuclear weapons and airpower to deliver them. We could reduce "conventional forces," cut tax rates, and so on and so forth, if we simply proceeded with a doctrine of "a bigger bang for the buck." Charley was good at his trade, but it wasn't national defense. Coming from business management into military planning, and trying to substitute a few catchy ideological buzz-words, like "bigger bang for the buck," may sell on the rubber-chicken circuit, but it is terrifyingly incompetent defense policy.

Thermonuclear weapons are very powerful weapons, but, from a military standpoint, very bad weapons. Once they go bang, they often produce as many effects of the type we don't want as those we do. Over the years, we have recognized that good old Charley didn't really understand nuclear arsenals; we have reshaped our arsenals for smaller blasts, and vastly improved accuracy, with the idea that we should use these

weapons only for a range of special purposes, such as destroying adversary military forces, including his own missiles. With the advent of new physical principles, we have in sight weapons better suited to the military planner, weapons which have the potential of killing just as many people, and sometimes getting through adversary defenses where nuclear arsenals can not. These new kinds of weapons are much more "ultimate" than nuclear "bangs," and we know that they are by no means the "ultimate ones."

No weapon could ever be so devastating that its use would

What most strategic analysts and policy-shapers in the West are overlooking so far, regarding Ogarkov's willingness to dump large portions of presently deployed types of nuclear assault-weapons, if the West does likewise, is that he is basing his current adjustments in the Ogarkov war-plan on the deployment of more advanced kinds of assault weapons.

be categorically "unthinkable." The use of any available weapon is as "thinkable" as it is "unthinkable" to accept the consequences of not using it. There will always be someone around, in the right position to decide that it would be "unthinkable" to accept the consequences of not using a particular sort of weapon.

Just to illustrate the point, let us see how our acceptance of the zero option would affect the spread of AIDS.

We know now of the existence of several species of viruses with effects of the sort we associate with AIDS. In addition to the "original" AIDS virus, which is already evolving rather rapidly, we have others also spreading rapidly, which are as much like AIDS as a tiger is a lion. So, instead of thinking of just one species of AIDS virus, we must think of an "AIDS virus group." This infection is now estimated to be approximately 100% fatal, after periods of incubation varying from several to fifteen years, is transmitted in many ways (in addition to the famous "sex" and needles), and appears to be cooking up new ways to transmit itself. There is no cure in sight, and the best estimate of experts is that we could not expect a vaccine or cure in earlier than five to ten years—while the number of fatally infected persons appears to double each eight to twelve months.

The question is: What is the probability of stopping the AIDS pandemic if the Soviet empire were to dominate the world during the course of the 1990s? The answer, unfortunately, is, "Probably zero."

First fact to consider, is that we either care for persons infected with AIDS, or we kill them as a way of stopping them from spreading the infection. If we care for them, the combined cost to society for dealing with AIDS will probably reach an amount much larger than the defense budget by some time during the 1990s. To develop a cure, will require a massive investment in very advanced biophysics technology of research, on the scale of a Manhattan or Apollo Project, at least.

Second fact to consider: Would we be able to mobilize such expenditures under the conditions of Moscow's early phase of world-domination? Almost certainly not.

What happens then? Either the entire human species, or nearly all of it, is wiped out by some time during the first half of the coming century. In that case, is it "thinkable" not to use whatever means are required to prevent Moscow's world-domination? The alternative is to shoot immediately each AIDS-infected person. Would you rather that, or find a way of preventing Moscow from achieving imperial domination? There are other major reasons for resisting Moscow's imperial aggression, but the AIDS example is sufficient to make the point. There is a point at which not resorting to the "unthinkable" becomes less "unthinkable" than not resorting to such action.

In military planning, a "good weapon" is one which does precisely what is required, and an absolute minimum of anything else.

I shall not go into details of what I know about radio-frequency weapons, because I have not yet decided what ought to be kept secret about these techniques—not only from Moscow, but from some nuts who I might hope should never know even as much as I know presently about these techniques. I shall merely say, that they are thermodynamically efficient in performing their mission beyond the wildest imagination of most of you, and that there is, to all intents and purposes, no defense of persons against them, but to eliminate the weapon before it is fired. Practically speaking, these weapons are as deadly as a neutron bomb, and leave less residual after-effects than a neutron bomb.

That said, I shall come directly to my horrifying concluding point.

The Ogarkov Plan for the European theater of Soviet first-strike launch of general war, requires the immediate destruction of approximately 250 selected military and logistical targets in Western Europe, as far as Brittany in France, and southern regions of England. Up to now, the conventional view has been that Moscow would accomplish this destruction with warheads from short- and medium-range or intermediate-range nuclear missiles. This has been a useful study by some key Western specialists, very valuable to us in planning the deploying of strategic and tactical defense of West-

ern Europe—since knowing the trajectories of missiles is very convenient to the fellows who are assigned to intercepting and destroying those missiles.

Let us ask the question: Why use an interceptable nuclear missile to deliver a lethal effect which can be carried to the target in a briefcase or at least a truck? Now, probably, you begin to see the reason I stressed the importance of considering Soviet spetsnaz forces' deployment in assessing the Soviet's offers of terms of a zero option!

Let us consider two cases. The case of Soviet targets in Western Europe, and the United States.

Let us consider three types of "carry weapons" which Soviet spetsnaz forces could covertly deliver against what are otherwise Soviet first-strike missile targets in Western Europe: 1) Small nuclear devices; 2) chemical or biological weapons; 3) radio-frequency weapons. The first could be delivered by an ordinary sort of motor vehicle. The second, could be delivered in a briefcase, generally speaking. The third could be deployed inside a trailer truck. To take out a port facility, or analogous logistical capability, nuclear devices would be implied. To take out the personnel of every large NATO and related military command-center in Europe, radio-frequency weapons and alternative use of some select repertoire of chemical-biologicals might be preferred.

How could such weapons be delivered into spetsnaz units' hands deep inside the European rear echelons? Presently, the easiest thing imaginable. In containers by way of ports such as Rotterdam and Hamburg, or the freight terminals of major airports, or in TIR trucks operating in Western Europe from origins in the Warsaw Pact nations. They would not need to be introduced assembled. The components of radio-frequency weapons are what is needed, with some components acquirable in the West. Chemicals and biologicals can be prepared in the West, generally speaking. Nuclear weapons components incur greater difficulties for the spetsnaz.

The general principle was emphasized by Britain's Col. David Stirling, in proposing the development of the famous British SAS for operations in North Africa during World War II. Five properly selected and trained men, operating in a team, against the enemy's deep rear echelons, can cause more net damage to the enemy than a regiment on the first line.

In the case of spetsnaz operations in the Western European theater, the Soviet objective is to occupy this territory in case of war. Therefore, unless the Soviets perceive no alternative means, they will prefer the means which cause the least annoying after-effects for Soviet units operating in the affected area. This would tend to limit their use of nuclear weapons, and would greatly delimit the use of somewhat unpredictable biologicals in that region. In the United States, the Soviet spetsnaz would be operating with no such restrictions. Long-lasting after-effects are, generally speaking, no deterrent against use of almost any weapon suited to the means available for its deployment.

It is doubtful that the Soviets would use anything but spetsnaz for these kinds of strategic "hand-carry" sorts of

operations. Their loyal paramilitaries from among the natives of Western European countries and the United States may be just that, but the Soviets would never entrust such "auxiliaries" with an operation as politically-strategically sensitive as this sort of monkey-business. These would be hardened spetsnaz under strict Soviet military command.

For other D-day operations in our rear echelons, such as assassinations of selected key persons, the KGB's killers would tend to come significantly into play, with numerous targets assigned to the locally recruited paramilitary auxili-

By delimiting the scope of political and logistical infrastructure around the spetsnaz, and actually catching a few of these, to be able to determine the nature of their assignments, the way is prepared for a more general clean-out. It must be done fairly quickly. "Perestroika" should be read as a signal that we have not many years to fritter away cleaning up this mess.

aries as well. The command structure of the Soviets is such, that an irregular means of conducting a strategic military action would be highly compartmentalized within the appropriate channels of the military command itself.

Have we no defense against this sort of "hand-carry" strategic attacks? We could, but presently, in strictly technical Latin, our internal security stinks.

The strategic opportunity for Ogarkov's use of spetsnaz surrogates for missiles, depends upon the fact that Soviet spetsnaz and similar KGB units swim in our societies like fish in the sea, to borrow Mao Tse-tung's famous imagery.

Inside our mass-based radical movements, such as the radical ecologists and other counter-cultural sub-cultures, there are various layers, arranged sociologically like concentric circles. Soft mush-heads on the outside, and hardened killers of "criminal energy" in the smaller, inner layers. For example, in West Germany, there are approximately 10,000 persons of "criminal energy," ready to kill or be killed, inside the radical ecologist ferment as a whole. Inside the 10,000 hard-core, there are well-trained paramilitary forces totaling to an estimated 2,000. Around the 10,000, there are violence-prone mush-heads, ready to deploy as a screening force around the contingents of the inner 10,000, and to do assorted vio-

lence and sabotage, but who have not yet been sufficiently criminalized to be prepared to go forth to kill or be killed. Around that screening layer of violence-prone mush-heads, there are the outer layers of the Green Party-pivoted "radical ecologist" strata as a whole, including the punkers, the squatters, and so forth. The innermost kernel overlaps the terrorist gangs as such. This is the general situation throughout Europe.

All of the crucial deployments are under direct Soviet control. Paramilitary "officers" are on the scene directing the deployments of the violence-prone forces. The photos of these "officers" have been taken in many cases, such that their identities, political party affiliations, and East bloc training are known. The entire complex of terrorist forces is under Soviet control, via such channels as East Germany, Czechoslovakia, and Syrian intelligence, the latter the up-front coordinator of Soviet-directed international terrorism since 1967.

Around the radical ecologists as a whole, there are their liberal sympathizers, especially those associated with sundry forms of the anti-nuclear and peace-march movements.

These locally recruited forces inside the nations serve as an essential part of the political and logistical infrastructure in which Soviet spetsnaz and KGB operatives swim "like fish in the sea." Once this configuration were made clear to the general public, and the dangers of the spetsnaz and KGB units made clear, the hard-core would tend to be isolated rather quickly, and easily arrested and given harsh sentences in consonance with the quality of criminal acts in which they are apprehended as perpetrators. This would remove the sea from the GRU and KGB fish—which is one very efficient way of catching fish.

The security of freight transport and airports and seaports could be tightened up, and TIR and other suspicious vehicles subjected to random spot-checks. (Many of the East-bloc drivers prove to be East bloc military or intelligence operatives.)

By delimiting the scope of political and logistical infrastructure around the spetsnaz, and actually catching a few of these, to be able to determine the nature of their assignments, the way is prepared for a more general clean-out. It must be done fairly quickly. "Perestroika" should be read as a signal that we have not many years to fritter away cleaning up this mess.

It is not necessary to have a "witchhunt." "Witchhunts" tend to destroy the very system of law we are supposed to be defending against Russian imperial or other sorts of dictatorships. Clean operations, which never abuse the innocent, are possible with proper training and coordination of the agencies responsible.

However, this hideous special problem of strategic use of spetsnaz aside, the basic solution to the overall problem is to move ahead quickly now, with the general policy of defense and economic development which I have identified here.

SEEKING INVESTORS

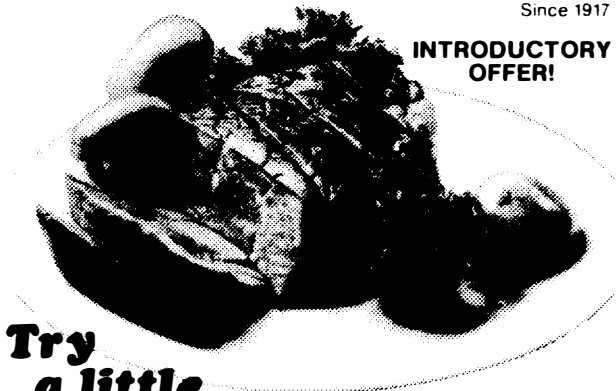
in diversified
farming and livestock
operations 30,000 acres.
Abundant expansion available.

Allen Towne
HCR 69 Box 580
Midland, S.D. 57552
Telephone, daytime 605-567-3326
evening 605-567-3393

Omaha Steaks International

Since 1917

INTRODUCTORY
OFFER!



**Try
a little
tenderness**

Make those special occasions truly memorable! Just try a little tenderness. Candlelight...soft music...and...magnificent, aged Filet Mignons. Perfect. Experts select and prepare each filet! Their artistry in cutting and aging is your assurance of utmost enjoyment. Steaks arrive frozen. Complete satisfaction guaranteed.

Six 6 oz. Filet Mignons, 1 1/4" thick
(reg. \$52.95) **\$29.95**
(plus \$4.50 shipping handling)

YOU SAVE \$23.00
OFFER VALID ONLY IN 48 STATES UNTIL MAY 31, 1987.

OR SAVE EVEN MORE...

Twelve 6 oz. Filet Mignons at
Extra special price of **\$58.95**
(plus \$4.50 shipping handling)

LIMIT OF 2 PACKAGES PER ORDER

Phone or mail order. Use major credit card and

Call Free 1-800-228-9055
In Nebraska phone 0-402-391-3660 collect.

Order today or write for FREE catalog and 10% discount coupon.

Omaha Steaks  International
Dept. 1786 / P.O. Box 3300 / Omaha, NE 68103



Hemry
pipe organ co.

1052 ROANOKE ROAD
CLEVELAND HEIGHTS, OHIO 44121

*Finely crafted
Pipe Organs
for
America's Churches
and
Public Institutions*

Norman R. Call

Mobil home
Service

Recreational
Vehicle Service

282 Chapel Road
South Windsor, Connecticut 06074
(203) 528-3344

Gorbachov unveils new advances in space defense

by Konstantin George

We in the West have just been treated to a new equivalent of the 1957 "Sputnik Shock." For the better part of three days, May 12-14, Soviet General Secretary Mikhail Gorbachov conducted an extraordinary tour of the Soviet Space Flight Center in Baikonur, Kazakhstan, to inspect the first Soviet space shuttle, scheduled for launching later this year, and a just-completed giant new booster rocket, capable of carrying extra-large payloads for the construction of military orbital bases in space.

The visit underscored the fact that Moscow's top priority is its "Strategic Defense Initiative" (SDI) and military space program, designed to revolutionize warfare and pave the way for Russian global domination.

Most extraordinary was the defense-related composition of the Politburo-level group that accompanied Gorbachov to Baikonur: Defense Minister Marshal Sergei Sokolov, a candidate Politburo member; KGB boss and Politburo member Viktor Chebrikov; and Politburo member Lev Zaikov, the Central Committee Secretary in charge of the military industry, or, to use a more precise term, the Soviet war economy and industrial pre-war buildup.

The Baikonur tour demonstrates that the essence of the highly publicized Gorbachov *perestroika* ("transformation") of the Soviet Union, is the crash implementation of a Soviet SDI and related high-technology-based war plan, drafted by Marshal Nikolai Ogarkov.

Marshal Ogarkov was recently named deputy commander in chief of all the Soviet Armed Forces, placing him, protocol-wise, directly under General Secretary Gorbachov in the U.S.S.R.'s highest military body, the Soviet National Defense Council. Ogarkov's appointment is unique in Soviet peacetime history (the post has been vacant since World War

II, when Marshal Georgi Zhukov was named to command all Soviet fighting forces). It makes him both wartime commander, and chief overseer of current war preparations.

There was another unusual dimension to the Baikonur tour, which underlines the significance of the new military reorganization. In a rare display of actual *glasnost* ("openness"), the Soviet news agency TASS significantly dropped all standard ritual references to Russia's "peaceful" space program. On May 14, the day that Gorbachov returned to Moscow, TASS announced that a "new type of very large booster rocket" had been completed and was being readied for launching at Baikonur. Here again, the ritual phrases of praise for the new rocket's "contributions to the Soviet Union's peaceful program for the exploration of outer space" were conspicuously lacking.

Gorbachov's speech to the Baikonur Space Center scientists, engineers, and workers was an impassioned praise of Russian high technology in the Soviet military-related space program: "Everything here at the Cosmodrome, from the sophisticated launching structures and laboratories, to the powerful carrier rockets, space vehicles, their life-support systems, fitted with modern computers and highly sensitive instruments—all this is Soviet-made, everything is of a high quality and of modern technological standards."

Gorbachov called for a surge in the Soviet military space program, saying, "The vast scientific potential we have accumulated in 70 years of Soviet power should be brought into play."

The zero-option deal

The coincidence of the Ogarkov appointment and the Gorbachov tour of Baikonur, should be causing alarm bells

to ring in the capitals of the West. Yet events of recent days, with the exception of certain developments in France, have been far from encouraging in this regard.

The day Gorbachov returned to Moscow, the NATO defense ministers were meeting in Stavanger, Norway. The meeting generally reflected an adaptation to the scandalous pro-"zero-option" appeasement raging in Washington, within the administration (the Pentagon under Weinberger being a notable exception) and Congress. A few days before the Stavanger meeting, the House of Representatives further cut the administration's request for \$5.6 billion to fund the SDI, down to the paltry sum of \$3.1 billion.

At Stavanger, some European NATO allies, privately apoplectic over the ramifications of a U.S. nuclear missile withdrawal, began to fall into line behind the State Department lead. British Defense Minister George Younger announced that London would approve "under certain conditions" a "double-zero option," i.e., scrapping of both longer-range (1,000-5,000 km) and shorter-range (500-1,000 km) medium-range missiles stationed in Europe. The British Foreign Office issued a parallel statement to this effect. The conditions listed included: exclusion of British and French nuclear forces; strict verification; provision for West Germany to keep its non-nuclear (though nuclear capable) Pershing IA missiles.

The Dutch and Belgian defense ministers, present at Stavanger, joined in the call for the "double-zero option," thus joining the core appeasement bloc within NATO which embraces the governments of Greece, Norway, and Denmark.

Further reflecting the sense that an agreement on the missiles is possible this year, the top three defense ministers present, Weinberger of the United States, Younger of Britain, and Manfred Wörner of West Germany, held lengthy sessions discussing post-zero-option alternative nuclear missile and aircraft deployments by the United States, in and around Europe.

But Weinberger was sharply critical of the Soviet proposals. He told the other NATO defense ministers on May 12 that there was "no logical basis" for a zero-option withdrawal from Europe, which would allow the Soviet Union to retain 100 medium-range missiles aimed at Asia. "We don't want to give up on the issue," he said. On a "straight, substantive, moral basis," the U.S. administration should refuse to capitulate. He said he was not concerned about appearing to undercut the arms agreement with such statements, because his position on the Soviet missiles deployed against Asia "is not mine; it is the President's."

Even at this late date, the shock that Moscow is prioritizing space-based warfare capabilities, and the realization that the zero option will serve to exponentially increase Soviet investments in that realm, could lead to some startling, abrupt Western breaks with this pattern of drift and appeasement.

The Ogarkov war plan's timetable would be accorded a significant, if not crucial boost, by a U.S.-Soviet zero-option

agreement on medium-range missiles. Getting rid of the obsolescent Soviet SS-20, for example, and other relatively out-of-date nuclear weapons systems, would be welcomed by Ogarkov and the Soviet leadership. This could allow Moscow to concentrate on the SDI, and producing the most modern weapons systems, or what Ogarkov calls "the highest possible technological rates of attrition." Thus, a Euromissile agreement would not only begin the process of rendering Europe defenseless to the Russian Empire, but would correspond to Soviet war-planning priorities.

The more Moscow can siphon off from older nuclear and conventional arms programs, into its military space program, the closer becomes the target date where the war-winning goals of the Ogarkov war plan can be realized.

France not fooled

On the European continent, the nation responding most appropriately to the Ogarkov war plan is France. The government of Premier Jacques Chirac has not only led European opposition to the zero-option sell-out, but unveiled a program earlier this spring, ratified by Parliament, to quadruple the number of French nuclear warheads over the next five years.

On May 14, Chirac arrived in Moscow for a meeting with Gorbachov. His visit was preceded by the greatest barrage of Soviet attacks against a Western government, on the eve of a prime minister's visit, perhaps in the entire postwar period. An article in the Soviet KGB-linked weekly *Literaturnaya Gazeta*, which appeared on May 13, denounced Chirac for: supporting the SDI; repeatedly denouncing the "Soviet danger"; "extreme reserve" toward the "new" Gorbachov policies; maintaining and expanding the French *force de frappe* (nuclear deterrent); France's "excessive anti-Soviet campaign"; arresting and expelling Soviet spies; "violating the 16th Parallel in Chad"; and denouncing the Soviet occupation of Afghanistan.

The Soviet attacks continued after Chirac's first Moscow meetings, with Soviet Premier Nikolai Ryzhkov and Foreign Minister Eduard Shevardnadze.

Premier Ryzhkov, facing Chirac at the May 14 Kremlin dinner, said: "Some West European governments have voiced doubts and objections [on the zero option]. Progress depends on whether Europe responds appropriately. . . . We regrettably have failed to see France among the critics of the nuclear arms race."

In a meeting the following day with Gorbachov, the same differences emerged. Gorbachov reiterated to Chirac his "double-zero option" proposals for arms control, calling on Chirac to support them. Chirac replied that the French nuclear potentials were "definitely not negotiable," and that his government had no intention of commenting on the issue of the U.S.-Soviet Geneva talks, since France was not a negotiating party in these talks. Concerning the short-range missiles, the French premier reaffirmed that France would remain "in full solidarity with her European allies."

Russians tighten the noose around West Berlin

by Rainer Apel

While U.S. government spokesmen still steadfastly maintain that there is "nothing out of the ordinary" going on in West Berlin, the Soviet-backed insurgency which began on May 1, is continuing to build (see *EIR*, May 15, "Soviets stoke replay of 1961 Berlin crisis"). New outbreaks of violence, steered by the Socialist Unity Party of West Berlin (SEW), and financed by East Germany, were timed to coincide with the visit to the city on May 11 of French President François Mitterrand. With the upcoming visits of Britain's Queen Elizabeth on May 26 and President Ronald Reagan on June 12, the targets for a terrorist escalation are in sharp focus.

Anticipating the arrival of Mitterrand, the same rioters who ransacked the city on May Day, met on May 8 in the Kreuzberg district, to plan out "more efficient actions." In the first salvo, several hundred of them blocked traffic and scuffled with police the next day on the Kurfürstendamm, West Berlin's showcase avenue.

Of the three wartime Allied powers who share responsibility for West Berlin—the United States, Great Britain, and France—only the last has responded at all to the Soviet irregular warfare probe. Mitterrand, during his one-day visit, incurred the wrath of the Soviet media with his presence, and his statement of support for the divided city. "Berlin, and the Wall, are a symbol of the divided Europe," he said. ". . . I mean the city in its entirety, not just a part of it, when I speak of Berlin. . . . It is French policy, to further, maintain, and develop the existing relations between West Berlin and the Federal Republic of Germany . . . as long as the Wall is there. . . . It is to be considered only natural, that the population of West Berlin feels it belongs to the people in the Federal Republic of Germany."

The French handling of protocol during Mitterrand's visit particularly enraged the Kremlin. In a gesture intended to underline Western ties to the city, Mitterrand had taken Bonn Chancellor Helmut Kohl on his plane to Berlin, and met West German President Richard von Weizsäcker at the presidential residence in West Berlin—the first such official visit by a Western head of state since 1945.

The Soviet news agency TASS retorted: "The French State President misused his visit to the city, in a way not in compliance with the Four-Power Agreement." The broadside called Mitterrand's meeting with Weizsäcker "a serious vio-

lation of the status of Berlin."

Also following the May Day riots, the Soviets and East Germans proceeded to test the resistance of the Western powers, in a series of "incidents":

- On May 6, East German border troops climbed over the Wall into the British sector, to seal off a car that had crashed against the Wall. When British military police arrived, the East Germans blocked the way, trying to intimidate the British with the outrageous assertion: "This is territory of the G.D.R. [East Germany]!" The British officer was forced to call the Soviet command at Karlshorst, in East Berlin, and only three hours later, after heated exchanges on the telephone between the British patrol and the Soviet command, did the East German troops pull back.

- Just hours before President Mitterrand's arrival on May 11, an incident occurred on the border between the French and Soviet sectors. East German border troops fired several rounds from machine-guns to stop a group of refugees from escaping to the West. Berliners living near the area reported an unusually heavy deployment of East German border troops.

- After three days of blackout, the news broke in the Berlin press that on May 10, a guard at the U.S. military headquarters on Kleestrass, West Berlin, died from a shot in the chest. Unlike the usual procedure in such "accidents," the U.S. authorities refused any comment on details of his death.

Carrot-and-stick tactics

Parallel to these events in West Berlin, Soviet pressure tactics have intensified against West Germany. Here, the radical anti-NATO movement began new protest actions on May 3, against the Pershing II exercises at the U.S. military base of Mutlangen. In several cases, German police and U.S. military police had to move in, to clear the grounds around the base. More than 100 persons were arrested in four days, in sit-ins and street blockades. A serious incident occurred on May 11, when U.S. military police had to move in to clear out a Pershing exercise site from protesters.

Especially noteworthy in these disruptions, is the participation of protesters from the VVN and other pro-Soviet "anti-fascist" groups. VVN activists appeared costumed as concentration camp prisoners, chaining themselves to the

barbed-wire fences of the missile base. Once U.S. military police intervened, the VVN started denouncing them as "Nazi kapos," and the Pershing missiles as the "heritage of the mass-extinction policy at Auschwitz." The VVN belongs to the same network of Moscow's subversion into West Germany as the SEW of West Berlin.

The Soviet hand was also becoming visible on another front of political escalation. Social Democratic Party vice-chairman Hans-Jochen Vogel inaugurated a new nationwide campaign against the American missiles, under the slogan "Raketen Raus!" ("Get the Missiles Out!"). The party plans to distribute several million leaflets, to force the Bonn government into "a positive response to the proposals made by Gorbachov." Included in this mobilization are actions against nuclear power technology, and against alleged "plans for a German nuclear bomb." The Social Democrats announced their campaign one day after Moscow's black propaganda cannons began attacking Chancellor Kohl's "reluctance on the zero option," warning of "plans in Bonn for a German bomb."

Accompanying these pressures, the old "carrot" of a Soviet offer for German reunification has re-emerged from the vaults of the 1950s—the vision of a "historic deal" between the Germans and the Soviets. The price would be the military neutralization of a reunified Germany.

This emerged anew on May 12, in a sensational front-

page article in West Germany's leading mass-circulation newspaper, *Bildzeitung*, which maintains special channels into Moscow, and has been used repeatedly by the Kremlin to launch trial balloons. "Will Gorbachov Offer Reunification?" was the headline, under which *Bildzeitung* reported that the Bonn government expects such an offer to come soon. An unnamed cabinet undersecretary was quoted: "If [Gorbachov] really puts such an offer on the table, he will shake us up quite a bit." *Bildzeitung* reported that according to a recent opinion poll, sponsored by the government, no less than 71% of West Germans would "welcome reunification into a non-aligned Germany."

On May 13, *Bildzeitung* published an interview with the former Bonn minister of economics, Count Otto Lambsdorff. He repeated statements from a radio interview given the same morning, that "such an offer is in the air," and that it "should be carefully examined, but not rejected." Lambsdorff revealed that he "already discussed this weeks ago" with American politicians, during a trip to the United States.

Also the notorious proponent of a German-Soviet deal on reunification, Bonn parliamentarian Bernhard Friedmann of the Christian Democratic Union, appeared in *Bildzeitung* the same day, calling on President Richard von Weizsäcker to "definitely bring the question up" with his Soviet interlocutors during his trip to Moscow July 6-11.

The Soviet leaders will certainly be ready, if he does.

Like 1961: West covers up Soviets' new Berlin crisis

This statement, by Lyndon LaRouche, Jr., was released in Leesburg, Virginia on May 7, by the LaRouche Democratic Campaign:

At this moment, dawn is breaking in West Berlin. The eighth day of Moscow's new Berlin crisis is beginning. Yet, even after seven days, no official report of the crisis has been acknowledged in the capitals of the NATO countries.

The Soviets are already gloating. They have tested President Ronald Reagan's nerve, just as Khrushchov tested President Kennedy's nerve back in the 1961 Berlin crisis. So far, Reagan has capitulated exactly as Kennedy did back then, by pretending that the crisis which might interfere with a new "summit" does not exist.

Meanwhile, various high-level sources confirm, that Marshal Nikolai Ogarkov, author of the currently operational Soviet war-plan for world-conquest, has been appointed to a newly created position of power over all Soviet military forces. Previously, such Soviet appoint-

ments were made only in time of war.

Well-placed European strategic analysts are asking: Where will Moscow strike next? Although Ogarkov is the author of the present design for Soviet nuclear surprise attack, analysts see no likelihood that Moscow will go to full-scale war yet. More likely, they think, is a combination of aggressive Soviet breakouts on NATO's flanks.

Worried eyes are turned to crisis-torn Yugoslavia. Moscow is feinting an onslaught of some sort in Scandinavia. Armand Hammer and Edgar Bronfman have played a key role, in manipulating both Israel and the United States, into turning the entire Middle East into a Soviet sphere of influence. Like 1961, a new Berlin crisis is used by Moscow as a pivot for launching strategic adventures in other parts of the world.

Meanwhile, reports are flowing in: some with added details of the Russians' preparation and launching of the unprecedented paramilitary violence of the past weekend, some on Moscow's continued escalation of the Berlin crisis itself.

Something very big is going to break during the months of May and June, with no indications that the period of escalating crisis will end then. Meanwhile, so far, officially, the capitals of the United States and other NATO countries are asleep at the switch.

Russian Church seeks German reunification

by Luba George

Sensational headlines in the West German press these days are speculating that the Soviet Union will offer a modern version of the 1952 "Stalin Note," proposing a deal for a "neutral," reunified Germany. What is not revealed, however, is that the terrain for such a treasonous arrangement was explored in two high-level, closed-door conferences involving the Russian Orthodox Church (ROC), the German Protestant Church (EKD), and anti-Papal "Catholic" clerical elites.

On April 21-26, the Bavarian city of Regensburg was host to a symposium titled "*Mir-Miru—Peace on Earth—A Thousand Years Between Volga and the Rhine*," involving the largest Russian Orthodox delegation ever to visit Germany, and those nominal West German Catholics who are bitter foes of the current Pope. Regensburg is notorious as the residence of the evil billionaire Thurn und Taxis family, reportedly in the thick of efforts to strike a German-Soviet strategic accommodation.

The event was sponsored by members of the German Catholic Bishops Conference and the Benedictine-run Oskirche Institut in Regensburg. The ROC sent 13 delegates of bishop rank and higher, including Metropolitan Pitirim of Volokolamsk, mooted successor to Patriarch Pimen, and Metropolitan Filaret of Kiev. Dr. Rauch, Director of the Oskirche Institut, who had spent over six weeks in the U.S.S.R. last year, organized the event.

In theory, the gathering was open to any Catholic priest; but in reality, the list of attendees was as restricted as any Moscow "peace" festival. A Ukrainian Uniate (Catholic) priest who was registered to attend, was barred, after the ROC delegation threatened to leave: "Either he goes, or we go." Forbidding entry to the priest was in direct violation of Pope John Paul II's policy in support of the Uniates. The Regensburg "Catholics" instead tacitly endorsed Stalin's 1946 bogus "Council of Lvov," where the Uniate Church was outlawed.

The symposium's agenda focused on preparing a 1988 joint Russian-German "co-celebration" of the Russian Church's 1,000-year anniversary. Speeches and papers emphasized "the special bonds" uniting Russians and Germans over the centuries, "the thousand years of relations between the Russians and the Germans," in the cultural, political, economic, and religious realms. Russian participants included, for the first time ever at the same dais with the ROC,

leading European members of the Russian Orthodox Church Outside Russia, headed by Father Count Ignatiev (descendant of the infamous "Okhrana" family of the Czarist nobility).

A source close to the Vatican said that the conference, which alleged that with Kiev began the "Russian" millennium, was a slap in the face to Pope John Paul II, who defends the pro-Western Ukrainian Catholic (Uniate) Church. The Church, outlawed in the U.S.S.R., traces its tradition to the Councils of Lyons and Florence, where the principles of Augustinian Christianity triumphed.

The Pope has asked Soviet authorities for permission to visit Kiev in 1988, besides Moscow, for the celebration of the Christianization of Kievan Rus. The Regensburg "Catholics" thus conformed to Moscow's agenda, rejecting the Pope's wishes to visit the Catholic regions of the U.S.S.R., the Ukraine, and Lithuania.

The nefarious designs of this conference were graphically presented in an ROC paper praising the 19th-century Russian mystical theologian and Isis-cultist Vladimir Solovyev, the exponent of a "Third Rome," Moscow-centered "Universal Church" as the "bridge-builder" between the Eastern and Western churches.

Next stop, Tutzing

The ROC delegation was next hosted by the German Protestant Church May 7-10, at its Academy in Tutzing, Bavaria, on the shores of Starnberg Lake south of Munich. Unlike the Catholic Church in Germany, which contains strong anti-Soviet currents, the EKD leadership is committed to a reunification deal with Moscow.

In the presence of 150 participants, the Tutzing Academy's director, Dr. Claus-Jürgen Röpke, was awarded a "Special Order" by the ROC delegation. It was bestowed on him *in absentia* by Moscow's Patriarch Pimen, for his "ecumenical" work. Roepke, the author of a recent book titled *Third Rome: Renaissance in Russia*, is one of the top figures involved in the EKD elites' deal with the Soviets. In the conference room, Metropolitan Filaret of Kiev proclaimed: "The Russian Orthodox Church totally supports the transformation taking place in our society"—a reference to Marshal Nikolai Ogarkov's *perestroika*—the reorganization for a war buildup. The EKD applauded.

At Tutzing, the ROC announced plans for a 1988 "Ecumenical Council" in conjunction with the millennium celebrations. An Ecumenical Council is an event of extraordinary importance, attended by all ROC Bishops from the Moscow Patriarchate (from inside the U.S.S.R. and from abroad). The EKD and other Western churches will attend as observers. The last such Council was held in 1971, and Pimen was elected the new Moscow patriarch.

As the chances are high that Pimen will not survive until June 1988 (he has been seriously ill for many months), the ROC millennium celebrations could well coincide with the appointment of a new patriarch.

Nazi-communism on trial in Barbie case

by Thierry Lalevée

The trial of former SS officer Klaus Barbie, which opened on May 11 in the French city of Lyon, is expected to be remarkable in many ways. Considered the most important trial of a Nazi war criminal since that of Adolf Eichmann in Israel in the early 1960s, the Barbie trial is also considered to be the last of its kind. Because of the 20-year statute of limitations, Barbie cannot be judged for his war crimes against the French Resistance, for which he was twice condemned to death *in absentia* in the 1950s. But he will be tried for Crimes Against Humanity, such as his personal involvement in the arrest, deportation, and murder of thousands of French Jews. Topping the list of crimes, was the arrest of 44 Jewish schoolchildren, all of whom died in concentration camps.

Whatever sentence is decided, Barbie, now 73 years old, will most likely die in jail. Extradited from Bolivia in February 1983 to France, he has already been operated on twice. On the pretext of his bad health, and the fact that he is a Bolivian citizen, named Klaus Altman, his pseudonym for 30 years, Barbie withdrew from the court-room on May 13, the third day of the trial. The trial, which is expected to last until early July, will continue without him.

There are several important issues involved. Through Klaus Barbie himself and his numerous crimes, it is the entire Nazi regime which will be once again in the dock. Barbie was the chief of the Gestapo, the political police of the SS, in Lyon from 1942 to 1944. In his first statement on May 12, Barbie predictably argued that he was "not the chief of the Gestapo, but one among some 120 others"—an argument which carried little weight, as a few hours later he denied even being the accused Barbie.

Barbie's activities since the end of the war are also expected to be raised in the course of testimony. The story will once again be told, of how Barbie was recruited by American intelligence services in the immediate post-war days, and smuggled to Ibero-America, at a point when French intelligence was on his trail. During the last 30 years, Barbie has served as a military adviser to numerous military governments, notably that of Bolivia's "cocaine colonels." Ultimately, the mention of these activities will bring to light the

connection between drug smuggling and certain intelligence networks in the Western hemisphere.

The peculiar Jacques Vergès

However the most remarkable element may be the case of his lawyer, Jacques Vergès. Sure of the fate of his client, Vergès announced in several pre-trial interviews that his defense would aim at attacking the French State and society. According to his own declarations, his line of argument will aim at proving that the French State has no political or moral rights to judge Barbie for Crimes Against Humanity, given its own record of war crimes in Indochina and Algeria. Vergès is expected to bring as witnesses, several former members of the Algerian Liberation Front, to describe the torture inflicted on them by the French police and army. He will also argue that Barbie's crimes could only have been perpetrated in full cooperation and collaboration with French elements who sided with the Nazis against the Resistance. In this way, Vergès is aiming to destroy what he calls "the myth of the Resistance," and has let it be known that he will have new revelations on "who the collaborators were." The immediate political target is all too obvious, given that the present French government, headed by Jacques Chirac, draws its legitimacy from the Gaullist movement and the anti-Nazi resistance.

This strategy is not new for Vergès, who, just two months ago, was the lawyer for international terrorist George Ibrahim Abdallah. However, his deliberate provocations may backfire. In the days preceding the trial, Vergès's career was carefully analyzed and exposed in the media. Two interconnected issues emerged: first, his long-standing association with Soviet-sponsored organizations, and his friendship in the early 1950s with Aleksandr Shelepin, then leader of the Soviet student organization, later chairman of the KGB; second, his association with the Nazi International, represented by Lausanne banker François Genoud.

What was known only to a few before, is now widely acknowledged: that Soviet agent-of-influence Vergès has worked with the Nazi International for at least three decades. When it was revealed that Barbie could not pay the lawyer's fee, Genoud's name came up—but the implication was denied by Vergès, who asserted that he was defending Barbie free of charge. The end result is that much of the "Vergès myth" has been exposed. In an interview with a French weekly, Vergès warned anyone who would want to go after him: If I were to be killed, he said, I have taken precautions. There is a list of names of those with whom I want to share either paradise or hell. I know that I have enough friends, that I will not have to wait too long to meet these people again.

A direct death threat, and perhaps the first public acknowledgement by Vergès that his friends are murderers. But that was known anyway. Indeed, a few years before he had defined his philosophy of Man by stressing that "crime is the difference between man and animal. When we become a criminal, we either become Man or God."

Barbie could not have chosen a more suitable lawyer.

Project Democracy imposes IMF dictator on the Philippines

by Linda de Hoyos

Under the banner of “democracy,” Philippine President Corazon Aquino, with the full weight of the United States behind her, May 11 perpetrated the worst case of national election vote fraud ever witnessed in the country. At 8 p.m. on the evening of May 11, *before even a single vote was counted*, presidential press secretary Teodoro Benigno announced that the Aquino slate for the new Senate had carried out a near “clean sweep” in an unprecedented “landslide.” This “news” went out to the international press and Philippine radio throughout the next 24 hours, with less than .03% of the vote counted.

As of May 16, one candidate of the slate for the opposing Grand Alliance for Democracy had made it onto the lists. Seven other GAD candidates, considered by a consensus of the Philippine media as “shoo-ins” for a seat in the Senate, did not win. As Liberal Party leader and GAD candidate Eva Kalaw put it: “I fought Marcos for 17 years, but I have never seen anything like this.”

Answered Benigno: “Cory could no more steal votes from the people than Queen Elizabeth could steal money from her chambermaid.”

In reality, the election result was the imposition on the Philippines of a dictator who has already sold out the Philippines to the demands of the International Monetary Fund and the creditor banks. In a lurid display of gunboat diplomacy, the United States moved 20,000 U.S. Marines from Okinawa, Japan, to Subic Bay, Philippines, and placed all military personnel on alert in case of “trouble in Manila.”

The fraud was coordinated by the agencies of the U.S. Project Democracy, including the National Republican Institute of International Affairs, the National Democratic Institute for International Affairs, and the Center for Democracy, which sent “observer teams” to the country for the elections. All these organizations have hailed the elections as the “cleanest in Philippine history.” Twelve countries sent observers to the elections, but only the U.S. embassy has congratulated Mrs. Aquino.

The election results may have credibility in the United States, but not in the Philippines, reports our special correspondent from Manila. On May 12, the day after the elections, 20,000 people gathered at the small plaza outside the Manila Cathedral to protest the vote. Even if we are conser-

vative, GAD chairman Vicente Puyat told the crowd, “a full 40% of the Filipino people were disenfranchised in this election.” GAD candidate Abul Alonto, a Muslim from Mindanao, one of the opposition’s strongholds, stated that the “entire island of Mindanao has been disenfranchised. If we’re going to be disenfranchised in this way, it means war. It is outrageous and we will not stand for it.” Former Defense Minister Juan Ponce Enrile warned the government that the failed election would bring “untold misery and turmoil to our country for some time to come.”

The next day, nearly 1 million people gathered on the Edsa highway in front of the military’s Camp Aguinaldo and Camp Crame—scene of the mass “people’s power” protests that brought down Ferdinand Marcos in February 1986. The crowd brought together not only the GAD, but loyalists of Marcos’s KBL, and also adherents to the left. “There is no time for talk,” stated Enrile. “We were pushed up against the wall. We are not calling for a recount. We are calling for a new Edsa II Revolution.”

Even the *Washington Post*, which on May 12 hailed the election as Aquino’s greatest accomplishment and consolidation of her rule, was forced to admit on May 15 that “the opposition’s sharp attack on the election’s integrity—coming before even 1/2 of 1% of the votes had been counted—appeared to suggest that despite her popularity Aquino still faces formidable obstacles in consolidating her rule.”

Incredible fraud

As *EIR* warned last week, the fraud was perpetrated with the aid of an international press blackout throughout the campaign against the Grand Alliance. Stated Benigno in answer to nationwide protests against the failed election: “Even the media agrees that the May 11 polls were one of the cleanest and most peaceful in our history.”

Not the *Philippine* media. On May 14, leading columnist Luis Beltran endorsed the GAD protests, stating that he was forced to do so by the “fantastic statistical improbabilities” produced in the results so far:

- In Pampanga, GAD chairman and Pampanga “favorite son” Vicente Puyat came in #35 for the senate race.
- In Cebu, GAD candidate Rene Espina, who has been a governor of that province and consistently led the Senate

vote in Cebu where he was in the Marcos camp or opposing it, came in #33 in Cebu.

- GAD candidate Jose Almendras, who has never lost a single election in his home city of Davao, came in 25th. Almendras further noted that in his own precinct, he and his family voted for him, yet the Namfrel vote tally registered 0 votes for him.

- In Bicol, Francisco Tatad, an information minister under Marcos who left the administration in protest and has also never lost an election, placed 23rd in his own province.

- Joseph Estrada, the only GAD candidate to make it into the Senate, placed #17 in his own municipality, even though he has been a six-term mayor in the city.

These results are statistically impossible, stated Beltran. "Why should this be the first time in our history—even during the Marcos era—that the opposition has been so roundly defeated in such a way?"

Full dictatorship

The GAD ticket was minimally expected to come in with 8 seats out of the 24 in the Senate, given the known vote-getting power of many of its candidates, although the GAD itself projected a 40-50% GAD vote. One week before the elections, the U.S. embassy projected 4-5 seats for the GAD in the elections. This would have constituted "credible" fraud in the election results. Why the near-total shutout of the opposition? Why the *incredible* fraud?

The answer is the necessity for President Aquino and the coterie of cronies and leftists around her to retain the capacity to exert dictatorial power over government policy, especially economic policy.

The international media projection of an "issueless campaign" and a campaign of personalities, with Aquino on one side and Marcos loyalists on the other, was a fabrication. GAD chairman Vicente Puyat led a campaign against the International Monetary Fund and the sell-out debt rescheduling agreement of Finance Minister Jaime Ongpin. Not only did the country's leading press come behind him, but *even Aquino slate candidates found it impossible to defend Ongpin openly in electoral debate*. Former Aquino Resources Minister Jaime Merceda, in a televised debate with Puyat May 8, said he had protested Ongpin's deals while he was in the Aquino cabinet.

As the *Los Angeles Times* pointed out on May 9, the new constitution gives the Senate a strong hand in policy-making. The presence of only 4-5 opposition members in the Senate would have turned the Senate into an independent institution in its own right. However, under that condition, it is likely that the protest against the IMF coming from the GAD senators would have split the ranks of Aquino's own people, producing a constitutional crisis in short order. Behind the GAD is the overwhelming sentiment in the country against the IMF—the cry that brought down Marcos was "Down with the U.S.-IMF dictatorship."

Now, through gross election fraud, Aquino has turned the Senate into a rubber-stamp body for her own pro-IMF, pro-bank, pro-corruption policies. If the election is upheld and not nullified, the Senate will be rendered 100% impotent by virtue of its members' complicity in the fraud. A new IMF dictatorship, far more severe and operating with the backing of U.S. Marines, is in power.

How the fraud was carried out

The fraud operation itself also showed the "heavy hand" now operating in the Philippines, behind the saintly smile of the brainwashed Mrs. Aquino.

The fraud was carried out by Jaime Ferrer, the Minister of Local Governments. As a long-time known asset of the U.S. Central Intelligence Agency, Ferrer cut his teeth coordinating the fraud in the 1950s on behalf of the CIA that put Raul Magsaysay in the presidency.

The local officials in the Philippines—such as mayors—were all summarily appointed in the aftermath of the February 1986 revolution by Malacanang Palace, replacing the duly elected officials that had served under Marcos. A month before the elections, Ferrer announced that any officials who did not campaign for the Aquino ticket would be dismissed. As projected by the new constitution, local elections were to have been held on August 24, in which the appointed officials would have to stand for election. Given the hatred for these appointees throughout the country, many would be expected to lose. A week before the elections, Ferrer announced that the August 24 elections were "indefinitely postponed." As late as May 15, Ferrer announced that any local official who did not get out the vote for Cory would be relieved of his post. Large sums of money "from outside agencies" also were passed into the hands of the local officials.

On May 11, the ballot boxes throughout the country were passed from the precincts—numbering 200 voters or less—to the local officials when the official tally sheets for counting did not arrive at the precincts due to a national "printing delay." Ferrer's appointed stooges are now sitting on the vote. No votes have been passed as yet to Comelec, the government election commission for counting.

The "clean sweep" for Aquino will not solve her problems. The absentee military and government votes that have been counted show a 100% victory for the GAD in the first 12 Senate seats, with Enrile leading the count. In Manila, Filipinos are in a state of shock and bewilderment over the shut-out of the opposition.

The stakes for the Philippines are very high. Unless the Aquino-IMF policy is exchanged for the program of independent national recovery put forward by the GAD, there is no hope for the Philippines to stave off the mounting insurgency of the New People's Army, which continues to thrive off destitution. Aquino's wanton flouting of the democratic process has now brought the Philippines a giant step closer to all-out civil war.

Moscow orders civil war against García

by Gretchen Small

Jorge del Prado, secretary general of the Moscow-allied Peruvian Communist Party, announced on May 8 that the CP has begun preparations for civil war against the government of Alan García, and initiated a “dialogue” with the terrorist Tupac Amaru Revolutionary Movement (MRTA), to coordinate “mass actions” with “armed struggle.” Del Prado told the CP’s daily, *La Voz*, on May 8, “As things now stand, if no political agreements are reached . . . everything appears to be heading towards civil war. Furthermore, if a fascist regime is established, it will be the detonator for war. We have to be prepared for everything. . . . Reformist recipes have failed.” Del Prado specified that if the government tries to impose a state of siege, or even announces a new plan in “agreement” with the Armed Forces on tougher anti-terrorist measures, that will be considered the sign of “a fascist state,” to be combatted by civil war.

Del Prado’s declaration comes as terrorist warfare has reached unprecedented levels. Since May 4, when terrorists bombed 14 main electrical towers, blacking out the capital for four hours and some provinces as long as three days, there have been: attacks on three factories (burning one almost entirely), bombings in a dozen-plus bank branches, assassinations of three heads of government regional development programs (two in Huancayo), the explosion of a car bomb 100 meters from the National Palace, and the dynamiting of the ministries of economics and of energy and mines. On May 13, terrorists “seeded” Lima with a kind of bomb activated by touch or a system of remote control said to be used by the Spanish terrorist band, ETA, but previously not known in Lima.

“Right-wing” forces blame the terror on García’s refusal to crawl back to the International Monetary Fund, and demand the military impose a state of siege. Popular Christian Party leader Mario Polar Ugarteche threatened that García is making the same mistakes as Argentina’s Juan Perón, and Chile’s Salvador Allende—both overthrown by the military—during a heated debate on economic policy in Peru’s Congress on May 13. In the same debate, the Socialist Inter-

national’s ally, former Prime Minister Manuel Ulloa, demanded García get back to “dialogue” with the International Monetary Fund, and impose a corporatist “social pact,” joining the State, labor, and capital behind a new austerity program.

García has resisted demands to match the barbarism of the terrorists with a bloodbath, instead turning to the Catholic Church to help mobilize against panic and pessimism. Two days after the blackout, García declared a national half-day holiday, to celebrate the 25th anniversary of the canonization of Lima’s first black saint, St. Martín de Porras. Thousands of Peruvians, most from the poor barrios surrounding Lima where the terrorists recruit, joined the President and members of the cabinet and military, in an outdoor mass in Lima’s Plaza de Armas officiated by Juan Cardinal Landázuri. The Cardinal invoked St. Martín de Porras—famed for having gotten a cat, a dog, and a mouse to eat from the same plate—as the image of reconciliation needed today. The Cardinal called upon Peruvians to join the Church in assuring that they and the Fatherland advance together, ending poverty and violence. Our people must be guided by the word of Christ, not foreign ideologies, full of hate and harm, the Cardinal urged.

CP joins Shining Path, MRTA

Moscow’s Communist Party weighed in decisively on the side of those seeking to create enough chaos, to cover a coup or an assassination against President García. The shift by the Communist Party to outright war on the government is no local decision. Except for the panic resulting from the terrorist war, García still enjoys enormous support as a President who has charted a path of morality and growth which other Western nations must, sooner or later, recognize as in their own strategic interest. García is still an obstacle to Moscow’s efforts to turn the collapse of the Western financial system into an East-West conflict, along the lines mouthed by Fidel Castro.

The Communist Party began to mobilize its base behind the new phase of confrontation, preparatory to its National Congress, scheduled for late May. The May 8-9 meeting of the CP’s regional organization in Huancayo, Junín, ended with agreement to prepare “to use revolutionary insurgency when the case is required,” plans to “dialogue” with the MRTA, and the decision by the CP, a leading force in the country’s second-largest political coalition, United Left, to break off all cooperation with the García government. “Not even tactical” agreements can be allowed, *La Voz* reported the regional CP had demanded.

“Dialogue” with the MRTA has already become a monologue. On May 13, *La Voz* published a two-page “interview” with the MRTA’s “political prisoners’ committee” in Lima’s Lurigancho prison. “War will continue,” in Peru, unless the government declares a general amnesty for all imprisoned terrorists, stops all payments on the foreign debt,

and “demilitarizes” the country, the MRTA commanders raved. “We cannot say if civil war is imminent . . . but everything indicates that we are marching towards it. . . . The people should prepare themselves for confrontation, strengthen their organizations, and keep [García’s party] APRA from dismantling the popular movement.”

Immediate CP efforts center on plans for a general strike against the government, organized by the CP-controlled General Confederation of Peruvian Workers (CGTP). The strike was called for May 19—the day after Shining Path has announced it plans to celebrate the seventh anniversary of its “Initiation of Armed Struggle” with bombings and killings, and four days after a possible national police strike, for which Shining Path’s newspaper, *El Diario*, has been organizing. CP protestations that any connection between Shining Path’s terror anniversary and the CP’s choice of date for the national strike is “purely coincidental”—the pathetic disclaimer issued by CP labor leader Gustavo Espinoza on May 13—did not stop *El Diario* from issuing a front-page statement of support for the strike on May 14.

CP leaders emphasize that the strike is political, aimed at the government. A laundry list of 56 demands, ranging from wage increases, to a general amnesty for those charged with terrorism, and a lifting of the state of emergency, has been drawn up. APRA Secretary General Luis Negreiros charged that, “more than a platform for a strike, these demands are a program for government.”

Claims by CP leaders that the strike will pull 2 million people out of work, are considerably exaggerated. Although the pro-International Monetary Fund policy imposed on the democratic trade unions by the America Institute for Free Labor Development (AIFLD) over the past 10 years drove the majority of the country’s labor unions into the hands of the CGTP, the percentage of Peru’s workforce which is unionized is relatively small. A mobilization against the strike has begun by APRA organizers, leading members of the Catholic Church, and leaders of the United Left coalition who continue to support the García government, putting national interest over “ideology.”

By hooking the strike onto Shining Path’s planned terror wave, CP leaders hope to gain the appearance of greater support for their campaign against the government. Several of Peru’s media have aided the CP in this campaign. “A city without electricity—the blackout of last Saturday could have been a test run—which at the same time could be left without gas and without drinking water, is a matter to be considered,” speculated *Caretas* in its May 11 issue. “It’s not that Shining Path would join the strike . . . but that it would contribute to the instability of the regime. With this perspective, many people who in other opportunities would not participate in the strike, would prefer to stay at home to avoid risks.”

Equis X, a Lima weekly known for its accurate “predictions” of Shining Path’s next actions, outlined a scenario of warfare lasting into July, in its May 11 issue. “The great

subversive offensive which will last until the month of July . . . will come to its climax in the middle of the month of June . . . with audacious acts of sabotage and resonant as well as terrifying political assassinations, with which Shining Path will try to ‘commemorate’ the June 19, 1986 massacre of the prisoners accused of subversion. . . . In those days, according to a secret source, they have prepared with months of planning, the assassination of an important political leader whose name, of course, they have not wished to give us.”

Moscow’s orders

When García came into office in July 1985, the CP labeled him a “national reformist,” but avoided public criticism, because of García’s great popularity throughout the continent. *América Latina*, the magazine published by the Soviet Academy of Sciences’ Latin American Institute, signaled the coming shift in its policy toward the García government, in October 1986, when the Soviet institute broke a year of silence on Peru, with an issue containing nine articles analyzing its situation.

Criticism of Shining Path, which *América Latina* admits matches Cambodia’s mass butcher, Pol Pot, in “irrationality, barbarous methods and total violence,” must be limited, Latin America specialist Tatiana Vorozheikina ordered, because, like the Khmer Rouge, Shining Path was born “of the genuine anger and authentic suffering of the people.” The gloves were taken off on García himself, accused of attempting to “divide the working class . . . and popular movement,” and maintaining a “flexible attitude” to Shining Path.

The United Left must stay independent of the government, the Soviet ideologues stressed, in order to remain “a strategic alliance . . . destined to become an alternative government and power.”

In March 1987, *América Latina* admitted that its goal is the final elimination of Western civilization in Peru, this time in a purported “cultural” review of the work of Peruvian indigenist-terrorist ideologue, José María Arguedas. The novels of Arguedas demonstrate how “prolonged resistance of the Indians” can bring about “the possible destruction of the political and social despotism of the . . . mestizo,” Soviet specialist Ivan Orzhitskii wrote. “According to this writer’s criteria, the autochthonous traditions must serve as the basis for unity, and it is only these which can help [build] resistance to inhuman Western civilization.”

The description matches Shining Path’s description of its self-appointed war on Western civilization in the name of “defending the Indian culture.” *América Latina* takes care to claim Arguedas as their own. Arguedas worked with the original leaders of the 1960s guerrilla movements in the Peruvian countryside, Orzhitskii notes; and his coffin was draped with the flags of Cuba and Vietnam, as well as Peru when he died. His first wife, Cecilia Bustamante, was a Communist Party member, who introduced Arguedas to the CP, “which influenced in considerable measure his world outlook.”

Venezuelan 'days of rage'

Economic crisis and a leadership vacuum have turned the country increasingly toward violence and terrorism.

What began as a series of student riots in response to an early-April decision by the Jaime Lusinchi government to hike the cost of public transportation, has become a serious destabilization of this usually calm Andean nation, with frightening implications for the rest of the region.

April and May have seen a virtual replay of the 1968 "days of rage" in France, with tens of thousands of students rampaging through the streets of more than a dozen Venezuelan cities, looting stores, stoning policemen, burning police cars, kidnapping bus drivers, etc. At least one student has been killed, and scores seriously wounded in the clashes. The bus drivers' federation is threatening to strike nationwide, and riots continue to escalate, in number and violence.

The Lusinchi government has been forced to indefinitely postpone a planned May visit to Venezuela by Ronald Reagan, out of fear that the U.S. President's appearance would only aggravate political tensions.

The government has charged "professional terrorists" with being behind the student protests, and has already conducted several university raids and made hundreds of arrests. While there is evidence that trained provocateurs are in fact infiltrating the student protests, the reality is that a dramatic collapse in living standards has turned normally law-abiding citizens into very frightened, very angry, and very manipulable ones.

Despite all the public speculation about how this "stable" country got itself into such a fix, one need only ask the average Venezuelan. With the

shredding of its traditional financial "cushion" due to the oil price collapse and the allocation of nearly 50% of its export earnings to service its foreign debt, the Lusinchi government has decreed a number of highly unpopular austerity dictates, such as the 50-100% transport rate increase, which triggered the riots, and a wave of new price hikes.

The government has bent over backward to please the international banking community, lifting restrictions on foreign investment and other "free exchange" measures that have facilitated the growth of Venezuela as a drug-money laundering center. The government's avid defense of creditor rights, over those of the national interest, is creating a storm of reaction among Venezuelans who see Alan García's Peru experiencing unprecedented rates of economic growth while the threatened bankers' "reprisals" against that Andean neighbor have yet to surface.

Yet, with all its propitiation of creditors, Venezuela continues to get dangled, along with the rest of Ibero-America. Bankers' mouthpiece Paul Volcker, head of the U.S. Federal Reserve, returned from a "private" two-day visit to Venezuela to inform the press: "In the future, a regular financial flow will be reestablished to Venezuela." Pressured to assign dates and dollar amounts to his prediction, Volcker sneered through his cigar, "Miracles don't happen in a day."

As the country continues to bleed itself through debt service, deadly diseases like meningitis and tuberculosis have begun to move from rural poor

sectors of the country to urban centers like Caracas. One of the more frightening signs of the crisis came in the form of an April 11 press report that Venezuela's laboratories had run out of insulin and were unable to acquire more for lack of import financing.

One year ago, U.S. Treasury official Tim McNamar had told the press that if the debtor nations failed to meet their obligations, Ibero-America could experience a sudden shortage of insulin. A few months later, the Eli Lilly company, one of the few international insulin producers, announced it was shutting down its offices in Argentina.

Under cover of the growing wave of anti-austerity outbursts has come a resurgence of professional terrorism, courtesy of the networks put in place by Nazi-Communist terrorist Stefano Delle Chiaie, currently held by authorities in Italy, and agents of Libya's Muammar Qaddafi. When Delle Chiaie was seized in April, captured documents revealed a potential terror network financed by Italian and Libyan commercial interests. Venezuelan newspapers have named the powerful DiMase brothers, one of whom is the ambassador to Venezuela of the Order of Malta, as among those financiers.

Venezuelan press of April 1 reported that the police are pursuing investigations into the possibility that the student riots are linked to Delle Chiaie. Several of the arrested students named Delle Chiaie as the intellectual author of the riots. That Venezuela has apparently become a nesting ground for international terrorism is suggested by the early May arrest of Jordanian terrorist Mahmoud Atta, said to be in charge of Western hemisphere operations for the Abu Nidal terror network. In his apartment were discovered precise instructions on the creation of a base of operations in Venezuela.

New underwater activity in Stockholm

Mystical waves, camping Poles, and an East bloc truck were detected near the king's new residence.

A one-day police and military alert was caused on May 5 in Stockholm, as several suspicious events signaled foreign espionage or spetsnaz activity in waters near the king's castle. Government buildings were guarded by reinforced police units, police patrols were armed with submachine guns, and civilian and military intelligence were buzzing with activity, as the security establishment grappled to evaluate the threat.

Despite official secrecy wraps, the following events are known. Two policemen, driving across Nockeby Bridge in western Stockholm at about 4.30 a.m., observed some heavy waves and whirlpools in the otherwise glassy water of Lake Mälaren, extending westward from Stockholm. The Nockeby Bridge leads from Stockholm to the island where the king's residence, Drottningholm Castle, is located. On the beach a few hundred meters away, about a kilometer from the castle, the policemen observed a campfire.

Arriving at the campfire, the policemen found a tent, three Polish citizens, and two naturalized Swedes of Polish extraction. A sixth person had been there, but had left the scene. The five were arrested, suspected of crimes against the security of the state, and the Security Police (SÄPO) took charge of the case.

Moments later, police divers arrived and started to search the water, between 7 and 13 meters deep at the location. Still later, Navy divers arrived, and the search was directed from the East Coast Navy Base at Muskö, east of Stockholm. SÄPO and De-

fense Staff Security Service personnel cordoned off the beach. Divers placed a red buoy in the water, and underwater video recordings were made twice.

Hours later, a witness reported seeing a submarine periscope in the eastern archipelago of Stockholm. Uncertain of what was going on, and knowing that U.S. Ambassador Gregory Newell was about to visit Premier Ingvar Carlsson to officially invite him to Washington, police ordered an alert, including reinforcements at all government buildings. On June 17, 1986, Newell had already been the target of a failed assassination attempt.

The five camping Poles and ex-Poles told SÄPO, whose reputation hasn't gone unscathed after the Palme murder, identical stories of how they were merely celebrating the gold medal won by the Swedish ice hockey team at the Vienna world championship! Their "celebration" had begun the day before, and as they stayed overnight in their tent, cold weather, despite plenty of booze, had forced them to light a campfire. . . .

Although some of them were known in police records for petty thefts, they were released for lack of evidence tying them to whatever went on under the water. Later reports said police were searching a truck observed on the island of the castle, carrying East bloc license plates and a "TIR" sign, under which seal trucks can pass national borders without customs checks. The truck was later found, empty, on a nearby island.

As the divers' search went on,

sources reported findings of traces on the bed of the lake, coming from a vessel or a heavy diving outfit. According to a defense spokesman on May 6, the "video films are still being analyzed. We have not yet decided whether the results will be published. They might appear in the Commander-in-Chief's next quarterly report," issued to report on the submarine incursions.

One policeman guarding the cordoned-off coastal strip told journalists on May 5, "This is probably the most serious incident in Sweden in recent years. But I have been muzzled." A Navy officer added: "If you think we got a false bite, you're wrong." And a police radio communication from the site was overheard, "Call in and say that it is a plus. Say only that."

It was just a couple of years ago that the king's residence was relocated from the old Stockholm City Palace to Drottningholm Castle, on a semi-rural island west of Stockholm. While the official reasons were the island's absence of auto exhaust fumes and its nicer playgrounds for the king's three children, insiders know the activity of mini-submarines in the Stockholm harbor, a mere stone's throw away from the City Palace, was a more substantial reason. Located on the inland, lake side of the coastal capital, all waterways to the new residence from the seaside lead through narrow locks.

Apart from possible targeting of the king, the new incident occurred exactly where a highly sensitive telecommunications cable passes across the bottom of the lake, to the nearby headquarters of the Armed Forces' Radio Institute, the center of Sweden's advanced electronic communications surveillance. A Defense Staff spokesman insisted that the divers found the cable to be "wholly untouched."

International Intelligence

Zepp-LaRouche proposes 'science city' in Germany

Helga Zepp-LaRouche, the chairman of the Patriots for Germany party, made a proposal for creation of a "science city" in West Germany a centerpiece of her election campaign in the state of Rhineland-Palatinate. The election was held on May 17.

She proposed that the city be named "Cusanus City," after Nicolaus of Cusa, the great theologian of the 15th century, the founder of modern science.

In a ceremony on May 14 near Wittlich, the valley in the Eifel region where the science city is to be built, Mrs. LaRouche broke the ground with a shovel and erected a sign that reads, "Here Stands Cusanus City." She presented to the assembled supporters the first draft of a city plan, worked out by an architect.

In a public meeting in Wittlich later, she called for a competition of architects and designers. "I call upon architects' creativity to build a new city from scratch, which must not be just a collection of elements or building complexes, but one unit. Since Cusa is a founding father of the great Renaissance, designs will have to follow the principles of city-building in Florence at least."

The same day, the Patriots had placed an advertisement in the newspaper *Trierischer Volksfreund*, with the text: "Wanted: 72,000 engineers, 100,000 construction workers. . . . An ad like this one will appear in your newspaper, if Cusanus City is built, as planned by the Patriots for Germany. A parliamentary group of the Patriots will make sure, that this new science city will be built. Vote Patriots for Germany!"

Soviets blast Bonn's waffling on arms policy

The Soviet media is denouncing the "indecision" of the West German government on General Secretary Gorbachov's "zero-option" arms offer. In a May 8 report, the news

agency TASS charged that "old, well-known winds of NATO" are blowing from Bonn. The Russian daily *Sovetskaya Rossiya* wrote that Bonn had "not yet made up its mind which way to go," but was tending "toward the old categories of nuclear war." The armed forces daily *Krasnaya Zvezda* charged politicians of the ruling Christian Democratic Union with working for "a united front of all enemies of nuclear disarmament in Europe," and sabotaging an agreement on the denuclearization of European defense.

In an interview with the German daily *Mainzer Allgemeine Zeitung* May 9, Albert Grigorians, an official of the Supreme Soviet, accused "part of the Bonn government coalition" of thinking "in outmoded strategic categories." He singled out Franz-Josef Strauss, chairman of the Christian Social Union party in Bavaria, for opposing Gorbachov's proposals. Strauss and his backers, he said, "want a joint European nuclear strike force. . . . these politicians want to give the Federal Republic the status of a nuclear power."

These absurd allegations are intended to activate the West German anti-nuclear movement against the government—a threat which must be taken seriously, in view of past terrorist actions by the Soviet-backed underground. Siemens manager Kurt Beckurts was killed by terrorists on the basis of the false charge that he worked for "NATO's plans for nuclear assault on the Warsaw Pact."

The British elections: Defense issue is key

British Prime Minister Margaret Thatcher announced on May 11 that national elections would take place on June 11, and that she was hoping not only to win a third term, but was also hoping to run for a fourth time in the future, thereby surpassing Prime Minister Gladstone's record tenure.

As the election campaign heats up, the issue of NATO defense is at the center of attention. NATO Supreme Commander Gen.

Bernard Rogers warned on May 13 that the British Labour Party's non-nuclear defense policies would be "the straw that breaks the camel's back," and would convince the American public that U.S. troops should be pulled out of Europe.

Speaking in an interview with the BBC, General Rogers said: "If [the United States] sees that one of the key members of NATO is going to shuck off the burden of nuclear responsibility it has borne all these years . . . that straw will cause the United States to say 'all right, that is enough. It is time to bring the troops home.'"

Labour Party foreign affairs spokesman Denis Healey boasted on May 12, "I think the Russians are praying for a Labour victory. I think they would much prefer a Labour government." Healey, who was in Moscow for a visit, met with Soviet foreign policy czar Anatoli Dobrynin, head of the Central Committee's International Department, after which Healey claimed he had received the Kremlin's authority to say that the U.S.S.R. did not want Margaret Thatcher to stay in power. "The idea that they would prefer a Tory Government, I think, is the most utter buncombe and they authorized me to say so," he told reporters.

Healey, a former Communist Party activist, also discussed "conventional force reduction" with Soviet Foreign Minister Eduard Shevardnadze.

Libya and Iran stir up more trouble

New destabilization efforts by agents of Ayatollah Khomeini of Iran and Muammar Qaddafi of Libya are drawing angry responses from several Third World nations.

During the second week of May, the government of Egypt ordered two Iranian diplomats to leave the country, and closed their office in Cairo after uncovering an extremist Muslim group funded by Teheran. The foreign ministry cited "non-diplomatic activities" in its expulsion order.

On May 13, the government of Kenya

denounced Libya for carrying out military training in Nairobi of disaffected Kenyans, with an apparent view to destabilizing the government. Omar Fakhri, African affairs chief of the foreign ministry, referred to a report published in the Nairobi newspaper *The Standard*, that "more than 200 runaway Kenyans were receiving such training in Libya." The report said the Kenyans went to Libya after first receiving travel documents in Uganda. In April, Kenya expelled five Libyan diplomats.

Meanwhile, a diplomatic uproar has arisen in the Pacific, over charges by Australian Prime Minister Bob Hawke, that Libya is seeking to gain a foothold in Vanuatu, including training troops there, for deployment against countries in the region. On May 12, Vanuatu Prime Minister Walter Lini announced a ban on military contact with Australia, and accused Australian agents of covertly interfering in Vanuatu.

The government of New Zealand defended Qaddafi on May 11, saying that Tripoli has a legitimate interest in the South Pacific. The real problem in the South Pacific is France's control of New Caledonia, Prime Minister David Lange said.

Bavaria cracks down on spread of AIDS

The German state of Bavaria has adopted legislation which will enforce the following measures to curb the AIDS epidemic, effective May 12:

- Anyone who wants to work in a state job (for example, as a teacher) has to be tested before being hired.
- Both male and female prostitutes have to be tested every four months. If they are infected, they are forbidden to continue with their "job."
- Anyone suspected of having AIDS must be tested; police will use force if necessary.
- People who are infected, but do not follow the restrictions placed on them by the health office, will be quarantined.

- Houses of prostitution and homosexual bars and saunas are to be placed under surveillance and can be closed if deemed a health threat.

- Clients of prostitutes and homosexual bars can be required to identify themselves to the police.

- Foreigners who are infected will not be allowed to stay or to enter.

Bronfman charged with aiding Soviet strategy

French journalist Annie Kriegel denounced World Jewish Congress head Edgar Bronfman for aiding and abetting the Soviet campaign to decouple Europe from the United States, in a May 13 article in the daily *Le Figaro*. Bronfman's prominent role in attacking Austrian President Kurt Waldheim, she said, is helping "to destabilize a democracy situated at the frontier of the Soviet empire." Waldheim has been declared *persona non grata* in the United States, on the totally unproven charge that he is a Nazi war criminal.

Kriegel, a spokesman for the French Jewish community, wrote:

"... The other great success of M. Gorbachov has been to gain himself an unexpected ally ... the World Jewish Congress. ..."

"The president of the WJC, M. Bronfman, believes, with a mixture of naiveté and very American arrogance, to be able to transfer into the domain of international relations, the type of commercial aggressivity that succeeded so well for him in the whiskey business. He has, besides, with the Waldheim affair, demonstrated how one can succeed, in the midst of the disarray in which the American administration finds itself, in making the U.S. swallow a process which, without any proof, still risks destabilizing a democracy situated at the frontier of the Soviet empire."

Kriegel further criticized the WJC's claim to be the representative of all Jews internationally.

Briefly

- **OVER 150 ANTI-WAR** groups were represented at a meeting in Moscow May 13. Former British Labour Party chairman Frank Lalonde said that the movement would concentrate on pushing through Gorbachov's proposals to reduce medium- and short-range nuclear missiles and stop "the militarization of space."

- **'THE SHORTER THE RANGE,** the deader the Germans. We can't go along with that policy,' West German government disarmament adviser Volker Ruehe told British Foreign Secretary Sir Geoffrey Howe, during a discussion on West German objections to the Soviet proposal to remove missiles above a range of 300 kilometers from Europe.

- **ANATOLY DOBRYNIN** addressed a Moscow conference of Communist and "democratic" editors, to explain Gorbachov's "new thinking," and to propose that the West adopt a policy of "non-aggressive defense."

- **THE PUGWASH CONFERENCE** on "Security in Europe" will next meet in Poland, May 25-29.

- **AN INTERNATIONAL** congress of "resistance fighters" opened in Athens on May 11, cosponsored by the Soviet-backed German "anti-Nazi" group VVN. Participants included Soviet war veterans, Nazi death camp inmates, and communist resistance fighters. The agenda: "signs of neo-fascism" in the European countries.

- **MR. AND MRS. GORBACHOV** received the Russian-Indian artist Svyatoslav Roerich on May 15, son of the cultist painter Nikolai Roerich, and a member of Raisa Gorbachova's Soviet Cultural Foundation.

Will 'Project Democracy' destroy the Constitution?

by Kathleen Klenetsky

The fundamental issue at stake in the so-called Irangate scandal, is the survival of the U.S. Constitution, and with it, the American republic. Events during the month of May made it inescapably clear that, if the invisible government, which has grossly perverted American foreign policy since the end of World War II through such bizarre and suicidal ventures as the Iran-Contra policy, is not immediately brought to heel, the United States will cease to exist as a government by law.

Since the beginning of May, one Supreme Court justice, Thurgood Marshall, publicly described the Constitution as "defective"; the White House Chief of Staff called for major changes in the Constitution; and Robert McFarlane, a key Irangate figure and former national security adviser, did the same.

The Project Democracy apparatus is attempting to sell its destruction of the Constitution to the American population on the grounds that "patriotism" is incompatible with the law. "Right-wing Social Democrats" Ben Wattenberg and Norman Podhoretz, in nationally syndicated columns, both defended the parallel government—the "patriots"—against those who dare to defend government by law. In his May 14 column, Wattenberg called the Irangate hearings a battle between the "self-identified constitutionalists," such as independent prosecutor Lawrence Walsh, who are attempting to close down the secret government, and the "self-perceived patriots"—the Richard Secords, Ollie Norths, et al., who broke the law to aid the Contras because they were "patriots."

Podhoretz expressed the same view in his May 12 column. Leaping to the defense of his son-in-law, State Department honcho Elliott Abrams, now on the chopping block for his role in the Iran-Contra scheme, Podhoretz bitterly attacked prosecutor Walsh, who "seems bent on establishing the criminality of a good many of the Americans who have

tried to help those Nicaraguans fighting and dying to reclaim a democratic revolution that has been stolen from them by the Communists." If Walsh "should go on bringing indictments for actions that were neither clearly illegal nor customarily subject to criminal penalties, there will be no escaping the conclusion that the real 'crime' for which he wants to put patriotic American citizens in jail is helping the Contras in their struggle to liberate Nicaragua from Communist domination."

A Russian 'constitution'

Elsewhere in this issue, *EIR* founder Lyndon LaRouche, notes that Moscow intends to impose a parliamentary system on the United States to ensure its status as a satrapy in Russia's new world empire. Under this arrangement, LaRouche writes, "Moscow could quickly and quietly dump any head of government who displeased the imperial overlords, without having to upset the system of self-government charitably allowed to us."

In fact, the growth of the parallel government has coincided with a significant shift by the United States in the direction of a de facto parliamentary system, especially in the last several years. The lines between the duties and obligations of the executive and legislative branches have been increasingly blurred, through such intrusions by Congress as the War Powers Act and the Boland amendment. Currently, Congress is attempting to arrogate to itself the right to make and unmake treaties, exemplified by its insistence that President Reagan adhere to SALT II and maintain the so-called "narrow" interpretation of the ABM Treaty.

The central figure involved in the invisible government's attack on the Constitution is Lloyd Cutler, a leading member of the Trilateral Commission and former counsel to Jimmy

Carter during the period in which the Carter administration brought Khomeini to power in Iran, and then struck a series of secret agreements to send arms to the Ayatollah's anti-Western regime.

Cutler first publicly staked out his opposition to the Constitution in a Fall 1980 *Foreign Affairs* article, in which he argued that the United States must adopt a parliamentary system on the grounds that the constitutional form of government, with its commitment to constituency representation, was incapable of imposing either economic austerity or selling out American strategic interests.

Cutler subsequently formed the Committee on the Constitutional System, a group of 50-plus "insiders" which is lobbying up a storm on behalf of a parliamentary government. In January, the CCS issued its formal recommendations, all of which would eliminate the separation of powers and give increasingly merged political parties dictatorial powers.

The CCS's proposals include extending the terms of House members to four years and making them co-terminous with that of the President; allowing members of Congress to serve in the cabinet; establishing public financing of congressional campaigns, with the monies to be channelled through the parties, etc.

White House Chief of Staff Howard Baker gave an interview to James Reston of the *New York Times* May 12, in which he lauded the CCS report, and said he planned to arrange a meeting between Cutler and President Reagan to discuss it. Baker told Reston, "I'd commend to you Lloyd Cutler's piece on reforming the political system." He elaborated: "A four-year term for House members, co-terminous with the President, would create an astonishing togetherness between the House and the President.

"The President has read the Cutler report," Baker added, "and I hope to have him and Cutler talk about it after the first of the year."

Cutler described himself as a "long-time friend of Baker's," and reported that, in addition to the four-year House term, Baker is also interested in CCS's proposals for amending the Constitution to provide public financing for congressional campaigns, and for tightening party control over presidential selection by giving greater weight to elected officials at nominating conventions.

Asked if Reagan is amenable to constitutional "reform," Cutler replied: "After six years of trying to deal with the problems arising from the separation of powers, in the context of a weakened party system, I would certainly expect the President to be open" to these and other recommendations. . . . We need a sober look to see if it needs to be changed for its third century."

A diatribe from McFarlane

The day after Baker's interview, former national security adviser Robert McFarlane interrupted his testimony before

the congressional Irangate committee to deliver an 11-minute lecture on what he thinks is wrong with the American government, echoing the same themes sounded by Baker and Cutler in the process.

Charging that "the relationship between this administration and the Congress has been a very stormy one" and has been "very unsuccessful" in forging cooperation on foreign policy, McFarlane then claimed, "The reasons that this has not been possible primarily lie in the Executive Branch. . . ." We must move, he said, to a situation in which the "Congress truly leads and represents power," and "the President respects his obligation to consult with that leadership and beyond." McFarlane proposed several measures to achieve this, including a four-year term for the House, and an eight-year term for the Senate, because this "would make them far more interested in the President's welfare and his policies."

He also made a bid for public financing of congressional campaigns on the grounds that this would ensure the election of people who are totally committed to their respective party's official policies. "I think that unless reform of campaign finance laws gives the leadership of the Congress some control over the purse-strings that affect people's re-election, you're going to have this disintegration of leadership on the Hill here."

To make his message absolutely clear, McFarlane referred directly to the CCS. "But it isn't for me, a person who is not a government expert, to comment on precisely what would improve matters. I refer to the commission that has been in operation for several years to study . . . how these matters might improve our ability to forge foreign policy."

The LaRouche case

It is this assault on the foundation of the American republic which lies behind the flagrantly unconstitutional attack on Lyndon LaRouche and his associates. As LaRouche explained in the last *EIR* ("The Soviet role inside Project Democracy"), he is at the center of the factional battle now being fought by patriotic elements of the American policy-making establishment against the Project Democracy gang, under the rubric of "Irangate," because he represents the one figure in the United States willing and able to identify Project Democracy as the Soviet asset that it is, and to fight it on that grounds.

For this reason, the Soviets have ordered LaRouche's elimination, and the Project Democracy apparatus has leaped to obey this order. In this context, it is instructive to note that *EIR* has just learned that the U.S.A.-Canada Institute, the Russians' premier profiler of America and a key instrument for Soviet attacks against LaRouche, has launched a project on the U.S. Constitution in the context of its bicentennial. Connected with this project are some of the same key Soviet lawyers now working with their American counterparts to declare those who support the SDI in violation of the Nuremberg statutes.

Exposures of U.S. Contra policy and PAN set off shock waves in Mexico

by D.E. Pettingell

Finally, the major U.S. news media have decided to expose what *EIR* has been charging since 1985 and what all Ibero-America knows, that the Reagan administration's relations with Ibero-America as a whole have been determined by only one issue: the Contras. Nations considered "friendly" are those backing or actively supporting the Contras; in contrast, the nations on the black list, those opposing the Contra insanity, have been subjected to threats and pressures and have even seen their economic aid cut off.

In a lengthy front-page article May 10, the *Miami Herald* reported on the Reagan administration's "secret campaign" of threats and intimidation against five nations. Because of their leading role in organizing the "Contadora Group" peace process in Central America, Ibero-America's alternative to the Contra insanity, Mexico and Panama were particularly and viciously targeted for destabilization. The Contadora Group's policy was to promote the economic and political strength of Nicaragua's neighbors in Central America, to thus ensure peace and stability in the region—anathema to the "Project Democracy" drive to promote general warfare in the region.

The *Herald* reports that the administration campaign against Mexico and Panama included "an effort to force from office the head of the Panamanian defense forces, Gen. Manuel Noriega. When Noriega did not respond to a direct request from then-national security adviser Vice-Adm. John Poindexter that he resign, the United States cut off aid to Panama, then leaked damaging classified documents about Noriega to the *New York Times* and NBC News."

Mexico, the United States' closest neighbor, was subjected to similar threats. "The most remarkable U.S. tactic against Mexico involved threats to undermine the ruling Institutional Revolutionary Party (PRI) by throwing U.S. support to the PAN (National Action Party)." The *Herald* reports on secret meetings held in the summer of 1986 between indicted Contra fundraiser Carl "Spitz" Channell and PAN representative Ricardo Villa Escalera. Channell "told PAN followers that Reagan would help them fight PRI if PAN helped the Contras," reports the *Herald*.

The *Herald* articles have created a political earthquake in Mexico. Demands for banning the PAN or bringing its leaders to trial for treason have been put forward by a broad

spectrum of political groups and journalists. The Mexican Senate met May 12 for four hours to discuss whether to withdraw the PAN's political party status. The decision was not to do so for the time being, although the PAN leadership was put on notice.

The campaign to get the PAN out of Mexican political life did not stop with the Senate decision. Manuel Juárez Blancas, head of the PRI-affiliated Revolutionary Workers and Peasant Federation, called the PAN "traitors" and demanded that they be stripped of party status and that those found guilty of treason be sent out of Mexico. The widely read Pica-Piedra column in *La Prensa* declared that the PAN's constant attempts to instigate violence, discredit Mexico abroad, and thus promote foreign intervention must be dealt with.

EIR's record

If not all the details in the *Miami Herald* article, certainly the political portrayal of the Reagan administration's destabilization campaigns has been regularly featured in *EIR* since the summer of 1985. In 1986, *EIR* published the widely circulated *Special Report*, "White Paper on the Panama crisis, Who's out to destabilize the U.S. ally, and why," in which we exposed what the *Miami Herald* now confirms 10 months later.

In April of this year, *EIR's* Special Report, "Project Democracy: the 'parallel government' behind the Iran-Contra affair," used Mexico and Panama as "case studies" of the Reagan administration policy. *EIR* identified the *New York Times* campaign against General Noriega as part of Poindexter's pressures to dump Noriega. "On June 12, 1986, Project Democracy escalated, with one of the dirtiest operations to come out of the NSC's headquarters in the basement of the White House. Under the byline of Seymour Hersh, the *New York Times* ran a full-page slander of General Noriega, calling him everything from drug-runner to a Cuban agent, money-launderer, and murderer. . . . 'U.S. officials,' said Hersh, consider Noriega 'the Panamanian connection to crime and want him out.' . . . Most 'officials' remained anonymous, except Project Democracy's Admiral Poindexter, who was cited as a leading source of the slander against Noriega," *EIR* wrote.

In the case of Mexico, the report exposed the PAN's frequent trips to Washington sponsored by Col. Oliver North's network. Over a year before the Iran-Contra mess erupted, in the summer of 1985, the "private" network of right-wing Contra fanatics was first identified as the PAN's U.S. controllers in the book, *El PAN, el Partido de la Traicion (The PAN, the Party of Treason)*, published in English as *The PAN, Moscow's Terrorists in Mexico*. *EIR* helped with the research on the book.

Not surprisingly then, the PAN's first reaction to the *Herald* exposé was to denounce *EIR*'s founder, Lyndon LaRouche, and the Mexican Labor Party, the independent Mexican organization that published *The Party of Treason*.

'We are the Contras'

The PAN leaders' defense has only shed more light on their treason. Ricardo Villa Escalera, a PAN official and former PAN candidate from the state of Puebla, told the Mexican press May 13 that he had met with indicted fundraiser Channell not only once, but several times. Villa Escalera stated that he had told Channell, "We are the contras in Mexico," denying reports, confirmed to the *Miami Herald* by Channell's co-workers, that he had agreed to look for ways to raise \$210,000 requested by Channell for the Contra fund.

Villa Escalera added that he had not been the only PAN official to meet "several times" with Channell. Alfredo Corella and Alejandro Gurza, two PAN businessmen, held meetings in Washington with Channell as well. Corella led a delegation of about 40 Mexican-American supporters of the PAN from Chicago and PAN members from Chihuahua who met with Sen. Jesse Helms Aug. 13, in an extraordinary Mexico-bashing session on Capitol Hill aimed at embarrassing President Miguel de la Madrid, in Washington at the time for an official visit.

Alejandro Gurza, on the other hand, is well connected to the Rev. Sun Myung Moon's cult, a key piece in the Contra support apparatus. In March of 1986, Gurza participated in a "roundtable" discussion to promote the PAN sponsored by Moon's International Security Council in San Diego. Other participants from the United States included alleged CIA agent Daniel James, Contra fan Gen. (ret.) Gordon Sumner, and Mossad agent Joseph Churba. Aside from Gurza, Mexico's traitors were represented by José Angel Conchello, former PAN chairman, and Luis Pazos, the "Mexican Milton Friedman."

Meeting with North?

But the complete picture of what the PAN did and what they plotted in Washington, has still to come out.

A report that Villa Escalera and possibly Corella and Gurza met with North himself, has been neither confirmed nor denied by sources close to Channell. There is also the report that Villa Escalera met with President Reagan. What the *Herald* does confirm is that two days before the Channell-

Villa Escalera meeting, Channell met with President Reagan "to discuss Nicaragua and . . . brought up the issue of Mexico." Reagan stated that he was very "upset" and "disappointed" that President de la Madrid had not taken a "stronger position in supporting democracy in Nicaragua."

The connection to the Contras themselves so far has only been made public by *EIR*. Villa Escalera confirmed May 12 that he had had discussions with Jaime Morales Carazo, the Nicaraguan Contra whose brother, José Morales Carazo, is currently Contra chief Adolfo Calero's lawyer. As Calero's lawyer, José Morales Carazo will soon be called to testify before independent counsel Lawrence Walsh's Iran-Contra investigation.

In the summer of 1986, a secret meeting took place in Miami, where Morales Carazo proposed to PAN representatives that they form a "joint commando unit" of Nicaraguan Contras and "Mexican Contras," that is, the PAN, to overthrow both the Mexican and Nicaraguan governments. They were confident that the United States would support the endeavor.

Morales Carazo, Villa Escalera, Corella, and Gurza are all members of the PAN business front, Coparmex, which receives funding from the National Endowment for Democracy through the Center for International Private Enterprise. The NED is the public arm of North's clandestine "Project Democracy" network.

Villa Escalera is also in touch with the Heritage Foundation and the Roosevelt Center for American Studies. The Mexican specialist at the Washington-based Roosevelt Center is Richard Nuccio, accused in Mexico of being a CIA agent. Nuccio participated in the meetings with the PAN and Channell, according to reliable sources.

With this evidence, why has the Mexican government not given the PAN the treatment it deserves? The answer lies in Mexican Interior Minister Manuel Bartlett's role in promoting a Project Democracy-style political reform in Mexico based on a "bipartisan system" in which the PAN is to play "conservative" to the PRI's "leftist" line.

The Party of Treason book began to expose the PAN's clandestine backers within the Mexican political system, known in Mexico as the *enPANizados*. Some of these inside the Mexican government will start to come out as the Iran-Contra investigation evolves. Leading the list is the press secretary to the presidency, Manuel Alonso. In October 1985, he hired the Washington-based Peter Hannaford and Associates to help "improve Mexico's image abroad." The Hannaford Company was also hired by Channell's National Endowment for the Preservation of Liberty for the same purpose. Jared Cameron, an employee of Hannaford, was Channell's spokesman during the entire year that Hannaford was representing "Mexico's interest" in Washington.

If the Mexican government lets this opportunity to finish off the PAN go by, it will commit a more serious crime against Mexico's future than the PAN's treason.

Elephants & Donkeys

by Kathleen Klenetsky

Who's on first?

It's been quite a spectacle watching the various pundits, pollsters, and commentators try to figure out who the new Democratic presidential nomination frontrunner is, now that Gary Hart is out of the race.

Depending on which TV station or newspaper you tuned into during the week following Hart's withdrawal, you would have learned that:

- Jesse Jackson now leads the pack (the *Washington Times, Newsweek*);

- Massachusetts Gov. Mike Dukakis has taken the lead (the *Los Angeles Times*);

- Rep. Richard Gephardt has moved into Hart's top-ranking position, at least in Iowa (the *Baltimore Sun*);

- The ultimate winner is not even in the race yet (former Democratic National Committee chairman Bob Strauss).

And that's just a sampling of the widely divergent opinions being expressed by the so-called experts.

The truth of the matter is that the real frontrunner is "undecided." In the *Los Angeles Times* poll, for example, undecided scored 42%, with Dukakis the next highest with a measly 12%.

The same holds true for the *Newsweek* poll, which gave Jackson 22%, Dukakis 11%—and undecided 37%.

Hart's presence in the race had obscured this fundamental fact—that the electorate is not in the least impressed

by the seven candidates acknowledged by the media to be vying for the Democratic nomination.

Although Hart held a commanding lead over his opponents, that derived far more from the higher name recognition he enjoyed, and not because of any deeply felt grassroots support.

The most ironic aspect of all this poll-taking and punditry, is that the one candidate whose name recognition alone makes him a far more serious contender than the "seven dwarves," has been carefully (hysterically) omitted from the polls.

Black-out on LaRouche

That candidate is *EIR* founder Lyndon H. LaRouche, who, according to a poll commissioned by *Time* magazine one year ago, had a name recognition factor of 39%. The only person now in the race who ranked higher, was Jackson, while three of the current crop of "major candidates"—Gephardt, former Arizona governor Bruce Babbitt, and Sen. Joe Biden—ranked 14%, 8%, and 6%, respectively.

The glaring omission of LaRouche's name from recent polls is a rather pathetic attempt by his enemies to deny him "credibility." by pretending he is not a candidate. No matter what is being put out for public consumption, you can bet your bottom dollar that the DNC is keeping a minute-to-minute watch on the growing support for LaRouche and his policies.

Claims that LaRouche is not a serious candidate are laughable: If that were the case, why would the DNC have passed a resolution at its Santa Fe meeting in late April, vowing to deny the Democratic Party label to any candidate suspected of supporting LaRouche's program? The resolution was sponsored by Illinois state comp-

troller Roland Burris, a top DNC official and protégé of DNC chairman Paul Kirk.

Clearly, there's rampaging fear among the "backroom boys" that the confluence of the AIDS crisis, the collapse of the economy, and Moscow's pre-war moves, will push many people into the LaRouche camp, especially since none of the other candidates has the slightest idea how to deal with these major threats.

The *Wall Street Journal* published a telling article May 13, reporting that AIDS has emerged as *the* issue of the 1988 campaign (something which LaRouche predicted in the fall of 1985) and that every candidate in the race is now being forced to formulate a position on the epidemic. But with the exception of LaRouche, the rest of the candidates either take the homosexual lobby's position that measures such as universal mandatory testing and quarantine are a violation of civil rights, or that the nation cannot afford to spend the money necessary to treat AIDS victims, and find a cure.

Just how intense are the DNC's fears of LaRouche, can also be measured in the recent move by some top Democratic powerbrokers to come up with a candidate with more stature than the present gaggle.

In a May 10 interview on NBC-TV's "Meet the Press," Bob Strauss (who, by the way, engineered the set-up of Gary Hart), promoted Sen. Sam Nunn (D-Ga.) for the nomination.

Calling the race "wide open," Strauss said he expected one or two new candidates to enter the race—including Nunn.

Meantime, New York Gov. Mafia Cuomo continues to coyly refuse to rule out a draft, while at least two prominent Democratic insiders, George Ball and Felix Rohatyn, are urging Sen. Bill Bradley (D-N.J.) to take the plunge.

Ogarkov promotion frightens Abshire

Repeated inquiries by this reporter in the first 10 days after the outbreak of a new Soviet-inspired Berlin crisis on May Day, found a consistent, deafening "official silence" from all the corridors of power in the nation's capital.

However, a major corollary of the crisis, the elevation of Soviet Marshal Nikolai Ogarkov to a newly created post of deputy commander-in-chief of all Soviet armed forces, has sent waves of alarm through the elite policymakers. The reaction of former U.S. ambassador to NATO, David Abshire, to my question put to him before a May 8 forum at the Heritage Foundation, was a tip-off.

"There are a number of far-seeing Soviet generals who are focused on the applications of new technologies for tactical deployments, and who are reorienting Soviet tactical capabilities toward quick movements." He said that this orientation toward the "blitzkrieg" mode of deployment "does not necessarily mean the Soviets intend to actually initiate a military action this way, but they see it as giving them military leverage against Western Europe."

However, he cautioned, "This mode of deployment significantly increases the possibility of war through miscalculation." Abshire said, "I am among those here in Washington who

believe that World War III could happen, and I paint a grim strategic assessment for the 1990s."

He said the "new Soviet generals . . . hope the Alliance will not wake up to the potentials of new technologies developed by the Strategic Defense Initiative program." He called the SDI "an information revolution," and added, "The Soviets fear the potentials of this aspect of it more than any particular SDI deployment. So far, the Soviets have been better at applying these potentials of SDI technologies than we have."

Abshire endorsed outgoing NATO Supreme Commander Gen. Bernard Rogers, who has been warning against the dangers of the Reagan administration's "zero-option" proposal for withdrawing missiles from Europe. Abshire said of Rogers that he "is willing to put NATO's weaknesses on the top of the table and demand action to correct them. He's been more forthright and honest than any Supreme Commander that NATO has had."

Abshire is currently affiliated with the Center for Strategic and International Studies (CSIS), apparently a center of the alarm over the threat of the administration's zero option to decouple the alliance and hand Europe over to the Soviet sphere. The CSIS is also the haunt of Henry Kissinger, who has become another opponent of the zero option.

Ogarkov's 'dual-hatted' role conceded

All this fuss over Ogarkov is old news to readers of *EIR*, especially those who read the summer 1985 *Special Report*, "Global Showdown," which outlined Ogarkov's central role in developing the "Plan B" for reorganizing the entire Soviet economy under a massive military modernization program.

A Soviet analyst from Stanford University, on a fellowship currently to the Joint Chiefs of Staff at the Pentagon, confirmed at a Committee for National Security Forum here May 11 that Ogarkov may have had a "dual-hatted role"—namely, that he could have been coordinating the Western theater while also operating as part of the Soviet high command.

Dr. Condolezza Rice, responding to my question on the Berlin crisis and Ogarkov, this time in front of nationwide C-SPAN TV cameras, was quick to affirm that the Soviets "have a conventional force posture on the borders of Western Europe that is offensive in nature," and that the Soviets "are now pushing the concept of the 'battlefield of the 1990s,' that would utilize micro-electronics, high-yield conventional weapons (with the equivalence in power of small-scale nuclear weapons), and an information processing revolution."

Dr. Rice was willing to draw out the implications of her assertions about Soviet conventional force posture, only after I raised the issue. She was speaking before a group of ultra-liberals (the Committee for National Security being organized by the likes of William Colby, Paul Warnke, and Richard Barnet), and appeared barely distinguishable in her remarks from the other speakers, including Soviet spokesman Sergei Kislyak, until she found there were more than just liberals there.

She subsequently insisted that it is not just Soviet conventional force numerical superiority which poses a threat to Europe, but the "offensive force posture" of those forces, based on a "military doctrine of the primacy of the offensive," which is based on "penetrating so far into NATO before any response could be organized, that NATO's options for response would be delimited and crippled."

Defense bill stalls over Levin-Nunn amendment

Senate Republican backers of the Strategic Defense Initiative prevented consideration of the Defense Authorization bill with a filibuster on May 13. It was the beginning of what is expected to be a months-long struggle over the interpretation of the Anti-Ballistic Missile Treaty and the extent of the SDI program.

SDI backers are attempting to remove an amendment sponsored by Senators Carl Levin (D-Mich.) and Sam Nunn (D-Ga.) which would restrict work on the SDI to the so-called narrow interpretation of the ABM Treaty. The Nunn-Levin amendment would only allow more advanced testing or development of SDI systems if approved by both House and Senate.

The Defense bill is being held hostage by Nunn who has promised that the restriction will be included in any defense spending bill. If separated out as a bill by itself, Nunn and other opponents of a more aggressive SDI program fear that the Senate would sustain a presidential veto. Senate Minority Leader Robert Dole (R-Kan.) and 33 other senators have written to Reagan promising to sustain a veto.

Ranking Armed Services Committee member John Warner (R-Va.), condemned the Nunn-Levin provision as "a unilateral constraint on the United States on a military program which both the United States and the Soviet Union are now pursuing." It "would impose on the United States a restrictive interpretation of the ABM Treaty to which only the United States and not the Soviet Union would be bound."

Warner and other Republicans pointed out the blatant unconstitutionality of the amendment. It "would permit an unacceptable intrusion by Con-

gress into the President's jurisdiction to conduct our nation's foreign affairs," including ongoing arms-control negotiations in Geneva, and the President's treaty-making powers. Senators also objected that the provision for a veto by either house clearly violated the Senate's constitutional responsibility to advise and consent on treaties.

AIDS legislation blocked in committee

Reps. Dan Burton (R-Ind.) and William Dannemeyer (R-Calif.) took to the House floor on May 11 to continue to educate their colleagues on the threat of the deadly AIDS virus, and strongly condemned the leadership of several House committees for refusing to schedule hearings on legislation they have introduced.

"We cannot even get a hearing on these bills because the committee chairmen do not agree with our position," Burton said. "All I can say is if we are correct, then it is criminal what these people are doing. And if we are not correct, at the very least it ought to be investigated."

Burton devoted a considerable degree of time to the need to determine whether transmission of AIDS was occurring in ways other than the assumed routes of sexual and blood contact. Burton outlined the work of Dr. Mark Whiteside where 50% of the cases of AIDS in Belle Glade, Fla., had no known cause. "I called Dr. Whiteside," Burton said, "and he said that he believed indeed that mosquitoes were a contributing factor to the spread of the virus in Belle Glade."

Dannemeyer noted that his bills

had been referred to several committees including Energy and Commerce, Judiciary, Armed Services, and Post Office and Civil Service. "None of them have been set for hearing by any of the committees," Dannemeyer said. "We are being stonewalled. They do not want to hold any hearings on these bills at all."

House rejects U.S. troop pullouts

The House acted on two amendments to the Defense Authorization bill on May 8, rejecting proposals to pull U.S. troops out of any NATO country or South Korea, thus dealing a blow to advocates of U.S. decoupling from our allies.

An amendment by Rep. Bill Richardson (D-N.M.) denying the use of funds for any purpose which would result in the reduction of U.S. troop levels in any NATO country below FY87 levels, was approved by voice vote.

"As far as the allies' not needing the U.S. like they used to," Rep. Beverly Byron (D-Md.) argued, "Let me remind my colleagues that our military is not forward deployed for reasons of charity. Rather, we are forward deployed because it is in our own best interest to be near the likely site of future conflicts. If we pull back, not only will we be sending a terrible political signal, we will also be hurting our military capability to respond in a crisis."

Byron warned: "If we terminate or reduce that support—especially at a time when we may withdraw intermediate nuclear forces from Europe—we are, indeed, inviting disas-

ter." Byron also stated, "I can assure you that the worst possible way to negotiate conventional arms reductions is by making unilateral concessions."

An amendment offered by Representative Mrazek (D-N.Y.) directing the DOD to develop a five year plan to reduce U.S. troop strength in Korea was also rejected by voice vote.

The negative-growth defense level of \$289 billion passed by the House, however, will hit operations, maintenance, and personnel somewhere.

Debt ceiling raised, **G**ramm-Rudman **f**ight delayed

The United States narrowly avoided becoming another Brazil and defaulting on its obligations as the House and Senate passed a temporary increase in the debt ceiling which is expected to allow the government to continue to borrow for another 60 days.

A major fight over reimposing the automatic sequestration mechanism of the Gramm-Rudman-Hollings budget deficit law, which threatened to torpedo the debt ceiling extension, is now also delayed until mid-July.

On May 13, the House passed H.R. 2360 to raise the debt ceiling temporarily by a vote of 296 to 124. Gramm-Rudman advocates in the House, led by Reps. Buddy MacKay (D-Fla.) and Rod Chandler (R-Wash.), agreed to the short-term extension with the understanding that a permanent deficit reduction plan would be reached by July. They demanded that a Commission, similar to the one which cut Social Security, be established to reach such an agreement.

An amendment sponsored by

Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.), and backed by the Reagan administration, to permanently raise the ceiling to roughly \$2.6 trillion, was strongly rejected on a 259 to 162 vote. On April 23, MacKay had won a vote to impose a Gramm-Rudman-like across the board cut of 21% in the FY87 supplemental appropriation on a 263 to 123 vote.

On May 14, the Senate also passed the extension on a 58 to 36 vote. Senator Phil Gramm (R-Tex.) agreed not to bring up his amendment for automatic cuts after reaching an agreement with the White House. Gramm said he now had White House backing to use the long-term debt extension as a vehicle to press for Gramm-Rudman and other budget reforms.

House continues **a**ttacks on SDI

The House continued consideration of the FY88 Defense Authorization bill in mid-May, considering a number of amendments on the SDI which would further cripple the program.

The SDI funding level was cut to \$3.1 billion, half a billion below this year's level, when an amendment sponsored by Rep. Charlie Bennett (D-Fla.) was approved by a vote of 219 to 199 on May 12. The duplicity of House Armed Services Committee chairman Rep. Les Aspin (D-Wisc.) was very apparent. After reducing the Armed Services Committee figure of \$3.8 billion to \$3.6 billion in the Aspin substitute, Aspin then voted for the \$3.1 billion level in order to set the basis for compromise with the Senate's \$4.5 billion level.

Passage of the Bennett amendment followed defeat of several other proposed funding levels. An amendment by Congressman Hefley (R-Colo.) for a \$4.05 billion level of funding was defeated by a vote of 129 to 286. Representative Rowland's (R-Conn.) amendment for a \$3.55 billion level was rejected by a 207 to 213 vote.

SDI was also constrained by Representative Hertel's (D-Mich.) amendment, accepted by voice vote, prohibiting the deployment of any element of an ABM system unless specifically authorized by law. An amendment by Representative Buechner (R-Mo.) was also adopted by voice vote, which reaffirmed the right of the United States to defend and protect its citizens and territory from ballistic missile attack.

A more serious restriction on U.S. collaboration with its allies on SDI came with the adoption of an amendment by Rep. Les AuCoin (D-Ore.), which prohibits foreign firms or governments from receiving SDI research or development funds unless the Department of Defense certifies that the work cannot be done in the United States at an equivalent cost. It passed by a vote of 229 to 187.

Attempts at early deployment of SDI were overwhelmingly rejected. An amendment by Rep. Jack Kemp (R-N.Y.) that sought to require the Defense Department to begin full-scale testing of SDI systems and components to achieve operational capability by 1993 failed on a 121 to 302 vote. A similar amendment by Rep. Jim Courter (R-N.J.) to allocate \$300 million for the deployment of an SDI system that could protect against accidental launches of ballistic missiles was rejected by a 121 to 297 vote.

Va. Court denies move vs. LaRouche associates

At a hearing in Loudoun County, Va. Circuit Court May 12, Judge Carlton Penn denied the Commonwealth of Virginia's request to prohibit the defendants, associates of Lyndon LaRouche, from contacting thousands of LaRouche supporters.

The Commonwealth had asserted that these individuals were "victims" of alleged securities fraud charged against five corporations and 15 associates of LaRouche.

Commonwealth Attorney William Burch stated that any individual who had ever made a loan to CDI, Campaigner Publications, the Fusion Energy Foundation, PGM, Inc., or *EIR* was the "victim of the sale of an unregistered security" and thereby a potential witness at upcoming trials. Since bail bonds prohibit the defendants from contacting "victims" in the case, Burch asked the court to extend the prohibition to all such lenders. Defense counsel argued that the commonwealth was subverting the purpose of the bail laws to halt the political organizing and first amendment activity of the organizations involved.

The judge asked Burch if he intended to call all the people they alleged to be "victims" as trial witnesses. Mr. Burch's mute response prompted a ruling restricting contact only to witnesses the commonwealth names and those already named in the indictments. "If they are not going to be called," Judge Penn said, "the court should not restrict contact with three or four thousand people. . . You're just going to have to tell the defense who your witnesses are going to be."

Among other issues heard by the court was a defense request for a continuance of the case because of an involuntary bankruptcy action brought by the federal government on April 21 after a Boston judge had imposed a multimillion-dollar "contempt of court" fine against three of the corporate defendants. Defense attorneys argued that

documents critical to the defense were under the lock and key of newly appointed trustees. Judge Penn granted a 30-day continuance despite the protestations of assistant attorney general John Russell who claimed that the Commonwealth had nothing to do with the bankruptcy proceeding.

But . . . accompanying Russell in court was Dennis Szabala, from the Alexandria U.S. Attorney's civil division, who argued on behalf of the government at the bankruptcy proceedings.

Health service opposes broadened AIDS testing

U.S. Public Health Service officials have rejected additional mandatory testing for AIDS and called for stronger laws to protect the secrecy of test results and the "civil rights" of the virus to continue spreading.

According to a report in the May 12 *Baltimore Sun*, the health service proposals, in a 99-page confidential report by the Centers for Disease Control, said mandatory testing would waste resources better used for other purposes, and that mandatory testing was "not justified" by current knowledge [sic] of how the AIDS virus was spreading.

The report did concede, however, that presence of AIDS antibodies "is tantamount to a diagnosis of current and persistent infection, even though many infected people have no clinical evidence of disease."

OSI officials head for Vienna

Neil Sher, head of the U.S. Justice Department's Office of Special Investigations, and Justice Department honcho Mark Richard were scheduled to arrive in Vienna, Austria May 15. The visit was announced by an Austrian government spokesman and reported in the May 9 French daily *Le Figaro*.

Sher's OSI is allegedly a "Nazi hunting" unit within the Justice Department. As *EIR* has documented, it is closely interfaced with the Soviet Justice Department and the KGB, and has devoted its resources to attacking whom the Soviet wish attacked.

The Sher visit to Austria comes after Attorney-General Meese declared Austrian President Kurt Waldheim *persona non grata* in the United States, on the basis of his alleged Nazi past. Waldheim is currently suing World Jewish Congress head Edgar Bronfman, an outright Soviet agent of influence, for defamation following a diatribe by Bronfman on the Nazi theme.

Convicted Israeli spy attacks Weinberger

Israeli spy Jonathan Pollard, now spending life in a U.S. prison for stealing secrets for the Israelis and Russians, fell just short of calling Defense Secretary Caspar Weinberger an anti-Semite in a letter written to a friend and published in the *Jerusalem Post* under the title, "What I truly believe." In the letter, Pollard revealed his own racist outlook.

"I'm sorry if I'm a painful reminder of this fact, but the evident problem some people have accepting the transcendent nature of our racial allegiance over that of any other alien nationalism can't be solved by simply dropping me down a dark hole and wishing that I disappear." This attitude Pollard proclaims proudly to be "racial arrogance."

Pollard also writes: "To be perfectly frank . . . I had completely underestimated the unbridled enmity Weinberger feels toward Israel, in particular, and Jews in general. . . . Unfortunately, the so-called leaders of the American Jewish community in their mad, self-flagellating wish to reaffirm their loyalty to their country, are overlooking the implications of this letter at their peril. . . . If this case can instill a fear of 'pogrom' within our Jewish leaders, then what does this say about the durability of our life here

Briefly

[in the United States]?"

Pollard likens the case against him to the Spanish Inquisition and the Moscow 1933-38 purge trials staged by Andrei Vishinsky, the chief prosecutor, "in which the defendants were melodramatically portrayed as being the embodiment of some diabolical plot to undermine the security of the state."

In fact, Pollard worked, and knew he worked, for a unit of the Israeli Mossad whose purpose was to pass U.S. secrets stolen by him and others to the Soviet Union.

LaRouche AIDS policy rocks New Hampshire

The state legislature of New Hampshire very nearly made that state the first to begin mandatory testing for the deadly AIDS virus. On Monday, May 11, a joint committee of the state Senate, and the House of Representatives formulated the final wording of House Bill 322, which would require all individuals applying for marriage licenses, to be tested for AIDS by the state public health service. The bill had passed the state senate on May 8. An estimated 22,000 people receive the pre-marital test annually.

On May 15, the measure was defeated in the House by 165-136, with 98 persons absent and 1 vacant seat. The provision for mandatory testing was first proposed by Gov. John Sununu, at a Concord, New Hampshire, press conference on April 7. On Feb. 7, 1987, Democratic presidential candidate Lyndon H. LaRouche Jr., issued a statement titled, "My Program Against AIDS." During the course of February, more than 75,000 copies were distributed throughout New Hampshire. That set the tone for the fight to achieve competent public health measures on AIDS.

During the week of April 27, however, official and unofficial state medical spokesmen denounced the AIDS testing proposal as unnecessary, unworkable, and too expensive. Within days, when the bill came up for a vote before the entire Senate, it was diluted

and destroyed, containing only provisions for so-called AIDS education. It was then that the real policy fight began.

In the course of three days, dozens of activists associated with the LaRouche Democratic Campaign, generated scores of irate telephone calls into the homes of legislators, brought in medical experts, appeared on radio programs, and convened neighborhood meetings.

By May 6, the *Manchester Union-Leader*, reported the mobilization's success: "Senate Resurrects Controversial Plan for AIDS Testing," reporting: "A hotly debated AIDS testing plan that appeared to have died quietly last week, was resurrected yesterday by the Senate. The Senate voted 13-11 to require AIDS tests of people about to marry. . . ."

Release white paper on ASAT development

President Reagan has released a White Paper defending support for development of a U.S. anti-satellite (ASAT) system May 12, despite congressional votes to ban testing of a system.

The paper notes that the Soviets have had an operational ASAT capability for 10 years, and "have maintained satellites in orbit, the purpose of which is to provide targeting information against our armed forces."

The U.S. ASAT system now under development consists of a miniature vehicle warhead mounted on a modified Short Range Attack Missile (SRAM) booster as the lower stage, and a modified Altair II rocket motor as the upper stage. This is carried aloft and launched from a specially modified F-15 aircraft. The ASAT mission will involve the F-15 flying to a launch point identified by mission control and launching the inertially-guided missile toward a rendezvous area. After the upper stage burns out, the miniature vehicle separates and is guided by an on-board sensor to the target.

● **A SPECIAL TEAM** from the United States has been sent to West Germany to investigate Soviet provocations around Berlin, U.S. military sources have told *EIR*. It is accepted, said the sources, that the objectives of the current Soviet-run "low intensity conflict" are to neutralize West Germany as a U.S. ally, and to test U.S. policy.

● **DEBRA FREEMAN**, public health adviser to presidential candidate Lyndon LaRouche, addressed the Maryland State Central Committee of the Democratic Party on May 11. An argument on the floor forced the question to a vote, allowing her to speak for five minutes on the role LaRouche was playing in the current strategic situation, detailing the current Berlin crisis, the war on AIDS, and impending economic collapse.

● **THREE JDL** members were arrested by the FBI in New York May 8, and charged with a series of minor bombings beginning with a 1984 firebombing of a car parked outside a Soviet residential complex in Riverdale, New York. Victor Vancier, Jay Cohen, and Sharon Katz are charged with conspiracy to injure foreign officials, and violating federal explosive statutes. The arrests stemmed from the earlier previous arrest of 65-year-old JDL leader Murray Young.

● **FUNDING** for the National Endowment for Democracy is in serious question. The NED, also known as "Project Democracy," was proven to be implicated in the Iran-contra affair by a recent *EIR* special report, and is now under investigation by independent counsel Lawrence Walsh. A State Department authorization bill, which includes funding for the NED, is likely to come to the floor of the House the third week in May.

Editorial

'No' to a new constitutional convention

In two hundred years, the only flaw shown to have existed in the original United States Constitution, as to principle of law, is the "Service and Labour" provision of Section 4, Article IV. This compromise on the issue of those legacies of British law and rule, slavery and indenture, tolerated practices then opposed by the sentiment of the majority represented, but was endured as a compromise to secure the adherence to the union by the slave-holding states.

The abhorrence we have for the substance of that point of compromise, must never blind us to the fact that this simple document, this Federal Constitution, is, on point of principle and historic performance, the greatest instrument ever adopted to provide the ordering of self-government of free men and women. Taking into account the useful amendments added until the time of President Woodrow Wilson, and including the franchise of adult women, this Constitution is both the shield of individual freedom, and the wisest guide to the ordering of the relations among branches of government, and of the relationship among federal government, the federal states, and the individual citizens.

Should we ever alter those features of the Constitution, especially under stress of crisis, the freedom of every citizen were placed in jeopardy, and the kind of tyranny never possible in this republic, would become an immediate possibility.

At this moment, our republic is in just such a danger of being transformed into a tyranny. Misguided men and women are being duped into supporting the proposition, that a new constitutional convention should be held.

Some are rallied to support such a proposal, by the delusion that the constitutional provision for an obligatory annual balancing of the federal budget will curtail the woes of the taxpayer, when in fact it will oblige the federal government to raise taxes. Other, darker forces, propose to tear up the presidential system itself, and to introduce that parliamentary form of government which has shown itself such a disaster in other nations.

Some numerous parts of the forces behind this proposal are avowed fascists, who are now working to bring the leaderships of the two major political parties into such close collaboration, in such matters as allowing who is permitted to run for Federal office, that a one-party dictatorship is established in effect. They intend to use a changed constitution, to introduce a kind of fascism last seen in such cases as the pre-1936 Austria under Dollfuss or Mussolini's Italy.

The proposed change in government is called "corporativism," which some call "democratic fascism," which others call "local control." The aim is to establish "corporations" like those of Mussolini's Italy, and to use those "corporations" as means for "democratically" choosing which economic interests and which freedoms the members of those corporations and the nation shall relinquish. From such "democratic corporativism," to a tyranny like Mussolini's, would be a very short step.

The main force pushing for "corporatism" in the West today, is in the leadership of Willy Brandt's Socialist International. Inside the United States, the "democratic fascists" are centered in a bi-partisan organization calling itself, curiously, the National Endowment for Democracy, the chief culprit in arranging support for the drug-trafficking "Contras."

The operating arm of the National Endowment for Democracy is Ollie North's accomplice, Project Democracy. Project Democracy is a network of organizations, mostly social-democratic, centered around a former top U.S. agent for the Soviet intelligence services, Jay Lovestone. In the United States, it is these so-called "right-wing social democrats" who are the most important among those pushing for "corporatist reforms."

The mere calling of such a proposed constitutional convention, under these circumstances, could be the cause of the early death of this republic. If you love freedom, you will not tolerate support for such a foolish experiment.

EIR

Alert

Alert

Alert

Alert

Now with 'Iran-gate,' you can't afford to wait for the best intelligence EIR can provide—**immediately**.

The economy is teetering at the brink, and even the largest American banks are shaking at their foundations.

We alert you to the key developments to watch closely, and transmit 10–20 concise and to-the-point bulletins twice a week, including periodic reviews of debt, terrorism, and drugs. The "Alert" now puts special emphasis on economic developments. It reaches you by First Class mail twice a week (or more often, when the situation is hot).

For Europe and the Middle East, the Confidential Alert Bulletin appears once a week in the form of a one-page telex message.

In the U.S.: Confidential Alert annual subscription \$3,500.

In Europe: Confidential Telex Alert annual subscription

DM 12,000, includes Quarterly Economic Report

Strategic Alert Newsletter (by mail) annual subscription DM 6,000

Make checks payable to:

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

In Europe: EIR Nachrichtenagentur GmbH, Postfach 2308,
Dotzheimerstr. 166, D-6200 Wiesbaden, F.R.G.

Executive Intelligence Review

U.S., Canada and Mexico only

1 year \$396
6 months \$225
3 months \$125

Foreign Rates

Central America, West Indies, Venezuela and Colombia: 1 yr. \$450, 6 mo. \$245, 3 mo. \$135

South America: 1 yr. \$470, 6 mo. \$255, 3 mo. \$140.

Europe, Middle East, Africa: 1 yr. DM 1400, 6 mo. DM 750, 3 mo. DM 420. Payable in deutschemarks or other European currencies.

Asia and Oceania: 1 yr. \$550, 6 mo. \$300, 3 mo. \$150.

I would like to subscribe to
Executive Intelligence Review for

1 year 6 months 3 months

I enclose \$_____ check or money order

Please charge my MasterCard Visa

Card No. _____ Exp. date _____

Signature _____

Name _____

Company _____

Phone () _____

Address _____

City _____

State _____ Zip _____

Make checks payable to EIR News Service Inc., P.O. Box 17390, Washington, D.C. 20041-0390. In Europe: EIR Nachrichtenagentur GmbH, Postfach 2308, Dotzheimerstrasse 166, 62 Wiesbaden, Federal Republic of Germany, telephone (06121) 8840.