

# EIR

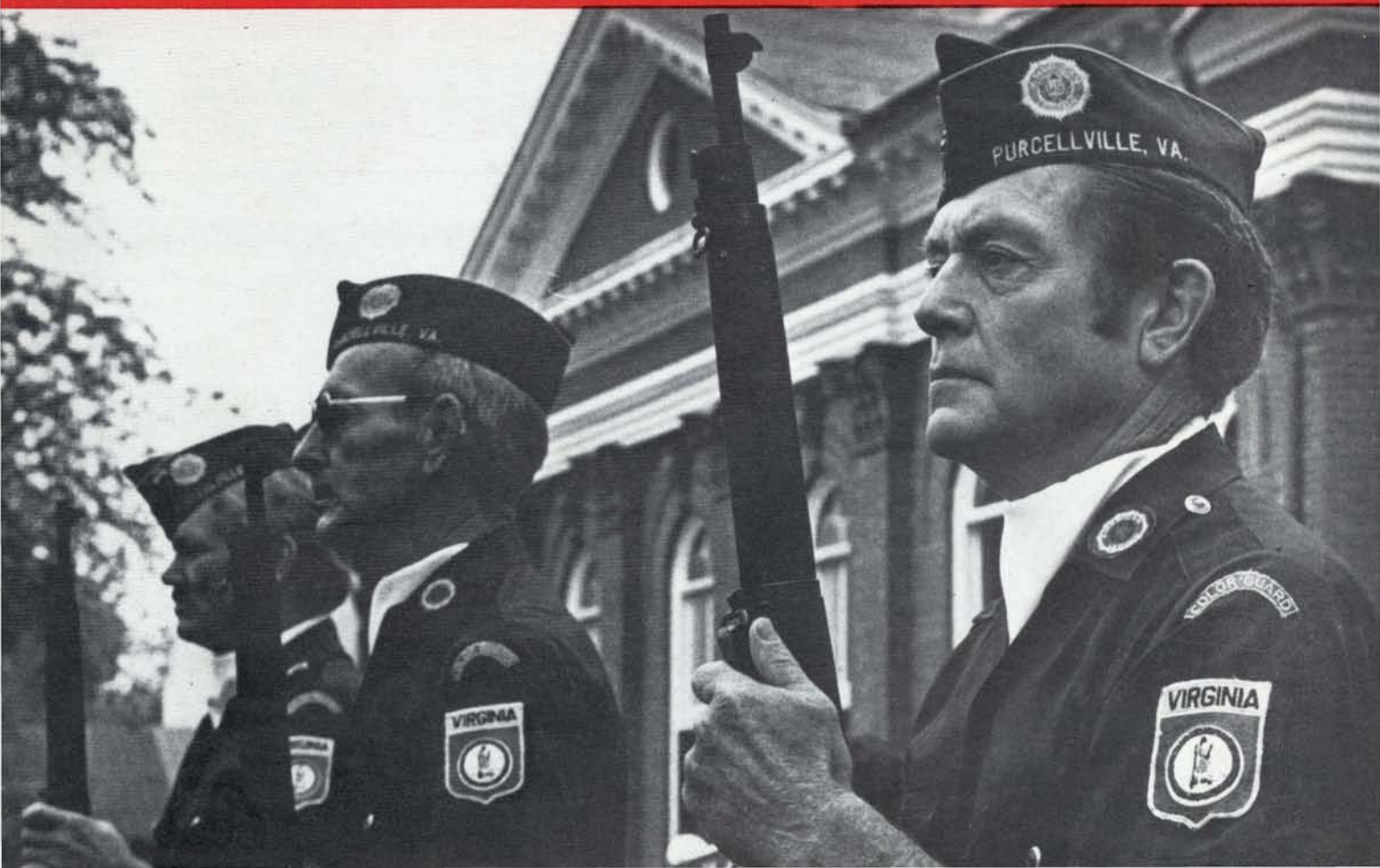
Executive Intelligence Review

June 12, 1987 • Vol. 14 No. 24

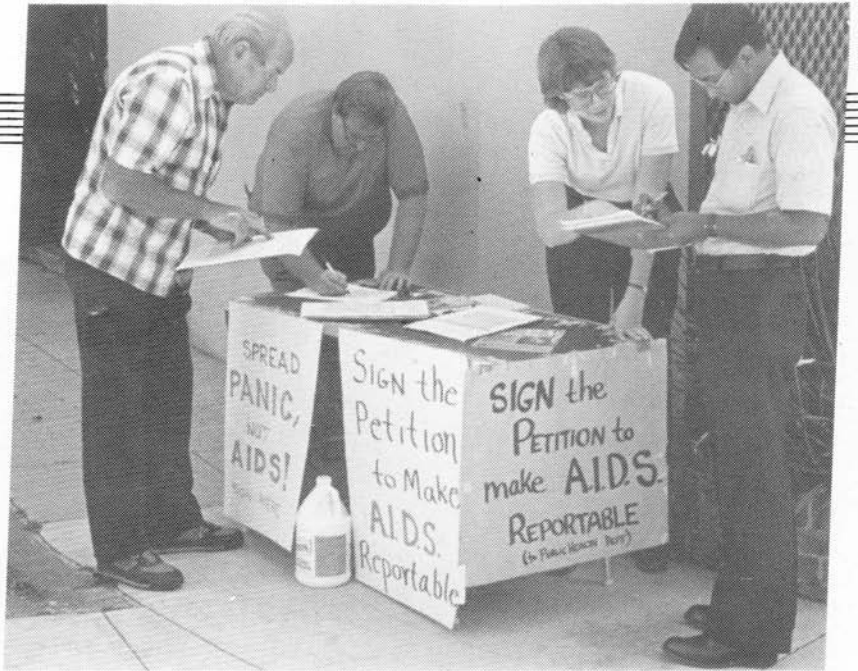
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Reagan sides with LaRouche on AIDS testing  
Soviet radio-frequency weapons: the biggest threat  
Peru's bishops rip "population" lobby lies

**The power of the U.S.A.  
has yet to be seen**



# AIDS WILL CHANGE THE WORLD'S ECONOMY, AND DRASTICALLY.



Surgeon General Koop and former White House Chief of Staff Donald Regan said fighting AIDS with anything more than condoms and dirty pictures given to school children was "cost-prohibitive." Now, the Everest-high cost of fighting AIDS is going to transform the economies of virtually every nation on Earth. It will be spent, because there is no choice but to spend it.

## EIR QUARTERLY ECONOMIC REPORT

First  
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#### CONTENTS

- An international financial blow-out: the real story behind 'Irangate'
- The technology-driver of the new economic upsurge: the forty-year Mars-colonization project
- The explosive impact of AIDS on the world economy

EIR Quarterly Economic Report  
\$1,000 annual subscription  
\$250 single issue.

Make check or money order payable to:  
Executive Intelligence Review  
P.O. Box 17390  
Washington, D.C. 20041-0390

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*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 P.O. Box 65178, Washington, DC 20035 (202) 785-1347*

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

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

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**Postmaster:** Send all address changes to *EIR*, P.O. Box 17390, Washington, D.C. 20041-0390. (202) 785-1347

# EIR

## From the Editor

As this number of *EIR* goes to press, President and Nancy Reagan have arrived in Venice, where the President and Treasury Secretary James Baker III are scheduled to take part in what is called a “summit” meeting of various governments. Leading circles in Western Europe expect the Venice meeting to be a worldwide catastrophe, “a point of no return.”

The President arrived in Venice at the lowest point in his political career. He has cost the United States the confidence of our allies with his pushing for a “zero option” agreement with Soviet leader Mikhail Gorbachov. On pages 41-43, we report on how the “zero option” winds from Washington have almost completely pushed West Germany into the Soviet camp of “neutrals.” The “zero option” is a disaster worse than Munich 1938.

The economic and monetary policies coming out of Washington are sheer insanity; see the report on Volcker’s departure, on page 4, and articles on the steel industry, shipping, farming, and regional banks.

Abroad, the “Project Democracy” bunch operating as a parallel government in Washington, is turning one of our most loyal allies, the Philippines, into the colony of one of Wall Street’s most drug-tainted “investment” firms (pages 46-48).

Now let’s talk about the kind of cultural warfare which can avert the fall into Soviet slavery. It begins with our *Feature*, in which presidential candidate Lyndon LaRouche warns against preemptive “giveaways” to the Soviet Union, and evokes the “Pearl Harbor” spirit of an American citizenry under the conditions of an impending financial crash (page 32).

Second, the *Science & Technology* section discusses a new military threat, radio-frequency weapons, being developed by the Soviets now: a challenge the West has to meet through a crash program that will also help a true economic recovery and open the path for a cure to the most dreaded diseases, such as AIDS.

Third, the whole world knows that *EIR* and Lyndon LaRouche pioneered the political fight for the AIDS testing policy President Reagan partially adopted on May 31 (page 62). Finally, the battle against malthusianism raging in Peru (page 14) goes to the core of a new, just world economic order, as we have long identified it.

*Nora Hamerman*

# EIR Contents

## Interviews

### 15 Monsignor Augusto Vargas Alzamora

The secretary general of the Peruvian Bishops' Conference refutes the malthusians' population-control policy.

## Book Reviews

### 49 The Soviet Army between the Prussian General Staff and Dostoevsky's madness

Laurent Murawiec reviews *The Soviet Military* by E.S. Williams, and *Le chef de l'Armée Rouge, Mikail Toukhatchevski* by Pierre Fervacque.

## Science & Technology

### 24 West must counter Soviet radio-frequency weapons

Jonathan Tennenbaum reports on the most critical threat which the West must now meet from Soviet Marshal Nikolai Ogarkov's technological war build-up.

### 27 Soviet strategic radio-frequency and other assault weapons: a primer

By Warren J. Hamerman.

## Departments

### 6 Africa Report

Africans move on the debt front.

### 20 Report from Italy

Austerity menus to prevail in Venice?

### 56 From New Delhi

India joins the race for new materials.

### 57 Report from Paris

French take leadership against terror.

### 58 Andean Report

Narco coup brewing in Colombia.

### 59 Report from Rio

Project Democracy gang in Brasilia.

### 72 Editorial

Ambassador Richard Burt: a Soviet asset.

## AIDS Update

### 22 WHO announces plan for Uganda

### 62 Reagan sides with LaRouche on AIDS testing

### 68 Senate approves AIDS testing for immigrants

### 68 Kennedy introduces AIDS education bill

### 70 Soldier with AIDS faces court martial

## Economics

### 4 Paul Volcker leaves the sinking ship

He decided not to be on hand for the recriminations, when the foreign credit of the United States collapses.

### 7 The debt moratorium option is thrashed out in Venezuela

No longer is it the well-behaved debtor, boasting of its special status.

### 9 British economy is Tories' Achilles heel

### 11 Sound the alarm: U.S. shipyards have zero merchant vessel orders

Marcia Merry reports on the crisis condition of a U.S. shipping and shipbuilding industry that has been entirely dependent on military orders that are no longer enough.

### 14 Peru's bishops rip lies of the neo-malthusian 'population lobby'

### 17 Currency Rates

### 18 Steel standoff shows policy impasse

### 19 Banking

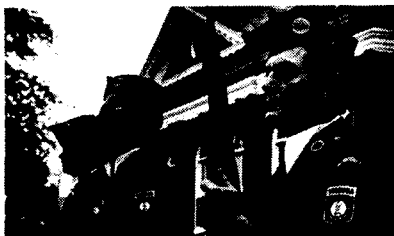
Termination with extreme prejudice.

### 21 Agriculture

Judge stays foreclosure actions.

### 22 Business Briefs

## Feature



NSIPS/Stuart Lewis

Memorial Day, 1987: Veterans of Foreign Wars at a ceremony in Virginia. Many commit the elementary blunder of ignoring the effects of a "financial Pearl Harbor" shock upon the internal political processes of the U.S.A.—and other relevant nations.

### 32 The power of the U.S.A. has yet to be seen

Presidential candidate Lyndon LaRouche takes on the dangerously incorrect view, recently expressed by the prominent Italian industrialist Carlo De Benedetti, that the United States will be replaced by the Soviet Union as the world's dominant economic power: "I intend to become the next President of the United States. . . . Under those conditions—presuming you had not already given irreversible concessions to Moscow before then—the financial disaster which Sr. De Benedetti foresees will be conquered, and the world will move rapidly into the greatest scientific, technological, and economic growth in the history of mankind."

## International

### 38 Ogarkov uses Cessna shock to shake up defense ministry

The light plane's unimpeded progress to Moscow can only aid the progress of the Red Army marshal's pre-war mobilization.

**Documentation:** Who is Dmitri Timofeyevich Yazov?

### 41 Kohl capitulates, endorses zero option

### 42 The 'Republikaner' Party—Moscow's new fifth column in West Germany

### 45 The Soviets play the 'Canada card'

### 46 Philippines: behind the Cory magic

### 47 Wall Street firm owns Jaime Ongpin

### 52 New book on mission to the Slavs lifts veil from the true East

The 'Third Rome' mystics in Moscow cannot be pleased with the Schiller Institute's release of Prof. Jiří Maria Veselý's *Grideranno le pietre (The Stones Shall Cry Out)*, revolving around the figures of the sainted brothers Cyril and Methodius.

### 53 Schiller Institute fêtes third birthday

### 55 Soviets 'offer' to broker debt crisis

### 60 International Intelligence

## National

### 62 Reagan sides with LaRouche on AIDS testing

His first major policy statement on AIDS is an important first step, if only that, toward an effective policy for dealing with the AIDS disaster.

### 64 Elliott Abrams disgraces himself; Will Shultz be next?

The man *EIR* has exposed as a kingpin in the Contra cover-up is exposed on the witness stand as "either incompetent . . . or a liar."

### 66 Eye on Washington

Oil rep warns of Persian Gulf cutoff.

### 67 Elephants & Donkeys

Gore hits the campaign trail—in Moscow.

### 68 Congressional Closeup

### 70 National News

**Correction:** Last week's issue incorrectly reported the date of the Venice summit ("Global financial crisis predicted for October," page 6); it should have read June 8-10.

## Paul Volcker leaves the sinking ship

by David Goldman

For two years, Federal Reserve officials point out, Fed chairman Paul Volcker issued regular warnings that the United States could not continue to live on the foreign capital inflows that have made the United States the world's biggest debtor nation. Instead, he demanded, Congress and the administration would have to take draconian austerity measures to reduce federal spending. In the few days before his June 2 decision to refuse a third term in office, Volcker apparently determined that this President would not take such draconian measures—least of all in an election year. He decided not to be on hand for the recriminations, when the foreign credit of the United States collapsed.

At the International Monetary Fund, the Federal Reserve, and leading Wall Street investment firms, Volcker's departure left senior officials thunderstruck; Volcker himself had told friends only days earlier that he fully intended to accept a third term. In effect, the on-the-ground commander had announced that the battle was lost before it was joined.

The true turning point came May 29, when the New York Federal Reserve Bank's foreign exchange chief Sam Cross told a press conference that the volume of central banks' foreign exchange intervention—roughly \$34 billion during the three months to April 30—equalled the U.S. trade deficit for that period. Foreign private lending to the United States shrank during the second half of 1986, and disappeared during 1987. America's entire foreign deficit, and two-thirds of the federal budget deficit, were financed this year to date by the printing-presses of foreign central banks, as they purchased with their own currency, unwanted dollars in the foreign-exchange market, and reinvested those dollars in U.S. Treasury securities. "That is the point where you have to stop extrapolating," warned a senior Federal Reserve staffer. "That is obviously not sustainable for the long haul."

Since the retirement last year of Federal Reserve Governor Henry Wallich, Paul Volcker has been America's connection to the Bank for International Settlements group of central banks, which now provide the *only* source of external financing for the United States. In effect, he solicited the foreign loans which propped up the fading credit of the U.S. government, and, at the point at which he could do no more, he left office.

### The two governments

Whatever his personal motives for leaving, Volcker remains the casualty of the civil war among two governments in Washington. Having usurped the Congress's power to create currency, the major American banks have constituted a second government. That is true not merely in the technical sense, i.e., that their combined offshore operations *create money at will*, a privilege reserved for governments; they also built the *parallel intelligence community*, whose machinations have come to the surface in the Iranian arms affair.

Both governments face bankruptcy, as a result of this usurpation. America's industrial and agricultural tax base has declined such that the federal government can neither tax nor borrow its minimum spending requirements at home, largely thanks to the monetary policy Volcker introduced after taking office in 1979. The offshore operations of the major banks, meanwhile, typified by (but hardly limited to) the Third World's \$1 trillion debt, have left them insolvent as well.

Now, one government will become the other's receiver in bankruptcy. Volcker sought a mandate from the White House to become this receiver, and did not get it. Doubtless, the White House had preferred to keep Volcker in office, to "reassure a nervous financial world," as a *New York Times* editorial wrote—but on condition that he not do to the Re-

publicans in 1988, what he did to the Democrats in 1980: plunge the economy into depression on the eve of presidential elections. It was this lukewarm invitation to limited authority that Volcker snubbed, in favor of whatever position in the high six figures he takes at a Wall Street investment house.

Citibank's \$3 billion addition to loan loss reserves, forced the question of who bankrupts whom. The writing-down of Third World loans would force the elected government to bail out the parallel government, either directly, or by guaranteeing the repayment of Third World debt traded in a projected "secondary market." To assume the bad debts of the banks, the elected government would have to sacrifice its own credit. That is what Volcker demanded: drastic reductions in both defense and social spending, at the direction of America's creditors. As *EIR* reported ("President Reagan dives into the budget trap," May 22, 1987), a faction in Congress now wants the equivalent of a bankruptcy trustee for the federal government: automatic sequestration of spending above the Gramm-Rudman-Hollings targets, and the appointment of a special commission to determine long-term budget cuts.

The creditors' committee would consist of America's foreign creditors, represented by the International Monetary Fund, and the investment-banking cartel which markets the debt-paper of the U.S. Treasury. Lazard Frères' Felix Rohatyn, who set the precedent for such trusteeship with the "Municipal Assistance Corporation" which ruled New York after its 1974 bankruptcy, set forth the terms of such trusteeship in a recent speech.

"The U.S. today is headed for a financial and economic crisis just as New York City was 15 years ago," Rohatyn said. "What appeared to be only a possibility five or six years ago became a probability more recently, and has now become a virtual certainty. The only real questions are when and how. In addition, when the crisis occurs, it will entail, quite possibly, a worldwide recession. The facts are that the U.S. has been guilty of the most irresponsible fiscal behavior in its history for the last seven years. American fiscal folly, coupled with our inability to coordinate economic policies with Europe and Japan, have created an ever-increasing worldwide pyramid of debt that cannot withstand a major recession."

What should be done? Rohatyn protests that we "have committed \$2 trillion for a defense program of dubious values . . . been unwilling to limit . . . Social Security and Medicare . . . and that, in an act of ultimate financial cowardice, we have attempted to pass on to our children the cost of this behavior by borrowing from tomorrow instead of taxing today."

His recommendations are identical to those of the International Monetary Fund staff, namely, spending cuts and tax increases in the United States, combined with monetary and fiscal expansion abroad, to continue financing a reduced American deficit.

But Volcker determined, Washington sources emphasize, that Treasury Secretary James Baker III had failed to obtain the required commitments from the Europeans and Japanese to maintain support for the dollar after the Venice summit. As Rohatyn had warned in the same speech, "There is no purely American solution to any of our major economic problems. The U.S. cannot afford a recession that would drive our deficits to more than \$300 billion and possibly cause a crash in the value of the dollar as well as in the stock and bond markets. The result could be massive domestic and international banking defaults, a world recession and political instability in large parts of the globe. Avoiding such a scenario, if possible, would involve a delicate combination of coordinated domestic and international efforts: The U.S. would cut its deficit with new taxes and expenditure reductions . . . [while] to avoid a collapse of the dollar, Japan and Europe would stimulate growth, cut taxes, increase spending."

In summary, Volcker could neither force the administration to take the bitter medicine before presidential elections, nor could he count on America's allies continuing to extend the exposure of their banking systems, in the face of a global financial disaster.

### Why Greenspan?

Federal Reserve chairman-designate Alan Greenspan got the job from a White House which wanted a free-market ideologue who is also a loyal Republican. A well-informed Washington source adds that Greenspan accepted the position, which the more astute Volcker spurned, only because he is power-hungry enough to ignore the danger he is walking into. Since his tenure as President Gerald Ford's economic adviser, Greenspan has been a favorite position-paper-drafter and committee chairman, tending toward the Henry Kissinger wing of the party. His principal qualification has been that he is a clever man with no strong views about anything. He has a sharp tongue, however; at a private Swiss monetary conference last year, he ridiculed the administration's so-called economic recovery. He has also gone on record recommending a level of 120 yen to the dollar as a supposed cure for the trade deficit.

There is no point in speculating what Greenspan might do in office; he is there, precisely because he may be caused to do almost anything. The White House has neither the intellectual nor moral courage to do what is necessary, namely, to put the parallel government into receivership, through a general banking reorganization. In principle, President Reagan wants a constitutional amendment for a balanced budget, and Treasury Secretary Baker wants increased International Monetary Fund surveillance of the American and other economies. In practice, the President and his circle do not wish to throw the election 18 months in advance. That left only the choice of a mediocrity for Federal Reserve chairman, who will act on behalf of whatever forces prevail.

## Africans move on the debt front

*Ivory Coast shows debt crisis far graver than some realized, by declaring it can no longer service its foreign debt.*

On May 28, one of the most prosperous nations in Africa, the Ivory Coast, told creditors that it was no longer able to service its external debt. With a per capita average annual income of \$710, compared to Zaire's \$120 or Kenya's \$340, the country had long been regarded in international banking circles as an example of how an African country should develop itself, concentrating on producing agricultural commodities (in this case coffee, cocoa, and palm oil), upgrading agriculture, and reducing the role and number of state-run enterprises.

For all its orthodox behavior, the former French colony has not been spared the economic fate of poorer African nations such as Zambia and Zaire, which, faced with mounting debts and reduced revenues due to falling commodity prices, have finally rejected yet further demands for austerity measures from international financial institutions like the International Monetary Fund.

Ivory Coast, led by veteran President Houphouët Boigny, President since independence in 1960, has pursued pro-Western pragmatic policies over the last three decades, remaining a firm ally of France. The government's announcement of its inability to pay external debts was met with some surprise. French President Mitterrand said that knowing the sense of "civic duty" felt by President Houphouët Boigny, and his commitment to abide by the country's obligations, the announcement meant that the debt situation in Africa was "far graver" than yet realized in the countries of the

"North." Mitterrand said that he would raise the issue at the Venice summit, and there are reports that the French government will make a major proposal on African debt at the July meeting of the United Nations Committee on Trade and Development (UNCTAD) meeting in Geneva.

The French daily *Le Figaro* described Ivory Coast as "the richest African country, the leading world producer of cocoa, and third largest producer of coffee." Cultivation and processing of coffee is the main source of income for about one-half of all Ivoirians, and it employs more than 2.5 million people. The Ivory Coast is now the third-largest producer of coffee in the world, after Brazil and Colombia. The Ivory Coast became the world's largest producer of cocoa in 1978, doubling its production of cocoa beans between 1970 and 1979. The drastic fall in the prices of these two commodities, with coffee falling by 20%, has meant a loss of 13 billion francs in export revenue since the beginning of this year. The country's external debt, estimated at \$8 billion, has been repeatedly rescheduled since 1984.

A source involved in negotiations on African debt reported that other African countries would follow the moves of Zaire, Zambia, and Ivory Coast against the IMF. "The IMF is no longer a myth. I told you the thing was going to blow up. The countries just don't have the money to pay."

In an interview with the French daily *Libération*, Zambian President Kenneth Kaunda explained that "the IMF had imposed very harsh condi-

tions on us, which led to the progressive contraction of our economy. And yet, we were obliged to pay them back everything on the due date, otherwise we would have no more aid from them. The economy was not developing, children were dying of malnutrition. We discovered that we could not solve the problems in this way. We think that with the cooperation of the Zambian people, we must do more than survive, we hope to revive our economy, with our own resources, our own sweat."

Kaunda warmly praised French Premier Chirac's approach to Africa's economic problems, saying, "Jacques Chirac's approach is simply marvelous. If the great powers who are in the IMF thought like J. Chirac, many African countries would return to the IMF. And Chirac talks about economics, not politics."

The prime minister of Congo, Ange Edouard Pongoi, strongly criticized the IMF in a recent declaration to the AFP news service. He stressed the "negative consequences on the social level of the discipline imposed by the IMF on the indebted countries, and the reschedulings that only delay a real solution to the problem." He said that the "problem of African debt must be approached and dealt with in a different way."

Despite all the evidence that IMF "medicine" tends to kill the patient, the Ugandan government has just implemented a series of drastic austerity measures, dictated by the IMF. A "currency reform" involving the issuing of new currency, included a 30% tax on all exchanges of old currency for new. The currency was devalued by 400%, gasoline prices were doubled, and the prices of basic goods were increased. There was "near-chaos" in the capital, Kampala, as the measures were implemented, according to a UPI wire on May 18.



# The debt moratorium option is thrashed out in Venezuela

by Cynthia Rush

In the space of just two months, the nation of Venezuela has undergone a dramatic transformation. No longer is it the well-behaved debtor, boasting of its special status among other "less fortunate" Ibero-American neighbors, and promising to honorably meet its obligations to foreign creditors. Its operative foreign reserves have dropped to an all-time low as a result of the decline in oil prices; inflation this year is expected to top 30%, and popular unrest over declining living standards, high prices, and scarcity of basic food staples, has already led to violent protests in several cities.

At the highest levels of government, political parties, labor, and business circles, a heated and public debate is now occurring over whether the nation should declare a moratorium on its \$38 billion foreign debt, and if so, when. This is the topic which has dominated the headlines in all of the daily press since early May, and more so since May 11, when a reporter from the Caracas daily *El Nacional* leaked the contents of a confidential Venezuelan central bank report revealing the depth of the nation's crisis.

The report documented that Venezuela's reserves have dropped to the critical level of \$3.6 billion, "below the level advisable to meet pressing payments including a minimum period of three months of imports." If the "tendency toward deficits persists," the document warns, "operative reserves will approximate the levels set for non-compliance, according to the refinancing agreement, of \$2 billion, a situation which could be reached by the third quarter of 1987."

In the face of declining reserves, and a growing fiscal deficit, the central bank rejected the idea of a moratorium, however. "Although [moratorium] would bring an immediate advantage in accounting terms," the central bank stated, it would close Venezuela's doors to new credits and endanger its foreign trade. The document proposed as alternatives making liquid Venezuela's "non-operative" reserves, that is, sell off its gold reserves, which still provide some backing for the national currency, the bolivar, or impose harsher domestic austerity while "resorting to foreign financing."

Finance Minister Manuel Azpúrua shares the central bank's view on debt moratorium. In a May 28 meeting with reporters, Azpúrua insisted, "Declaring a debt moratorium

would mean a savings of only \$250 million, and credit lines would not be re-established for financing imports." Azpúrua made these statements after returning from a trip to Japan, where he unsuccessfully attempted to place Venezuelan government bonds on the Tokyo market. The Japanese told him that they would accept the bonds only when the appropriate international agencies had restored the country's triple-A credit rating.

Even with no promises of new credit, both the finance minister and the central bank demand that the nation adhere to the onerous terms of the February 1986 refinancing agreement signed with foreign creditors. Venezuela paid \$6 billion in debt service in 1986, and must pay almost \$5 billion in 1987, as per that accord. Since 1984, Venezuela has made debt payments of over \$20 billion, and, at most, it has received \$2 billion in new credits during that same period. As one press commentator put it, "Manuel Azpúrua hasn't said where he will find the \$5 billion with which we must pay our public and private debt for 1987."

Because Venezuela also renounced its rights to jurisdiction and immunity from embargo in that 1986 refinancing accord, its foreign creditors have the right to seize government assets abroad, should operative foreign reserves drop to below \$2 billion, the level at which debt payment would become impossible.

## 'Sue the banks'

But even Henry Kissinger's worn threat of "making a horrible example" of those debtors who don't behave, isn't having much effect. Not only is Azpúrua's voice becoming an increasingly isolated one; there are rumors that he may soon be out of a job, as leaders from within the ruling Acción Democrática (AD), the opposition Copei, and labor and business representatives question a policy that so overtly violates national sovereignty and threatens to unleash greater political and economic instability.

On May 28, AD president and party patriarch Gonzalo Barrios, demanded that Venezuela sue foreign banks for "damages and harm to the nation. . . . They lent to us, and incited us to bribery, corruption, and definitely, drew us away

from the true perspective of development." Barrios asserted that a portion of Venezuela's debt, in the range of \$12 billion, is actually illegitimate, because it was lent to public entities in violation of strict juridical norms, a fact of which the banks were perfectly conscious.

Armando Sánchez Bueno, president of the finance commission of Venezuela's lower house and a leader of AD, told the daily *Universal* on May 31, that the private banks have been unnecessarily inflexible with Venezuela "because the government has not wanted to link its economic programs to the schemes of the International Monetary Fund. . . . If we had accepted [the IMF] . . . we would have had to open ourselves up to a regime of free [unrestricted] imports, which would harm the growth of our industry, and we would also have the regime of free [unregulated] prices, which the Fund demands as a basic requirement."

Sánchez Bueno ruled out the possibility of a debtors' cartel, but favorably discussed the idea of establishing a fixed percentage of export income for payment of debt, along the lines of what Peru's President Alan García has done. "I think that here we could seek a formula, because even the banks of the industrialized nations have realized that the developing countries cannot pay their debt," Sánchez said.

The leader of the opposition Copei's parliamentary faction, Abdón Vivas Terán, was more explicit. On May 31, he called on the government to declare a full debt moratorium and also impose strict exchange controls to stem growing capital flight. Godofredo González, Copei's president, charged that Azpúrua was "obsessed" with paying the debt, adding, "The debt should be paid, not by sacrificing the country, but under conditions which permit us to pay and to cover our economic needs."

The chorus of voices demanding a change in debt policy has become so loud that the executive committee of AD has asked Azpúrua to appear at their next meeting on June 8, to explain "contradictions" in his statements and policy. It was rumored that at that meeting, Azpúrua would be ousted.

President Jaime Lusinchi publicly asserts his confidence in his finance minister, but one of the President's closest and most trusted advisers, Umberto Celli, recently stated publicly, "What we have to do is strongly and categorically tell the banks that we can pay neither capital nor interest this year, and perhaps not in the following years either."

Lusinchi's government is also indicating that it will seek greater cooperation and discussion with other Ibero-American debtors, especially if the banks insist on maintaining a hard line.

Prior to departing on an official visit to Brazil on May 30, Foreign Minister Simón Alberto Consalvi, told reporters, "We are all convinced that, in the medium term, the countries of Latin America will have to develop a common [debt] position, so that their negotiating power can be truly effective. . . ." In Brazil, Consalvi discussed increasing bilateral trade between the two countries, emphasizing Venezuela's

desire to sell more oil to Brazil, and extended a personal invitation to President José Sarney to visit Venezuela in the near future. Lusinchi will soon to travel to Mexico at the invitation of President Miguel de la Madrid, where the debt issue will undoubtedly be discussed.

## Enter Project Democracy

What remains to be seen on the domestic level is whether anyone inside or outside the government will put forward and economic program for the development of Venezuela's industry and its integration with the rest of the continent. Outside of the Venezuelan Labor Party, which supports the debt reorganization and development proposals of U.S. presidential candidate Lyndon LaRouche, no one has yet come forward with a coherent programmatic alternative.

The absence of a serious programmatic debate, has encouraged the friends of the U.S.-based Project Democracy apparatus, whose sordid activities in the Iran-Contra scandal are under such furious attack. In Caracas, associates of Peruvian Hernando de Soto, whose Lima-based Institute for Liberty and Democracy is heavily financed by Project Democracy, have surfaced to propose that Venezuela generate foreign exchange by becoming a Hong Kong-style tourist paradise, where such activities as drug-trafficking and money-laundering can go on unchecked in the name of "free enterprise."

On June 2, the daily *El Universal*, linked politically to Project Democracy networks in the country, argued editorially against a debt moratorium, and proposed instead that Venezuela embrace tourism to guarantee economic growth. Venezuela "should activate hotel construction and tourist sites, and facilitate investment by foreigners in this area, who have more experience than we do in how to attract tourism. In the extreme case, we could sell more oil. Less serious would be OPEC's protest than the consequence of a moratorium," *El Universal* stated.

Ugo Fonseca Bisio, president of the newly created Venezuelan Institute for Liberty and Democracy, shares *El Universal's* view. Fonseca Bisio is hoping to become the next president of the national industrial association, from which post he hopes to impose these anti-capitalist policies.

Venezuela's population is not going to sit around much longer to see what the nation's leaders decide to do, however. For the first quarter of 1987, inflation reached 9.3%, with price increases of 2.8% for April alone. In an effort to control the inflationary spiral and stem popular protest, the government announced a general wage increase of between 20% and 30% on May 1, and imposed a 120-day price freeze. But with no plan for reactivating the economy, these measures have proved ineffectual. Prices for such essential items as milk, meat, chicken, and sugar have shot up, causing severe shortages, hoarding, and speculation. A recent study showed that the average Venezuelan now consumes less than 1 kilo of meat per month.

# British economy is Tories' Achilles heel

by Mark Burdman

The fight leading up to Britain's June 11 national elections has given Prime Minister Margaret Thatcher the opportunity to stress, in the most outspoken terms, her commitment to the defense of the West against Soviet aggression. At the same time, however, the Conservative Party's failure to deal in a serious way with the economic catastrophe facing Great Britain, is undercutting her ability, assuming she gets back into power, to carry through on her own defense commitments.

As the month of June began, forecasts began to circulate in Britain that Mrs. Thatcher would be denied an outright majority, and that Britain could be faced, after June 11, with either a weak coalition government of some sort, or a "hung Parliament," in which the monarchy might be obliged to intervene to resolve the situation.

Moscow made no bones that it is irate at Mrs. Thatcher, for her unswerving commitment to nuclear deterrence, during her March 28-April 1 visit to the U.S.S.R. One tangible sign of this discontent is that Mrs. Thatcher has had to carry out her election campaign under the heaviest security guard in British electoral history. She has been the target of assassination threats from such "irregular warfare" assets of Moscow as the Irish Republican Army and agents of Colonel Qaddafi's Libya, while Iran's Ayatollah Khomeini has provoked a nasty diplomatic brawl with Britain, by abducting and beating a young British diplomat in Teheran.

## The 'policy of the white flag'

Mrs. Thatcher was at her best on May 28, when she responded to Labour leader Neil Kinnock's latest outrage on defense questions. Kinnock, who closely follows his wife Glenys's commitment to the Campaign for Nuclear Disarmament (CND) policy of unilateral Western nuclear disarmament, told a London press conference early that day, that Britain need not fear a Soviet military occupation: "The effort to dominate, whether by invasion, or by some kind of incursion, is a militarily unfeasible proposition," declared Kinnock. "That has been the case for some considerable time, and remains the case. It isn't a question of being complacent about it, it is a question of facing the reality, the possibility of such a condition arising."

Kinnock cited the example of Afghanistan, as a model for how Soviet occupiers cannot pacify a country!

Speaking later in the day, Mrs. Thatcher blasted Kinnock's pronouncements as "a defense policy of the white flag. He seemed to accept defeat, invasion and occupation. The British people under a Labour Government would then have to rely on guerrilla resistance to the enemy army of occupation."

"No one would ever attack the Soviet Union," Mrs. Thatcher went on. "We know too much from the past. The United States would never be subject to a conventional attack. It is Western Europe that is subject to conventional attack.

"What deters that is nuclear weapons. It is no use people saying Europe will not be subject to conventional attack because all experience indicates otherwise.

"All experience indicates too that it was not the resistance movements that made those countries free. It was the United States and United Kingdom armed forces which after bloody battles released those countries and liberated them once again."

However, in the U.K., the most recent Defense White Paper commits Britain to real defense-spending cuts in the next three years and to cutbacks in military-related research and development. At the same time, the consensus among the Whitehall defense-policy establishment, is to cut back on British "commitments" on the global strategic plane. The Treasury and City of London cost-accounting fanatics are having a field day, pressing the notion of "budgetary limits" upon defense planners.

## Kinnock calls for 'industrial revival'

The paradox here has not escaped Soviet asset Kinnock. Appearing on BBC's "Panorama" show June 1, Kinnock attacked the Tories for undermining Britain's manufacturing industry, insisting, "We cannot do without manufacturing." He called for an "industrial revival" and advised Britain to "take the example of Japan," where "high standards of education" predominate.

Of course, there is a monumental sleight of hand involved here, since Britain's economic collapse is in great part attributable to Labour's own deindustrialization policies. For most of the 1963-79 period, the Labour Party formed Britain's governments. Especially during the premierships of Soviet fellow traveler Harold (today Lord) Wilson, Labour's support for the "Permissive Society" was what first destroyed Britain, replacing British industrial commitment (such as it was), with an economy based on services, "leisure," and other components of a rentier-financier's paradise.

Mrs. Thatcher did nothing to reverse this. On the contrary, for her, "privatization" has become an almost mystical cure for everything. In reality, it has opened up what remains of British industrial and infrastructural assets to takeover by the investment houses, like N.M. Rothschilds, Warburg, and others.

Worse yet, the Tories have painted disaster as recovery.

The pre-election days saw article after article in the pro-Tory press, painting Britain as being in the middle of an economic boom, growing by leaps and bounds, surpassing other nations of Europe, etc.

### Symptoms of devastation

- The North-South divide: Insofar as there is a "boom" in Britain, it is restricted to the giant growth in and around the City of London, of financial services and real estate, since the Oct. 27, 1986 "Big Bang" deregulation of the City. This has given an aura of "prosperity" to southern Britain, while the northern parts of the U.K. are devolving into conditions that are likened by British analysts to a new "dark age."

- The collapse of transport infrastructure: Anyone who has had the recent experience of traveling via the British rail system can testify to the miserable state of the railways. Well-traveled Britons compare the roads in many parts of the U.K. to pothole-ridden New York City.

- The spread of AIDS: This is the real "time bomb" in Britain. As many as 100,000 Britons may already be infected; the health care system is already seriously overtaxed. By agreement of all the three main electoral parties—Tory, Labour, and Liberal-Social Democratic Alliance—the issue has been almost totally dropped from the campaign. In the midst of this silence, the House of Commons Select Committee on Social Services put out a report opposing all forms of "public

health measures" dealing with AIDS, which included rejecting declaring AIDS a "communicable disease," and has instead endorsed the "safe sex/condoms" approach of Health Secretary Norman Fowler. This is a serious comedown, in a country which was considering emergency health measures for AIDS back in October-November 1986. Obviously, the fiscal-austerity "budget-balancer" fanatics have won out.

- The inner cities: Britain's inner cities have become so violent and lawless, that milkmen, postmen, doctors, ambulance crews, welfare workers, and others who normally work there, have branded them "no-go areas" and are often refusing to enter, and police are increasingly at risk. This applies to such cities as London, Birmingham, Bristol, and Liverpool.

- The random spread of violence: British media are increasingly filled with accounts of murders, rapes, child abuse, etc., of unimaginable brutality and horror.

- The collapse of science: A number of scientific lobbying organizations have been created, such as the new "Save British Science," which warn that the combined effects of funding cutbacks and the "brain drain" of scientists leaving Britain, are causing the worst crisis for science in Britain in this century.

- The collapse of heavy industry: Whether it be steel, auto, or shipbuilding, one increasingly has to speak in the grammatical past tense.

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# Sound the alarm: U.S. shipyards have zero merchant vessel orders

by Marcia Merry

In testimony before a public hearing May 18, the head of Bethlehem Steel's shipyard division, David H. Klinges, warned that, although the shipbuilding industry "is well characterized as highly cyclical in nature, the cycles continue to plumb new depths with the current depression in the industry approaching bottom for the commercially oriented."

The director of Todd Shipyards Corporation said that there is "an untenable financial climate for the nation's shipyards in the years ahead." Within two weeks of this testimony by Hans K. Schaefer, who also serves as chairman of the board of directors of the Shipbuilders Council of America, Todd Shipyards announced it was considering sale of the company, or various types of restructuring. On May 28, company officials announced that its revolving credit agreement was in technical default, negotiations were under way with its lenders, and Brown Brothers, Harriman and Co. had been appointed to investigate corporate alternatives.

Todd is one of the top yards in the country, that just

completed a major overhaul contract for the Coast Guard, but lost a bid for a Navy contract to build a new line of DDG-51 guided-missile destroyers. For the fiscal year ending March 29, the company is expected to post losses of \$40 million.

**Table 1** presents the decline in merchant ship orders, and reliance on Navy construction, that now characterizes the U.S. shipbuilding industry. The five-year Navy plan for fiscal years 1987-91, includes 106 new ships and 20 conversions, acquisitions, and activations. Overall, in constant U.S. dollars, work completed this year by the shipbuilding industry is expected to decline at least 3%.

**Figure 1** shows that, as the number of new orders for ships (1,000 gross tons and over) went down, total tonnage capacity constructed has declined dramatically. Yards are lobbying and bidding intensely for fishing vessels, down to garbage scows.

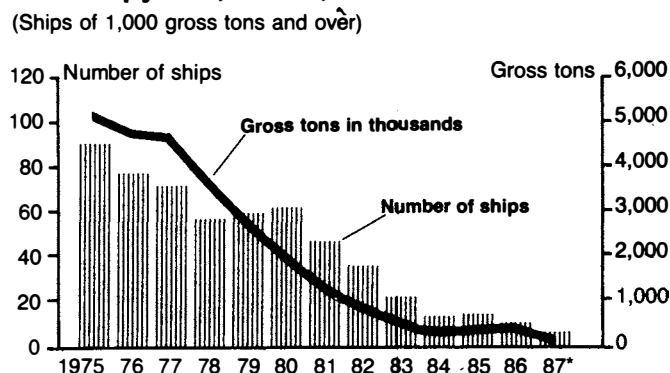
**Figure 2** shows the decrease in manpower employed in the industry in the last several years. Major names in U.S. ship construction have closed down whole yards. In 1986, General Dynamics shut down its entire facility in Quincy, Massachusetts for lack of work.

TABLE 1  
**Decline of new shipbuilding contracts and deliveries for U.S. merchant and naval vessels, 1978-87**

Year	Merchant vessels		Naval vessels	
	New contracts	Deliveries	New contracts	Deliveries
1978	30	19	25	
1979	21	21	13	
1980	7	23	11	
1981	9	22	28	26
1982	3	17	28	18
1983	4	15	27	21
1984	5	5	11	31
1985	0	3	11	35
1986	0	1	16	23
1987	?	4*	?	27*

\*Estimated  
Source: Shipbuilders Council of America.

FIGURE 1  
**Merchant vessels building or on order in U.S. shipyards, Jan. 1, 1986**

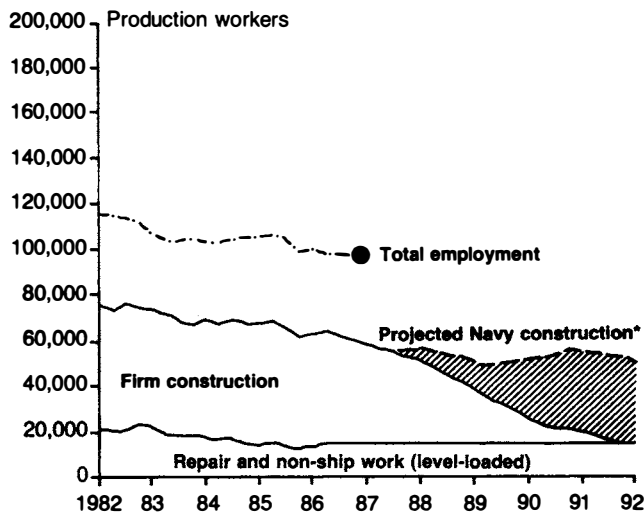


\*Forecast  
Source: Maritime Administration

FIGURE 2

## U.S. shipbuilding industry workload projection, Oct. 1, 1986\*

Active shipbuilding base summation  
Number of yards = 22



\*Navy projection: FY 1987 Five-Year Shipbuilding Plan  
Source: Maritime Administration

The crisis over marine fleet construction and capacity now confronting the nation has been taken up by the so-called Bennett Commission, named after Rep. Charles E. Bennett (D-Fla.), and which included six other experts representing shippers, labor, and shipyards. This group, whose first report to the President and Congress is due in September 1987, has

held a series of public hearings this spring on aspects of the dangerous status of the U.S. flag fleet, the shipbuilding industry, and its suppliers.

The picture shown clearly to this panel is that shipyards have reoriented to a situation in which the Navy is de facto the sole customer for American yards. The federal budgetary constraints on the Pentagon have resulted in a policy of "low-cost fleet" strictures that have pressured shipyards beyond financial tolerance, since there is no compensating cash flow from merchant fleet construction.

In recent years of declining trade, there developed what is wrongly called an "over-supply" of shipping capacity, which had to be "excessed," to use the terminology fostered by the International Monetary Fund-dominated policies of disinvestment in world productive capacity. Serviceable ships have been scrapped or mothballed; new ships were not ordered.

In 1973, then-Secretary of State Henry Kissinger initiated the killer phase of this general process. He negotiated a shipping protocol with the Soviet Union (part of the famous grain deal), in which Russian ships were given the right to go into any U.S. ports and bid for freight (of all kinds, not just grain) at any low-cost rate. Because of numerous Russian bottoms returning home empty from Cuba, the Soviets easily charged next to nothing for freight, and undercut the independent U.S. freight lines, which in turn, could hardly survive, let alone expand and augment their fleets.

In addition, under these circumstances, there started up new, commodity cartel-backed lines, such as Overseas Shipping Group (OSG), which is nominally a U.S.-flag line, but which was begun around 1973 by the Friourgs of Continental Grain Co., and the Recanati family, identified in a 1986 Israeli government report as acting to subvert the Israeli banking system. OSG and such operations have been involved in infamous swindles—such as the windfall profits made by OSG carrying grain to Russia under Kissinger's grain deal. OSG and similar firms are operated without any regard for the well being of the maritime industrial base of the United States. Under these circumstances, independent U.S. shipping lines, and U.S. shipyards alike have become less and less competitive, and less and less numerous. Japanese and Korean shipyards forged ahead on modern shipbuilding techniques and gained a dominant market share of merchant vessel construction.

Even a veteran shipping innovator like Malcom McLean, who blazed a trail for containerization in the 1960s with Sea-Land, and then in 1978 bought U.S. Lines, in an attempt to create the most modern containerized fleet in the world, has had to succumb to the disaster of shipping and shipbuilding now at hand in the United States. Earlier this year, U.S. Lines declared bankruptcy, and as of March, McLean put up for auction, 12 "econships"—each of which can carry 2,240

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## World War II mobilization

*Speaking at the May 18 Bennett Commission hearing, David H. Klinges, president of the Marine Construction Group, Bethlehem Steel Corp., Bethlehem, Pennsylvania, compared the performance capability of his yards in World War II, with the de-mobilized state they are in at present:*

Fortunately for the United States, Congress enacted the Merchant Marine Act of 1936, which was designed to rebuild the merchant marine and the shipyard mobilization base. To meet the requirements of the Merchant Marine Act, a long-range shipbuilding program was initiated in 1938.

Contracts for 50 merchant vessels were placed that year to initiate a 10-year program anticipating the construction of 50 vessels a year. From this base, the program grew in 1939 to 150 ships per year and further to 200 ships a year in August 1940. Clearly, the running start that the American shipyards got on the most ambitious shipbuilding program in history saved this nation from likely military defeat. The vessels built under this program supported our forces abroad in the face of the devastating U-boat packs encountered in the early years of the war.

This program permitted Bethlehem to enter World War II operating 10 shipyards which provided the base of facilities, manpower and technical resources to expand the number of yards to 16—10 repair yards and 6 for new

construction from which 1,136 ships were delivered. Also, during this period, 42,542 vessels were repaired and reconditioned, aggregating over 300 million deadweight tons. This is an interesting figure when you realize that the total world fleet today aggregates some 656.3 million deadweight tons.

What is Bethlehem's capability today? To effect even a small percentage of what was accomplished some 40 odd years ago, I regret to say that is far beyond our present resources. . . . Modern ships do not lend themselves to the "Rosy the Rivetter" processes of the Second World War. . . .

Bethlehem's marine operations have dramatically contracted during the recent past. At the outset of the Reagan administration, some 12,000 workers were employed in some seven Bethlehem yards. Today, the 2,000 remaining are employed in three yards, one in Maryland and two in Texas. Some erroneously believe that when yards are inactivated, they are mothballed but still remain as a national security asset. Let me disabuse anyone of this line of thinking with a recitation of what happened to our five shut-down operations.

When Bethlehem management concluded that the level of ship repair work was inadequate to support our five repair yards, every effort was expended to sell these yards as ongoing concerns to others, principally small businesses, in an effort to preserve the jobs of the yard personnel. But one of our yards was sold to a competitor who shut down his own yard in the area and moved into our better facility. Another yard was sold to another organization which has successfully operated the facility on a non-union basis.

containers. These are the most modern container ships ever built.

U.S. fleet tonnage has been "excessed" in great numbers, and not merely "de-flagged" to another country. At the same time, the fleets of NATO allies are shrinking. British-owned and registered commercial vessels fell from 15.7 million dead weight tons at the end of calendar 1985 to 8.2 million dwt in 1986. In 1978, just eight years ago, the British fleet consisted of 1,229 vessels aggregating 46.8 million dwt.

The West German flag fleet fell from 429 vessels to 344 ships during 1986, and fell in gross registered tonnage from 4.4 million to 3.3 million dwt.

On the other hand, the United States is now a flag-of-convenience for tankers owned by such commodity cartel companies as British Petroleum, and registered in Kuwait.

In the United States, the only thing keeping the shipbuilding industrial base going at all has been the "600-ship Navy" program, now in its sixth year. And that is now not enough. Without evaluating the military adequacy of the proposal here, the point to be made is that the military-industrial base of the country has shrunk to the point of shutdown.

Logistics experts concur that in the postwar period, if Allied economies had grown at or near their potential, by now there should be a nuclear merchant marine, rapidly hauling and distributing goods around the globe. Jumbo, nuclear-driven "mother ships" of well over the 50,000-ton class could speed point to point, from which smaller distributor vessels could serve coastal and inter-island ports. The technologies have existed for this for some time, only the wrong-headed national and international policies have obstructed this course.

# Peru's bishops rip lies of the neo-malthusian 'population lobby'

On May 1, the Catholic Bishops Conference of Peru placed itself at the center of a national debate over whether "population planning" should be introduced into the Peruvian government's development strategy, with a dramatic call for the government of Alan García to reject the pressures of "international neo-malthusian agencies" which insist Peru limit its population growth.

The Bishops' message came just as the "population lobby" hoped to secure an image of respectability as "experts" needed for development planning. At a May 4 press conference in Lima, Dr. Nafis Sadik, the executive director of the United Nations Population Fund, announced that, following a meeting with President García, the UNPF had decided to give Peru \$2.2 million, to help develop a population-control program severe enough to reduce the annual growth rate from today's 2.5% to 1.7%.

By May 7, the Bishops' message dominated Lima's press. Most damaging to the United Nations program was the Bishops' denunciation of the population lobby for attempting to slip back into Peruvian policy the economics of scarcity otherwise swept aside by García's government. Just as García's Peru has opened "uncharted paths" in rejecting financial policies which subjected its people to misery, so must the government now take the lead in defending Peru from population policies premised on the philosophies already rejected in the financial realm, the Bishops urged.

The philosophy behind the Bishops' call for a "daring" new approach to the "population" question was summarized simply by the secretary general of the Bishops' Council, Monsignor Augusto Vargas Alzamora. "Peru's greatest wealth is its people," he explained in an interview with *EIR* bureau chief Sara Madueño on May 20. "To try to reduce the number of Peruvians born in the future, is to impoverish them further."

## **Bishops uphold the sacredness of life**

*The following are excerpts from the Message of the Bishops of Peru, issued May 1, 1987:*

In this year's Plenary Assembly, We, the Bishops of Peru, have viewed with particular concern the so-called Population Policy in the National Development Plan for 1986-1990. . . .

The Church declares and preaches the dignity of each person above all, and therefore the sense of responsibility in all areas of life and also in the procreation of children. . . . For that reason, before speaking of methods of family planning, we speak of the sacred value and the defense of life, of the dignity of persons, of the sanctity and stability of matrimony, of the human and Christian sense of sexuality, of responsible fatherhood in all its extensions: before conception, at conception, and after conception. (*Cf.* Genesis 2:24 and the recent "Instruction Concerning Respect for Nascent Human Life, and the Dignity of Procreation."). . .

What concerns us is a certain view of responsible fatherhood which may disguise systems of state control of the couple's fecundity, and foster the selfishness of spouses.

The international neo-malthusian agencies utilize the Church's terminology as a way of disguising their intentions, ideologies, and philosophies. "Responsible fatherhood" must not be reduced to the so-called "freedom of options regarding the means to be used."

Before choosing methods, the couple must develop and be educated as persons. There is no freedom when the ethical and moral values involved in making a decision are ignored. . . . Before educating *for* something, education must develop people as persons, because only with full awareness of one's *being* as a *person*, can the human being freely and consciously choose what he develops *for*. . . .

It is said that we are many, too many. But the causes are ignored. . . . The deeper problem has to be located in the Peruvian family structure itself, whose stability and integrity has already been so weakened legally. . . .

The freedom of spirit with which the country's foreign debt problem has been addressed at the State level, in every way seeking uncharted paths to deal with it, without surrendering national sovereignty, is very laudable. But, we believe that the dignity and integrity of Peru must likewise be de-



fended against population policies inspired by the same philosophies and plans which pushed our Fatherland into its current economic difficulties, endangering the sovereign independence which we are fully entitled to as our right to freedom of personal and collective conscience.

What makes men and peoples great, are the moral and ethical values that dignify them. The philosophies of population policies that subtly have been imposed upon us, destroy those values and are a serious matter of conscience for the Church on our continent and especially for us in Peru.

The Church, those of us entrusted by the Lord to be pastors in this portion of His Kingdom, is conscious of the hard reality in which many of our people's families live. The

economic crisis expresses itself in situations of extreme poverty, misery, malnutrition, disease, and death, above all in the least favored sectors. We are also conscious of the anguish that it means for so many couples, to have more children than they can care for and educate properly. But we cannot be silent when the substantial worth of the person, through matrimony or the family, is at stake. Progress cannot come from sacrificing the spiritual dimension of the human being. We will not have advanced at all by *having* more, if we *are* less as persons. A society cannot measure itself in terms of gross national product, nor in material well-being. It is necessary to maintain its human and spiritual values. . . .

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## Interview: Monsignor Augusto Vargas Alzamora

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# 'Peru's greatest wealth is its people'

*Monsignor Vargas is a bishop and secretary general of the Peruvian Bishops' Conference.*

**EIR:** Can you comment on the rather suspicious "charitable" attitude of the United Nations, with the announcement of the executive director of the fund for population activities, Mrs. Nafis Sadik, of a \$2.2 million donation to Peru, to help the population policy?

**Monsignor Vargas:** It honestly seems to me that this attitude is hardly charitable, because Peru is in much greater need of help to make its impoverished population more productive. To try to reduce the number of Peruvians born in the future, is to impoverish them further, because Peru's greatest wealth is its people. It seems to me that the United Nations has too malthusian a view of Peru and of the world. Unfortunately, the U.N. has the experience India lived through, and we all know how they operated there. We would not want their Indian experience to be repeated here in Peru.

**EIR:** In the joint press conference given here in Lima recently by Mrs. Sadik and Peru's health minister, Dr. David Tejada, the latter argued for his ministry's decision to set up a birth-control program, pointing out that it is time for Peruvians to banish three myths: It is a myth, Tejada said, that we are a rich country; it is a myth that we are an underpopulated country; and it is also a myth, he added, that "every child is born with his bread under his arm." Do you believe, Monsignor, that Minister Tejada's observations reveal a racist view

of Peruvians, because he undervalues us as creative human beings, by saying that we are poor and always will be, and that the future holds nothing but misery for us?

**Monsignor Vargas:** I think that there is certainly a prejudice there against our race, because calling those three statements a myth dismisses popular wisdom too hastily. Obviously, when our popular wisdom speaks of every child arriving with his bread under his arm, it means a child conceived in a home where there is love, which has—since the great majority of Peru's population is Catholic—God's blessing. The means of living will hardly be lacking if one has really acted conscientiously, no matter how many children there are in a home. That saying reflects this popular wisdom; thus, for us, it is not a myth.

As for Peru having no natural resources, it seems to me that this contradicts that great wise man Raimondi, who said precisely the opposite. [Raimondi was an Italian scientist who explored Peru in the 19th century, and said of its great wealth of natural resources, "Peru is a beggar sitting on a mound of gold."—ed.] One could say that science has advanced, that Raimondi saw too much, and that the wealth he referred to does not exist. But experience has shown us that we constantly discover new veins of wealth, whenever Peru goes to work. It is evident that Peru is a country whose wealth is difficult to make use of, but that is precisely why we need population, so that Peru's men may work, and have great goals in mind to make the country greater, and make the lives of those who live in Peru more fruitful.

To say that our country is not underpopulated, to say that this is a myth, is also undoubtedly to fall into the same error, because we see that there are many areas in Peru, such as the jungle, where population density is extremely low; there are many uninhabited places there. Peru's coast, with its recoverable deserts, and the mountains, with their terraces for cultivation which are being wasted, have great expanses which could feed many people, so that more people can live, and live from their labor, without begging for alms.

**EIR:** The *Global 2000 Report*, published by the Carter government in 1980, used the same malthusian arguments as the Club of Rome, to assert that there are "limits to growth" and support the statement that the world is overpopulated, and that we must not have a population of 6 billion human beings by the year 2000, as there would be at the natural rate of growth. Therefore, it recommends eliminating 2 billion people so that the total population by that date does not exceed 4 billion. Monsignor, do you think that the sudden "charity" of the U.N. toward our country follows more from their desire to make sure Peru sacrifices its quota of human lives to the sinister plans of "Global 2000"?

**Monsignor Vargas:** I think that there is a genocidal basis for those theses. It is genocide, moreover, against the unborn, against the most innocent, against the defenseless. Such theses are unnecessary; they are theses in which, as a consequence of Original Sin, man makes himself the arbiter of God's works. To admit this, would be to admit that God has made a mistake, because when God created man, and said "be fruitful, and multiply, and replenish the Earth," he knew perfectly well that the world's population at the moment of Creation, would have to continue growing. To say that growth will be such that people may no longer live, that the land is too sterile to support and feed the people who will exist according to the geometric projection of population growth, is to say that God made a mistake, that he did things wrong. And even though these men may not put it this way, fundamentally, in practice, they are saying: "Let's go ahead, because God didn't take our calculations into account; we must make up for this miscalculation of the Creation." That is why they propose these totally genocidal plans, and fundamentally contradict God, and keep the world from receiving God's protection, which it so needs.

**EIR:** Let's talk about the document recently issued by the Plenary Assembly of Peruvian Bishops, regarding the concern they have shown over the so-called population policy. The document says that just as Peru has sought uncharted paths in dealing with its foreign debt without surrendering national sovereignty, so it must also seek uncharted paths to address these population matters. The reference is clear, in that when Peru rejected the IMF's conditions, and adopted the sovereign and patriotic position of limiting foreign debt payments to 10% of its earnings, it did so from the ethical

standpoint that the hunger of the Peruvian people comes first, and the debt comes later. Do you not think, Monsignor, that a population-control policy at this point rather contradicts this ethical principle, since it would imply that hunger is fought not only through development, but by eliminating the possibility of more eaters being born?

**Monsignor Vargas:** At least one gets that impression, because formulating this population policy in the terms it is being formulated, that a limit must be put on growth, that a ceiling be set which cannot be surpassed, suggests that human life is of less interest than the economy. To fight such an idea is precisely why untried solutions to the foreign debt problem have been sought. Thus, we say in our document that we wish not to be dragged into the same philosophy which threw the country into the oppressive debt which it suffers from today, and that instead we endeavor boldly to seek new paths, solutions for dealing with the demands of our future population—which really will not be excessive—instead of thinking that so many of us will no longer be able to live in the country. We would like to have a much more honest formulation, much more open to life's possibilities, and also much more open to the improvement of living conditions in Peru.

**EIR:** Monsignor, with respect to the philosophies which threw our country into the shameful misery which IMF conditions cornered us into, would you allow me to read a paragraph from a book by one of the leading theoreticians of these philosophies, Bertrand Russell? On page 273 of his book *The Prospects of Industrial Civilization*, written around 1923, he said:

"Socialism, especially international socialism, is only possible as a stable system if the population is stationary or nearly so. A slow increase might be coped with by improvements in agricultural methods, but a rapid increase must in the end reduce the whole population to penury . . . the white population of the world will soon cease to increase. The Asiatic races will be longer, and the negroes still longer, before their birth rate falls sufficiently to make their numbers stable without help of war and pestilence. . . . Until that happens, the benefits aimed at by socialism can only be partially realized, and the less prolific races will have to defend themselves against the more prolific by methods which are disgusting even if they are necessary."

Russell also specifies the goal sought by applying those methods. In his 1951 *Science and Society* he says:

"If a Black Death could spread throughout the world once in every generation, survivors could procreate freely without making the world too full. . . . The state of affairs might be somewhat unpleasant, but what of it? . . . The present urban and industrial centers will have become derelict, and their inhabitants, if still alive, will have reverted to the peasant hardships of their medieval ancestors."

Let's see what one of Russell's modern followers, former U.S. Undersecretary of State George Ball, says in an inter-

view from June 30, 1981:

**Ball:** We must "halt the unrestricted growth of industry in the Third World. It is more than many of those countries are able to administer. It creates political instability."

**Q:** "Are you saying the problem is overpopulation?"

**Ball:** "Yes, the overpopulation of the Third World is in itself the most important strategic issue today confronting the United States. Immediately, this is especially true in Latin America. . . ."

These statements were made a while ago, but their message is quite current. Do they not make you think that this highly publicized campaign for Third World birth control responds to these philosophical statements, which the IMF also responds to?

**Monsignor Vargas:** I agree completely. These quotes say precisely, in a certain sense, that there is genuine racism in these philosophic assertions. They undervalue the races of the so-called underdeveloped countries. In this regard, I have said many times that the distinction should be made, that we are materially underdeveloped, but spiritually, possibly it is the powerful who are underdeveloped, because they live off of matter, solely from the economic resources they take from others.

This has been shown in the way they are dealing with the foreign debt issue. That is why the document issued by the *Justitia et Pax* Commission of the Holy See, fell like a bombshell on these plans, since it says: Beware! Responsibility lies not only with the debtor countries, but also with the creditor countries. And when we know, as we know, that they are arbitrarily raising interest rates on a debt that came about under different interest conditions, one realizes that what they want is that we never manage to pay the debt. And when we simultaneously learn of the maneuvers of the powers of world commerce, to impose the lowest prices on the raw materials of our poor and underdeveloped countries, there is a convergence of interests determining that we never escape from the economic slavery of the developed countries.

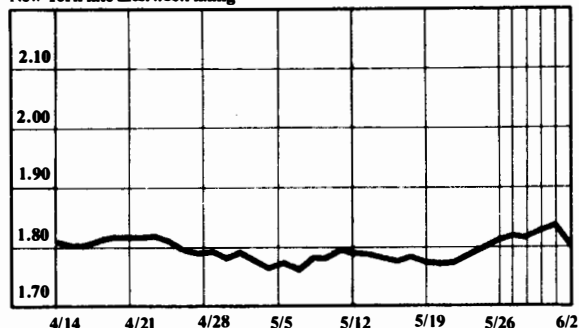
Then, recalling that quotation of Russell that you read to me, where he insists on the need for a disease comparable to the Black Plague, referring concretely to Africa and to the black race; and when the population growth of the underdeveloped countries is seen as a threat to the developed countries, then one understands that, yes, they want a plan for birth control, but birth control applied primarily to the poor countries, under the pretext that they are not going to have the means to live.

They say, as that last quotation of the former U.S. under-secretary of state said, that if we have industries, and we continue growing, we are not going to be able to manage them. This is an undervaluation of the human beings who live in the so-called underdeveloped countries, and we must therefore offer our protest. We do not accept this. This is the mistaken philosophy which we bishops have warned we cannot follow as the basis for a population plan.

## Currency Rates

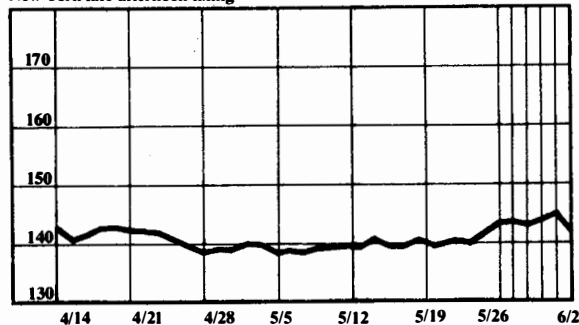
### The dollar in deutschemarks

New York late afternoon fixing



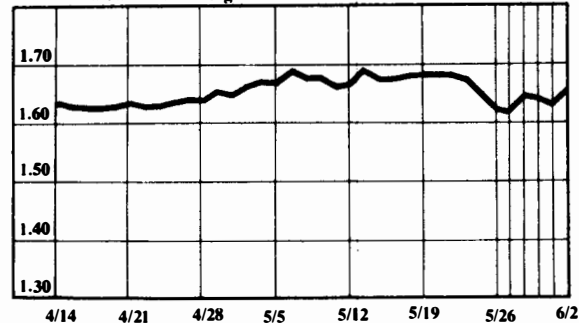
### The dollar in yen

New York late afternoon fixing



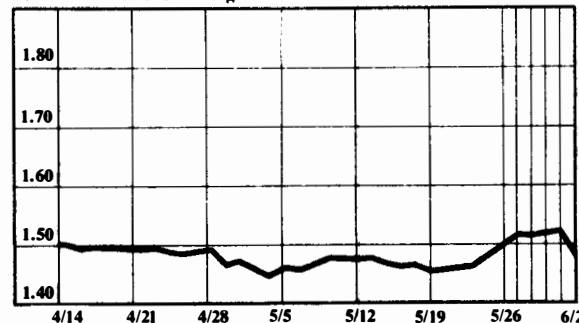
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# Steel standoff shows policy impasse

by Chris White

Much has been made of the steel industry's announcement, at the annual convention of the American Iron and Steel Institute (AISI), of a program for the permanent reduction of U.S. steelmaking capacity by between 30% and 40%.

The policy was the feature of the keynote speech of Thomas C. Graham, the president of U.S. Steel, the steel-making division of USX Corporation, and also the chairman of the American Iron and Steel Institute.

The industry claims that capacity should be eliminated to match the plateau which U.S. domestic steel consumption has declined to in recent years, that is, a level of about 100 million tons per year, of which approximately 25% is made up of imported steel. Graham reported that total steel imports over the last three years actually comprise 35% of domestic consumption of the metal. He demands enforcing government import guidelines, which would knock 15% out of the total import volume, and eliminating capacity. "Closed facilities," he says, "should be quickly razed to guard against subsequent revival which would add to capacity."

Shocking as this perspective may be, it nonetheless happens to be the policy the steel industry embraced at the end of the 1960s, with the closure of flagship plants in Buffalo and other locations, and went hog-wild with during the Carter administration.

Behind Graham's analysis stands the ugly reality that steelmaking, by basic oxygen furnace, has been reduced to about 30% of the level of total consumption, that another 30% is made up of small-scale shops operating electric arc furnaces, and the rest is imports. Where Graham and others at AISI speak of an existent 140 million tons per annum of domestic steelmaking capacity, they in fact grossly exaggerate. A study, presented in *EIR's Quarterly Economic Report* in June of 1985, showed that present U.S. capacity is probably in the range of 80 million tons, of which the large-scale basic oxygen component comprises less than 50 million. If one applies Graham's demands to those figures, one comes up with an industry which would function in the range of 40-60 million tons of output per year. This level would be reached by eliminating most of the remaining large-scale production facilities in the country, with the exception, perhaps of plants like Inland's relatively new integrated facilities in the Chicago area, in favor of small-scale production based on the electric arc mini-mill.

That is exactly the policy the industry has been pushing since the Carter administration reviewed the future prospects of the industry in the late 1970s.

What was new about the industry's proposals, was the demand that the government now act to implement them. The industry is demanding that the U.S. taxpayer, via the offices of the federal government, pick up the tab for the destruction of what remains of this core industrial capability. The big nut on this account is the industry's pension obligations to its workforce. Last year, the Chapter 11 bankruptcy of the LTV Corp. blew out the government's Pension Benefit Guarantee Corporation. The bankruptcy reorganization permitted the company to off-load its pension and related obligations onto the taxpayer. Since Wheeling-Pittsburgh had done the same in 1985, some viewed that adopted route as the pattern to follow. However the federal teat had run dry even while the piglets from the industry were scrambling to make it back to mama.

A year later, the government has come up with no policy. The industry, as an industry, is on the verge of overall bankruptcy, delayed by USX Corp. six-month lockout and production shutdown, but nonetheless, that is the reality of the industry as a whole.

What was the government's answer to the industry's demands? It was the subject of a speech by Labor Secretary and Trilateral Commission member Bill Brock, even while the AISI conference was going on. Brock told the industry that he was really sorry, but the U.S. government could not permit itself to violate the fundamentals of the "free enterprise" approach on which its economic policy rests. He said that these matters should be left to the workings of the market.

In other words, the government has no policy. There has been in existence, for almost a year now, a cabinet-level, interagency working group, elaborating governmental options to deal with the bankruptcy of the steel industry. Originally established when Donald Regan was White House chief of staff, the task force's mandate was to figure out how to reduce the cost to the federal government of the bankruptcy of the industry. That body, as of yet, has made no report or recommendation which the government has had the courage to make public.

Leaks from the body, nearly a year ago, espoused the same view that Graham presented at the AISI conference: Reduce U.S. capacity by 30-50%. Since there is no way the government can "cheapen" the cost of the bankruptcy of the industry without walking away from the industry's accumulated pension obligations altogether, the decision, if left within the guidelines on which the commission was established, is a relatively simple "either, or."

However, much more is involved, under present depression conditions: The future of the steel industry is the future of the economy as a whole. The impasse on the steel industry is therefore a good indicator of the fight proceeding on economic policy as a whole.

## Termination with extreme prejudice

*The Justice Department is preparing to sweep up bankers in Texas, to make way for the Wall Street "giants."*

A federal grand jury in Dallas has subpoenaed the financial records of 300 savings and loan executives, real estate developers, and brokers who dealt with no fewer than 100 Texas S&Ls. An FBI spokesman described it as "one of the largest S&L investigations in history."

While oil-belt S&Ls are in worse condition than any others, the unprecedented harassment of financial executives indicates how grimly the financial crisis is being prepared.

The bankruptcy of the Federal Savings and Loan Insurance Corporation, which will cost the federal government somewhere between \$50 billion and \$100 billion to straighten out, may emerge as the decisive test for the federal budget. If the federal government picks up that sort of tab under present circumstances, it endangers its own credit.

The problem is that S&Ls are at the center of the Republican political base. It appears that the banking mafia in the Republican administration, headed at Justice by White, Weld scion William Weld, has begun a vicious softening-up operation to preempt opposition to the kind of measures Wall Street will recommend: parceling out the insolvent commercial and savings institutions, at zero equity, and with federal subsidies, to Citibank et al.

Between Jan. 1 and May 28, Texas had already had 27 bank failures, compared to a record 26 failures in all of 1986, the most failures in a state in

a single year since the Depression. Texas, Oklahoma, Colorado, and Louisiana together accounted for 61% of all 1986 bank failures. Houston alone accounted for 13% of all U.S. bank failures.

During the first week of June, United Bank of Austin and First State Bank of Frisco became the 28th and 29th banks to fail in Texas in 1987, and brought the total to 84 nationally. Both were state banks. UB had assets of \$207 million. No bids were received for a purchase and assumption transaction, but MBank Austin agreed to pay the FDIC \$300,000 to assume UB's insured deposits, and to purchase other assets of the failed bank for \$51.2 million.

"The majority of losses arose from liberal and ill-advised loans to a variety of commercial and real estate borrowers in the Austin area and to bank insiders and their related interests," according to the State Banking Department.

The First State Bank of Frisco, with assets of \$40.1 million, was closed due to "substantial losses on loans to out-of-area borrowers and to principal shareholders and their associates," the FDIC said.

Citicorp's \$3 billion addition to loan-loss reserves in May also puts pressure on Texas commercial banks. The top five Texas banks (MCorp, Republic, InterFirst, Texas Commerce, First City) have about \$2 billion in loans to Ibero-American countries.

Unlike Citicorp, they cannot afford to write off even a portion of these loans.

Over the past two years, RepublicBank has sold or swapped about \$80 million of its Ibero-American loans. MCorp, in the past year, has sold about \$50 million in Mexican and Brazilian loans. Government debt in Brazil and Mexico is selling for 55¢ to 65¢ on the dollar, while private debt sells from 5¢ to 85¢, according to loan brokers.

The year 1987 marks the start of interstate banking and branch banking in Texas. But even the money-center banks, eager to get a foothold in Texas, have been leery of buying troubled Texas banks. Chemical Bank of New York acquired Texas Commerce Bancshares of Houston, but the actual purchase price will be determined by the performance of TCB over the next five years, and TCB shareholders had to eat several hundred million dollars worth of bad loans, in the form of a separate, self-liquidating bank.

First Interstate of Los Angeles has announced a similarly structured acquisition of Allied Bancshares.

To prevent out-of-state takeover, RepublicBank and InterFirst decided to merge, combining two troubled banks into one bank a little too big for all but the largest money-center banks to swallow.

Only MCorp and First City Bancorp, of the top six, have remained as they were going into this year. First City is frantically seeking a buyer, with no takers so far.

The money-center banks are waiting for a scavenger's meal at the expense of Texas interests. The Justice Department's heavy artillery apparently intends to soften any possible resistance. It wouldn't be the first time that the Justice Department of the United States, populated with fellows like Weld, acted on behalf of purely private interests.

### **Austerity menus to prevail in Venice?**

*On the eve of the June 8-10 summit, there seemed to be little prospect of action on the key issue—a break with the IMF.*

**H**ow beautiful is Venice this time of the year, with its special atmosphere of decadence,” opened the comedy of a young Italian writer which dealt with the influence the *Serenissima* has had on Italian politics since it managed to destroy the Renaissance. The description seems to fit the atmosphere one can breathe in Venice, a few days before the opening of the “Big Seven” summit on the island of San Giorgio.

Since no alternative to the financial crash, the debt problem, and the New Yalta deal appearing in the background of the discussions has been presented yet by the protagonists, with the exception of the French and Japanese Premiers Chirac and Nakasone, the Italian press is devoting most of its Venice summit reports to the “party life” in Venice. Long articles describe the colors Nancy Reagan chose for the walls in the villa she and her 800-person “court” will occupy in the Veneto (the region surrounding Venice), or George Shultz, who will play golf with an Italian nobleman.

The biggest reception, in Palazzo Grassi, will be offered to the Big Seven by FIAT industrialist Gianni Agnelli, who seems to be the only one who can afford it, since Premier Amintore Fanfani and President Francesco Cossiga emphasized that a strict austerity budget was to govern the summit, including a fixed menu with Veneto specialties.

Even President Reagan, despite the big talk about his five years of recovery, was adamant about cutting the costs for his entourage. His main con-

cern at the summit, say Italian media, will be to win support from the Western allies for intervention in the Persian Gulf. Italy and Spain have been invited to take responsibility in the Mediterranean while the U.S. Sixth Fleet moves to the Gulf.

Reactions to this long-overdue proposal have unfortunately not been very positive on the Italian side. Foreign Minister Giulio Andreotti, a friend of Colonel Qaddafi, demanded a U.N. decision on this matter, and Premier Fanfani, head of the Italian caretaker government, said, “We are not Marines” during his visit to Ottawa and Washington to prepare the summit, which Italy chairs this year.

One week before the summit, however, two “hot issues” have been discussed in the Italian press which are precisely the ones posed by Democratic presidential candidate Lyndon LaRouche: AIDS and the debt problem.

“AIDS will be the top issue at the Venice summit,” wrote the Italian daily *Il Giornale* on June 1, finally recognizing the connection between the AIDS epidemic in Africa and the debt problem: “It is known that one of the top issues at the summit will be the social economic situation of the sub-Saharan African countries due to their debt, with its repercussions on the economic perspectives in the West. A plan will be examined to relieve these countries of part of their debt to the governments and reschedule the debt to banks. In this context, the devastating effect of AIDS can be seen. The epidemic is threatening to reduce the

economic potential of the African population . . . since AIDS has hit some African countries upon which industrial countries depend for their raw material resources both economically and militarily.”

Pressures to find an alternative to International Monetary Fund conditionalities in Venice came from a number of African and Ibero-American governments, including an urgent message from 11 Ibero-American debtor countries sent to Premier Fanfani, asking him to include the issue of debt reorganization on the Venice agenda. The only concrete reaction to this message came from French Premier Jacques Chirac, who called for a “Marshall Plan” to finance those concrete development projects which have been blocked by the IMF conditionalities so long, and from Japan’s Prime Minister Yasuhiro Nakasone, who committed himself to finance such a Marshall Plan with \$30 billion over three years.

Otherwise the discussion on the debt problem is typical of those who pretend not to see the coming financial crash, with daily interviews in *Corriere della Sera* and other Italian dailies of Wall Street experts or Italian Keynesian economists, who propose to “strengthen the role of the IMF and the World Bank,” although they admit that these financial institutions failed in their task and are considered as the main obstacle to development in less-developed countries.

If this line prevails in Venice, events will confirm what Olivetti head Carlo De Benedetti, representing the old Venetian family *fondi* around Assicurazioni Generali insurance, said May 29 at a Rotary Club event in Florence: that the United States will be replaced by Eastern and Western Europe together as the biggest economic power in the world.

## Judge stays foreclosure actions

*The FmHA is administering the farm shutdown, as foreclosures grow to a record size during the "Reagan recovery."*

On June 3, Federal Judge Bruce M. Van Sickle ordered the Farmers Home Administration to re-notify 78,000 U.S. farmers of the agency's intention to foreclose or force a settlement. This order augments a ruling of the judge in May, which halted foreclosure actions by the FmHA, charging that the agency has denied Fifth Amendment and due process to these farmers, who had originally been notified in 1985 of the intention of the FmHA to take "adverse" action against them. The judge's order halts immediate foreclosure of 13,000 farmers, and stays proceedings against another 65,000.

Earlier in the litigation, which began in 1983 when farmers filed a class action suit in North Dakota, Judge Van Sickle imposed a moratorium on foreclosures for two years.

Farms went out of operation at a rate of about 1,200 a week over the last year. Most of these are in the mid-size range of over \$50,000 gross income a year, which comprises the core 400,000 farms, out of a national total of 2 million, that account for most of the nation's food supply and export potential.

The Farmers Home Administration holds approximately 15% of the national farm debt, and has served as the lender of last resort. Now, in thousands of cases, as the Van Sickle judgment shows, the FmHA is administering the farm shutdown. Van Sickle said, "Renotification [of bankruptcy or forced settlement] of these borrowers will burden FmHA's operation and budget, but this burden is outweighed by the benefit of providing . . . sound

notice to this large pool of borrowers." The new order affects about 29% of the FmHA's 267,000 borrower-farmers.

The business of FmHA—to lend to farmers so they can stay in operation producing food—has ground to a halt in many states, because by springtime, the FmHA had already run out of loan funds supposed to last until the beginning of the next year.

The biggest agriculture lender of all, the Farm Credit System, is in the same position. The FCS holds about one-third of the national agricultural debt, or a total of \$65 billion. Special proposals are pending before Congress for a massive bailout for the system, or else many of its district banks and lending agencies will be in bankruptcy by fall.

The combined inventory of foreclosed farmland from the FmHA and Farm Credit System has grown to a size exceeding that of the state of Rhode Island. The entities have begun selective sell-off to raise funds, and also to oblige certain special financial interests in the market with hot cash, for land deals.

In the face of this destabilization of the farm sector, Congress has only conducted hearings, but taken no emergency action. Certain measures are contemplated with the Farm Credit System, to avert a multibillion-dollar crash of the national debt structure. But the national security requirement to preserve farms, farmers, and food supplies, has not been addressed.

Worst of all, are the groups that advocate accommodating to the shut-

down and poverty among farmers. The Harkin-Gephardt "Family Farm" bill asserts that farms will be most viable if national food output is drastically reduced and the public made to pay more for scarce food to guarantee a parity price to farmers. Another group sharing the same outlook, the Land Stewardship Foundation, promotes the concept that farms should consist of small holdings, producing only for local needs, and that farmers must reorient to "spiritual" values. Without a blush for the similarity to Hitler's *Blut und Boden*—blood and soil—doctrine, the "Land Stewardship" activists speak of the special relationship between the farmer and his land—even if he does not own it, but conserves it for future use.

This romanticism does not cover the fact that in Iowa, the heart of the farmbelt, for example, many farm towns are half ghost-towns, because there is no trade for the stores and services as farms go under. Iowa's secretary of agriculture reported in the first week in June that the state had "turned the corner." The "proof" was a study released by Iowa State University, based on a handful of responses to a questionnaire mailed to 5,000 farmers. Only 25% of those receiving it responded, and only 25% of those answered the questions and were analyzed. The results: Half of Iowa's farms are in a strong position; 24% are in "stable" financial condition; 15% are weak; 11% are in crisis.

Nationally, these bogus analyses are lulling policymakers and the public alike into believing the situation can be ignored. But the potential for food shortfalls, for example, milk rationing when schools open, and radical meat price rises, will soon enough present the truth to those who chose to ignore the consequences of farm failures.

# Business Briefs

## International Credit

### Kissinger peddles his debt scheme in Brazil

Henry Kissinger will be in Sao Paulo, Brazil, on June 23, to meet with businessmen and speak on the Third World debt problem. The same businessmen are now calling on the government to reverse its decree limiting price increases to 80% of inflation, and demanding an economic plan that will reduce the public deficit and "restore confidence," before business begins to invest in the country again. He will meet with President José Sarney and Finance Minister Luiz Carlos Bresser.

On May 24, Kissinger released to the *Washington Post* an updated version of his plan for restructuring Ibero-America's debt: Capitalize interest payments and ram through the old debt-for-equity scam.

If this is not done, Kissinger writes, Brazil's "internal crisis will worsen, and populist, anti-market, anti-U.S. forces will be dangerously strengthened. . . . Of course, the most radical and most market-oriented solution would be to face facts head-on: some debtors owe more than they can ever hope to pay or service. Such candor would encourage creditors to convert their Latin American debt into securities."

## Banking

### Deutsche Bank signs deal with Soviets

West Germany's Deutsche Bank, together with the Soviet State Bank and its subsidiary for foreign trade, will bring together and advise firms and organizations from both countries interested in joint ventures in a working group, according to an agreement which Deutsche Bank signed in Moscow May 21. The agreement, which is valid for a year, follows a Soviet trend to place relations with Western banks on a contractual basis.

The projects to be implemented by the

two Moscow state banks and the leading German bank will not be confined to preparing for joint ventures, but will set up working groups to develop new forms of financing cooperation, and will give advice on banking practice at an early stage of a given joint-venture concept. Joint advertising and, at a later date, the founding of a joint consulting company, are envisioned.

Jürgen Sengera, member of the executive board of the Westdeutsche Landesbank, said May 30 that Soviet negotiators have recently reacted more positively to Western initiatives on joint economic ventures and have even given up insisting that such ventures operate only in third markets to earn foreign currency. Sengera said he still sees problems to be solved, such as the transfer of profits, taxation, and the labor law to be applied, but said that he was greatly satisfied with the progress.

## NASA

### Space station key to future: Fletcher

"A space station is the key to our future in space," wrote NASA director James Fletcher in the *Washington Times* May 29. "If we want to return to the Moon or go to Mars, it will be much more economical and productive to leave from a base already in space than from Earth."

Fletcher argued, "Although the ultimate objective of our space station is to serve as a gateway to the Moon or Mars, its most significant near-term feature, essential to its utility for science, commerce, and technology, is that it will be permanently occupied."

Fletcher argued that the space station would act as a repair center for satellites, observatories, and private space platforms. "The space station's microgravity environment will enable scientists to make new discoveries in materials research and in life sciences," in addition to other primary research, such as the production of "pure biological crystals necessary for the identification of basic molecular structure.

"Our space station will certainly boost overall U.S. competitiveness and productivity, and will create an estimated 20,000 to 25,000 jobs around the country," he added. "When indirect employment is included, the job figure will rise to about 50,000 to 60,000. . . . I believe it will be one of the soundest investments our nation will ever make."

## The Debt Bomb

### BIS's former head attacks debt policy

The former chairman of the Bank for International Settlements (BIS) has attacked the debt policy of the Western banking community, BIS included—a policy he was most adamant in defending while head of the bank.

Fritz Leutwiler, now chairman of the major Swiss industrial group, BBC, told the annual meeting of its shareholders, "How shall developing lands come back into development, when industrial countries erect protectionist barriers against developing countries' shrinking export trade and when all their export earnings is used up in debt service? . . . Isn't it high time we in the industrial countries consider the economic, social, and political consequences of such policies?"

Only a few years ago, Leutwiler told an interviewer that even countries whose "marginal" populations would fall into starvation and death if the foreign debt continued to be paid—would have to continue paying their foreign debt.

## Corporate Strategy

### Maxwell drops bid for Harcourt Brace

London magnate Robert Maxwell withdrew his bid to take over Harcourt Brace Jovanovich publishers on May 28. According to a report published in the *Times* of London: "The move has made Mr. Jovanovich, son of a Polish coal miner, one of the few busi-



## Briefly

nessmen to have thwarted Mr. Maxwell."

The Czech-born Maxwell is the owner of Britain's *Mirror* newspaper chain. He is also the leading British member of the Club of Rome. His Pergamon Press publishes all Club of Rome writings, as well as writings of Soviet and Bulgarian leaders.

Jovanovich angrily rejected Maxwell's \$2 billion bid to take over his U.S. publishing company, calling him "unfit to control the largest textbook, scientific, and medical publisher in the United States."

In his brief opposing the Maxwell bid, Jovanovich had cited the suspicious nature of the Liechtenstein-based trust which oversees Maxwell's fortune; Maxwell's pro-socialist views; and Maxwell's alleged apology for the Soviet shoot-down of the Korean Airlines 007 jet in 1983.

Jovanovich summed up: "Mr. Maxwell has money, but not enough. He has ambition, but no standing. He ought to be sent packing to Liechtenstein."

The *Financial Times* of London comments that it is not yet clear whether Maxwell's decision "amounted to retreat or surrender."

### AIDS

#### WHO announces plan for Uganda

The World Health Organization has just announced a \$6 million six-year program to fight AIDS in Uganda. The program combines public information and education with screening and protection of the blood supply, epidemiological studies, and improvement of laboratory facilities. The plan also includes screening of donated blood.

The WHO has not made clear how it expects an expenditure of a mere \$1 million a year to have any real impact. The country is one of the worst affected by AIDS, with 1,138 officially reported cases since 1983, the highest reported number in Africa, certainly a vast underestimation. A report by the War on Want organization states that in Rakai province alone, in southwest Uganda, more than 2,500 people are thought to have died

from "slim" disease (severe weight loss, indicating AIDS). Between 12% and 15% of 3,000 Ugandan blood samples tested in Britain have been seropositive; extrapolated to the Ugandan population, this would mean half a million HIV carriers in the country.

In 1986 surveys, tests of 100 patients at two hospitals in Kampala showed 27% and 30% seropositive, and 14% of pregnant women at a prenatal clinic were seropositive. In a 1987 test, the percentage of pregnant women infected had almost doubled to 24%.

### Finance

#### Colombian troubles mount, project canceled

The debt of the South American nation of Colombia will rise to \$15.5 billion by the end of 1987, and its debt service will amount to 45% of its total export revenues. In 1986, its debt service amounted to 37% of total export earnings.

Colombia has maintained a "good boy" record with international creditors, paying all its debts without even renegotiating the terms. It has little to show for the effort, however. This policy has placed the country in the unenviable position of currently paying much higher interest than any other Ibero-American country.

The country has recently sent three missions abroad, to the United States, Britain, and Japan, to seek \$5 billion in new credits to finance its development through 1990.

But the government of President Virgilio Barco recently announced that it was selling its 50% share in the huge Cerrejon coal mining project in the northeast. Once hailed as a wise investment of several billion dollars by the country's creditors, Cerrejon was to be the world's largest coal mine project, producing entirely for export—i.e., to earn foreign exchange to meet foreign debt service.

But the project has suffered irreparably from a collapse of coal prices. Colombia therefore cannot refinance \$1.5 billion that comes due shortly.

● **UGANDAN** President Museveni announced May 15 a 400% devaluation of the currency and a currency reform that would require people exchanging their old currency for new to pay a 30% tax. Gas prices were doubled. The prices of basic goods like flour and oil have gone up, with the price of sugar rising 300%. In exchange for these measures, the IMF is to grant Uganda loans totaling \$76 million. Widespread unrest is already reported.

● **DANIEL G. AMSTUTZ** resigned as undersecretary of agriculture for international affairs and commodity programs May 28. The resignation will take effect Aug. 1. Amstutz gave no explanation for his resignation except that it was "time to move on." Prior to taking his post, Amstutz spent 25 years at the investment branch of Cargill.

● **THE KRA CANAL** Committee of the Thai parliament will make a tour of the world's major canals for two months beginning in July. Thailand has committed itself to building a canal through the Isthmus of Kra, relieving the crowded Strait of Malacca.

● **ALAN GREENSPAN**, the replacement for Paul Volcker at the Federal Reserve, believes that the dollar has bottomed out, the *Wall Street Journal* reported on June 4. "Many other analysts, however, argue that the new Fed chief won't be so lucky. They believe the dollar may drop to 120 yen or below before it stabilizes."

● **BANK OF BOSTON** has announced it is adding \$300 million to its loan-loss reserve following the lead of Citicorp, Chase Manhattan, and Securities Pacific. This will raise Bank of Boston's reserves for Third World debt to \$430 million, or 36% of its exposure. Third World debts amount to about 5% of the bank's total loans and leases.

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## West must counter Soviet radio-frequency weapons

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*Jonathan Tennenbaum reports on the most critical threat which the West must now meet from Soviet Marshal Nikolai Ogarkov's technological war build-up.*

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Soviet Marshal Nikolai Ogarkov has integrated a new, awesome type of weapon into his plan for all-out war against the United States and its allies: radio-frequency (RF) anti-personnel weapons. While most Western observers have yet to put two plus two together and grasp the dramatic implications of RF technology in the hands of an Ogarkov, Lyndon LaRouche launched an emergency call in late May for an "SDI-like mobilization" in the West, to develop RF weapons and effective countermeasures against such weapons.

Using precisely controlled pulses of electromagnetic energy, RF weapons can knock out the brain, nervous system, and other organs of any person within range of the output beam. Ogarkov plans to use them as a crucial capability for Soviet spetsnaz (special designated forces) units operating in the West. Secretly assembled and hidden in advance of hostilities, in TIR trucks, in civilian aircraft, in residential and commercial buildings adjoining or overlooking military facilities, and in other locations, RF weapons will be deployed by spetsnaz operatives to knock out NATO command centers and key bases, minutes before the launching of an all-out first strike by the Warsaw Pact. The goal of these tightly coordinated spetsnaz attacks, in which RF weapons will be used together with advanced chemical weapons and miniaturized nuclear devices, is to guarantee that no organized resistance can be mounted to the Soviet invasion of Western Europe and other strategic areas. The principle is frighteningly simple: If the brains of a few thousand NATO personnel are

destroyed a few minutes before warning of the Warsaw Pact attack, then Western defense will practically cease to exist.

RF weapons are not limited to spetsnaz applications, however, but are part of a general technological revolution in all fields of warfighting. RF weapons are one part of a strategic concept known as "technological attrition," the crucial concept in Ogarkov's plan to defeat Western civilization.

At present, the Soviet war economy is gearing up to produce entirely new generations of the most awesome weapons man has ever known. These new types of weapons possess such devastating destructive power, that Ogarkov and Gorbachov could demonstratively scrap a large part of their present nuclear missile fleet, and then turn around to launch a successful surprise attack against the West. That is the real significance of the Soviet *perestroika* (transformation) campaign, which stupid Western observers often describe as a "liberalization move"!

### How do RF weapons work?

While details of Soviet RF weaponry have never been published in the West, and many of the relevant research areas are classified, the basic scientific principles behind these devices are simple enough.

Until the advent of the SDI, most weapons of war relied on mechanical force and shock (e.g., the impact of a bullet, the explosion of a shell or bomb) for their destructive effects. The main exception to this has been chemical and biological

weapons, which use negligible amounts of energy, and whose effectiveness depends on highly specific physiological effects upon the targeted forces. Exemplary are the powerful nerve gases, extremely minute quantities of which, absorbed by the skin (for example) and lodging in the synapses of the central nervous system, can paralyze and kill a soldier within minutes. For a variety of reasons, however, chemical and biological weapons are difficult to "aim" in such a way that only the chosen targets are knocked out, and no undesirable effects are produced for the forces deploying these weapons.

The laser and particle beam weapons developed by the Soviets and the United States in their respective "SDIs," already make a giant step beyond the "bullets and bombs" of even the atomic age. These are weapons which deliver their energy with the speed of light, but which also rely, in large part, on being able to "tune" that energy in precise ways which ensure penetration and destruction of the target.

Like lasers, RF anti-personnel weapons produce beams of electromagnetic energy traveling with the speed of light. But, unlike the laser weapons of the SDI, their target of preference is the human nervous system, especially the brain. Their effects depend on a little-publicized, but fundamental area of biology: resonant action of electromagnetic pulses on living tissue.

Although living cells are sensitive to nearly all forms of radiation, the particular types of anti-personnel weapon we are discussing here operate in the electromagnetic wavelength range between long-wave radio and radar, and microwaves—that is, from hundreds of meters down to fractions of a millimeter.

Technology for producing radiation in this range has been standard since the breakthroughs in radio and radar during the Second World War. However, the type of signal most suitable for biological effects differs substantially from what is commonly used in communication, navigation, radar and so forth. The typical RF anti-personnel weapon produces "shaped" pulses involving several different frequencies at the same time. The reason for this lies in the peculiarities of biological systems, which are "tuned" in a fundamentally different way than radio receivers and television sets.

Although informed military scientists have long been aware of the possibilities of tuned RF pulses, very little discussion of them has appeared, until recently, in the public domain. However, the 1987 issue of the U.S. Defense Department's *Soviet Military Power* warned of a massive Soviet research and development effort in RF weaponry. Under the title, "The Zap Gap," the March issue of the popular U.S. magazine *Atlantic Monthly* quoted a number of leading military experts describing Soviet RF work. Most recently, the German newspaper *Die Welt* broke the story on its front page, warning that RF weapons capable of neutralizing thousands of troops on a battlefield while leaving their equipment functional, are "closer to realization than the SDI."

## Tuning into living cells

When most people hear about radio-frequency weapons, they tend automatically to think of victims being "cooked" in the fashion of a microwave oven. Although some recent technologies (gyrotrons and similar devices) actually make it possible to generate powerful enough bursts of microwaves to produce these gross kinds of effects on a battlefield, the most dangerous kinds of RF weapons produce no heating at all. The typical power densities required to induce biological effects are on the order of hundredths of a watt or less per square centimeter of tissue area. This is a power density comparable to an ordinary household light bulb at the distance of half a meter.

The effects of RF weapons are based on the circumstance, that a living cell differs from a mere dead mass of molecules by a very special type of coherent *organization*, which is mediated by what appear to be weak electromagnetic effects. If this electromagnetic organization is systematically disturbed, the cell will malfunction or die. We might think of the effect as an instantaneous "electromagnetic poison."

While most people are aware that the activity of the nervous system involves tiny electrical pulses, many are unaware that *all* processes in living tissue are electromagnetic in character, from the chemical reactions to the systems of electromagnetic oscillations which "organize" processes in various parts of the cell into a coherent whole. In fact, living tissue possesses a frequency spectrum, analogous to the spectra of individual atoms and molecules, but much more complicated. RF weapons depend on detailed knowledge of the spectra of various types of tissue under various conditions.

## Induced transparency

Primitive organisms like bacteria are so exceedingly sensitive to electromagnetic radiation in their environment, that it is nearly impossible to conduct a biophysical experiment which does not introduce large "artifacts" produced by the impact of the laboratory electronics on the experimental subject. Higher organisms have evolved their own electromagnetic "screening," to shield their tissues from changes in the outside radiation environment.

The best shielded of all organs in all living organisms known to biologists, is the human brain. This defines a crucial problem for RF weapons: how to get their signal "in" to the brain and other targeted tissues.

Here, a phenomenon known as "self-induced transparency" becomes decisive: Contrary to everyday concepts of the hardness and opacity of materials, it is possible to design electromagnetic pulses able to easily pass through any given material medium. The properly shaped pulse propagates by organizing the medium to reproduce the pulse within itself; in other words, the material is momentarily made to become transparent for the specific form of action applied.

Thus, a series of short, carefully shaped pulses can not

only penetrate the natural organic shielding of the body, but can get through heavy walls and even metal shielding as well, unless such shielding is specially "tuned" to block the precise frequencies used. With the proper choice of the frequency combination and the right "phase relationships" between the various frequencies, the energy absorbed into the body can be "steered" to focus in a specific region inside the body. While a large variety of physiological alterations can thereby be obtained, the central nervous system presents itself as a most favorable target for anti-personnel applications—because of its exceptional sensitivity and because of the instant debilitating effects produced.

### **What do RF weapons look like?**

An RF weapon must contain a power source, a generator of the basic signal, amplifiers, calibration equipment, an antenna system, and a small computer. For "close-in" applications such as spetsnaz, where the device would be located within a few thousand meters at most from the target area, the entire unit could be fit into a single TIR truck. This also provides a good camouflage, since hundreds of thousands of such trucks travel around Europe and the U.S. every day. A truck carrying an RF weapon would look like any other truck, from the outside. Although such a device is easy to detect once in operation (too late!), use of camouflage and delaying final assembly until shortly before use, would make these weapons difficult—though not impossible—to locate prior to attack. Another potential spetsnaz deployment mode would be in a medium-sized commercial aircraft flying within line-of-sight of the target area.

RF weapons are obviously not restricted to spetsnaz-type deployments. They revolutionize many domains of battlefield warfare in the same way as the SDI transforms strategic warfighting. The most powerful sorts of RF weapons involve the focusing of entire arrays of antennae, deployed in different locations, to "sweep out" a huge target area. Given the opportunity to deploy large structures in space (which the Soviets now possess, thanks to their new heavy launch vehicle and their space station), it becomes possible to target areas on the Earth from space.

"Close-in" anti-personnel RF weapons can be built with essentially "off-the-shelf" technology. However, an entirely new dimension of RF weaponry becomes possible on the basis of the new high-temperature superconducting materials, MHD pulsed power systems and ultra-high-power microwave sources (gyrotrons and beam-plasma devices)—all areas of intense research and development in the U.S.S.R. On the basis of such technologies, electromagnetic weapons become possible which make an ICBM missile look like a minor threat: We are talking about weapons which could wipe out the populations of towns and cities anywhere on the Earth, instantaneously, from thousands of miles out in space.

Moreover, the use of advanced electromagnetic beam

technology will not be limited to anti-personnel applications. With the vast increase in available power and precision in tuning, made possible by breakthroughs in superconductivity and other areas, it will shortly become feasible to construct pulsed electromagnetic weapons capable of destroying aircraft, tanks, bridges, and other heavy structures.

What means of defense are available against RF weapons?

Properly shaped electromagnetic pulses can penetrate into buildings and even into a tank. The theoretical possibility of protection exists, using a screening arrangement known as a "Faraday cage," a dense net of conducting material surrounding the area to be defended. However, to be effective, the Faraday cage would have to be designed and tuned with prior knowledge of the frequencies and pulse shapes employed in the attack. Recent development of high-temperature superconducting materials may permit more effective types of screens to be constructed.

Since the "close-in" spetsnaz type of RF weapon operates mostly in "line-of-sight," massive physical barriers such as a few meters of moist earth, can be an effective screen against these weapons. However, a well-planned surprise attack could utilize pre-calculated reflection and diffraction of the signal, as well as obvious secondary "antennas" and waveguides provided by electrical wiring, piping, ventilation, etc. to reach even into underground bunkers.

Better screening would be provided by specially designed electromagnetic fields, "controlled environments" around key areas, which would constitute a kind of immunization against the biological effects of RF weapons. Such screens would depend on extensive scientific research, and are not now available in the West. The best defense we now possess is to locate and destroy the RF devices before they can be used.

### **A new SDI**

Understood in their full strategic and tactical implications, RF weapons constitute fully as dramatic a revolution in warfare as the antimissile beam weapons of the SDI. Also like the SDI, their development involves crucial areas of science, particularly biology and electromagnetic theory, and promises to bring remarkable "spin-offs" in many civilian areas. The ability to focus tuned electromagnetic energy anywhere in the body, and to trigger specific biological processes with such tuned pulses, opens up a new era in the treatment of disease. Crucial experiments have already proven that RF pulse technology can cure cancers, accelerate tissue growth and the healing of wounds, and stimulate the immune system to eliminate otherwise fatal infections.

Lyndon LaRouche's call for an "SDI-like" mobilization in the West, to develop RF weapons and countermeasures against them, might also be part of the solution to AIDS. That is just one more urgent reason for launching a Western crash program in this area—right now!

# Soviet strategic radio-frequency and other assault weapons: a primer

by Warren J. Hamerman

The following "primer" has been prepared to complement the May 26, 1987 statement of Lyndon H. LaRouche, Jr. entitled "The next Soviet 'Sputnik': strategic radio-frequency assault weapons" (*EIR*, June 5, 1987, page 37). This is by no means conceived to be the last word on the subject, but is rather intended as a guide to those who may wish to explore the area further, as a result of LaRouche's focusing attention on its strategic implications. Anyone interested in countering a potential Russian assault on the West or in finding the most advanced biophysics research track to stop AIDS must foster this area of science.

## What are the radio frequencies?

The Radio-Frequency Electromagnetic—or RFEM—end of the spectrum is characterized by the longer wavelengths and smaller frequencies. It includes long radio waves measured in meters, short waves measured in centimeters, and microwaves measured in millimeters and below. The *in vacuo* wavelengths in this region range from 0.003 all the way up to 1,000 meters. Thus, the significance of this end of the spectrum, especially the millimeter microwaves, is that the wavelengths approximate the physical dimensions of the human body. Biological tissues and organelles and whole bodies are of the same dimension as the wavelengths involved. Formally speaking, RFEM include waves that range in frequency from greater than 0 up to  $10^{12}$  Hz. Therefore, the frequencies associated with the human voice—through all its "registers"—fall within this region. The biological effects of RFEM have been extensively studied on both sides of the Iron Curtain in the frequency range from  $3 \times 10^5$  to  $10^{11}$  Hz. Unlike ionizing radiation, RFEM must be specified in terms of carrier frequency, modulation, electric-field and magnetic-field strengths (or power density when applicable), and zone of radiation.

## What are radio-frequency weapons?

Radio-frequency or RF weapons are any weapons which shoot or send out pulses (p) or continuous waves (cw) in the RFEM end of the electromagnetic spectrum. The 1987 edition of *Soviet Military Power*, published by the Pentagon warned of a massive Soviet research and development effort

in RF weaponry. The March 1987 issue of *Atlantic Monthly* magazine contained an article, quoting various experts in popular language on RF weapons under the title of "The Zap Gap." One year earlier, the Feb. 15, 1986 *EIR Special Report* entitled "An emergency war plan to fight AIDS and other pandemics," reported on this capability in a special section on the Pushchino Frank Soviet Institute of Physiology and Biophysics.

## What has the Pentagon said about Soviet RF weapons?

*Soviet Military Power* (1987) warns: "The U.S.S.R. has conducted research in the use of strong radio-frequency signals that have the potential to interfere with or destroy critical electronic components of ballistic missile warheads or satellites. The Soviets could test a ground-based radio-frequency weapon capable of damaging satellites in the 1990s. . . . Recent Soviet developments in radio-frequency generation devices could enable them to build weapons to degrade or destroy electronics or cause disorientation of personnel. They have generated single pulses with peak power exceeding one gigawatt and repetitive pulses over 100 megawatts."

## How is the Soviet war machine organized to force such scientific breakthroughs in areas involving "new physical principles"?

The Soviets are on a full-scale scientific-military war footing, which means that they pour resources into advancing their technological-scientific capabilities in general, so that various weapons applications can literally be pulled "off the laboratory shelf" as military exigencies require. This is the way we used to do things here. This is the essence of the Ogarkov War Plan, which differs from a Western-style war mobilization only in that the Russians do not worry about transferring their capabilities in depth into their civilian economy. Their military-scientific command structure is tightly centralized so that breakthroughs in one of their programs can be quickly and efficiently propagated through other areas. Thus, unlike in the West during peacetime, they closely coordinate developments and goals across the following programs—particle accelerator physics, SDI/ASAT, space ex-

ploration and rocketry physics, plasma physics/fusion, and bio-electromagnetic field effects.

**What types of technological capability do they have on the front burner?**

The Soviets have a massive capability in particle-physics accelerators. For approximately 15 years they have had a so-called "Super Collider," or a multi-teravolt accelerator, on a par with that at CERN (Centre Européen de Recherches Nucléaires, Geneva). For a little over a decade they have led the field in the development of "oversized" gyrotrons, or what we call in the West a "cross-field klystron," which are instruments originally developed for fusion research to generate pulsed microwaves and other waves in the radio-frequency range. Their fusion energy and plasma physics programs are top-notch. In the electromagnetic pulse (EMP) field the Soviets have gyrotrons which have achieved three to six orders of magnitude higher output than the West. Soviet particle beam capability, from proton and neutron particle beams, to more exotic particle beams, is as good as anywhere in the world.

**What would be the short list of immediate scientific-technological commitments of the Soviet military build-up?**

1) Radio-frequency weapons. 2) Particle beam weapons of all sorts. 3) Anti-satellite and SDI weapons of all sorts. 4) Weapons and technologies to interfere or "blow out" computers and communications and neutralize Western "smart weapons" over large areas; for instance, EMP effects can be achieved by blowing holes in the ionosphere or so-called "chip guns" which can hone in and destroy the silicon-chip circuitry in all modernized smart weapons and vehicles on land, sea, air, and space. 5) Anti-personnel weapons which can be "broadcast" against specific individuals or a large number of individuals in a given area; these weapons can be "tuned" either to kill, maim, or affect various emotional and thought-pattern states.

These technologies all rest on a firm scientific base which includes the following notable capabilities: a) accelerators, b) antennae, c) electromagnetic field theory, and d) materials development, such as "high-temperature" superconducting ceramics. There is strong evidence that the Soviets, for example, have utilized high-temperature superconductors in the construction of gyrotrons (cross-field klystrons) for over five years. A gyrotron is a "short-wave microwave generator" and the Soviet power output in these is anywhere from three to six orders of magnitude higher than that achieved in the West.

**Is the idea of a radio-frequency instrument to essentially "electrocute" a target?**

Not at all. There is a vast potential of utilizing such instruments for diagnosing diseases through what is called nonlinear biological spectroscopy, or optical biophysics. We are going to have to gear up this area of science massively if we are going to conquer AIDS and cancer, for example. That

is why we believe that we must launch a crash multibillion-dollar program for a Biological Strategic Defense Initiative, or BSDI. Nuclear Magnetic Resonance (NMR) instruments, for example, rest on these principles. They can "see" inside a human body and distinguish between healthy cells and cells that are part of tumors or are infected by viruses, without a surgeon having to cut into the individual! Since the AIDS viruses, for example, find sanctuary in the brain, NMR may prove essential as a non-invasive spectroscopy.

Even more fundamentally, it is known that the AIDS virus "infects" the DNA of a host cell's chromosome. Suppose that we wanted the nucleus' own "genome" or "genetic message" to eject the virus message during the process of mitosis. To accomplish such a task, we would want to first detect or "tune into" the combined signals. Then we would wish to "detune" the unwanted sources of part of the signal in the overall process. While such a goal is barely a dream today, there are sufficient experimental results for us to be encouraged if we pursued such an experimental path intensively.

By analogy, much of what must be done in such work on the cellular level, has already been done on a much larger scale with phased-array super-sophisticated radars. There are also many encouraging experiments which show that such instruments may be able to cure otherwise incurable diseases. Some of the latest technological frontiers in optical biophysics research on both sides of the Iron Curtain are outlined in a special chapter in the *EIR Quarterly Economic Report*, First Quarter 1987. Most people are miseducated into believing that only the electrical component (E) of a wave carries power. Actually the magnetic component (H) of a wave carries power as well. Like most advanced scientific capabilities, the technological applications of the research can be for either civilian or military purposes, depending upon government direction.

**Is the idea of an advanced radio-frequency instrument to "cook" people as if they were in some sort of microwave oven?**

No. Of course, there is no dispute that there will be "thermal effects" at high power densities over, say, 100 mW/cm<sup>2</sup>. However, the really advanced work occurs at low power densities, for example, at less than 10 mW/cm<sup>2</sup>. The more advanced researchers all operate from the principle that "thermal" or heating effects are not what's important about this capability.

**What is the scientific basis of these technologies?**

The mathematical geometries employed are associated with the work of Gauss and Riemann on elliptical functions and differential geometry and *not* the linear algebras and statistics of Newton and Boltzmann. In other words, while the velocity, phase, and rotational components of several waves are calculated separately, they can be integrated as a single elliptical wave geometry inside the biological object. This is "frequency fine tuning" and *not* scalar "calorie count-

ing.” The general scientific principle is as follows. Electromagnetic pulsed waves can generate “acoustical shock-waves” inside biological organisms. What is critical is that the power is delivered in “pulsed” rather than continuous wave (cw) form. The right “mixture” of frequencies can couple into natural physiologic frequencies and resonances. The Soviets have conducted extensive experiments to determine which “species-specific” and “tissue-specific” resonances are most efficient.

**Is there a single specific “magic frequency,” so to speak?**

No. There is a mixture of frequencies. You can separate someone who is truly knowledgeable about electromagnetic phenomena in biological systems from a novice with one simple test. If the person thinks of electromagnetic wave propagation in terms of one single frequency bathing an object, or a linear wave radiation in a single plane, then he is a novice. If the person thinks in terms of generating an “elliptical wave” *inside* the target(s) he is onto the right area. The concept is to do wave-mixing *inside* the biological object by generating a series of in-phase/out-of-phase relationships at a mixture of frequencies. The entire power deposited on the surface area of the object or objects is then absorbed and can be focused or concentrated at one or two focal points inside the target. The net effect of mixing frequencies inside the object and moving the focal point to certain areas allows for precision fine-tuning on specific organs or organelles of the body. The Soviets are the masters of wave mixing and multiple-frequency effects.

**When did the Soviets commit themselves to developing this capability of controlling living processes through “mixing” electromagnetic radiations?**

Six decades ago! In 1926 the great Russian scientist Vladimir I. Vernadskii returned from exile at Marie Curie’s Radium Institute in Paris to take over the post of Director of the State Radium Institute in Leningrad, which was essentially created around him. Vernadskii lists as the scientists who most influenced his own outlook B. Riemann, Louis Pasteur, and the Curies. The Curies had intensively studied the work of Louis Pasteur on “molecular dissymmetry” and credit him for being instrumental in their discovery and elaboration of radiation phenomena. In the mid-1920s, the brilliant success of the experimental work of Russian biophysicist Gurwitsch in discovering the phenomena of “mitogenic radiation” no doubt had a major effect on Soviet commitment to this area.

**How did Vernadskii view the relationship between electromagnetic radiation and living phenomena?**

This is the subject of his life’s work. However, there is a short answer to the question. In his 1926 inaugural address to the Leningrad State Radium Institute later published under the title *The Biosphere*, Vernadskii stated: “We are surrounded and penetrated, at all times and in all places, by eternally changing, combining, and opposing radiations of different

wavelengths—from ten-millionths of a millimeter to several kilometers.” He committed his institute to unraveling the secrets of radiation phenomena in the biosphere: “Only a few of the invisible radiations are known to us at present. We have hardly begun to realize their diversity and the scrappy nature and inadequacy of our knowledge of the radiations which surround us and pass through us in the biosphere, and to understand their basic role in the processes going on around us, a role which is difficult to comprehend by minds accustomed to other conceptions of the universe.”

Vernadskii directed the State Radium Institute from its founding in 1926 to 1938; in 1934 he created and became president of the Soviet Commission for the Study of Heavy Water and oversaw the construction of a cyclotron at the Radium Institute. In 1940 he became director and coordinator of the Soviet wartime crash effort to develop a Russian nuclear bomb. (V.I. Vernadskii, 1926, *The Biosphere*, First and Second Essays, Nauchno-Teckhn. Izd., Leningrad.)

**But isn’t Soviet biology backward?**

The West has maintained the illusion that Soviet biology is “crude” and “unsophisticated” primarily because of the Lysenko Affair. The Russians have helped to propagate this fairy tale, in part as a way to camouflage their actual capability. In areas such as the 1950s, 1960s, and 1970s technologies of molecular biology instrumentation, the Soviets have lagged behind the West. However, in the biotechnologies of the 1990s and 21st century, this is not true. In the “hard science” areas of biophysics, bioelectromagnetics, and optical biophysics, Russian scientists have field-leading capabilities, even if they lack certain well-known instrumentation-production capabilities.

**What are the biological effects of RFEM?**

There are three basic types of effects: 1) thermal effects from high-energy microwaves, which are relatively the least efficient; 2) So-called ELF or Extremely Low-Frequency effects which result from lower-powered radio waves at low frequencies; 3) Nonlinear effects which result from geometric wave-mixing inside the biological object. A comprehensive review exists in the public domain by the National Council on Radiation Protection and Measurements (NCRP), issued on April 2, 1986. They report extensively on biological effects researched in the following domains: macromolecular and cellular effects including cell transformations, tumor cells, and cellular genetics; chromosomal and mutagenic effects; carcinogenesis; effects on reproduction, growth, and development; effects on immune and hematopoietic systems; effects on endocrine system; effects on cardiovascular functions; interactions with the blood-brain barrier; interactions with the nervous system; clinical investigations; laboratory exposure investigations; cataractogenesis; and thermoregulatory responses.

**Do the Russians have the technological capability to use radio-frequency assault weapons against Western Europe right now?**

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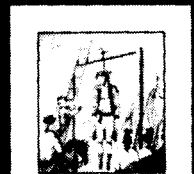
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Absolutely and emphatically yes.

**What is a radio-frequency "chip gun"?**

RF transmitters can be tuned to burn out the silicon chip integrated circuits that provide the basis of the electronic "brains" of all so-called modern "smart weapons." At the right frequency, the chips themselves act as miniaturized receiving antennae. Furthermore, at certain frequencies the atmosphere is quite transparent to RF. As with other aspects of the SDI, there is essentially what physicists call a "zero time of flight characteristic." Moreover, there is less resistance from the air with RF than with lasers and particle beams.

**What would a "chip gun" be used for?**

In regular warfare, they can be used for strategic or tactical purposes, either offensively or defensively. For instance, they could be used to blind reconnaissance satellites or neutralize the super-sophisticated electronic battle management systems such as the E-3 Sentry AWACS and other more advanced systems. Long-range versions of "chip guns" would be used as anti-aircraft weapons to knock out the computer systems of super-sophisticated F-16 aircraft and other systems. Or, as part of the SDI, they could be used to create an entire defense zone behind a kind of "electromagnetic wall." The objective would be to sweep whole regions and disable the "electromagnetic brains" of any military hardware which flew, drove, sailed, or marched into the zone.

**Can such weapons be used at long range?**

Generally speaking, the smaller the device, the shorter the range. A lot of power is required to transmit over five miles. Nonetheless, one should not forget that the standard test for long-range radars is to send a signal out several light years into space and bounce it back to receive a "clean" signal in return. Astrophysicists do routine radio-frequency probes into deep space.

**In addition to deployments of RF in regular warfare, how would RF deployment fit into the Soviet "spetsnaz" or irregular warfare commitment?**

One or several medium-sized trucks, with characteristic antennae built into the design of the truck, so that they are not visible, could "broadcast" to directed targets or over an entire area. A swept beam of pulses could also be transmitted from several helicopters or aircraft. Gyrotrons are rather big, but can fit in trucks or aircraft. There also exist smaller varieties of electromagnetic weapons which can be hand-carried as individual anti-personnel weapons to stun, maim, or kill.

**Have RF weapons ever been used in warfare situations?**

It is well established that the Soviets bombarded the U.S. embassy in Moscow with microwaves over several years. It is believed that such devices may have been used against the Chinese in the late 1960s. Otherwise, their use in other military conflicts, as well as sabotage of U.S. missile launches, has been hypothesized.

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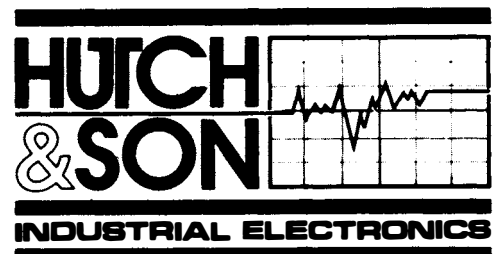
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## The power of the U.S.A. has yet to be seen

by Lyndon H. LaRouche, Jr.

According to *Corriere della Sera*, Italy's prominent industrialist and financial spokesman Carlo De Benedetti told a Rotary Club audience in the last week of May, that the United States will be replaced by the Soviet Union as the world's dominant economic power.

This typifies a view which is spreading rapidly around the world today, a dangerously incorrect view which tends to lead the world as a whole into virtual slavery under domination of Moscow's "Third Rome" world-empire.

Some of the facts which *Corriere* cites Sr. De Benedetti as listing are, taken by themselves, true. The so-called "Reagan economic recovery" has been pure myth. The continued collapse of the U.S. agriculture, industry, energy production, and foreign trade balances, especially since the Reagan blunders of 1982, have brought the United States to the brink of the biggest international financial collapse in history. So far, it is seen as unlikely that the United States will tolerate anything at the June 8-10 Venice meeting of governments which might contribute to solving this financial catastrophe.

Sr. De Benedetti is an outstanding international figure, of great personal influence and resources. His views may be better informed than those of many, but the views *Corriere* attributes to him are becoming commonplace around the world. That view is, that President Reagan's continuation of what are essentially the same economic and monetary policies introduced under President Jimmy Carter is reducing the United States rapidly to the status of a second-rate world power, and potentially a third-rate one.

Sr. De Benedetti's characterization of the current trends in the economic situation, is predominantly a sound one. It is the strategic perspective he projects, which is dangerously in error.

I cite his views as typical of those who base such a mistaken strategic estimate upon partial facts which are correct in themselves. The approximate accuracy of his financial assessment of the current situation has the importance of showing more clearly that the dangerous errors of his opinion arise from something aside from those financial analyses. Sr. De Benedetti is guilty of one of the most



NSIPS/Stuart Lewis

*The sea-change currently under way in American politics could sweep LaRouche into the White House, and overcome the crisis which Sr. De Benedetti (inset) foresees. LaRouche is shown here at the National Press Club in April 1986, following the victory of two of his associates in the Illinois Democratic primary.*

elementary kinds of blunders in simple logic, a “fallacy of composition.”

Sr. De Benedetti, and many tending to share his view, commit the elementary blunder of ignoring the effects of a “financial Pearl Harbor” shock upon the internal political processes of the U.S.A.—and other relevant nations.

They fail to reckon with the fact that the mounting of a popular hatred against current policies of OECD nations, must naturally prompt governments to resume traditional, more or less “Hamiltonian” policies of mobilization of vast amounts of new government-generated credit and investment tax-incentives, to resume accelerating rates of scientific and technological progress in expanding the scale and increasing the productivity of OECD and developing nations.

The danger is, that the spread of misguided strategic estimates, such as those of Sr. De Benedetti, will prompt the governments of OECD nations to make the kinds of preemptive concessions to Moscow, which would confront the next President of the United States with a more or less irreversible process of consolidation of Soviet global strategic supremacy.

The so-called “zero option,” excessive economic support for Marshal Nikolai Ogarkov’s *perestroika* restructuring of the Russian empire for launching of general war, and the growing danger of “Finlandization” of Central Europe, are typical of the foolish concessions which might, unnecessarily, lead quickly to Moscow’s world-rule for a long time to come.

The danger is, that exaggerated pessimism, such as that expressed by Sr. De Benedetti, might lead nations to repeat the kinds of errors which Europe committed during the 20 years following World War I. Europe, in particular, should look back to the 1920s and 1930s, and see again the stubborn

blind follies of statesmen, bankers, and political parties, which brought about an unnecessary Great Depression, the rise of fascism, and the inevitability of World War II.

Europe must view its leaders of today as like characters in a tragedy upon a stage, and see those leaders, with few exceptions, as repeating the same kinds of tragic folly their grandfathers and great-grandfathers committed during the first half of this century.

Among all leading U.S. public figures, I am outstanding in my impassioned desire for the sovereignties of all nations, the developing ones, Japan, and Western Europe, most emphatically. I am perhaps the only leading U.S. candidate who understands Western Europe and the aspirations of developing nations. Yet, it is not the image of that Western Europe which I love which I see stalking from Stockholm to Rome to Madrid today.

Among so-called leaders, I see, with precious few exceptions, the stink of cowards dying many times before their death. I see a Hungarian whore, adorned with the election-campaign symbols of her goddess, that Whore of Babylon, Ishtar, featured by news-media as typifying the character of a national election-campaign in my beloved Italy. I see among all but a few outstanding figures in each nation, leaders inflamed by a coward’s passion to destroy Western European civilization in an abominable act of existentialist mass suicide.

Unlike these leading cowards, I see a Western civilization soon rising to its greatest triumphs since the Golden Renaissance. I say to governments, peoples, and leaders of Western civilization: “Stop playing like doomed characters in some Aeschylean tragedy! See that the danger to our nations is that fault which lies in yourselves. Grasp the *punctum saliens!* Resume those values, typified by the spirit of Nicolaus of

Cusa, Leonardo da Vinci, Louis XI, Prussia's Great Elector, and the other great authors of our civilization's past triumphs. Cease your existentialist's orgy of self-pity, and Neronic pleasure-seeking of the moment! See what magnificent things lie within the reach of our hands to build! Act accordingly, before it is too late to do so!"

I intend to become the next President of the United States. Unless I were to be eliminated physically, probably on Moscow's orders, very soon, it is probable, if not certain, that the crises now erupting will have brought about by early 1988 that sea-change in political moods which would sweep me into the White House in January 1989. Under those conditions—presuming you had not already given irreversible concessions to Moscow before then—the financial disaster which Sr. De Benedetti foresees will be conquered, and the

*Sixty-four-year-old economist Lyndon LaRouche is the leading figure of a pro-U.S. Constitution current within the U.S. Democratic Party, and is a candidate for the party's 1988 U.S. presidential nomination. According to U.S. published polls, he has the second-highest popular recognition, following Rev. Jesse Jackson, among the Democratic Party's current list of candidates.*

*Since late 1984, his enemies, prodded by the Soviet government's officials and leading Soviet government news media, have foreseen his potential for winning the 1988 Democratic presidential nomination as so significant, that an unprecedented series of news-media and legal harassments has been conducted against LaRouche and his friends, not only inside the U.S., but internationally.*

*Immediately following President Reagan's March 23, 1983 announcement of the U.S. Strategic Defense Initiative, LaRouche was designated by the highest levels of the Soviet government as the single personality Moscow hates and fears most passionately, worldwide, today. The ferocity of Soviet attacks on the Democratic candidate far exceeds that directed against any single personality in recent decades, and includes the strongest pressures on both Western governments and others for the elimination of LaRouche in one way or another.*

*According to the Soviet government, it bases this hatred chiefly on its belief that the Democratic candidate is not only a leading sponsor, but a leading designer of the new U.S. strategic doctrine.*

*The statement published here was released by the candidate on May 31. It heralds a full treatment, in EIR's next issue, of the historical issues posed in the 1988 U.S. presidential campaign.*

world will move rapidly into the greatest scientific, technological, and economic growth in the history of mankind.

This is no blind braggadocio. The political instrument and scientific means to bring that about are immediately at hand. The opportunities are within our immediate reach today. The problem is, that the leaders of institutions, so far, have lacked the knowledge and political will to seize these magnificent opportunities.

The key problem which prevents European and developing nations' leaders of vision from seizing such opportunities, is that the position of the U.S.A. and its government is still the dominant one, and that will remain inescapably the global reality for two decades or more to come, unless Moscow's world domination were established during the medium-term period immediately ahead. For these reasons, who occupies the office of President of the United States determines the fate of the world—for better, or for worse, and no wishful denial of that fact can make the fact itself disappear.

### **Mastering the economic catastrophe**

Although recent economic and monetary policy-trends have been mass-murderously monstrous in their effects, the cause of the problem can be removed with a simple signature, on the appropriate piece of paper, by the President of the United States. The policies which are ruining us, and the rotten financial system now collapsing upon our heads, can both be eliminated by a single act of the U.S. government—since, if the U.S. government acts in the proper way, the rest of most of the world will follow quickly.

From the standpoint of the internal situation of the United States, our economic and financial problems are no greater than those faced by President George Washington and Treasury Secretary Alexander Hamilton in 1789. Within the course of the administrations of President George Washington, Secretary Hamilton's reforms of national credit, banking, and economic policy had transformed the U.S.A. into the most potent economy on earth, per capita, the combined output of U.S. farms and industries per capita rivaling the productivity of Europe's leading industrial power of that period, France.

In 1938, the U.S. economy was still in the ruins of the 1930s Great Depression. With an economic mobilization begun during 1940, within approximately three years, the United States had achieved the greatest growth in economic power since the 1860s, a rate of growth never matched since. In 1961-63, under President John F. Kennedy, a United States plunged into a deep recession by the failed economic policies of the Eisenhower administration, took the Moon mission off the drawing boards of the Eisenhower administration, and, by aid of investment tax-credit incentives, achieved high rates of general economic growth and technological progress, until the Johnson administration began to destroy this growth during 1966-67.

Since 1966, when the U.S. followed Britain's Prime Minister Harold Wilson in leading Western civilization down the road to chaos, the OECD nations have been led by the

United States through a succession of ever-worse policy-changes in monetary and economic affairs. Man, in the form of governments led by the United States, created the present disasters, and man, in the form of governments led by the U.S. as *primus inter pares*, must correct these terrible errors, and lead the way out of this mess, once again.

The power to create a currency, to establish banking systems, to regulate the quantities and prices of new credit created, to shape taxation policies to foster or destroy productive employment in agriculture, infrastructure, and industry, lies in the hands of sovereign nations' governments, and nowhere else. Sovereign governments have the power to regulate and promote international and domestic trade, to set tariffs, and to join with other governments in destroying or creating—in an instant—entire international monetary systems.

The U.S. government, employing such powers awarded to the President and Congress by our federal Constitution, has the power to create \$500 billion, or \$1 trillion, new credit today—virtually on a moment's notice. That government has the power to order banks not to collapse, no matter how great the difficulties of those financial institutions. The U.S. government can set prime interest-rates, on selected categories of borrowing, at between 1% and 2% per annum, ensuring a preferential flow of newly-created credit into: agriculture; industrial growth; agro-industrial exports; and improvement of such basic economic infrastructure as water-management, improvements of forests and lands, production and distribution of energy, improvements of railways, highways, ports, sanitation, educational and health facilities.

By legislating very advantageous investment tax-credit incentives, for investment in technologically progressive, capital-intensive work-places for industrial and agricultural operatives, the growth of national wealth and per capita household incomes, can accelerate to levels of between 3% and 5% growth per annum, rather easily.

To save essential banking institutions, and to balance national governmental budgets, all that is necessary is to increase the levels of quality employment in high-technology work-places sufficiently. Some bad financial paper must be written off the books entirely. Other, poor financial paper, must be heavily discounted. Interest earnings on all non-performing financial paper must be ended. Nonetheless, we shall save the core of personal and business deposits, and shall maintain the functioning, and ultimately independent solvency of essential banking institutions.

The financial reorganization is elementary. The problem today, is that per capita physical output and consumption is collapsing throughout the IMF system as a whole, whereas the indebtedness per capita is skyrocketing. This dual picture is the classical "John Law financial bubble." We must arrest the growth of per capita indebtedness, while expanding the per capita physical output and income at an accelerating rate. Once the per capita physical output has increased by a margin of approximately \$1 trillion annually, worldwide, the prob-

lem of financial insolvency is fully under control.

In the meantime, rather than permitting a chaotic financial collapse to occur, which would collapse agriculture, industry, and trade past the breaking-point, we must freeze and reorganize the insolvent financial assets. We shall let the stock exchanges collapse to the lowest levels they might reach, but we shall employ the regulatory powers of sovereign governments, to hold the essential local and major banking institutions as solid as a rock against the wild storms in the markets for resale of negotiable securities—it is the new issues of industrial securities which must be solid as a rock, together with bond issues of agencies of government and utilities for purposes of infrastructural development.

We shall allow the stubborn speculators, the gamblers, much freedom to dash their own financial brains out in secondary speculative markets; but, into the realm of financing new economic growth, we shall not allow their scheming to intrude.

The measures I have just briefly described, are known to many leading bankers and persons similarly situated. I have reason to believe that Sr. De Benedetti understands these more or less as well as key Swiss and London bankers, or leading circles within the Club of Paris. At present, the measures I have indicated are the only available alternatives to chaos.

The problem is not that many in Sr. De Benedetti's strata do not know these alternatives, and do not know these alternatives would be successful ones. The problem is that they, so far, choose to ride with the collapsing old financial order, rather than build the new one. Sr. De Benedetti's gloomy forecast would be an accurate one, if it could be assumed that the world's governments and leading bankers would combine forces to defend the existing financial order to the bitter end. Some of them would even prefer to risk Soviet slavery or nuclear Armageddon, rather than give up the presently collapsing financial order. Whether Sr. De Benedetti would go that far, I do not know; I do know that that sort of global holocaust is the implied consequence of the view which *Corriere della Sera* has reported.

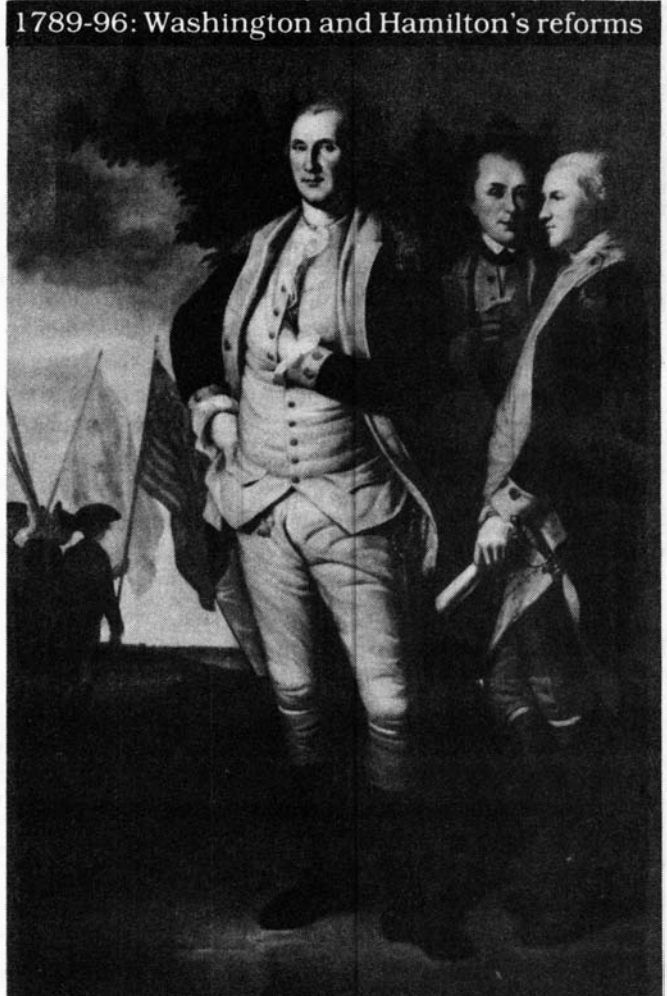
The possibility of recovery from this disaster lies, therefore, in the hands of some U.S. President who has the knowledge and courage to take on the task of a "Hamiltonian" reorganization of the Western world's financial system. Unless such a President is elected, or perhaps President Reagan awakened to undertake this dramatic change in his own policies, Western civilization's prospects then—but only then—become as gloomy as Sr. De Benedetti has forecast this past week.

### **The greatest technological boom in history**

The irony of the present international economic disaster, is that during the past 40 years, the world has been piling up the crucial scientific and technological breakthroughs which could unleash the greatest growth in productivity in the existence of mankind. We have presently in our hands the

# Mastering the economic catastrophe: three precedents

*From the standpoint of the internal situation of the United States, our economic and financial problems are no greater than those faced by President George Washington and Treasury Secretary Alexander Hamilton in 1789. Within the course of the administrations of President George Washington, Secretary Hamilton's reforms of national credit, banking, and economic policy had transformed the U.S.A. into the most potent economy on earth, per capita, the combined output of U.S. farms and industries per capita rivaling the productivity of Europe's leading industrial power of that period, France. (In the picture: Washington after the 1783 victory at Yorktown, with his aides, the Marquis de Lafayette, and Alexander Hamilton. Painting by Charles Wilson Peale at the State House in Annapolis.)*



crude, first forms of new technologies which can increase the production and consumption of the world's population by about 20 times, per capita, over the coming 50 years.

Since Sr. De Benedetti is Italian, and since Olivetti and FIAT are near the center of such potentials in Italy today, let us emphasize a small fraction of Italy's labor-force, perhaps about 50,000 persons, which is situated within the mainstream of these new scientific breakthroughs in such areas as aerospace systems and superconductor technologies.

In the footsteps of Leonardo da Vinci, there was within Italy, around such centers as Naples, Milan, and Turin, a very advanced, if small scientific capability which has distinguished itself in such matters as applications of principles of hydrodynamics to electrodynamics and aerospace. This included the 18th-century collaborators of Benjamin Franklin, circles tied to the Oratorians and to Carnot's and Monge's Ecole Polytechnique, and a circle including Betti and Beltrami closely tied to Bernhard Riemann and Gauss's Goettingen University. As the history of Italy's leading part in aeronautics during the 1920s and early 1930s shows, had Italy ever

developed an adequate advanced industrial base designed to produce these scientific prototypes on a large scale, Italy would have become rapidly one of the leading technological powers of the world.

For example, Italy produced during the early 1930s, the fastest propeller-driven plane ever flown then or since—a remarkable design with built-in appreciation of transonic and supersonic principles in the construction of its propeller system. Today, some of the aerospace designs coming out of Italy, are among the most brilliant available. Yet, Italy manufactured only a few prototypes, or a few dozen of these designs in the past, never developing the quality and scale of industrial base needed to transform the economy at large.

Today, again, Italy has such possibilities. These hang by a fragile economic thread, much of this depending upon a delicate balance of machine-tool vendors to firms such as FIAT.

Today, a similar, if somewhat better picture exists in the advanced sectors of research and industry in the Federal Republic of Germany. Britain is on the edge of the abyss

### 1940-43: the World War II mobilization



*In 1938, the U.S. economy was still in the ruins of the 1930s Great Depression. With an economic mobilization begun during 1940, within approximately three years, the United States had achieved the greatest growth in economic power since the 1860s, a rate of growth never matched since. (In the picture: President Franklin D. Roosevelt's annual message to Congress in 1941: "I also ask this Congress for authority and for funds sufficient to manufacture additional munitions and war supplies of many kinds, to be turned over to those nations which are now in actual war with aggressor nations.")*

### 1961-66: the Apollo Moon mission



*In 1961-63, under President John F. Kennedy, a United States plunged into a deep recession by the failed economic policies of the Eisenhower administration, took the Moon mission off the drawing boards of the Eisenhower administration, and, by aid of investment tax-credit incentives, achieved high rates of general economic growth and technological progress, until the Johnson administration began to destroy this growth during 1966-67. (In the picture: President Kennedy, Vice President Johnson, and astronaut John Glenn inspect the Friendship 7 in 1963.)*

with its potentials. France is a bit better situated, but the most important possibilities have also a relatively fragile existence. Japan is best situated, and the U.S. next.

In science, we are simultaneously at a different sort of edge. With advances in superconductors, we can increase the efficiency of energetic processes such as controlled plasmas and electrodynamic pulses by factors of between 100 and 1,000. We have in sight the means to progress from giant installations producing a gigawatt of energy-output, at 40,000 to 70,000 kw per square meter, to smaller units producing terawatts of output at energy-densities 10 or more times as great.

With related applications of Riemannian approaches to hydroelectrodynamics, we are at the beginning of the world's greatest scientific breakthroughs, in optical biophysics. We are moving toward digital computer modules which will be able to perform parallel processing functions in the range of teraflops per second. We are moving toward optical-analog/digital hybrid types of computers which will perform explicit solutions to nonlinear functions no digital computer could solve.

It is a matter of elementary calculation to show, that such technological advances, over the coming 40 to 50 years, mean an increase of the average income and productive powers of labor probably 20 times the levels possible with today's technologies in use. All so-called limits to natural resources vanish, with these presently emerging technologies.

In particular, these technologies mean that mankind can establish largely self-sustaining colonies on Mars, beginning about A.D. 2027. These colonies will contain populations about the size of a medium-sized city on Earth today, and the technologies now being developed will permit flights between Earth and Mars as short as two days.

The task of statesmen is to combine the necessary measures of sweeping financial reorganization with mobilizing full-scale development and use of the new technologies. If I do become President of the United States in 1989—if cowards do not give the future to Moscow during the coming 16 months—the United States will lead the world in the greatest era of economic progress in the history of mankind. Then, during two generations, we shall not only change the world, but begin to change the Solar System.

## Ogarkov uses Cessna shock to shake up defense ministry

by Konstantin George

On Saturday, May 30, the Soviet Politburo held an extraordinary meeting, as TASS reported, to "hear a report from the defense ministry on the violation of Soviet airspace." The Politburo meeting, using 19-year-old Matthias Rust's May 28 Cessna flight from Helsinki to Red Square as the pretext, forced the resignation of the nearly 76-year-old defense minister, Marshal Sergei Sokolov, and the dismissal of Soviet Air Defense Forces commander-in-chief, 64-year-old Air Marshal Aleksandr Koldunov.

That the incident was only a pretext is clear. When the Cessna landed in Red Square, Marshal Sokolov was not even in the U.S.S.R., but in East Berlin, sitting next to Mikhail Gorbachov at the Warsaw Pact summit. Either Sokolov knew nothing about what happened, or if he did, his "wrong decision" was taken in consultation and agreement with Comrade Gorbachov. So, if Sokolov were "guilty" of anything, Gorbachov was equally guilty, and should also have submitted his resignation to the Politburo!

The sensational incident, which created global headlines and shock waves inside the Soviet Union, has ushered in a selective purge of the Soviet military leadership which fits Soviet pre-war requirements. The intent is to restructure the Soviet military leadership, as well as command and control, to conform to the dictates of Marshal Nikolai Ogarkov, Russia's wartime commander in chief, deputy chairman of the National Defense Council, and architect of the Soviet war plan and the current *perestroika* (restructuring) sweeping the Soviet economy and institutions.

The victims thus far, Sokolov and Koldunov, were due to be removed in any case. With the Cessna affair, the timetable was moved up. Marshal Sokolov, who became defense minister in December 1984 after the death of Dmitri Ustinov, was always seen as a transitional figure. Koldunov, who

headed the Air Defense Forces, one of the five services of the Soviet military, since 1978, was the only one of the five whose appointment predated late 1984. That was when Marshal Ogarkov directed the reorganization of the Soviet Armed Forces into a structure of wartime High Commands, and subordinate Theater of War commands.

Moscow's use of the affair should not, however, lead one to conclude that the affair itself was staged by Moscow. As one European-based watcher of Soviet affairs stressed to *EIR*, the Russians would "never arrange anything that involves such a tremendous loss of face to themselves, or do anything to make themselves into the laughingstock of the world."

### A defense minister in the Ogarkov mold

The new defense minister named by the Politburo, the 64-year-old Army General Dmitri Timofeyevich Yazov, is in the mold of Ogarkov, whose guiding hand is evident throughout Yazov's career.

Under Ogarkov's 1984 reorganization, only the best of Soviet generals received important posts. The High Command Far East was created in March 1979, as a precursor to the wholesale reorganization of 1984, when an overall wartime High Command was established, together with High Command West, High Command South, and High Command Southwest. The High Command Far East's new boss was Army General Ivan Moiseyevich Tretyak, a World War II combat hero. Yazov, who himself joined the Red Army in 1941 and saw over three years of combat in the war, was transferred in mid-1984 to serve under Tretyak as commander of the all-important Far East Military District.

The Soviet Union contains 16 military districts, and four "groups of forces" exist, as the Soviet troops stationed in East



Germany and Eastern Europe are called. The mainland part of the Far East Military District faces Manchuria, China, while Sakhalin Island and the Kurile Islands are but a stone's throw from the northernmost Japanese island of Hokkaido. This military district has wartime responsibilities against Japan and/or China. Only the Group of Soviet Forces in Germany (i.e., East Germany) disposes of more combat divisions, tanks, and combat aircraft than the Far East Military District.

The careers of Yazov and Tretyak have been closely intertwined during the past 11 years, a time-frame beginning with Marshal Ogarkov's last months as first deputy chief of staff of the Soviet Armed Forces in 1976, before his rise to chief of the general staff in January 1977. As we will now see, Ogarkov had handpicked Yazov by no later than February 1976 as a Soviet general destined for high-level responsibilities.

In February 1976, major Soviet military maneuvers under conditions of winter mountain warfare, were held in the Transcaucasus Military District, embracing Georgia, Armenia, and Azerbaijan. The exercises were reviewed on the scene by then-Defense Minister Andrei Grechko, and then-First Deputy Chief of the General Staff Nikolai Ogarkov. *EIR* reported in its July 1985 "Global Showdown" special report, in a sub-section titled, "The Blitzkrieg Commanders—A Profile," how Ogarkov, impressed by the brilliance exhibited in the maneuvers by Motorized Rifle Division commander Boris Pyankov, selected Pyankov for immediate posting to the General Staff Academy. Later, Pyankov distinguished himself in Afghanistan, and in 1983 was named commander of the crack, spearhead Third Shock Army at Magdeburg in East Germany.

In the February 1976 Transcaucasus maneuvers, the brilliance of another commanding officer caught the eye of Ogarkov, then General-Major Dmitri Yazov, who commanded an Army during the maneuvers. Shortly thereafter, in 1976, Yazov was promoted to general-lieutenant, and appointed first deputy commander of the Far East Military District, serving under the district's new commander, Tretyak. As we saw earlier, Ogarkov, in 1984, was to choose the same Tretyak-Yazov combination as the key combat forces' commanders for the Far East.

### **Command changes under Gorbachov**

The process of purging the Soviet military by forced retirement, to reorganize it in conformity with the dictates of the Ogarkov War Plan, began in late 1984-early 1985, when the Gorbachov succession was assured. The scope of the personnel changes is staggering. The dismissals of Sokolov and Koldunov, are but the final pre-war phase of command changes and reorganization of command and control.

From late 1984 to the present, changes at the commander level have occurred in 13 of the 20 military districts and groups of forces; in all four Soviet fleets, the Northern, Baltic, Black Sea, and Pacific; in 8 of the 11 deputy defense

minister slots (two yet to be named: the successors to Koldunov and Yazov), including all five heads of military services; in one of the three and Yazov), including all five heads of military services; in one of the three first deputy defense minister spots, and now, there is a new defense minister.

We will focus on the changes to date in the defense ministry. The appointees who come from the Ground Forces, five of the eight new deputy defense ministers (now four given Yazov's promotion), the first deputy defense minister, and Defense Minister Yazov all share a common background: years of front-line combat experience as NCOs and junior officers in World War II. All have recently held important field command positions, such as commander in chief of the Group of Soviet Forces in Germany, or commander in chief of Ogarkov's wartime high commands. Deputy defense ministers belonging to this category include:

**Army General Vladimir Govorov.** 1980-1984, commander in chief of the High Command Far East; since late 1984, a deputy defense minister; since July 1986, deputy defense minister in charge of civil defense.

**Army General Yuri Maksimov.** Late 1984-July 1985, commander in chief of the wartime High Command South; since July 1985, deputy defense minister and commander in chief of the Strategic Rocket Forces.

**Army General Ivan Tretyak.** Late 1984-July 1986, commander in chief of the High Command Far East; since July 1986, deputy defense minister, officially in charge of the Main Inspectorate, but, among other things, has a special role at the defense ministry for Soviet operations in Afghanistan, South Asia, and the Middle East.

Both **Army General Yevgeni Ivanovsky**, commander in chief of the Ground Forces since January 1985, and **Army General Pyotr Lushev**, first deputy defense minister since July 1986, had served as commander in chief of the Group of Soviet Forces in Germany (GSFG).

Since mid-1986, the signs of a coming transformation of the defense ministry were evident in a resurfacing of the Tretyak-Yazov combination. In July 1986, Tretyak was transferred to Moscow to become a deputy defense minister, and in February 1987, Yazov was also called from the Far East, to become deputy defense minister in charge of personnel. Technically speaking, either one would have served Ogarkov's purpose as defense minister, but here, *racial* considerations entered the picture. Ivan Moiseyevich Tretyak, a Ukrainian with some Jewish ancestry, could never become defense minister in the Russian-dominated Soviet empire.

One can add here that there has been a singular pattern, since mid-1986, of transferring officers of army general rank from field commands under the High Command Far East, to high posts in the defense ministry. Besides the cases of Tretyak and Yazov, recently, the commander of the Trans-baikal Military District, **Stanislav Postnikov**, who was promoted to army general on Nov. 4, 1986, was brought to Moscow and named first deputy commander in chief of the Soviet Ground Forces.

## Who is Dmitri Timofeyevich Yazov?

Born: Nov. 8, 1923

Entered the Soviet military after the Nazi invasion in 1941. Saw over three years of combat in World War II as a platoon and company commander.

1956: Graduated from the Frunze Military Academy.

1967: Graduated from the General Staff Academy.

1967-72: Commanded a regiment, and later a motorized rifle division, in the Leningrad Military District.

1972-76: Commanded an army in the Transcaucasus Military District.

1976-79: First deputy commander of the Far East Military District.

1979-80: Commander of the Central Group of Forces, the Soviet armed forces in Czechoslovakia.

December 1980 to mid-1984: Commander of the Central Asian Military District.

Mid-1984 to early 1987: Commander of the Far East Military District.

February 1987-May 29, 1987: deputy defense minister in charge of personnel.

May 30, 1987: Named defense minister.

A half-page laudatory feature on Yazov's battle-command abilities printed in the military daily *Krasnaya Zvezda* (*Red Star*), on April 13, 1985, described him:

"Army General Yazov can still recite by heart many articles of the regulations, especially those concerning the duties of a company commander. Perhaps they were remembered so well, because they were not picked up on the fly, but suffered and assimilated in the trenches, in that time that smelled of gunpowder, when carrying out or failing to carry out a regulation meant victory or defeat, life or death."

### Command and control reorganization

What's on the agenda now? Some of the answers are provided by the May 30 extraordinary Politburo meeting. As TASS reported that day, "The Politburo adopted a resolution to strengthen the leadership of the defense ministry," and, "underlined anew, the cardinal significance of the task of decisively raising the level of combat readiness and discipline in the Armed Forces [and] . . . of leading the troops in a qualified manner."

In short, there will be quite a shake-up occurring in the Soviet defense ministry.

There will also be quite a shake-up in the Soviet Air Defense Forces. The Politburo denounced the "unpardonable carelessness and indecisiveness" shown by the Air Defense Forces, citing the "lack of military deployments to protect the country's air space," and a "lack of vigilance and discipline." The Politburo declared that the Soviet Armed Forces must always be in a position to repulse "any type of attack upon the sovereignty of the Soviet state." It announced that Soviet state prosecutors had begun an investigation of all the circumstances surrounding the "violation of Soviet air space," including the "conduct by those persons responsible in this situation."

### The intriguing flight route of the Cessna

The Cessna's flight pattern provides some clues to the investigation and potential changes in command and control. The young Hamburg pilot Rust entered Soviet airspace over the Estonian coast, close to the Estonian border with the Russian Republic, and for the first leg of the flight overland, more or less "hugged" the Estonian-Russian republic border.

Estonia is part of the Baltic Military District, and the Russian territory bordering it is part of the Leningrad Military District. In the 1981 reorganization of the Soviet Air Defense Forces, the Air Defense Forces of the military districts of the Western U.S.S.R. (including the Baltic and Leningrad Military Districts) were removed from the Air Defense Forces and reassigned to the military district commands.

Here we come to the interesting command and control questions. We know that Soviet radar picked up the Cessna crossing the Estonian coast. We can assume here that the information was promptly transmitted to Baltic Military District headquarters. But, did the Baltic Military District HQ then inform the Leningrad Military District HQ, and/or the Air Defense Command in Moscow? If so, what was the time lag? While the Cessna was "hugging" the Military District boundary, how good was the coordination between the Baltic and Leningrad HQs, and between both and Moscow?

Once the Cessna made it safely past the Baltic and Leningrad district hurdles, given the lack of Soviet low-altitude radar inland until the general area around Moscow, how long was the plane lost to Soviet observation and tracking? How did the defense ministry function during this time-frame? Many, many more questions like this could be posed.

What is clear is that "snafus" were exhibited in the chain of command. What is equally clear is that Western electronic monitoring facilities now have a rich harvest of intercepted Soviet military command communications to sift through and analyze.

And, we can certainly expect a lot more changes in Russia as the Ogarkov's *perestroika* evolves, with ever-increasing momentum.

# Kohl capitulates, endorses zero option

by Susan Welsh

West German Chancellor Helmut Kohl on June 1 ended months of vacillation, and agreed to accept a U.S.-Soviet "double-zero option" agreement, eliminating from Europe nuclear missiles with a range greater than 300 miles. The decision, which was approved on June 4 by the Bonn parliament, was the result of heavy-handed pressure by both the Soviet Union and the U.S. State Department, including a high-profile lobbying effort on the part of U.S. Ambassador Richard Burt. As State Department spokesman Charles Redman told journalists: "If we interpret the reports that our ambassador to Bonn, Richard Burt, is sending us, in the right way, the broad majority of the West German population is for speedy talks on the proposals made by Gorbachov. . . . After all, only a small minority has expressed concern about the double-zero option."

Indeed, it was more than a "small minority" that had reservations about the withdrawal of U.S. nuclear missiles from Europe, leaving the continent vulnerable before vastly superior Warsaw Pact conventional forces. But opposition to the superpower deal was stifled, as the Greens and the terrorists took to the streets, rioting "in protest against the warmongers," and the media hastened to blame electoral defeats for Kohl's Christian Democratic Union (CDU) on the party's failure to endorse the disarmament plan. Kohl's coalition partner, the Free Democratic Party, blackmailed the CDU with the threat of allying with the opposition Social Democrats, should the government fail to endorse the zero option.

Some sources in the CDU believe that the turning point in the debate came when the British government announced on May 14 that it was supporting the "double-zero" proposal. Now, of the major European powers, only France is opposing Gorbachov's "peace" plan.

In West Germany, the official line is appeasement of the superpower across the eastern border. Echoing the propaganda of the Social Democrats and the Greens, President Richard von Weizsäcker, who is planning to meet Gorbachov in Moscow on July 6, said in his keynote address to the Army Commanders Congress on June 2, that the German armed forces should have a more "defensive" outlook, rather than an "offensive fixation on the other side as an enemy." In the age of nuclear weapons, East and West should rather see

themselves as "partners for security," he said.

On the other hand, the Kohl decision has whipped up the "Moscow Faction" in the CDU to new cries of "betrayal!" and new demands for an accommodation with the Soviet Union. Bernhard Friedmann, the CDU parliamentarian who is a top advocate of the reunification and neutralization of Germany, charged at the session of the party's Bonn parliamentary group on June 2, that all of the proposed zero-option agreements mean the sell-out of Germany by the United States, and that hence the Bonn government should adopt "a course of German interests first."

## Voices of opposition

The only consistent opposition to the zero-option deal has come from the Patriots for Germany party, whose chairman, Helga Zepp-LaRouche, campaigned against it during recent state elections in Rhineland-Palatinate. Franz-Josef Strauss, chairman of the Christian Social Union, the Bavarian counterpart of Kohl's CDU, has occasionally sounded sober notes of warning—interspersed with hopeful remarks about Gorbachov's alleged *glasnost* (openness). Following Kohl's capitulation, Strauss warned, "The whole thing naturally means a decoupling of America from Europe." Referring to those who supported the government decision with reluctance, he said, "I belong to the 'regretably' people."

Within the German military, there exists an understanding that the double-zero option will leave Europe *more* vulnerable to annihilation, and will make war *more* likely, not less. The inspector-general of the German Armed Forces, Adm. Dieter Wellershoff, addressed more than 450 generals, admirals, and senior Army officers in the city of Oldenburg June 3, explaining the fraud of Gorbachov's alleged desire for peace. "The final document of the recent Warsaw Pact summit has not changed a jot in Soviet military theory," he said. The Soviet Union's armed forces follow the same aggressive principles as ever:

- War, including nuclear war, remains the focus of Soviet strategic policy, and armaments are designed for that;
- Soviet military strategy is based on offensive combat operations, with the aim of carrying and winning the war on the enemy's own territory;
- A denuclearized Europe would make it a much easier prey for the Soviet military machine, given the disproportionate conventional might of the Warsaw Pact;
- The Soviet armaments program for conventional weapons has not slowed down, but has even been accelerated, and the Warsaw Pact has secured all its options for military offensive in all categories of weaponry.

"There is no such thing as a non-nuclear defense of Europe, without the troops and nuclear umbrella of the United States," warned Wellershoff. "The denuclearization of Europe will rather increase the threat of war."

Unfortunately, the U.S. administration itself has apparently "forgotten" this basic strategic reality.

# The 'Republikaner' Party—Moscow's new fifth column in West Germany

by Rainer Apel

A new right-wing-radical party, the "Republikaner" (REP) has been boosted by the media in West Germany as the "new conservative challenge to the political establishment in Bonn."

What is this party, whose chairman, Franz Schönhuber, said on May 23, 1987, at a political rally in West Berlin: "The key to the German Question lies in Moscow"—and called for reunification of the two German states under a status of military and political neutrality?

Schönhuber said that the Germans would be "fair partners of the Americans, but only as long as this goes along with German interests." This language resembles the policy which once led to the pact of August 1939 between Hitler and Stalin, which was directed against the three Western powers, France, England, and United States. The underlying ideology of this pact was what is known in the history of 20th century German politics as "National Bolshevism."

The REP was established at the end of 1983, as an operation to revive exactly this ideology of National Bolshevism in German politics within the framework of imminent U.S. military disengagement from Europe. In 1982, Franz Schönhuber, ex-journalist at Bavarian state radio, published his book, *Ich war dabei (I Was One of Them)*, praising the alleged spirit of fairness and European comradeship among the members of the Waffen-SS. Schönhuber served that organization in France, as an instructor for new Waffen-SS recruits from the occupied territories in the West.

As soon as Schönhuber's book was out at the bookstores, none other than the Swiss-based financier of Nazi networks in Europe, banker François Genoud, recommended it as a "must."

The book sold 250,000 copies in a political climate that was dominated by the heated debate on those "Hitler Diaries," which *Stern* magazine (publisher: a former official of the Goebbels wartime propaganda apparatus in Italy, Henri Nannen) launched with falsified documents from East Germany in early 1983.

The hoax behind the "diaries" was blown, but the debate it launched revived the dormant scene of old and new Nazis, and when Schönhuber founded the REP end of 1983, his venture fell on fertile ground.

The REP of the former member of the Waffen-SS, Franz

Schönhuber, was attractive for members of the neo-Nazi National Democratic Party (NPD, founded in 1964). One of the members of the NPD's inner core, Harald Neubauer, joined the REP and promptly became general-secretary and press spokesman. He stands for the national-neutralist wing of the NPD, which is anti-Western but ready to cut a strategic deal on Germany with the Soviets. Neubauer once was among the editors of the neo-Nazi weekly, *Nationalzeitung*, published by Dr. Gerhard Frey. The newspaper, sold in about 100,000 copies, is listed in the Bonn government's annual security report as the leading Neo-Nazi mouthpiece.

At the end of 1985, the REP was said to already have about 3,000 members, mostly in the southern state of Bavaria, preparing for the October 1986 state elections there. For a party with such unveiled neo-Nazi connections, this rapid growth was not possible without benevolence from a higher level.

It has been said that Schönhuber and Neubauer have "sensitive files" on most of the conservative politicians in West Germany, proving that many of them "were Nazis, but always covered that up."

It is most noteworthy, indeed, that the German Christian Democrats have never put real energy into the fight against the REP. Was it the REP's "secret files," that blackmailed the German Christian Democrats into tolerating the rise of Schönhuber's party? And—was there also an unsavory gentlemen's agreement, to the effect that the Christian Democrats would not fight the REP, as long as the REP went against the Patriots for Germany?

## Counterorganizing the Patriots

The Patriots for Germany, initiated by Helga Zepp-LaRouche and other leading German citizens, had captured attention on Oct. 15, 1985 with advertisements in the major national press, calling for: 1) no to decoupling from the United States, and no to a Social Democratic-Green coalition in Bonn; 2) full cooperation with the American Strategic Defense Initiative; 3) a just treaty of peace for Germany in all of its parts, in order that the German people may exercise self-determination in national sovereignty; 4) a policy of economic growth and opening of the German economy to a

New World Economic Order and industrialization of the underdeveloped sector; 5) a cultural renaissance based on the foundations of German classical culture.

Schönhuber began a campaign of massive counterorganizing against the Patriots for Germany at the end of 1985, giving the REP the misleading propaganda earmark of being a *Bewegung patriotischer Deutscher* (movement of patriotic Germans). A good deal of confusion was spread among voters about where the dividing lines actually were between the REP and the Patriots.

And in the summer of 1986, the REP stole the Patriots' slogan *AIDS bedroht uns alle* (AIDS threatens all of us), beginning a high-profile campaign for compulsory testing and registration of the population on AIDS, and quarantine for all infected persons. This was, however, mingled with the REP's racist campaign against foreigners living in, or traveling into West Germany.

Already from late-1985 on, the REP was transformed into an openly right-wing-radical party organization, a process during which part of the leadership was purged. Schönhuber managed to oust the two vice-chairmen Handlos and Voigt, who left the party soon after. The party was now under the firm control of Schönhuber and Neubauer, appealing more directly to the more extreme right wing of the German political spectrum.

There were also plenty of funds suddenly available. The REP was putting up about 90,000 posters during the Bavarian election campaign, an affair that posed many questions as to sources of funds, because such a venture required an estimated campaign chest of at least 2 million deutschemarks.

On election day, Oct. 12, the REP won 3% statewide in Bavaria, and in some regions in East Bavaria even 7% or more. This put the REP up front, for the media, as the leading right-wing party in the political landscape of West Germany, and provided the party with an official campaign reimbursement of 1.3 million deutschemarks. This refunding helped the REP to get rid, at least from the public, of nasty questions about its funds, as it had just become a "rich party." Franz Schönhuber himself informed the public (the media, that is) that the REP was "without debts," and rumors were leaked that the party had even assembled a war-chest of about 4 million deutschemarks "from membership dues and donations."

The REP did not run in the national elections of Jan. 25, 1987, but concentrated on "consolidating" its funds and membership. Certainly, this meant that another transformation of the party structure was already in preparation. The second transformation of the REP occurred a few days after the national elections of Jan. 25, when two prominent conservatives—Rear Adm. (ret.) Günter Poser and Emil Schlee—entered the party.

### The case of Günter Poser

The person of Günter Poser deserves very special atten-

tion, because of his close links to the NATO intelligence department. Born in 1916, he served the German Wehrmacht as a naval combat pilot and then as a submarine commander until he was taken prisoner of war shortly before the end of the war. Poser joined the newly formed West German armed forces as a naval captain in 1956, working out of an office at the just-established ministry of defense in Bonn.

Serving as a military attaché at the West German embassies in Japan and Korea between 1957 and 1963, Poser specialized on questions of defense and geopolitics in the Pacific and the Far East. Back in Bonn, Günter Poser was in charge of military intelligence at the West German ministry of defense from 1964 to 1969, and moved to NATO's headquarters in Brussels, to head its department of intelligence, with special emphasis on intelligence matters concerning the Warsaw Pact, until his early retirement in 1973.

Since then, Poser has been working as a defense consultant for the South Africans, the Japanese, the Chinese, and the South Koreans. He apparently joined the REP on the condition that he would be made vice-chairman of the party, and chairman Franz Schönhuber accepted.

Before entering the REP, Günter Poser had been in political contact with U.S. Gen. Daniel Graham and others from the High Frontier group, and in that function was engaged in direct counterorganizing against LaRouche's growing pro-SDI impact upon German military-industrial layers.

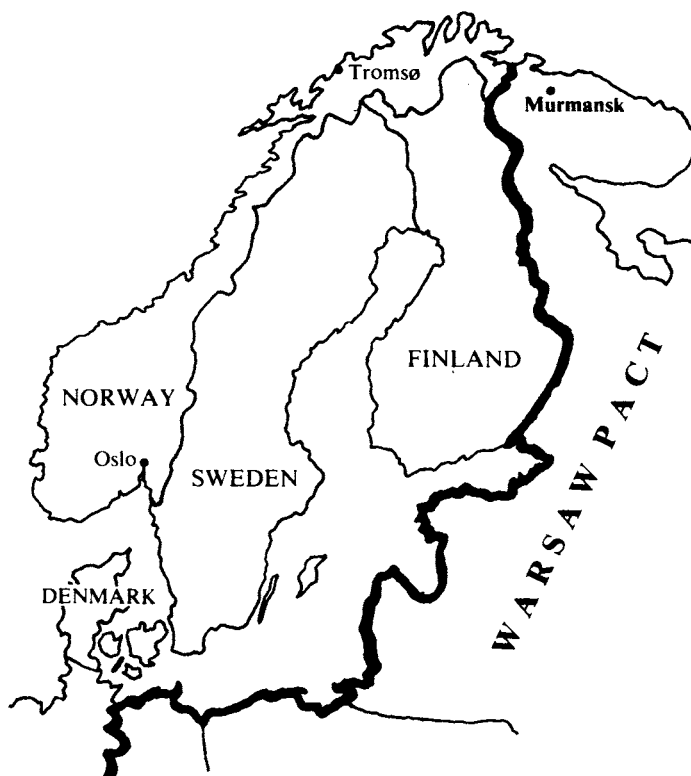
With Poser, a special aspect of the geopolitical lobby at NATO, a leading representative of the staunch opposition to LaRouche and the SDI among military layers in the West, entered the REP operation.

Also the case of the second prominent conservative to join the REP, Emil Schlee, points to dirty operations against the LaRouche current in German politics. Schlee originally joined the Patriots for Germany during their founding phase and tried to gain a leading post in the new movement.

But when it came to the point of forming a real party structure for election campaign purposes, Schlee reasoned that the Patriots ought to continue as a movement, rather than become a political party. Recognizing that there was no majority among the Patriots for his views, Schlee and his tiny minority group split. In April 1987, he joined the REP—to become the second vice-chairman of that party. Having stated a commitment (perhaps false from the start) in 1985 to work with the Patriots to defend Germany against the danger of decoupling, and against the Soviet Union, Schlee works openly for the other side now, the Kremlin and the decouplers.

The REP and its current leaders are the Kremlin's new and dangerous fifth column in West German politics, functioning as the main transmission belt now for organizing Germans into seeking an accommodation with Moscow. To root this treasonous group out of German politics, the Patriots for Germany have issued a declaration of political war against the REP.

# Make Norway part of the SDI!



**Now is the time for Norway, with its unique geographical position and membership in NATO, to play a decisive role in the defense of the Free World.**

**Norway actively partaking in the Strategic Defense Initiative (SDI) would stabilize the strategic situation in Europe for a considerable time. Building the Norwegian part of the SDI also leads to unimagined economical spin-offs — in itself the best defense.**

**We, Norwegian patriots, invite you to actively lobby to make Norway part of the SDI.**

**Geir Arne Hanssen**  
System consultant,  
network  
Oslo, Norway

**Ole Haugan**  
A/S Kunstbetong  
Fåberg, Norway

**Arne Roen**  
Hermod Christensen A/S  
Oslo, Norway

**Eldar Hareide**  
Hareid, Norway

**Klaus Sivertsgård**  
Oslo, Norway

**Øyvind Hogsnes**  
Electronics engineer  
Tønsberg, Norway

**Einar Braastad**  
Oslo, Norway

**A. H. Strandene**  
Engineer, Oslo, Norway

**T-E Thomassen**  
Solheimsvik, Norway

**Wilhelm Schreüder**  
Fjell-Heisen,  
Tromsø, Norway

*When in Tromsø,  
see the town from above —  
by the Cable Car!*

# The Soviets play the 'Canada card'

by Joseph Brewda

The Soviet foreign ministry is currently surfacing longstanding assets within the Canadian ministry of external affairs, as part of an elaborate scheme to disrupt U.S.-Canadian military arrangements through a contrived sovereignty dispute. The Soviet gameplan first became public on April 22, when External Affairs Minister Joe Clark made an astonishing speech before a Vancouver audience, in which he accused the U.S. government of violating Canada's sovereignty by deploying Navy and Coast Guard vessels into its extreme northern waters. These Arctic waters are claimed by Canada, but are considered to be international by the United States.

The prime Soviet objective in the affair remarks is not only to hinder NATO submarine and antisubmarine warfare deployment. The Soviet press has been violently denouncing Canada's agreement with the United States to build an advanced 52-station Northern Warning System to replace the outmoded Distance Early Warning, or DEW line, possibly including a space-based system. The agreement has provoked Moscow's wrath because of its significance for the first generation of the Strategic Defense Initiative.

Just how brazen Moscow's assets in Ottawa have become is indicated by testimony Clark made in April before the House of Commons' National Defense Committee, on a military proposal to build 10 nuclear submarines. Canada currently has no nuclear-powered submarines, and therefore, no capability to patrol under the Arctic ice against Soviet submarines. Clark gave his endorsement to the plan, but for reasons directly contrary to the proposal's sponsors. Clark declared, "In terms of the threat to our sovereignty in the north, on this day in April 1987, the larger threat comes from our friends, the United States."

The minister's pontifications over alleged U.S. military violations of Canadian waters have been dutifully copied by the "opposition," including the social-democratic New Democratic Party, which has called for mining the Canadian Arctic against U.S. submarines. The more fruity among this collection have long advocated abandoning the north altogether, on behalf of some "Eskimo nation" or seal and whale paradise.

## The Shevardnadze trip

The triggering incident for Clark's remarkable statements is not found in any U.S. naval deployment, but the post-

Reykjavik trip of Soviet Foreign Minister Eduard Shevardnadze to Ottawa last October. Shevardnadze not only signed a new wheat agreement, but suggested to Clark some 25 separate joint ventures with Canadian oil and gas companies. Naturally enough, the joint ventures primarily related to the Canadian north, and led an enthusiastic Clark to tell the press that "the Arctic is our [Canadian and Soviet] common heritage and our common vision."

Immediately following the discussions, Canada reactivated a Canadian-Soviet cultural and exchange accord that had been suspended following the Soviet invasion of Afghanistan. (A similar accord was renewed in the United States last year, through the efforts of U.S.-based Soviet agent Armand Hammer, as one of the prizes for the Reykjavik summit.) Among the joint projects agreed to between Canada and the U.S.S.R are joint satellite monitoring of Arctic ice flows, mineral resource mapping, and study of the curious atmospheric electromagnetic phenomenon known as the 'Northern Lights. All of these studies have direct and indirect military importance. Canada is even considering launching its commercial satellites from Soviet facilities.

The particular network within the external affairs ministry which is pushing for a U.S.-Canadian break dates back to the 1930s, when former Canadian Prime Minister Lester Pearson first got his start in government. Pearson has since become notorious for protecting or promoting numerous individuals in that ministry, who were believed to have been controlled by Soviet agents Kim Philby and Donald Maclean. One protégé of Pearson, however, was long-time Prime Minister Pierre Elliott Trudeau, whose overt support of Soviet strategic objectives continues to be a threat to North America. It was Trudeau, under the cover of the doctrine of "multiculturalism," who funded and promoted diverse terrorist organizations, which remain a critical "environmental support base" for Soviet spetsnaz (irregular warfare, terrorist) capabilities.

Not surprisingly, two of the strongest advocates of removing NATO from the Arctic are Lester Pearson's son, Jeffrey Pearson, who was the Canadian ambassador to Moscow under Trudeau, and the Bronfman family, which first funded Trudeau's political campaigns. The Montreal-based Charles Bronfman, and his U.S.-based brother Edgar, have been to Moscow several times in past months, negotiating business deals in exchange for political concessions by the West.

The Bronfmans are central to a current effort to ban *EIR* in Canada, based on alleged violations of Canada's "hate statutes." Timed with Clark's effort to drive a wedge between Washington and Ottawa, the Bronfman-allied Canadian Broadcasting Corporation carried a lengthy slander of Lyndon LaRouche. This CBC attack was based on a report recently issued by the Canadian B'nai B'rith, modeled on earlier slanders penned by the U.S.-based Anti-Defamation League (see *International Intelligence*, pp. 60-61).

# Philippines: behind the Cory magic

by Linda de Hoyos

Election fraud is not unusual in many countries in the world, including the United States. But very rarely is the victim of fraud able to prove beyond doubt that fraud occurred, or if it did, that it would have altered the outcome of the elections. However, the Grand Alliance for Democracy in the Philippines, the opposition slate of nationalist leaders opposed to President Corazon Aquino, has now obtained precisely such devastating evidence.

In the May 11 elections for the new Philippines Senate, the Grand Alliance slate had been expected to gain at least 8 out of 24 seats, given the national stature of its candidates. But in the Namfrel "quick count" vote and in the tallies of the government election commission Comelec, the GAD has won only 2-3 seats. As one American observer in Manila put it: "The only time we ever see government candidates getting 98% of the vote is in the East bloc."

The Grand Alliance, led by Vicente "Teng" Puyat and former Defense Minister Juan Ponce Enrile, charged fraud in the immediate aftermath of the vote, when presidential press spokesman Teodoro Benigno announced that Cory had won by a "landslide." This report went out to the press, even though no votes had yet been counted. "It must be that Cory magic," Benigno crowed.

Now we know what he meant. On May 29, two computer workers with Namfrel began to grow suspicious of the patterns emerging from the Namfrel electoral printout, and decided to have a look at the program. To their shock, they found that the computer had been programmed to give a total of 10,000 votes—over and above any votes actually tallied—in each district to each administration candidate. In sum, this gave each administration candidate a floor vote of 2 million votes nationwide!

The program was locked in the computer under the codename: "MAGIC."

The Namfrel program explains the persistent reports that more votes were counted in districts throughout the country than registered voters. For example, in Ziga, 150,000 votes were tallied in the May 11 elections; there are only 110,000 voters in the district. According to columnist Luis Beltran, writing in the *Manila Star*, in Lanao, Mindanao, a stronghold of the Grand Alliance, there were 40% more votes than voters. "Is it possible," asks Beltran, "that Cory had no idea of the depth of political degradation" to which her administration has sunk? By the end of May, even Aquino admitted that

"some fraud" had occurred.

The evidence to be presented by the Grand Alliance adds to the exposure of the Aquino government as a dictatorship imposed on the Philippines by the international banks and the International Monetary Fund—dirty work compliments of the U.S. embassy (see article next page).

The week after the elections, Maurice "Hank" Greenberg, of the American Insurance Group, arrived in Manila with a shopping list for Filipino assets. On the scene are representatives of Citicorp, Coca Cola, Manufacturers Hanover, and Caltech. Greenberg, a close associate of Central Bank chief Jose Fernandez, who was installed at that post under Marcos at the behest of the IMF, is also a leading figure in the U.S.-U.S.S.R. Trade Council. The plan of Finance Minister Jaime Ongpin for Philippine Investment Notes (PINs) follows precisely the prescription of Citibank, who played the hard-cop role in negotiations on the Philippines' \$28 billion in foreign debt. That plan calls for the bankers to trade in non-performing loans for performing assets—with no investment in "anything new"—that is, development.

Accordingly, the Philippines is selling off some 125 state-owned corporations, and is putting up the two leading subsidiaries of the state-owned oil company.



Philippines President Cory Aquino: wanted for vote fraud.



The brazen Ongpin-Fernandez fire sale of Philippine assets is causing a stir even within the Aquino cabinet. On April 23, National Economic and Development Agency director Solita Monsod wrote a letter, only now released, questioning the method of counting foreign-exchange earnings. According to a 1972 law instituted in the first year of Marcos's martial law, the Philippines is forbidden to allocate over 20% of its foreign earnings to debt service. To get around this, Fernandez announced in 1984 that receipts from foreign loans would count as new export earnings—effectively raising the ceiling on the amount paid to debt service by ballooning the export-earnings figure. Even with this subterfuge, under the agreement worked out by Ongpin, the Philippines will pay 45% of its bloated export earnings in debt service.

The Grand Alliance for Democracy is the only force in the country putting forward a nationalist program for economic sovereignty and development—one reason why the leading figures of the alliance have somehow always been on the outs, no matter who the United States backed in Malacanang Palace. The evidence of massive vote fraud which continues to break in the press, should be taken as a warning by Mrs. Aquino, that her brutal defeat of the Grand Alliance at the “polls” May 11 could well be a Pyrrhic victory.

## Wall Street firm owns Jaime Ongpin

Stephen Bosworth has left his post as U.S. ambassador to the Philippines. Bosworth, it has been announced, will take up a position with the New York investment banking house of Allen and Co. Throughout 1985 and early 1986, Bosworth, from his U.S. Embassy post in Manila, had been the chief orchestrator of the U.S. State Department coup, which overthrew President Ferdinand Marcos and installed the government of Corazon Aquino.

Curiously, the Finance Minister of the new “people’s power” government, Jaime Ongpin, has been owned lock, stock, and barrel throughout his entire adult career, by Bosworth’s new employer, Allen and Co. This firm, one of the top ten investment banking houses on Wall Street, whose partners Charles and Herbert Allen are worth a combined minimum of \$550 million, achieved great notoriety in the 1960s and 1970s, as the *private investment bank of Meyer Lansky*. It looks as if Allen and Co. will more than get their money out of Ongpin and Bosworth. Now that Ongpin is in power, he has authored an innovative new scheme, the Philippine Investment Notes (PINS), to raffle off the chief assets of the Republic of the Philippines to pay the foreign debt.

The lead investment bank on the new Ongpin-authored PINS? Allen and Co., of course.

Bosworth’s employment raises immediate issues of conflict of interest. Was Bosworth, during his tenure as ambassador in Manila, actually representing the interests of the U.S. government, or was he representing the interests of Allen & Co., which is now cleaning up on the debt-for-equity schemes of Aquino Finance Minister Ongpin?

In 1986, *Dope, Inc.*, the best-selling exposé of the \$500 billion international narcotics cartel, devoted several pages to the unusual story of the Airborne Freight Co. of Seattle, Washington, and its subsidiary, Midwest Air. According to U.S. law enforcement sources, Airborne was a major carrier of drugs coming in from the Far East. Its subsidiary, Midwest Air, carried two things: time-sensitive checks of the Federal Reserve System, which meant its cargoes were not inspected, and secondly, dope. The owners of Airborne Freight? Allen and Co.

The Allens also own the Philippines’ Benguet Consolidated Mining Company, the largest gold mining operation in Asia. The *New York Times* of Feb. 26, 1978 recounted the story of a notorious crook named Louis Chesler, whom former U.S. prosecutor Robert Morgenthau called “just another bagman for Meyer Lansky.” Said the *Times*, “Charlie Allen was no stranger to Louis Chesler, either. Both men owned significant portions of a development in the Bahamas which was involved in building the Lucayan Beach Hotel and Casino, a scandal-tainted operation which included . . . a convicted stock swindler named Wallace Groves . . . who would be later identified by law enforcement sources as yet another bagman for Meyer Lansky. How a large, well-respected Wall Street investment banking firm became involved with such a shady bunch of characters . . . tells much about Charlie Allen. . . .” Ultimately, the Allens sold their Cayman Islands piece of the Lansky action to themselves—to Benguet Consolidated Mining Co.

Around this time, a young Filipino named Jaime Ongpin had just graduated from Harvard Business School. He was hired by Allen and Co., and sent back to the Philippines. In 1974, Jaime became Benguet’s first Filipino president.

The following interview with Allen and Co. partner Herbert Allen was made available to *EIR* by a source in business in the Far East, and sheds interesting light on the Ongpin-Bosworth case. It was conducted June 1, the day after a dramatic speech at the Manila Rotary Club by Grand Alliance for Democracy leader Vicente Puyat, which called for the Philippines to follow the “Peruvian solution,” to pay only 10% on foreign debt.

**Q:** . . . I don’t know whether you got the news over the past 24 hours, the speech that the leader of the opposition gave in Manila?

**A:** I have been traveling. I just came in from Paris.

**Q:** Ok. What he said is, “Look, the Grand Alliance for

Democracy is adopting the García solution. We're going with the Peru model, 10%, that's all we are going to pay." Now, what I didn't like about it so much was that he was very specific and concrete on how much of the \$2 billion that was not going to be paid to the banks in the coming period was going to be spent for education, for energy infrastructure, for this, for that. In other words, it was quite well thought out as a major policy statement.

A: Ongpin was not involved?

Q: No. . . . Apparently this flies very much in the face of what Jimmy Ongpin has been saying.

A: Yeah, well, quite frankly, I haven't spoken to Jimmy in a couple of weeks.

Q: But you're in pretty regular touch with him, right?

A: Oh, well uh, you know, well I'm in touch with somebody in the Philippines, almost daily, yes.

Q: Yes. Okay, good, because. . . .

A: I don't know this, I can't talk to you on this because I really don't know. . . . It seems to me the statement would be made by Jimmy rather than by him.

Q: Herb, let me ask you, on the PINs, because that's, I have been getting questions all over the place. Is this thing going

to go ahead? Because you folks are pretty much. . .

A: On what?

Q: On the Philippine Investment Notes.

A: Uh, I, I won't, will not, I don't want to remark on it.

Q: Okay, obviously.

A: Okay?

Q: No problem, no problem. Let me just ask, in the sense of the policy that was agreed to, with the restructuring when Ongpin and Jobo came here, as far as you know, that's what's. . .

A: I know of nothing else other than that.

Q: Okay.

A: Jimmy would tell me if it were changed.

Q: Yes, he used to work for you.

A: Yes, he was employed here for two years.

Q: At Allen and Co.?

A: At Allen and Co., Inc. When he came out of Harvard Business School. Then through our connections we helped him become president of the Philippines—of the Benguet, in the Philippines.

Q: Yeah, sure. So I guess you are. . .

A: And we happen to be very close friends.

Q: Oh? That's good.

A: Yeah.

Q: So you're quite happy with what he and Jobo [Fernandez, Central Bank head] are doing.

A: They're terrific.

Q: They're terrific?

A: They're terrific.

Q: Well, you know, with elections, what they're doing is, they're screaming, "Jimmy's selling out the Philippines." That's. . .

A: Contrarily, he's, he's done a great job for them. A great job.

Q: So he has your, more or less, your stamp of approval?

A: I think he's done a fantastic job, really. Dedicated man.

Q: Uh, huh. And you're still pretty much talking to him regularly and you have a. . .

A: Well I know, I, I, I talk to the Philippines quite frequently. Okay?

Q: Because. . . okay, well, thanks very much Herb.

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## Book Review

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# The Soviet Army between the Prussian General Staff and Dostoevsky's madness

by Laurent Murawiec

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### **The Soviet Military (Political Education, Training & Morale)**

by E.S. Williams, with chapters by C.N. Donnelly & J.E. Moore; Foreword by Sir Curtis Keeble  
Royal United Services Institute, Defence Studies Series, Macmillan Publishers, London 1987  
203 pages, clothbound, £27.50.

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### **Le chef de l'Armée Rouge, Mikail Toukhatchevski**

by Pierre Fervacque  
Paris, 1928

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This book by Air Commodore (ret.) E.S. Williams, a Soviet Studies Associate at the London Royal United Services Institute for Defence Studies, provides a precious study, given the means available to the Western general and expert public, to probe the state of mind of the Russian soldier, and how it is generated and maintained—a parameter overwhelmingly ignored by the silly “numbers games” which usually pass for analysis of the Soviet military capability.

How is the proverbial “Ivan” turned into a soldier? From nursery school, where the under-four-year-old child will be familiarized by the omnipresent pictorial representation of Russia's demigod, “Lenin,” even before reaching kindergarten (4-7) where children's books concern less toys and little bears than soldiers and their sons, patriotic heroes and their children, boy-heroes and evil enemies of the Motherland. There, the child and future soldier acquires, if not belief, a predisposition to believe the axioms of his world-outlook. Outside the schoolroom, he is under the sway of the Oktobrist

youth organization (7-9) where much effort is devoted to the same aims.

*Malchish Kibalshich and the Tale of the Military Secret* is cited by the author as exemplary for the kind of literature absorbed at that stage: The Soviet armed forces, in the book's story, fight a cruel and evil enemy called the “Burzhins,” a buzz-word reminiscent of Russian for “bourgeois” (*burzhua*). “It is a timeless war, having no beginning and no end in sight. Successive generations of Soviet people go off in turn to fight the ever-pressing *Burzhins* and in turn are killed defending their homeland. The *Burzhins* are depicted as tall, hook-nosed people with pince-nez, wearing morning dress and top hats in the style of bankers of a bygone age. . . . The *Burzhins* never win but neither do they lose, so the struggle continues.”

Our little friend, Russian boy Malchish, will of course die under unspeakable tortures inflicted by the enemy. The Orwellian quality of the eternal struggle is certainly an indication of the underlying philosophy and content of Soviet “education,” a Manichean world-outlook.

Further in the idea-content of Soviet crypto-education, the author reports from his own experience, having been shown a schoolchildren's play in a Pioneer Palace, one designed to illustrate a concept of Creation: “A life-force . . . is responsible for the cyclic renewal of animal and vegetable matter. . . . A drama-group composed of ten-year-olds act[s] out the advent of the life-force on the barren surface of the earth. . . . [the] good creatures of the life-force [have] to contend with the bad fairies, the death-force bent on return[ing] the planet to its barren state. The representatives of this death-force, symbolizing evil and decay, [are] dressed very like *Burzhins*.” None of history's gnostic, manichean cults could object.

The *Burzhins* soon acquire a more defined silhouette,

Williams reports, as Ivan progresses to the eight-year school and its correlate, the Pioneers (9-14). There, the U.S.A., NATO, etc., are named. Thirty-five million Soviet children, that is, every single child in the country, hold membership in the Oktobrists and/or the Pioneers, which pick them up at the end of school hours, and for the holidays—which leaves precious little influence to members of the family. The “collective approach to life” is strengthened, and the solemn oaths of induction emphasize the “*self-less*” quality of the young member of Soviet society. At school, for two years, the student receives military education every week, while every Pioneer Palace (which are to be found in every village, one of the nicest buildings and best furnished) has at least one ex-serviceman whose job it is to school the children in basic military crafts (map-reading, reconnaissance, marksmanship, first aid, etc.). Field exercises are held, culminating once a year in a all-Union exercise for Pioneers—just as at the next stage, the Young Communist League (Komsomol) an annual pre- or para-military exercise engages more than seven million members.

### From child to soldier

Having been accepted in the Komsomol, Ivan will also, probably, join DOSAAF, the Voluntary Society of Cooperation with the Army, Aviation, and the Fleet, an organization responsible for pre-call-up military training, which boasts of a membership of 80 million workers and students, comprising 330,000 clubs! Led by a four-star general who has parity with the heads of the five armed services, DOSAAF represents a formidable pool which will complete the delivery of militarily trained and ideologically conditioned youth to the Armed Forces on the day of induction. When Ivan meets his political officer, the *Zampolit*, he has already spent 18 years absorbing, rather unconsciously, the tenets of the Russian liturgy. Important insights are to be gained from Williams’s book on this matter: It is often claimed in the West that the Russian population reacts apathetically and with a boredom converging on rejection to the unceasing agitprop poured forth by the Party. But the permanent indoctrination, the author indicates, does not necessarily concern itself with fostering *agreement* with the idea-content of Communist programs and slogans, but with *conforming adhesion*. Just as the liturgy of the Russian Orthodox Church does not aim, contrary to Western churches, to provide a conception of theology and morality, but one of ritual and liturgy, agitprop aims at, and results in, the state of affairs Williams describes thus: “a population which, after 65 years of party ‘enlightenment,’ has come *instinctively* to believe in its destiny to reform the world [emphasis added].”

The *Zampolit*, the current figure of the political commissar, is instructed by his own handbooks “to indoctrinate his unit with a spirit of high idealism, diligence and selfless devotion to the homeland,” and “to indoctrinate personnel with a hatred toward the nation’s enemies.” Regimented and

indoctrinated from the dawn of childhood, Ivan, who has received pre-military training, then goes through a lengthy military service (two-three years) characterized by drill, drill, and more drill, rather than the acquisition of higher military skills; by slavery in social relations, a complete cut-off from either his original milieu (extreme scarcity of leaves) or his surroundings (barracks consignment), the atrocious bullying of officers, NCOs, and more senior fellow-soldiers. One-third of his time will be taken in political instruction, with emphasis on war psychosis, security psychosis and the “stealing of will.” As graphically described in Viktor Suvorov’s book *The Liberators*, a crucial mechanism in Soviet armed forces is the deliberate fanning of extreme rage and hatred in the soldiers who, deprived of any outlet and permissible object to express their rage, are fit to be unleashed on any designated enemy, which will have to bear the brunt of pent-up rage. In short, “those are those you may hate, and the time may come when you will get a chance to hit out.”

Ethnic conflict is ever-present, the author notes, and is used and fanned by the military leadership as a means of overall social control. Extreme racism with respect to non-Slavs is prevalent—except for those non-Slav, non-white officers who fully engage in (self-) Russification and become part of the imperial elite which the officer corps is, today as in the Czars’ time.

The chapter by C.N. Donnelly on the Soviet soldier stresses, “The Soviet military system requires the conscript to perform simple battlefield tasks which have been learned by constantly repeated drill” but “to be able to perform them in any battlefield condition. . . . [It] does not . . . expect initiative or imaginative and constructive actions from its soldiers: it only expects reaction and drill movement. The very concept of initiative (inasmuch as it is ever asked of NCOs and junior officers) is taken to be no more than the initiation of the correct drill appropriate for the given circumstances.” However, Donnelly notes, his lack of versatility “does not necessarily mean that he is a poorer soldier, because the system to which he belongs does not require versatility or initiative of him. . . . The Soviet soldier is well-drilled and has proven extremely resourceful and well able to look out for himself in all conditions.” In short, the “rigid discipline has enabled the Soviet Army to force through an attack or maintain the structure of a defensive position, despite horrendous casualties, because it has overcome fear among the soldiers by an even greater fear of execution at the hands of their own superiors.”

Those are precious indications of the strengths and weaknesses of the Soviet military, which need to be translated in operational concepts by Western military planners. Lessons can also be adduced from the Afghanistan war, the “behavioral laboratory” for the Soviet army, Williams writes in conclusion. The spread of depression and demoralization, crime and drugs, poor discipline, and abysmal living conditions and hygiene has not eroded the fundamentals of “con-

tinued, conforming cooperation of the silent majority.” Additionally, “when it comes to military necessity, the KGB will play for keeps.” Thus is the soldier taken care of. The officer corps, he adds, at the higher levels, is purposeful and capable, and compares favorably to the relative slowness and lack of initiative of middle and lower levels, seized by the fear of “doing something wrong.” The military potential of the militarized society that Russia is, is formidable, if vulnerable.

### **In the mind of Marshal Ogarkov**

A much older book, published in 1928 in Paris, affords an exceptional insight into the mind of one of the creators of this military machine, Marshal Mikhail Tukhachevsky, the hero and favorite of the Red Army in the Civil War, the war against Poland, and one of the core-group that effectively built the Soviet army. Tukhachevsky may well have been executed in the Great Purge of 1938 that exterminated the officer corps, but his legacy of strategic thinking was passed on, notably through such figures as Marshal Georgi Zhukov, and, today, Marshal Nikolai Ogarkov, deputy commander-in-chief.

Fervacque, a French officer taken prisoner by the Germans in World War I, spent a long time with Tukhachevsky in a POW fortress, in conditions of enforced personal intimacy seldom afforded to students of the Russian leadership, military or civilian. His narrative is the flip side of the better-known “Prussian General Staff” quality of cool, calculating military rationality of the Russian officer.

Tukhachevsky . . . an able soldier, his outlook on civilization so closely reflected the Asiatic side of Bolshevism that to understand the future of the Russian Revolution it is worthwhile to examine it. Born in 1892 of a noble family which traced its descent back to the Counts of Flanders, although his mother was an Italian, in character, he was Tartar. . . .

By instinct, he was *a romantic barbarian who abhorred Western civilization*. He had the soul of Genghis Khan, of Ogdai and of Batu. Autocratic, superstitious, romantic and ruthless, he loved the open plain lands and the thud of a thousands hooves, and he loathed and feared the unromantic orderliness of civilization. He hated Christianity and Christian culture because it had obliterated paganism and barbarism and had deprived his fellow countrymen of the ecstasy of the god of war and the glamor of the “carnival of death.” Also he loathed the Jews because they had helped inoculate the Russians with the “plague of civilization” and “the morale of capitalism.”

Fervacque recalls how his fellow-prisoner told him:

A demon or a god animates our race. We shall make ourselves drunk, because we cannot as yet make the world drunk. That will come.

Fervacque having found him painting the head of an atrocious idol, the future Marshal answered:

Do not laugh. I have told you that the Slavs are in want of a new religion. They are being given Marxism; but aspects of that theology are too modern and too civilized. It is possible to mitigate this disagreeable state by returning to our Slavic gods, who were deprived of their prerogative and strength; nevertheless, they can soon regain them. There is Daschbog, the god of the Sun; Stribog, the god of the Storm; Wolos, the god of human arts and poetry; and also Pierounn, the god of War and Lightning. For long, I have hesitated to choose my particular god; but after reflection, I have chosen Pierounn, because once Marxism is thrust upon Russia, the most devastating wars will be let loose. . . . We shall enter chaos and we shall not leave it until civilization is reduced to total ruin.

We cannot pretend to know whether Nikolai Ogarkov, in his heart of hearts, is also a worshipper of Pierounn, the god of War and Lightning. What ought to be obvious to the Western reader is that he, at any rate, believes in the sacred cult of Mother Russia, as the quasi-liturgical language he used in his celebrated September 1983 press briefing on the shooting down of the KAL-007 airplane indicated.

Further to the contents of the Russian General Staff’s mind and its ideology, Fervacque reported more of Tukhachevsky’s ravings:

Seriously, it would be good for humanity were all books burned, so that we could bathe in the fresh spring of ignorance. I even think that this is the sole means of preventing mankind from becoming sterile.

The hero of the Red Army explained how necessary it was to have Russia ruled by a new Ivan the Terrible—a hope that was to be fulfilled even beyond the marshal’s wildest expectations, and at the cost of his own execution:

Then, Moscow will become the center of the world of barbarians. . . . If Lenin is able to disencumber Russia from the old junk of prejudices and de-Westernize her, I will follow him. But he must raze all to the ground, and deliberately hurl us back into barbarism.

Reading Nikolai Ogarkov’s books, their carefully thought-out, systematic outlook bears witness to cool, calculated planning. But while the militarization and regimentation of Soviet society is meticulously planned and organized, as Williams’s book shows, what lurks behind is the wild ravings of “the Horde,” as Tukhachevsky fondly called the Red Army. There is plenty of evidence that today’s General Staff and officer corps have absorbed, with the orientation on offense and strategic surprise, the rest of Tukhachevsky’s legacy.

# New book on mission to the Slavs lifts veil from the true East

by Fiorella Operto Filipponi

Before a rapt audience of diplomats, professors, and students, on May 19 at the St. Thomas Pontifical University in Rome, known as the "Angelicum," the annual commemoration in homage to the Slavic saints Cyril and Methodius was celebrated. The week from May 19 to 24 saw the unfolding in Rome, Naples, and other European cities, of the celebrations in honor of Sts. Cyril and Methodius, events which concluded, from the Italian side, with a ceremony on May 24 at St. Clement's church in Rome, where Cyril is buried.

After words of introduction by the ambassador of Yugoslavia to the Holy See, the celebration at the Angelicum continued with a presentation by Prof. Tomislav Marasovic, professor of medieval art history at the University of Split, on "Sacred Architecture of the High Middle Ages on the Eastern Adriatic," illustrated with very interesting slides. The event ended with the presentation, by the Yugoslav ambassador to the Vatican and Italian Radio (RAI) director Dr. Altamura, of the new book by Prof. Jiří Maria Veselý, *Gri-deranno le pietre (The Stones Shall Cry Out)*, published by the Schiller Institute a few days earlier.

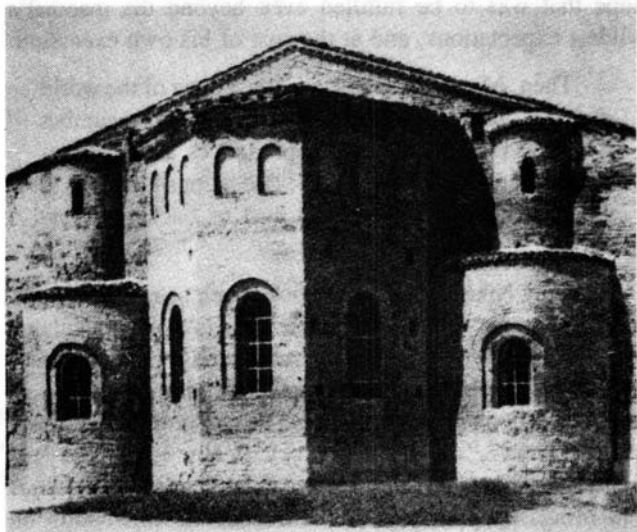
Eagerly awaited in religious, diplomatic, and scholarly

circles, Professor Veselý's book is a highly original condensation of many historic and highly topical themes, revolving around the figures of the sainted brothers Cyril and Methodius.

Professor Veselý documents succinctly the existence of an "Eastern" culture which is in no way comparable to the complex of schemes which we Westerners are used to identifying with the term "East." The Apostle Paul, "apostle to the Gentiles," the apostle to Asia, often resided in the great city of Thessalonika, where the two apostles to the Slavs, the brothers Cyril and Methodius, were born. From there, after being trained in classical culture, the brothers moved out to Christianize the Slavic populations which had settled in Moravia as a result of the well-known migrations. With neither language nor alphabet, the Slavs were neither a nation nor a people: Cyril and Methodius gave them an alphabet which, contrary to what many believe, is not the "Cyrillic" known today; in their language, called "glagolitic," the Slavs had their sacred books.

As John Paul II wrote in his *Slavorum Apostoli*, the encyclical dedicated to the two missionaries to the Slavs, named by the Pope "Co-Patrons of Europe"—together with that St. Benedict whose order was not exactly an ally of the Christianizing forces of the two brothers—the work of Christianization of every people goes hand in hand with the revival and development of the noblest qualities of that people, of their great culture, if they have it, or of the process of acquiring such. That is what Cyril and Methodius did toward the Slavic peoples. And yet, as Professor Veselý's book documents, along with previous books by this author, such as *Scrivere sull'acqua (Writing on Water)*, published by Jaca Books, and *Il terzo angolo, (The Third Angle)*, published by the RAI—part of the Latin clergy strenuously opposed the work of the apostles to the Slavs, and among these particularly the Venetian hierarchy ("the Venetian crows") and the hierarchy of the Order of St. Benedict.

Thanks to the religious and cultural work of Cyril and Methodius, there developed above all in Moravia—Father Veselý's birthplace—and later in Macedonia, today Yugoslavia, where the disciples of the two apostles took refuge when they were persecuted by the Byzantines, a current of ideas that gave rise to a "Macedonian renaissance." This



Ochrida (Macedonia capital): apse of the church of Hagia Sophia, early 11th century.

## Schiller Institute fêtes third birthday

The Schiller Institute, founded in Virginia (United States) in May 1984, and in June of that year in West Germany, was named for the great poet of freedom, Friedrich Schiller, whose ideas are key to revitalizing the German-American alliance on behalf of the classical values of the West.

At a recent meeting in Stromberg, West Germany, celebrating the Institute's third anniversary, founder and chairman Helga Zepp-LaRouche reviewed the group's achievements. Starting out with a tiny staff of committed founding members, the Institute is now active in more than 70 countries and has gained considerable influence in the economic, political, cultural-social, and religious debate worldwide.

- On July 4, 1984, delegates from some 60 nations of the West attended the First International Conference in Arlington, Virginia.

- At the second conference in Wiesbaden, September 1984, one hundred Americans marched in as a "Benjamin Franklin Brigade."

- In November 1984 the Institute formulated the new Declaration of the Inalienable Rights of Man, and organized a 10,000-strong March on Washington on Martin Luther King Day on Jan. 15, 1985, addressed by America's foremost black Democrat, the late Hulan Jack, former

Manhattan (New York) Borough President, and Amelia Boynton Robinson, a leader with Dr. King of the 1963 civil rights march on Selma, Alabama.

- The organization's November 1984 celebrations of the 225th birthday of Friedrich Schiller, organized in 40 cities around the world, featured poetry recitations by school-age youth.

- The Schiller Institute Ibero-American Trade Union Commission was formed and met in September 1985 with Peru's new President, Alan García.

- The Institute's Krafft Ehrlicke Memorial Conference in May 1985 honored the German rocket scientist and Schiller Institute member, who along with Wernher von Braun, provided a guiding hand in America's "reach for the stars" during the 1960s.

- The Schiller Institute's St. Augustine Conference in Rome, on Nov. 1-3, 1985, set the stage for the Vatican's Extraordinary Synod a few weeks later, where the Pope and Cardinal Ratzinger asserted the inseparability of economics and morality.

- The April 1987 Lima (Peru) conference honored the 20th anniversary of Pope Paul VI's encyclical on economic development, *Populorum Progressio*.

- An international Schiller Institute Agriculture Commission was founded early in 1987 at a conference in West Germany.

- The Institute has published numerous books, among them *The Hitler Book*, *Defend the Atlantic Alliance*, *Colonize Space! St. Augustine, Father of European and African Civilization*, and an anthology of works by Schiller in English.

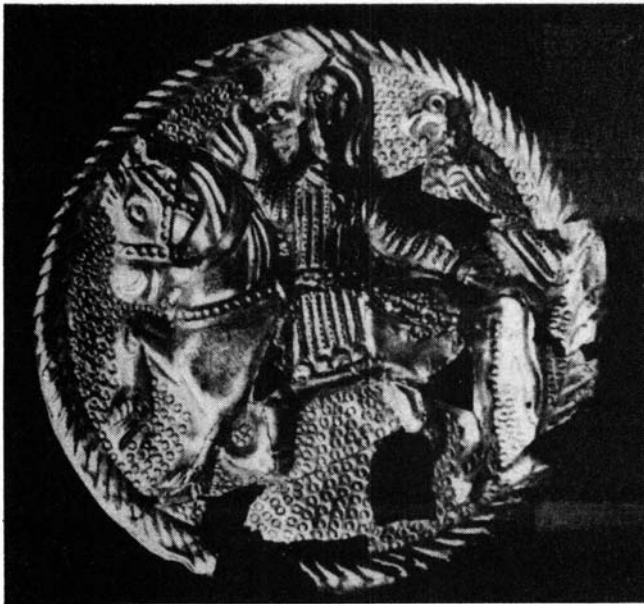
produced, among other things, the conception of the temple on a circular groundplan that was later developed by Leonardo da Vinci, Bramante, and Raphael.

The art, the iconography ("the stones") are an integral part of the Cyrillic-Methodian work and influence: Professor Veselý's book, in fact, opens, after the introduction consisting of the encyclical *Slavorum Apostoli*, with the chapter, "The meaning of the sacred and the beautiful according to the letter *Egregiae Virtutis* and the encyclical *Slavorum Apostoli*." The two apostles moved along the lines of a unified conception of faith, culture, and art, of an "anti-Darwinian" philosophy of man in which man "is born the man-artist" *ab origo*. Professor Veselý, a highly respected archeologist, states that "the myth of Neanderthal man is crumbling," and the theory is being affirmed according to which prehistoric man produced "sacred art which, together with words and music, was a means of communication, a message." Understanding profoundly this typically classical Socratic, Platon-

ic, Pauline conception, the two apostles set up the mission to the Slavs according the model of "inculturation" as the Pope puts it, precisely in their tradition, which they developed and ennobled. It was this tradition that Byzantium opposed, persecuting the two brothers and their followers and, with the proto-Khomeinist movement of iconoclasm, destroying Macedonian-Moravian art.

But Byzantium was not the only center of opposition to the work of Cyril and Methodius: Gregory VII, born Hildebrand, ordered the abolition of the Slavic liturgy in the 11th century, closed the Cyrillic-Methodian monasteries, and declared Methodius a heretic. A pillar of the Roman imperial legacy in the Catholic hierarchy, Gregory VII was to be the harbinger of that Europe from the Atlantic to the Urals, that "common homeland" under the aegis of a new Roman empire, that is today's "Moscow, the Third Rome."

This brings us to the "theme of themes" of the book, once again, the Moravia so dear to Father Veselý. He documents



*Staré Město, silver plaque with figure of horseman and hawk; 10th century, Moravian Museum in Brno. A rare relic of the Moravian flowering.*

how the theory by which Moscow would become the "third and final Rome" is historically and philosophically false, since Moscow was Christianized by disciples of Cyril and Methodius from Kiev (Ukraine) and subjected to the Church of Rome, as the two apostles themselves most emphatically were. The "Third Rome" thesis is hence a baseless banality, since, if a third Rome did exist, it would be Moravia.

Very interesting and filled with important photographic material is the third chapter of the book. This deals with the events (and polemics) around the exhibition at the Vatican of Macedonian icons. The second part of the chapter, "The testimony of the stones," describes the important archeological discoveries that took place at Ochrida, in Macedonia, an eminently Cyrillic-Methodian city.

In the last paragraph, "The Pharisees," the author deals with the schism which occurred in the Greek Church over the issue of the display of icons, and also the innumerable expressions of applause toward the show itself.

Professor Veselý, who was born at Brno, Czechoslovakia in 1908, has lived a life that has been called, in the course of the celebration, "the finest book that he has written." A major in the U.S. Army under Gen. Mark Clark from 1944 to 1945, Professor Veselý was named a member of the General Command of the Corps of Volunteers of Freedom; from 1950 to 1955 he was imprisoned without trial in a "Marxist reeducation camp" in southern Bohemia. Freed, from 1957 to 1968 he worked in the archeological dig of Staré Město-Velehrad, in Greater Moravia, and in 1968, during the "Prague Spring," he left Czechoslovakia and came to Italy, where he still resides. The book is most original for a Western reader. It opens up at least 20 lines of research into the true—and censored—history of the East.

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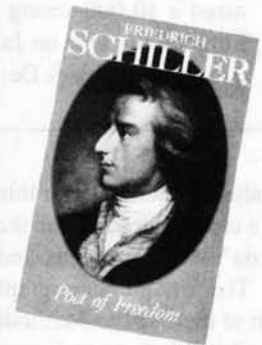
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# Soviets 'offer' to broker debt crisis

by Konstantin George

The Soviet Union has now called for a Tripartite Conference, involving the "capitalist countries," the "developing countries," and the "socialist countries," to work out a solution to "the international debt crisis." The call was issued in an interview in the Soviet government newspaper *Izvestia* on May 27, by the Deputy Director of the Moscow International Institute for International Economic Affairs (IMEMO), Ivan Korolev.

The Korolev interview caps a recent series of Soviet statements and government documents, signaling Moscow's willingness to enter the international "debt crisis game" as a "broker," where Russia would offer its services to help the International Monetary Fund (IMF) and Western banks in the debt crisis, in return for sphere-of-influence favors in different regions of the world.

Korolev declared that the debt crisis has reached a "dead end," where the West "in the near future will be forced to write off a part of the debt." This has "become inevitable," but represents only a "temporary relief." He adds that the debt "theoretically and practically cannot be repaid," and, notably, that to follow the example of Brazil's suspension of debt payments is "no solution." The Soviet "solution" offered, is a tripartite "international conference on debt and other global economic problems." A clever call, it means that Moscow would move in to take an active "crisis management" part in crucial policy decisions pertaining to the entire developing sector—Asia, Africa, and Ibero-America.

To put the maximum pressure on the West to listen to such Soviet proposals, Moscow uses its Cuban puppet, Fidel Castro, to play Mr. Radical, calling for "total debt moratorium." On May 29, two days after Korolev's interview, the French Communist Party newspaper, *L'Humanité*, ran an interview with Castro, where the Cuban leader declared that "all" Latin American debts should be "written off," as it's "economically, arithmetically, and morally not possible to pay back the debts." Castro slyly added that "the peace-loving Soviet Union is showing great interest in Latin America."

## 'New Yalta' games

Moscow is indeed showing great interest, but from the standpoint of maximizing its global leverage to force geopolitical strategic concessions from Washington in the continual, behind-the-scenes, superpower "regional issues" talks,

in return for Soviet aid to the position of the IMF and Western banks in Latin America. There were striking Soviet references to this in statements which Gorbachov and Foreign Minister Shevardnadze made around the early May visit of the Mexican foreign minister to Moscow. Gorbachov declared that Moscow's aim is "not to disrupt the relations between Mexico and the U.S.," while Shevardnadze stressed that Russia would "not infringe on whatever legal interests exist in Latin America."

Then on May 16, *Pravda* reported that the Soviet government had submitted a memorandum to the United Nations calling for "restructuring the international monetary and financial system . . . taking into account the interests of all governments."

Korolev, in his interview, paints a picture of North-South conflict to buttress Moscow's "offer" to step in as third-party "broker." When asked what would occur if a country "declares itself bankrupt and refuses to pay at all," he replies that inevitably, "all kinds of sanctions will follow . . . a full embargo . . . on all types of goods." This would be a tragedy, for "the developing countries are heavily dependent on foreign economic ties. They can't remain in a vacuum. . . . For this reason, the debtors do not want and cannot break with the outside world."

IMEMO's Korolev, while offering no real solution, does accurately portray the debt crisis as being a failure by the West to provide credit for underdeveloped countries to develop and expand their real economies. Korolev even goes so far as to correctly draw a link between the West's failure to extend credits for development, and, the dominance of "post-industrial" policies in the advanced capitalist nations. The following passages are quite revealing as to how sophisticated Soviet propaganda on the debt crisis is becoming:

"Developing countries receive credits to pay back the interest on old debt. Practically nothing is left for developing their own economies. . . . There is no expansion of their domestic markets, meaning that the *West can't export* their goods in greater volumes. . . ."

In the West, "key branches of science, technology, informatics and the service industries" are becoming more and more important. He refers to them as the so-called "ecologically-pure industries." On the other hand, "heavy industry" or "harmful" (i.e., "polluting") industry such as the metallurgical, chemical, part of machine-building, and auto industries, are being transplanted to the developing countries. Products stemming from the debtor countries naturally are priced low, while Western technology and other scientific-technological and computer-related products are very expensive to import.

All quite true. Speaking of prices, Korolev fails to mention what price Moscow is asking: How many developing countries will be accorded to the Soviet sphere of influence, in return for its "third-party" services in crisis-managing the debt crisis!

## India joins the race for new materials

*The prime minister has formed a committee to supervise superconductivity research.*

**O**n May 31, the government of India announced the formation of a committee to coordinate the research on superconducting materials now under way in four leading Indian institutions. The purpose of the research is to develop a material which will be superconducting—that is, provide zero resistance to electrical current—at room temperature.

The committee was launched by Prime Minister Rajiv Gandhi and will be headed by Prof. M.G.K. Menon, a particle physicist and scientific adviser to the prime minister. The decision to form such a committee stems from the worldwide attention that superconductivity research work has drawn over the last year. Last year's discovery by two scientists at the IBM Zurich Research Laboratories of a rare-earth ceramic compound that becomes superconducting at 30° Kelvin (–243° Celsius) triggered off an intercontinental race to find new compounds which can become superconducting at higher and higher temperatures. Already a good deal has been achieved, and now scientists claim that compounds can be made which allow electric current to pass at no loss at a temperature of about 90°K.

While the findings of the Western scientists and Japanese researchers have been well publicized, the Indian work has not caught the attention of the Western press, though the results have been remarkable. All four institutions—Bhabha Atomic Research Center (BARC) in Bombay, the Indi-

an Institute of Science in Bangalore, the Indian Institute of Technology (Madras), and the National Physical Laboratory in Delhi—have reported success. The first one to announce was BARC, whose scientists claimed that they have developed a yttrium-barium-copper compound that becomes superconducting at a temperature of 90-105°K.

Scientists at the Indian Institute of Science, led by Prof. C.N.R. Rao, published studies documenting their observation of a transition to superconductivity by lanthanum-based compounds at about 40-50°K, and at 85-100°K by yttrium-based compounds. In early May, Dr. L.S. Srimath, director of the Indian Institute of Technology (Madras), reported that his institution had developed new alloys based on rare-earth elements which exhibit zero electrical resistance at 95°K.

The biggest news was reported on May 29 when scientists at the National Physical Laboratory announced they had observed a superconducting transition at +26°C in some multiphase doped yttrium-barium-copper-oxide compound. The most important test will be to see if the phase identified as the superconducting phase is a stable one.

The NPL researchers caution that the observation of the transition itself does not imply superconductivity at room temperature: It only gives a clue that a phase exists within the multiphase sample that *could be* supercon-

ductive at 26°C. Scientists observed a distinct drop in resistance at that temperature, which was double-checked with the inverse AC Josephson tunneling effect, a diagnostic which has been used by scientists in the United States.

India's quest for a superconducting material at room temperature is very practical. India is a large nation with woefully little electric power. India's future economic success depends heavily on its ability to supply abundant electrical power at a high voltage to the most distant parts of the country. In this area alone, superconducting materials can play a vital role.

India also has a fusion program aimed at preparing the groundwork for future adoption of fusion power technology, and for this, development of superconducting materials will be essential.

It is too early to predict whether the yttrium-barium-copper-oxide can be drawn into wire or not, or how good a carrier of high-voltage electrical current it might be. Future developments will answer these questions. Meanwhile, the Indian program will be targeting the fabrication of high-field magnets using these materials.

The superconductivity mission is an important challenge. The country's scientific establishment is in a crisis, since its domination by a handful of bureaucrats and lack of connection with the economic and social fabric of the country—in short, its lack of creativity and accountability—has been questioned. To succeed it will be necessary to encourage scientific ingenuity, keeping the goal in clear focus.

Moreover, Indian industry is lagging far behind. If India wants to benefit from such high-tech research as superconductivity, it must push industry to a level where the research results can become a commercial reality.

## French take leadership against terror

*Chirac's government is willing to internationalize cooperation against Moscow's "low-intensity warfare."*

From the March and September 1986 terrorist acts that threatened France's national security, to Feb. 21, 1987, when French police dismantled the Direct Action terrorist group, one can say that Gaullist Interior Minister Charles Pasqua took in hand his office most effectively, responding to the war that was declared on France and even turning the tables. French police are dismantling terrorist networks at the unheard-of rate of one or two a month.

These successes were crowned when, at the personal initiative of Charles Pasqua, Paris became the one-day world-capital of the war on terrorism and drugs, on May 28. It was the first time ever that countries like the United States, Canada, and Japan met with the "Trevi" anti-terrorist study group of the European Community, made up of officials of West Germany, Italy, Belgium, Denmark, Great Britain, and France.

The European police services had already moved to reinforce international cooperation. Immediately after the discovery of Direct Action documents in the Indres-et-Loire region, a confidential meeting was held in mid-May with West German, Italian and Belgian anti-terrorist officials at Pasqua's ministry, where the May 28 meeting also took place. The ministry was turned into a fortress as 1,800 policemen strengthened the 2,500 already deployed throughout the city. The U.S. delegation was officially composed of Attorney General Edwin Meese and Ambassador Bramer.

The Soviets, who recently officially asked EC officials if they could be included in this matter, were not invited by Pasqua.

While little filtered through the official statements, the clear intention was to set up a permanent cooperation structure of exchanges of information (France reportedly presented a 200-name list of the most-sought terrorists) and notably by establishing a "red telex," capable of transmitting photos, and which avoids the usually slow diplomatic channels, too slow to deal with internationally coordinated terrorism.

Pasqua's purpose is clearly to reverse the "low-intensity" warfare which Moscow is waging to undermine Western governments' resistance. He had declared during winter 1985 to the *Politique Internationale* review: "In Europe, the U.S.S.R. utilizes force, in the East, in order to put down the independence movements of its satellite countries; it develops psychological action, in the West, to undermine the defense reflexes of the free countries, notably in fostering pseudo-pacifist and anti-militarist movements."

This meeting was well timed, starting three days after the latest threat by a Mideast terrorist group called CSPPA (Solidarity Committee for Arab and Mid-Eastern Political Prisoners), which claimed all the terrorist actions that shook France's institutions in 1986. The official demand was that France release three terrorists,

FARL's Georges Ibrahim Abdallah and Anis Naccash, and ASALA's Varoujian Garbidjian. The real reason is that the Soviet Union seeks to force France to withdraw from the Middle East. The communiqué, sent the same way as before the September bombings, threatened a new "hot summer." Although the threat is being taken seriously, the French police have taken apart various terrorist networks that took part in the September bombings that killed 15 and injured 250.

On March 21, when the DST (internal security) arrested a pro-Iranian Tunisian network led by Fouad Ali Saleh and Mohamed Mouhajer, this made possible the arrests of two Moroccans on April 20 and four Lebanese, one Senegalese, and one Algerian a week later, all of them likely involved in the CSPPA attempts. This also led to the discovery, May 26, of an arms cache in the Fontainebleau forest containing 8.8 kilos of C4 plastic explosives, the same material used by the CSPPA in Paris, and 11.5 kilos of narcotics, made of a mixture of heroin, morphine and caffeine, typical of the Syrian-controlled Bekaa region traffickers—proving Iranian-Syrian cooperation in the CSPPA actions. This was a result of American-French cooperation, as the United States provided a sophisticated electronic mass-detector called "Doppler."

Another example of successful international cooperation, is the French-Spanish moves on the Basque terror group ETA. Right after the Paris summit, Pasqua's security undersecretary Robert Pandraud flew to Spain with high officials of French Foreign and Internal secret services, the DGSE and DST, to meet their colleagues Interior Minister Jose Barrionuevo, Security Minister Rafael Vera, Guardia Civil general director Luis Roldan, to pioneer the "red telex" system.

### Narco coup brewing in Colombia

*Will the narcos' anti-communist 'common front' fool the nation into backing their drive for total power?*

Colombia's powerful drug-trafficking clans are using the spiral of violence in the country, which they created, to catapult themselves into power. Kidnapings of businessmen, murders of priests, massacres of peasants, and ambushes of police and military patrols, in most cases carried out either by drug-addicted street criminals or narco-terrorist armies in the countryside, have created a panicked environment into which the narcos and their political allies have stepped, draped in their best anti-communist rhetoric.

On May 26, the drug mafia's not-so-secret partners in the political world gathered to offer themselves as a "common front for national salvation." Leading the pack was Liberal Party senator Ernesto Lucena Quevedo, the man who made his reputation as the mob front-man who tried to frame the late Justice Minister Rodrigo Lara Bonilla for corruption in 1983. The frame did not stick, however, and when Lara changed the rules of the game, and began to name the names of people and companies "above suspicion," the mob killed him.

Lucena Quevedo is also the right-hand man of Liberal Party executive member Alberto Santofimio Botero, the Tolima-based gangster whose political machine elected cocaine czar Pablo Escobar, now a fugitive from justice, to the Colombian Congress. Santofimio triggered a scandal in early June, when he issued a public challenge to the Barco government to end its anti-drug war and spend the money instead on eradicating "absolute poverty."

Santofimio went on to demand that the ruling Liberal Party take a stand against that nemesis of the drug-traffickers, the U.S.-Colombia Extradition Treaty, which he termed a violation of national sovereignty and crass propitiation of the United States.

The senator's unabashed public sentiment in favor of the drug traffickers, while identical to that of the Liberal national executive (DNL), nonetheless provoked a hasty disavowal from that body of mafiosi. Following a lengthy meeting with presidential adviser Carlos Ossa Escobar, the DNL publicly declared that the opinions of individual members on national or international policy did not commit the DNL as a whole. Clearly, the heavy hand of the presidency had squelched that particular bid by the mob to "go public."

However, that heavy hand has not come down nearly often enough. Not a peep was heard when Santofimio's man Lucena Quevedo addressed a May Day rally by calling for an end to the extradition treaty. Nor has a single protest been uttered at the mob's latest creation, its "common front" against communism. Lucena Quevedo's opening remarks to the May 26 gathering of mafiosi odds-and-ends blamed the country's ills on the Soviet Union, and urged the creation of a common front based "not on resignation, but on action." Also addressing the gathering was Lucena's Quevedo newest partner, Marcelo Torres, a leader of the maoist MOIR.

Yet another attending Lucena Quevedo's fest was José Raymundo Zambrano, the head of the Federation

of Cattle Growers (Fedegan). Just a month earlier, public charges had surfaced that cattle growers across the country were selling their ranches—at phenomenal profit—to drug-traffickers anxious to launder their narcodollars and possess growing chunks of Colombian territory. And in good company with Lucena Quevedo and Fedegan was a clique of labor leaders, headed by UTC federation president Victor Acosta, who have been accused of working jointly for Project Democracy's American Institute for Free Labor Development (AIFLD), and for the mob.

The surfacing of the mafia's anti-communist crusade is timed to coincide with a number of major political attacks on the Colombian armed forces, assaults designed to drive military elements horrified by the spreading bloodshed into a new version of the mafia-sponsored paramilitary death squad known as the MAS (*Muerte a Secuestradores*, or Death to Kidnapers). Aiding such a scheme which—should it succeed—will ultimately carry the drug mob into power, is the Barco government's own unwillingness to unleash its armed forces in a full-scale military war on drugs.

Especially discouraging to anti-drug forces within the military, was the government's disgraceful treatment of its most successful anti-drug director, police Col. Jaime Ramírez. Ramírez had been scheduled for promotion to brigadier general when he was assassinated by mafia hit-men in 1986. His posthumous promotion was denied and, in response to protests from his widow, the defense ministry replied that the anti-drug hero had not died in combat! If fighting Dope, Inc. is no longer defined as combat in Colombia, then Santofimio and Co. will have no trouble riding into the presidency on the next wave of "anti-communist" *violencia*.

### Project Democracy gang in Brasilia

*Brazil has its own "secret government" working to undermine economic sovereignty—and guess who's protecting it?*

**T**he Brazilian connection to the Irangate scandal has been uncovered by *EIR* in the operations of a secretive group around the National Constituent Assembly, where a new Brazilian Constitution is in the making. The cited group is plotting to write *out* of the new Constitution the state monopolies over petroleum and other natural resources which are the pillar of Brazilian economic sovereignty.

Since the fall of Finance Minister Dilson Funaro in April, Brazil's anti-nationalists have sped up their efforts to abolish the large state companies. Their special target is the oil company Petrobras, symbol of Brazilian nationalism. Their sponsors are none other than the "Project Democracy" crowd around Col. Oliver North, formerly of the U.S. National Security Council, who ran a parallel government to impose their totalitarian vision of "democracy" on the world.

According to a report in *Jornal do Brasil* of May 27, a group of ultra-liberals has been secretly meeting to discuss plans for de-nationalizing oil, in a sumptuous palace in Brasilia made available by the Confederation of Brazilian Commercial Associations (CACB). Among the group, to mention a few, were Liberal Party deputy Afif Domingos, PDS deputy Amaral Neto, senator Roberto Campos, and representatives of former Finance Minister Delfim Netto.

As it turns out, the CACB, chaired by businessman Amaury Temporal, is the Brazilian arm of Project Democracy's "private enterprise" mouthpiece, the Center for International Pri-

vate Enterprise (CIPE). CIPE is funded by the U.S. Chamber of Commerce and National Endowment for Democracy—the public front for North's Project Democracy!

The links between CACB and CIPE are overt. In a Feb. 4, 1987 bulletin of CIPE, the institute admits to having helped sponsor at least two seminars in Brazil, which have served both as a channel for the International Monetary Fund's "free enterprise" prescriptions, and to recruit followers to Project Democracy.

The CIPE bulletin stated that CACB will direct "explanatory sessions on the legislative process, legislative cycle, organizing program and regulatory lobbying. Since Brazil's Constitution is still in its formative process, CACB views these seminars as a timely way to demonstrate the value of private sector participation in the legislative process."

A powerful group has been gathering around the institution of the CACB since before the 1986 elections, with an eye to gaining seats in the Constituent Assembly. One important figure in this group is Congressman Afif Domingos, former president of the São Paulo Commercial Association, whose Liberal Party is closely linked to the Peruvian Institute for Liberty and Democracy (ILD), a key Project Democracy thinktank in South America.

Then, of course, there is Congressman Delfim Netto, admirer of Hitler's finance minister Hjalmar Schacht, who as Brazil's finance minister during 1983-84, handed the

country over to the foreign creditors. Netto's technocrats are now re-taking the finance ministry under Funaro's successor Bresser.

Also forming part of the group around CACB is the National Banking Federation, which orchestrated the rebellion against a government decree to lower the high interest rates strangling the productive sector; and the Brazilian Rural Society, headed by Flavio Tavares, which in turn shelters the Rural Democratic Union (UDR). The UDR functions as a private army of the latifundists against agrarian reform, and receives financing from the fanatical Nazi sect Tradition, Family and Property (TFP).

The case of Sen. Roberto Campos—without question, the leading light of the CACB group—is the most illustrative of the kind of political network that created the Project Democracy monstrosity in the first place. Campos was Planning Minister in 1964-67, an ultra-liberal from the school of Milton Friedman and Friedrich von Hayek. Before that, he was a communist from the school of 1920s Soviet leader Nikolai Bukharin. In his "anti-communist" conversion, Campos abandoned neither Karl Marx nor his hatred for the nation-building policies of the French 17th-century statesman Colbert, often called mercantilism.

In an interview with *Playboy*, Campos says: "Best was the interpretation of the historic evolution of the economy . . . that vision of Marx is dramatically correct." Attacking Colbert as an influence which must be destroyed, Campos called mercantilism "a residue of colonial traditions from Spanish and Portuguese culture, both mercantilist in nature, which stipulate a high level of state intervention, of protectionism. This is the unfortunate tradition of Latin America."

# International Intelligence

## ***B'nai B'rith in Canada in 'stop LaRouche' drive***

Frank Chalk, chairman of B'nai B'rith of Canada's (BBC) social action committee, has launched a campaign in Canada to counter the growth of support for Lyndon LaRouche, the Baltimore *Jewish Times* magazine reported on May 29. BBC is controlled by Edgar Bronfman, head of the World Jewish Congress and magnate of the Seagrams liquor empire. BBC identifies as its target the Party for the Commonwealth/Parti de la République du Canada, which is run by LaRouche associates.

On May 28, the Canadian Broadcasting Company (CBC) featured a 20-minute special entitled "Who's Behind the Commonwealth Party of Canada." The broadcast centered on an interview with Arthur Heiss, former director of the Canadian Anti-Defamation League of B'nai B'rith. Heiss recently formed a new organization, legally separate from the tax-exempt ADL, solely to run operations against LaRouche without compromising the ADL's status as a charity.

The CBC, a government-owned "crown corporation," is directed by Jean Louis Gagnon, who was recruited into wartime British intelligence from the Quebec Communist Party, by Donald Maclean, who subsequently "defected" to the Soviet Union. This ADL-CBC combination is precisely the same group now denouncing the use of the Canadian Arctic by U.S. submarines (see article, page 45).

## ***NATO commanders oppose zero-option deal***

General Bernard Rogers, outgoing NATO Supreme Allied Commander for Europe (SACEUR), attacked the zero-option plan for withdrawing nuclear missiles from Europe, in an interview on the McNeil-Lehrer News Hour television program June 1.

Asked how much NATO would have to strengthen its conventional forces to equal

the deterrent effect of theater nuclear weapons, Rogers replied: "There's no way . . . that NATO can ever strengthen its conventional forces" to the point that it could make up for the loss of the nuclear weapons. "Within our equation of deterrence, there must always be the nuclear weapon. Because the Soviets must be faced with the ultimate risk . . . that's the one thing [Moscow] fears."

General Wolfgang Altenburg, former chief of staff of the German Armed Forces and now head of the NATO Military Committee, took a similar position, in an interview with the Italian daily *Corriere della Sera* published June 3. "If we give these weapons up," said the general, ". . . Germany would become a nuclear battlefield. Not only Germans are worried by this." Cruise missiles will never make up for Pershing IIs, he said, and the "double zero option" will "reduce the deterrence" level.

## ***Soviet 'Muslim card' boss vanishes***

Geidar Aliyev, the Soviet Politburo member and first deputy prime minister, dropped from sight in early May. The *Sunday Times* of London relayed reports on May 24, that Aliyev had suffered a heart attack on May 10 or 11. After diplomatic meetings with delegations from Ethiopia, in March, and Yugoslavia, in mid-April, Aliyev was last seen atop the Lenin mausoleum in Red Square, reviewing the May Day parade.

On May 14, *Izvestia* published a resolution of the Communist Party's Central Committee Party Control Committee, on "serious shortcomings" in the training of skilled workers and in vocational education in general—defined as a priority for economic and military manpower programs—in Aliyev's native republic, Azerbaijan. The minutes of recent Politburo meetings have criticized other areas where he has had particular responsibility, such as retail trade and transportation.

The possibility of a shift in Aliyev's power bears close watching, in view of the

question of what is to become of Moscow's "Islamic card"—the exploitation of Soviet Muslims and Islamic networks abroad, for geopolitical advantage. Aliyev was born a Shi'ite Muslim and made his career in the KGB, before shifting to government and party leadership. He has overseen the deployment of the U.S.S.R.'s assets throughout the Middle East, particularly in fundamentalist and terrorist milieux. Igor Belyayev, a Soviet think-tanker and intelligence operative specializing in North Africa and the Middle East, recently penned a two-part series in the weekly *Literaturnaya Gazeta*, which attacked the Khomeini brand of fundamentalism with unusual acidity, and launched a campaign against the exploitation of underground Islamic networks in the Soviet Union, by "foreign secret services."

## ***New Zealand passes nuclear-free-zone plan***

New Zealand's parliament on June 4 passed the New Zealand Nuclear-Free-Zone proposal, a bill that bans nuclear weapons from New Zealand. A key plank in the platform of the governing Labour Party, the move tears up a host of security relationships in the area. It passed over the objections of the United States and Australia.

The bill makes it the responsibility of the prime minister to approve or disapprove visits to New Zealand, based on the conviction that the ships or aircraft of the other country do not carry nuclear weapons.

"This is a watershed piece of legislation," Prime Minister David Lange told parliament. "This government is proud that for the first time in 40 years, New Zealand has made a fundamental reassessment of what constitutes our security."

Following the vote, Labour members of parliament sent out invitations to a party to celebrate their success. "I guess Neville Chamberlain had some drinks when he came back from Europe before the Second World War and talked of peace in his time," quipped opposition National Party leader Jim Bolger. "I don't doubt they toasted the success

of that venture." He noted that "the Labour Party can sing the red flag this evening," because no matter what they thought they were doing, "they just sold out New Zealand."

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### **Mexico's PAN in violent clashes with police**

The National Action Party (PAN), the insurgent grouping of Nazi-communists and drug traffickers supported from the United States by the fundraising empire of "Project Democracy" and Carl "Spitz" Channell, has gone on a rampage against the Mexican state. According to the Mexico City daily *Excelsior* of June 3, there have been three recent violent incidents between PAN groups and police, which have left at least one dead and a dozen seriously injured.

In Parral, 250 km south of Mexico City, anti-riot commandos of the judicial police drove some 20 PANistas out of the mayor's office, which they had seized on June 1. A federal deputy and former PAN mayor were beaten and hospitalized, together with seven other PANistas.

In Ciudad Juárez, PANista Hernandez Grijalva died from blows received during a confrontation with municipal police, over the PAN's demand for the firing of the mayor, who is a member of the PRI, Mexico's traditional ruling party.

Finally, in the capital of Chihuahua, the president of the PAN's municipal committee occupied the governor's office and attacked police sent to oust them.

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### **Tenor complains of high orchestral tunings**

"We singers are having a terrible time because of the high tuning we have to work with," says world-famous tenor Plácido Domingo, in an interview to the German daily *Die Welt* published June 1.

Domingo was referring to the fact that many opera houses in Europe, for example,

are pushing their tuning up to A = 450 cycles per second. Classical tuning, used by the early 19th-century composers, set C at 256 cycles, placing A at 427-432. This effort to achieve a "brilliant" tone distorts the point at which singers shift from one register to the next, ruining voices and making it impossible to perform classical works as the composer intended.

"We are working today with the highest tuning in music history," Domingo said. "And the singing pitch is getting higher and higher. . . . I'm lucky I built my register with care."

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### **Soviets attack Vatican on millenary celebration**

The Communist Party newspaper of Lithuania, *Sovetskaya Litva*, has charged the Vatican with trying to "give a pure political orientation" to the 1988 millennium celebration of the Russian Orthodox Church, and with "falsifying the events concerning the 1,000-year celebration."

These outbursts refer to the Pope's emphasis on the Westernizing role of Saints Cyril and Methodius, who brought Christianity to the Slavs, and on the tendencies in the Ukrainian Church that support the Western doctrine of the *Filioque*, the essential difference between Western Christianity and the mystical tradition of the Eastern Church. These Ukrainian currents were crushed by Muscovy shortly before the fall of Constantinople in 1453.

The upcoming celebrations signify the union of the political and religious leadership of the Soviet Union, under the Russian Orthodox doctrine that Moscow is destined to become the "Third Rome."

Meanwhile, the Soviet embassy in Bonn held a reception at the end of May for leading Church figures from West Germany, to tell them about the preparations for the millenary celebration. Soviet diplomat Genadi Yelisyayev said that "religion and the churches in the U.S.S.R. play a very important role in the blossoming of the Socialist Motherland."

## Briefly

● **RICHARD BURT**, the U.S. ambassador to the Federal Republic of Germany, invited a delegation of prominent members of the Green Party for lunch at the embassy May 29. The Green delegation included Otto Schily, Alfred Mechttersheimer, and Petra Kelly. Burt surprised guests with the disclosure that he has known Petra since the two went to the same college in the United States.

● **REVEREND MOON'S** Professors' World Peace Academy will be holding an international meeting in Manila, on the subject of China, in August.

● **WHY DID** *Observer*/Lonrho multibillionaire Tiny Rowland provide bail money for central Guinnessgate protagonist Ernest Saunders? British sources say: Look at Rowland-Saunders contacts in Switzerland.

● **REPRESENTATIVES** of the nominally conservative Hanns Seidel Foundation in Munich have just completed a trip to Moscow.

● **JULIO FEO**, special adviser to Spain's Prime Minister Felipe González and Spanish intimate of Iran-gate participant Michael Ledeen, has announced that he is leaving his job, citing "personal reasons."

● **PUGWASH CONFERENCE** officials spent one week in Poland, from May 20-27, for strategic meetings on East-West affairs.

● **CARLOS LEHDER**, the Colombian narcotics kingpin facing trial in Miami, is seeking to invoke the example of Maj.-Gen. (ret.) Richard Secord in refusing to turn over information about his offshore bank accounts. He is being fined \$500 a day for contempt of court for refusing the information.

## Reagan sides with LaRouche on AIDS testing

by Kathleen Klenetsky

President Reagan took an important first step toward formulating an effective policy for dealing with the AIDS disaster, by calling for a vastly expanded program of "routine" HIV testing May 31, in his first major policy statement devoted exclusively to the AIDS epidemic.

Speaking on the eve of the third international AIDS conference in Washington, the President warned that the disease is "surreptitiously spreading throughout our population," since most infected individuals don't know they carry the virus. Because of this deadly lack of knowledge, he said, testing must be significantly expanded: "It's time we knew exactly what we are facing."

Reagan delivered his speech to a \$10,000-per-plate Washington fundraiser sponsored by the American Medical Foundation for AIDS Research (AMFAR), a group headed by Liz Taylor and financed by Soviet agent Armand Hammer. Reagan drew boos—and some applause—from his audience when he announced that he has decided on the following measures:

On the federal level, the President disclosed that he had requested the Health and Human Services Department to add the AIDS virus to the list of contagious diseases for which immigrants and aliens seeking permanent residence in the United States can be denied entry. He said that he has also asked the Department of Justice to "plan for testing of all federal prisoners," and that, in addition, he has requested a review "of other federal responsibilities, such as veterans hospitals, to see if testing might be appropriate in these areas."

Reagan also said he wants to encourage the states to expand their AIDS testing, to include routine testing for those who seek marriage licenses and for those who visit sexually transmitted disease or drug-abuse clinics, and to require testing for prisoners.

"Not only will testing give us more information on which to make decisions," the President declared, "but in the case

of marriage licenses, it might prevent at least some babies from being born with AIDS."

Reagan appealed to AIDS carriers and others to recognize the "moral obligation not to endanger others." If a person has reason to believe that he or she may be a carrier, "that person has a moral duty to be tested for AIDS," he said. "Human decency requires it. And the reason is very simple. Innocent people are being infected by this virus, and some of them are going to acquire AIDS and die."

Vice-President George Bush signed on to the President's policy in an address the next day to the opening session of the international AIDS conference. "AIDS is spreading and killing in every corner of the world," he said. "It does not discriminate. It is an equal opportunity merchant of death. . . . Ultimately, we must protect those who do not have the disease. Thus, we have made the decision that there must be more testing."

### LaRouche policy wins out

By firmly endorsing widespread AIDS testing, the President has resolved the bitter factional battle that has been raging within his administration over how to deal with AIDS. That battle has pitted a vocal group, led by Surgeon General C. Everett Koop, HHS representatives, and the Centers for Disease Control, which has promoted sex education and condom use, against Secretary of Education William Bennett and his allies, who have urged mandatory testing to stem the epidemic's wildfire spread.

Reagan's embrace of testing also means that he has effectively adopted, at least in part, the approach to AIDS advocated by *EIR* founder Lyndon H. LaRouche. LaRouche was the first prominent political leader in the United States to identify mandatory AIDS testing as a crucial component in the battle against the disease.

In formally declaring his candidacy for the 1988 presi-



dential nomination on Oct. 4, 1985, LaRouche identified AIDS as the leading threat to the continued survival of the American—and world—population, and called for the immediate implementation of public health measures, including testing, as the first line of defense against the epidemic's onslaught. LaRouche was promptly labeled a "fascist" who wanted to "lock up homosexuals in concentration camps," by various liberals.

LaRouche's policy prescriptions were subsequently incorporated into Proposition 64, a referendum urging the application of standard public-health measures to the AIDS crisis, which appeared on the ballot in California last November. Prop 64, or the "PANIC" initiative, as it was known, was defeated by a lavishly funded campaign of lies and slanders orchestrated by AMFAR—the same group before which Reagan unveiled his pro-testing policies May 31. During the months preceding the November vote, AMFAR president Dr. Mervyn Silverman had issued one denunciation upon another against Prop 64, charging that its backers were extremists and that mandatory testing and related measures were unnecessary.

For the President to choose AMFAR as the forum for declaring his support for expanded AIDS testing is political—as well as medically—significant.

If the President really wants to stop AIDS, his next step must be to adopt the rest of LaRouche's policy: a national commitment, amply funded, to a "Biological Strategic Defense Initiative," which will explore the frontiers of science to develop new treatment and ultimately, a cure, for the virus. In his speech to AMFAR, Reagan congratulated his administration for planning to spend \$1 billion next year on AIDS. But this is woefully inadequate to the task at hand, especially given that only \$413 million of this figure will be allocated to research.

## Controversy

Predictably, Reagan's speech has enraged the homosexual lobby and the ACLU types, who have insisted, against all reason, that mandatory testing, contact-tracing, and other tried-and-true methods for stemming epidemics cannot be permitted in the case of AIDS, because they infringe on privacy and civil liberties.

"I find it very distressing that the administration has reached a conclusion that is contrary to the best public-health thinking in this country," Kristine Gebbie, chairman of the AIDS Task Force for the Association of State and Territorial Health Officers complained to the June 1 *Washington Post*. "I am very concerned that they're using 'routine' to mean 'mandatory,' and I really object to the lack of informed consent." Jeffrey Levi, executive director of the National Gay and Lesbian Task Force, termed the President's speech a "typical Reagan administration response. Instead of showing leadership and demonstrating how this epidemic can really be contained, he's following the simple path."

The day after the President spoke, a large contingent of

homosexuals demonstrated against his policy near the White House. Sixty-four protestors were arrested by police wearing rubber gloves for protection.

Moreover, *EIR* has received information suggesting that the CDC is quietly lobbying state governments to reject Reagan's proposal for expanded testing. The state of Virginia has already announced that it will reject the President's advice.

Nevertheless, as AIDS spreads into the non-high risk populations, popular demand for mandatory testing and other public-health measures to stop the disease is growing by leaps and bounds. A recent ABC poll showed that 90% of Americans support some form of mandatory testing. As President Reagan's domestic policy adviser, Gary Bauer, told the June 1 *Wall Street Journal*: "Not only has a consensus developed in this administration on this idea of routine testing, but I think a consensus is building in the medical community, too. Six months ago this might have been considered a right-wing position, but that's changed."

The AIDS issue has also come to dominate the 1988 presidential elections—a development predicted by LaRouche in 1985. As a campaign issue, AIDS is "like molten lava, very hot and out of control," Democratic pollster Peter Hart told the June 1 issue of *USA Today*. AIDS has rapidly become "an important, second-rank issue, just behind the economy and ahead of foreign policy,"

Democratic presidential candidate Bruce Babbitt told the same newspaper that the AIDS issue has become "very intense. With a large group, it's the number-one issue. I hear about it as much in Phoenix as in New York." According to California pollster Charles Rund, "By this time next year, there will probably be 100,000 cases nationally, and everyone's going to know someone who's been touched by it. That forces it into the mainstream." "It's as emotional as abortion, and it's still unfolding," says Bob Goodman, a GOP consultant. "When the three hospital workers got it from handling blood, it was a real bombshell in terms of propelling the issue. People said it wouldn't happen that way."

The May 31 London *Sunday Times* made a similar assessment: "There is now strong pressure for some degree of compulsory AIDS testing," in the United States, as "public fears have . . . increased."

Revelations coming out of the international AIDS conference that nearly one in 30 American males between the ages of 20 and 50 are carrying the virus, are sure to magnify those fears, and spur the movement toward testing and related public-health measures.

Reagan's shift to endorsement of testing will have international ramifications. AIDS was already slated to be a top agenda item at the Venice summit June 8-10, and the President's May 31 speech guarantees that mandatory testing will be debated there. Should the leaders of the other major industrial nations agree that widespread testing must be implemented, the outlines of a potentially winning strategy against AIDS will begin to emerge.

# Elliott Abrams disgraces himself; Will Shultz be next?

by Joseph Brewda

Assistant Secretary of State for Inter-American Affairs Elliott Abrams in the first week of June virtually assured himself of becoming the latest victim of the Irangate cleanout of U.S. intelligence, by his outrageously lying testimony before congressional Iran-Contra hearings. Abrams, who has played a key role in coordinating military aid to the Contras and related incompetent policies since 1981, protested that he knew nothing of U.S. government operations in Central America. In fact, any astute reader of even the Eastern Establishment press would know far more than the assistant secretary professed to know.

Abrams's sworn testimony followed by one week that of Lewis Tambs, the former U.S. ambassador to Colombia and Costa Rica, who credibly reported that Abrams had ordered various actions which the ambitious assistant secretary now claims he never heard of.

Earlier this year, Democratic presidential candidate LaRouche called for Abrams's resignation as a crucial first step in cleaning "Project Democracy" out of the Reagan administration—that is, the "parallel government" that carried out the foreign policy disasters which have been only partially revealed by the Iran-Contra scandal. LaRouche commissioned an *EIR Special Report*, "Project Democracy: The 'parallel government' behind the Iran-Contra affair," published last March, which fully documented Abrams's role.

The comprehensive report details how the 39-year-old had been installed in his present post by his influential mother-in-law, Midge Decter, director of the neo-conservative Committee for the Free World, precisely to carry out the disastrous policies which he now feigns ignorance of.

Abrams bold-faced lying and insolent behavior before Congress, now offers President Reagan the welcome opportunity to dump him. Since George Shultz has leaped to Abrams' defense in the wake of his embarrassment before the committee, Shultz has tied his own star to Abrams. President Reagan ought to take the opportunity to fire Shultz, too.

In his testimony, Abrams spewed out one lie after another before a startled, and increasingly enraged, congressional

committee. Abrams claimed that the Restricted Interagency Group (RIG) which he chaired, which included Lt. Col. Oliver North, and which has been repeatedly identified as the coordinating agency of U.S. aid to the Contras, had nothing to do with aid to the Contras. Abrams made this assertion despite the fact that RIG had been created by his predecessor, Thomas Enders, precisely for this purpose.

This is the same character who had earlier admitted that he solicited \$10 million in contributions from the Sultan of Brunei for aid to the Contras; but swore that he had mistakenly given the Sultan the wrong Swiss bank account number, thus leading to the otherwise inexplicable loss of the funds.

When a C-123 cargo plane piloted by former CIA operative William Sawyer was shot down over Nicaragua on Oct. 5 carrying military supplies, leading to the capture of U.S. mercenary Eugene Hasenfus, Abrams heatedly denied the U.S. government had any role in the Contra supply operation. Later, it emerged, the Restricted Interagency Group, which Abrams chaired, oversaw the U.S. government effort to conceal the U.S. sponsorship of the Hasenfus flight.

In his testimony, Abrams confessed that he had misled Congress about the U.S. effort to supply the Contras in his earlier statements on the cargo plane crash, but insisted that he had been himself misled by North.

Abrams also insisted that he simply had no idea that U.S. officials were involved in helping with Gen. Richard Secord's air strip in Costa Rica, used for such flights as Hasenfus's. While confessing that such aid "would have been illegal," Abrams lamely claimed that the air strip, which he asserted he was not involved with, "had been presented to me as a private affair." Contradicting the earlier testimony of Ambassador Tambs, Abrams insisted that "at no time whatsoever" had he instructed Tambs to help the Contras open a "Southern Front" against Nicaragua. But former CIA station chief in Costa Rica, José Fernandez, corroborated the Tambs testimony that Abrams was completely on top of the operation.

Faced with such dubious assertions, an irate Rep. Lee Hamilton commented, "We cannot advance United States

interests if public officials who testify before the Congress resort to legalisms, word games, claim ignorance about things they either knew or should know about, and at critical points, tell Congress things that are not true.”

Congressman Jack Brooks (D-Tex.) told Abrams, “You’re either extremely incompetent or . . . you’re still deceiving us with semantics. . . I wonder if you can survive as assistant secretary of state.”

Abrams cynically responded: “Fortunately . . . I don’t work for you. I work for George Shultz and he seems pretty satisfied with the job I’ve done for him. That makes me very happy and proud.”

But the same George Shultz had earlier joined Abrams in lying that the U.S. government had not overseen the cargo plane shot down over Nicaragua.

### **More trouble for North and Zucker**

Abrams is not the only one to fear for his career as a result of testimony before the committee in early June. Among the more interesting developments of the same week was the testimony of Iranian-born gun-smuggler Albert Hakim, who reopened subjects which had been buried by the administration, Congress, and the press.

Directly addressing one of the crucial features of the Irangate deals, Hakim reported that the secret hostage negotiations conducted last October, were conducted with the November election in mind. Oliver North “wanted to gain the release of the hostages to enhance the position of the President” before the elections, Hakim reported. “The prime objective at the time was to support the President . . . or the Republicans in the elections.” Hostage David Jacobsen was freed by Iran two days prior to the election, in pursuit of the North scheme.

Early on in the Irangate scandal, evidence had emerged that Carl Russell “Spitz” Channell, the homosexual conservative fundraiser who laundered National Security Council funds to the Contras, had also laundered funds to U.S. Republican congressional campaigns. Channell has since pleaded guilty to violating tax laws in pursuit of the NSC schemes.

This is not the only way in which the NSC interfered in the elections. *EIR* has documented that the NSC and the Channell group systematically attempted to undercut fundraising for political efforts associated with Democratic presidential contender LaRouche, and conspired against this publication, to a significant degree because of its opposition to the administration’s Iran and Contra policies.

Moreover, Hakim reported that he had set up a \$200,000 private fund for Lt. Col. Oliver North, who has largely been portrayed in the press as a dumb but patriotic officer. Earlier, Contra leader Adolfo Calero had testified that he had funneled North \$90,000 in blank travelers checks.

Meanwhile, congressional witness David M. Lewis reported that he had been approached by Hakim’s attorney, Willard Zucker, to find a U.S. real estate company through

which he could funnel payments to North. This effort occurred during the same period that Hakim and Gen. Richard Secord were attempting to open up a new channel to the Iranian government.

### **Liman interferes**

Predictably, Arthur Liman, the chief counsel of the joint Senate-House hearings, took a dim view of Hakim’s testimony, seeking to do all that he could to discredit the testimony. The reasons for Liman’s efforts are not surprising. Liman, a decades-long cohort of Zucker, had been installed in his present post precisely to cover up for Zucker and his associates’ real operations.

Zucker, Hakim’s Swiss-based attorney, was the attorney of record for every single Swiss account used to divert funds to the Contras or to manage arms sales to Iran. Moreover, Zucker was not simply an attorney and bag man, but directed the NSC-sanctioned shipping firms responsible for delivering Israeli, Soviet, and Polish arms to the Contras and to the Iranians. Despite this role, Zucker’s name has been largely censored from the press, and the hearings, over the last several months.

Also not so surprising, the fact that Zucker and chief counsel Liman were attorneys for Robert Vesco and his notorious Investors Overseas Services during the same period, has been largely ignored. Another attorney for Vesco at the time, Kenneth Bialkin, is currently the counsel to Saudi arms-merchant Adnan Khashoggi, who dealt with North and Hakim in supplying Iran. Vesco has gone on to become the cocaine-smuggling kingpin of Havana, with a heavy involvement in supplying arms to both the Contras and their alleged opponents in the Sandinista government.

### **The Intelligence Oversight Board**

Outside of the useful cleaning out of social democratic riff-raff from the administration like Abrams, one of the key tasks of the committee’s investigation, and the more important investigation of Independent Counsel Lawrence Walsh, is to address the role of the Intelligence Oversight Board, which so far has remained untouched. Founded by Presidential Executive Order 12334 on Dec. 4, 1981, the three-man IOB, popularly known as “the three blind mice,” is mandated to review covert intelligence operations, like North’s NSC Iran-Contra scheme, for possible illegalities. It was the IOB, according to published reports, that on two separate occasions provided legal “findings” in response to requests from Lieutenant Colonel North that legitimized the NSC’s Iran-Contra program.

In his comments on Elliott Abrams’s lies, Rep. Lee Hamilton emphasized that the reason for the hearings was “to make the Constitution of the United States work.” Such an admirable intent demands that the committee’s next target be the Intelligence Oversight Board, which has made such obscenities as Elliott Abrams possible in this administration.

## Diplomat blames P.R.C. problems on growth

Gaston Sigur, assistant secretary of state for East Asian and Pacific affairs, blamed domestic problems in the People's Republic of China on "too-rapid development, rather than too-slow growth," during a speech before the National Council for U.S.-China Trade here June 4. He said, nonetheless, that "U.S. interests are served by the P.R.C.'s continued commitment to economic modernization, internal reform, and expanded negotiations with foreign countries under the so-called 'open door' policy."

While he noted heightened tensions between China and India on the disputed Himalayan border, Chinese irritation over what they term "resurgent Japanese nationalism," and on-going Sino-Soviet relations aimed at reducing tensions between those two countries, he said he felt that the P.R.C. is "carving out an independent path," and will "not repeat the errors of the 1950s, when it aligned itself totally with the Soviet camp."

## Oil rep warns of Persian Gulf cutoff

The president of the American Petroleum Institute debunked any notion that protection of the Persian Gulf sea lanes was not in U.S. interests, at a press conference here June 4. Charles Di Bona noted that while only 6% of oil consumed by the United States comes directly from the Gulf, the level is over 1 million barrels per day, higher than at the time of the Great Oil Hoax of 1973.

He said the majority of the current

world oil glut, about 65%, is held by Persian Gulf producers, and even current natural trends toward increased consumption worldwide will push OPEC to over 80% of its production capacity within three to five years.

"The cushion of supply between today's glut and tomorrow's dangerously tight markets amounts to only about 4-6 million barrels a day," he said, and any disruption in current deliveries immediately causes the current cushion to vanish. Given Japan's and West Germany's great dependence on Persian Gulf oil, he said, any disruption "would threaten great economic damage. Japanese and European buyers would rush to buy oil wherever they could find it. Prices would rise rapidly everywhere. More oil would go onto the spot market. Supplies would be restricted to other countries, and the United States would feel the effects of the disruption along with Japan and Europe."

## Warning of Soviet mobilization for space

Thomas G. Pownall, chairman and CEO of Martin Marietta Corp., warned of the massive Soviet build-up in space, and called for the United States to "restart the engine" of its space program to regain leadership in the international space race.

Speaking before the Space Business Roundtable here June 4, Pownall noted: "When we look to see how the Soviets are doing, we find they currently have a space station in orbit, are developing a space shuttle, that they launch four to five times as many payloads as we do each year, and possess far heavier lift capacity than the United States. Soviet cosmonauts have logged more than 4,200 man-days in space—almost three times as many as our as-

tronauts.

"Next year, the Soviets embark on the first of a series of four missions to Mars which are scheduled to return a sample from its surface before the turn of the century. Their space budget, greater than the combined costs of our civilian and Defense Department space activities, has been rising 15% a year, and a very large proportion of their program is devoted to military purposes. They have been conducting their own SDI for years. The Soviets have never lost track of the fact that space is the high ground."

## Laxalt settles libel suit

Former Sen. Paul Laxalt, a probable candidate for the Republican presidential nomination, announced an out-of-court settlement of his libel suit against the McClatchy newspapers at a press conference here June 4, declaring the joint statement agreed to by the two sides "a complete vindication" of his four-year-long legal fight against C.K. McClatchy, the publisher of the *Sacramento Bee*.

The *Bee* published an article intimating that Laxalt was involved in skimming profits from a gambling house his family owned in Nevada. Laxalt claimed the *Bee* spent millions of dollars trying to substantiate its story, and if it had been able to, it would not have approached him with the offer of a settlement.

However, at the conclusion of the press conference, copies of a statement by McClatchy were handed out at the door to Laxalt's office, in which the publisher said he stood by his original story.

This is not the first time McClatchy, a Democrat, has been sued for libel for publishing articles with highly charged political implications.

## Gore hits the campaign trail—in Moscow

Armand Hammer's favorite presidential candidate, Sen. Albert Gore (D-Tenn.), was off to Moscow in early June to avail himself of the advice and approbation of Soviet officials. He met with Anatoli Dobrynin, former Soviet ambassador to the United States and now Central Committee Secretary for International Relations, on May 28.

A *Pravda* report on the session quoted Gore, "Today as never before, new political thinking is required" on both sides to stop the arms race—a formulation which led one wag to wonder whether Gore isn't short-hand for Gorbachov.

Gore promised the Soviets, according to *Pravda's* report, that the need to improve Soviet-American relations would take "a prominent place in the U.S. election campaign."

While in Moscow, Gore also delivered an address to the seventh congress of the International Physicians for the Prevention of Nuclear War, which receives lavish funding from Hammer.

The speech no doubt pleased his Soviet hosts. A fanatic opponent of the U.S. Strategic Defense Initiative, Gore told his audience that the phenomenon of "technological and human error" supposedly evidenced in the penetration of Soviet air defenses by the 19-year-old West German pilot Mathias Rust; the Chernobyl nuclear plant disaster; and the Challenger space shuttle disaster, demonstrated that the SDI was a dangerous chimera.

## Cuomo too courts the Russians

Gore isn't the only presidential hopeful courting Moscow. New York's Mario Cuomo, whose activity in the race seems to increase every time he claims not to be running, embraced the lie of Soviet *glasnost* (openness) in a May 28 commencement address to Johns Hopkins University School of Advanced International Studies.

There is an "unprecedented convergence" of U.S. and Soviet interests, the New York governor claimed, and this holds out the possibility of ending the cold war and the nuclear arms race.

"For the first time in 40 years," Cuomo said, "we face the awesome possibility that Soviet history, our own history, and the demands of world history have conspired to offer us an opening to the beginning of the end of this period of constant hostility and incipient violence."

By "convergence," he apparently means American willingness to submit to Russian domination. While paying lip service to the need for the United States to maintain its military strength, Cuomo denounced the Reagan administration for thinking about abandoning the so-called narrow interpretation of the Anti-Ballistic Missile Treaty. "We cannot insist that other nations comply with arms-control agreements that we seek to reinterpret to our own benefit," he said. Cuomo did not mention the fact that the Soviets have repeatedly violated the treaty and are vigorously pursuing a strategic defense of their own.

## Seven dwarves, plus Nunn?

Senator Sam Nunn (D-Ga.) is on the verge of making up his mind whether to become the eighth dwarf in the

Democratic field. The June 1 *New York Times* reported that former Virginia governor Chuck Robb, one of Nunn's biggest boosters, is telling people that Nunn is "clearly moving closer" to a formal declaration. One Democratic "insider" told the *Times* that Nunn is "40% in right now."

Nunn is expected to be nudged toward a declaration at a fundraiser sponsored by the Democratic Leadership Council June 8. Nunn and Robb, who helped create the "centrist" policy grouping, will be the guests of honor at the event, which will be hosted by Democratic Party kingmaker Bob Strauss, and his pal Dwayne Andreas, the man slated to inherit Armand Hammer's mantle as the Soviets' best-loved "capitalist."

The *Times* notes that the reception will offer Nunn a key opportunity to meet party moneybags.

## Celeste inherits Hart's zipper problem

Gary Hart may be out of the Democratic race, but the "zipper factor" is still with us. Ohio's Gov. Dick Celeste, it seems, has been carrying on a lively extramarital love life.

According to the June 3 *Cleveland Plain Dealer*, Celeste has had at least three adulterous affairs in the past decade. Neither Celeste nor his wife Dagmar denied the report; and the governor told a hastily called press conference after the report appeared, that his personal life "was no one's business, and that he wouldn't let it affect his decision about whether to toss his hat into the presidential ring.

But Celeste's advisers are known to be worried that the womanizing issue will doom his candidacy even before it's declared—especially since Celeste is still tainted by the Marvin Warner bank scandal which erupted in Ohio in 1985.

## Senate approves AIDS testing for immigrants

By an overwhelming 96-0 vote, the Senate acted on June 2 to add the AIDS virus to the list of dangerous contagious diseases for which immigrants to the United States are tested.

The vote was on an amendment to the FY87 Supplemental Appropriations bill, sponsored by Sen. Jesse Helms (R-N.C.). On May 21, a similar amendment offered by Helms, which also mandated AIDS testing by states for marriage licenses, had been defeated 63-32.

The measure directs the President to act by Aug. 31 to begin testing, including those illegal immigrants applying for legal status under the immigration reform program. Testing positive for the AIDS virus will now be grounds for exclusion from the country.

"The people of the United States will hold this Congress responsible if we don't do something about it," Helms said.

Sen. John Danforth (R-Mo.) said that the testing provision was "beyond dispute." He had voted against the earlier Helms amendment.

Cost had emerged as the major stumbling block to a broader testing program, in the May 21 debate. Sen. Pete Wilson (R-Calif.), who voted against Helms, objected to testing of marriage license applicants for AIDS unless the applicant bore the cost.

Senator Danforth asked whether spending to meet the AIDS threat would be open-ended. "How can we say that we are not concerned about the cost?" he asked. "Is there an unlimited claim on the health care dollar? Is it absolutely unlimited? Is the position of the Congress of the U.S.

that there is no cap? Send the bill."

Senator Brock Adams (D-Wash.), who also voted against the first Helms amendment, said he had "no philosophical objection to testing these groups, but I do have a practical problem." "Given limited resources," Adams said he wanted to test higher-risk groups first.

## Technology could solve nuclear waste problem

Senator Chic Hecht (R-Nev.) introduced S. 1211 on May 15, the "Nuclear Waste Reprocessing Study Act of 1987," in an attempt to reassert a technological alternative to burying the nation's nuclear wastes.

"My bill would give the National Academy of Sciences until October 1989 to report to the Congress on the economic and environmental feasibility of a reprocessing program in the U.S.," Hecht said. "In the past, it has been argued that reprocessing was too expensive. But this was before we started to add up the bills for deep geologic disposal of nuclear waste. This approach is likely to cost our citizens more than \$30 billion. . . . In comparison, I am willing to bet that the price tag on reprocessing will turn out to be very reasonable."

Besides saving money, Hecht said it would "allow the country to reconsider an opportunity to make fuller and more efficient use of our limited energy resources." "I have recently returned from a trip to Europe," Hecht said, "where I saw first-hand a successful French program able to remove so much of the dangerous plutonium from the spent fuel, that only one ten-millionth of the original ma-

terial remains."

Hecht pointed out that such a technological solution would end the divisive national conflict over where to bury high-level waste. Energy and Natural Resources chairman Sen. Bennett Johnston (D-La.) recently offered to pay \$150 million per year to a state which accepted such waste.

Although Democrats are sensitive on the reprocessing issue because the Carter administration ended this technology, Hecht hopes to get hearings in Johnston's committee.

## Kennedy introduces AIDS education bill

Senator Ted Kennedy (D-Mass.), chairman of the Labor and Human Resources Committee, introduced S. 1220 on May 15, the "AIDS Education, Information, Risk Reduction, Prevention, Treatment, Care, and Research Act."

Kennedy promised on May 15 that he and Rep. Henry Waxman (D-Calif.), who has jurisdiction as chairman of the Health subcommittee in the House, would shortly introduce a second bill on AIDS testing, expected to emphasize voluntary testing and strict confidentiality.

This second bill, however, has not been introduced, and those who stress civil rights for AIDS victims and reject public health measures, are coming under pressure to consider testing measures. Not only has the Senate approved testing for immigrants, but an amendment mandating AIDS tests for immigrants and those seeking marriage licenses, sponsored by Sen. Jesse Helms (R-N.C.), was supported by nine Democratic senators, including

Senate Majority Leader Robert Byrd (D-W.V.), and Lloyd Bentsen (D-Tex.), David Boren (D-Okla.), James Exon (D-Neb.), Wendell Ford (D-Ky.), Ernest Hollings (D-S.C.), Harry Reid (D-Nev.), Jay Rockefeller (D-W.V.), and Richard Shelby (D-Ala.).

One senator suggested that Kennedy would have to now negotiate with the White House on testing.

Kennedy described S. 1220 as a bill which would "educate all Americans about AIDS risks and enable them to make informed choices to protect themselves; develop care and treatment networks for people with AIDS that are more economical and appropriate; and accelerate the search for AIDS vaccines and cures by putting federal funds to work faster." Kennedy said federal spending in these areas would double in FY88 to \$900 million.

The bill would also set up a national AIDS coordinator in the National Institutes of Health, and an AIDS advisory board whose composition would have to include an AIDS-infected person. Any AIDS research funding request would have to be responded to within six months.

## **M**oratorium proposed on hostile takeovers

Spurred by a foreign hostile takeover attempt against Burlington Industries, Sen. Terry Sanford (D-N.C.) and Rep. Howard Coble (R-N.C.) have introduced the Hostile Foreign Takeover Moratorium Act, to halt such takeover attempts for six months while the Congress considers a more permanent solution.

Introduced as S. 1264 in the Sen-

ate and H.R. 2514 in the House, the proposed moratorium would apply only if the takeover attempt "is financed by a loan, a borrowing, or some other form of debt." It would not affect takeovers which are not hostile and have been approved by the directors of the American corporation.

Senate Banking Committee Chairman Sen. William Proxmire (D-Wis.) had scheduled hearings to examine the attempted takeover of Burlington, but the takeover artists refused to come. "I think the arrogance of these people is going to make it easier to sell" legislation, Sanford said.

"I think once again in history investment bankers and their allies are galloping wild and out of control," Sanford said. "In the 1920s, this same crowd of people pretty well wrecked America. Now again they are getting out of hand. They are wrecking the economy. They are destroying communities. They have and are abolishing jobs all across the nation. They are changing the great enterprise of equity to one of debt, contrary to the traditions of the United States. They are weakening the corporate world by substituting debt for equity, modernization, and the capacity for research. Our total national capacity for competitiveness is at risk because of this kind of greed. And for what?"

## **C**ongress cuts arms aid to Turkey

Turkey, a NATO ally which is increasingly hard-pressed by the Soviet Union, is being given shabby treatment by the U.S. Congress.

Despite Turkey's military modernization program, and a Reagan

administration request for \$913.5 million in assistance to Turkey, the House Foreign Affairs Committee cut this to \$569.5 million, of which \$490 million is military assistance, a freeze at FY87 levels. The committee has refused to abandon its so-called traditional 7 to 10 ratio in military assistance to Greece and Turkey.

An amendment by Reps. William Broomfield (R-Mich.) and Gus Yatron (D-Pa.) further restricts the use of U.S.-supplied military hardware on Cyprus, and the Post Office and Civil Service Committee passed H.J. Res. 132, commemorating April 24 as a day of national mourning for the Turkish massacre of 1.5 million Armenians during World War I.

Turkey has suspended the ratification process of U.S. use of bases on its territory.

The House cuts in foreign assistance are included in a bill which is \$500 million over the budget previously passed. The Senate's budget is another \$550 million below the House level. Republicans on the committee have offered an alternative budget cutting \$465 million from African development and various U.N. programs, and putting the money into assistance for countries that have U.S. bases. While the Foreign Affairs Committee has marked up the bill, Democrats are hesitating to take the bill to the House floor.

The budget-cutting at Turkey's expense came under fire by Rep. Jim Courter (R-N.J.), who also complained on May 27 that the State Department is cozying up to the Bulgarian regime, which is being accused of genocide against a half-million Turks in Bulgaria, while Turkey is being relatively ignored.

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# National News

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## Meese refuses testimony on Contras' drug ties

Attorney General Edwin Meese has refused to give testimony on illegal drug ties between the Contras and their backers, according to press reports. Meese apparently refused a request of the House Judiciary Subcommittee on Narcotics Abuse and Control, which was seeking to probe the Contras' role in drug trafficking, because it would jeopardize the ongoing Contra hearings.

The story emerged when Rep. Charles Rangel (D-N.Y.) said that Meese had refused to allow Drug Enforcement Administration officials to take part in a private briefing to his committee. Rep. Lee Hamilton (D-Ind.), chairman of the Irangate hearings, wrote a letter saying that such testimony should create no problems for the Irangate hearings, contrary to Meese's concerns.

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## Weinberger hits isolationist spirit

Defense Secretary Caspar Weinberger, speaking in London on June 3, cautioned against complacency and isolationist sentiments within the NATO alliance, and warned that the Western world today needs the quality of leadership which characterized the Allied war against Hitler. Weinberger was addressing the English-Speaking Union, on the 40th anniversary of the Marshall Plan.

"Complacency has taken its toll on our alliance," he said. "Today we face threats from within, and they stem paradoxically from the very democratic spirit that defines our nations.

"It would be terribly naive, and worse, given the bloodshed we have suffered in this century, to believe that free peoples can disengage themselves from the world arena.

"Unfortunately, democracies seem to lose interest very quickly in the complicated and harsh world outside of domestic affairs. . . .

"Today our alliance is challenged not

only by the inherent reluctance of democratic peoples to provide for the common interest, but also by the disregard within some circles of the moral bonds and shared values which united us in the past."

Referring to the leaders who mobilized the United States and Britain to fight the Nazis, Weinberger said, "Our continued survival will depend on whether we will be granted such leadership in the future, and whether we will recognize and follow it in time."

This was Weinberger's third trip to Europe in three weeks. He had attended the NATO Nuclear Planning Group meeting in Norway, then the NATO defense ministers' meeting in Brussels. Following his London speech, he went to France, to meet with Saudi Defense Minister Prince Sultan.

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## Soldier with AIDS faces court martial

A U.S. Army private faces court martial charges for having sex with others while knowingly carrying the AIDS virus, the Army disclosed on June 3. An Army spokesman said it was the first time that such a case had been brought to court, in either civilian or military proceedings.

Pfc. Adrian Morris is charged with aggravated assault, sodomy, and "conduct of a nature to bring discredit upon the armed forces." The victims include one female and one male soldier. If convicted of all counts, Morris would face maximum penalties of 17 years in military prison, dishonorable discharge, reduction in rank, and total forfeiture of pay and allowances.

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## Michael Ledeen: 'They think I am a spy'

Michael Ledeen, the professed fascist and protagonist in the Irangate affair, is under investigation for being a "Pollard number-two," Ledeen confided to an Israeli friend during a recent trip to that country. Ledeen

was in Israel to initiate a lawsuit against Amiram Nir, an adviser to Foreign Minister Shimon Peres, who had charged that Ledeen had pocketed money from the arms-for-hostages deal with Iran. Ledeen said that by blowing his role in the deal, Nir did "a disservice to me, and all American Jews. The CIA thinks that I am a spy."

Israeli sources further report that U.S. Attorney Joseph Di Genova, who prosecuted the Jonathan Pollard spy case, is now investigating Ledeen's role in the affair. Ledeen's likely role in deploying Pollard and other agents on behalf of the deals arranged between then-Secretary of State Alexander Haig and Israeli Defense Minister Ariel Sharon, is the focus of the investigation.

Haig and Sharon had arranged for leaks of U.S. intelligence to Israel, through such channels as the Pollard network. These channels remained open after Haig left office, and after the deals were canceled due to the 1982 Israeli invasion of Lebanon, leading U.S. investigators to wonder just whom Ledeen was working for.

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## President lobbies for constitutional convention

President Reagan has promised to send a letter to the California state legislature, backing a bill which would mandate a constitutional convention, and may personally visit his home state to lobby for it, according to Sacramento sources. The President backs the drive to pass a constitutional amendment mandating a balanced federal budget.

The bill, Assembly Joint Resolution 8, was drafted by Assemblyman Tom McClintock (R-Thousand Oaks), with help from Lew Uhler, chairman of the National Tax Limitation Committee. Hearings are scheduled for July 1. If passed, it would make California the 33rd state to call for a constitutional convention, one short of the 34 required to assemble a convention.

Parts of the old-line Reagan machine are outraged at the President's support for the effort to rewrite the Constitution. A spokesman for the Eagle Forum, an activist group run by Phyllis Schlafly, said May 29, "We



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are very disappointed" that the President has chosen to endorse the convention. Reagan was "neutral on the issue" until early this year, when he suddenly climbed aboard the bandwagon. Eagle Forum members have been lobbying against the convention idea in state legislatures.

The Daughters of the American Revolution passed a resolution in April urging members to take up the cudgels against the constitutional convention, on the grounds that Lloyd Cutler's Committee on the Constitutional System, a "powerful group of elitists," wants to use it to ram through a European-style parliamentary system.

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## Kemp raises issue of loans to U.S.S.R.

A bipartisan group of congressmen, led by Rep. Jack Kemp (R-N.Y.), have asked President Reagan to discuss at the Venice summit of OECD leaders the security problems posed by large Western cash loans to the Soviet Union. The congressmen stated, in a letter to the President dated June 2, that nearly \$4 billion in cash has been loaned to the Soviets by Western banks in the past year alone, and charged that Western capital flows have allowed the Soviets to divert hard-currency revenues "to finance aggression abroad, and oppression and the military buildup at home."

Kemp called this "the tip of the iceberg" of a larger security problem, warning that the Soviet Union "is preparing to enter the Eurobond market, which is also an untied loan market, thereby tapping American pension funds, insurance companies, and other corporations."

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## Cardinal attacks Moynihan on abortion

Cardinal John O'Connor, the archbishop of New York, has opened fire on Sen. Daniel Patrick Moynihan (D-N.Y.), accusing him of "newspeak" to disguise his stance on abortion.

O'Connor, who has also blasted Gov. Mario Cuomo and former Democratic vice-presidential candidate Geraldine Ferraro for "pro-choice" stands on the issue, accused Moynihan of ducking the subject by using "the kind of language a totalitarian government would use to deceive, confuse, and stultify us."

The attack appeared in O'Connor's weekly column in *Catholic New York*, the archdiocesan newspaper. O'Connor did not name Moynihan, but his target was clear. Moynihan was quoted by the *New York Post* June 2, saying that the archbishop's attack was sparked by a statement Moynihan made on Jan. 22, in which he claimed he was opposed to abortion, but "will not impose my moral beliefs on others." O'Connor wrote that he did not want "to damage [Moynihan's] political career," or his chances for reelection.

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## FBI said to probe Wedtech-PTL link

FBI agents are reportedly investigating the possibility of a link between the Bakker-PTL scandal and the bribery and influence-peddling scandal surrounding Wedtech, the Bronx, New York-based defense contractor which grew phenomenally after various middle-level administration officials went to work for it.

FBI agents recently attempted to question Jessica Hahn, Jim Bakker's bed-mate, about payments she received and Wedtech. Law enforcement sources said investigators were checking into whether some of the money paid Hahn to keep quiet about her affair with the TV evangelist originated with Wedtech and was passed through the Rev. Aimee Cortese, a PTL board member. Cortese is the sister of U.S. Rep. Robert Garcia, now being investigated in connection with the Wedtech bribery case.

Investigators reportedly think that Wedtech founder John Mariotta, a born-again Christian, gave company money to Ms. Cortese, pastor of Cross Road Tabernacle in the Bronx. Sources close to the case speculated that Hahn may have received as much as \$20,000 from Cortese.

## Briefly

● **THE NEW FEDERALIST**, America's newest national-circulation weekly newspaper, released its first issue on June 8. The paper is intended to fill the gap left by the forced closing of *New Solidarity*, whose publisher was placed in involuntary bankruptcy on April 21. The *New Federalist* chose as its slogan a quotation from Benjamin Franklin: "Whoever would overthrow the liberty of a nation must begin by subduing the freeness of speech."

● **HENRY KISSINGER** has been asked to chair a congressional panel monitoring activities in Central America. The panel was established last fall; its mission is to monitor and report to Congress on any negotiations involving the U.S. and Nicaragua or other countries in the region. It is not yet known whether Kissinger will accept the assignment.

● **THE ADMINISTRATION** notified Congress May 29 that it intends to sell 1,600 Maverick air-to-ground missiles, valued at \$360 million, to Saudi Arabia. The move is seen as a setback for the Zionist lobby. Opposition is expected to be intense.

● **NEW YORK'S** Mayor Ed Koch called on June 2 for AIDS tests for all foreign tourists and businessmen entering the United States. Koch said he feared that an influx of foreign AIDS victims seeking treatment in the U.S. would spread the disease. He also said he was asking the city's five district attorneys to study Gov. Mario Cuomo's proposal to make it a crime to knowingly spread the virus.

● **PAT ROBERTSON** announced on June 5 that he was laying off 500 employees at his Christian Broadcasting Network, as a result of the scandal surrounding PTL televangelists. Contributions to his television network have dropped by 50% since the scandal broke, he said. Jim Bakker of PTL was a protégé of Robertson.

## Editorial

### *Ambassador Richard Burt: a Soviet asset*

At the time of Richard Burt's nomination for U.S. ambassador to the Federal Republic of Germany, this publication campaigned vigorously against his confirmation by the U.S. Senate. At that time, we demanded an investigation into his role in promoting the Moscow-controlled Green Party of West Germany; his relationship with convicted KGB spy Arne Treholt of Norway; his role in the so-called "Chalet" espionage scandal while he was still working for the *New York Times*.

Our warnings were not heeded. The light of publicity was never shed on these seedy aspects of Richard Burt's life, and so he became the Ambassador of the United States to Bonn. Those in the Senate, the U.S. intelligence services, and law enforcement agencies who allowed Burt's nomination to go through, are now responsible for the mess he is creating in the Federal Republic of Germany.

Burt and his close collaborator and subordinate, John Kornblum, who represents the U.S.A. in Berlin, have extended invitations to representatives of a "National Bolshevik" fringe party, the Republikaner Partei, to grace with their presence the official reception honoring President Reagan's visit to the divided city of Berlin. The intention of that invitation was to provide a cloak of legitimacy to an important, Moscow-controlled political operation which has been assigned the task of selling to traditional, conservative political layers of West Germany, the idea of decoupling from the United States.

Richard Burt and John Kornblum stand exposed as the principal backers of a key Soviet intelligence operation against the Western alliance, the Nazi-communist Republikaner Party. The Republikaner are, simply, "Moscow's Fifth Column" in the Federal Republic. That Munich-centered operation is a den of enemy operations, deployed by the Russians, who, in this instance, are cooperating with two leaders of the Nazi International secretly behind the founding and funding of the Republikaner Partei: François Genoud, the Swiss literary executor of Adolf Hitler and Martin Bormann, and his life-long collaborator, Ahmed Huber.

There is irony in this particular political menagerie. Old Nazis and old Communists, François Genoud, Ahmed Huber, and the local KGB, are digging up from the political graveyard, the old camaraderie and spirit of the 1939 Hitler-Stalin Pact, and call it the Republikaner Partei. They then get the U.S. ambassador, Richard Burt, to invest it with legitimacy. Essentially, the Republikaner, which has been the recipient of financial donations from Project Democracy's "Spitz" Channell, makes the Nazi argument that the ties of alliance between the United States and the Federal Republic be dissolved and replaced by ties of alliance with Russia.

This is what Ambassador Burt, and his friend Kornblum, are, essentially endorsing. They are doing so with the active encouragement of Secretary of State George Shultz, whose commitment to the cause of the illegal, "parallel government" of Project Democracy has been displayed in the form of support for Assistant Secretary for Latin American Affairs Elliott Abrams, the single most responsible person—after Robert Vesco—for the spread of anti-Americanism in Central America.

Shultz himself, acting like the high priest of betrayal, is going around the world, making speeches to international audiences, to the effect that the United States can no longer dispense with its international leadership responsibilities, and that "others" should take up the "burden." This is what we warned of when we campaigned against Richard Burt's nomination as ambassador to West Germany.

Since then, we have had the Reykjavik summit, the steady unfolding of the Irangate clean-up, and the publication of *EIR*'s "Project Democracy" report. Now, whoever wants to reverse what's gone wrong with U.S. policy, must join with us in cleaning up the State Department nest of Project Democracy. Shultz has stuck what he has of a neck out to defend his "sensational" assistant secretary, the perjurer and bullying juvenile delinquent Elliott Abrams. If that's the way he wants it, we should make sure that's the way he gets it.

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# **EIR**

## **Why this is the most controversial publication in the West**

### **AIDS pandemic**

On May 31, 1987 President Ronald Reagan called for mass testing for AIDS. The media and political candidates have reversed themselves and now admit AIDS is the major issue in the 1988 presidential campaign.

Lyndon H. LaRouche, Jr. wrote in *EIR* in September 1985: "It is now becoming clear, that during the period of the 1986, 1987, and 1988 election campaigns in the United States and Western Europe, the hottest political issue will be the spread of a new global pandemic more deadly than the bubonic plague: Acquired Immune Deficiency Syndrome (AIDS). Governments, political parties, and candidates will rise or fall, on the basis of a spreading, and entirely justified popular panic directed against those politicians and governments which attempt either to cover up the spread of this pandemic, or to use the immoral and fraudulent pretext of 'homosexuals' civil rights' as a pretext for blocking urgently needed measures of quarantine and prevention."

### **The Russians**

*EIR* called the shots on Gorbachov's moves to turn the Soviet economy into a powerful war machine, while the West was dismantling its economy.

Read what we said in September 1985: "The battle for the 'introduction of the achievements of scientific and technological progress' has been the watchword of every principal pronouncement, resolution, intervention and personnel shake-up of Gorbachov's regime since he came in last March. It is an absolute requirement of the war economy doctrine, laid down by Marshal Nikolai Ogarkov and his predecessors in the Soviet high command."

### **The economy**

We wrote in March 1985: "During the time period in which the much touted U.S. 'recovery' was not happening, the United States was sucking the world as a whole into the vortex of a Second Great Depression, and in the process, thanks primarily to Paul Volcker, the United States was bankrupting itself."

Volcker is now out, and the man who has been nominated to take over the Fed—Alan Greenspan—has admitted that there never was a "Reagan recovery."

**EIR: Knowledge is leadership.**