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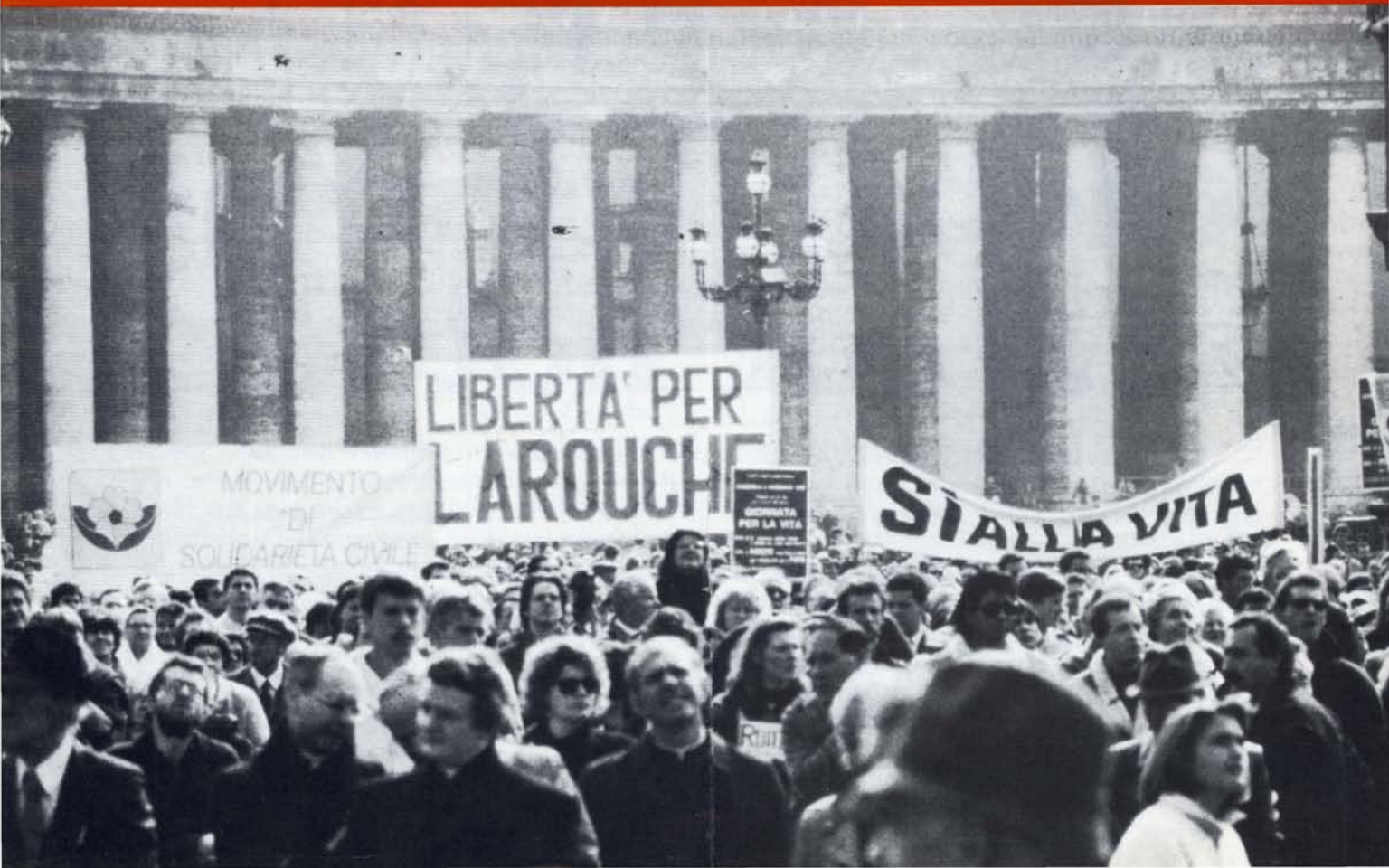
Executive Intelligence Review

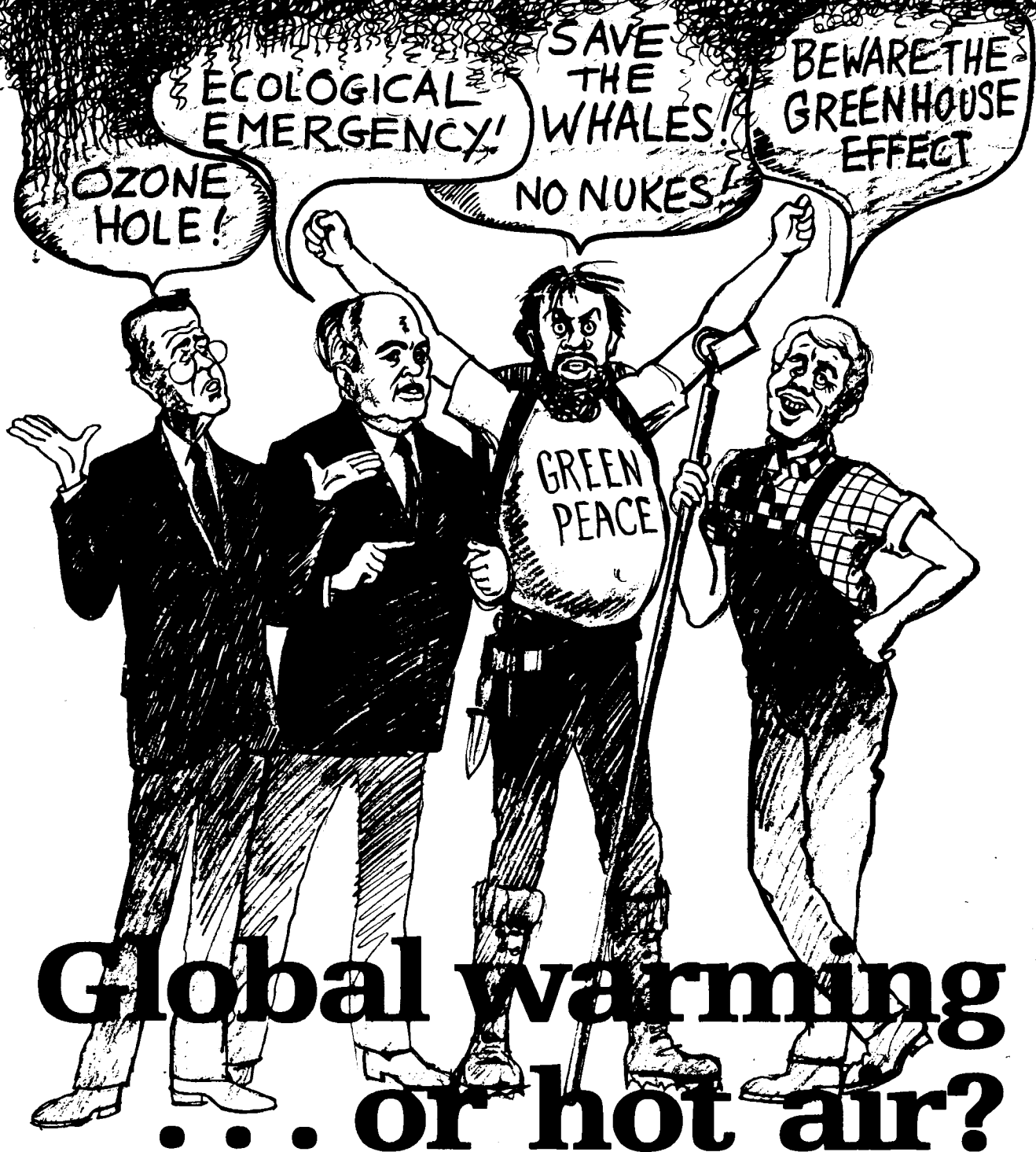
August 4, 1989 • Vol. 16 No. 31

\$10.00

France's plan for flood control in Bangladesh
'The Woman on Mars,' a TV film scenario
Mexican settles for peanuts in debt deal

**LaRouche explains who
his political enemies are**





The environmentalists say that "industrial pollutants" are heating up the world's climate-what a hoax!

First, the evidence that such a heating is occurring is dubious; if it is occurring, what *can* be proven is that industrial emissions are not the cause. And the "remedies" proposed by George Bush, Mikhail Gorbachov, and the other "greenies" will only make things worse.

Executive Intelligence Review's Special Report, "The 'Greenhouse Effect' Hoax: A World Federalist Plot," assembles the scientific evidence, and analyzes the political purpose behind the hoax: the drive to use "ecological emergency" as the pretext to destroy the sovereignty of nations.

EIR

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From the Editor

We have two substantial writings from *EIR*'s founder Lyndon LaRouche this week. Picking up on President Bush's stated commitment to putting America back in space and colonizing Mars, in the *Science & Technology* section we offer a never-before-published item LaRouche wrote in early 1987, throwing out a challenge—which we hope some readers will want to help realize—for a TV film on the Mars mission that would be a worthy sequel to the famous "Woman on the Moon."

A more recent LaRouche writing is our *Feature*, the June 1989 new Foreword to a forthcoming Spanish edition of his autobiography, where he describes the process by which he became a "celebrated political prisoner." We have abbreviated somewhat the very extensive footnote documentation which will go into the Spanish book, but provided as much as space will allow of the written spoor of the attackers and defenders of Mr. LaRouche, who has declared his candidacy for Congress from Virginia's 10th C.D.

Other highlights of the issue show why LaRouche's freedom is so urgently needed:

- In *Economics*, page 4, read about the plethora of European financial experts' warnings that another crash is imminent; and on page 6, the shocking gameplan of certain Wall Street elites to work with Moscow to use "environmentalist" quackery as a bludgeon to impose even more murderous austerity.

- In the lead *International* and *National* stories, we indicate the strategy of the Kremlin leadership to keep their evil empire together—with the help of Western accomplices.

- Asia policy: See page 10 for further reasons to boycott AIG, an insurance conglomerate whose major "business" is keeping the Butchers of Beijing in business. On page 43, the third installment of an interview with 86-year-old Chinese anti-Bolshevik resistance leader General T'eng Chieh. And on page 40, an appraisal of the impending disaster in Afghanistan, and a proposed U.S. policy to avert it.

- Development: Our exclusive report on the French proposal for flood control in Bangladesh, a positive initiative ambushed by the Anglo-Americans at the Paris summit, is on page 12. As for the Bush administration's "alternative" for the Third World, see page 8 for news of the Brady Plan's Mexican swindle.

Nora Hamerman

EIR Contents

Interviews

43 Gen. T'eng Chieh

The elder statesman of the Kuomintang party in the Republic of China discusses the qualifications for the new leadership which must take power from the Communists in Beijing. Part III.

Book Reviews

65 U.S.A. v. Lyndon LaRouche: anatomy of a political frameup

Drawn almost entirely from court records, *Railroad!* shows step by step, how the U.S. government-sponsored "Get LaRouche" task force threw the Constitution and the law out the window in its race to put the "LaRouche Seven" behind bars as a favor to Henry Kissinger and a "peace offering" to the Soviet Union.

Departments

50 Panama Report

U.S. intensifies military provocations.

51 Andean Report

Colombian cabinet changes.

52 Vatican

Ratzinger scores false ecologists.

53 Satanwatch

Backlash in Venice.

54 Report from Bonn

Renounce the Hitler-Stalin Pact!

55 Middle East Report

Israel's summer crisis.

72 Editorial

The SDI and the Soviets.

Science & Technology

20 The Woman on Mars: a film scenario for TV

Although written more than two years ago, this "future history" of the grand and successful effort to establish a permanent colony on Mars by 2027 A.D., could not be more timely today. Its author, Lyndon LaRouche, draws upon his extensive collaboration with leading space scientists such as the late Dr. Krafft Ehrlicke, to vividly portray how the conquest and "Earth-forming" of the Solar System will open the gates to Man's true Age of Reason.

Economics

4 After the summit . . . before the fall

At the Paris economic summit, George Bush refused to heed international bankers' warnings about the limits of puffing up the paper economy with more "creative" speculation schemes. Now he's going to pay the price, as the financial world goes back to "traditional" 19th-century looting arrangements.

6 Prudential demands 'heavy-handed action' to enforce ecology regimen

7 Currency Rates

8 Mexico receives peanuts in latest debt swindle

10 Insurance giant helps China's dictators

Boycott the American International Group!

11 What it would take to repair our bridges

12 Toward a Great Project for flood control in Bangladesh

The only good thing to come out of the Paris economic summit, was a commitment to construct a massive water control system in Bangladesh.

16 International Credit

Junk is hazardous to our health.

Feature



At St. Peter's Square in Rome: "Freedom for LaRouche." Since LaRouche's incarceration in January, international outcry against the injustice has been growing.

28 LaRouche tells who his political enemies are

U.S. congressional candidate Lyndon H. LaRouche, Jr., writing from his jail cell, examines the underlying motivations of the Kissinger-Cherne "secret government" circles to attempt to eliminate the policy-influence of LaRouche and his co-thinkers. This essay was written as the Foreword to the 1989 Spanish edition of LaRouche's autobiography, *The Power of Reason*.

International

38 Economic ills heat up Soviet succession fight

With the failure of Mikhail Gorbachov's "restructuring" of the U.S.S.R.'s economy, Gorbachov may decide that only a Stalin-style purge of the party bureaucracy will keep him in power.

40 Afghan crisis takes an ominous turn

Documentation: A Schiller Institute call to defuse the Afghan crisis now.

43 How we can overthrow the mainland China dictatorship

46 Castro seeking deal with Bush

It certainly wasn't to pursue a War on Drugs, that the aging Cuban dictator executed one of his top generals. Cocaine baron Robert Vesco is still welcome in Havana anytime.

48 Behind the attack on Argentina's President

A fact sheet on the scandal targeting Finance Minister Nestor Rapanelli.

56 International Intelligence

National

58 Soviet military prepares U.S. for 'Russian Tiananmen'

Both Marshal Sergei Akhromeyev and Defense Minister Dmitri Yazov took public-relations tours in order to lull Western leaders into believing that the coming military crackdown in the U.S.S.R. will never be directed outside Soviet imperial borders.

60 Alleged Soviet spy Felix Bloch was close to Kissinger's circles

62 Bronfman is Lenin's 'useful idiot'

63 Defense begins its case: Will Henry Kissinger take the stand?

The New York "LaRouche" trial proceeds.

67 200 more lawyers back LaRouche's appeal

68 Congressional Closeup

70 National News

After the summit . . . before the fall

by Chris White

Since March, the circles associated with former West German Chancellor Helmut Schmidt have been warning that the Bush administration had been given until the Paris summit of the Group of Seven heads of state to demonstrate that it could take serious action to reduce the U.S. budget deficit. After that, it was said, it would be a different matter.

It is now two weeks since the gathering in Paris which marked the falling due of the deadline delivered via the messenger Helmut Schmidt. On the American side, ignoring for a moment the scramble to pass legislation through Congress before the session ends Aug. 15, it is becoming increasingly clear that the action demanded by the creditor circles Schmidt represents will not happen, at least until the fiscal year that begins in October 1990. On the other side, it has also become clear that Schmidt's summit deadline was also a real one. The creditors of the biggest single debtor nation in the world do not seem prepared to extend another year or more of grace before enforcing their day of reckoning.

Three sets of developments point to that conclusion:

- the so-called, in Mexico at least, "breakthrough" debt agreement reached in round-the-clock negotiations over the weekend of July 23;
- the series of votes in the Congress against the administration's budget proposals, and S&L bailout plan; and
- warnings from the head of Japan's central Bank that he will have to increase interest rates to supposedly keep internal inflation under control.

The combination of each of the cited three cases indicates that at the level of those American creditors who deploy such agencies as the Basel, Switzerland-based Bank for International Settlements, the decision has been made, now that the Group of Seven summit is over, to begin to shift the world financial system away from the speculative methods associ-

ated with the so-called "creative" or "innovative" financial practices which underwrote what is still known as the "Reagan economic recovery," towards what the same circles call "traditional banking" or "traditional finance."

European financiers foresee crash

The shift casts into sharp relief the warnings issuing from top financial circles in Europe that the world is set on course for the eruption of a new series of financial shocks, perhaps in the month of August, when the vacation period quiet greatly magnifies the effect of relatively small-scale financial movements, if not then, in September, or in October. For such circles it is no longer a matter of whether there is going to be another round of financial turmoil, but when that turmoil will erupt. The changed pattern of activity by America's creditors, since the Paris summit, is good evidence that such turmoil will erupt sooner rather than later.

The whole is further complicated by the development of the internal Russian crisis into mass strike form, and by the demands posed on the West for delivery of consumer goods, in the order of \$15 billion worth, to permit Gorbachov and company to deliver on concessions promised to end strike activity. Non-delivery is sure to exacerbate turmoil. Delivery on Gorbachov's terms, leaving aside the matter of physical possibility, will serve as final proof that the degeneration of Western leadership has gone so far as to perhaps be irreversible.

The so-called Mexican debt agreement is the best marker of the emerging shift against the speculative methods of "creative" finance. The U.S. administration team had made desperate efforts prior to the Paris summit to come up with a package that would provide the basis for a public relations triumph at the summit. The idea was that "an agreement in

principle" would be concluded between Mexico and the group of bankers, led by Citibank, who represent the creditors. Such an agreement would have permitted the American delegation at the summit to tell other delegations of the significant progress that had been made. Shot down by the bankers, who added conditions unacceptable to Mexico in the days before the summit, this triumphalistic intent was doomed.

But an agreement was concluded in the week after the summit. New players entered the negotiations, and new so-called solutions were included as part of the package. Participants' tight-lipped responses to queries about what occurred indicate that at some point, America's creditors pulled their debtor's chain. Among the new players were the Bank for International Settlements, and the New York district of the Federal Reserve under its chairman Gerald Corrigan. Among the new so-called solutions: credit for debt repayment secured against long-term, fixed price delivery of hard commodities. The BIS is privately reported to have extended \$2 billion in interim finance to underwrite the package which was concluded in round-the-clock, "no one leaves till we have an agreement" negotiations in New York. This \$2 billion is on top of a similar \$2 billion commitment for bridging finance by the United States.

With \$4 billion committed at short notice, it is obvious indeed that someone, somewhere, is once again very much concerned about the possibilities of a debt blowout emerging again. Though participants in the talks stressed that both the New York Federal Reserve and the BIS had been involved in debt negotiations before, they were hard-pressed to cite examples of such participation, except during such moments as Mexico's near declaration of a debt moratorium in 1982, and Brazil's resumption of interest payments, after its moratorium ended in the last quarter of 1988.

The commodity agreement, though, indicates that plans are now being moved off the drawing board for the development of the fallback options in the event of financial collapse. Though small—rather more than \$200 million in size—the long-term copper agreement, negotiated as part of the debt arrangement between a consortium of 11 banks headed by Paris-Bas and Mexico's copper company, Cobre Mexicana as supplier, and Belgium's Société Générale refining subsidiary as consumer, is described as "the wave of the future" by those responsible. The idea is that banking activity will begin to be tied back to hard commodity trade, whether in the form of industrial, agricultural, or fuel raw materials. Paper issued will be secured against the delivery of such hard commodities, on a long-term fixed price basis, with the banks mediating the supply of specific amounts of the product to specific end-users. This arrangement bypasses the entire speculative edifice which has been built upon the relationship between futures markets and spot and equity markets, through such means as the various kinds of options indices which have permitted speculation in equities markets, for example, to be hedged against futures markets. This edifice in turn has helped

underwrite the growth of bank trading in the form of securitized paper known as "off-balance sheet liabilities." The commodity feature of the debt agreement represents the bankers' adoption of a fallback option against the increasing likelihood of a collapse in financial paper.

The agreement was made possible during the week before the debt agreement was signed, when Wendy Gramm at the Commodity Futures Trading Commission ruled that "commodity swaps" would not be subject to CFTC regulation, because such swaps are not equivalent to futures contracts. Unlike a futures contract to buy or sell a certain commodity by a certain date, which can be transferred into another futures contract, or realized as a physical trade in goods, the commodity swap is found to be an individually tailored transaction between a specific supplier and a specific consumer, mediated by a bank or group of banks, with a relatively long time frame, and a fixed price.

Such commodity swaps, along with currency and interest rate swaps, have been conducted outside the United States since a July 1987 ruling by the same CFTC that they did in fact constitute futures contracts. The reversal on this matter, like the Mexican debt talks themselves, is part of the pattern that indicates the pressure brought to bear on the United States. The CFTC's decision is to be taken together with a new round of attacks on the Chicago Board of Trade and Mercantile Exchange, in which the protagonists in the fight for control over July delivery soy beans, namely Cargill and Ferruzzi, are both questioning whether there is any purpose served in the Chicago market's continued existence. Instead of the Chicago futures markets it is estimated that the big commercial banks will preside over the growth of commodity swaps from a level of about \$2 billion today, up to \$100 billion plus.

The arrangement is traditional in more ways than one. It is essentially a commitment to revive 19th-century raw materials-based looting forms of imperialism. In this arrangement, supposed financial power disposes of raw materials control as a means of disposing the fates of producers and consumers alike. Since the paper is going to come down anyway, with or without such so-called returns to traditional methods, the new form of commodity-based agreement must be seen as an effort by the major banks to maintain their political power, through raw materials control, after the speculative paper mountain has been wiped out.

Here again we have a case of the arrogance which assumes that financial crashes, if they can't be avoided, can be directed and steered, to whomever's benefit. As usual, such thinking overlooks the reality that financial matters are not in and of themselves the be-all and end-all. The breakdown of the world economy's capacity to continue to support human existence feeds the aggravation of financial crises. So long as that is not dealt with, no so-called traditional financial methods will make any degree of difference worth a hill of beans.

Prudential demands 'heavy-handed action' to enforce ecology regimen

by William Engdahl

Prudential-Bache Securities, the Wall Street investment firm tied to one of the world's largest insurance companies, has revealed the bankers' strategy behind the revival of "the environment" as the dominant international political issue over the past year, in a limited-circulation newsletter intended for investors.

In the June 28 issue of the company's newsletter *Strategic Weekly*, author Mark Melcher demands:

1) "A sea-change in the way humans consume energy, and how much they pay for it." The newsletter predicts that "environmental effort will dominate global economic and political thought and actions in the next century . . . comparable to the startling transformation in worldwide attitudes towards geopolitical power and the massive allocation of resources toward military might that resulted from the Communist threat to the free world following World War II."

2) *Global policing operations to enforce austerity, in violation of the sovereignty of nations.* There will have to be a change, says Melcher, "in our attitude toward the sovereignty of nations that refuse to cooperate in global environmental cleanup efforts . . . in our approach to the use of chemicals . . . in short, the very manner in which we define the term, 'standard of living.' "

3) *U.S.-Soviet collaboration, under the auspices of the new "détente," to dictate terms to the rest of the world.* This means continued Western appeasement of Gorbachov, or to use the words of Prudential's report, "continuation of the abatement of the cold war. This is an absolute *sine qua non*," which will allow the two superpowers to inflict austerity on developing nations. The policy will "necessarily involve some heavy-handed action on the part of the international community, an undertaking virtually impossible under the conditions of cold war rivalry that exist in the world today," Melcher candidly states.

4) *Political support for the neo-fascist Green parties.* Predicting initially a gradual shift by the superpowers into this new environmental agenda, away from military spending, the Wall Street group says that increased spending on environment will further build the "political influence of the Green groups in the developed nations."

New disasters will 'shock the world'

Most revealing is Prudential-Bache's "prediction" that an "event will occur that will shock the world, similar to the way the oil price increases of the 1970s did. . . . It will probably involve a severe agriculture disaster in a major breadbasket region of the world, threatening widespread famine. This could result from global weather changes or possibly another nuclear disaster like Chernobyl. By this time, the 'greens' will have made significant political inroads, an industrial base dedicated to the business of the environment will have gained considerable economic clout, and the tide will turn."

Strategy Weekly's revelations appeared conveniently before the Bastille Day Paris summit, where the Group of Seven leaders walked away from the urgent problems of collapse of current monetary relations and the explosive Third World debt, and turned their summit "green." The City of London's weekly *The Economist*, writing on the eve of the Paris meeting, reflected Prudential's more candid version of the "establishment consensus." "What defense has been to the world's leaders for the past 40 years, the environment will be for the next 40," they insisted, calling "greenery an ideal subject for the leaders of the seven biggest industrial economies."

Beginning in the 1970s, especially during the Carter administration, "the environment" began to be used as a factional weapon in politics. Green groups like Friends of the Earth got heavy financing from New York and London oil multinationals to run anti-nuclear campaigns. Nuclear energy was the major threat to imposing the oil multitis' huge increases in world oil prices during the 1970s. Now, since the Reykjavik summit signaled that Gorbachov seemed to be "playing ball" with the Western liberal establishment, this issue of the environment has again been given front-page priority in the West. Scientific hoaxes about a growing "hole in the ozone layer," about a "greenhouse effect," and blackmail against the Third World over the "disappearing rain forests" are being used to impose an impending ecological dictatorship.

Prudential-Bache's newsletter reveals that for the Western financial establishment, "nature" is a useful cover to force reduction of living standards. Prudential's Melcher asks,

“Who will pay? The answer is simple. In the case of the environment, the costs will be borne by the public—directly through higher energy prices and indirectly through higher consumer prices as tougher federal pollution standards are imposed on the nation’s corporations. . . . One *quid pro quo* to corporations will be a lessening of anti-trust enforcement on the theory that only big companies can do everything the government and society are demanding. . . .”

Echoing the bankers’ green blueprint, on July 17, the German Social Democrats issued a call for “ecology levies” on factories, and sharply increased energy taxes, as part of their campaign program for the 1990 national elections. Spokesman Joachim Poss insisted, “Production processes which damage the environment, and consumption of non-renewable resources must carry a higher price than practices which are good for the environment.”

‘Ecologism,’ the new face of fascism

Fascism is a poorly understood, emotionally charged term. In rigorous economic terms, it is a systematic imposition of reduced living standards on a subject population by a totalitarian authority. The Mussolini model, set up by Finance Minister Giuseppe Volpi di Misurata on behalf of the Bank of England and J.P. Morgan Bank in New York, created a corporatist state where trade unions, big companies, and the state acted as a combine to impose sacrifice on Italy for the sole purpose of paying the foreign bankers’ debt. Hjalmar Schacht imposed another variation as Hitler’s economics minister.

One board member of Prudential-Bache is ex-Federal Reserve chairman Paul Volcker, whose high interest rates bankrupted large chunks of the world economy starting in 1979-80.

What attracts large multinational banks and businesses to “ecologism” today is its convenience as a cover for savage austerity and genocide, while burying protestations that might cause social explosion. After all, “Planet Earth” is in danger of extinction, and we must all pull together to save her, mustn’t we? The Prudential-Bache remarks are the most candid revelation of this agenda of the financial establishment: malthusian genocide against the Third World and savaging living standards in the industrial world, enforced by a “New Yalta” between Moscow and the West, all to protect banking paper at the expense of the world’s people.

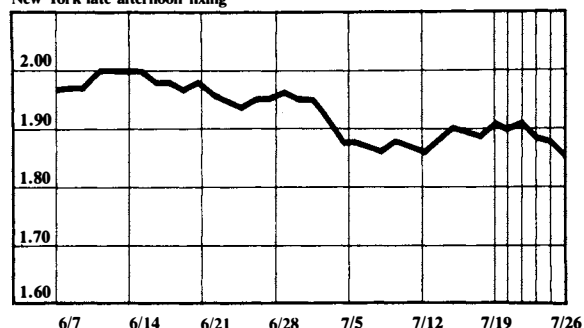
In the July 16 London *Times*, economics writer Irwin Seltzer wrote, “Those who have long opposed economic growth, latter-day malthusians last seen flitting between the Club of Rome and Jimmy Carter’s White House, see the so-called ‘greenhouse effect’ as a new opportunity to wriggle to power . . . to decide who gets to consume how much of the earth’s ‘shrinking resources.’ ”

The levels of debt today are orders of magnitude beyond those of the 1920s, which brought the world Mussolini as the bankers’ alternative. That is what Prudential’s “environmental agenda” is really about, not clean waters or air.

Currency Rates

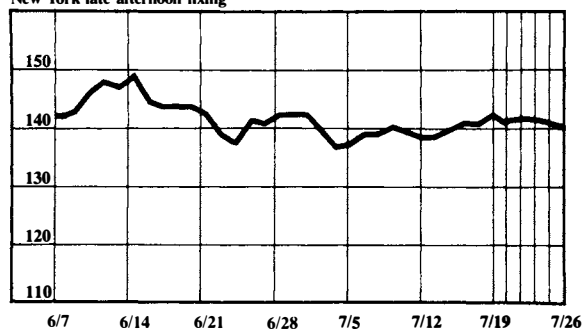
The dollar in deutschemarks

New York late afternoon fixing



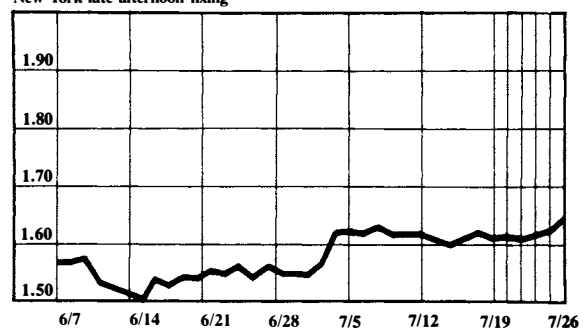
The dollar in yen

New York late afternoon fixing



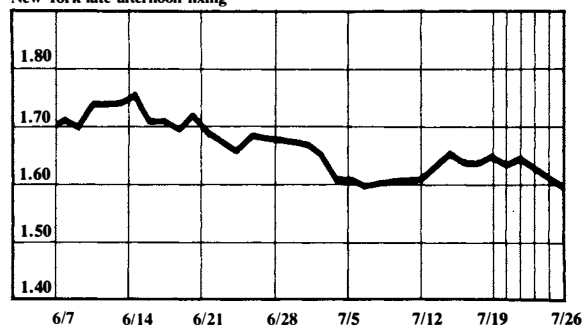
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Mexico receives peanuts in latest debt swindle

by Peter Rush and Carlos Cota

Late in the evening of Sunday, July 23, Mexican President Carlos Salinas de Gortari went on national television to lie to the Mexicans that a debt agreement reached just minutes before in Washington between bank representatives and Mexican negotiators, means that Mexicans "will no longer bear the burden of excessive indebtedness." In reality, Mexico had just signed a humiliating capitulation to the demands of the banks, and totally abandoned its own demands—stated dozens of times in the last six months—for at least a two-thirds reduction in a net outflow of capital that presently totals more than \$10 billion a year.

International opinion took little time to refute Salinas's rosy view. If the political "half-life" of the first U.S. government plan to deal with Third World overindebtedness, the so-called "Baker Plan" of 1985, was about three years, and that of its successor the "Brady Plan" of 1989, as many months, the political "half-life" of the latest Mexico debt package was telescoped to about as many hours. Hardly was the ink dry on whatever documents the parties may have signed, before informed opinion began pointing out that the plan will reduce Mexico's debt by little or nothing, cut its interest payments by a mere 15%, and help the average Mexican, not at all.

Rather, the extravagant claims made by Salinas, and by U.S. Treasury Secretary Nicholas Brady, were clearly intended as theater, and the agreement itself nothing more than a public relations stunt, to cover for the real content of the agreement: The U.S. will ensure a short-term bailout of Mexico's very shaky international finances, in exchange for continued steps toward integrating the Mexican economy into the U.S. economy as a pool of cheap labor and source of raw materials. However, with the U.S. economy none too secure at present, and the Mexican political situation a volcano nearing eruption, the calculations of these men are quite likely to be upset by a far more potent reality in coming months.

Salinas and Brady's myth

Concluding his Sunday evening address to the nation, President Salinas de Gortari waxed positively eloquent on the supposed new era for Mexico that the debt accord would

open up. Speaking as if Mexico's six-year crisis were already solved, he said, "Solidarity permitted us to vanquish the crisis without confrontations, with social peace. . . . We can now, my fellow citizens, tell our children that the world we live in won't be easy, but it will be better, because we no longer carry the weight of excessive debt. Tell them that the enormous effort we have made was worth it," he continued, "that we form a great nation; that it is a privilege to have been born here; that we have pride in being called Mexicans. With work and effort, no doubt, but with spirit, with head held high and secure gaze, we will construct the new era of Mexico."

Toeing the official line, economic adviser to the ruling PRI party, Fausto Alzati, crowed that "It's an historic turning point. It sends a message to other countries in Latin America: If you play by the rules, there will be a light at the end of the tunnel."

And from Washington, a delirious Treasury Secretary Brady called the agreement a "major step" toward helping debt-strapped Third World nations, and a "model" for similar agreements with Venezuela, Costa Rica, and the Philippines. Saying the accord established a "mind-set" for debt reduction, he claimed that "a lot of people will look at the agreement as a blueprint . . . for how it might apply to them."

And the reality

"Now that the dust has settled a bit," wrote *New York Times* journalist Sarah Bartlett, "academicians and policy analysts who were looking for a substantial reduction in Mexico's debt are discovering that there is little of it to be found." "The significance of the weekend deal . . . is at this moment largely symbolic," wrote the *Financial Times* July 25, while Daniel James of the Mexico-U.S. Institute called it a "numbers game." The *New York Times* editorialized July 26 that "the result will be meager." The *Times* quoted Salinas calling the signing "a great moment for Mexico," appending the comment, "The moment will be fleeting."

The centerpiece of the accord was supposed to be a 35% discount taken by the banks on their \$54 billion in outstanding loans to Mexico, or the equivalent in interest rate reductions or "new money." Even a 35% reduction of what amounts to half of Mexico's total debt (the other \$53 billion is loans from

Western governments, from multilateral agencies like the International Monetary Fund, and short-term trade credits, none of which are included), amounts to no more than a 17.5% reduction in total principal, and a corresponding reduction of interest charges, now running at more than \$10 billion a year. But the key to the accord lies in the “equivalents.” Banks not wishing to write off 35% of the value of their debt don’t have to: They can opt for merely lowering the interest charge to 6.25%, and keeping the full value of their present debt on the books. This fixed 6.25% rate is supposed to represent a 35% reduction in interest charges from present rates.

However, it doesn’t take a genius to figure out that the two options are far from equivalent. In the second option, the bank would receive about the same total interest, but would do it without the sacrifice of 35% of its principal, making it difficult to fathom why any bank would opt for the first proposal—the only route by which total debt will be reduced at all. Moreover, should the present very high interest rates fall, banks choosing the second option will find that their 6.25% will represent much less than a 35% loss of income from what it would otherwise be. Interest rates were only 7% just 15 months ago.

The banks’ third option is to extend so-called “new loans” to a total of 25% of a bank’s present exposure, spread evenly over three years. This “new money” is defined explicitly to be nothing but a bookkeeping device, whereby unpaid interest owed a bank would be automatically capitalized, and the total debt outstanding would then rise in the amount of the unpaid interest. This is what banks already do when countries default, such as Peru and Argentina, and is nothing but a disguised moratorium. However, for banks choosing this, it offers the attractive feature that they have to neither write off any debt, nor accept a loss, on paper, of any interest.

The ‘15% solution’ in practice

Central to the deal is that each of the more than 500 creditor banks are free to choose any of the three options for their Mexican debt. Under the first two, their loans would be exchanged for new, 30-year bonds. These government bonds, in turn, are to be guaranteed by \$3.5 billion in *new lending to Mexico by the World Bank and the IMF*, invested in 30-year, zero-coupon U.S. Treasury bonds, to be redeemed at maturity to pay off the government bonds. A second \$3.5 billion is to “guarantee” interest payments, purportedly for 18 months, though 12 months appears more likely.

Consequently, no one yet has any idea of how the \$54 billion involved will be spread out among the three options. Depending on how banks ultimately choose, the effect of the deal could be anything from a 35% reduction in debt and interest, to merely a 35% decline in interest and no debt reduction, to, astoundingly, an increase in total indebtedness by up to \$13.5 billion!

For reasons not made clear, the debt negotiators made the

assumption that 20% of the debt would be processed under the first option, 60% under the second, interest rate reduction option, and 20% would fall into option three, providing new money. Under this scenario, total debt would fall by \$3.8 billion initially, only to be counterbalanced by \$6 billion in guarantee money from the IMF and World Bank, plus \$1.3 billion a year for three years in capitalized interest, and interest payments would decline by \$1.5 billion a year—15% of Mexico’s total present interest payments.

However, many analysts believe that a large number of banks will opt for the new money route, which would reduce the interest “savings” far below \$1.5 billion, and raise the total debt far above Mexico’s present \$107 billion.

The fine print

Salinas de Gortari had made reducing Mexico’s net outflow of capital on the foreign debt account from 6% of Gross Domestic Product to 2%, from about \$12 billion to \$4 billion, a centerpiece of his propaganda campaign for his economic program that he claimed would finally restore growth to Mexico after six years of depression. What he got in the debt accord was no more than about \$2.5 billion, one-third of his demand. He managed to have quite a case of amnesia in telling the Mexican population July 23 that “the result of the negotiation satisfies the requirements I laid down in my inaugural speech.”

But he also gave away much more. The debt talks have been deadlocked for a month over two demands by the banks, one that Mexico permit debt-equity “swaps” whereby banks can cash in their loans—at face value—for shares of Mexican businesses, the other, that if Mexico should get back on its feet financially in the future, whatever “saving” Mexico reaps now in interest reduction will have to be paid back to the banks—the so-called “recapture” provision. Mexico did in fact, walk out of the talks as recently as July 20, in protest at the banks’ continued demands.

But facing an imminent foreign exchange crisis, Salinas gave in. The banks won the right to “swap” \$1 billion a year of Mexican government debt for equity in public sector companies to be privatized. Mexico will forego \$1 billion in revenues it would have otherwise earned from sale of these companies, including much of it in foreign exchange, merely to reduce its total debt by less than 1%. This should properly be seen as the Mexican government being forced to *pay off*, at par, \$1 billion a year of its foreign debt—a \$1 billion *new* net outflow, counterbalancing the \$1.5 billion interest “saving.” Mexico also conceded a modified “recapture” provision.

The only “payoff” for Mexico was a \$2 billion “bridge loan” from the U.S. Treasury, and a six-month, \$2 billion loan from European central banks. Totally left out of consideration are the Mexican people, staggering under a severe depression, for whom the debt deal means nothing but continued economic disaster and misery.

Insurance giant helps China's dictators

by Joseph Brewda

The National Democratic Policy Committee, political action committee of the LaRouche Democrats, announced on July 25 that it intends to make a special example of the American International Group (AIG) of New York City, in its campaign to impose economic sanctions against the butcher regime of Deng Xiaoping in Communist China. The NDPC has circulated over a 1 million leaflets demanding a boycott of the People's Republic of China.

Among the NDPC's demands is a boycott against all firms doing business with the P.R.C. A special focus of attention is AIG, a \$13 billion insurance and risk-analysis giant, because of its essential role in organizing economic and military aid to the Deng regime.

Tied to U.S. intelligence since its formation in the 1930s, AIG (formerly known as the CV Starr Co.) helped put the Maoists in power. In 1986, AIG played a major role in the CIA overthrow of Philippines President Ferdinand Marcos. It has for decades played a dirty role against South Korea, the Republic of China (Taiwan), and other Asian states.

Primarily involved in insurance, AIG advises and insures many of the major firms involved in the China trade. Its large political risk department has been acquiring numerous new clients since the Tiananmen Square massacre. Reportedly, it has been advising them to continue to do business in China.

A rogue's gallery

AIG's board is a full roster of destabilization specialists:

AIG's chairman is **Maurice "Hank" Greenberg**, a life-long friend of the late CIA director William Casey, and reputedly his former business partner. Greenberg was instrumental in the overthrow of Ferdinand Marcos, through AIG's control of Philippines banking. He has been a major patron of the Washington, D.C.-based Center for Strategic and International Studies (CSIS), the establishment think tank with which Henry Kissinger is associated. In October 1985, Greenberg funded a two-day "simulated" overthrow of Marco at CSIS, which helped prepare the 1986 CIA-sponsored coup. CSIS later commended Greenberg's "global political economic expertise," especially "in regard to the East Asian region," as an important asset to the think tank in its effort to

topple President Marcos.

Henry Kissinger, the formulator of the insane strategic doctrine known as the China card, is chairman of AIG's International Advisory Board. AIG's political risk department works closely with the consulting firm Kissinger Associates. Kissinger's firm has made a lot of loot in recent years, coordinating the U.S.-P.R.C. trade that the former secretary of state made possible through his China card manipulations. The two firms maintain common clients, and comprise one network.

Like Kissinger, Greenberg is also on the Chase Manhattan International Advisory Board. Chase is one of the principal U.S. banks involved in China; not accidentally, it has been repeatedly implicated in narcotics money laundering, opium and heroin being the P.R.C.'s largest export.

In the 1950s AIG helped form the CIA's Civil Air Transport, later notorious as Air America, which played a major role in the Southeast Asian dope trade which addicted American GIs to heroin.

John Train is AIG's investment counselor. A grandson of a partner in the Morgan banking empire, Train is a CIA controller of the "Get LaRouche Task Force." Train commissioned all of the major post-1984 slanders of LaRouche, working closely with his longtime associates Henry Kissinger and Leo Cherne. LaRouche's opposition to the China card policy and the dope trade, is among the reasons that the Get LaRouche Task Force came into being. The Train family wealth was originally made through the Boston clipper ship opium trade with China.

Originally based in Shanghai, AIG was founded in the 1930s by **Cornelius Vanderbilt Starr**, who had been tied to both British and Soviet intelligence operations in China in the 1920s. At the beginning of the Sino-Japanese War, C.V. Starr and AIG were forced to flee the country. Starr returned in 1942 as the head of the "Starr Group," deployed by the Office of Strategic Services (OSS—the wartime predecessor of the CIA), whose purpose was to undermine the "SACO Agreements" between U.S. Naval Intelligence and the Kuomintang party, through which the United States supported nationalist leader Chiang Kai-shek to a limited degree. Under the direction of the Morgan and Mellon-run OSS, and with the approval of President Franklin Roosevelt, Starr set up the original U.S. connection to Mao Zedong. The U.S. began supplying arms to the Maoists, without which they could have never taken power.

Greenberg, who was Starr's designated successor as AIG chairman, has since played a role in many CIA operations, in collaboration with such other Asia hands as former CIA Deputy Director Ray Cline, currently involved in efforts to destabilize Taiwan; U.S. Ambassador to Beijing James Lilly; former Pentagon covert operations director Gen. Richard Stilwell; President George Bush; and Bush aide Donald Gregg, nominated to be U.S. ambassador to South Korea. These individuals were also deeply involved in the Iran-Contra deals.

What it would take to repair our bridges

by Marcia Merry

On July 24, another incident was in the headlines, in which a major city bridge was restricted for use, because it was decrepit and dangerous. This time it was the 74-year-old Hanover Street Bridge in Baltimore, which has been carrying 50,000 cars per day across the Patapsco River. The bridge was listing heavily to the east, as some of its spans have sunk into the mud of the Baltimore harbor, by as much as 6.5 inches since 1971.

This latest incident exemplifies the general decay of basic infrastructure in the United States, which could be rapidly repaired and replaced if the economy were mobilized again around a great goal, such as a mission to Mars, as President Bush announced July 20.

No local government, corporation, or group of corporations could mount a campaign on the scale needed to restore crumbling infrastructure, but a federal government commitment to the space program and to the industrial capacity required for it would create the circumstances in which investment and labor power could be redirected into these areas.

Within the U.S. economy there has accumulated more than a \$3 trillion deficit in spending on maintenance and improvement of basic infrastructure since the early 1970s. The investment opportunities in such areas could amount to about \$300 billion per annum, and would provide job skill training in construction and related trades, instead of the "alternative economy" of hamburger flipping.

In its most recent comprehensive report to Congress, the Federal Highway Administration reported that, as of December 1986, some 220,000 of the nation's 576,000 inventoried bridges were either structurally deficient or obsolete.

Where is the money to fix them? The typical answer is the hopeless idea of playing off federal, local government, and private funds. In a shrinking economy, there will appear to be no solution, and the bridges will just be allowed to collapse.

Reflecting the attitude of federal versus local is the October 1988 report of the Government Accounting Office (GAO), "Bridge Improvements: States Exercise Discretion in Selecting Projects Using Federal-Aid Funds." This report analyzed how six states made decisions on how to request

and allocate federal funds. In each case, whatever decisions state engineers and officials chose to make, they could never get enough resources to deal with the problem.

Another proposed "solution" is equally woeful. In July, the Brookings Institution released a new book, *Road Work*, and held a briefing in Washington, D.C. on how localities must be free to use local innovations such as users fees for roads and air lanes to pay for highway and other infrastructure, since under no circumstances must federal government expenditures be increased.

The extent of the problem

The specifics of the Baltimore bridge deterioration illustrate the general condition of the decrepit bridges and other infrastructure nationwide.

The Hanover Street Bridge was built in 1915. Because of the present poor conditions of the columns under the northern part of the span, one engineer warned city officials that a "catastrophic failure" of the structure is possible. The city is now pulling together a \$5 million emergency repair contract to reconstruct several hundred feet of the structure and make other repairs, especially to the drawbridge mechanism. Temporary repairs have kept the bridge open for cars, but closed to heavy trucks.

The bridge has been repaired repeatedly over the years, because there is no firm bedrock bottom in the harbor area it spans. The *Baltimore Sun* listed 14 repair episodes, from the 1920s to the present.

The GAO's report outlines the scope of the crisis. More than one-half million of inventoried bridges (such as those over 20 feet in length, on public roads) are potentially eligible for federal Highway Bridge Replacement and Rehabilitation Program funds—if there were amounts adequate to the task.

The GAO surveyed six states, to determine how they computed whether a bridge was adequate to remain in service under its present conditions. The figures are as of Dec. 31, 1986:

In Maryland, 1,549 of 4,335 bridges in the state—or 35.7%—were deficient, according to Federal Highway Administration. This means that Maryland has the 26th highest percentage of deficient bridges nationally.

In North Carolina, 9,124—or 56.8%—of the 16,058 bridges in the state were deficient. This placed the state eighth in the national picture of deficient bridges.

In Maine, there were 787 deficient bridges out of a total of 2,590—or 30.4%. Maine ranked 33rd in the nation.

In Connecticut, there were 2,375 deficient bridges out of a total of 3,758—63.2%. This means that Connecticut has the third highest percentage of deficient bridges in the nation.

In Pennsylvania, 7,922 out of 22,000—or 35.4%—were deficient. Pennsylvania has the 27th highest percentage of deficient bridges.

In Vermont, there were 1,156 deficient bridges out of a total of 2,659—43.5%, placing the state 23rd in the nation.

Toward a Great Project for flood control in Bangladesh

by Laurent Rosenfeld

There was one shining exception to the abysmal performance at the Group of Seven's economic "Summit of the Arch" in Paris, France on July 15-16: French President François Mitterrand managed to maneuver the leaders of the world's seven industrial powers into adopting Resolution No. 50, which stated that "it is a matter of international concern that Bangladesh, one of the poorest and most densely populated countries in the world, is periodically devastated by catastrophic floods," and called for immediate action to remedy the problem with a great flood control project.

"We stress the urgent need for effective, coordinated action by the international community, in support of the government of Bangladesh," the resolution read, "in order to find solutions to this major problem which are technically, financially, economically, and environmentally sound. In that spirit, and taking account of help already given, we take note of the different studies concerning flood alleviation, initiated by France, Japan, the U.S., and the United Nations Development Program, which have been reviewed by experts from all our countries. We welcome the World Bank's agreement, following these studies, to coordinate the efforts of the international community so that a sound basis for achieving a real improvement in alleviating the effects of flood can be established. We also welcome the agreement of the World Bank to chair, by the end of the year, a meeting to be held in the United Kingdom by invitation of the Bangladesh government, of the countries willing to take an active part in such a program."

This initiative is the fruit of efforts launched by President Mitterrand less than one year ago, in the aftermath of the catastrophic floods which brought death, suffering, famine, desolation, and huge economic losses on more than 60% of Bangladesh territory in the summer of 1988. In early September 1988, the French First Lady, Danielle Mitterrand, chairman and founder of the Association France Liberté aimed at fostering freedom and development, traveled to Bangladesh to look into what could be done for this disaster-plagued country. Besides offering immediate relief in terms of shipments of food and medical supplies, she held discussions

with Gen. Hussain Mohammad Ershad, the Bangladeshi head of state, on ways to solve this recurrent problem (40% of Bangladesh territory had already been flooded the year before, in 1987).

On Sept. 28, 1988, President Mitterrand stated before the U.N. General Assembly, "Development is achieved via the launching of major projects of world interest, which are capable of mobilizing energy to help a nation wounded by nature—for example, stabilizing the rivers which flood Bangladesh. Such action would provide the right material for a project of this type. France, for its part, is ready to contribute."

Mitterrand's appeal received relatively favorable echo in the United Nations as well as in various multilateral institutions and potential donor countries. At the same time as France donated 25 million francs (about \$4.5 million) for financing a preliminary feasibility study, which was carried out between December 1988 and April 1989, diplomatic efforts led to a preliminary agreement at the Madrid summit of the European Community nations in June, and finally to the above-cited resolution at the Paris summit.

The Bangladesh problem

With an abysmal average per capita annual income of about \$160, Bangladesh is one of the five poorest countries in the world. It is also the most densely populated of the less developed countries (LDCs). Bangladesh is in fact one of the most thickly inhabited countries in the world: With a population of 110 million and a surface area of 144,000 square kilometers, its population density is 764 inhabitants per square kilometers, twice that of the Netherlands and 33 times that of the United States.

Not only its population density, but also its geographical situation is in some respect similar to that of the Netherlands. Bangladesh is entirely situated in an extremely flat alluvial plain, whose altitude is nowhere higher than 40 meters above sea level. It is situated at the mouth of three great rivers, the Ganges, the Brahmaputra (which is called Jamuna in Bangladesh), and the Meghna, the combined deltas of which form

the largest river complex in the world after the Amazon Basin. The country is periodically inundated by monsoon floods (from July to September), which cover 20% of its territory every other year, and 37% of its territory about once every ten years. Records were broken in 1987 and again in 1988, with respectively 40%, and then more than 60% of its territory affected by floods.

In addition to the periodic floods (and also earthquakes and tidal waves, in this seismically very active region), there is another dramatic and paradoxical problem: Bangladesh suffers major droughts (from November through April). These two combined elements have kept Bangladesh's rice production at a low yield, since only very specific varieties of rice can withstand such varying water conditions. And low yields, of course, are a terrible problem in such a heavily populated country. Lack of water during the dry season has been the source of sharp differences with neighboring India, since Bangladeshi authorities, on occasion, have accused New Delhi of using too much water from the Ganges for its own irrigation purposes, leaving less than the required volume of water for use in Bangladesh.

Several great projects have been envisioned in the past to try to solve the flooding problem. Technically most promising seemed to be a series of dams situated on the spurs of the Himalayas, where these rivers and their most important tributaries originate. But disagreements with Bangladesh's neighbors—India, in particular—on technical and economic feasibilities make such a solution difficult, not to speak of the substantial cost, to the tune of at least \$100 billion, to build such a series of dams. Another impediment is that such a large project would involve long delays and discussions with neighboring countries. An added problem is the seismic activity in the Himalayan foothills. Many experts have expressed doubts about whether large, stable dams can be built at all.

These considerations led the Bangladeshi authorities to request a solution be worked out within the country's own borders, while at the same time carrying out longer-term discussions with neighboring countries.

So, what was agreed between France and Bangladesh was "to find a development scheme which will eliminate the flood problem in Bangladesh, while allowing a fair development of irrigation and drainage, in order to increase food production without degrading the environment."

The flood control project

Experts from the French Ministry of Equipment were sent to Bangladesh to work together with Bangladeshi experts toward defining the best possible solution. A pre-feasibility study has been worked out, and aims at outlining a "vision" of what a comprehensive, overall development scheme could give rise to in the long term (20 years). Its guiding idea is to start with the most effective equipment, in order to obtain at least partial relief much earlier than the 20-year target date.

The basic hydraulic problem is easy to understand: Since the country is so flat, any dam would create a water reservoir that would cover a huge amount of land, a solution which would unacceptably displace too many people. Therefore, the basic principle consists of channeling the floodwaters along the existing waterways, doing so in such a way as to avoid flood diversion either upstream or downstream of these artificially constructed channels.

One further problem to be tackled is the sparse availability of construction materials, especially the scarcity of stones and boulders necessary for shielding the banks eroded by the water currents. One of the heads of the project has reported to this writer that for embankments, dikes, and seawalls presently under construction in various isolated parts of the country, the method used generally consists in first cooking clay blocks in ovens, and then breaking these bricks into stones which can be used for stabilizing the banks.

Given these parameters, the project plans to channel the waters between longitudinally compacted earthfill embankments. The height of these embankments is designed for a 100-year flood, i.e., with an average height of 4.5 meters (and a maximum of 7.4 meters). In the event of even higher flood levels, fuse-plug sills would enable "controlled flooding," i.e., spilling onto land only the excess water for a short period. This would allow most crops to be saved, since a flood 2 meters above the embankment level does only limited damage to rice, whereas a 3 meter flooding for three weeks has dramatic consequences.

The variability of water discharge in the rivers in question is very large. For example, while the average flow of the lower Meghna is approximately 32,000 cubic meters per second, the maximum flow has been known to reach 160,000 cubic meters, or five times the average. To give a comparison, in the Amazon Basin the maximum and average flows are respectively 370,000 and 150,000 (i.e., a ratio of less than 1:2.5), while for the Yangtze River, it is 93,000 and 30,000 (a ratio of 1:3.2), and for the Mississippi it is 67,000 and 18,000 (a ratio of 1:3.7). Therefore, the embankments have to be situated in such a way as to allow such significant amounts of excess water to flow off in times of flood. Excessive concentration of flow would also threaten the stability of both the river bed and of the embankments themselves. On the other hand, social pressures are great to protect the largest possible part of the population and land.

Given these conditions, two alternate solutions have been proposed:

Solution No. 1: Place the embankments relatively close to the river banks (about 1 kilometer away).

Solution No. 2: Locate the embankments further away from the river banks (2 to 5 kilometers away).

The first solution has one important drawback: It implies a very heavy and fast flow in times of flood, which would erode the embankments. It therefore requires the construction of numerous strengthened "river training works" or groynes,

breakwaters that lie perpendicular to the direction of water flow. These would have to be very strong, and would be difficult to construct given the scarcity of hard and heavy construction materials. As we shall discuss further, these groynes would increase the overall price by a factor of 60%.

The second solution would leave the larger areas of land lying between the riverbed and the embankment subjected to floods. But the second option foresees minimizing that danger by constructing an additional series of lower, easily repairable secondary dikes close to the river banks, thereby providing protection against 10-year flood levels.

In both options, the protective embankments would be constructed not only on the three main rivers (Ganges, Jamuna-Brahmaputra, and Meghna), but also on a certain length of the tributaries above the confluence, in order to avoid "pushing the flood" upstream into the tributaries. Further, considering that the three main rivers form a complex delta system, there are also plans to embank some of the distributaries (the lower branches of the delta mouth of these rivers), such as Dhaleswari, Arial Khan, and possibly the Old Brahmaputra, in order to reduce the flow in the main rivers and lower the risks of erosion in the distributaries.

In total, Solution No. 1 version would include 3,350 kilometers of embankments, of which 30% already exist but needs strengthening. Solution No. 2 implies the construction of 4,000 kilometers of new dikes. Eighteen major cities and their associated industrial zones would be protected by special reinforced embankments, and it is planned to run main roads and railways along the tops of some of the dikes, so as to prevent isolation during flooding. The embankments also have to be connected to the coastal seawalls currently being studied with European Community funding.

Impact on agriculture and environment

The benefits for agriculture of flood control alone would be limited to the years of large flood. The project also includes the construction of free-draining or pumped drainage works so as to better control the level of water in rice plantations. These works would help irrigation, which is the only means to water crops during the dry season, thus allowing two to three crops per year. But irrigation is only possible with water protection, and flood control is therefore the main priority. The project proposes to develop 2.3 million hectares of new irrigation schemes using both surface water and underground aquifers. It is estimated that additional rice production of about 12 million tons could be attainable in 15 years.

A major issue is protecting and developing fishing activities, which currently provide 80% of animal proteins consumed in the country. The plan is to maintain 60% of the low flow discharge in the secondary rivers, and to install sluices through the embankments in order to allow continued fish migration and supply water to parts of low-lying areas currently permanently flooded.

The project also plans for environmental improvement. A total of 250 cubic meters of water per second will be diverted into the Gorai River in order to fight saline intrusions along the coast in the Khulna and Sundarbans regions, where the mangrove swamps and forests are being threatened. More generally, reduced flooding will preserve the habitats of certain dry-land species of animals.

Financial and economic implications

The investment cost of the project is estimated between \$5.9 and \$10.2 billion. Four alternatives have been studied, depending on: 1) which solution is retained in terms of the location of the embankments; and 2) the construction processes, using either advanced mechanical means or locally available low-skilled manual labor. (See **Table 1**.)

In the least expensive case, where distant embankments are constructed mechanically, the total investment cost breaks down as shown in **Table 2**.

These costs are more or less similar in the case of Solution No. 1, except for the groynes, which have to be much more numerous and more solidly constructed: They would cost about \$4.8 billion if manually built, and \$3.8 billion if me-

TABLE 1
Investment costs of alternative approaches to water control plan

	Investment (million \$)
1. <i>Solution Nr. 1</i> (close embankments)	8,755
Mechanical construction	
Manual construction	10,202
2. <i>Solution Nr. 2</i> (distant embankments)	5,345
Mechanical construction	
Manual construction	5,922

TABLE 2
Investment costs for mechanical construction of distant embankments

	Investment (million \$)
Flood warning	32
Embankments	2,633
Groynes	220
Protection of towns	1,038
Drainage	1,422
TOTAL	5,922

chanically constructed.

Manual construction is not only more expensive, but morally undesirable; however, it would cause less political resistance. One of the heads of the project described to this writer how some similar, small-scale embankments are currently being built by using laborers carrying earth in baskets on their heads and just dumping it where it is approximately mandated, with no way of tamping and compacting it adequately; such methods clearly must be avoided. The only "advantage" of manual construction is that it would lower very slightly (9% for Solution No. 2) the cost in foreign currency (by 9% for Solution No. 2), while more than doubling its cost in domestic currency.

The general idea in terms of funding is that the government of Bangladesh would support the local currency cost (about one-fourth of the cost in the case of mechanical construction of Solution No. 2), whereas the rest would be borne by the international community. Let us therefore hope that enough money will be allocated by international donors to allow this economically much more sensible solution to be adopted.

As for choosing between Solutions No. 1 and No. 2, the decision is left to the Bangladeshi political authorities. Given the sharing of the costs mentioned above and very low income of the Bangladeshi government, it would seem that Solution

No. 2 has much better chances of winning, since it would cost them much less. Operation and maintenance would also be about 10% less costly in the case of Solution No. 2. It is technically a better solution in terms of flood control per se, but there are serious social problems that would have to be dealt with adequately.

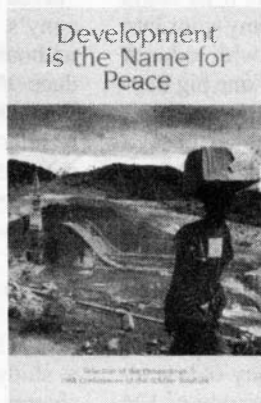
Considering the benefits of the project in terms of flood damage reduction (\$140 million per year), improvement of cropping patterns (estimated at \$195 million), and an acceleration of activity in non-agricultural sectors, a micro-economic analysis shows that the internal rate of return to be between 11% and 13%—which is already a good economic performance.

To these immediate benefits, other advantages can be added in terms of "general public good," but are more difficult to quantify. The flood risk is certainly a continued impediment to industrial and infrastructure investments, preventing satisfactory growth of the economy. Building this project would be a strong incentive for better infrastructure as well as for foreign and internal industrial investments. This and other considerations associated with the reduced risks induce to think that, far from just paying for itself, such a project could open the way toward stronger economic growth and thus help this extremely poor country to get out of its present squalor.

The old monetary system is dead. Put it in the closet, and open the closet to horrify children on Halloween. The question is, how do we build the new monetary system?

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Junk is hazardous to our health

Alarming signs exist that we could be hit with 1920s-style defaults in the woolly-bully "junk bond" markets.

On July 11, a group of international financiers led by Britain's Jacob Rothschild and Sir James Goldsmith launched a hostile takeover bid of Britain's elite BAT Industries, for an eye-popping \$21 billion. It was the second-largest hostile takeover bid in history, coming some eight months after the record \$25 billion takeover of RJR Nabisco in the United States.

Behind both events is a little-understood phenomenon of our super-heated financial world: high-risk securities, or, as they are more accurately dubbed, "junk bonds." The BAT bid was the first attempt to take over a British company using junk bonds.

Junk bonds were not invented by Ivan Boesky or his Beverly Hills chum Michael Milken at Drexel Burnham Lambert. The last boom in high-risk corporate bonds was during the Roaring Twenties, just before the October 1929 crash. Alarming today is the fact that now, more than 20 months after the October 1987 stock market crash, highly speculative junk bond ventures are assuming a size comparable to the entire GNP of many medium-sized nations. What's the risk?

First, the term "junk" implies a high risk. When a first like KKR, a Jimmy Goldsmith, or another raider makes a bid for a huge rival, they are allowed by U.S. authorities to do it almost entirely on borrowed money.

A typical leveraged buy-out (LBO) hostile takeover is 90% from borrowed money. This means some Boone Pickens or Ivan Boesky who has the backing of big money, can take over and literally rip apart any com-

pany in the country. The victim company then assumes this awesome debt on top of its previous liabilities. The takeover bidder issues new bonds, "junk," at very high interest from the new company, in order to pay off his bank creditors.

Usually the victim corporation is "asset-stripped" to raise further capital, with severe manpower cuts made to cut costs. No new net productive investment is involved; it's pure speculation in paper assets changing hands. Wall Street investment banks such as Salomon Brothers, Goldman Sachs, or Merrill Lynch earn such huge advisory fees from the game, that they dare not stop the debt casino.

Most junk offerings include a revealing disclaimer: In effect, if the borrower defaults or goes bust, the holder of the bonds loses all, with no bankruptcy claim—it's unsecured paper. No one dares predict what could happen if the U.S. economy spins into even a "mild recession" with reduced consumer spending, and one big buy-out collapses, such as Campeau Corp., a huge department store chain, or even RJR Nabisco. Everyone is trying to look the other way and pray it doesn't. But there are signs it will.

On the day of the \$21 billion BAT bid, the bond rating agency Moody's warned that the high level of "special situations" such as debt-financed mergers and leveraged buy-outs is responsible for their downrating of 124 U.S. companies since January. The Federal Reserve estimates that since 1984, some \$900 billion of corporate debt has been added to U.S. corpora-

tions in such takeovers.

Already in December 1987, a study by the Congressional Research Service warned about the move into lower-quality debt used in LBOs, and the inflated prices paid for LBO companies, as well as the growing trend for Wall Street investment banks to put their own money into LBO deals. The study warned that "the composition of debt outstanding [of U.S. companies] has shifted markedly towards short-term borrowing—mainly in form of floating rate financing."

Under U.S. tax laws, "debt" is more profitable than stock equity for companies, since the former is tax deductible. In a January study of the problem, Goldman Sachs admitted that "the increase in debt use by corporations over the last six years has been phenomenal." And 43% of this debt is short-term.

The Paris-based Organization for Economic Cooperation and Development also sounded the alarm in its annual *Economic Outlook* published in June. It reports that for U.S. corporations—unlike those in Japan, Germany, or France—"a considerable part of the sharp growth in debt has involved LBOs which increase a company's debt servicing obligations without expanding its capacity to produce through new investment. . . . Financial markets are becoming highly integrated, so that stability in one segment may depend increasingly on stability elsewhere."

A senior City of London financial insider told me that this is one of the principal concerns of the Federal Reserve right now. And well it should be: On July 17, Merrill Lynch released a study of junk bond performance showing that interest rates on junk bonds compared with government Treasury bonds was the highest since the 1982 "recession." That is a flashing red light for investors to dump.

Defying economic gravity

The big Texas banks planned to dominate the South, but now they're all gone.

Just a few years ago, the big Texas banks saw themselves poised on the verge of becoming national powerhouses. Having conquered Texas, they cast their eyes longingly on their neighboring states, seeking new markets to dominate. What we need, they decided, is interstate banking.

These banks, working hand in hand with their cousins, the huge Houston law firms, set about to make interstate banking a reality. They began a massive political mobilization to convince the Texas state legislature that interstate banking would be good for the state. The legislature, which had always been opposed to such things in the past, was won over.

The bankers and lawyers also launched an attack on federal interstate banking laws, via the federal courts. When the Houston law firm of Bracewell & Patterson won the right for a Texas bank to enjoy the same rights as Mississippi S&Ls, it marked the beginning of the end for federal restrictions against interstate banking.

With Washington, D.C. full of Texans, the local boys thought that they had adequate protection against political counterattacks. After all, Vice President George Bush, Treasury Secretary James Baker, Comptroller of the Currency Robert Clarke, and Federal Reserve Board member Ed Kelly were all from Houston. Baker and Clarke were from big firms (Clarke was from Bracewell and Patterson), and Baker owned a substantial chunk of Texas Commerce Bancshares. What could possibly go wrong?

Unfortunately for them, plenty.

The Texas boom was due primarily to the rapid rise in oil prices in the late 1970s. When oil hit \$40 per barrel, Houston became a true boomtown. The city was awash in capital, and speculators from all over the world converged on the city to cash in. Small energy companies popped up right and left, and existing companies expanded as fast as they could. The local banks, naturally, were ready to lend money to finance all this growth. Their energy loan portfolios swelled with lucrative transactions.

The rapid growth of the energy industry triggered a similar rate of growth in the real estate market. Office buildings sprang up all over Houston, such that the construction crane became the unofficial city "bird." Giant apartment complexes were built, and outlying prairies were turned into sprawling, single-family-home subdivisions. Naturally, the banks financed a great deal of this real estate expansion.

The Texas banks, like the Texas economy as a whole, rode the crest of the oil price boom to new highs, but, as such artificial booms are wont to do, the oil boom eventually played out.

The first crack appeared in the mid-1980s, when the price of oil declined and the oil industry entered into a slump. Many of the energy companies began losing money, and began having problems paying off their bank loans.

To compensate for their losses, the bankers made what would prove to be a fatal mistake: They shifted their loan

portfolio from energy loans to real estate. During the 1982 to 1986 period, nearly one out of every two dollars lent by the big Texas banks was for some sort of real estate transaction.

However, in their zeal to maintain profits, the banks overlooked the obvious—that the collapse of energy would detonate a much larger blowout in the real estate market. Energy loans weakened the banks, but real estate loans killed them.

By the time interstate banking came to pass, the Texas banks were in no position to take over anyone, and were in fact struggling just to survive.

Chemical Bank of New York was the first outside bank to move in, buying up Texas Commerce Bancshares of Houston in early 1987. Months later, First Interstate of Los Angeles took over Allied Bancshares.

But that was it. The condition of the Texas banks had deteriorated to the point that no one else was willing to take the risk. Instead, like vultures, the money center banks waited for the inevitable failures, hoping to buy the remains with generous assistance from the Federal Deposit Insurance Corporation.

That is precisely what happened. During 1988 and 1989, one after another, the major Texas banks admitted their real estate losses and were seized by the FDIC. First City, First Republic Bank, and MCorp all folded, and were taken over by out-of-state interests.

On July 20, 1989, the FDIC closed all 24 banks of Texas American Bancshares of Fort Worth, the last of the big six Texas bank companies still alive, marking the end of an era.

The Texans, who thought they had everything under control, had been wiped out, and the state was reduced to the status of financial colony. How quickly the mighty fall, when they defy the laws of physical economy.

Business Briefs

International Credit

Africa calls for debt conference

African heads of state, ending a three-day annual summit of the 49-member Organization of African Unity, called on July 27 for an international conference to sort out the crushing problem of the continent's \$230 billion foreign debt.

The group said in a resolution, that African economies were saddled with "excruciating" debt which had stunted growth and development and caused political instability. The leaders welcomed initiatives that France had taken to write off credits to some of Africa's poorest countries. "Much more debt relief has to be granted to the debt-distressed countries in Africa," the resolution said.

The organization's outgoing chairman, Malian President Moussa Traore, suggested that the conference be held in December. He presented a report which pointed out that French President François Mitterrand was the first European leader to accept the proposal, which he said had also won European Community backing.

Traore's report said: "Although some donors still prefer the case-by-case approach, there is a definite tendency to accept the approach proposed by Africa, which consists in seeking a solution to the problem by convening an international conference on Africa's external debt."

Agriculture

EPA wants chemicals banned on suspicion

The U.S. Environmental Protection Agency wants added powers to ban any farm chemicals quickly, if there is the least suspicion that they could pose a hazard to one person in a million.

The draft legislative proposals from EPA would change the Federal Insecticide, Fungicide, and Rodenticide Act, streamlining efforts to ban the use of any chemical suspected of causing cancer or other diseases

by removing the judicial appeal process that chemical companies could use to delay action until there is scientific evidence of a threat.

The EPA now wants the power to pull any chemical out of the market while it is still investigating its potential risks. The current provision for an emergency suspension requires that there be relatively conclusive evidence of a serious threat to public health. The proposal also narrows the definition of economic benefits that can be used to justify allowing potentially dangerous chemicals to remain on the market.

A congressional aide who follows pesticide legislation told the *New York Times*, "The agriculture community will go absolutely ballistic over this because it would allow EPA to come along and yank chemicals away from growers. This really took guts on Reilly's part." EPA head William Reilly, however, has the full support of President Bush.

The Budget

Darman: U.S. must invest in the future

On July 20, the same day that President Bush issued his call for a renewed commitment to the U.S. space program, another high administration official was warning that failure to invest in the future needs of the nation means that the U.S. risks losing its "historic place and mission."

Office of Management and Budget Director Richard Darman warned in a speech before the National Press Club that the country has become too "self-indulgent."

Darman said that both the government and population have contracted an affliction he dubbed "not-now'ism . . . our collective short-sightedness, our obsession with the here and now, our reluctance to adequately address the future. . . . We attend too little to the issues of investment necessary to make tomorrow brighter."

Although Darman plugged such disastrous Bush administration policies as curbing Social Security and Medicare, he did emphasize the need to change corporate tax policy to favor investment rather than bor-

rowing, as well as investment in the space program, with its big payoff in the future.

Both the public and policymakers today dwell excessively on the present, he said, while creative talents are more often "motivated to invent paper transactions that merely reward financial manipulators rather than expand private productive capacity.

"The culture generally seems to go for the short-term 'play.' Some people . . . trust in the motto: 'You can have it all.' Others, apparently less sure, seem to live by the dictum: 'Take the money and run.' But worse: Our culture seems to tolerate all this rather blithely."

Austerity

Think tanks: Put U.S. under IMF surveillance

Surveillance of the U.S. economy by the International Monetary Fund will start to "get back on track under the Bush team." That's the word from a Washington consultant who works with an Aspen Institute project on the world economy headed by Richard Gardner, former ambassador to Italy during the Carter administration.

The supranational bureaucracy of the IMF exercises nearly dictatorial control over the economies of many Third World countries, even to the point of forcing them to grow narcotic drugs in order to pay their foreign debts. So far, it has not been able to exercise the same prerogative in the United States—at least not openly.

The Aspen consultant said that the process of getting the IMF to police the U.S. economy had "made a lot of progress in the Reagan administration.

"Obviously, don't expect to read about it on the front page of the *New York Times*. Anything like this has to go on behind closed doors, for obvious political reasons. But just because it takes place in the bowels of the IMF, doesn't make it any less useful."

The next meeting of the Aspen project, scheduled for late August, will focus on how to strengthen the IMF's role in the U.S. economy. Several Bush administration representatives are expected to attend, including Special Trade Representative Carla Hills

Briefly

and high-level Treasury officials.

Another pro-IMF schemer, Robert Orr of the Bretton Woods Committee (an unofficial lobby for the IMF), maintains that the U.S. is in effect already under IMF surveillance, although "you'd never find anyone admitting that publicly. Certainly not anyone from Treasury." IMF officials consult with U.S. government representatives twice a year. "These consultations are held in strict secrecy, out of intense fear that they will come out in the public. . . . I can't possibly tell you what goes on in them, although I'm sure it's along the lines of: cut back on defense, get the budget deficit under control."

Markets

European financiers see parallel to 1987 crash

"There is a startling parallel between now and the summer of 1987. I fear a crash before the end of this year," confided a West European insider close to the circles of Helmut Schmidt and the Committee for a European Monetary Union. "No one can do anything to prevent it, nothing. People here and around the [German central bank] Bundesbank will say nothing about this, only very privately, but all the conditions are there. A real slowdown in the U.S. economy will mean larger still U.S. deficits. Washington is pursuing a unilateral course, as the Bank for International Settlements warned earlier this year."

On July 25, a City of London source commented on the vulnerability of the U.S. financial market: "For the first time since August 1987 we have almost a complete parallel condition in the world financial market."

Euthanasia

British doctors told to stop saving lives

"Stop Saving Babies—or Be Sacked," was the front-page headline of the July 25 *Daily*

Mirror newspaper of London.

"Two heart surgeons have been threatened with the sack . . . for saving too many desperately ill babies and children. They were carpeted at Birmingham's Children's Hospital after carrying out 29 operations in May—one more than they should have done. Both surgeons were told that they risk disciplinary action and the sack if they overstep the limit again." "Life-saving" operations at the crisis-hit hospital are "rationed" at 320 a year!

Labour Member of Parliament John Hughes bitterly attacked this "stop saving sick kids decision." He stormed: "It is utterly disgraceful. . . . How dare a health authority threaten to sack surgeons if they exceed the restrictions placed on them? Will more children have to die before action is taken?"

A year ago, five children died after their operations were put off by the hospital because of lack of funds and a shortage of nurses. An extra surgeon has since been called in. But there are now 140 children waiting for vital heart surgery. John Dempsey, an official of the health union NUPE said: "The surgeons have been told not to talk publicly, but they are very angry."

East-West Trade

Soviet Union moots free enterprise zones

"Free enterprise zones" for joint East-West projects in the Soviet Union's northwestern regions are worth considering, the Soviet propaganda weekly *New Times* wrote in issue 29 of its English-language edition.

"It would certainly pay to establish a string of special economic zones stretching from the Barents Sea to the Baltic," the article said. "The minerals mined on the Kola Peninsula will go to Vyborg [near Leningrad] to be made into products there which will lay the groundwork for high-technology industries in Latvia, Estonia, and Lithuania. Tallinn's new port will gain a free status and become an outlet for our exports. Leningrad will do a large proportion of research and development work for clients in the Soviet Union and abroad."

● **U.S. HOUSE** Agriculture Committee spokesman Jim McDonnell told an activist for the Food for Peace organization that his committee's hearings in August on rural development would not be interested in any testimony on farm issues. "We are not interested in agriculture, we want to bring in unconventional ideas for industry which is not related to agriculture," he said.

● **EASTMAN KODAK** has called for a reversal in economic trends, in favor of revived industrial production. A new report released by the company declares that too much of the U.S. economy is devoted to the service sector.

● **THE AGRICULTURE** ministers council of the European Community does not have available the surplus food it is supposed to send to Poland, as agreed by the Group of Seven summit in Paris July 14. Only 10% of what was promised will be delivered: 500,000 tons of wheat, 300,000 tons of feed grains, 10,000 tons of beef, and 20,000 tons of citrus fruits.

● **A CHILD STARVES** to death in Brazil every two and a half minutes, according to the National Institute for Nutrition. In the northeastern part of the country, out of every 1,000 infants, 64 die before they reach the age of one, and 34 of these deaths are because of hunger.

● **A STUDY** on taxing nitrogen fertilizers was ordered by the European Community Commission in Brussels. The EC wants to know whether a tax would limit the use of such fertilizers, and to what extent.

● **SINO-SOVIET TRADE** will expand, especially in high technology areas, Red Chinese official Song Jian said in Moscow. He was quoted in the July 17 *South China Morning Post*. Total trade between the two countries hit \$3.23 billion last year, up 34% over 1987.

The Woman on Mars: a film scenario for TV

In early 1987, Lyndon H. LaRouche drafted this scenario for a film feature showing how the nation's mission of a Mars colony will be fulfilled.

The following is the first draft of a scenario for a traveling slide-show, and possible TV motion-picture, designed to make the process of colonization of Mars a sensual reality to lay audiences. It is assumed that the omissions in the draft will be remedied by others.

The completion of the draft presumes a good deal of artwork to be done. Each stage of the process of step-to-step building of the road to Mars should be illustrated, preferably with quality color illustrations, such as slides, to provide lay audiences a visual/sensual comprehension of the reporter's oral narrative, and to function alternately, as the illustrations in a profusely illustrated book. The implied further objective, is to provoke the production of a modern TV film echoing the Oberth-Lang film, "The Woman in the Moon."

The following expanded scenario is written in the form of "science fiction," following thus in the footsteps of Dr. Oberth's successful use of "The Woman in the Moon." In a book, or TV-script form, the final draft should preserve this "science-fictional" character. For slide-show presentations, the speaker should present the "science-fiction" scenario as a hypothetical case, with introductory, qualifying remarks along the following lines.—Jan. 28, 1987

"What I am about to present to you are the highlights of present U.S. plans for establishing a permanent colony on Mars by approximately the year 2027 A.D. The plans to be outlined here are based on the two somewhat similar, but slightly differing versions of the plan as developed by various U.S. specialists. One plan is that first presented at a June 1985 conference in honor of the space pioneer, Krafft Eh-

ricke, who died at the end of 1984. The second plan, is one drafted by the National Commission on Space, and presented approximately a year after the Krafft Ehrlicke conference. This presentation will emphasize the approach laid out at the Krafft Ehrlicke memorial conference, but it will also make use of important features of the proposals by the Commission on Space.

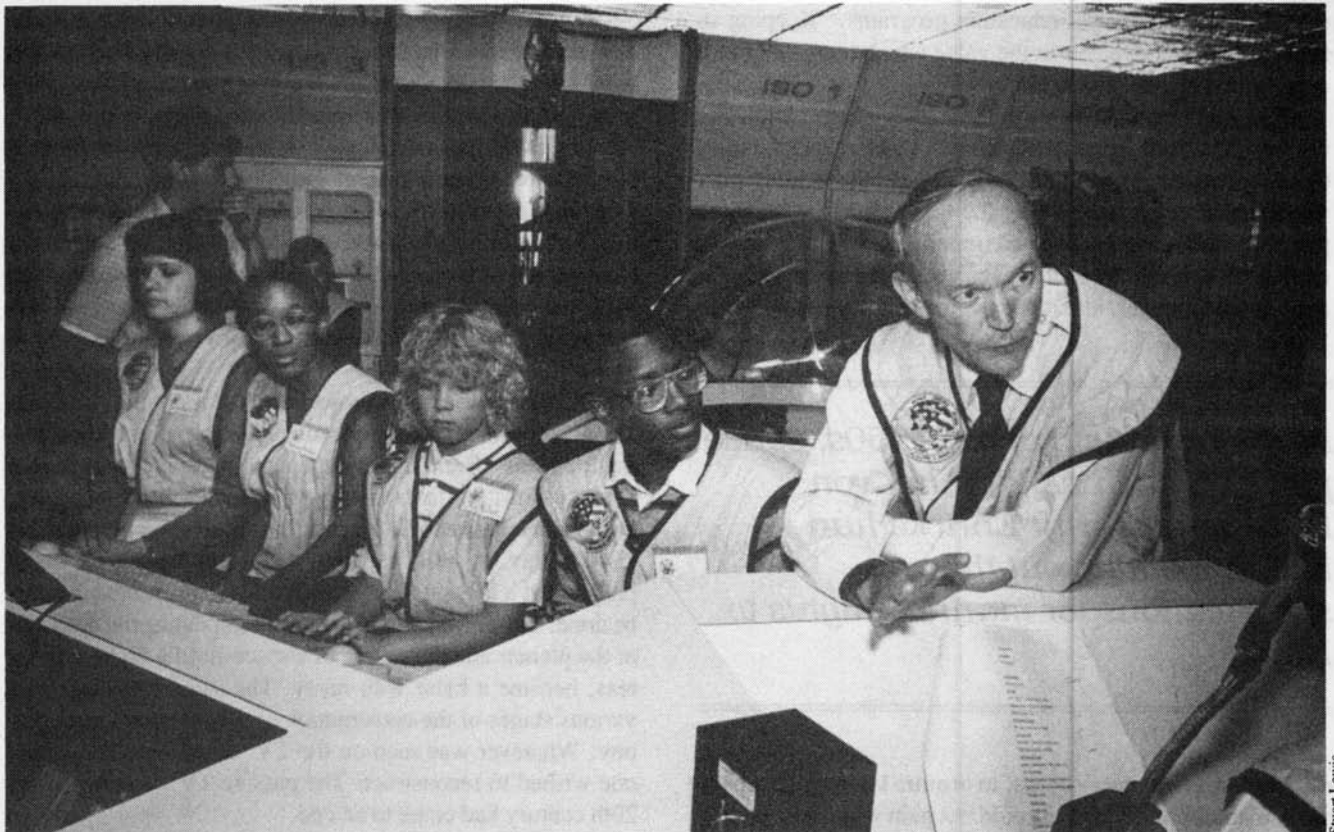
"For this purpose, I ask you to come with me, in your imagination, to a Wednesday in September, in the year 2036 A.D., nine years after the Mars colony has been founded. Starting from an imaginary television broadcast to Earth at 1800 hours London time, that day, let us look from that day and year, back to the time of the United States' adoption of the Mars colonization project, and trace each major step of the project from the year 1989, up to the year 2027, the year the first permanent colony on Mars is finally established.

"Those who have worked to prepare this presentation, have thought that we must use our powers of imagination in this way. It is thought, that we must focus attention on our destination as we outline each step of a journey. It seems to us, that that is the only way this project, and its importance for all mankind, can be properly understood.

"To present the project in this way, it is necessary to include some imaginary political figures and political events, so that we might present this as a story. However, the technical facts we use here represent the scientific and related facts of the Mars colonization plan as those facts exist today."

The woman on Mars

The BBC television studio's clock says that it is 1800



Apollo 11 astronaut Michael Collins at the opening of the Challenger Center in Greenbelt, Maryland on July 17, 1989. The center will teach space science to young people—the future explorers of space.

hours in London, on Wednesday, Sept. 3, 2036 A.D. From 55 million miles away, on Mars, a televised image travels nearly 5 minutes across space, to be picked up by the giant geostationary receiver hovering over the South Atlantic, from where the signal is relayed to other satellites, reaching waiting dish-antennas around the world. A woman's face appears on the BBC screen.

The woman on the screen is in her late thirties. The sight of her familiar features brings expressions of admiration to the viewing audiences now receiving this live broadcast around most of the world. She is Dr. Ellen Jones, chief executive of the Mars colony, and the daughter of the famous space pioneer, Dr. Walter Jones, who headed the United States' Mars-colonization program from 2008 until his retirement in 2027.

"I bring you greetings from your 683,648 relatives and friends living here on Mars, and some very good news," she begins. "Our astrophysicists agree, that with our latest series of observations at our Cyclops III radiotelescope, we have solved at least a good part of the mystery of what you know as black holes. We are convinced that we are at the verge of fundamentally new ideas about how our universe works."

The TV audience followed her five-minute televised report with a scientific interest which would have been unima-

ginable when the Mars-colonization mission was first launched by the U.S., back in March 1989.

The 1990s flights of transatmospheric craft up to stations in low-Earth orbit, had revived the spirit of the popularity of space-exploration from the Apollo-project period of the 1960s. After Earth's first geostationary space-terminal had been completed near the end of the 1990s, manned flights to the Moon had soon become routine. Over the 1990s, the point was reached that every schoolchild, not only in the U.S., Europe, and Japan, but throughout the world, demanded to know everything possible about space.

Beginning the 1990s, fewer and fewer university students attended courses in the social sciences, as the physical sciences, including space biology, took over the classrooms almost completely. Even at preschool ages, more and more children, asked what gift they wished for Christmas, would answer, "a telescope." As the industrialization of the Moon began near the end of the 21st century's first decade, to look up was to express optimism about the human race's future. Space and the spirit of adventure became one and the same.

There had been a deeper quality of changes in attitudes. What had been the most popular competitive sports of the 20th century became less popular, and achievement in swimming, track and field, and mountain-climbing, the most pop-

ular features of physical education programs. "Keeping in shape for space travel," was the value which more and more attached to physical education.

Twentieth-century man would be astonished to know the new way in which "spirit of adventure" was translated during the early decades of the 21st. Some things 20th-century man would have recognized. Being the first to set foot on some planetary body, was of course a commonplace fantasy among children and youth. The difference was, most teenagers, and some much younger, already knew the real purpose of space

At the beginning of the 1950s, space pioneers such as Wernher von Braun and Krafft Ehrlicke had begun working out the specifications for manned flights to Mars.

exploration. That purpose was, to acquire knowledge which the human race needed, and could not gain without scientific exploration of our universe in a way which could not be done without traveling far beyond Earth's orbit. The idea of adventure, was not a matter of simply getting to some strange place out there. Exciting adventure, was to participate in making some exciting new discovery in space, which would be useful to the majority of the human race remaining back here on Earth.

So, those children and youth gobbled up every bit of information they could, with the purpose being to understand what kind of knowledge mankind was seeking out there.

The last two years, 2025-2026, just before the building of the first permanent colony on Mars, had seen the most rapid transformation in popular values here on Earth.

The TV screens had been filled often with images of those giant spacecraft, each much larger than a 20th-century ocean liner, taking off from the vicinity of Earth's geostationary space-terminal, in flotillas of five or more, each seeming to thunder silently in the near-vacuum under 1-gravity acceleration. By then, a permanent space-terminal was being constantly manned in Mars orbit. The televised broadcasts from that terminal showed the monstrous spacecraft arriving. Earth's television screens showed the gradual accumulation of that vast amount of material in Mars orbit, waiting for the day it would descend to Mars's surface. TV viewers on Earth saw the first craft, designed to descend and rise through the thin atmosphere of Mars, and saw views of the approaching Mars surface from the cockpit, through the eyes of the cameras.

A great anticipation built up throughout Earth's population during those last two preparatory years. Then, Earth went through what was afterward described as the "sleepless year," as the first city was assembled on Mars, during 2027. Audiences on Earth demanded to see every step of the construction relayed back here. Nearly everyone on Earth became thus a "sidewalk superintendent" for as many available hours as his or her sleep-starved eyes could be kept open. On waking, it was the same. The daily successes reported from Mars were discussed as widely and in as much detail as 20th-century sports fans debated the details of a weekend's football play.

By then, holographic projections had become as economical and commonplace as personal computers had been during the 1980s. Building a synthetic holographic model of the solar system, and constructing a powered-flight trajectory, such as one between Earth and Mars, became quite literally child's play. A child's parent could purchase a packaged program at a local store, and the child often insisted that this be done. Turning on one's system, and updating the positions of the planets and the course of a space-flotilla flight in progress, became a habit with many. The same was done with various stages of the construction of the first permanent colony. Whatever was seen on the TV screen, was something one wished to reconstruct. The passive TV watching of the 20th century had come to an end.

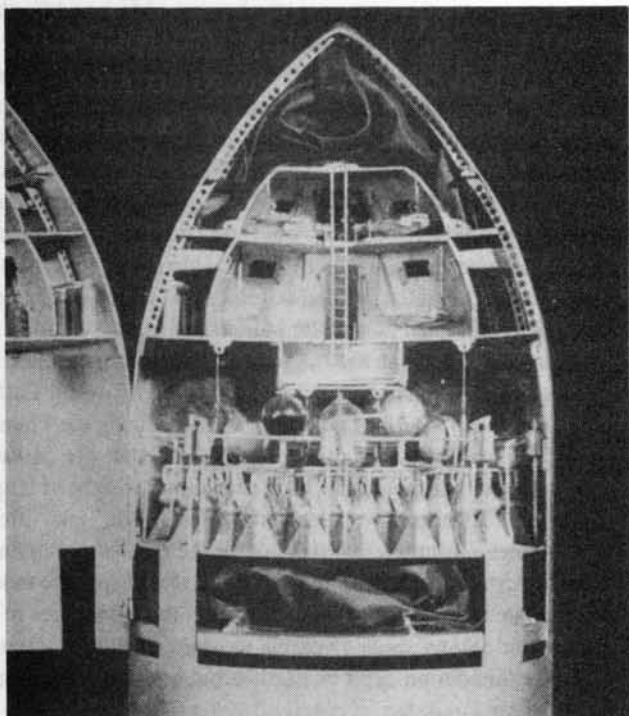
The first large-aperture radiotelescopes had been constructed a million or so miles from Mars, as soon as the manned orbiting space-terminal had been completed. The system of observatories and space-laboratories associated with them, was expanded rapidly, once the first 100,000 permanent colonists had begun to settle in. Popular fascination here on Earth, shifted its focus somewhat from the Mars colony itself, to these new projects.

It was such a worldwide audience which sat or stood, absorbed with every sentence of Dr. Jones's five-minute report, either as it was being broadcast, or when morning reached them a few hours later. Throughout the planet, over the course of that Wednesday and Thursday, there was the eerily joyful sense that humanity had reached a major milestone in the existence of our species. It would be said, in later decades, that on that day in 2036, the Age of Reason had truly begun.

At the beginning of the 1950s, space pioneers such as Wernher von Braun had begun working out the specifications for manned flights to Mars. One leading Peenemünde veteran, Krafft Ehrlicke, had been certain that the U.S. could have sent a manned exploratory flight to Mars as early as the 1980s. Unfortunately, near the end of 1966, the United States had cut back massively on its aerospace programs. Presidents Johnson and Nixon did not eliminate President Kennedy's popular commitment to a manned landing on the Moon from the NASA program, but most of the other aerospace projects, such as nuclear-powered propulsion development, were cut

back, and cut back savagely as soon as the program of initial Moon landings had been completed. Krafft Ehrlicke continued toward his completion of the design for industrialization of the Moon, but he died in 1984, his work nearly completed on paper, with no visible prospect that the U.S. would resume such a commitment during the foreseeable future.

It was not until shortly after Ehrlicke's death that a renewed U.S. commitment to colonization of Mars appeared. The proposal for a permanent colony on Mars as early as the middle 2020s, was a featured presentation at a Virginia conference held in honor of Krafft's memory, in June 1985. Nearly a year after that, the National Commission on Space adopted the same target date, and its proposal was endorsed, although without significant funding, by President Ronald Reagan. However, the Mars colonization project was a featured part of the January 1989 State of the Union address of the new President. During March of 1989 a U.S. Moon-Mars Colonization Commission was established. During that month, the Congress rushed through approval of treaty agreements which the President negotiated with Japan and Western European governments, establishing these allies as partners in the U.S.-sponsored Moon-Mars Colonization Project, following on similar international agreements which had led to the construction of the space stations of the 1990s.



A model of the upper portion of the spaceship built for the 1929 film by Fritz Lang and Hermann Oberth, "The Woman in the Moon" ("Frau im Mond"). From top to bottom: parachute, pilot cabin, passenger cabin, storage room, propulsion mechanism. This model was loaned to the German Rocket Society, but disappeared during World War II.

Popular enthusiasm for the project was so great, that the President was able to secure a \$5 billion initial budgetary allotment for the new project. Japan matched this with a sizably increased allotment to its own aerospace program shortly after that. Confident that changes in U.S. policies were going to bring the world out of what threatened to become a major depression, Western European governments came close, in total, to matching Japan's budgetary allotment.

Earth went through what was later described as the "sleepless year," as the first city was assembled on Mars, during 2027.

The successive phases of the Moon-Mars colonization project were agreed upon that same year.

It was quickly understood, that planting a permanent colony on Mars is a far different sort of undertaking than sending a manned exploratory vessel to visit Mars. Leaders recognized, that to establish a colony of even a few hundred members of scientific parties on Mars would require a very large complex of production workers, agriculturalists, and so forth.

Back at the end of the 1980s, most citizens and politicians did not yet understand the significance of the fact that Mars is an average 55 million miles distance from Earth during the period one might ordinarily think of making such a flight. To sustain just a few hundreds persons there, was, by late-20th-century standards, a tremendous number of ton-miles of freight to be shipped from Earth annually. The scientists understood this immediately, of course, but it required a lot of effort to make this clear to most of the politicians, and to popular opinion.

The scientists realized very soon, that we should plan to put not just hundreds of scientists, engineers, and technicians, on Mars. The purpose for going to Mars in the first place was scientific investigations. The main purpose was to build a system of enormous radiotelescopes in the region of space near Mars, and to conduct the construction, maintenance, and improvements of these observatories from bases both in Mars orbit and on the surface of the planet. Using U.S. experience in demonstration tests of trained human individuals' efficiency working in low-gravity Earth-orbit gained from the 1980s Space Shuttle and the 1990s space stations, it was estimated, that to construct as many observatories as Earth would need to explore the universe in as fine detail as must be done from Mars orbit, would require

hundreds of thousands of man-hours each year. This figure included estimates on the number of days a year a human being could safely work in a very low-gravity field.

The scientists estimated, that the cost of keeping a research worker alive on Mars adds up a total amount of equipment more than 10 times required to sustain a scientist in the middle of the Sahara or Antarctica. This did not include the estimated costs of transporting all that tonnage from Earth to Mars. The scientists explained to the politicians, "Mars is a very cold place by Earth standards, with a very thin atmosphere, a shortage of known water-supplies, and a lower gravity than Earth. People living on Mars must live in man-made environments under protective domes. The costs of maintaining those domes, of maintaining water supplies, of maintaining the atmosphere, and maintaining an acceptable temperature within the artificial climate, are enormous by Earth standards." The biggest factor of cost those scientists had to consider was the cost of energy; they estimated that more than 10 times the amount on energy must be available, per person, on Mars, than the energy directly consumed by research teams in the Sahara or Antarctica.

They decided that the basic source of energy used on Mars would have to be thermonuclear fusion, as it already was on the Moon. They pointed out, that the Mars colony would need very concentrated sources of industrial energy, to enable the colony to produce food and to sustain itself with the largest part of its requirements in materials.

So, it was agreed that the way to sustain our teams of research workers on Mars, was to build a local supporting economy on Mars. They estimated that between a quarter and a half-million total population would be the minimum size for a successful colony. They thought that this might be sufficient, if we gave Mars the new generation of industrial technologies which were in the initial development stages on Earth back during the 1980s.

They saw, that to get that number of people to Mars, together with all that was needed to start up a colony of this size, was plainly impossible using the methods worked out for sending a manned exploratory flight to Mars. To lift that amount of weight from Earth's surface, up into high-Earth-orbit, by conventional rocket methods in use in the 1980s, was beyond possible limits of cost. Even if the cost were greatly reduced by improved methods of liftoff, the amount of weight which would have to be lifted to deliver the requirements of a quarter to half a million Mars colonists from Earth, was still so costly as to be out of the question.

The politicians had imagined, wrongly, that starting a colony on Mars was like establishing a research base-station in the Antarctic. The politicians imagined, that the technologies developed for sending a manned team of explorers could be expanded to transport a much larger number of colonists. The scientists had to make clear why this idea was badly mistaken.

First of all, human bodies are designed to function under

one Earth gravity, or at least something near to that. The human body might be able to adapt to gravities a large fraction of those on Earth, but long flights at nearly zero-gravity are very risky, and were thought to be quite possibly fatal. So, the idea of sending people to Mars in the way we sent astronauts to the Moon, was ruled out. The best way they knew to create the effect of one Earth gravity in spacecraft was to have that spacecraft constantly powered by one Earth gravity's worth of acceleration, or at least a large fraction of one Earth gravity, creating an effect very much like the way

Scientists planning the colonization decided that the basic source of energy used on Mars would have to be thermonuclear fusion, as it already was on the Moon.

a person's weight increases when being accelerated upward in a 20th-century elevator. The scientists pointed out, that powered flight at one-Earth-gravity acceleration, made possible new kinds of trajectory-paths between Mars and Earth, and reduced the travel time enormously.

Some pointed out that this might be possible with ion engines powered by fission reactors. It was agreed that thermonuclear fusion would be far superior in several ways. They explained that fusion energy was the form of energy production which would be needed on Mars, in any case, and that fission-powered ion engines would still take too long to make the trip to Mars. The problem they tackled was convincing the politicians that the needed development of fusion energy had to be completed before the Mars trips began.

It was decided, at the beginning, that the main part of solving the problem of lifting weight into geostationary Earth orbit from Earth's surface, would be industrializing the Moon. Provided fusion power could be established on the Moon, they guessed that more than 90% of the total weight of large space-vessels, could be produced on the Moon, and lifted into Moon orbit at a small fraction of the cost of producing these materials on Earth. The same thing would apply to most of the materials sent to Mars to construct the first stages of a permanent colony. Space vessels to Mars, could be assembled in either Moon-orbit or Earth-orbit, and launched from either place.

The scientists decided, that using a rocket to get beyond the Earth's atmosphere is like designing an aircraft to fly under water. The idea of using a transatmospheric aircraft to get above the atmosphere, had been under discussion for decades, and preliminary designs were fairly well advanced

during the course of the 1980s. It was decided to push the development of transatmospheric craft, to build up a network of low-orbiting space-terminals. This would provide the cheapest possible way of moving large numbers of people, and large amounts of freight, up beyond the atmosphere. It would also be the cheapest and safest way to bring people down from orbit to airports on the Earth.

By that time, there were already designs for what were then called "space ferries." These "space ferries" would carry people and materials over the distance from the low-orbiting terminals, to the locations of the main space terminals, in Earth's geostationary orbit. These geostationary terminals became the locations at which technicians assembled the craft used for regular travel between Earth and Moon.

So, on August 15, 2000, the first routine travel between Earth and the Moon was begun. Some of the astronauts grumbled, complaining that they had become high-paid airline pilots. It was pretty much routine. It was policy, that the pilot made only a few round-trips between the Moon and Earth-orbit, before being sent back to Earth for rest and rehabilitation, although the main Earth space terminals already had a one-Earth-gravity artificial environment at that time. After a few trips, the space-pilots would board a regular bus-run of the space ferry at the space-station, get off at a low-orbiting terminal, and catch the next transatmospheric flight back to Earth.

Few people living in 2036 remember this obscure event, but back in 1986, the United States sent two pilots to prove that a propeller aircraft could make a nonstop trip around the world. Most scientists thought the trip was a silly way to waste money for no useful purpose. The only reason one would mention that obscure flight in 2036, would be to show the kinds of problems the scientists faced in explaining space-colonization to the politicians and voters.

Imagine a propeller aircraft, the combined weight of whose engines, fuselage, and pilots are nearly zero. In other words, how far can a pound of gasoline fly itself, given the efficiencies of propeller aircraft? So, this obscure flight was designed, making the weights of engines, fuselage, and pilots, as small a percentage of the weight of the plane's maximum fuel load as possible. What did the flight prove? Nothing that a qualified aeronautics engineer could not have proven with an electronic hand calculator.

The problem, back in 1989, was to explain to the politicians and public how this same problem, of total weight to fuel weight, limited the possibilities for getting into space, and affected the costs of getting a pound of weight into space. As everyone knows today, the further a vessel moves from a planet's strongest gravitational pull, the less fuel it costs to accelerate a pound of weight.

The politicians got the point. The system of getting into space, from the Earth's surface to the geostationary space terminal, and to the Moon's orbit, was a kind of pyramid. The distance from Earth's geostationary terminal to Moon-

orbit, was the tip of the pyramid. The transatmospheric system, between the Earth's surface and the low-orbiting terminals, was the broadest strip of the pyramid. The space ferries, moving back and forth between the low-orbiting terminals and the geostationary terminal, were the middle section of the pyramid.

One of the biggest obstacles the space program had to overcome, was the massive prejudice most of the politicians and public had built up against nuclear fission over nearly 20 years, between 1970 and the time the project began, in 1989.

Those who pushed the Mars-colonization project, including the President, viewed it a way of reviving a decaying economy, and also of showing mankind the opportunities for present and future generations, as limitless as the universe itself.

The political factor, of fear of nuclear radiation, was far more important than the engineering problems involved in using nuclear fission safely as a power source for aircraft and space vehicles. This prejudice was a major engineering difficulty, since nuclear fission gives much more power per unit of weight than chemical fuels. In all travel, the ratio of total weight to weight of the maximum fuel load, is the most important of the economic limits to be faced.

However, by that time, thermonuclear fusion as a power source was nearly a reality. Fusion is vastly more efficient as a fuel user, than nuclear fission. So, nuclear fission was the power source for regular flights between Earth-orbit and Moon orbit during those early years after 2000, but its uses for other modes of flight was avoided.

To get from Earth-Moon to Mars, required us to develop another pyramid, with the base of the pyramid running from Earth's geostationary orbit to the Moon's production, the tip of the pyramid reaching Mars surface, and the distance between the base-line and Mars-orbit the lower portion of the pyramid's volume.

A third pyramid was designed. The base of this pyramid was on Mars's surface. Just as on Earth, we must move passengers and some freight from Mars's surface into Mars orbits. From there, in Mars orbit, the pyramid branches in two directions. One direction leads back to Earth orbit. The other direction was powered travel, as from Earth orbit to Moon orbit, to and from the radiotelescopes and space labo-

ratories constructed in the general vicinity of Mars.

Those three pyramids became the fundamental design of the system of transportation as a whole.

Once the first of the two pyramids had been designed, the key bottleneck next to be mastered, was production on the Moon.

Quite clearly, the scientists could not think of building a 19th-century-style metals industry on the Moon. The combustion of oxygen, which had been the basis for metalworking on Earth deep into the 20th century, was not a workable proposition on the Moon, even if a combustible fuel could be found. Only three sources of industrial energy could be found. Electricity could be generated in various ways, or nuclear fission or thermonuclear fusion could be used. Just past the turn of the century, the fusionable isotope, helium-3 was being mined on the Moon.

Krafft Ehrlicke had worked out a nuclear-fission economy for the Moon, but it was realized that a thermonuclear-fusion economy would be far better. For the rest, the standard handbooks of physics and chemistry already existing in the 1980s were most helpful.

The policy decided upon was this. As every schoolchild knows his ABCs in 2036, production of inorganic materials is a matter of what most back in the 1980s still referred to as the available temperatures of production processes. If the highest industrial temperatures then in general use, could be increased by an absolute factor of slightly less than 10 times existing modes, there was no material in the solar system which cannot be reduced to a plasma form under such conditions. Back in the 1980s, we had only two ways in sight for doing this efficiently, thermonuclear fusion and coherent electromagnetic pulses of high frequency, and very high energy-density cross-section of impact upon targeted materials.

The problem which the project's leaders faced then, was that if we reduce material to its plasma state, how do we handle it? The answer is familiar to every schoolchild in 2036, but it was a major problem for the scientists back in 1989. The key to the solution was obviously lessons learned in experimental efforts to develop thermonuclear fusion as a source of power.

It was clear from the beginning of the project, that if the schedules set for Mars colonization were to be realized, it was indispensable to accelerate thermonuclear fusion development and development of techniques associated with high-frequency lasers and particle beams. The development of the gamma-ray laser was given much higher priority through these decisions. The decision was made, to achieve what were called then "second generation" thermonuclear fusion technologies by the middle of the 21st century's first decade, and to put accelerated efforts behind mastery of techniques for production of materials using electromagnetically confined plasmas.

The fact that we were obliged to force the development of advanced technologies then on the horizon, in order that

we might solve the materials-production problems we faced on the Moon, greatly accelerated our civilization's development of newer types of ceramics. We did not have the development of ceramic materials of anomalous crystalline structures on the list of project requirements at the start, but once we recognized the advantages of materials so novel to us at that time, we added the forced development of these technologies to our project.

In the same way, we were forced to develop the early varieties of laser machine-tools in general use in 2036, to be

One of the first of the developing nations to join Japan, the U.S., and Western Europe, in the project, was India. The next were Argentina and Brazil.

able to machine these new materials. Our project brought the techniques of electromagnetic isotope separation up to a level of refinement still considered modern today.

It was the success of these breakthroughs in fusion, lasers, and very high energy-density production processes, which made the industrialization of the Moon such a brilliant success. It was by perfecting these methods and processes for the industrialization of the Moon that we solved in advance the major problems we would have otherwise faced during the initial colonization of Mars. The building up of the Moon's industrialization was the major factor forcing us to delay the beginning of Mars colonization until 2027. Had we not developed the technologies needed for industrialization of the Moon, as we did, the colonization of Mars would have been delayed by a decade or more.

Some of the 1985-1986 plans included a heavy emphasis on new directions in biology, but without the desperate fight Earth had to mobilize against the AIDS pandemic, it is doubtful that many supporters of our Mars-colonization project would have been won over to supporting this line of research to the degree which later proved necessary, once the Mars colonization had begun. So, today, we are able to incorporate the benefits of this research into designs of systems for manned deep-space explorations, and have overcome most of the fears of possible strange diseases which might be encountered, or might develop, in our further explorations and colonizations of space.

It was not until the late 1990s, that the last significant political opposition to the costliness of the Mars-colonization project was overcome.

We began the project in 1989, under what might seem to

have been the worst economic conditions for such an undertaking. Over the preceding 25 years, most of the world had been caught in a long process of economic decline, which we described then as a drift into a "post-industrial society." In many of the then-industrialized nations, the average income of households had fallen to about 70% of the real purchasing power of 1966 and 1967. Entire industries which had existed during the 1960s, had either been wiped out, or nearly so, in many of these nations. The basic economic infrastructure, such things as water management and sanitation systems, general transportation of freight, energy systems, and educational and health care systems, were in a state of advanced decay. To cover over the collapse of incomes, a massive spiral of borrowing had occurred in all sectors of government, production, and households; a terrible financial crisis had built up.

Those who pushed the Mars-colonization project the most, including the President of the United States, did not view the project as a way of spending a large surplus of wealth. It was seen by them as a way of helping to revive a decaying economy, and also a way of showing all mankind that our species has meaningful opportunities for present and future generations, opportunities as limitless as the universe itself.

At first, many grumbled political objections against the large sums of money spent. As the citizens saw new industries and employment opportunities opening up as a result of the Mars project, the political support for the project grew. Over the course of the first 10 years, the project grew in importance as a technological stimulant to the growth of economies. Then, the first decade of the 21st century, there were waves of revolutionary improvements in methods of production; many of these benefits were the direct result of using the new space technologies in everyday production back on Earth. The political opposition to the project's cost vanished.

One of the first of the developing nations to join Japan, the U.S., and Western Europe, in the project, was India. The next were Argentina and Brazil. The project's leaders and sponsors showed wisdom in encouraging participation in their own programs by young scientists from many nations. The fact that we may be so confident that general war has disappeared from Earth in 2036, can be credited to the Mars colonization project to a large degree. The rate of technological advancement and increase of wealth in the nations which undertook the project from the start, has been such that no potential adversary would think of attacking them.

As it became clearer to everyone that there were going to be large permanent colonies in Mars during the middle of the 21st century, the general idea of developing the worst deserts of Earth worked its way into policies of governments. Africa, whose population-level collapsed by more than 100 million during the course of the AIDS pandemic, is growing again, and not only the Sahel region, but large stretches of the Sahara are blooming areas with new, modern cities.

No one talks of overpopulation any more. The idea of transforming the Earth-sized moon of Saturn, Titan, into a new colony, beginning 40 to 50 years from now, is already more popular than the colonization of Mars was, back during the late 1980s. Titan's atmosphere is poisonous, but we can foresee ourselves gaining the kinds of technologies needed to Earth-form a planetary body of that sort. The strongest voice for this is coming from the Mars colonists, who now say that they find everything delightful on Mars but its uncomfortably low gravity. There is also big pressure for such new major space projects from circles tied closely to the Moon industrialization program; they say that Moon industries are ripe for a major new challenge.

The Mars colony will be almost self-sustaining within another 10 years. No one on Earth worries any more about Earth's continued subsidy of the colony; who doubts today, that the economic benefits area already vastly greater than the amounts we have spent. There are now over 200 spacecraft traveling back and forth between the orbits of Earth and Mars, and with each journey, more going to Mars than returning. We expect the population to reach over a million within a few years. We wonder if more than a handful living back in the late 1980s dreamed how much their decisions would change not only the world, but the solar system, for the better, within two generations.

'There is a wrong kind of realism, timid and static, which tells man to live for his existence alone. . . . The kind of realism we need is the realism of vision.'

— Space scientist Krafft Ehrlicke, 1957

Colonize Space! Open the Age of Reason

Proceedings of the
Krafft A. Ehrlicke Memorial
Conference, June 1985



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LaRouche tells who his political enemies are

We print below the Foreword to the 1989 Spanish edition of Lyndon LaRouche's autobiography, The Power of Reason: 1988. The essay was completed on June 3, 1989 at the Alexandria, Virginia Detention Center.

'I become a celebrated political prisoner' **by Lyndon H. LaRouche, Jr**

On January 27, 1989, scarcely a day after George Bush's inauguration as the next President of the United States, I became an internationally celebrated political prisoner.¹

In accord with today's civilized standards for legal frameups of political critics of those in power, my friends and I were charged, and convicted on nothing but the customary allegations of "conspiracy." The case was tried before a judge who has been compared with the Nazi Roland Freisler,² before a corrupt jury stacked with members of prosecutorial agencies.³ The rushed trial was a near-copy of France's notorious Dreyfus case of 1894.⁴

The Alexandria sentence of Jan. 27, was immediately the outcome of a "get LaRouche" project set into motion by former U.S. Secretary of State Henry A. Kissinger, beginning August 1982.⁵ Kissinger collaborated in this project with several members of a powerful, corrupted President's Foreign Intelligence Advisory Board (PFIAB), and PFIAB's Vice-Chairman Leo Cherne.⁶

1982-83 was not the first period Kissinger and Leo Cherne's cronies had conspired to terminate my existence. The released U.S. government records of such uses of the FBI, and other agencies of U.S.A. and foreign governments, trace practices back to the first year of Kissinger's stint at the White House.⁷ Nor was it the first time they had coordinated such activities with the Soviet KGB.⁸ Nonetheless, from 1982 on, there was a difference.

The chief difference was that I had become much more significant by 1982-83. As the New York Council of Foreign Relations' William Bundy said to a French journalist, in 1981, as paraphrased in that journalist's report: "LaRouche



Stuart Lewis

Leo Cherne (center) collaborated with Henry Kissinger to launch the "Get LaRouche" task force. Cherne is shown here at a meeting of the International Rescue Committee in 1983, with the AFL-CIO's Lane Kirkland and Vice President George Bush. The question is, is Cherne a Soviet mole, or loyal to some entity which is neither the United States nor Soviet Russia?

is dangerous, he has infiltrated the corridors of power, he has spies everywhere, and one should not underestimate his influence!" referring to my activities around the nation's capital.⁹ Or, as President Reagan's National Security Council Economic Adviser, Dr. Norman Bailey, stated in an NBC-TV interview on March 4, 1984, LaRouche had "one of the best private intelligence services in the world."¹⁰

There were two very special issues which frightened Kissinger and Cherne, and which provoked Moscow to jump into Kissinger's bed on all four feet. The first was my book-length analysis and proposal for dealing with the 1982-83 debt crises, *Operation Juárez*.¹¹ The second was my intensive 1982, international campaign to sell President Ronald Reagan what he later named the U.S. Strategic Defense Initiative (SDI).¹² Kissinger, Cherne, and Moscow were my deadly enemies on the issues and implications of *Operation Juárez*,¹³ and, wherever Cherne stood, Kissinger and Moscow hated me because of the SDI.¹⁴

It may, and should be reported here, that during a period from January 1982 until April 1983, I was conducting private "back channel" discussions with an official of the Soviet government, on behalf of the U.S. government. The principal topic of these discussions had been my proposal for strategic ballistic missile defense based upon "new physical principles," an attempt to "feel out" possible Soviet reactions to such a change in superpower relationships.

Unfortunately, these discussions bridged the spring-summer 1982 period, when Moscow brought the "Brezhnev period" of Soviet history to a close by nominating Soviet KGB

chief Yuri Andropov as Leonid Brezhnev's designated early successor. Whereas Brezhnev might have welcomed President Reagan's March 23, 1983 offer, it turned out that Andropov saw that offer as a threat to the strategic master-plan he had developed in collaboration with Marshal Nikolai Ogarkov.

So, my Soviet interlocutor informed me in early 1983—as I, in turn, so informed the National Security Council—that his government would regret my proposal for strategic ballistic-missile defense. He transmitted the following findings of his government, which, in hindsight, are key for understanding why Moscow classes me as Soviet enemy number one in the world today. He stipulated the following as the opinion of his government:

1) That the Soviet government agreed that a strategic ballistic missile defense based upon "new physical principles" would function successfully as I specified.

2) That the "economic spillovers" would benefit the civilian sector of the economy as I had specified.

3) However, his government would reject any such proposal from the U.S. government, because "our economy could not match yours" in absorbing the economic-spillover benefits of an Apollo-style "crash program" development of SDI based upon "new physical principles."

He added the following cheerful pieces of information.

Nonetheless, he said, "we have been assured by the highest levels of the Democratic Party, that your [my own] proposals will never reach President Reagan's desk for consideration. So, we would wish to continue our discussions [with



National Gallery of Art

The evil within European culture is symbolized by the Emperor Tiberius, who ordered the execution of Christ (Tiberius and Agrippina, by Rubens).

me]; obviously, on economic issues, you have been right, where my own government and yours have been proven wrong.”

So, later, during April 1983, the National Security Council's recommendation was that I drop the “back channel,” since the Soviets were interested only in picking my brain, and giving nothing useful in return. That advice from the NSC was superfluous; the last message from my Soviet Embassy counterpart was that his government, at the highest level, had ordered the back channel closed down.

Very soon, I learned why Moscow had shut down that back-channel so soon after President Reagan's March 23, 1983 SDI broadcast. The reasons were given implicitly and very loud and clear, in Yuri Andropov's long, very detailed interview with publisher Rudolf Augstein in the April 24, 1983 edition of the weekly *Der Spiegel*.¹⁵ The Soviet policy stated by Andropov there, is the set of orders under which M.S. Gorbachov is operating today.

The other result of President Reagan's March 23, 1983 SDI address was that I shot to the number-one position on the Soviet enemies list worldwide. The first signal of that came from Andropov's special representative Fyodor Burlatsky, in the pages of the KGB mouthpiece *Literaturnaya Gazeta*, of Oct. 26, 1983.¹⁶

From April 1983 onward, an escalating Soviet personal attack upon me, as Moscow's number-one enemy worldwide, intersected and reinforced the efforts of Kissinger and Cherne's circles to have me eliminated.

At the beginning of 1984, the Soviet government demanded that the Reagan administration cut itself off from me in a clearly demonstrative and final way. By March-April,

the Reagan administration complied with this Soviet demand.¹⁷ After the British government approved the Soviet appointment of M.S. Gorbachov, Andropov's appointed “crown prince,” as the new Soviet General Secretary,¹⁸ the Reagan administration ordered all CIA personnel to purge themselves of all contacts with, and sympathies for me and my friends.¹⁹

During the summer of 1986, the Soviet government at the highest level repeatedly demanded that the Reagan administration use legal means to jail me and close down the

From April 1983 onward, an escalating Soviet personal attack upon me, as Moscow's number-one enemy worldwide, intersected and reinforced the efforts of Kissinger and Cherne's circles to have me eliminated.

political movement associated with me, as a price for the Reykjavik summit negotiations.²⁰ On October 6-7, two weeks before the Reykjavik summit, the Reagan Justice Department staged a 400-man armed assault upon the offices of my associates, imprisoning several, and preparing to kill me, until higher authorities ordered the task-force officials involved to leave me alive and untouched.²¹

New demands from Moscow, during 1987, led to my first indictment by the Kissinger-Cherne “Get LaRouche” strike force.²² Fresh demands, during 1988, led to the Chief Judge Albert V. Bryan's Alexandria, Soviet-style travesty of justice.

Certainly, but for massive, escalating Soviet pressures, in the first place combined with a Neville Chamberlain-like search for “peace in our time” within the Anglo-American Establishment, the Kissinger-Cherne-sparked “Get LaRouche” strike force would have failed to imprison me and my friends, and no indictments would have been likely in the first place. In that sense, it would be fair to say that a federal judge sentenced me to die in a U.S. prison as a captive of the Soviet KGB. That is a fair statement; is it an adequate one?

That brings us to the topic of this Foreword: Were the forces behind Kissinger's and Cherne's circles the instruments of Soviet policy, or is it simplistic, and therefore wrong to classify Kissinger and Cherne as “Soviet moles” burrowing inside the U.S. intelligence establishment? The answer to that question is of life-or-death importance to every republic of the Americas.

'In "Trust," We God'²³

The question is, is Leo Cherne a Soviet mole, in the sense that his aging collaborator Jay Lovestone was a Comintern Chekist? Or, is Cherne loyal to some entity which is neither the United States nor Soviet Russia?

To the degree that both Kissinger and Cherne often act objectively in the interests of the Soviet Union, and against U.S. vital security interests, does that prove that either is, perhaps, an agent of Soviet services, or, perhaps, an agent of Soviet influence? My informed judgment is, and has been, that both are, *objectively*, agents of Soviet influence. The latter characterization is both true and useful in matters of U.S. national-security practice, but is this classification adequate for all purposes? I am certain it is not; I am certain that the more adequate answer is indispensable knowledge among the leading patriots of Central and South America.

Also, whoever wished to remove all mysteries concerning my behavior, must know what I am engaged in combatting. Kissinger's and Cherne's true master is my foe, the true author of my political imprisonment.

During the years 1921-27, certain wealthy and politically powerful Anglo-American families entered into a pact with the foreign-intelligence section of Polish Bolshevik aristocrat Feliks Dzerzhinsky's Soviet secret political police organization, the *Cheka*. This pact was known as "the Trust," or "the Anglo-Soviet Trust." That curious 1921-27 "marriage" between Western bankers and *bolsheviks* has tantalized historians and intelligence specialists since. The world is presently dominated by a similar oligarchic force, to which some senior intelligence specialists refer as "Trust III." It is that latter entity, "Trust III," which claims Kissinger and Cherne as its assets, and which is my mortal enemy behind the U.S. government's "Get LaRouche" strike-force.

In a famous address which Friedrich Schiller presented to the students at the University of Jena, Schiller proposed that the essential conflict shaping Western civilization during the past 2,500 years, is a mortal conflict between two traditions. The first tradition, Schiller's and my own, is the republican constitutional principle of Solon of Athens. The opposing tradition, is that of the Emperor Tiberius, Nero, Adolf Hitler, Stalin, and the "Trust," the heritage of the oligarchy-ruled slave-society of Lycurgus' Sparta, or the Phoenician Tyre.²⁴

Modern Western European civilization's achievements are each and all a reflection of the Christian tradition of Augustine, which may be described otherwise as Plato adopted with the specific correction of the Jesus Christ of the *Filioque*.²⁵ The evil within European culture is the Lycurgan, or Canaanite heritage associated with Gnosticism and outright Satanism, as symbolized by admiration of such satanic pagan deities as Shakti, Ishtar, Athtar, Astarte, Cybele, Dionysos, Lucifer, or the Hellenic Isis, Osiris, and Horus.

Forget the popularized, but worse than useless apotheosis of seating arrangements—right, center, left—in the French



The Holy Alliance, established at the 1815 Congress of Vienna. Emperor Alexander I of Russia, left, was assigned to drown all European sympathies for the American Revolution in blood; with him are Emperor Franz I of Austria, and King Frederick-William III of Prussia.

National Assembly of the 1790s; the essential division within civilization is between the republican heritage of Solon, Socrates, and Augustine, and the oligarchic heritage of the Tyre, the Magi, Delphi, and Lycurgus.

This division goes much deeper than a mutual opposition of oligarchic and republican forms. The two represent two, respectively, mutually exclusive conceptions of the essence of man and nature, the Christian view of the divine creative spark, as the image of God in the individual person, against the malthusian, gnostic-satanic view of man as but another species of animal.

The oligarchic view was that which prevailed, in the establishment of the Holy Alliance, at the 1815 Congress of Vienna. Under this arrangement, the agents of anti-American, anti-republican usury and oligarchism, Capodistria, Nesselrode, Metternich, Talleyrand, and Castelreagh, established the insane and brutish Czar Alexander I of Russia the "policeman of Europe," assigned to drown all European sympathies for the American Revolution and United States in a sea of Cossack slaughterings.²⁶

The view of the purpose of the—ultimately failed—Congress of Vienna was the motive for Western financiers' financing and otherwise assisting the Russian revolutions of 1905 and 1917, for creating the Bolsheviks, in collusion with the Czar's own, treasonous Okhrana, and for cooperating with Dzerzhinsky, Trotsky, et al. in creating the Communist International as a political complement to the "Trust."

The objective of the oligarchical faction, represented by Kissinger and Cherne, is to eradicate its ancient, mortal foe, republicanism and Western Christianity, from the face of this



Greek Ministry of Culture and Sciences

King Philip of Macedon was assigned by the Persian Magi to carry out their oligarchic empire project (Ivory sculpture, 4th century B.C.).

planet, by aid of eradicating the institutions of the sovereign nation-state and commitment to fostering the benefits of continuing scientific and technological progress.

There is no esoteric conspiratorial motive here. The *beast*, oligarchism, has an instinctive compulsion to destroy that species which is its mortal foe, mankind as defined implicitly by the *Filioque*.²⁷

To this purpose, over the course of the recent hundred years, Western oligarchic financier interest selected the brutishly backward Muscovy and its empire of enslaved nationalities, as, once again, the prospective “policeman of Europe.” First, Muscovy must be thoroughly degraded morally, rid of every influence of Western Christianity and Leibniz, rid of the pro-Western cultural motivation of a Peter the Great or Alexander II.²⁸ For this purging, three generations of purging by means of Maxim Gorki’s Dostoevskyian satanic rite of Bolshevism was prescribed.²⁹

How could Faust (the Western oligarchy) hope to coexist with the Muscovite Golem—with the Gorbachov who wears, perhaps, the “mark of the beast”? The Oxbridge advisers of the “Trust”—and “Trust III”—were students of history, as Arnold Toynbee of British intelligence had been.³⁰ From the pages of the history of the Persian (Achaemenid) Empire, they adduced a strategy.

The classical Greeks, notably that Ionian-Athenian faction which Solon, Socrates, and Plato represented, had rep-

resented the republican obstacle to the satanic oligarchical force of the Persian Empire controlled by the Magi and the Canaanites of Tyre. Even the success of the cult of Delphi in fostering, and significantly orchestrating the ruinous Peloponnesian War had not weakened Greece sufficiently to eliminate the strategic superiority of Greek culture over its Asian adversaries. The “march of the ten thousand” had demonstrated the point.³¹

So, the evil, crafty Magi had devised a plan. Assist Macedon’s King Philip to conquer the weakened states of Greece, piecemeal. Award Philip hereditary imperial rule over a newly created “Western Division of the Persian Empire,” extending westward from the Halys and Euphrates rivers. Thus, enhance the expansion of that Persian Empire’s “Eastern Division.” The Magi’s terms are made clear by Isocrates’ explanation of the “Persian,” or “oligarchic model.”

That scheme failed when Philip was assassinated in timely fashion, and succeeded by an Alexander advised by Plato’s Academy of Athens, and allied with the Cyrenaica Temple of Ammon. The assassination of Alexander—and of numerous members of his family circle—permitted the oligarchical faction among Macedonian generals to preside over the remains of the conquered and dismembered empire.

During the first century B.C., the same oligarchic empire project was revived, as the effort to combine the domains of Syria, Ptolemaic Egypt, and Rome into a single Mediterranean empire. The union of the Magi (and the satanic Mithra cult) with the man who became the Isle of Capri’s Augustus Caesar settled the controversy. The empire of the increasingly Syriac Roman legions chose Rome as its capital.

So, the wealthy, oligarchic families who compose, or are camp-followers of the potency of “Trust III” seek to establish a “New Yalta,” “multi-polar,” Anglo-American and Muscovite global condominium, analogous to the aborted proposal to establish a bi-polar condominium of Eastern and Western Divisions of the Persian Model. The “New Yalta” form of “one-world” “world federalism,” like the old dream of rhetorician Isocrates, is fanatically committed to the anti-republican “oligarchic model.”

On the Anglo-American side, the oligarchy of “Trust III” is composed largely of those Anglo-American families who own such as Leo Cherne and Henry Kissinger.³² On the Eastern, Muscovy-Syrian side, the core of the oligarchy is typified by the anti-Romanov boyar families within the Soviet *Nomenklatura*—such as the family of Yuli Vorontsov—who organized the Russian Revolutions of 1905 and 1917.³³ It is also the evil tradition of the Bulgarian Bogomil families, and the Syrian tradition of Aleppo.

In Greek, Hesiodic imageries, these oligarchic families, in aggregate, are analogues of the pagan gods of mythical Olympus. These families have set themselves up as perpetual *fondi*—immortal pagan gods, *in hubristic defiance of the Creator and His natural law*.

So, the proposed, “multi-polar,” “New Yalta” global

condominium becomes, in the wicked oligarchic fantasy-life, the new eternal, worldwide third Roman Empire of "Trust III."

One must be reminded of the first century, B.C., the time of quarrels among Rome, Syria, and Alexandria, respecting which of the three would be the capital of the new world-empire. Moscow, London, Beijing?—*certainly, never a self-isolated, self-destroyed U.S.A.* on the current Washington policy-track.

So, these oligarchic families, and such mercenary, picaresque hangers-on as the circles of Kissinger and Cherne say of themselves, "In 'Trust,' We God."

Natural law

Does what I have just outlined suggest to anyone the fragment of Aeschylus' *Prometheus*? That should be the case. *Götterdämmerung*, anyone? "Are you prepared for your meeting with *Götterdämmerung*, oligarchic lackey, Judge Albert V. Bryan, Jr.? Do heathen, craven esquires, such as you, dare to set your defiance of natural law, your cruelties against God's chosen innocent, above the Power of the Almighty?" So, Aeschylus' Prometheus warned Zeus and Zeus' craven esquires, I warn Judge Bryan, and all those who chase whorishly after the whims of the "Trust III" oligarchy of Virginia and elsewhere.

Take the case of Leo Cherne in this light.

Cherne, the son of a Morgan banker, became entangled with Stalin's former agents within the so-called Communist International Right Opposition of Bukharin, Thalheimer, Jay Lovestone, et al., and coordinates the "right-wing" social-democratic wing of the U.S. Central Intelligence Agency (CIA) and so on. In Central and South America, where one refers to the "CIA," one means the U.S.A. social-democracy together with Cherne's and David Rockefeller's Anglo-American faction in the Socialist International.

Yet, Cherne also qualifies as an aspect of that composite personality known variously as the "Mr. X" controlling spy Jonathan Pollard³⁴ and the "highly placed Soviet mole" inside the CIA.

The point is, the U.S. counterintelligence searchers have been searching for a pure and simple "Soviet mole," when they should have been searching for an agent of "Trust III." They were seeking a simple Macedonian spy when they should have been hanging Isocrates and the Macedonian provocateur Demosthenes.

A chief of a leading counterintelligence service has documented the case that the news-media and other defamation of me internationally, as within the United States, was orchestrated by the Soviet KGB and the KGB's accomplices in high places in the news media and other institutions of the West. In that form, only experts understand how the Soviet KGB and NBC-TV News work together in such projects.

It is fun, and fair game to say that "NBC" stands for "National Bolshevik Company." The whole picture is clear,

including the counterintelligence inquiries into Kissinger, Lovestone, Armand Hammer, Edgar Bronfman, and Cherne, once we substitute for "Soviet," "Trust III."

The Creator will not permit such a satanic abomination to survive. London-Washington and Moscow will suffer soon the fate of Biblical Sodom and Gomorrah, unless they repent their present ways.

How will the Creator obliterate "Trust III"? If this involves a miracle, I know nothing of those miracles; you must consult a bishop, not me. I know of a different way the same result were accomplished, by means of *natural law*. Of that latter, I may speak with the authority of a physical economist.

Whoever destroys commitment to scientific and technological progress in the modes of production, destroys the means upon which nations and peoples depend absolutely to exist. When a parasite, such as the powerful families of oligarchic usury, suppress investment in technological progress and growth in basic economic infrastructure, farming, and manufacturing, the oligarchic parasite is destroying its host, and with the expiration of its host, will surely die, too.

Those of us, as nations and peoples, who tolerate oligarchic usury and malthusianism, will surely be wiped from the face of this planet as nations in their present form. Thus, whatever survives on this planet into the next century, natural law is already acting efficiently to ensure the victory of the cause which I serve, and no contrary cause.

Notes

1. From prison in Alexandria, Virginia where the author was incarcerated from Jan. 27, 1989, until moved on July 14, he conducted 233 interviews. Of these, 135 were radio interviews; 40 newspaper, magazine, and wire service interviews; 2 TV interviews; and 56 interviews with foreign media outlets. In December 1988, famed violinist Norbert Brainin gave a benefit concert for the LaRouche defense during the Alexandria trial in Washington, D.C.

The Martin Luther King International Tribunal was established in Rome, Italy in February 1989 to hold hearings on the advance of police-state fascism in the free world, with the case of LaRouche and the six codefendants in the front line. The Tribunal subsequently held major international conferences in Paris, Washington, D.C., and again in Rome; national conferences in many nations of the world including Thailand and Peru; and regional conferences in tens of U.S. cities.

Several individuals declared hunger strikes to draw attention to the injustice in the LaRouche case, most notably in West Germany Andreas Ranke, grandson of the first President of the Federal Republic Gustav Heinemann, and in the United States, William Ferguson of Boston.

Senator Vincenzo Carollo of Italy and former West German military intelligence chief Gen. Paul Albert Scherer traveled to Washington to denounce the handling of the LaRouche case and warn of the Soviet motivations in the affair. French Resistance heroes Marie-Madeleine Fourcade and Jean Gabriel Revault d'Allonnes issued statements defending LaRouche's impeccable honor and associating his cause with their own sacrifices for freedom in the struggle against the Nazis. Amelia Boynton Robinson, the civil rights



Gen. Paul Albert Scherer (ret.)

leader and co-worker of Dr. Martin Luther King famed for her role in the Selma march of the mid-1960s, compared the plot against LaRouche to the one which led to King's assassination.

In late April, 100 Ibero-American parliamentarians signed an ad which was placed in the major U.S. dailies, including the *Washington Post* and *New York Times*, demanding freedom for LaRouche.

To abbreviate the citations which will appear in the Spanish edition of *The Power of Reason*, readers are referred to the following articles in this publication. The list is not all-inclusive but touches the main highlights, from the print media of West Germany, Austria, France, India, Mexico, Peru, Brazil, Venezuela, Barbados, Panama, Thailand, and of course the United States. All citations are from Vol. 16 of *EIR*:

No. 9, Feb. 24, 1989, p. 44 ("LaRouche's insignificance is growing in Venezuela") and p. 58 ("LaRouche is innocent, as Captain Dreyfus was"); No. 10, March 3, 1989, p. 53 ("International outcry condemns jailing of LaRouche and associates"); No. 11, March 10, 1989, p. 20ff. ("Tribunal exposes rise of fascist state in U.S."); No. 12, March 17, 1989, p. 14 ("Venezuela obeys the IMF, pays the debt with cadavers") and p. 36 ("More international figures deplore jailing of Lyndon LaRouche"); No. 18, April 28, 1989, p. 52 ("Three months later, LaRouche jailing seen abroad as albatros for Bush"); No. 19, May 5, 1989, p. 35 ("Austria responds to LaRouche case"); No. 20, May 12, 1989, p. 46 ("LaRouche advertisement unleashes a political uproar in Brazil"); No. 22, May 26, 1989, p. 50 ("Brazilian deputies demand fairtrial for LaRouche"); No. 24, June 9, 1989, p. 44 ("LaRouche human rights case breaks in Mexican press").

2. Roland O. Freisler joined the Nazi Party in 1925, and became undersecretary in the Justice Ministry in 1934; later, in 1942, he was named head of a special court, the *Volksgerichtshof*, or People's Court, which had been set up in 1933 to conduct political trials. When a group of patriotic military leaders, who had tried unsuccessfully to assassinate Hitler in July 1944, were brought to trial, it was decided that they would *not* be judged by a military court, but by Freisler's special court, where there were no doubts as to the outcome. Freisler was notorious for jury-packing. In December 1934, a law was established that jurors must be selected from a pool made exclusively of Nazi Party members and that they must be chosen from the "Nazi point of view."

For Freisler, the aim of prosecution and punishment was to "break the will" of the accused, to "make it conform to the will of the NSDAP." Thus, Freisler would give the death penalty for persons found guilty of the crimes of "arrogance," "pride," "keeping their word of honor," or "having a strong will." Whenever Freisler's defendants tried to explain or motivate their actions politically, they were shut off. In the famous case of the military resistance fighters of July 20, 1944, Hitler originally planned to have a show trial and media event, covered by radio, press, and filmed, but Himmler and Goebbels dissuaded him—with the argument that if he had let the accused speak, and if they spoke, explaining the political reasons why they sought to kill the dictator and overthrow his tyranny, then obviously anyone hearing this on the radio would be totally sympathetic. Therefore, no press, and no political material were allowed in the defense.

3. It turned out, from investigations conducted after the trial, that the jury foreman Buster (sic) Horton was a member of a secret governmental inter-agency task-force among those assigned to prepare the prosecution against LaRouche et al. In addition, among other members of that jury, William Ortiz-Pagan was an employee of the Department of Labor, Pat Connor was a secretary at the Drug Enforcement Administration, another's husband was a Navy engineer, and two others worked for defense contractors, meaning that at least six of the 12 jurors were directly or indirectly dependent on the federal government for their livelihood. Of the final 12 jurors, only two had had to answer any individual questions, aimed at revealing bias, at all.

4. A statement in which the federal case against Lyndon LaRouche and his associates is compared to the infamous "Dreyfus Affair" in the 1890s in France, appeared as an advertisement in three Washington D.C.-based newspapers in early March, one month after LaRouche was given a "life sentence" in the Alexandria trial against him. Sponsored by the Commission to Investigate Human Rights Violations, the full-page ad appeared in the *Washington Times* on March 1 and in the *Loudoun Times-Mirror* (Loudoun County, Virginia is the home of Mr. LaRouche) on March 2; on March 3, the ad appeared in a half-page spread in the *Washington Post*. The text of the ad was written by Friedrich-August von der Heydte, a well-known West German professor of constitutional and international law; the text had appeared as an article in the Feb. 24, 1989 issue of *EIR*.

The Dreyfus case itself, in outline: On Oct. 15, 1894, Captain Alfred

Dreyfus, a French Army General Staff officer of Jewish birth, was arrested under conditions of exceptional secrecy, on charges of having betrayed military secrets to a foreign power, the German Reich. On Dec. 22, Dreyfus was court-martialed behind closed doors on charges of high treason, in a climate of violent anti-Semitism in the military and press. By use of a "secret dossier" which Dreyfus was never allowed to see, he was convicted and sentenced to life imprisonment in the lethal Devil's Island penal colony near French Guiana.

One year later, the new head of military intelligence, Colonel Picquart, discovered that there was indeed a spy in the pay of the German military attaché in the General Staff milieu, Major Count Walsin-Esterhazy. By the end of 1897, Dreyfus's family convinced the vice president of the Senate, of his innocence, and the necessity of reopening the case. At the second Dreyfus trial, in August 1899, the military court excluded masses of evidence and testimonies, and after a one-month trial, found Dreyfus guilty again, but "with extenuating circumstances," and voted to pass a ten-year sentence. One week later, the President pardoned Dreyfus. Finally in 1906 the High Court found the charges to have neither merit nor ground, and dubbed the earlier verdicts as grossly unjust, reinstating a broken Dreyfus as a major in the Army.

5. Aug. 5, 1982, Kissinger filed a complaint with the FBI's Washington Field Office alleging the *EIR*'s Asia editor at the time, Daniel Sneider, had made a threat on his life. (Sneider had called Georgetown's Center for Strategic and International Studies requesting an interview with Kissinger. The Justice Department shut down the probe on Nov. 16, 1982.)

Aug. 19, 1982, Kissinger wrote his "Dear Bill" letter to FBI Director William Webster: "Because these people have been getting increasingly obnoxious, I have taken the liberty of asking my lawyer, Bill Rogers, to get in touch with you to ask your advice, especially with respect to security. . . . It was good to see you at the [Bohemian] Grove, and I look forward to the chance to visit again when I am next in Washington. Warm Regards."

Sept. 16, 1982, William Webster responded to the Kissinger letter and a subsequent *still classified* letter from Kissinger's attorney William D. Rogers, informing Rogers that the Bureau had not yet been provided with sufficient evidence to justify action against LaRouche. "As you know, we here at the Bureau are limited as to what we can do to help, since the data we have does not as yet justify an inquiry on our part."

Nov. 25, 1982, Kissinger wrote a formal three page letter to "Dear Judge Webster" stating, "Since your letter of Sept. 16, 1982 to Bill Rogers, concerning the activities of the LaRouche group directed at me, a number of events have occurred which cause me to raise the subject with you once again. I am attaching a chronology and some leaflets which demonstrate a systematic and escalating campaign of harassment, threat and defamation both here and abroad." Kissinger's allegations against LaRouche included: "Accusations that I am responsible for the murder of leading political figures around the world coupled with other charges (for example the purchase by me of Arab land on the West Bank)—likely to appeal to groups with a high potential for violence, thus risking my personal safety." Kissinger concluded: "This conduct raises two additional problems. The first is of an intelligence nature. We may be witnessing here not normal radical political action but a systematic disinformation campaign supported by some foreign intelligence service. How else is one to explain the simultaneous appearances in widely different parts of the world of preposterous accusations amounting to American collusion in assassinations clearly the work of far left organizations, such as the Red Brigades, whose targets have in fact included Americans? Who finances this network of organizations, newsletters and newspapers?"

"Second, the personal harassment is clearly increasing both in the U.S. and overseas. My concern is heightened by the reported history of violence by the LaRouche people against their perceived enemies and opponents."

Dec. 20, 1982, FBI Assistant Director Oliver B. Revell wrote to Kissinger informing him that a review of his Nov. 25 letter by the Justice Department's Civil Division and by the FBI's Domestic Intelligence section



Henry Kissinger

had failed to turn up any possible violations of federal law warranting either investigation or the opening of an FBI intelligence probe—even under the vastly expanded guidelines of Executive Order 12333. However, Revell informs Kissinger that Webster had referred the matter to his personal attention. “Your letter does indicate a possible violation involving the alleged use of the telephone by the group as a method of harassment. Therefore, the aspects relating to alleged harassing telephone calls have been referred to the Criminal Division, USDJ, for its consideration as to whether any further Federal action is warranted.”

Revell simultaneously forwarded Kissinger’s letter “with enclosures” to the Justice Department’s Criminal Division, citing “possible violation of Title 47, U.S. Code, Section 223, Interstate Obscene or Harassing Telephone Calls Statute.”

Jan. 12, 1983, William Webster penned a memo to Oliver Revell. “At the PFIAB [President’s Foreign Intelligence Advisory Board] meeting today, David Abshire raised the subject of the activities of the U.S. Labor Party and Lyndon LaRouche. He noted that he and a number of other Americans in public life had been the subject of repeated harassment by LaRouche and wondered whether the FBI had a basis for investigating these activities under the present guidelines or otherwise. A number of the members present, including Edward Bennett Williams, raised the question of the sources of funding for these U.S. Labor Party activities. In view of the large amounts obviously being expended worldwide, the question was raised whether the U.S. Labor Party might be funded by hostile intelligence agencies. Can you give me an update together with any comments or observations on this matter?”



William Webster

Within five days of the PFIAB meeting the Criminal Division of the Justice Department formally opened an investigation into the telephone harassment charges.

On Jan. 21, 1983, four days later, the FBI Intelligence Division produced a “Secret” report, which, over the next several years, would be disseminated to foreign governments around the world through FBI legates posted at American embassies.

“Lyndon LaRouche is the founder and leader of a Marxist organization called the NCLC and its political arm, the U.S. Labor Party [defunct for nearly 10 years—ed.]. LaRouche and his organizations produce several publications, including the *Executive Intelligence Review*, a medium by which LaRouche expounds bizarre and conspiratorial theories and views on world affairs.

“One of LaRouche’s most bizarre theories envisions a vast conspiracy against him and his organization inspired by the Rockefeller family and the British Royal Family and involving the British Government, and Security Services, CIA and KGB. . . .

“Several U.S. and foreign government officials and other individuals in public life have been subjected to repeated harassment by LaRouche’s organizations. . . .

“While many of the statements and policy positions of LaRouche’s organizations dovetail nicely with Soviet propaganda and disinformation objectives, we have no firm evidence that they are being inspired, directed or funded by the Soviet Union or other foreign groups.” The rest of that sentence and the remainder of the paragraph was blacked out on a “b.1” exemption, which refers to ongoing national security probes.

6. See footnote 5. PFIAB is an oversight body with the authority to commission investigations by U.S. intelligence agencies. At the time of the Abshire initiative, the vice chairman of PFIAB was Leo Cherne, a key liaison between the right wing of the Social Democracy, Wall Street, and factions of the CIA.

7. The initial FBI Cointelpro operation against the Labor Committees revealed so far by the U.S. government, dates from 1969.

8. During 1973, the FBI et al. intervened to cover up what were later documented as KGB abduction and drugging operations, for example, against the Labor Committees.

9. During that period, I had rather frequent meetings with circles of the

U.S. National Security Council. Richard Morris, Executive Assistant to Judge William Clark, who was both Deputy Secretary of State and National Security Adviser to President Reagan during Reagan’s first administration, was assigned as the liaison for contact between myself and the NSC. Morris testified at length in *U.S.A. v. Lyndon LaRouche, et al.* in Alexandria, Virginia, on meetings with myself and with 10-12 associates of mine on numerous occasions in 1982-83. It was Morris’s job to take in information and channel it to the appropriate departments within the NSC, on matters including the Strategic Defense Initiative, the West German Green Party, Third World debt, and U.S. relations with the Soviet Union. Morris said officials at the NSC found the material “useful and credible.” When asked whether, in his view, LaRouche and those with him were acting in good faith, Morris responded, “In my view, they were acting in good faith, and in the best interests of the United States, as they saw it.”

10. NBC-TV “First Camera” program, March 4, 1984.

11. Lyndon H. LaRouche, Jr., *Operación Juárez*, published by *Executive Intelligence Review*, New York City, August 10, 1982.

12. The following is a list of 1982 and 1983 reports on my SDI-related activities and publications:

An *EIR* seminar featuring Lyndon LaRouche in Washington, D.C., in February 1982, kicked off a major campaign to develop directed energy beam weapons with a number of public events across the U.S. This speech was the basis for a military white paper published by *Executive Intelligence Review*. Lyndon LaRouche, “Only Beam Weapons Could Bring to an End the Kissingerian Age of Mutual Thermonuclear Terror,” March 1982.

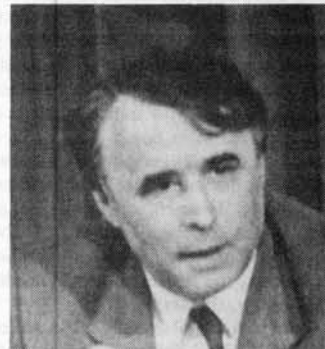
A series of demonstrations for beam weapons around the nation culminated in a National Democratic Policy Committee rally and intensive lobbying in Capitol Hill on April 13, 1983.

In late 1982 I traveled to Europe, where my associates and I addressed well-attended seminars on beam weapons in Bonn, Munich, Paris, Strasbourg, Milan, Brussels, Madrid, and Stockholm.

On Nov. 9, 1983, the *EIR* seminar, “Beam Weapons—The Strategic Implications for Western Europe,” took place in Rome, Italy.

The following coverage on my support for SDI in the Soviet media appeared between 1983 and 1984:

Literaturnaya Gazeta, Oct. 10, 1983. This Soviet Writers’ Union weekly published an attack on U.S. military policy by Fyodor Burlatsky, long-time adviser to KGB and party leader Yuri Andropov: “If you allow for a minute that the Americans could be the first to create a somewhat effective space defense system and reduce the effectiveness of the retaliatory nuclear strike, then this would create a practically irresistible temptation for the American military men and politicians: to inflict a first strike and forever get rid of the adversary. On the other hand, the Soviet Union and its allies would be faced with a totally new military and political dilemma. In other words, space weapons are provocative weapons; they are, absolutely, a *casus belli* for nuclear war.” In *Literaturnaya Gazeta*, Oct. 26, 1983, Burlatsky wrote a follow-up, in which he attacked LaRouche directly: “In the responses to my article ‘War Games,’ foreign commentators tried to contest this conclusion [about the *casus belli*]. . . .



Fyodor Burlatsky

“Another response was sent from Wiesbaden (F.R.G.) in the name of some ‘European Labor Party.’ Its headline sounds like this: ‘Beam Weapons: Soviets Threaten Nuclear Strike.’ . . . Reading these lines, I did not know if I should be indignant or laugh about the amusing and ridiculous maxims of the authors, the conjugal symbiosis of the American LaRouche and his wife, the German Helga Zepp-LaRouche, who come out in the name of the committee of a nonexistent party.”

Izvestia, Nov. 15, 1983. This daily newspaper of the Soviet state in an article by its Rome correspondent, N. Paklin, who attended a seminar held by *EIR* in Rome on the SDI. Paklin’s report, “Sabbath at the Hotel Majestic,” began like this:

“Outwardly, they in no way looked like cavemen. They were well-dressed, clean-shaven, and their manners were courteous and polite. And the conference hall in the chic Roman Hotel Majestic where they assembled

in no way resembled a cave. But all it took was to turn up in that hall and listen to the speeches, and no doubt remained . . . you were among the troglodytes. They came to Rome from various countries, on invitation from a certain Lyndon LaRouche. In the United States, this economist by profession sought to advance his presidential candidacy in the last presidential elections, but burned out in the very first steps. Now he is once again trying to run. As the hobbyhorse of his electoral campaign LaRouche has chosen . . . space weaponry. He was delighted with the proposals Reagan made on March 23 of this year, to fill near-Earth space with lasers and other types of 'total weaponry,' and now he is sparing no effort in the propaganda of this misanthropic idea. The get-together at the Hotel Majestic showed that both Reagan and LaRouche have followers in the Old World."

Izvestia, March 12, 1984. A TASS item carried in *Izvestia* went public with the "scandal" of LaRouche's input into the Reagan administration. A derogatory program on LaRouche, broadcast by NBC television, provided the occasion for the article: "Under the pressure of irrefutable evidence, the White House was forced to acknowledge the existence of secret ties which the National Security Council (NSC) of the U.S. and the CIA maintain with a neo-fascist organization calling itself the 'International Caucus of Labor Committees.' This grouping in recent years extended its tentacles from the U.S. into many countries of Europe, Asia, and Latin America.

"Using the methods of Italian Black Shirts and the German Nazis, the 'caucus' headed by its 'Führer' Lyndon LaRouche is striving to undermine the influence of communists and other left forces among the workers and student youth. . . . The scandalous ties of the Reagan administration with LaRouche were exposed in a special report on NBC television. Their proofs were so weighty that the White House did not even try to deny them. . . .

"The acknowledgment by the White House not only exposes the true face of LaRouche but it also shows that the current Washington administration does not shy away from the services of neo-fascist provocateurs."

Literaturnaya Gazeta, March 28, 1984. The writers' weekly attacked an EIR seminar held in France, again on the SDI, which was addressed by LaRouche. Author Aleksandr Sabov dubbed LaRouche a fascist:

"Here is another forum . . . 'The Activity of Franklin Delano Roosevelt in the USA in 1938-43 and Charles de Gaulle after 1960—Two Twentieth Century Examples Which Inspire Our Movement.' The organizers of this get-together did not invoke the name of Roosevelt in the sense of honoring him as a champion of dialogue between the great powers! His authority is steered onto a narrow military path: It was under him, they say, that work began on the atom bomb. Charles de Gaulle, too, is exalted only as the creator of the independent French nuclear forces. . . . Such cynical speculations on the heritage of Roosevelt and de Gaulle are resorted to by the U.S.-based 'International Caucus of Labor Committees,' which in Europe is called the 'European Labor Party.' Even the 'free' press directly calls this caucus and party neo-fascist organizations, protected by the CIA, and calls its leaders, the American Lyndon LaRouche and the Frenchman Jacques Cheminade, 'Führers'

Pravda, April 2, 1984. The senior commentator for the Communist Party daily, Yuri Zhukov, wrote about the same Paris conference, under the title, "A Colloquium of Murderers."

13. Kissinger's contrary policy is documented in Seymour Hersh's, *The Price of Power*, Summit Books, New York, 1983. It is also shown by Kissinger's role in 1982-1983 as head of President Reagan's "Kissinger Commission," the Bipartisan Commission on Central America, to which Kissinger was appointed on August 30, 1983. On March 2, 1984, President Reagan appointed Kissinger to join Cherne as a member of PFIAB.

14. Cherne has never, to my knowledge, come out openly in opposition to SDI, and may even have supported it at one time or another.

15. *Der Spiegel*, April 24, 1983.

16. *Literaturnaya Gazeta*, Oct. 26, 1983—Fyodor Burlatsky attacks LaRouche and his wife for supporting the U.S. Strategic Defense Initiative. See footnote 12.

17. *Izvestia*, March 12, 1984, see footnote 12 for text.

18. On Dec. 15-22, 1984 Mikhail Gorbachov and his wife Raisa Gorbachova, made their "Gucci and Pucci" state visit to London. Prime Minister Margaret Thatcher was taken in by the Russian visitors, a British approval which virtually pre-assured Gorbachov's March 1985 appointment as the dying Chernenko's successor.

19. In April 1985, a memorandum was circulated throughout the CIA asking for reports on all previous contacts with Lyndon LaRouche or his associates. This served to eliminate ongoing and future contacts, and target individuals within the agency for past associations.

20. *Izvestia, Krasnaya Zvezda*, March 19, 1986. The government and the military dailies carry a TASS release, which in the *Krasnaya Zvezda* version says, "The Swedish newspaper *Svenska Dagbladet* reports that the arrested 32-year-old Swede appears to be an extreme anti-communist. Since April 1984, he has been a member of the so-called European Workers' Party. This organization is characterized as a 'political sect' with strict discipline, which carries out persecutions of its political opponents. . . ."



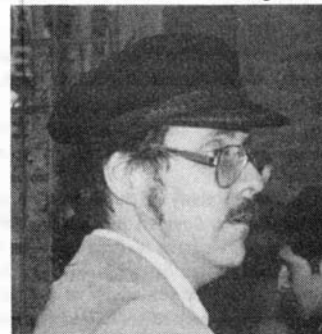
Olof Palme

Vremya (Soviet TV), March 21, 1986, claimed that LaRouche's European collaborators are "pro-fascist" and behind the Palme assassination. "It has become known that the person arrested belonged to the so-called European Workers' Party, an international pro-fascist organization that established itself in Sweden in the mid-1970s. Members of the organization are in favor of Sweden joining NATO and of arming the Swedish Army with neutron weapons. The party headquarters is in the United States. It is headed by a U.S. millionaire, LaRouche."

Izvestia, July 8, 1986. A TASS release in this issue renewed the campaign against the ELP, citing a *Dagens Nyheter* article which said that the statements of one "right-wing extremist" group, which "appealed to the Almighty for Palme's death, . . . have something in common with those of representatives of the reactionary European Labor Party, headquartered in Brussels [sic], who demanded the 'departure of Palme' from his post and who campaign for 'saving Sweden through the country's joining NATO.' "

Sovetskaya Kultura, Aug. 7, 1986. Georgi Oganev claims LaRouche is involved in credit card fraud. "Today, a new name has been added to the list of [American] gentlemen of fortune. The name is Lyndon LaRouche, a typical American *nouveau riche* businessman, the owner of a large network of financial and credit organizations, who got himself suddenly in the center of attention of reporters dealing with the criminal world of the United States. . . . First Fidelity Bank is suing him for \$750,000, which LaRouche appropriated for himself in one stroke, using the resources of his financial empire. This money has been transferred to his account by credit card manipulation. . . . All this would not be worth mentioning, were it not for one interesting detail. In recent years, Lyndon LaRouche, who professes extreme right-wing opinions, has wanted to assume the role of a political leader to revive America. He even was a candidate for President of the United States. . . . If one U.S. President could get involved in the Watergate scandal . . . why can't LaRouche manipulate credit cards in the fight? . . . Wouldn't he try his luck and combine the useful—all sorts of tricks with credit cards—with the fight for the presidential seat and become a big shot?"

New Times, Sept. 15, 1986, "Nazism Without the Swastika," a five-page slander adapted from a pamphlet by professional LaRouche-hater Dennis King, called "Nazis without Swastikas." Assembled by Lev Bezymensky, the packet of articles was followed by commentary from a senior Soviet intelligence figure, Ernst Henry (a.k.a. Semyon Rostovsky). The concluding paragraph: "To sum up briefly, groups and organizations like the EWP [sic, European Labor Party is intended—ed.], even if their complicity in the murder of Olof Palme is not legally proved, are a specific form of the fascism of the late 1980s. As an integral component of the much-vaunted 'Western democracy,' they are in practical terms a tool of the most reactionary forces of international anti-communism. As such these groups are extremely dangerous and must be closely watched by the world public so that their aims and ambitions do not become reality."



Dennis King

What makes the ELP fascist, according to Henry? "The first and most important is anti-communism. This is a feature of any fascist movement."

The included report from *New Times'* West German correspondent,

illustrated by a popular poster with the slogan "Frieden schaffen mit Strahlenwaffen" (Make Peace with Beam Weapons), was an attack on Lyndon LaRouche's wife, the German political leader Helga Zepp-LaRouche, and on the Schiller Institute and Patriots for Germany, two organizations she helped to found:

"The Schiller Institute founded in 1984 is a strong proponent of SDI. . . . It has four departments: military strategy, economic and scientific cooperation, culture, and history. The institute operates on a grand scale. It does not confine itself to the Federal Republic, but sponsors conferences and symposiums in other West European countries and in the United States. . . .

"In late October 1985 a new grouping appeared on the political scene. The right-wing newspapers carried full-page advertisements placed by 'Patriots of Germany' [sic]. What did they propound? The speedy conclusion of an official agreement on the participation of the F.R.G. in SDI (such an agreement, as we know, was signed this spring), and the strengthening of the alliance with the U.S. They were against the revival of détente and called for preventing the 'red-green friends of Moscow' from getting into government. To offset this they advocated combatting drug addiction and also 'technological renewal.' It was not difficult to discern the EWP behind the 'Patriots of Germany,' for one of the signatures on the advertisement was that of Zepp-LaRouche."

To comment on LaRouche's role in the United States, *New Times* invited an expert from the Institute of World Economics and International Relations, Yuri Oleshchuk: "It is a well-known fact that LaRouche stands for stepping up the arms race, believing it essential to increase the nuclear might of the United States. He is all for SDI, with the emphasis on the nuclear component deployed in outer space. . . .

"The American press regards LaRouche as a rabid anti-Semite. . . . He sees world history and international politics as a chain of sinister conspiracies with the participation primarily of the Jews, but also the International Monetary Fund, the Rockefellers, the Jesuits, and Henry Kissinger personally. . . . Meanwhile, legal action has been taken against LaRouche and his accomplices on charges of fraud and illegal financial operations."

Sovetskaya Kultura, Sept. 30, 1986. A. Sisnev reported at length on the impact on "astonished" politicians, of the LaRouche ticket's Illinois victory, and asks why the administration has not prosecuted LaRouche, despite claims of fraud. The Soviet author, endorsed a call (cited from the *Washington Post*) for action against LaRouche:

"For a long time, LaRouche was in the shadows. Then, in the beginning of the 1970s, he appeared on the U.S. political arena as a politician proclaiming himself a friend of the American workers, enemy of the monopolies, and friend of the interests of the poor, hungry, and homeless. . . . LaRouche did not limit himself to the U.S. The notorious International Caucus of Labor Committees emerged, with headquarters in Wiesbaden, and subdivisions in several countries of Europe, Asia, and Latin America. Producing dossiers was put on a commercial basis. . . . At the same time, LaRouche did not stop blowing his horn, that he defended workers' rights and the giving of aid to the poor.

"The sums which LaRouche and his followers have control over are kept under very strict secrecy. But the fact alone that LaRouche paid \$3.5 million for his television appearances during the 1984 presidential election campaign speaks for itself. . . .

"For many in the U.S., the really concrete question arises: How is it possible that the LaRouchites can act so openly and fearlessly? In this respect, the *Washington Post* wrote, 'Why doesn't anybody ask the question: Why isn't the Internal Revenue Service interested in the affairs of a man who receives millions of dollars from publications and in the form of contributions, but has not paid any taxes, claiming he doesn't know who pays for his estate in Virginia? Why hasn't anybody clarified, so far, what useful information the administration received from this sheikh of riff-raff?' The fact of the matter is, that behind the external eccentricity and the unrestrained demagoguery stands in essence an anti-communist, a provocateur, a true servant of 'big business and power.' In reality, the LaRouchites are always in the first ranks of those who spread the anti-Soviet fantasies of official Washington.

"LaRouche and his followers are zealous supporters of the notorious 'Star Wars' program. . . . These obscurantists accuse the forces of progress and democracy in the United States of 'ties with Moscow' And it is not at all surprising, that LaRouche declared his candidacy for the 1988 presidential elections. In a word, LaRouche is now clearly going through a definite period of growth."

Pravda and *Izvestia*, Dec. 8, 1986. The two leading dailies reported, quoting Irwin Suall of the Anti-Defamation League of B'nai B'rith, on alleged discoveries during the raid (which turned out to be reporters' notebook entries on the Palme case and the Soviet disinformation about it). *Pravda* wrote, "The FBI has discovered ELP documents mentioning the Palme murder." *Izvestia* embellished, "A few days ago, the FBI searched the Leesburg, Va. headquarters of the far-right organization, the National Caucus of Labor Committees, whose West European branch is the ELP. FBI agents discovered documents, which in 45 instances contain information, relating to the murder of O. Palme. . . . To LaRouche personally, the head of the NCLC, belong the words, 'Olof Palme is a traitor to the U.S.A. and ought to be killed for this treason.' "



Irwin Suall

21. After a telephone message received by newly appointed head of the Justice Department's Criminal Division, William Weld, at approximately 10:00 a.m. on Oct. 7, 1986, the armed forces deployed for assault on LaRouche were withdrawn, according to sources. Cf. John Mintz, "LaRouche Followers Indicted," *Washington Post*, Oct. 7, 1986, page 1.

22. *Sovetskaya Kultura*, Sept. 30, 1986. A. Sisnev asks why the administration has not prosecuted LaRouche, despite claims of fraud—See footnote 20.

23. U.S. coins carry the motto, "In God We Trust."

24. *Friedrich Schiller Poet of Freedom*, Vol. II, Schiller Institute, Washington, D.C., 1988, "The Legislation of Lycurgus and Solon," translated by George Gregory, pages 273-306.

25. Helga Zepp-LaRouche, address, Schiller Institute sponsored Council of Florence 550th anniversary conference, Rome, Italy, May 1989. *New Federalist*, Vol. III No. 22, May 26, 1989.

26. Cf. Henry A. Kissinger, *A World Restored: Metternich, Castlereagh and the Problems of Peace 1812-1822*, Houghton Mifflin, Boston, 1957. Paperback, H.M., 1973. ISBN 0-395-17229-2, 79, SenED. Kissinger affirms his agreement with Metternich's virulently anti-U.S.A. pronouncements, and affirms his agreement with the oligarchic world-outlook specific to Britain and Lord Castlereagh.

27. Cf. Helga Zepp-LaRouche, *loc. cit.*

28. Czar Alexander II attempted to reconstitute Peter the Great's civilizing reforms, and allied with the United States against Britain and France in 1862-63.

29. Bolshevik cultural policy was originally premised upon the explicitly satanic dogmas of the Isle of Capri's Maxim Gorki. Dostoevsky is the Muscovite satanist his figure of the "Grand Inquisitor" defines him to be.

30. "Oxbridge" = Oxford-Cambridge.

31. Xenophon, *Anabasis*.

32. See Foreword, *Railroad! U.S.A. vs. Lyndon LaRouche, et al.* Commission to Investigate Human Rights Violations, Washington, D.C. 1989.

33. This is documented in a book, *The Roots of the Trust*, by Allen and Rachel Douglas, in progress. See published elements based upon this book:

EIR, Vol. 14 No. 9, Feb. 27, 1987, "The dark forces behind Gorbachov's 'glasnost' hoax."

EIR, Vol. 14 No. 23, June 5, 1987, "New attempt to coverup the English side of the Bolsheviks' 'Trust.' "

EIR, Vol. 15 No. 3, Jan. 15, 1988, "New KGB history skirts lessons of the Trust."

EIR, Vol. 15 No. 17, April 22, 1988, "Optina Pustyn revival is return to roots of Bolshevism."

New Federalist, Vol. 2 No. 55, Nov. 18, 1988, "The Lockhart Plot: First Chapter of the Trust."

New Federalist, Vol. 3 Nos. 15, 17, and 18, April 7, 21, and 28, 1989, "Yugoslavia: Battleground of the South Slavs."

New Federalist, Vol. 3 No. 23, June 9, 1989, "Pamyat: Russia's New 'Black Hundreds.' "

34. *EIR Special Report*, "The Kalmanowitch Report: Moscow's moles in the Reagan-Bush administration," March 17, 1988.

Economic ills heat up Soviet succession fight

by Konstantin George

On July 18, President Mikhail Gorbachov called for a sweeping purge, at a Moscow meeting attended by the Politburo and most of the Central Committee, represented by republic and regional party leaders. "The ranks of party officials need renewal, a flow of fresh blood. And they need to be renewed at the level of the workplace, the district, the city, the region, the republic, the CC and the Politburo," he demanded, as regional leaders rose to blast the failures of *perestroika* and denounce the economy's breakdown into primitive barter arrangements.

Thus Gorbachov, at this stormy meeting held while 500,000 Soviet coal miners were on strike, chose to finally formally propose what he has allowed to be "leaked" since January: that the next party congress be moved forward to the autumn of 1990 from its March 1991 scheduled date. This was a very significant move, in that he has now defined the maximum time frame (15 months) for the power struggle of the Soviet leadership to be settled.

The Moscow meeting had been called on short notice by Gorbachov at a Leningrad speech of July 12, a day that ended with the purge's first big victim, Leningrad region party boss, Yuri Solovyov, a candidate member of the Soviet Politburo. Gorbachov has chosen to launch an all-out offensive now, before an opposition majority of party and military could coalesce behind a viable replacement for him.

The Soviet boss's greatest advantage up to the present has been the lack of such a viable figure. He is exploiting this advantage to begin the greatest purge since the Stalin years, and to try to establish the case that he, Gorbachov, can restore order as the new Stalin. While his personal future is totally up in the air, the steps toward open Stalinist brutality, along the lines of the nerve gas and sharpened-shovel attacks on

unarmed civilians in Soviet Georgia in April, point toward a policy-shift that bears all the bestial marks of the recent murderous crackdown by Communist China's party leadership.

The succession fight, generated by the systemic crisis wracking the Soviet Union and East bloc, has been unfolding in earnest since the spring of 1988. The July strike wave, with its twin epicenters in the Ukraine, the most populous of the non-Russian republics, and in Great Russia itself, has brought that power struggle to a head. The strike wave—above all, the likelihood that the next phase of it, in August, will feature a railway strike—threatens to shatter the Soviet industrial economy, and create new, potentially uncontrollable dimensions of anti-Russian national revolts.

Coal strikes

The strike begun by the Ukrainian and Russian coal miners reveals the depth of the systemic disease of the Russian Empire, which adds up to a far deeper problem than the sum of its three component parts: the devastating shortages of food and basic consumer goods; exploding national unrest; and a total breakdown of public confidence in the economy, and hence in the system and leadership.

The shortages touched off, as early as March, pervasive public disbelief in the availability of *any* goods. Overnight, ruble savings accounts were emptied, and the panic hoarding of anything and everything still available in shops began. All of this naturally made the economic problem worse.

The strike by 500,000 coal miners, which lasted for two weeks, reflected all three components of the primary disease. It came within a hair's breadth of starting a chain reaction of industrial production stoppages and collapse in the Soviet

economy. The strike's prime cause was the impact of the economic collapse on the industrial workforce, above all the agonizing, months-long lack of food and consumer goods; due to the soap shortage, miners have been emerging from the filth of the mines with no means to clean up. The strike's lengthy duration, despite almost daily appeals by Gorbachov to stop, and despite the almost immediate granting—on paper at least—of almost everything the miners were demanding, illustrated the breakdown of any faith in the system and its leadership.

For the Soviet leaders, the Ukraine-centered strike of more than 300,000 miners—involving *all* the major coal-fields of the eastern Ukraine (the Don Basin coal and steel hub), the central Ukraine (Pavlograd), and the western Ukraine Lvov region near the Polish border—was a nightmare come true. During his five-day trip to the Ukraine last February, Mikhail Gorbachov had warned that distribution bottlenecks could bring his *perestroika* “restructuring” campaign to a hasty end, since its alleged successes are not reaching the population.

On Sunday, July 23, in an emergency televised appeal, Gorbachov said, “If this situation had developed further, I mean in terms of time, if the tension had continued and other branches of industry had been involved, then a great deal would have come under threat.” On Monday, July 24, speaking before the Supreme Soviet, he underscored, “This is the most serious test of *perestroika* . . . a serious blow to the economy . . . such is the current situation. We are finding our way out, but it is still tense.”

The turning point came that same day, when the Donetsk (Ukraine) Strike Committee arrived in Moscow, met with Prime Minister Nikolai Ryzhkov, and “worked out an agreement” to end the strike. Soviet media reportage stressed that the agreement included, as in the earlier accord ending the Kuznetsk strike, large-scale deliveries of food, soap, and the like to the region. Furthermore, the agreement was co-signed by Gorbachov himself, who pledged his own accountability for its implementation.

In his opening speech to the July 18 Central Committee meeting in Moscow, Gorbachov had announced a new crash program to import an additional 10 billion rubles worth of consumer goods, which the Soviet state will hold as a “fire brigade” reserve for future strike situations, in recognition that a physical capability for granting concessions in selected instances, is, for reasons of overall internal stability, urgently required.

“It is precisely the economy that contains the roots of the growing tension in society and it is there above all that the party must seek a way out of the situation,” the Russian boss explained. “It is primarily a matter of adopting the most resolute and, I would even say, extraordinary measures, to normalize the situation in consumer goods. . . . All the reserves within the country are being utilized, and, moreover, additional potential for replenishing the market by importing goods worth around 10 billion rubles has been found.”

Resistance

Moscow's worst nightmare is that all potential and actual fronts of strike and national unrest would escalate at once, in a synchronized and coordinated manner; and that a political resistance and its organic leadership—exemplified by the recent creation of the strike committees as the *de facto* independent trade unions of the Ukraine and Russia, on the Polish model—would succeed in avoiding being entrapped by KGB provocations or pushed into rash escalations that might divide the movement.

The Soviet secret service, of course, has been trying to set up provocations in order to bring the conflict to a premature head, thus creating the basis for crushing the organic leaders of the incipient anti-Bolshevik resistance. Fully cognizant of this, the Ukrainian movement has adopted a strategy of synchronized resistance with other republics. The prime demands of the Ukrainian strikers thus dovetailed with those of the Russian strikers in Kuznetsk and Vorkuta in the far north, that food and basic consumer goods reappear on the shelves, and that *independent trade unions* be legalized.

To dispel such potential unity, the Soviet leadership and KGB have moved, in the temporary reprieve granted by the concessions that settled the Ukrainian strikes for the moment, to stage showdowns in three other major fronts of unrest, all strategically placed along the borders of the U.S.S.R.:

- Georgia in the Transcaucasus: A general strike began July 24. Daily mass demonstrations of between 60,000 and 200,000 people in Tbilisi are calling for independence and “Down With the Russian Empire!” These troubles erupted when the KGB set the Muslim tribe of Abkhazians on a guerrilla-war rampage against the Georgian majority in the northern Georgian region of Abkhazia. It was the earlier launching of the Abkhazians in March, with the demand that Abkhazia leave Georgia and become part of the *Russian Federation*, that sparked the mass Georgian counter-movement that led to the Sunday, April 9, massacre in Tbilisi by Soviet troops.

- Moldavia, bordering on Romania and the Balkans: In late July, an active KGB- and military-backed mass Russian-chauvinist movement has sprung up to oppose Moldavian ethnic demands for greater autonomy.

- The Baltic republic of Estonia: A strike began on July 25, by 25,000 *Russian* workers at the main industrial plants in Estonia's capital of Tallinn. The strikers, led by the Russian-chauvinist mass organization Interfront, are demanding an end to Estonian language, cultural, and economic autonomy, throwing down the gauntlet to the Estonian majority, which has been agitating for increased freedoms in these areas.

The crucial institutional voices have yet to be heard from. Especially the Soviet military command has not said a word throughout July on the strike wave. But amid this silence, the Kremlin's top brass has been making the international circuit (see page 58) in recent weeks, and may be preparing a power play.

Afghan crisis takes an ominous turn

by Ramtanu Maitra and Susan Maitra

The ambush of 30 field commanders belonging to the Jamiati-Islami by a rival rebel group, Hezbe Islami, on July 9 inside

Afghanistan is expected to further weaken the rickety coalition of the Afghan Mujahideen based in Pakistan. Expanded internecine warfare among the Mujahideen, now a distinct possibility, puts a question mark on the rebels' capability to oust the Soviet-backed Kabul regime in the near future, and may spell chaos in the already-disturbed border areas of Pakistan.

On July 9, according to reports from Pakistan, Jamiati-Islami field commanders driving through a narrow gorge of the Farkhar River Valley were ambushed by men answering to Sayed Jamal, a northern rebel commander with the Hezbe Islami led by the Afghan interim government's Foreign Minister and Islamic fundamentalist Gulbuddin Hikmatyar. The

A call to defuse the Afghan crisis now

This statement was released by the Schiller Institute on July 27:

Over more than a decade now, Afghanistan has been turned into a massive graveyard where on an average, more than 300 Afghans are killed and buried every day in a fratricidal war which as yet has shown no signs of abating. Due to the Soviet invasion in 1979 and the Red Army's subsequent stay for more than eight years in Afghanistan, more than 1 million Afghans have been killed and another 5 million have left the country, seeking shelter in neighboring Iran and Pakistan. The Kabul regime, propped up by the Red Army for eight years, is an unpopular government, and its control is confined to a few major Afghan cities. It is evident that the regime is trying its best to hold on to power and has little interest in stopping the fratricidal warfare. In effect, the Kabul regime has resorted to exploiting the superpowers' game at the expense of millions of Afghans' lives. The decade of barbarism has failed to resolve the differences that brought about the conflict in the first place. If anything, these differences have widened.

Afghanistan borders Pakistan, Iran, and the Soviet Union. Neither Pakistan nor Iran ever had the economic or military clout which could be considered a match for the Soviet Union's geopolitical and imperialist machinations. In effect, historically one Kabul regime after another had remained subservient to the Soviet Union—not so much by choice, but because of compelling circumstances. The United States government, particularly since the 1950s, has shown no interest in seeing Afghanistan become anything but a wasteland re-

plete with warring tribes. The essentials that could have made Afghanistan a stable republic, allowing the country to move out of its dependence on the Soviet Union, were denied. Instead, the U.S. government saw in Afghanistan a conveniently located chess piece on the geopolitical board which could be used cleverly to irritate and even hurt the contending power, the Soviet Union. The plan was to use Afghanistan as a "bargaining chip" for making future adjustments which may eventually lead to a global U.S.-Soviet condominium. The implementation of this unreal thinking has led to the near-destruction of not only Afghanistan, but also of Pakistan—the nation which bore the brunt of the decade-long Soviet occupation of Afghanistan.

The flight of 3 million Afghan refugees into Pakistan, and another 2 million into Iran, has created a serious instability in the region. While Iran, with its strong centralized regime, could manage to contain the incoming refugees in the border areas and effectively insulate Iranian society from the impact of the refugee flow, Pakistan's social fabric was torn apart by this huge influx. A much poorer nation compared to Iran, Pakistan possessed neither the financial capability nor the necessary political clout to deal with this unwanted burden. As a result, Pakistan had to accept foreign assistance to help feed the refugees and shelter the Afghan Mujahideen, who were fighting the Soviet Army. Along with the financial and arms assistance, came the international drug mafia and gun-runners, militant Islamic fundamentalists—brainwashed to fight for Islam against the Godless Communists—and also a horde of geopoliticians and intelligence agents seeking to make the "bargaining chip" safe—all without a thought as to the impact on either Pakistan or Afghanistan. This sordid development has overtly jeopardized the national security of Pakistan.

The fraud of the Geneva Accord

The 1988 Geneva Accord was a document drawn up not for the purpose of converting Afghanistan into a republic, nor even to stop the bloodbath, but merely to allow the beleaguered Red Army to retreat to where it came from. It was a

ambushed commanders, fighting under guerrilla leader Ahmad Shah Massoud and politically aligned with the former Islamic Law Professor of Kabul University and Reconstruction Minister in the Afghan interim government, Burhanuddin Rabbani, were returning from a strategy meeting in northern Afghanistan.

When the killing took place, Professor Rabbani was in Teheran for meetings with the Shia Afghan rebels and Iranian Foreign Minister Ali Akbar Velayati. Professor Rabbani returned forthwith and strongly condemned the killings. Hezbe Islami leader Hikmatyar, in a statement issued from Peshawar in Pakistan, expressed anguish but sidestepped Rabbani's demand for trial of the culprits by an Islamic court.

clever move initiated by the administrators of the condominium. It gave the impression that the tough, no-nonsense United States had pushed back the Soviet military might after "bleeding" it for almost a decade. It also helped to project the image of Soviet President Mikhail Gorbachov as a "man of peace" and a "man with a mission." Pakistan, on the other hand, burdened with ethnic tensions and social chaos caused largely by the invasion of the international drug- and gun-running mafia, had become an economic wasteland, largely irrelevant to the geopoliticians. Pakistan's feeble opposition to the Geneva Accord was sneered at as a sign of a self-destructive instinct.

The period that followed the Soviet troop withdrawal on Feb. 15, 1989 has fully confirmed the hollowness of the accord. Loss of lives has continued as before. The difference now, as opposed to earlier, is that the Afghans themselves are killing each other, using the Soviet and Western weapons. While talk about a "new" Afghan policy is heard often, nothing on the ground has changed or shown any sign of changing. It is evident that all that the Afghan conflict could contribute toward the creation of the new superpower condominium has been extracted. Neither the Soviet Union nor the United States wants to waste any more time on the issue.

It is abundantly clear that this regional conflict will come to an end only when policies aimed toward stopping it are based upon recognizing the sovereign rights of both Pakistan and Afghanistan. The process will consume time, but it is essential that a real process, for the first time, begin now.

To ease and defuse the tensions that exist between Pakistan and Afghanistan, it is imperative that a climate be created that is conducive to the return and rehabilitation of the Afghan refugees. Such a task can only be accomplished through utmost cooperation between the Pakistan and Afghanistan governments. It is, therefore, a necessary condition that the future Kabul government be friendly to Pakistan.

Urgent measures

As immediate measures to defuse the tension and stop further bloodshed, we suggest the following:

Strain on rebel alliance

Hikmatyar's move will certainly not defuse the tension building up among the rebel groups, and will most likely widen the growing rift between local field commanders operating on the ground in Afghanistan and the Mujahideen leaders based in Peshawar. The latter have long been divided along ethnic and religious lines, and wheel and deal according to preferential allegiances to various Islamic nations— Iran and Saudi Arabia in particular. Demands from the local field commanders to dismantle the interim government and dump the Peshawar-based leaders may well escalate in the near future.

The Afghan interim government, a loosely knit unit based

1) An immediate end of hostilities between the warring parties, the Kabul regime and the Afghan Mujahideen, must be signed. Simultaneously, arms supply by both the Soviet Union and the West must come to an end. Pakistan, Iran, and the Soviet Union might take responsibility for this disengagement.

2) The Kabul regime will step down following the truce and will be replaced within 30 days by an interim government consisting of the Mujahideen, the People's Democratic Party of Afghanistan, pro-royalists, various religious leaders representing different ethnic groups, and non-partisan professionals. In forming the interim government, the Kabul regime, the Afghan Mujahideen, Iran, and Pakistan will participate in discussions. The prime responsibility of the interim government will be to prepare the country for general elections based on a multi-party system. The election will be held within six months of formation of the interim government.

3) The plains of Afghanistan are strewn with millions of anti-personnel and anti-vehicle mines which were placed by the Soviet Union and the Kabul regime to keep the Mujahideen out of the way. These mines are preventing the Afghan refugees from resettling. The Soviet Union will be exclusively responsible for removing these mines.

4) Afghanistan's roads, water supplies, and agricultural lands are in a devastated state because of the decade-long war. Rebuilding of these has to start as soon as the interim government takes over. The interim government will be responsible for procuring funds as outright grants. This will involve discussion among Pakistan, Iran, the Soviet Union, and the United States.

5) Sufficient foodgrain supplies will be stockpiled to sustain the returning refugees until the lands become arable again and sufficient quantities of grains are harvested.

We believe these measures, when implemented, will provide the necessary confidence to the 5 million Afghan refugees to go back to the home they left behind 10 years ago. There is no doubt that the return of the refugees will provide the democratic government of Pakistan the conditions to begin rebuilding its own social fabric, torn apart by the war.

in Peshawar and formed a few days before the Soviet troops pulled out on Feb. 15, has been virtually paralyzed by internal feuding from the outset. Eyewitnesses report that during the failed Mujahideen campaign to capture Jalalabad, an important Afghan city located 50 miles west of the Pakistan border, constituent groups of the interim government betrayed one another on more than one occasion.

The differences among the various rebel groups, based mostly on the leaders' intolerance of one another, never seemed truly unbridgeable, however, and there were expectations that the rebel government leaders would be able to join to oust the Najibullah regime in Kabul. But the failure to capture Jalalabad and Khowst—a difficult city to defend, according to one Pakistani military observer—has set one rebel group against another, and the Kabul regime has begun to look militarily immovable.

Regional politics intrude

Besides the personality conflicts among the Mujahideen rebel leaders, regional politics has contributed in blunting their efforts. For example, the Teheran Eight—as the Iran-based coalition of eight Afghan Shia groups are called—has insisted all along that it be granted a larger representation in the council of Iran- and Pakistan-based rebels than warranted by demography. The Iranian government, influenced by Soviet overtures and its own hatred toward the Saudi- and Western-backed rebels, has fanned this dispute. The Saudis, for their part, actively promote fundamentalist leaders such as Hikmatyar and Sayyaf, and make no bones about their preference to keep the Teheran Eight at bay. There are confirmed reports of one Saudi prince's weekly visit to the Pakistani capital Islamabad to meet the preferred Afghan leaders and channel substantial amounts of cash to them.

The Soviet-backed Afghan President, Dr. Najibullah, with help from the Soviet Ambassador to Kabul Yuli Vorontsov, has exploited this spat to the full. Besides keeping the warring rebel factions from joining hands, Kabul has offered an autonomous status to the Shias, who hail mostly from the Hazarajat area of central Afghanistan, and has offered the status of Afghan army general to many field commanders provided they stop fighting Kabul. It has been reported that such offers have been made to Massoud, who has not accepted the offer but kept the negotiations open, and Sayyad Mansur Nadiri, a leader of the minority Ismaili sect located along the Salang Tunnel—an important area to control in order to keep the convoys coming from the Soviet border uninterrupted. Najibullah has met with similar success in the area around Mazar-e-Sharif in northern Afghanistan close to the Soviet Socialist Republic of Uzbekistan.

In the past two months Iran has joined voice with Pakistan to bring about a political settlement and drop the military solution to the complex problem. Iranian Foreign Minister Akbar Velayati's unannounced visit to Islamabad in June, Pakistan Foreign Minister Yaqub Khan's subsequent visit to Teheran, and Velayati's second visit to Islamabad in late July

indicate that a consensus has been reached within Pakistan and Iran to go about solving the Afghan crisis in some other way, leaving behind the old formula of arming the disunited Mujahideen and trying to capture some Afghan cities against heavy odds.

During his meeting with Yaqub Khan, Iranian Prime Minister Hussein Moussavi also categorically stated that countries bordering Afghanistan—Iran and Pakistan, that is—should be exclusively involved in solving the Afghan imbroglio.

There are indications, beside Professor Rabbani's recent visit to Teheran, that Iran and Pakistan's push for a political settlement has had an impact within the rebel groups. For example, Mir Sayyad Ahmad Gaylani, a moderate rebel leader in the coalition government, said on July 13 that the Mujahideen would agree to immediate negotiations if the Soviet Union would set up a neutral transitional government in Kabul.

The split among the Afghan rebels supported by Saudi Arabia, on the one hand, and Iran, on the other, portends a serious danger to Pakistan. The Hezbe Islami attack on fellow rebels in Farkhar will not only push the rebels toward negotiations for a political settlement, at any cost, but may also unleash internecine tribal and sectarian warfare with incalculable consequences. Three million Afghan refugees, based along the Pakistan-Afghanistan borders, are becoming impatient and the refugee camps are overflowing with lethal weapons. The taking of sides, based on ethnic differences and allegiance to Iran or Saudi Arabia, may also engulf the Pakistanis living in that area. One cannot forget the size and veracity of demonstrations that took place in the Kurram Agency following assassination of Allama Al-Husseini, the Shia leader, in early August last year.

The U.S. non-policy factor

Hikmatyar's act of internecine violence, and the subsequent enhancement of tension within Afghan rebel ranks, must be seen against the background of the lack of policy direction exhibited by Washington. The absence of U.S. policy has given rise to flexing of muscle and a show of strength by both the Saudis and Iranians. Pakistan is caught in the middle and affected most. It is inconceivable that the cycle of violence unleashed by the Saudi-Iran rivalry can be stopped at this time without a positive policy response from the United States. In this context, while China will remain a bystander, the Soviets can be expected to mount political and military pressure to keep the Kabul regime intact and treat the Mujahideen as non-entities.

Washington has called for the removal of the Soviet-backed Kabul regime and creation of a more pluralistic system with Mujahideen playing a significant role. But there are other signs that Washington is trying to weave the Iran-Soviet rapprochement into the Afghan settlement. The U.S.-Soviet experts' discussion on Iran and Afghanistan in Stockholm on July 31 may shed more light on the details of the non-policy.



How we can overthrow the mainland China dictatorship

This interview—Part III in a series—was conducted by C.M. Lao, publisher of the Chinese Flag Monthly, in Taipei, June 14, 1989. General T'eng is an elder statesman of the Kuomintang party (KMT) in the Republic of China on Taiwan. He was a close adviser to Chiang Kai-shek, and is today Taiwan's leading military strategist.

Lao: You have said that if the Communists kill all the student leaders, their regime can hold onto power for quite a long time. But you also said that if there were intervention by an outside power, this could help accelerate the doom of the Communists. Can you give us a more specific explanation?

General T'eng: At the present moment the Communists cannot cut all their ties with the outside world. We have to use all sorts of relations and channels to help the mainland Chinese to hasten the doom of the Communists as much as possible. For this purpose, our party and government should assume very important responsibilities. It is much easier for us to do so now, since the mainland Chinese have been trained by the Communists. Everybody knows how to organize. They know how to fight as well. It is true that they are poor, and have no modern facilities, and they even have trouble printing a single leaflet—we saw on the television screen how the students at Tiananmen [Square] were duplicating leaflets using a primitive wax matrix and a roller. If they got photocopy machines, it would be much easier. So money and high-technology equipment is all they need. We should support them fully.

We offer support instead of seeking to impose leadership. We should support them in every way, and link up with them to merge together into one single unit. This support can spread the student movement everywhere on the mainland, and this is also our political plan of attack. This kind of participation and support require the organization of the whole Chinese people everywhere in the world to foster these developments. How should we proceed to organize them? There are two important ways. First, we should create an invisible leadership cell to take full responsibility for everything. Sec-

ondly, we should develop the right spirit, a spirit that can be trusted reliably to strengthen the dynamic of revolution, and to bring the people into the revolutionary camp.

In addition to these two points, we have to develop a practical plan to carry out this project. From now on, there will be a power struggle in mainland China. Who will take part in this power struggle? As I have already said, the participants will be the soldiers in the Communist army and the secret intelligence services. In their hearts many are actually anti-Communists; but those people are relatively few. How can we free them from Communist control, and when the right time comes, how can we use them to inflict the most deadly blow against the Communists? For this we require a highly competent secret plan.

Today our enemy seems to be going downhill. If we know how to use the strength of the people efficiently, we will soon be marching on the path to early success. Now we already have good pre-conditions to implement our plan against the enemy. We already are superior in manpower, financial power, logistics, and high technology. If we can efficiently exploit this superiority in practical warfare, we will have the guarantee of victory. Effectiveness in warfare is a question of wartime leadership. In the last analysis, wartime leadership must be correct. Therefore, we may say that we have prepared everything and we are merely waiting for the correct wartime leadership.

Who will assume this burden of responsibility? It must be the ruling party, the Kuomintang. But our party members in Taiwan have lived a prosperous life for a long time. So nobody has paid attention to military studies. Not only do they not understand military affairs, but, except for our soldiers, they also lack the will to resist. Therefore the people in Taiwan are better at development and weak in fighting. You don't find "total war" or "people's war" in any book in the countries of the free world. Total war is a new military theory which developed from Lenin through Mao Zedong by actual fighting experience. Just like the other democratic countries, Taiwan has only a few people who read the writings of the Communists. They don't study the Communist

methods of warfare. If we talk about war, we only talk about conventional war or nuclear war. So we are completely ignorant of the Communist methods of warfare.

If you want to defend yourself against Communist people's war, if you think in terms of conventional warfare, that is a very backward idea. To defeat the Communist people's war, we have to wage total war, primarily with political means, backed up secondarily by military means. Using this kind of total war, we can prevent bloodshed and easily solve the problem that the Communists pose for us. This is the right time to carry out this total war, so the entire chain of command, especially the chain of command in the party, have to study total war—then we can create optimal conditions among our leadership.

In the present situation, if we want to form this kind of centralized leadership, we have to depend on the knowledge and experience of the older generation. They can provide the expertise required for our military preparations. The second and third generations should carry out the task. In this way we will have a visible, tangible cooperation among the older people, the middle-aged people, and the younger people who will be welded into a single unit. If we can establish a correct and efficient leadership of this type, then we can fully exploit this opportunity to recover mainland China, and we can avoid wasting any more time. But to create this kind of organized political force including all strata of society is not easy.

Lao: In regard to the democracy movement on the mainland, many people have proposed using the military forces of the R.O.C. to help the students, but our government officials have assumed a very cautious attitude. Even in the middle of May, the government here forbade the KMT members of the Legislative Yuan to bring up this question in the parliament. Numerous scholars, especially professors at the International Relations Institute of the Chungchi National University, had warned us in newspaper articles and television interviews not to give the Communists a pretext for attacking Taiwan and in so doing to transform their internal crisis into a foreign aggression.

Even though the professors gave special emphasis to this, they could not prevent a few people from insisting on a military intervention on the mainland. Therefore, President Lee and General Hau made separate speeches on June 8 and 9 to press and television journalists. President Lee spoke of "counter-motion by no motion," and General Hau stated that the armed forces are strictly concerned with the defense of Taiwan. After this, some people still had divergent opinions, including particularly the reaction of the overseas Chinese. They thought that the profile of the R.O.C. government was too low.

Frankly speaking, those who insisted on a military attack have raised three questions that we need to discuss and clarify. The first question is, that the massacre at Tiananmen proved that the Communists depend in the last analysis on

military power, since they used their military forces to deal with all their problems. If we want to overthrow the Communist regime, can we hope for success if we refrain from using our own military forces to destroy theirs?

Secondly, our late President Chiang Kai-shek pointed out that the recovery of mainland China is based on an effort that is 70% political and 30% military. This did not mean that we renounced the use of military power. Does what we are doing now come down to abandoning the use of military power in order to recover mainland China?

Thirdly, some people stressed that we should not provide the Communists with any excuse to attack Taiwan and transform their internal crisis into a foreign aggression. How real is the threat of Communist attack? Communist China has so many internal problems; would they ever be able to attack Taiwan? If the Communists intend to attack Taiwan, the majority in mainland China will not support them. How can they solve their internal conflicts by attacking us? The Communists already have a very bad international image. If the Communists really started an invasion, would that not mean complete suicide for them? Since we have been hoping for this kind of situation on the mainland, why are we so timid now? The decision to go to war is a ponderous decision for the whole nation. Since people have these questions, how can we avoid giving them a clear answer? But these matters are very sensitive, and it is difficult for government officials to give any further explanation. Therefore, I hope that you as a scholar can give us elucidation.

General T'eng: Your questions are very important, because without military power there can be no war. Therefore, how can we use military power directly or indirectly to exert decisive influence on the outcome of war? First we have to note that this is a total war. Military power, even though it is the central resource in warfare, represents only one visible part of total warfare. What percentage of total war is accounted for by military forces themselves? The principles laid down by Generalissimo Chiang Kai-shek show that 70% is political and 30% is military. According to this, total war is based primarily on political factors, with military forces as an auxiliary.

This does not mean that we give up military action. Let us look at the invisible side. Military forces must be ready to attack at all times. Back in 1949, when the government withdrew from mainland China to Taiwan, our late President Chiang Kai-shek had already set up a defensive policy that improved our strength from inferior to superior, so that we can turn defeat into victory. The withdrawal from Hainan and Chou Shan islands was necessary because of this defensive policy. The victory at Quemoy [Kinmen] and the victory in the artillery battles starting Aug. 23, 1958 show the superiority of this defensive strategy in action. The result was that our enemy did not dare to take any further military actions. This has allowed Taiwan, Penghu [the Pescadores islands], Quemoy, and Matsu to enjoy 40 years of stable development

on the basis of the Three Principles of the People.

We have created a miracle of economic construction, so that our manpower, our financial power, and our high technology have gone from relative inferiority to a superior level. This kind of change is a product of our superior military defense. Without this superior military defense, we could not have attained our achievements of today—that much is clear.

This kind of change also creates the preconditions for taking the offensive. That means that today our military defense is not strictly military in character. Actually it has already developed a successful political offensive. This function is invisible, but those who study this question must see it clearly, for otherwise their study will be insufficient. To maintain our superior level of defense, we must accept a certain limitation in our use of our armed forces.

Today we have to pay more attention to continuing the development of our political counterattack, so that we need not be overly concerned about being attacked ourselves, and can devote our attention to directly mounting the political counterattack on mainland China. If we follow this principle, then military power will become the central factor in our waging of total war, and this will guarantee our march to final victory. Of course, this does not mean that we will not use military power to attack mainland China. If it is necessary, we will consider using military action. But the military forces we intend to use on the mainland should not come from Taiwan.

We should use the military forces that are already on the mainland. How can we make use of the military forces within the mainland? This is a task that must be achieved by political warfare. This is exactly like the Revolution of 1911. To overthrow the Ching Empire, since we did not have any military forces, we transformed the imperial army into the revolutionary army. I have repeated this many times that the army cannot exist without the support of the people. Since the entire population of mainland China are opposed to the Communists, it is certain that the Communist soldiers are in their hearts also hostile to the Communists. Because the Communist army is totally blindfolded, or kept in line by the threat of attack by pro-Communist units, they dare not show their opposition to the regime in public. If we can figure out an effective method of acquainting the army with the true situation and eliminate the blackmail coming from the other units, then we will be able to turn the Communist army into an anti-Communist revolutionary army. If we can do this, then the powerful impact of these troops will doom the Communist Party.

Our goal is not completely to eliminate our enemy, but rather to force him to surrender and to build a new life under the Three Principles of the People. This is the result we are seeking in revolutionary warfare. Using a direct military assault to attack the mainland will stimulate the inhuman reaction of our enemies, and the result will be beyond anyone's control. As we know, our enemy has no superior power

to overcome us, but they have a nuclear deterrent force. We have to take this into careful consideration.

Don't forget that we are fighting against Communists—we are not fighting against any normal enemy. Since the Communists dared to carry out the massacre at Tiananmen, how could we ever be sure that they would not dare to use their nuclear weapons? What we have to do is to maintain our superior defensive capacity, and determine the best method of consolidating the anti-Communist commitment of the mainland Chinese. We should form leadership cells within

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the entire mainland population, and concentrate our efforts on splitting their army and dissolving their secret police, and winning them over to work for us, thus bringing success within our grasp.

Lao: You have already given us a very clear analysis and prognosis about the mainland situation. There are many questions about the overseas Chinese we would like to have answered. After the massacre, all the overseas Chinese, whether they had been pro-Communist, extreme right wing, or neutral, all turned into anti-Communists. This was also the case in every nation in the world. This is the first time in 40 years that our enemy has been compelled to retreat, thereby giving us the advantage. If the situation continues to develop in this way, what will the result be? And what methods ought we to use?

General T'eng: In the early morning of June 4, the news of the Tiananmen massacre was broadcast to the world, and evoked a reaction of rage everywhere. All national governments, overseas Chinese, and even part of the diplomatic corps of the Communist regime itself strongly condemned the massacre. Especially the mainland students studying abroad organized anti-Communist demonstrations. That is exactly what the Chinese proverb says: "He who errs from the true path [*dao*] will receive less assistance from his fellow men." Even his relatives will avert their faces from him. So

the Communist regime has been totally isolated among the nations.

Any disadvantage for our enemy is bound to be an advantage for us. How much advantage we can receive depends solely on how we respond. The most influential country in determining the degree of our advantage and of the enemy's losses is the United States, followed by Japan, and then the other countries. Therefore we should pay special attention to the motives of the United States government and of the Japanese government.

In this, we must consider that a disagreement in principle is involved. Our cultural tradition is concerned with justice and not with profits. This is a founding principle of our nation, and we will not give it up. But other nations may not agree with this principle of ours. Many countries are concerned with profits and are indifferent to injustice. Therefore, we cannot judge the motives of others according to our own feelings, nor can we expect other people to treat us according to our own principles.

This means that we should clearly understand what the principles of other nations are, so that our diplomatic work can be conducted smoothly. The reaction of the American people to the Tiananmen massacre seemed to me to be the strongest. In the House of Representatives and the Senate there was total agreement that the United States should mete out the most serious condemnation and censure to Beijing. This represents the truthful voice of all Americans. The attitude of President Bush did not satisfy the wishes of the Congress. Even though Bush canceled arms sales and asked American citizens to leave the mainland, James Lilley, the U.S. Ambassador to Beijing, made a series of conciliatory statements, and also announced that the United States would not impose any further economic sanctions. None of this had any serious effect on the Communist regime. None of this stopped the Communist regime from launching a manhunt against the leaders of the democracy movement.

Why did Bush refuse to take more decisive anti-Communist attitude? Because he was more concerned about the triangular relationship with Communist China and with the Soviet Union, and about trade relations, personal friendships, and avoiding the loss of all the effort invested in relations with Beijing. The massacre created a conflict between justice and profit. What should Bush have done? I hope that he will be able to unify justice and profit. As for us, we should aggressively increase our essential relationship with the United States, according to our plan.

We will do the same thing in regard to Japan. We must help them to understand the advantages and disadvantages that emerge from the conflict between justice and profit. Since Japan has invested large amounts of money in mainland China, with the United States in second place, they are concerned about the possible total loss of their investments. Therefore, their condemnation and sanctions against the Communist regime were so weak and cautious.

Castro seeking deal with Bush

by Gretchen Small

Under a cloud of confetti about a drug war, Cuba and the Bush administration have entered a new phase of negotiations toward reestablishing relations. With Moscow the silent partner in this elaborate dance of back-channel negotiations, acrimonious public attacks and diplomatic "signals," there is no doubt that the big push toward a deal is on. What is in doubt, is who in Cuba shall be the beneficiary of the deal.

Engaged in open battle with Gorbachov, and well aware of Washington's efforts to also curry favor with potential successors, Fidel Castro proved in July that he is willing to sacrifice whatever and whomever he can to ensure that it is he who keeps the franchise on power.

On July 11, Castro took to Cuba's airwaves to announce that his government now wishes to open "communications" with Washington on fighting drugs. Two days later, Gen. Arnaldo Ochoa, a once-close friend deemed potential opponent, and three others were executed by firing squad, on charges of "carrying out hostile actions against foreign states, trafficking in toxic drugs, and abuse of authority."

"There are two kinds of Communists," Castro explained in his annual July 26 anniversary of the Revolution address: "Those who let themselves be killed easily and those of us who won't let ourselves be killed at all."

Havana Trials, 1989

The cover for both operations—the executions of opponents and negotiations with Washington—is a suddenly discovered "intolerance" for drug trafficking in Cuba.

The Castro regime, which has used narcotics trafficking as both a source of funds and the cutting edge of warfare against the other nations in the Americas for two decades, launched its anti-drug charade on June 14, with the announcement by Armed Forces Commander Raúl Castro that the popular army general, Arnaldo Ochoa, several aides, and top officials of the Interior Ministry had been arrested. The Cuban nation was told that Fidel and Raúl Castro had discovered with horror that this small group had cut drug-running deals with the Medellín, Colombia drug cartel in the last three years.

What followed next was a spectacle not seen since Sta-

lin's Moscow Trials in the 1930s. Ochoa and crew were tried by a special military tribunal, found guilty, and condemned to death. The case was given extraordinary publicity by the Cuban government. Speeches given at each stage of the trial and sentencing—particularly those where the “crimes” were listed—were broadcast on Cuban television and radio. Soon enough, a drugged-looking Ochoa admitted guilt and requested his own death.

No one escaped the drama. On July 9, each member of the Council of State stood up to declare—before the cameras—their support for the decision to execute the four principal accused. One by one, each exalted the severity of execution as the penalty demanded by “the angry masses” and “all of those who are willing to continue on the right path.” “Fidel's word is always true, as is the policy of our party, our Revolution,” Council member Vilma Espin cried.

No Stalinists here, Culture Minister Armando Hart insisted. “This is a group decision,” and any comparison “with crimes committed in certain historic times in other countries supported by state power,” is just “demagogy.”

Less than one month later, General Ochoa and three others were executed. Ten others were sent to prison with lengthy sentences. Seven generals from the Ministry of Interior were then purged, including the First Vice-Minister, the Chiefs of Intelligence, the Border Patrol, and Fire Prevention and Extinction, and the deputy chief of the Political Department.

The claim that “traffickers know now, once and for all, that they will be unable to count on Cuba for drug trafficking,” as Cuba's official newspaper *Granma* wrote in June, is ludicrous. On Aug. 4, 1985, Fidel Castro himself not only defended the chief financier of the cocaine cartel, Robert Vesco, but defiantly promised that he had and would continue to provide Vesco protection—a promise he has kept to this day. “I know that he was here, that he received medical treatment, and that he can come back again,” Castro stated. I told Vesco, he added, “If you want to live here, live here.”

Judging by Castro's desperation, Castro may soon announce that he is sorry, and that he never realized that Robert Vesco was involved in drugs.

The condominium squeeze

Castro's problem is that no power seems interested in striking a deal with *him*. Thirty years after Castro seized power from Fulgencio Batista, Washington and Moscow are looking beyond the graying dictator, with an eye to the generation who will replace him.

The battle between Castro and Gorbachov's crowd is completely out in the open. “Perhaps the Cuban Revolution is not ideal,” wrote Sergei Mikoyan, director of the monthly journal of the Soviet Academy of Sciences' Latin American Institute, *América Latina*, in June. It “still has not been able to reach high levels of production, and therefore, of living standards”; sufficient stimulants to increase productivity and labor quality have not been found. “To be content with what

has been achieved is inadmissible.”

Mikoyan made no bones Castro was the target. “When the Cuban Revolution is discussed, the eternal dilemma of the role of the personality in history cannot be ignored,” he wrote. “The potentialities of a pluralism of approaches towards optimal methods of constructing socialist society are still not being utilized. . . . Perhaps the presence of an exceptional leader in a small country inevitably means such a result for the collective conscience. Not without reason is it said, that ‘Our deficiencies are the continuation of our merits.’ ”

Castro's strategy for survival in the face of increasing Soviet pressures appears to be based on an estimation that if he can hold out long enough, Gorbachov may soon find himself in trouble at home. Thus Castro exclaimed in his July 26 speech, “If we woke up tomorrow to a great civil war in the Soviet Union, if the Soviet Union disintegrated completely—something we hope won't happen—the Cuban Revolution will continue to resist.”

Castro expressed no love here for the United States. Because Bush thinks socialism is on the wane, he will “carry out a policy of peace toward the big [Communist] powers and a policy of war against small countries,” Castro warned, adding that “never has any administration, not even Mr. Reagan's, been more triumphant . . . and more insolent and threatening than the Bush administration.”

And so the ballet proceeds

While Castro raves in public, and President Bush states that Cuba will have to do “much more” before being rewarded by better ties with the United States, back-channel negotiations between Washington and Havana are already under way.

“In recent weeks President Castro was reportedly approached by the United States to mediate in the long-running Panama crisis,” the London *Financial Times* reported July 1. “If there was a drug connection between the Panamanian and Cuban military, then General Ochoa's arrest would be a logical first step to break it. President Castro's best efforts to secure General Noriega's withdrawal from power may, some analysts now believe, be being traded for an easing of U.S. sanctions against Cuba.”

Assistant Secretary for Narcotics Affairs Melvyn Levitsky told a House Foreign Affairs Subcommittee on July 25 that while the United States has “serious reservations” about Cuba's anti-drug turn, the administration is “taking a fresh look at areas in which the government of Cuba could tangibly demonstrate the seriousness of its claimed willingness to cooperate against drug-trafficking.” Rep. Charles Rangel (D-N.Y.) reported that Deputy Assistant Secretary of State Michael Kozak has already begun meeting with the new head of the Cuban Interest Section in Washington, José A. Arbesu Fraga, who was assigned to Washington in June as the Ochoa show got under way.

Behind the attack on Argentina's President

by an EIR Investigative Team

Former Secretary of State Henry Kissinger and the Cisneros Group of Venezuela are the central figures behind the present destabilization of Argentina's government and its new President, Carlos Saúl Menem. The effort is being coordinated through the Project Democracy apparatus, whose CIA-backed "secret government" gained notoriety for trading arms for hostages with Iran's Ayatollah Khomeini, and revolves around a scandal involving Menem's newly appointed finance minister, Nestor Rapanelli.

Rapanelli took office on July 15, following the unexpected death of Menem's first finance minister, Miguel Roig, on July 14.

In Ibero-America, the Project Democracy apparatus is determined to eliminate those national institutions which stand in the way of U.S. strategic arrangements with the Soviet Union. These include the armed forces, nationalist political movements, and even the Catholic Church.

It is likely that Henry Kissinger's highly publicized trip to Caracas on July 5-6, and his subsequent visit to Buenos Aires July 8 for Menem's inauguration, was to coordinate this campaign. Kissinger's trip to Venezuela was organized by Gustavo Cisneros, whose family's involvement in money laundering and other drug-related activity was documented in the book *Dope, Inc.* and its Spanish-language version *Narcotráfico, S.A.*, both published by *EIR*. Among other things, Kissinger's trip to Caracas was intended to strengthen Cisneros's influence inside the cabinet of President Carlos Andrés Pérez.

On July 18, Caracas media reported that Rapanelli, the executive vice-president of the Argentine grain cartel Bunge and Born was implicated in a multibillion-dollar fraud scandal in Caracas, which occurred when he worked as a director of the Venezuelan grain-importing consortium, Gramoven, from 1984-88. Bunge and Born holds stock in the Venezuelan company.

Gramoven is charged with overbilling and fraud in its dealings with Recadi, the Venezuelan agency which determined who would receive U.S. dollars at preferential rates (rather than at the free-market rate) to pay for imports. Ven-

ezuelan Judge Guillermo La Riva López issued an arrest warrant for Rapanelli on May 26, but Rapanelli's involvement became front-page news only after he was named to Menem's cabinet.

Destroy national institutions

The scandal's objective inside Argentina is to create the conditions under which any nationalist elements which might help shape policy for the Peronist government can be destroyed. A major target is Col. Mohamed Alí Seineldín, leader of the army's nationalist faction for whom Henry Kissinger holds a particular hatred. Under the guise of offering his "assistance" to Carlos Menem, Kissinger's objective in traveling to Buenos Aires was to tell the new President to take action against Seineldín.

Kissinger has vented his rage against the military leader before. In a 1984 trip to Argentina, Kissinger warned Argentina's authorities to be on the alert against the possible emergence of "new Qaddafis" from inside the armed forces, a crude reference to Colonel Seineldín, whose nationalism and strong Christian faith are seen by the Kissinger gang as "fanatic." The July 21 *Washington Post* carried the same message. The *Post* praised the steps the new President has taken to deal with Argentina's economic crisis, but warned "Menem has to deal with an army that . . . is full of ambitious officers who like to play around in politics."

The Venezuelan angle

The Recadi scandal inside Venezuela is itself suspect. In 1986, a Venezuelan Senate committee investigated the affair and closed it officially. But in March and April of 1989, Judge La Riva reopened the case and issued arrest warrants for several Venezuelan executives and for Nestor Rapanelli. The publicity given the case by Venezuelan media has served to divert public attention away from the severe austerity program imposed by President Carlos Andrés Pérez, and from any suggestion of involvement by former President Jaime Lusinchi and the ruling Democratic Action (AD) party, under whose government the misconduct occurred.

Statements issued by Venezuelan media and political figures, many of them linked to the Cisneros group, have contributed to the creation of a violently anti-Argentine and anti-Menem environment inside that country.

The following points are relevant to the Cisneros family's role in this case:

- Nicomedes Zuloaga, one of Gramoven's executives who is also charged in the case, reported that the U.S. embassy in Caracas was directly involved in providing pricing data subsequently used in a separate university study to "prove" that Gramoven had spent \$5 million more than it should have for grain imports between 1984 and 1986. The Cisneros clan maintains close ties to the U.S. embassy, through media magnate José Rafael Ravenga.

- In an interview published in the July 20 *Diario de Caracas*, Zuloaga strongly defended Nestor Rapanelli, and remarked that attacks on the Argentine minister were “ill-intentioned rumors invented by the Cisneros.” In an early June interview, Zuloaga pointed out that any competent investigation of Gramoven must also include an investigation of Gustavo Cisneros, who served on the consortium’s board at the same time as Zuloaga, but who, curiously, has not been charged in the case. In the same interview, Zuloaga pointed to the role of Venezuelan Sen. Carlos Tablante, of the leftist Movement for Socialism (MAS), who is leading the congressional investigation of the Recadi affair. “You should ask Tablante who finances him,” Zuloaga said.

- Tablante is “owned” by the Cisneros clan. On their orders, following the 1985 raid on *EIR*’s Caracas office, he set up an “anti-drug” committee, as a cover for the Cisneroses having been named in *EIR*’s book *Narcotráfico, S.A.* That raid resulted in the banning of the book in Venezuela.

- Arpad Bango, a top Cisneros agent, is one of the figures “collaborating” with Carlos Tablante in the investigation of Gramoven, according to the June 7 issue of *Diario de Caracas*. In 1985, on Gustavo Cisneros’s orders, Bango prepared the raid against *EIR*’s Caracas office, which resulted in the arrest and subsequent expulsion of its correspondents from Venezuela, and the banning of the book *Narcotráfico, S.A.*

- Zuloaga has charged that the “extreme left” is behind the attack on him. A June 2 article in the Caracas daily *El Nacional* reported that Judge La Riva López, who issued the arrest warrant for Rapanelli, was forced out of the Venezuelan armed forces in the early 1970s because of his pro-Communist sympathies, and his stated refusal to combat the guerrillas. La Riva was repeatedly investigated for refusing to obey orders, and was reportedly involved in a plot to assassinate then-President Rafael Caldera. According to Agence France Presse, Argentine deputy Eduardo Varela Cid has charged that La Riva is also involved in drug trafficking.

- Venezuelan journalist José Vicente Rangel, a leftist with ties to Moscow and Havana, is among those attacking Rapanelli and Menem, claiming in the July 22 issue of the Caracas daily *El Nacional* that this is a case “which has to do with corruption and the administration of justice in Latin America,” and chastising Carlos Menem for “overreacting” in his defense of his finance minister.

An ‘orchestrated’ scandal

President Menem charged on July 20 that the attacks against Rapanelli were “orchestrated” and an attempt to interfere with Argentina’s economic development plans and the reconstruction of its devastated economy. Menem commented that “I wouldn’t be surprised if these accusations originated with the Fundación Plural, linked to the government of [former President] Raúl Alfonsín.”

- Venezuela’s *Diario de Caracas*, the paper which launched the July 18 attack on Rapanelli, was founded by two violently anti-Peronist Argentines: Tomás Eloy Martínez and Rodolfo Terragno, the latter public works minister in Alfonsín’s cabinet. Menem noted that the Fundación Plural “may have used that foreign paper [*Diario de Caracas*], founded, among others, by ex-Minister Terragno.”

- Terragno, when he resided in Caracas some years ago, served as an adviser to Carlos Andrés Pérez.

- Eloy Martínez is a leading member of the Fundación Plural, one of several organizations set up under the Alfonsín government to promote the International Monetary Fund’s brand of “democracy.” These include the Fundación Arturo Illia, the Fundación para el cambio en democracia (Foundation for Democratic Change), and the Fundación para la concertación del crecimiento (Foundation for Harmonization of Growth), all of which work closely with Project Democracy’s major asset, the Democratic Party’s National Democratic Institute for International Affairs (NDI), funded by the National Endowment for Democracy.

- In April of 1987, the Fundación Arturo Illia helped NDI organize a major conference in Buenos Aires on the topic of “constitutional reform,” attended, among others, by former U.S. Vice President Walter Mondale, Carlos Andrés Pérez, and Alfonsín. “Constitutional reform” is one of Project Democracy’s codewords for launching attacks on the nation-state, and promoting parliamentary systems over those of constitutional democracies whose “strong executives” are viewed as troublesome obstacles to their policies.

- NDI sponsored the December 1988 conference in Santo Domingo, entitled “Civil-Military Relations: The Case of Argentina.” Attended by representatives of the Arturo Illia Foundation, among others, the conference’s primary topic was how to further dismantle the institution of the armed forces, and eliminate nationalist tendencies, under the guise of making them “more democratic.”

- Tomás Eloy Martínez writes for *El Periodista* in Buenos Aires, a pro-Soviet publication which has repeatedly attacked the institution of the armed forces, and particularly singled out Col. Seineldín. Following the January 1989 terrorist attack on the La Tablada military base in Buenos Aires, Eloy Martínez and *El Periodista* defended the Trotskyist group Movement of All for the Fatherland (MTP), whose members led the assault, and accused the military of violating the terrorists’ human rights.

- It was *El Periodista* which lent credibility to charges by MTP lawyer Jorge Baños that Seineldín and Carlos Menem were “plotting a coup” to overthrow then-President Alfonsín, a charge which became the justification for the armed assault on La Tablada. At that time *EIR* reported on the MTP’s links to the CIA’s Central American drug-trafficking apparatus, through such figures as Nicaragua’s Eden Pastora and fugitive narco-banker Robert Vesco.

U.S. intensifies military provocations

The CIA is preparing to use Nicaraguan Contras to stage an invasion of Panama from Costa Rica.

Confirming charges first reported on March 3 in this column, the *Times* of London revealed on July 22 that "more than a thousand former Nicaraguan Contras are being armed, trained and infiltrated into Panama to await orders to begin military actions to drive Gen. Manuel Noriega from power, according to sources directly involved."

The U.S. Southern Command has been ordered to stage daily provocations in the hopes of drawing General Noriega's Panama Defense Forces (PDF) into a military conflict. On July 27, the commander of the Army component of SouthCom, Gen. Marc Cisneros, sent armored personnel carriers, tanks, and trucks across the Bridge of the Americas, which crosses the Panama Canal. Days earlier, his troops staged so-called "evacuation" maneuvers at Gorgas Hospital, under Panamanian jurisdiction, and a contingent of U.S. Marines staged a similar exercise at a U.S. Department of Defense elementary school in the Panamanian township of Gamboa.

The provocations intensified after Secretary of Defense Richard Cheney fired Gen. Fred Woerner as chief of SouthCom on July 20, reportedly because he was too cautious in his dealings with the PDF and Noriega. Woerner's replacement will be Gen. Maxwell Reid Thurman, who is believed more likely to go along with Cisneros's antics.

The U.S. administration has also increased its violations of the 1977 Panama Canal Treaties. Visas were denied to two Panamanians, including Panama's nominee for canal administrator, to attend the Canal Commis-

sion's board of directors meeting in Tacoma, Washington in late July. By unilaterally shifting the meetings to the United States and selectively denying visas to the Panamanian side, the U.S. has cut off Panama from any say in setting policy for what is supposed to be a bi-national canal commission.

The provocations indicate the administration's desperation following its repeated failures in implementing its insane policies against Panama's sovereignty. The administration now seems determined to have U.S. soldiers sent home in body bags.

The U.S. has never been able to mount a credible, indigenous political opposition movement against Noriega, as was done against Ferdinand Marcos in the Philippines. Its economic sanctions against Panama failed, according to a study issued July 27 by the General Accounting Office. So did its diplomatic efforts to enlist the nations of Ibero-America in a "multilateral" intervention against Panama, through the Organization of American States.

On July 20, culminating a process initiated a month before at the Conference of Latin American Parliamentarians for Panama—when 150 legislators determined that the Organization of American States had erred when it sided with the U.S. against Panama at its May 17 meeting—the foreign ministers of Ibero-America reversed themselves, and told the U.S. that they will not help to oust Noriega, nor to install the CIA-financed Democratic Opposition Civic Alliance (ADO-C). The Panamanians, the OAS ministers decreed, should settle their own af-

fairs without any foreign interference.

This has left the ADO-C, which had loudly demanded that the OAS intervene when it thought that it would follow U.S. orders, staging street demonstrations and accusing the OAS of "interfering" in Panama's internal affairs. On July 27 the ADO-C said it might not even participate in a three-way dialogue with the Panama government and the PDF, mediated by the OAS, unless certain preconditions are met—even though it was the ADO-C that had demanded that such a dialogue be held without any preconditions.

Many of the setbacks suffered by the U.S. have been brought about by the administration's own stupidity and arrogance. Colombia's Foreign Minister Julio Londoño said July 26 that he had lodged a protest with the State Department because U.S. Customs officials had searched his suitcase for drugs, despite the fact that he has diplomatic immunity. The search, the second in two months, was carried out while Londoño was on his way to preside over the OAS meeting on Panama, and it was done using a four-pointed prong that destroyed his suitcase, several shirts, and his shoes.

And then there is the case of SouthCom spokeswoman Mercedes Morris, who was arrested on April 24 by Panamanian authorities in possession of 2.6 grams of cocaine and 6.2 grams of marijuana, which she admitted were for her own consumption, according to Panama's Attorney General Carlos Villalaz. Morris, whose father is chief of security for the Panama Canal, was released to the custody of the Southern Command until her trial for drug possession. She immediately returned to her job as SouthCom spokeswoman, where one of her chief duties is accusing General Noriega of being a drug trafficker.

Colombian cabinet changes

President Barco still holds dialogues with the terrorists, but military shifts hint a harder line could emerge.

On July 16, Colombian President Virgilio Barco presented a new ministerial cabinet: Changes included Mines and Energy, Justice, Government, and Defense. Perhaps most significant was the change of defense minister, which forced alterations up and down the military hierarchy.

Defense Minister Gen. Manuel Jaime Guerrero Paz was retired after barely one year in office, and replaced by Gen. Oscar Botero Restrepo, who had held the post of Commander General of the Armed Forces. The great surprise was that Gen. Pedro Nel Molano, who had served as head of the joint chiefs of staff of the Armed Forces, did not get the position of Army commander as expected, but was retired instead. The new Army commander is Gen. Armando Arias Cabrales.

Arias Cabrales gained fame in November 1985, as commander of the operation to recapture the Justice Palace after it had been seized by the terrorist M-19. General Arias has been the target of numerous legal actions since then, among them charges lodged against him by the Attorney General's office concerning the alleged disappearance of one of the Justice Palace terrorists. Barco's Attorney General Alfonso Gómez Méndez, who is married to a suspected agent for Cuban intelligence, Patricia Lara, has sought to prosecute General Arias as a means of eliminating the tradition of military legal jurisdiction, by trying to bring him before a civilian tribunal for trial.

Arias Cabrales's comment on his nomination was that "it was a decision of the national government . . . backing by the President for my actions."

Whether his naming was just a sop to pressures by the military or a genuine turnaround in presidential policy is now the question.

A miffed General Nel Molano, who had expected to get the post that went to Arias, told reporters that he is a strategic evaluation specialist, and that he has recommended that the Barco government include the Castroite ELN terrorists in its ongoing dialogue with the other terrorists. "One hopes that groups like the ELN understand that war doesn't get you anywhere," said Molano. It is possible that such an evaluation, at a point when the army is engaged in combat with the ELN, may have been Molano's undoing.

Many rumors have circulated about why the defense minister was changed. It is a known fact that the President's policy of having dialogue with terrorists instead of defeating them in battle had been endorsed by the outgoing Defense Minister Guerrero Paz, including his upholding a cease-fire against the M-19 ordered by Barco. The miserable inadequacy of such a policy has long been evident, and it is possible that Guerrero Paz was made the scapegoat for Barco's own policy failure.

Nonetheless, the Colombian political elite, with Barco in the lead, remains convinced of the promise of *perestroika*, at home and abroad. They suffer from the illusion that with Gorbachov in power in the U.S.S.R., Colombia's Moscow-run guerrilla forces will abandon their drive for power. Even Conservative Party leader Alvaro Gómez Hurtado, the victim of a bloody kidnaping by the M-19 just one year ago, told a Caracas, Vene-

zuela conference recently, "The revolutionary option has ceased to exist." Thus, Barco's policy failure remains in force.

In fact, Barco has now ordered the military to cease actions against the FARC, EPL, and Quintín Lamé narco-terrorists, because all of these have paid lip service to Barco's dialogue appeals, and allegedly seek to rejoin the Colombian political circuit. Only the terrorist ELN, responsible for damages to the state oil company Ecopetrol on the order of \$300 million, still remains outside the "dialogue" process. Barco has ordered a military offensive against this terrorist group, but the purpose of the offensive is not to destroy the ELN but rather to force it to join the dialogue.

Armed Forces Commander Gen. Nelson Mejía Henão recently told his troops that the Occidental Petroleum-financed ELN is on the verge of being defeated and that "one hopes more confrontations will not be necessary, and that they will enter into dialogue with the government." He later called on the ELN guerrillas to "accept development, not slow it down. There is good will on the part of the government, the military forces, and the people."

The ELN had demanded the ouster of Mines and Energy Minister Mejía Vallejo, and won it. An *El Espectador* columnist commented July 19 that neither the Conservative Party nor a section of the ruling Liberal Party had succeeded in ousting Mejía. "It took no more than a subversive movement of recognized criminals like the ELN to request his removal for it to be done. . . [We now have] co-government, under blackmail of death and the blowing up of pipelines." Barco may think he is offering the ELN the carrot of dialogue versus the stick, but all evidence suggests it is the terrorists who are doing the offering.

Ratzinger scores false ecologists

A challenge to return to real science comes from the Church's highest authority on the Doctrine of the Faith.

The theme of relations between man and nature which has been so much abused today by the ecologists, who have already condemned man as the principal polluting agent of the Earth and dream of exterminating the human race in order to save the forests, the swamps, and rare species of green frogs, has been the target of frequent reflections in recent years by Joseph Cardinal Ratzinger, the Prefect of the Congregation for the Doctrine of the Faith.

In 1987 the German cardinal, during an interview with the weekly *Il Sabato*, defined the ecology movement as follows: "a combination of as yet poorly defined romanticism, which takes elements from the Marxist tendency, but is above all linked to features of liberalism, which demonstrates a certain hatred against humanity, claiming that it is responsible for destroying nature."

Later, during a lecture to the youth of Seregno, Italy, in commenting on some of the problems that emerged during the encounter of the American bishops with the Roman Curia in March 1989, Ratzinger took up the question of extreme feminism. He said, "We have here a radical phenomenon which has developed especially in the United States as opposition to God the Father because supposedly that [idea] is an instrument of masculine domination, whereas one should be returning to the Earth Goddess, thus combining with some of the ideas of ecologism. . . . This aspect confirms tendencies toward the paganizing religions, where the femi-

nine presences are considered to be truer."

In early May another cardinal, Pietro Palazzini, in a message to the Schiller Institute's conference on the Council of Florence in Rome, corrected the errors of the "animal rights" branch of the ecology movement. Cardinal Palazzini started from the fundamental premise, "According to Christian thinking, the world, which is the work of God the Creator, is good. At the summit of creation is Man."

Palazzini pointed out, "Things are subordinated to Man, who uses and transforms them . . . by his labor; he bends them and transforms them, in such a way that the entire environment is transformed."

In May 1989, on the occasion of a meeting of the Congregation for the Doctrine of the Faith with the presidents of the European Doctrinal Commissions in Vienna, Cardinal Ratzinger came back to this subject, this time with greater theological and doctrinal profundity. The topic of his presentation was "Difficulties Facing the Faith Today in Europe."

Starting out with a frank and timely analysis of the current protest movements against the Church's teachings, Cardinal Ratzinger spoke of a growing philosophical flattening-out which has taken place in the recent decades, which has provoked an actual change in cultural paradigms.

"In the first place," Ratzinger said, "we have to call attention again to an almost total disappearance of the doctrine of the creation in theology," and for this reason, "a moral and ethical

approach to nature has been lost.

"A reaction," he emphasized, "marked by an irrational fear in the face of technology, continues to co-exist with the incapacity to recognize a spiritual message in the corporeal world. Nature continues to appear as a reality which is irrational in itself, but which on the other hand presents mathematical structures which can be technically evaluated."

He explained, "The fact that nature has a mathematical rationality has, so to speak, become tangible; the fact that a moral rationality is also announced within it, is rejected as metaphysical fantasizing."

Cardinal Ratzinger went on, "Nature, which in this way would become the teacher, is, however, a blind nature, which unconsciously combines, in a casual manner, that which man must now consciously imitate. His relations with nature (which therefore is now no longer creation) remain those of manipulation and do not become those of listening."

This separation between "blind" nature and corporeal man on the one hand, and the creative wisdom of God on the other, not only impedes the development of all metaphysics, but it forms the basis of a real degradation of the image of man. What remedies are proposed by Cardinal Ratzinger?

"We have to again make manifest what it means that the world has been created *with wisdom* and that the creative act of God is something fundamentally different from the provoking of a primeval explosion," said Ratzinger, taking aim at the irrational "Big Bang" theories of the generation of the universe. "Then it becomes recognizable again that the greatness of man does not consist on the wretched autonomy of a dwarf who proclaims himself the only sovereign, but in the fact that his essence allows the highest wisdom to shine through: truth itself."

Backlash in Venice

The aftermath of a satanic rock orgy in the Italian city has shaken the ruling Red-Green coalition.

The administrative junta of Venice, Italy, a coalition of Marxist and environmentalist parties, has come under attack in the wake of a mega-concert by the Pink Floyd rock group, that provoked a backlash from circles worried about the environment and cultural patrimony of the city.

Meanwhile, on July 20, the Association of German Teachers (DLV) released a statement attacking hard rock music as a vehicle for Satanism to enter the minds of school children. The conservative teachers' association said that heavy metal rock, black masses, and satanic rites go together, largely unnoticed by the children. They named counterculture high priest Aleister Crowley as a key figure in creating this evil.

Many Italians got a shocking eye-full of what happens before and after a rock mega-concert, thanks to the sequences broadcast on television. The images of a youth urinating on the door of St. Mark's Cathedral, and of the beautiful square in front of it overflowing with debris, will remain emblematic symbols of such events.

Another north Italian city which is the home of irreplaceable artistic treasures, Cremona, where the legendary Stradivarius violins were built, recently refused to host a big rock concert, on the grounds of the threat posed to its magnificent medieval cathedral by the noise.

In Venice, the display windows of a number of stores were broken, while the scaffolds put up for the restoration of the Palazzo delle Prigioni clearly showed the effects of a nighttime as-

sault. Under the porticos, young people dozed like bums under the effect of who knows what mixture of alcohol and drugs, surrounded by excrement and garbage.

No less dramatic were the descriptions of the journalists, who reported the presence of 120,000 persons who camped in the city for at least 12 hours. Drug consumption was enormous. Among the trash were found mountains of used syringes.

So the Pink Floyd concert to celebrate the Feast of the Redeemer transformed Venice into a city as devastated, as if it had been trampled by hordes of barbarians.

The "Red-Green" government's troubles could portend a revival of the values of the Italian Renaissance and the Risorgimento movement that made Italy a nation in the last century—ironically, in the very city whose ancient oligarchy has been most active in promoting the convergence of Bolshevism and Nazism around anti-human "ecologist" pretenses.

Post-mortem statements of disgust were issued from all sides, particularly from the ranks of the very same political forces that make up the Red-Green municipal government, which had sought and authorized the Pink Floyd bash, and now seemed to want to recover their violated virginity.

But the hypocrisy was all too evident. Up to one week before the concert was scheduled to occur, the same political forces had put out declarations of full support for the event. Pink Floyd's appearance had been broadly publicized by the television networks

and the national press.

Now that the manifestation has turned into a public disgrace (*brutta figura* as the Italians say), the Red-Green coalition members—together with their political godfathers, such as Italy's new foreign minister, the shaggy-maned Venetian Socialist Gianni De Michelis—tried damage control, admitting that it was a mistake to bring that many people to a city which has no infrastructure to hold them.

But this was just a dodge to keep anyone from questioning their overall cultural policy. Clearly, the problem is not just a structural one. Such vandalism is the consistent outcome of the "sex, drug, rock'n'roll" counterculture, which has explicitly satanic roots. Not one rock mega-concert has failed to produce such after-effects.

While no major political force in Italy is exempt from this kind of cultural influence, the Red-Green composition of the Venice junta is the most coherent expression of the forces which have made a banner out of "sex, drugs, and rock'n'roll."

Nor should anyone be fooled by the false and opportunistic criticisms coming from Italia Nostra and other environmentalist organizations, considering that the biggest rock stars are the minstrels of the environmentalist gospel. Only recently the Pooh group, sponsored by the Environment Ministry, began a 40-concert tour, the proceeds of which will be turned over to the World Wildlife Fund (WWF) to carry out so-called environmental defense projects. It's a paradoxical commitment, when one considers to what state the places where the concerts are held are reduced.

The WWF's evil obsession is to save "nature" by reducing human population, especially among darker-skinned races. No wonder they get funded by satanic rock groups.

Renounce the Hitler-Stalin Pact!

Pressure is building from the Soviet-occupied Baltic republics and from parliamentarians in Bonn.

August 23 will be the 50th anniversary of the Hitler-Stalin Pact of 1939, whose secret protocols gave half of Poland and all of the Baltic republics of Estonia, Latvia, and Lithuania away to Moscow. After an interlude of German military occupation (Poland from 1939 to the end of the war, the Baltic states from 1941 to 1944-45), these four nations came under Soviet imperial rule.

The issue has become so hot now, that even Poland's leader Gen. Wojciech Jaruzelski recently gave an interview to the Communist party daily *Trybuna Ludu*, in which he recalled how the Soviets had deported him and his family as slaves to Siberia, along with 1.5 million other Poles.

Independence movements in the three Baltic republics, with certain support from their governments, and exile communities in the West, have issued a call for restoring full independence and sovereignty, to begin with the renunciation of the Hitler-Stalin Pact as being "against the basic rules of international law."

The Baltic call goes specifically to the address of the German governments in Bonn and East Berlin, and to the Kremlin.

The three governments have so far shown little response, but at least the new Soviet Congress of Deputies has come under heavy pressure, because the Baltic deputies there recently forced Gorbachov to establish a commission to investigate the pact.

The official Soviet position has so far been that 1) there was no such thing as a secret protocol, 2) the annexation

of the Baltic states by the Red Army just restored Russian rule to the status quo before World War I, 3) whatever happened after 1939 was justified by Stalin's aim to defend the Soviet Union against the Nazis, and 4) after the end of World War II, any attempt to touch the "borders as they are," would provoke World War III.

For more than 40 years, Moscow has had the tacit consent of the other "Yalta" powers, the United States and the United Kingdom, to fix the partition of Europe in this way.

But now this is changing: The publication in West Germany and France of the new book *Icebreaker*, by Soviet GRU defector Viktor Suvorov, describing Stalin's war plans of the summer of 1941, has corrected some of the false pro-Stalinist history on the outbreak of the world war. The book documents that both Moscow and Berlin had been preparing to go to war against each other since at least the date of signing of the Hitler-Stalin Pact. It also shows that Stalin knew about and endorsed not only Hitler's war plans against Poland, but also his attack against the Western powers.

Certainly this book and the debate it has sparked internationally, came at an unwelcome time for Gorbachov, when Western experts are beginning to look into what the current restructuring of the Soviet military is actually about. The Kremlin decided to make concessions in that debate, in order to take off at least some of the pressure, and score some sympathy points with the West.

In a roundtable debate shown on

West Germany's Channel 2 TV on July 23, Gorbachov's German policy adviser (and former ambassador to Bonn) Valentin Falin became the first high Soviet official to ever admit that, "Although I don't view the source as above criticism, I do say that there can be no doubt about the existence of a secret protocol" to the Hitler-Stalin Pact.

This declaration, interpreted by many Kremlinologists as a "sensation," was taken with a grain of salt by others. Conservative Christian Democrat Hans Stercken, chairman of the foreign affairs commission of the parliament in Bonn, said on July 24 that Falin had "just admitted what has long been overdue, not least because of the pressure from the people of the three Baltic states."

Documents—embassy cables, secret intelligence reports, public warnings—concerning the pact and the secret protocols have actually been accessible in the West since 1939. Originals of some sections of the agreements of 1939 and 1940 are still in the files of the foreign ministry in Bonn, including five maps documenting how Hitler and Stalin drew the dividing lines through Poland and Eastern Europe, between their spheres of influence.

Stercken declared that the Hitler-Stalin Pact was against all rules of international law when it was signed, and that therefore it should finally be declared "null and void."

"It cannot be," Stercken said, "that two states decide on the fate of other nations, as this pact did in respect to the three Baltic states in 1939. . . . It is undoubtedly the turn of the Soviets now to take the next step and formally renounce the pact."

The same principle that Stercken cited here, also holds for the three-power Yalta agreements of 1945, which should be renounced before their own 50th anniversary in 1995.

Israel's summer crisis

Games of revelations and counter-revelations from Washington have fueled the political war in Israel.

On July 23, the Israeli cabinet seemed to have momentarily put an end to a severe government crisis. This had started on July 5 when the Central Committee of the Likud, chaired by Industry Minister Ariel Sharon, had voted to add four major amendments to Prime Minister Yitzhak Shamir's May proposal for elections in the West Bank.

The amendments imposed such stringent conditions on the holding of the elections, that it had the effect of killing the entire proposal. Besides excluding all Palestinians residing in East Jerusalem from having the right to vote, the amendments called for a firm commitment now that "peace for territories" proposals would never be accepted, and that any contact whatsoever with the Palestine Liberation Organization and PLO-linked Palestinian officials be banned.

The day after this vote, the Labor Party leadership convened in emergency session and advocated the breakup of the national unity coalition. Only a major terror operation—when a member of the Islamic Jihad clandestine organization forced a bus off the road, killing 16, on July 6—postponed an otherwise inevitable breakup of the government.

In the aftermath of the national outrage, Labor decided to put off any decision until its own Central Committee meeting, sometime in late August, while continuing negotiations with Shamir. A settlement was finally reached when Shamir put his previous May proposal up for vote at the cabinet, without amendment.

Yet, while a breakup of the nation-

al unity government, meaning political paralysis and early elections, is not on the agenda any more, a broader political crisis does exist. It is foremost within the Likud itself, and has been setting Shamir and Sharon against each other in violent verbal clashes. Repeatedly, Shamir has warned over recent weeks that should Sharon go on "sabotaging the governmental activities, he will be fired." On July 18, there was a showdown at the weekly meeting of Likud ministers when Shamir decided to acknowledge reports that he had met with Palestinian representatives on the West Bank.

When Sharon threw a fit over not having been informed, Shamir retorted that it was deliberate, "because you cannot keep a secret." This exchange has put the spotlight on the real events inside Israel. Though considered as a hardliner and a hawk, Shamir has been displaying an unexpected political realism. As has been made public since, Shamir has in recent months been meeting with leading Palestinian representatives of the occupied territories to prepare for the elections.

Though most of his interlocutors are not formal members of the PLO, the Israeli leader could not have any illusion about the fact that these talks would find their way to the PLO headquarters in Tunis, and had received the approval of Yasser Arafat.

The way these events have been made public is casting some doubts on the policy pursued by Washington in particular. For example, just days before the Likud Central Committee meeting, the State Department agreed to make public the fact that its nego-

tiations with the PLO had been upgraded through meetings between Richard Pelletreau and PLO number-two man Salah Khalaf. The revelations had the predictable effect of strengthening Sharon's challenge against Shamir.

Likewise, only days before a crucial cabinet meeting, State Department official John Kelly told a Senate committee in "confidence" that he knew of secret PLO-Israeli talks but could not make it public. Less than five minutes after being uttered, these words were on all the news wires, creating major embarrassment for the government, both Likud and Labor.

If such contacts did not exist, to say they did, had no other aim than to provide ammunition to the extreme right wing. If such contacts did exist, they were obviously of a very sensitive nature, meaning that public exposure would endanger them.

These games of revelations and counter-revelations coming from Washington have fueled the political war inside Israel. Additionally, Israelis have been wondering why Radio Moscow immediately described the July 6 operation as a terror action, while it took ten days for the State Department to shift from the word "incident" to "act of terrorism." While Shamir is playing the governmental game for the time being, and has clearly no intent of being fired, he and his friends are biding their time. If they cannot win a government crisis, they will organize in the streets and among the settlers.

No one can underestimate the consequence of the July 6 terror action, done within Israel proper and not in the occupied territories. That such a thing could occur within the green line boundary has provoked a trauma within the population, which right-wing fanatics are trying to manipulate.

International Intelligence

Greenpeace opens office in the Soviet Union

The terrorist-environmentalist organization Greenpeace announced on July 23 at a press conference on board its new ship *Rainbow Warrior*, presently anchored in Leningrad harbor, that it has officially opened offices in Moscow.

"Today I can declare that the Soviet Greenpeace Movement has started," said the chairman of the new office, Alexei Jablokhov," Joergen Dragsdahl reported in the Danish newspaper *Information* on July 24.

Jablokhov is a member of the Soviet People's Congress, an elected vice chairman of the Environmental Committee, which is appointed by the Supreme Soviet, a marine biologist, and has been a member of the Communist Party since 1961.

"The organization has been granted far-reaching and very unusual privileges. This is clear from the documents signed on June 30, by Yevgeni Velikhov, the scientific adviser to Gorbachov," Dragsdahl reported.

"They have the right to employ their own staff, the right to free import outside the control of the customs department, and the right 'to chose their own methods.'

"Behind the initiative is Greenpeace and five Soviet scientists, who, outside those already mentioned, include the author Sal-yugin and the space scientist Roald Sagdeev."

"The Communist Party needs Greenpeace," Jablokhov is quoted. "The establishment of the Greenpeace office enjoys support from a very high level in the Soviet Union. We need contacts to public opinion in the West, otherwise we will not change ourselves."

Every Soviet citizen who buys Greenpeace's recording of U.S. rock music has to sign a Greenpeace membership card.

Cardinal appeals for help for Hong Kong

The Roman Catholic Bishop of Hong Kong, Cardinal John Baptist Wu Chengchung, in

a letter to more than 2,000 cardinals and bishops, has called for international pressure on Great Britain to restore the "right of abode" for Hong Kong's people, according to the Hong Kong daily *South China Morning Post* on July 15.

Public distrust over the future policies of Beijing and the Communist Party of China has led to a mass exodus of talented people, which has not only brought about great economic losses but a disruption of family life, warned Cardinal Wu, and Britain has a constitutional and moral obligation to solve Hong Kong's problem.

He urged his fellow clergymen to pressure their respective governments and international bodies to appeal to Beijing to stop all reprisals against student leaders and intellectuals. He also urged each clergyman to pressure his government to provide homes for the tens of thousands of Vietnamese boat people stranded in Hong Kong.

New Italian government charts austerity drive

Italy's Prime Minister Giulio Andreotti, who was sworn in on July 23 as the head of the country's 49th post-war coalition government, presented his program to the Senate on July 26. Andreotti announced extreme "rigor" in confronting the problem of the public debt and discarded as too soft the approach which had been prepared by the previous treasury minister.

New treasury minister and former Bank of Italy governor Guido Carli had previously announced that he will concentrate on reducing the interest the state has to pay on the public debt.

Other points mentioned by Andreotti include: institutional reforms to prepare Italy for the "Europe 1992" integration program; legislation to combat the recycling of "dirty money"; greater attention to environmental concerns; and increased attention to the Eastern European countries, whose "increasing economic problems would become an obstacle in their path toward democracy and create in the center of our continent a permanent source of instability. . . ."

This is the first Italian government ever in which the Christian Democratic component is smaller than that of the other parties (of 30 ministerial positions, 14 are held by the Christian Democrats, 16 by the Socialists, and the other 3 by smaller "lay" parties).

Parallel to the official government, the Communist Party has created a "shadow government."

Peru paper asks: Does state subsidize drugs?

The Peruvian daily *La República* asked in a July 19 editorial page commentary, "Does the State Subsidize Narcotics Traffic?"

The paper argued that drug trafficking could be "finished off" if "the Peruvian state exercised vigilance and control over the trafficking in sulfuric acid and kerosene," two chemicals needed for cocaine processing. The magazine *Caretas* reported the week of July 17 that 50-60 trucks loaded with subsidized kerosene leave daily from Petroperu's Pasco substation for the relatively unpopulated coca zone, but none of those trucks have ever been hit by terrorists.

La República, however, argues for eliminating the subsidy on kerosene, the main cooking fuel for Peruvian workers, rather than simply targeting the huge quantities involved in drug-related usage. It also argues that strict controls on kerosene would end all need for "expensive" anti-drug operations like "Operation Condor" or "environmentally destructive" herbicides such as "Spike."

Green leaders upset at peacenik calm on China

West German Green Party leaders Daniel Cohn-Bendit, Petra Kelly, and Gen. Gerhard Bastian are upset at the failure of the green and peace movements to mobilize against the butchery of the Beijing regime.

Cohn-Bendit declared to the West German *Bildzeitung* of July 20 that he was "in the streets two days" after the Beijing mas-

sacre, but said ruefully, "These were only 2,500 people, but we expected hundreds of thousands. For the political left, the enemy was always on the right, or it was the U.S.A. Parts of the German left are always having problems with fighting dictatorial socialism. I deeply regret that."

Green Party founding member Petra Kelly said that she feels frustrated, because after the Tiananmen Square massacre, "the West German peace movement failed to rally for an impressive and comprehensive act of protest, such as occurred in Budapest, where several tens of thousands marched to the gates of the Chinese embassy."

French Resistance heroine buried in Les Invalides

On July 26, the French state bestowed final military honors on Marie-Madeleine Fourcade, the leader of the World War II anti-Nazi "Alliance" organization, at a mass held in the chapel of St. Louis des Invalides in the presence of Minister of Foreign Affairs Roland Dumas, the minister of veterans, ex-Prime Ministers Jacques Chirac and Jacques Chaban-Delmas, and all of the flag-carrying federations of the French Resistance. This exceptional tribute, heretofore reserved for the Marshals of France, was made to the heroine of the Resistance in order "that the nation remember."

Accompanied by the resounding roll of drums of the military honor guard, the flag-draped coffin of Colonel Fourcade was brought to its final resting place at the Père Lachaise Cemetery in Paris.

The editors of *EIR* express our deep sorrow over the loss of our friend, Mrs. Fourcade. We shall always remember her struggle for freedom and human dignity.

North Korea developing nuclear capability

U.S. and South Korean officials believe there is mounting evidence that North Korea is developing the capacity to produce nuclear

weapons, according to the *Wall Street Journal* July 25.

The evidence includes satellite photos of two nuclear facilities under construction about 60 miles north of the capital city of Pyongyang, which may have the capability of producing and separating plutonium. Bush administration officials say the U.S. has evidence of two and possibly three new nuclear sites, at least one of which is in operation.

A second facility, a large factory-like building, has now appeared in the vicinity of the Yongbyon reactor. According to South Korean press reports, Seoul officials were told by the U.S. team that it appears to be a nuclear fuel reprocessing facility, capable of removing plutonium from the reactor's spent nuclear-fuel rods.

A State Department spokesman was quoted saying the United States has conferred with the Soviet Union, Japan, South Korea, and the People's Republic of China over what to do about prolonged North Korean hesitation to sign an agreement to open all of its nuclear facilities to international inspection.

Defeat of Mexico's ruling party tied to economy

Former Mexican President Luis Echeverría categorically rejected President Carlos Salinas de Gortari's claim that the election defeat of the Mexican ruling party, the PRI, in Baja California was due to the corruption of former administrations. "Basically, the economic situation is reflected in the electoral process," he said on July 20. "If the economic structures of the national and international order are not modified, there will be many problems."

Echeverría said the government had to be "more concerned with the well-being of the population, because the economic situation continues to be bad; there continues to be a great deal of economic and financial dependence." Identifying the way worsening terms of trade make imports more expensive and exports less expensive, he said, "It is a neo-colonialism that is advancing in the most profound fashion."

Briefly

● **CHRISTER PETERSSON** was convicted July 25 by a Swedish court of the murder of Prime Minister Olof Palme, by a jury of six citizens and two judges. The judges dissented from the majority finding on the basis that there was insufficient evidence to render a guilty verdict.

● **IGOR ROGACHEV**, the Soviet deputy foreign minister, said in an interview with Filipino reporters on July 17 that "the Soviet Union expects public opinion in Asia to force Washington into closing its military bases in the Philippines at least within the next decade."

● **WEST GERMANS** are showing less "Gorbomania," according to a poll released by the Wickert Institute on July 22. Only 21.2% of those interviewed believe that Gorbachov's reforms will succeed. Two months before, during Gorbachov's visit to Bonn, 34.3% believed in Gorbachov's success.

● **LEE SANG HOON**, the South Korean defense minister, announced at a July 19 news conference with U.S. Defense Secretary Cheney that "any immediate reduction or withdrawal of U.S. forces in Korea cannot be considered at this time."

● **TO KILL HITLER** was "not murder, but an act of pure self-defense, of and for the people," Axel von dem Bussche said to West German television on the 45th anniversary of the German officers' plot against Hitler on July 20, 1944. Von dem Bussche failed in an attempt to kill Hitler in 1943.

● **NINA ANDREYEVA**, a Soviet anti-Semite linked to the Pamyat Society, denounced *perestroika* as "the brainchild of the liberal intelligentsia," in an interview with the *Washington Post* of July 28. She said if Gorbachov had been around in the 1920s, he would have been shot.

Soviet military prepares U.S. for 'Russian Tiananmen'

by Kathleen Klenetsky

Amidst some of the worst political and economic upheavals to sweep the Soviet Union since its inception, key Soviet military figures have undertaken an extraordinary deployment to Western capitals.

During the last week in July, Soviet Defense Minister Dmitri Yazov took a surprise trip to Britain, for high-level meetings with the Thatcher government; simultaneously, Marshal Sergei Akhromeyev, the immediate past chief of the general staff and currently a top military adviser to Mikhail Gorbachov, took a ten-day swing through the United States. Two weeks earlier, General of the Army V.N. Lobov paid a little-publicized visit to West Germany. And several weeks before that, the current chief of the general staff, M.A. Moiseyev, accompanied Gorbachov to France.

According to reliable sources, the main purpose of this high-level military deployment is twofold: first, to appeal to the West for an emergency influx of foodstuffs and other consumer goods, at bargain-basement prices; second, and more important, to inform Western leaders that the Soviet military may soon have to take matters in their own hands, and act to restore internal Soviet "stability."

They are assuring their Western hosts that if such a "Russian Tiananmen" transpires, it will represent no threat to Western security interests, and that it should not be seen as an impediment to the evolving East-West condominium, but as an unavoidable step that will result in putting the "New Yalta" arrangement on a more sober and realistic footing.

Publicly, Akhromeyev and Yazov, in particular, have exerted more pressure on the West to make further concessions in the arms-control arena, threatening that both the START and Vienna conventional forces negotiations will be put on hold unless the West agrees to standing Soviet demands. Yazov held a press conference in London July 25, to put out the word that, unless British, French and other non-

U.S. troops deployed in West Germany, were included in the 275,000 troop ceiling proposed by the Bush administration, the Vienna talks would fall apart.

Akhromeyev, in the U.S. at the invitation of the House Armed Services Committee and Joint Chiefs of Staff chairman Adm. William Crowe, focused his attacks on U.S. naval forces and the SDI, while baldly lying that the Soviet Union is vastly reducing its military might.

In a virtuoso four-and-a-half-hour performance before the Armed Services Committee July 21, Akhromeyev, adorned in full military regalia, told his gullible audience that Soviet military expenditures were 50% lower than Western intelligence estimates; that Moscow was "radically reducing" the production of tanks, and that tank production "will be reduced to the tune of over 40% by the end of 1990"; and that the Soviet Union was far more interested in developing its economic, rather than military, muscle.

With the majority of committee members hanging on to his every word, Akhromeyev proceeded to blast the SDI, and to demand U.S. concessions on the issue of naval forces. Negotiations on limiting U.S. naval forces are a "major prerequisite for further improvement of Soviet-American" relations, he told the panel, adding that Moscow is regarding this refusal as a reflection of the U.S. commitment to military superiority.

Labeling the SDI a "source of danger to peace in the world," Akhromeyev told the committee: "We cannot agree to the assessments given by some of your politicians and ranking military officers of the impact of the creation of the national ABM system. . . . If the U.S. ABM system, particularly its space strike echelon, is created," he said, "the signing of a treaty cutting strategic offensive arms by 50% would become inappropriate. The arms race in strategic weapons, including new types of weapons, would become

inevitable with all the negative effects for the entire world.”

Akhromeyev also floated a new proposal—which he characterized as his own, personal idea—for holding “consultations between Soviet and American experts on the issue of possible agreements to limit or even reduce R&D work in the military field.” If such consultations had been in effect before President Reagan launched the SDI in 1983, the initiative would have been iced before it got off the drawing boards, Akhromeyev implied. He carefully skirted the issue of Soviet internal unrest and the Soviet military’s response, during questioning by committee members.

Not only did the committee give Akhromeyev a standing ovation, but just days later, the full House gave the marshal a token of its esteem by slashing the SDI budget nearly \$2 billion, the largest cut which either chamber has yet made in the program.

The broader picture

Although Akhromeyev’s appearance before the Armed Services Committee represented the public highlight of his tour, gulling U.S. congressmen with standard disinformation about the nature of the Soviet threat was just one aspect of his trip. The nature of Akhromeyev’s itinerary confirms the reading that his visit to the U.S.—along with the deployments of his fellow Soviet military colleagues to key Western European capitals—possesses much greater political significance than mere lobbying against Western weapons systems.

The pattern of deployments strongly suggests that the Soviet military is already moving into position, and is signaling Western governments that in the future, they will be in control, and it will be through them that the West will find itself carrying out economic and political, as well as military, negotiations.

Akhromeyev’s trip was unusually wide-ranging. In addition to his Hill testimony, he met with Defense Secretary Richard Cheney, attended several public and private events hosted by Admiral Crowe, addressed the National Press Club on July 28, and held a one-hour meeting with President Bush that same day, before returning to the Soviet Union on July 29.

But the marshal did not confine his activities to Washington, nor his discussions to military matters per se. Accompanied by a representative from Admiral Crowe’s staff, Akhromeyev spent several days each in California, Chicago, and New York, where he held a series of public and private discussions with influential individuals and organizations—precisely those in a position to respond to the Soviet military’s message.

In California, he was the personal guest of former Secretary of State George Shultz, who now teaches at Stanford University. As arranged by Shultz, the West Coast leg of Akhromeyev’s journey included a visit to Hewlett-Packard, the well-known defense and electronics firm; tours of various Stanford institutes, including the Linear Accelerator; and

participation in a strictly-off-the-record roundtable discussion of military doctrine sponsored by the Center for International Security and Arms Control. In Chicago, where he was hosted by the National Strategy Forum, Akhromeyev gave a joint presentation with Admiral Crowe on the “evolving nature of U.S.-U.S.S.R. military doctrine.” And in New York, he was the guest of honor at a private dinner thrown by the elite New York Council on Foreign Relations.

Perhaps the most interesting, and unusual, component of Akhromeyev’s itinerary, was the extensive meetings he held with leading U.S. businessmen and financiers. Akhromeyev met with the chairman of the Chicago Board of Trade, and also held a lengthy, private dinner with leading Chicago business executives, among them, Bob Galvin, chairman of Motorola, Jay Pritzker of Hyatt Hotels, and Richard Fanslow, chairman of Mutual Life Assurance of Pennsylvania. According to one participant, discussion centered on the prospects for U.S. investment in the Soviet Union, and specifically, joint ventures. “The marshal was very interested in finding out how the American free enterprise system works,” said the informant. “He asked penetrating questions.” Afterward, Akhromeyev told the group that he had come to the U.S. with a negative bias about American capitalism, but would leave with a very favorable impression of American businessmen. Akhromeyev also told the gathering that “you are the kind of people we want to do business with.”

Akhromeyev’s stop in New York centered on similar activities. He toured the New York Stock Exchange, and also lunched with top executives of Merrill Lynch. The Merrill Lynch event, which was personally arranged by Admiral Crowe through friends in the investment firm’s management, was devoted to explaining the “machinations of American business,” as a Merrill Lynch spokesman put it.

Times: Bail out Gorbachov

And how is the U.S. elite responding to Akhromeyev’s mission? It was hardly fortuitous that the *New York Times* chose the middle of Akhromeyev’s visit to the U.S. to run a lead editorial in July 27 editions, demanding that the U.S. come to Gorbachov’s assistance. Arguing that America has a vital stake in Gorbachov’s fate, and that if the U.S. doesn’t bail him out “hardliners” may take over, the editorial recommends a series of initiatives to help Gorbachov deal with his “staggering problems.” In addition to “nailing down treaties quickly to cut strategic arms and conventional forces in Europe and to phase out nuclear testing and production of fissionable material. . . . The United States could also suspend trade restrictions against Soviet imports, provide credits, and loosen controls on technology,” advises the *Times*. “Nor should it be unthinkable to help Mr. Gorbachov, if he wants help, to overcome the far-flung strikes that threaten his economic reforms. What would be wrong with sending food and medical supplies to these workers and miners who have been living in such misery?”

Alleged Soviet spy Felix Bloch was close to Kissinger's circles

by Herbert Quinde

The biggest spy scandal since 1947, when U.S. State Department employee Alger Hiss was accused of being a Soviet spy, is what many observers are calling the current investigation of a senior State Department official, Felix S. Bloch, who was allegedly caught red-handed providing sensitive information to the Soviet Union. An official release from the State Department has confirmed press reports that Bloch has been under investigation for some time. According to co-workers, Bloch stopped appearing in his State Department office at the end of June, and his superiors were questioned by the FBI shortly thereafter.

The media coverage of the case has been characterized by wild speculation about Bloch's alleged spy activities and an almost comical "Keystone Cops" quality to the intelligence community's and law enforcement attempts to prove their case. Some media outlets reported that Soviet authorities had been warned by U.S. officials not to interfere by attempting to contact Bloch. Despite all the hoopla, one week after the headlines exposing him appeared on July 22, Bloch has not been detained or arrested. Even though he has been under investigation for a long time and his State Department pass has been pulled, the week before he started making headlines, he participated in a seminar at the Atlantic Council, a Council on Foreign Relations front group, where he was introduced as still holding his State Department job.

In an attempt to get out from under all the media attention around his apartment in Washington, D.C., where he lived across the hall from Supreme Court Justice Sandra Day O'Connor, he moved in with his daughter, who is a resident of Chappaqua in Westchester County, New York. The gumshoes of the FBI then set up "intrusive surveillance" of Bloch at his daughter's home. White House spokesman Marlin Fitzwater joked about how the FBI surveillance team was being visibly followed by the KGB: "The first half [of the surveillance] is FBI, the second half is KGB, staff one and two. Support cars. It's great. Great scene."

ABC-TV, which has scooped all the other media on the story, could be seen trailing right behind the FBI/KGB entourage, filming the whole affair. ABC News was the first television network to report that Bloch had been filmed by a counterintelligence team three years ago, passing a briefcase to a known Soviet KGB operative. According to media re-

ports, no senior State Department officials attempted to suppress the ABC report; some were quoted as hoping the publicity would push the investigation further.

The serious side of the affair is reflected in *EIR*'s own investigation of Bloch, which suggests that he was not a "lone operator"—perhaps disgruntled at being passed over for promotions—but was part of a "mole hill" associated with former Secretary of State Henry A. Kissinger. The Kissinger connection complicates the issue of who ultimately commands Bloch's allegiance: In the perverse world of double and triple agents, U.S. counterintelligence has often found it useful to treat Soviet agents as its own assets.

"It was like a bomb going off around here," was how one State Department bureaucrat described the revelation to the *Washington Post*. Bloch is by far the highest-ranking official ever investigated for espionage in the United States. The "Hall of Infamy" heavies in U.S. espionage history, Alger Hiss, Jonathan Pollard, and John Walker, were much lower-ranking figures: Hiss, who was part of President Franklin Roosevelt's delegation to the 1945 Yalta conference, was a middle-level State Department official while the others were relatively low-ranking military personnel. U.S. officials normally emphasize that espionage is conducted by low-level employees, but the Bloch investigation is expected to shake that image profoundly.

One intelligence community source commented that Lawrence Eagleburger, the number-two man at Foggy Bottom, was "very upset" with the exposé. A spy scandal is the last thing desired by the "We love Gorbachov" faction, which is desperately trying to preserve global condominium arrangements with Communist China and the Soviet Union, two superpowers engulfed by major political and economic turmoil. Eagleburger is the former director of the Kissinger Associates consulting and influence-peddling business.

The Kissinger connection

U.S. intelligence-linked sources report that Bloch was initially assisted in his State Department career by Kissinger protégé Helmut Sonnenfeldt. During the late 1950s, Sonnenfeldt and Bloch both worked in the Intelligence and Research (I&R) division of the State Department. I&R, at the time, was known as a "major sieve for information leaks." Sonnen-

feldt was responsible for handling information about the Soviet Union at I&R. Later, in the 1970s, Sonnenfeldt was the target of a national security investigation for his suspected role as a "mole," leaking information to Israel that is believed to have gone on to the Soviets.

One report, yet to be confirmed, is that Bloch and Sonnenfeldt first met each other in Shanghai where their parents had immigrated in the late 1930s. Bloch was born in Austria into a Jewish family. In the immediate pre-World War II period, Shanghai was a refugee colony for Jews escaping the Nazi pogroms. Sonnenfeldt denies the story, but admitted that he may have met Bloch on several occasions, "in Vienna."

Bloch held a number of high-level, low-profile posts in locations which were centers of diplomatic activity associated with Henry Kissinger. His most recent posting was as deputy chief of mission (number-two man) at the U.S. embassy in Vienna, Austria. The position allowed Bloch to have an overview of all sensitive cable traffic, and a general familiarity with CIA operations run out of the embassy.

Vienna, aside from being the center of espionage traffic in Europe, is the host of the conventional weapons and short-range nuclear arms talks between East and West. Bloch would have been able to review cable traffic between European embassies and Washington, and had access to a classified, daily U.S. compendium of important intelligence information, and the department's key political reports on Moscow and its allies.

Sharp-eyed observers might recall that during the Senate hearings on the nomination of Sen. John Tower for Secretary of Defense, it was revealed that the Geneva delegation of U.S. negotiators was thoroughly compromised by Soviet-run drug and sex rings. The Bloch revelations demonstrate the level at which the Soviets are able to monitor and control the feedback from such sessions to Washington.

Previous postings of Bloch included both West and East Berlin for almost a decade, from the late 1960s through the 1970s. During this period, Berlin was a hotbed of détente diplomacy characterized by back-channel discussions over arms control leading to SALT I, and the related "Brandt-Brezhnev Accords" over the mutual recognition of East and West Germany.

A recently published book about the failures of U.S. counterintelligence, titled *Widows*, reports that the CIA obtained information indicating that during this same period, Henry Kissinger was investigated for possibly treasonous activities. Electronic surveillance had captured information indicating that Kissinger was verbally communicating information to then Soviet Ambassador Anatoly Dobrynin concerning the U.S. negotiating strategy over SALT I.

Bloch, known as a proponent of loosening controls on technology transfer to the East bloc, also served in the U.S. consulate in Düsseldorf, West Germany, and held a similar position in the U.S. embassy in Caracas, Venezuela. He

served in a trade and economic position in Singapore, and was also a Foreign Service inspector.

According to sources quoted in the *Washington Post*, Bloch was expecting to be awarded an ambassadorship to a Latin American country, or a Deputy Assistant Secretary of State position, but was instead "parked" as a director of one of 11 offices comprising the Bureau of European and Canadian Affairs.

State department sources are quoted saying that Bloch had been sent home from Vienna because he was perceived as being "too close" to the Austrian government.

The Bronfman angle

Another strange wrinkle in the affair are the charges made by the World Jewish Congress, whose most influential spokesman is the détente activist and Seagrams booze baron Edgar Bronfman. Elon Steinberg of the WJC has called on the Bush administration to investigate their charges that Bloch had been blackmailed by the Austrians to lobby for the United States to soften its international blacklisting of Austrian President Kurt Waldheim for alleged but unsubstantiated Nazi war crimes. According to a source, the WJC line is that "Bloch was the most important enemy of Israel within the State Department on the issue of putting Kurt Waldheim on a Nazi watch list. Bloch was especially close to Austrian Foreign Minister Alois Mock in this regard. One must assume, consequently, that the Austrians knew of Bloch's ties to the KGB, and used that knowledge to blackmail him for their own purposes," thereby protecting the career of Waldheim, who is believed to also have been compromised by the Soviets.

Although many say that Bloch was a "faceless bureaucrat," he did have important policy influence from his most recent position as the officer in charge of political and economic affairs in the State Department's Bureau of European and Canadian Affairs. For example, it was reported that Bloch helped prepare papers for President Bush's ill-fated Group of Seven Summit in Paris on July 14-16, where Bush was completely at odds with French President François Mitterrand.

Mitterrand's exasperation with Bush may explain the revelation on ABC's "Nightline" on July 24, that contrary to initial reports, it was not the prowess of U.S. counterintelligence that caught Bloch, but the French secret service, the SDECE. The filming of Bloch passing an attaché case to a known Soviet intelligence operative occurred in Paris, not in Vienna, Austria, as first reported. Moreover, U.S. intelligence sources indicate that Bloch was "blown" by the French SDECE leaking the story to ABC-TV.

"Mitterrand can be real mean," commented one intelligence source. "He has been provoked by the supercilious attitude of Bush and the way the Group of Seven summit went. Mitterrand probably decided to give Bush a black eye by blowing one up his pipe."

Bronfman is Lenin's 'useful idiot'

by Scott Thompson

Within two days after the story broke on July 22 about suspected Soviet mole Felix Bloch's operations in the U.S. State Department (see article, page 60), Elon Steinberg, a principal aide to Seagrams chairman Edgar Bronfman in the World Jewish Congress, told the Israeli paper *Yediot Aharonot* that the reason Bloch had reputedly been "soft" on Austrian President Kurt Waldheim was that the Austrians had discovered Bloch's treachery and were blackmailing him. Questioned about this by American reporters, Steinberg immediately withdrew the charge, only to claim additionally that the reason it had taken so long to uncover Bloch's espionage was that Alois Mock, the Austrian foreign minister, had somehow helped cover it up.

Although Mock denied this latest canard, the string of lying vituperation from Edgar Bronfman's hatchetman at the World Jewish Congress raises two issues. First, it will be recalled that the Office of Special Investigation (OSI), which placed Kurt Waldheim on a watch-list, precluding his visit to the United States based upon slim evidence of possible knowledge of war crimes "discovered" by the World Jewish Congress, had earlier negotiated agreements with the U.S.S.R. that would permit Soviet charges, Soviet KGB-fabricated evidence, and other aspects of Soviet-style "justice" to be admitted into U.S. courts. Second, Edgar Bronfman is otherwise a hypocrite on the question of the Soviet intelligence services, since he is a member of the executive committee of the board of directors of the U.S.-U.S.S.R. Trade and Economic Council (USTEC). A joint report of the State Department and CIA shows that USTEC has been extensively penetrated by Soviet espionage agents, including a lieutenant general of the KGB, who, until his recent exposure, had shared a membership on the board of USTEC with Bronfman.

Clearly, Bronfman's latest attempt to "red-bait" the Austrian government on the Bloch affair, following the OSI's decision to ban Austria's President as a favor to the Soviet Union, raises questions whether Bronfman is an accomplice to a even deeper Soviet disinformation operation than is known at present.

The best enemy money can buy

At best, Edgar Bronfman fits the category of those in the West whom Vladimir Lenin called "useful idiots." A July 14, 1989 commentary in the *Washington Post* by Bronfman called for the establishment of "normal relations" with the U.S.S.R., which would be brought about by:

- Repeal the Jackson-Vanik Amendment "to put our economic relations with the U.S.S.R. on a normal basis."
- A special trade agreement with the U.S.S.R. "so that the Soviets can actually get most favored nation tariff status."
- Repeal the Stevenson amendment, which further restricts Export-Import Bank credits and guarantees to the U.S.S.R. to \$300 million.
- Promote unrestricted lending in an "untied form" to the U.S.S.R., even though opponents of "untied lending" have elsewhere shown that these credits are used for Soviet military modernization, sustaining satrapies, Soviet intelligence operations, and Soviet-backed terrorism against U.S. personnel.
- Put greater emphasis within the Conference on Security and Cooperation in Europe on Basket II, which is "aimed at greater economic cooperation across Europe's divisions."
- Welcome the Soviets into the General Agreement on Tariffs and Trade (GATT), because "Soviet participation in the world economy could benefit us all."
- Trim the list of the Coordinating Committee on Export Controls (Cocom) so that more sensitive technology can be sold to the U.S.S.R.

Some Washington, D.C. observers noted a significant omission from Bronfman's latest "wish list." Earlier this year, during secret meetings between USTEC American co-chairman Dwayne Andreas, Morris Abrams, the outgoing chairman of the Conference of Presidents of Jewish Organizations, and others, Bronfman had insisted that the repeal of Jackson-Vanik should be linked with an agreement to the effect that Jewish refuseniks wishing to emigrate from the Soviet Union would be allowed to go to Israel, but nowhere else in the West. When news of these meetings leaked out, there was widespread outrage among prominent members of the American Jewish community, who stressed that not just Israel, but also the United States, should be seen as a "promised land" for oppressed Soviet Jewry, as well as those of other nationalities that have suffered under the boot of Soviet imperialism. Has Bronfman dropped this proviso?

Through the East-West trade deals of Bronfman's Seagrams Ltd. and affiliated E.I. du Pont de Nemours, there is no question that he stands to reap big profits. But this is not his underlying motivation. During the New Economic Policy of the 1920s, launched by the Soviets to help bail themselves out of their first "scissors crisis," Pierre du Pont of the family firm that Edgar Bronfman is today taking over, was a board member of the American International Corporation, the "crown jewel" of the Anglo-Soviet "Trust" headquartered at 120 Broadway in New York. Over a generation later, Edgar Bronfman continues in the tradition of this same Trust.

Defense begins its case: Will Henry Kissinger take the stand?

The prosecution in the New York "LaRouche" case finally rested July 26, three and one-half months after the trial started, back in April, before presiding New York Supreme Court Justice Stephen G. Crane. By contrast, the Alexandria, Virginia federal railroad that sent former presidential candidate Lyndon LaRouche and six others to federal prison last winter, took a total of three weeks, start to finish.

On the same afternoon when the New York prosecution rested, July 26, the defense opened its case as attorney Jeffrey Hoffman called to the stand as his first witness his own client, Robert Primack. Primack and co-defendants George Canning, Marielle Kronberg, and Lynne Speed—all associates of LaRouche—are charged in New York with one count of misdemeanor conspiracy and one count of scheme to defraud. At issue are loans taken on behalf of three LaRouche-associated publishing and distribution companies: New Benjamin Franklin House, Campaigner Publications, and Caucus Distributors. The prosecution claims that the loans (many of which the companies could not repay) were taken with no intention to repay, and therefore constitute acts in a scheme to defraud. The defense asserts that the loans could not be repaid because a campaign of government and related harassment against the LaRouche movement, designed to destroy the movement politically and financially, constituted overwhelming financial warfare.

Kissinger's subpoena

The drama of Primack's testimony in his own defense (as lawyers know, it is highly unusual for defendants to testify, and it is almost unheard-of for a defendant to testify first), may be matched Aug. 3, when Judge Crane is to rule on whether or not Henry Kissinger may quash a defense motion to subpoena him to the stand as a hostile witness. In a ruling which the defense considers erroneous and may re-argue, Crane has already quashed a subpoena to former New York Democratic Party chairman Lawrence Kirwin.

Both were called in support of the defense's contention that ongoing harassment overseen by, among others, Kissinger, had the effect of making it impossible for the LaRouche-related companies to stabilize financially and repay many of

the loans. Defense attorney Mayer Morganroth cited in his opening argument letters Kissinger had written in 1982 to then-FBI Director William Webster demanding an investigation into LaRouche's funding—which, the defense charges, signaled the beginning of a vast and lengthy campaign, which continues to this day, to destroy the sources of the movement's funding by destroying the ability of LaRouche movement fundraisers to raise an adequate income. Larry Kirwin's significance in the financial warfare against LaRouche, is related to the attempt by the Democratic Party nationally to crush the LaRouche movement after two candidates associated with LaRouche won a statewide Democratic primary in Illinois in 1986, and thereby became the Democratic nominees for lieutenant governor and secretary of state.

How the prosecution case came in

With almost as much "downtime" as there were trial days between April 10 and July 26, in the prosecution case New York Assistant Attorneys General Dawn Cardi and Rebecca Mullane called 25 witnesses, about 20 of whom had lent money to one of the three companies cited in the indictment. About 8 of those 20 witnesses made little sense from the prosecution standpoint, however: As became clear during cross-examination, they had been repaid either in whole or substantial part, or had forgiven or extended their loans, or had never made a loan.

The other category of prosecution witness was the one Cardi and Mullane referred to as "insiders"—former members of the LaRouche movement who had turned against their former associates in order to avoid prosecution themselves. "Insiders," the prosecution called them—but the standard slang for such people is more descriptive.

Minutes into the testimony of the first prosecution witness (Basil Hwochinsky, who testified on May 4), it had already become clear that the prosecution assertion in opening statements that "this case is not about politics," was nonsense. Throughout the prosecution's case, witness after witness testified to having known that the companies in question were political, not "business entities," that the LaRouche movement and its associated companies were in a perpetual cash

crisis, in many cases unable to pay rent or even phone bills, and that the LaRouche movement was the target of government harassment and financial warfare. Prosecution witnesses have testified that they were aware of these facts *before* they made their loans, and that, in many cases, they had made second and third loans even when the interest was not being paid in a timely fashion on their first loans.

In other words, the prosecution's "this isn't politics" claim, and the related claim that lenders were not told of the "risks" of lending to these companies, seem to have been clobbered by many of the prosecution's own witnesses. On July 25, the last full day of the prosecution's case, witness Peter Rogers (the former chairman and chief executive officer of RJR Nabisco) testified about the loans he had made to Caucus Distributors, and conceded that, in his initial interview with the New York Attorney General's office, he had told them that CDI was set up because other "LaRouche entities had been hounded out of existence." He said that he had lent his money because the New York/New Jersey regional office of the LaRouche movement couldn't afford to pay its rent, and also conceded, on cross-examination, that *two years after the due date on his loan*, he was still donating money.

All that, and much, much more to the same effect, came in through the prosecution's own witnesses.

Primack takes the stand

In roughly two days of testimony at the opening of the defense case, Robert Primack began to tell the defense story—interrupted, at first, at almost every breath by a hypersensitive Dawn Cardi crying, "Object! Object, Your Honor."

As Primack began to speak, explaining why he had joined the LaRouche movement back in 1971, Cardi snarled, "Objection." She didn't want to hear a word about politics. But a number of jurors looked disgusted at her objection; prosecution witnesses have been talking for months, and they wanted to hear what Primack had to say.

Just after Primack, in describing a specific phone call he had made to a potential lender, revealed that the Ku Klux Klan had once burned a cross outside the Baltimore office of the LaRouche movement—in retaliation for some of Primack's own political activities—Cardi screamed, "Objection"; Judge Crane snapped, "Sustained and stricken," and the jury was excused for the day.

Next day, in finishing his direct testimony, Primack explained that he had thought, as a member of the LaRouche movement and a fundraiser, that loans could in fact be paid back, not simply if the organizations involved raised more contributions and sold more subscriptions, but especially if the movement was able to achieve significant political breakthroughs—through LaRouche's presidential campaign of 1984 and through the multi-candidate slates the movement recruited and ran. That kind of breakthrough, he thought, was the basis for putting the LaRouche movement and associated organizations on a far more stable financial footing, as

part of an overall political breakout.

He described his own excitement when LaRouche candidates did indeed win the March 1986 Illinois Democratic Party primary—and what an unwelcome and unexpected surprise it was, to find that that victory brought a flood of hostile press coverage, and, rather than a political breakthrough, a collapse in the ability of any LaRouche-related organization to raise money.

Prosecutor a little too nasty

Assistant Attorney General Mullane began her cross-examination of Primack with an overtly hostile demeanor. She inquired into Primack's conversations and dealings with particular lenders who, the prosecutors claimed, were not repaid. In many instances, Primack testified that these lenders had forgiven their loans, accepted payments in kind, or been paid back some or all of their money.

Primack frankly attested to the financial condition of the LaRouche movement—often unable to pay rent, utility, phone bills, or its members' basic needs. And, he said, this financial instability was communicated to prospective lenders. In fact, supporters were asked to make contributions or loans to do their part in trying to deal with that financial instability. He described the efforts he had made to reduce the degree to which the LaRouche movement depended on loans, and efforts to repay outstanding loans more rapidly. And, on redirect examination by his own attorney, Jeff Hoffman, he explained why that had become impossible.

In contrast to Mullane's repeated, sarcastic question—"And you didn't care, did you, Mr. Primack, that that lender wasn't repaid?"—Hoffman asked Primack to describe how he actually had felt about the fact that the loans couldn't be repaid. After a long pause, Primack replied, his voice trembling, "I feel torn up about it. Still, to this day. I am—I was—I am—very upset."

He described what had happened to the LaRouche movement that had rendered repayment of the loans impossible. Among those events: the October 1986 raid in Leesburg, Virginia on the offices of LaRouche-related companies, in which 400 federal and state agents seized all relevant financial and loan records. He described the April 1987 involuntary bankruptcy the U.S. government imposed on Campaigner and CDI, among other LaRouche-related companies, sealing company offices not just in Leesburg, but in many places. Primack described his own experience on April 21, 1987, when his own records were seized by federal marshals in New Jersey, and explained that the government-imposed bankruptcy means that now, legally, loans to Campaigner and CDI *may not* be repaid. These lenders were people who shared our goals, said Primack. They were our supporters, our friends. And, he said, to this day he finds very painful the fact that those supporters of the LaRouche movement were penalized by the government, for their financial support of that movement.

Book Review

U.S.A. v. Lyndon LaRouche: anatomy of a political frameup

by Gabriele Liebig

The U.S.A. vs. Lyndon LaRouche, et al.: Railroad!

compiled and edited by Edward Spannaus
Commission to Investigate Human Rights
Violations, Washington, D.C., 1989
623 pages (with index), illus. paperback, \$10
suggested contribution.

This book, issued in early July, is unprecedented in the history of jurisprudence. Titled *Railroad!* it documents the shocking travesty of justice in the trial against Lyndon LaRouche and his associates Edward Spannaus, William Wertz, Michael Billington, Dennis Small, Paul Greenberg, and Joyce Rubinstein, presided over by Judge Albert V. Bryan in federal court Alexandria, Virginia. Following LaRouche's conviction, Judge Bryan openly boasted about his successful effort to put the accused behind bars in record time, saying, "At least I should get a cigar."

Judge Bryan was assigned the inglorious task of "finally accomplish[ing] what a federal government 'Get LaRouche' Strike Force had been attempting to do since 1983," according to the brief description on the book's back cover. "That task force swung into motion using the resources of the FBI, CIA, IRS, and private agencies, at the instigation of Henry Kissinger, who bragged in the summer of 1984 that 'we'll take care of LaRouche after the elections.'" The first federal case against LaRouche and his associates, held in Boston before Federal Judge Robert Keeton, backfired on the government. A mistrial was declared, and the jury said they would have acquitted everyone on *all* charges. But in Alexandria federal court, the 'rocket docket' did the job. Judge Bryan hand-picked the jury in less than two hours, excluded all evidence of government harassment, and rushed the defense so ruthlessly that convictions were brought in on all counts in less than two months from the indictment. LaRouche was sent to jail for 15 years, on Jan. 27, 1989, a

political prisoner. The conviction and imprisonment have provoked protests of outrage from around the world. In this book, you'll see why," the blurb says.

The German professor of constitutional law Friedrich August von der Heydte has compared the LaRouche case to the Dreyfus Affair—the case of the French military officer of Jewish origin who, at the end of the 19th century, was unjustly accused and sentenced for acting as a German spy, in a trial which trampled justice and law underfoot. Only 10 years later, was a new trial held which led to Dreyfus's full exoneration. And just as during that time, it was Emile Zola's polemical dissertation *J'accuse!* which drew the public's attention to the Dreyfus case in order to help the cause of justice, so today, *Railroad!* put out by the Paris-based Commission to Investigate Human Rights Violations, aims to open the eyes of the American and international public about how the constitutional state was dragged through the mud at the courthouse in Alexandria. With 50,000 copies already printed and more to come, it is already getting wide circulation among members of the legal profession and public representatives on all levels.

"The proceedings at Judge Bryan's court are a national disgrace," said one Baltimore lawyer. Trade union representatives and black politicians related the book's recounting of gross violations of civil rights to their own situations, with the typical reaction, "The government is giving us the same treatment as you're getting."

Even those readers who are already somewhat familiar with the LaRouche case, will be shocked anew by the systematically documented compilation of the most blatant violations of the U.S. Constitution, of fundamental principles of international law, and of the rules of due process.

A major part of the book is taken up by the appeal brief which LaRouche and his six associates filed on May 25, 1989, along with eight supporting *amici curiae* (friends of the court) briefs, which were submitted at the same time by highly respected legal professionals in the United States and Western Europe. In his own appeal, LaRouche is represented

by his long-time attorney Odin Anderson, and by former U.S. Attorney General Ramsey Clark.

Clark summarized his main arguments recently in a statement to the press: "The U.S. government has engaged in flagrant constitutional violations to convict and confine Lyndon H. LaRouche Jr. whom they perceive as a political enemy." The fundamental constitutional rights of LaRouche and his associates to a fair trial and to an effective defense, Clark stated, were violated: 1) by the court's rush to trial; 2) by "prohibiting them from introducing admittedly relevant evidence concerning the role of the government and others in waging financial warfare against LaRouche and his political organizations"; 3) "by denying the defense the ability to conduct a meaningfully probing selection of jury (*voir dire*)"; 4) by a preceding smear campaign by the news media; 5) by the imposition on LaRouche of an "impermissibly harsh" 15-year sentence; and 6) by the fact that the case itself is "an outgrowth of a many-year program of a national multi-agency to 'get LaRouche.'"

One of the *amici curiae* briefs in support of the appeal was originally signed by 144 U.S. attorneys and public officials, and we hear that since the book's publication and the brief's acceptance by the Appeals Court, that list has been growing longer with each passing week. The *Washington Post* reported on July 17 that William P. Robinson, a delegate in the Virginia House of Representatives, has attached his signature to another *amicus* brief, because he is convinced that Judge Bryan denied LaRouche his right to an impartial jury and an adequate defense. Virginia Delegate Roland D. Ealey has also stated his intention to sign the brief. "I've been in civil rights all my life," Ealey told the *Post*, "and you mess with the jury system and I'm concerned."

A series of highly interesting and readable *amici curiae* briefs were filed from Europe by Prof.-Dr. Dr. Albert Bleckmann, director of the Institute for Civil Law and Political Science at the University of Münster, West Germany; Dr. Hans Richard Klecatsky, lecturer on constitutional law and policy at Innsbruck University and former justice minister of Austria; the Swedish human rights lawyer Lennart Hane; and both attorneys at the Paris (France) Court of Appeals, Jacques Stul and Jean-Marc Varaut.

A clear-cut scandal

The second chapter deals with the involuntary bankruptcy proceedings against three LaRouche-associated organizations, which led to the shutting down of the weekly newspaper *New Solidarity* in 1987. This was the take-off point for the political frame-up trial in Alexandria. The government carried out investigations of the organizations' finances, orchestrated a multimillion-dollar contempt fine against them for supposedly refusing to hand over documents (which had already in fact been handed over!), and then used the organizations' inability to pay those fines as an excuse to drive them into involuntary bankruptcy. According to law, an in-

voluntary bankruptcy proceeding must be begun at the instigation of at least three creditors; but here, the government was the *sole* creditor, and had become so exclusively by means of imposing the contempt fines!

But it doesn't end there. The judge who on July 15, 1987 upheld the involuntary bankruptcy order of April 20, 1987, was the same Judge Bryan, who later, in an *in limine* pretrial proceeding in the Alexandria case, forbade the defendants from bringing this government-imposed involuntary bankruptcy into evidence in the trial—even though this was the prime reason why in 1987 and 1988 the bankrupted firms were no longer able to repay loans which were the substance of the charges against the LaRouche Seven!

Judge Bryan's outrageous infringement of the defendants' rights during the pretrial proceedings is the subject of the third chapter. He rejected all 20 of the defendants' motions to bring material into the trial which was exculpatory for the defendants and which would incriminate the prosecution, including information on government dirty tricks, infiltration attempts, financial warfare, etc. Bryan accepted the U.S. Attorney's request to exclude from the trial any mention of government operations against the accused.

These rulings, on top of the way in which the jury was selected in less than two hours without the defense being given any opportunity to individually interview the potential jurors, excluded any possibility of a fair trial from the very outset. The jury itself was packed with government employees, and only afterwards was it discovered that the jury foreman, one Buster Horton, is not only a high-ranking official in the U.S. Department of Agriculture, but that he is that body's liaison to the FBI and the intelligence services, and that he, along with Oliver North and the FBI's Oliver "Buck" Revell, belonged to a 100-man elite task force whose assignment was to take over the operations of the U.S. government in the event of a national emergency. North and Revell were also members of the "Get LaRouche" strike force.

Chapters four through six document the most important testimony of the prosecution and the defendants in the trial proceedings, the sentencing, and the subsequent bond negotiations, in which all defendants were denied bond pending appeal on the grounds that their political activities on behalf of the War on Drugs and other issues of strategic urgency, make them a continuing "threat to the community."

One of the appendices makes an additional revelation about John Markham, who was the government's prosecuting attorney in the first trial against LaRouche and his associates in Boston, and who joined as a co-prosecutor in Alexandria after a mistrial was declared in Boston. It so happens that from 1974 to 1980, Markham was a lay member of a Satanic sect called the Process Church of the Final Judgment, and had been their legal counsel. The mass murderers Charles Manson and the "Son of Sam" killer in New York City, David Berkowitz, both were members of the Process Church network around the time they committed the murders.

200 more lawyers back LaRouche's appeal

Baltimore attorney R. David Pembroke on July 27 took the unprecedented step of requesting the Fourth Circuit Court of Appeals in Richmond, Virginia to accept a supplement to the mass amicus curiae (friend of the court) brief which he had filed in support of the appeal of Lyndon LaRouche and his six associates. With his request, Pembroke submitted the names of nearly 250 additional attorneys who have signed the amicus brief.

LaRouche, Will Wertz, Ed Spannaus, Michael Billington, Dennis Small, Paul Greenberg, and Joyce Rubinstein were convicted of conspiracy and fraud, solely for failure to repay political loans, in a blitzkrieg trial last fall. Their appeal is currently pending before the Fourth Circuit Court of Appeals. All seven are currently being held in federal prisons, in Minnesota, Virginia, West Virginia, and Pennsylvania.

Fair trial in jeopardy

When initially filed on May 25, the Pembroke amicus brief had been signed by 144 attorneys from around the United States. These attorneys joined with Pembroke in asserting that "if these convictions are allowed to stand, no defendant in the Eastern District of Virginia or any other district in the Fourth Circuit can be assured of a fair trial—especially a defendant, who as a public figure engaged in political life of the nation, is the subject of considerable controversy and adverse pre-trial publicity."

Thus, by now nearly 400 prominent U.S. attorneys have sent a message to the government, and the Fourth Circuit, that they consider the LaRouche appeal to be a crucial test as to whether constitutional guarantees are going to be upheld or not. As the brief argues, "such a precedent [upholding the LaRouche conviction] would be a potential threat to the rights of any accused anywhere in the United States and would represent a dangerous erosion of the fundamental rights guaranteed by our Constitution and Bill of Rights."

Meanwhile Richmond was rocked in early July, when the news came out that Delegate William Robinson had filed his own amicus curiae brief in connection with the federal appeal for LaRouche and his six codefendants. The brief by attorney Robinson, a black Democratic member of the Virginia state legislature, was accepted by the Fourth Circuit Court of Ap-

peals in Richmond July 5, over the objection of federal prosecutor Kent Robinson, who also attempted to prevent the Fourth Circuit from formally accepting the Pembroke brief.

The news of Delegate Robinson's brief shocked political opponents of LaRouche in the media, such as the *Washington Post*, into covering the appeal they have otherwise blacked out. The state Democratic Party leadership, especially Attorney General Mary Sue Terry, has bragged about its role in the political prosecutions of LaRouche and his associates.

Mr. Robinson, who is running unopposed for his fifth term in the legislature, told the *Post* that he had taken this action as a lawyer concerned with constitutional rights, not as a politician.

"I don't identify with, endorse or otherwise agree with LaRouche, but I think he's entitled to the same guarantees as any other defendant," Robinson told the *Post*. When asked if he feared political repercussions against him, Robinson said he didn't, but "I'm a lawyer first and need to be able to express myself."

Delegate Robinson's amicus brief is the first to elaborate the atrocity represented by Judge Albert V. Bryan's granting of the government's *in limine* motion, which deprived the defendants of the right to raise the issue of systematic financial warfare and the government's role as the sole initiator of the involuntary bankruptcy proceedings against the three corporations which had incurred the loans in question at the trial.

New signers

Especially following the publication of 50,000 copies of the book *Railroad!* which documents the constitutional violations in the LaRouche case, the perception is growing that the government was out to "get" LaRouche and his movement, and that this is part of a more general trend toward "police-state justice" in the federal courts.

Among the new signers of the Pembroke brief are one dozen professors of constitutional and international law from some of the nation's most prestigious law schools. Additionally, the brief was signed by the presidents of seven regional Bar Associations, two minority Bar Associations, the director of the California Young Lawyers Association, two presidents of state chapters of the American Trial Lawyers Association, and two presidents of state chapters of the National Association of Criminal Defense Lawyers.

Putting their names on the brief as well were a past president of the California Attorneys for Criminal Justice, a former congressional representative, the former counsel to the late Gov. Averell Harriman, two county Democratic Party chairmen, and civil rights attorneys from organizations including the ACLU, Common Cause, the NAACP, and the National Council of Public Auditors.

So far, no date has been set for the LaRouche appeal. In the meantime, the six accused who had remained at the Alexandria Detention Center to prepare their joint appeal, have all been moved to federal prison facilities.

Drought relief bill passes by narrow margin

The Senate Agriculture Committee voted 10-9 along party lines on July 25 to approve a measure authorizing \$955 million to compensate farmers of more than 500 different crops for drought and other weather-related damage.

The Senate bill is similar to the House version, but offers an estimated \$300 million less in aid.

Committee chairman and sponsor of the bill, Sen. Patrick Leahy (D-Vt.), said the lower funding level was set to meet budget limitations imposed by President Bush, who earlier indicated that he would veto the more expensive House version. The Senate version of the bill reduces benefits and sets tougher eligibility standards.

House slashes SDI program

The House dealt a major blow to the already seriously underfunded Strategic Defense Initiative on July 25, slashing proposed spending by more than one-third in a 248-175 vote.

The proposed funding level would reduce the administration's \$4.9 billion request for SDI research to \$3.1 billion, which is \$700 million more than the \$1.1 billion cut recommended by the House Armed Services Committee. This is the largest proposed cut in percentage terms since President Reagan called for building the system in 1983.

An amendment sponsored by Rep. Ron Dellums (D-Calif.) which would have limited SDI funding to a mere \$1.3 billion, to be used only for basic research programs, gathered serious support. Dellums had bent over backwards to give support to Soviet Mar-

shal Sergei Akhromeyev's attacks on the U.S. missile defense system when Akhromeyev testified before the House Armed Services Committee a week earlier. Rep. Joel Hefley (R-Colo.) said during the battle on the House floor that he had been told that Gorbachov, keenly interested in eliminating the SDI, had argued with President Reagan, "All we want is what your own Congress wants with SDI."

The House then appropriated \$150 million of the money cut from the SDI for more helicopters, artillery rockets, and Army ammunition, and \$300 million for cleanup of nuclear defense facilities.

The House also backed an effort led by House Armed Services Committee chairman Rep. Les Aspin (D-Wisc.) to slow the B-2 Stealth bomber program. Aspin, who had invited Akhromeyev before the committee, told the Pentagon to "prune it or park it." The House put three conditions on the Pentagon if it wishes to continue to buy the \$520 million aircraft: cheaper construction costs, certification that the radar-evading plane meets test goals, and demonstration of a "high probability" of penetrating the well-defended Soviet airspace. The House bill authorizes four new bombers in the next two years if the Pentagon meets these requirements.

On July 25, the Senate approved the administration's request for eight bombers in an overwhelming 98-1 vote, but also required that the plane first achieve test goals.

Newt Gingrich now the target of ethics probe

Rep. Newt Gingrich (R-Ga.), who initiated the ethics probe which led to the downfall of House Speaker Jim Wright, is the target of a probe by the

House Committee on Standards of Official Conduct into year-end temporary salary boosts which he gave to members of his staff in 1988. The staffers had taken a month-long leave to work in his reelection campaign in Georgia.

The committee has also been asked to investigate an unusual limited partnership that Gingrich established to promote a book he wrote with his wife and a third person.

Gingrich said on July 25 that the year-end raises, most of which disappeared from staff paychecks in January or February, were merely an effort to reward a mostly young and low-paid staff with extra funds that would be lost by his office if he did not use them. "It's fairly common practice if you have more money at the end of the year," said Gingrich.

House rules, however, prohibit use of official funds for campaign work, although staffers are free to campaign in their spare time if they also put in a full week's work on congressional business. Rep. Bill Alexander (D-Ark.) said the problem was not with year-end bonuses as such, but in giving them to workers who had recently returned from a campaign.

Panel votes delay in closing military bases

The House Appropriations Committee bucked heavy pressure and voted on July 26 to delay closing 11 of the 86 military bases slated to be closed, pending study of the actual savings to be expected.

The amendment, part of an \$8.7 billion 1990 Military Construction Appropriations bill, is seen as an attempt by congressmen to slow the closing down of military bases in their home districts. The House had voted

overwhelmingly in April to close 86 bases and reorganize more than 50 others, but the expected budget savings were not to be found. Many congressmen are not opposed to closing bases, just those in their own districts.

The 11 bases under study include George, Mather, and Norton Air Force Bases in California, Hunter's Point Naval Station and the Presidio in California, Fort Sheridan and Chanute Air Force Base in Illinois, Jefferson Proving Ground in Indiana, Lexington Depot in Kentucky, Pease Air Force Base in New Hampshire, and Fort Dix in New Jersey. Four other bases, including Fort Meade and Fort Holabird in Maryland, are also included in the study and would be covered by the amendment.

Conferes wrangle over S&Ls package

Congressional conferees considering the savings and loan bailout package still face a major hurdle in deciding whether the cost of the bailout should be put on budget. They have, however, reached a consensus on a number of differences between the House and Senate versions of the bill.

On July 26, senators finally agreed to the House position of stopping thrifts from holding any high-yielding junk bonds, when the conferees voted to require S&Ls to sell their \$14 billion in high-yield junk bonds. Junk bond issuers had argued that the generous yields more than compensated for the risks, although it was obvious that the deregulation of the S&Ls forced them into similar high-risk real estate investments, which accelerated the collapse of the industry.

House members yielded to the Senate position on regulation of the S&Ls, agreeing that the state-char-

tered thrifts would be supervised by a new agency within the Treasury Department that would take over the functions of the Federal Home Loan Bank Board. The House had wanted responsibility for state thrifts transferred to the Federal Deposit Insurance Corporation, which insures deposits at commercial banks.

Conferees also agreed that FHLBB chairman M. Danny Wall should not be required to be renominated or reconfirmed to head the new agency.

Space Station Freedom protected in House vote

The House rejected on July 20 an amendment by Rep. Charles Schumer (D-N.Y.) which would have effectively killed Space Station Freedom, one of the few NASA programs to receive adequate funding by the House.

Schumer proposed transferring \$714 million from the space station to medical care, pollution control and research, and a variety of other projects. The House voted 291-125 to kill the amendment.

Helms seeks to counter Soviet embassy espionage

Sen. Jesse Helms (R-N.C.) has introduced an amendment which seeks to limit Soviet capabilities to bug a future U.S. embassy in Moscow, and would require countermeasures against Soviet espionage conducted out of their proposed new Mount Alto embassy in Washington, D.C.

The Mount Alto embassy, largely built, is located at one of the highest points in Washington and would give the Soviets excellent possibilities for using electronic surveillance against

almost any point in the city.

The amendment calls for the United States not to move into the heavily bugged Moscow embassy compound, and not to allow the Soviets the facilities granted them by the State Department on Mount Alto, until the United States has a new and secure facility to use in Moscow.

No more tax dollars for pornography

An amendment that would prevent the National Endowment for the Arts from using tax dollars to support pornography, introduced by Sen. Jesse Helms (R-N.C.), was attached to the Appropriations bill which passed the Senate on July 27.

Helms offered his amendment following controversy over an NEA-funded exhibition which was to be held at the Corcoran Gallery of Art by two homosexual photographers, Robert Maplethorpe and Andres Serrano. The exhibit included a number of images depicting sado-masochist and homoerotic acts. A Serrano photograph of a crucifix submerged in a container of urine was included in a traveling exhibit organized by an NEA-funded group, which also gave Serrano a \$15,000 grant.

The amendment bars funds for "obscene or indecent materials, including, but not limited to depictions of sado-masochism, homo-eroticism, the exploitation of children, or individuals engaged in sex; or material which denigrates the objects or beliefs of the adherents of a particular religion or non-religion; or material which denigrates, debases, or reviles a person, group, or class of citizens on the basis of race, creed, sex, handicap, age, or national origin."

National News

Quayle attacks budget cuts in space program

Vice President and chairman of the National Space Council Dan Quayle took issue with the budget cuts in the space program in remarks with reporters on July 24, according to the *Washington Times*.

"Every time they get in a budget crunch up there they reconfigure the space station and make it smaller," Quayle said, and reducing the size of Space Station Freedom will reduce its usefulness. "We've got to stop nickel and diming the thing to death."

According to the *Times*, Quayle also stated that the Space Council will fill in the timetable of missions announced by President Bush on July 20, later this year.

Scientists knock holes in 'ozone layer' theory

A paper written by two scientists from the Institute of Atmospheric Sciences at Oregon Graduate Center, M.A.K. Khalil and R.A. Rasmussen, and published in the July issue of the *Journal of Geophysical Research*, states that most chlorofluorocarbons are absorbed by soils before entering into the stratosphere. The study demolishes arguments that all CFCs rise to the stratosphere and deplete the ozone layer.

"We have shown that soils remove man-made chlorocarbons. Whether the soils act as passive reservoirs or chemically convert the chlorocarbons to other compounds cannot be determined from these experiments," they concluded. "If the rate of removal of these gases was the same all over the world as in our experiments, every year soils would remove about half of the [carbon tetrachloride] compared to all other processes, about 15% of the CFC-11 and 5% of . . . CFC-12."

Environmentalists have been arguing that CFCs sinks do not exist on Earth, and therefore, after five years, CFCs will inevitably rise to the stratosphere, something which has never been observed, and will gobble up the ozone layer.

Los Angeles councilmen seek break with China

Councilmen Nate Holden and John Ferraro have introduced a motion into the Los Angeles City Council to end its sister city affiliation with the Red Chinese city of Guangzhou (Canton) until that city "openly declare[s] opposition to the violent tactics which are being perpetrated on the pro-democracy demonstrators by the military . . . and the reinstatement of human rights and a commitment to democracy in China."

"The recent acts of brutality on the part of the Chinese government against its own people have shocked the entire world. . . . The City of Los Angeles cannot stand idly by in the face of such inhuman behavior. We have to let the world know that we oppose such action and that we do not want to be associated in any way with the inhuman actions of the Chinese government," the resolution read.

Gov. Richard Celeste of Ohio has similarly canceled P.R.C. participation in the Ohio state fair, where, in past years, the Chinese have had a high profile.

DoJ readies RICO suit against Longshorem

The U. S. Department of Justice is preparing action under the RICO or organized crime statutes against the International Longshoremens' Association, in a repeat performance of former New York U.S. Attorney Rudolph Giuliani's witchhunt against the Teamsters union.

The government will ask for a court-appointed trustee to run the 90,000-member union, which gained the enmity of pro-Soviet factions in the government by refusing to ship grain to the Soviet Union in 1979-80, after the Soviet invasion of Afghanistan.

The suit will allege that certain ILA leaders are under the "influence of organized crime." The ILA is the second of four unions named in the 1985 report of the President's Commission on Organized Crime.

The DoJ is hurriedly manufacturing its case before November to beat the 10-year statute of limitations deadline under the RICO law, so that it can use as evidence of racketeering the case of ILA leader Anthony Scotto, who was convicted in November 1979 on racketeering and payoffs charges. The DoJ needs two such cases, and the second is a 1988 conviction of Donald Carson, a high union official, on extortion charges.

LaRouche urges repeal of the death penalty

Lyndon LaRouche, Jr., candidate for U.S. Congress in the 10th Congressional District of Virginia, issued a statement on July 23 entitled "Repeal the Death Penalty."

LaRouche declared, "What I have heard and seen in the recent days about the U.S. Supreme Court's decision to permit executions of minors and the mentally retarded, and of the drawn-out execution of the mentally retarded prisoner Ronnie Dunkins in Alabama, leads me once more to reemphasize what I have always believed: that the death penalty is essentially a ritual human sacrifice performed in the name of law. I believe that no state has the right to execute criminals, as horrendous as their crimes may be. As I have stated many times, a state in the Judeo-Christian tradition is justified in issuing the death penalty only during times of war, and in cases of high treason under conditions of national emergency."

LaRouche's statement contrasted sharply with the attitude of President Bush. When questioned by *EIR* on July 20, White House spokesman Marlin Fitzwater reluctantly conceded that the "White House does not feel any legislative or other action is called for" in response to the death penalty rulings.

Former CIA official hits Kissinger policy

Ray Cline, a former CIA deputy director and often a fellow-traveler of Henry Kissinger and Zbigniew Brzezinski, attacks the policy

outlook of "K and B" in a July 25 commentary in the *Washington Times*.

"It is remarkable," writes Cline, "how much the persuasive but flawed strategic agendas of Henry Kissinger (K) and Zbigniew Brzezinski (B) continue to awe political and journalistic opinion-mongers in Washington. . . ."

"Yet neither K nor B have a track record that merits their credibility in Washington's constricted circle of intellectuals. . . . Their persistent search for peaceful coexistence with Moscow and Beijing is not the right strategy for the Bush administration. . . . It is not safe to rely on a cozy cooperative link with Mr. Gorbachov or a friendly reconciliation with the high-handed Deng Xiaoping clique. There are other more likely scenarios to be reckoned with, such as a remilitarized and more dictatorial Soviet Communist Party leadership coming to power after a disorderly period of failing *perestroika*, or a mutually supportive Sino-Soviet rapport."

Cline adds, "The primary objective is . . . to prevent the domination of the Eurasian land mass by the Soviet Union, or any other hostile power or coalition of powers. . . . It is certainly no time to resurrect the failed policies of the 1970s."

LaRouche transferred to Minnesota prison

Lyndon LaRouche's arrival at the federal prison in Rochester, Minnesota received extensive coverage in the regional press. Since his sentencing to a 15-year prison term on concocted charges of fraud and conspiracy on Jan. 27, LaRouche had been imprisoned in Alexandria, Virginia.

On July 26, the ABC-TV affiliate in Austin, Minn. ran portions of a televised interview with LaRouche as the lead item on its local news broadcast. It quoted him saying that the Soviet Union is his number-one enemy, and that he is in jail because he was framed up, for having upset some powerful political enemies, like Henry Kissinger and Leo Cherne, both members of the President's Foreign Intelligence Advisory Board.

The *Rochester Post-Bulletin* reported on

LaRouche's arrival in Rochester on July 18, his previous presidential campaigns, and his candidacy for Congress to represent Virginia's 10th Congressional District.

The paper quoted LaRouche's lawyer Odin Anderson saying that the candidate is now at the Rochester prison because he is being given medical treatment for cataracts.

"Anderson said reports that LaRouche has exhausted his appeals of his conviction are also incorrect. He has an appeal still pending before the U.S. Fourth Circuit Court of Appeals in Richmond, Va.

"The appeal could be heard later this summer, Anderson said. Motions and briefs are still being filed, said an appeals court clerk," the paper reports.

Pugwash 'one worlders' meet in Massachusetts

Some 250 leading policymakers attended the annual Pugwash Conference in Cambridge, Massachusetts July 23-28, on the theme, "Building Global Security through Cooperation." The Pugwash Conference, founded by the late Lord Bertrand "Dirtie Bertie" Russell, is a principal conduit for back-channel arms control and crisis management negotiations between the Western powers and the Soviet Union.

According to one senior North American attendee at the conference, plans to reach superpower deals to achieve a "new model of increased partnership" are being blocked by the internal crises in the Soviet Union and China. "The internal problems are so all-absorbing that, until they can get things under control, they are not free to give their full attention to the kinds of partnership Gorbachov talked about in his December 1988 speech before the United Nations. Unless they feel they can get some help with dealing with their economic problems, they cannot contribute to the global partnership."

He said that the West should mount a big program of sending consumer goods to the U.S.S.R. to help Gorbachov overcome his difficulties, labeling this a "new version of Lend Lease, as was done during World War II toward Britain."

Briefly

● **STEVE RUBELL**, impresario of New York's Studio 54 and buddy of the late Roy Cohn, died on July 24 at the age of 45, of "liver disease." The *New York Daily News* described Studio 54 as "the throbbing, strobe-lit playroom of the world's most 'in' celebrities and other beautiful people," and quoted a friend of Rubell, "Everyone will say it was AIDS but it wasn't. It was just those years of excess."

● **ANTI-SATANISM** legislation which increases the penalties for child abuse when the offense occurs during a ritual, was passed by both the House and Senate in Texas on July 18.

● **THE UNITED Mine Workers** were fined an additional \$4.5 million for violating court injunctions in their strike in Virginia against the Pittston coal company. They had previously been fined \$3 million.

● **THE NEW YORK TIMES** on July 27 headlined its lead editorial, "America's Stake in Gorbachov's Fate," and called for the West to prop up Gorbachov in the face of the threat of a neo-Stalinist revival, by "nailing down treaties quickly to cut strategic arms and conventional forces in Europe," suspending trade restrictions, and providing credits.

● **FORMER ASTRONAUT** Harrison Schmitt, former senator from New Mexico, is working on a plan for American industry to become involved in mining fusion fuel helium-3 on the Moon. Schmitt and scientists from the University of Wisconsin have prepared a paper on how this could be done.

● **U.S.-MADE JETS** transported the troops that massacred the Chinese students at Tiananmen Square, according to the State Department. Similar jets were recently exempted from sanctions by the Bush administration, which describes them as "essentially a commercial plane."

Editorial

The SDI and the Soviets

For a full year before President Reagan announced—on March 23, 1983—the policy which became known under the rubric, Strategic Defense Initiative (SDI), Lyndon LaRouche and his associates were campaigning internationally on the urgent necessity of his taking such a step. There were several reasons for this, not least that the Soviets themselves were involved in a crash effort to develop such a program.

When it was first enunciated, President Reagan's SDI called for a multi-layered defensive shield. Over time this concept has been watered down, particularly as concessions have been made, on the one side, to the Danny Graham High Frontier crowd, who demanded that the program be developed on the basis of off-the-shelf technology; and on the other, to the Congress, which has refused to fund the program at any adequate level.

As proposed by LaRouche and also by Dr. Edward Teller, then an important adviser to the President, the SDI would have been developed instead on the basis of the most advanced physical principles, primarily those based upon laser and associated technologies.

Had we had from 1983 on, the kind of high technology-vectored, crash development of the SDI which LaRouche proposed, we would already be benefiting from spinoffs to the civilian economy in a way comparable to the benefits which accrued from national investment in research and development for the Apollo program. Unfortunately, this was not the case, and the United States has begun to lag technologically—and in productivity—behind its allies.

LaRouche had made a proposal which was incorporated into President Reagan's original initiative, that the United States freely share developed SDI technology with the Soviets, so that there would be no basis for them to fear a U.S. pre-emptive nuclear first strike. This offer, of course, was summarily rejected by the Soviets.

They activated every device in their repertoire, every agent of influence whom they could control to paralyze the U.S. initiative—while diligently pursuing their own advantage in the development and deployment of anti-ballistic missiles. To date, they are well in advance of

the United States and the Western alliance as a whole in the development of radio frequency weapons. More to the point, they are restructuring their armed forces to incorporate at every level, a war-fighting capability based upon the most advanced of the new physical principles first developed in connection with a defensive ABM shield.

There was an additional aspect of the LaRouche proposal which has ironically been borne out. LaRouche pointed to the fact that a crash development of the SDI was precisely the shot in the arm needed by the U.S. economy. Despite the erosion which even in 1982 afflicted the U.S. industrial base, the proliferation of laser-based technologies, and even the anticipation of this, along with the stimulus to the aerospace industry of increased demands for lift capacity, would do the job.

A similar expenditure by the Soviets would be much more of a tax upon their economy because of the cultural backwardness of Russia, which would constrict the extent to which their civilian economy could assimilate a cascade of new technologies. LaRouche made a more general observation, that the enormous Soviet military buildup which was being hidden under the pretext of *glasnost* and *perestroika* would pose such a burden on their economy that they faced the danger of an imminent breakdown crisis.

We now see just how right LaRouche was. The problem is that too many people have forgotten the conclusion that LaRouche drew. An economic crisis in the Soviet Union, he warned, would have the same effect on the Soviet leadership as baiting an enraged bear. The Soviets would be precipitated into military adventures by their knowledge that the logistical base of their military strength was in danger of eroding. The Russians would be most dangerous precisely when they felt weakest.

This made development and deployment of the SDI a matter of first importance. A strong Western alliance, with a strong economy, could well afford to help the Soviets make a full transition into a modern industrial economy. This is the direct opposite of the appeasement of the Gorbachov dictatorship, being urged today.

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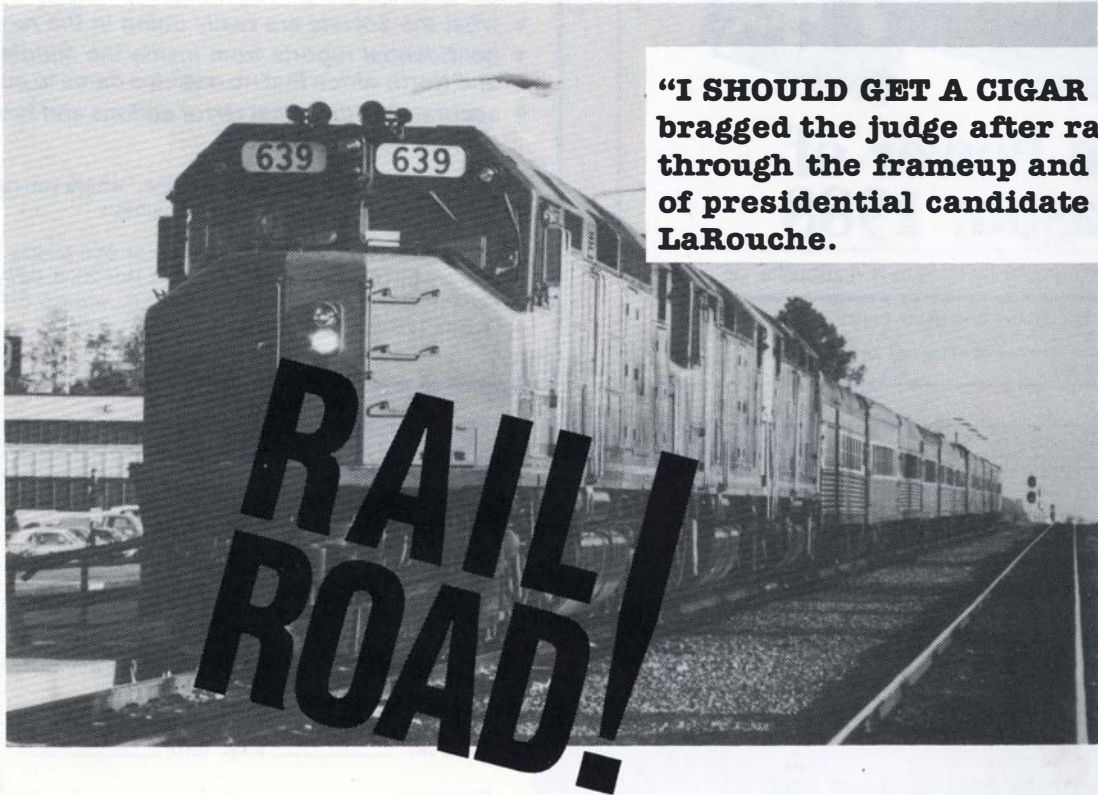
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Is America still the land of "liberty and justice for all"? Or, are we heading into a totalitarian police state, like Nazi Germany or Soviet Russia? Read this book, and learn the truth about what happened to justice in the United States.

U.S.A. vs.
Lyndon LaRouche, et al.



Judge Albert V. Bryan was the judge who finally accomplished what a federal government "Get LaRouche" Strike Force had been attempting to do since 1983. That task force swung into motion using the resources of the FBI, CIA, IRS, and private agencies, at the instigation of Henry Kissinger, who bragged in the summer of 1984 that "we'll take care of LaRouche after the elections."

The first federal case against LaRouche and his associates, held in Boston before Federal Judge Robert Keeton, backfired on the government. A mistrial was declared, and the jury said they would have acquitted everyone on *all* charges.

But in Alexandria federal court, the "rocket docket" did the job. Judge Bryan hand-picked the jury in less than two hours, excluded all evidence of government harassment, and rushed the defense so rapidly that convictions were brought in on all counts in less than two months from the indictment.

LaRouche was sent to jail for 15 years, on January 27, 1989, a political prisoner. The conviction and imprisonment have provoked protests of outrage from around the world. In this book, you'll see why.

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