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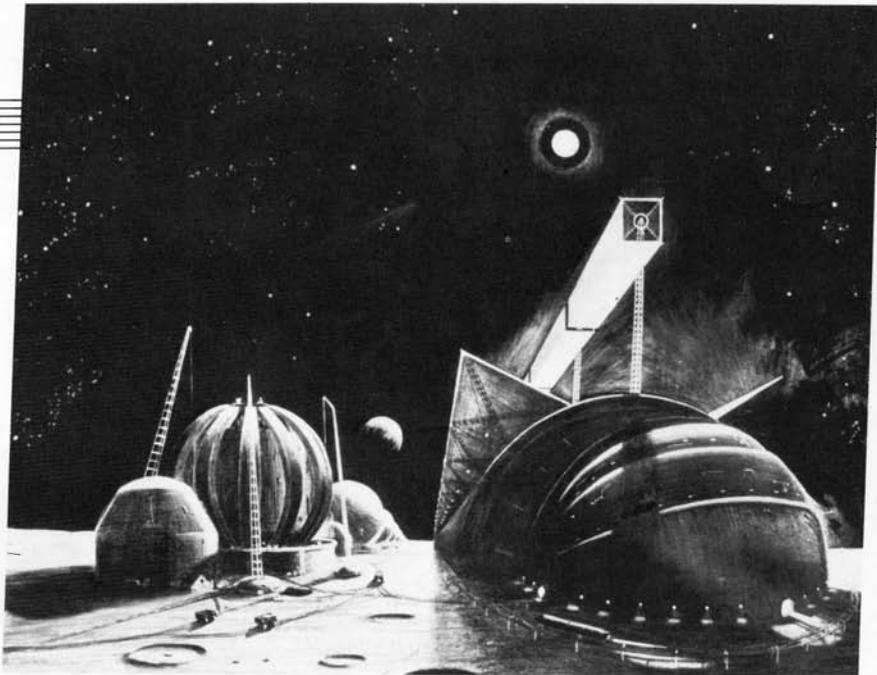
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EIR

From the Editor

On Sept. 25 and 26, the Commission to Investigate Human Rights Violations in the United States will hold its first international conference, entitled, "The Third Trial of Socrates—The Trial of Lyndon LaRouche," in Paris, France.

In Paris, the center of the international conspiracy to win American independence, while founding father Benjamin Franklin was ambassador there 200 years ago, there will be presented the evidence gathered in recent days in the U.S. capital, on the case that represents the greatest test for the survival of the United States: the case of the political persecution of Democratic presidential candidate Lyndon LaRouche and his associates.

In the words of Don Victor Girauta, chairman of the Fact-Finding Committee of the Commission to Investigate Human Rights Violations, the Washington hearings took place "at an historic point in world history." He said, "Because of the truly apocalyptic nature of the crisis facing humanity, decisions taken today will affect the lives of every person on earth over the foreseeable decades to come."

The Washington hearings, summarized on pages 58-61 of this issue, heard evidence that the entirety of the so-called legal proceedings against LaRouche et al. has stemmed from the same illegal "secret government," whose policies of selling arms to Khomeini and supporting drug-running "Contras" were vociferously opposed by LaRouche over the years.

On page 34, LaRouche himself pays tribute to the U.S. federal Constitution in his usual way, by pointing toward *new knowledge* of American history and its links to a very old continental European struggle, between city-builders and oligarchs. For the occasion of the anniversary of the 1787 Constitution on Sept. 17, we are also pleased to reprint Pope John Paul II's speech upon his arrival here (page 62), which has been downplayed by the major news media in favor of sensationalist coverage of disputes over so-called social issues.

In the *Feature*, page 26, LaRouche continues a strong facet of his work in defense of Western freedoms, developing for an audience of West German military and industrial leaders the need for a crash program to meet the Soviet threat in the area of radio frequency weapons.

Nora Hamerman

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Correction: An incorrect address and some incorrect prices were listed in the subscription blank (inside back cover) in our last issue, due to a printer's error. The correct information appears there this week.

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Texas bank failure shows cracks in the system

by Chris White

Houston's biggest bank, First Citicorp, associated for a long time with the big respectable names of Texas politics, like Connally, Strauss, Elkins, and Armstrong, has gone belly-up. The 62 banks held by the company are being offered to Robert Abboud, Chicago-based protégé of the Soviet super agent, the aging Armand Hammer, with Federal Deposit Insurance Corporation underwriting of well over \$1 billion.

The failure is the second biggest in American history, after the 1984 failure of Continental Illinois. That tremor in the financial world was barely contained. The question whether the sequelae of the Texas bankruptcy will also be, is not so clear.

This magazine had previously warned that the Houston bank would be a likely candidate for rapid demise, among other Texas so-called oil patch banks. Others seemed to share that view, including a whole gaggle of directors of the failing institution, who, like Anne Armstrong, of King Ranch and the President's Foreign Intelligence Advisory Board fame, Elkins of the law firm Vincent and Elkins, and Theodore Strauss, the brother of Democratic Party honcho Robert Strauss, quit their positions back in July, and bailed out of the sinking ship. They probably were seeking to escape legal claims for damages against the directors responsible for the disaster.

Others, too, had been offered the bank. A Japanese consortium has been asked to step in with bail-out funds. The Japanese, for their part, said "No." They probably realized that the combination of rotten oil, real estate, and Third World liabilities, doomed the Texas giant no matter how much new money was to be poured in.

That should be a warning sign to others who have let it

be known that the Japanese can be counted on to help bail out the failing U.S. banking system. The failure of Houston's First Citicorp demonstrates that such thinking is actually way out of line.

Then, the bank had offered itself to other buyers, in this case the Royal Bank of Scotland from Edinburgh. The canny Scots weren't overly tempted to put their good money after so much bad either.

Within Houston, the MCorp had scrambled to secure FDIC backing for its own takeover of the failing institution. MCorp calculated that such an FDIC credit line would, rather than securing First Citi, permit the recapitalization of MCorp itself. The FDIC turned down that approach in favor of extending the federal teat to Hammer's protégé Abboud.

Now, the *Wall Street Journal* crows that the independent financial power of Texas has been broken, and gloats that Texas banking can be assimilated into the East Coast-based commercial banks' system, presumably for assimilation through asset-stripping.

It ought readily to be conceded that there is a certain craziness to that kind of thinking. Why? Well, the so-called triumph may indeed prove to be short-lived. There isn't going to be too much to gloat about if the destruction of the Texas banking center turns out to be the prelude to the collapse of the banking system as a whole.

Prelude to general blow-out?

It's been conventional wisdom, since the oil price nosedived below \$15 and then \$12 a barrel in the early weeks of 1986, that the so-called oil patch banks had run into deep trouble. This magazine was among the first to point out that

the concentration on oil lending, serious though it still might be in disaster potential, paled into insignificance relative to the speculative real estate bubble in which Texas and other banks had become entrapped. The real estate bubble, facilitated by Treasury Secretary Donald Regan's modifications of the tax system in 1981 and 1982, had been one of the principal inducements for foreign flight-capital to enter U.S. markets, for government-protected easy returns, during the early phases of the "Great Bull Market" of the mid-1980s. The real estate bubble was knocked out by what the President and his advisers call the "historical" tax reform passed in 1986. The elimination of tax breaks on real estate speculation, eliminated protection for what normal people would consider to be a large-scale swindle, and prepared the way for the collapse, as we have shown, of up to \$250 billion worth of the paper associated with the bubble.

That's what is now coming down the pike, and it's not just a Texas, or "oil patch" region problem. It's actually a crisis which threatens the very integrity of the national banking system. If left to run its course, there won't be any winners for the *Wall Street Journal* to gloat about. Unlike the National Football League, there are only going to be losers in this one, unless the policies that have caused it are changed.

For example, the Federal Deposit Insurance Corporation, which moved to secure Abboud's takeover with over \$1 billion, is unlike its counterpart, the Federal Savings and Loan Insurance Corporation. It does actually have some money in its insurance fund. The FSLIC has recently been empowered to "go borrow" from the markets to restock its own empty coffers. The First Citi failure knocks a big hole in the FDIC's resources, and the question must be posed, "How many more such failures can the nation's leading bank insurance operation underwrite?"

Next time its funds are called on, it will most likely not just be one of the larger middle-sized banks, but a handful, from different parts of the country. The evidence for that is abundant. On the West Coast, the once-mighty Bank of America is desperately trying to sell itself to the Japanese to stay afloat. On the East Coast, Bankers Trust, among others, is desperately trying to raise new money. The almost soap-opera quality of the three-year decline of the Bank of America into insolvency, is only the most lurid example of a banking system gone horribly wrong.

Down in Texas, there are some, and they are not alone, nor restricted to that part of the country, who are asking themselves the following. At the end of the second quarter, the banking system had to swallow about \$10 billion worth of loan-loss write-offs. Depending on how the charade with Brazil and other situations play out, the end of the third quarter could be even worse. Perhaps the banks would have to chew through another round of paper breakfasts, this time in the order of, say, \$25 billion and up. Can the banking system digest that kind of loss? The FDIC certainly doesn't have the funds to do anything about it on a national level.

Meanwhile, Texas, Oklahoma, and Louisiana could account for a significant chunk of the total on their own.

This may come as a big surprise for the President's script writers, who seem to have thought that the uptick in international oil prices alleviated the problems in the so-called oil patch that bubbled to the surface as prices fell. They are the victims of the same kind of incompetent thinking as those European financial big-wigs who argue that the time has come to deflate the world speculative bubble, so that another "boom-bust" cycle can begin. The continued collapse of the oil patch shows what will happen to economy as a whole, if such thinking prevails. It won't bounce back, it will just keep on spiraling down.

Don't ask the bankers

The principal problem is that the people who helped create the mess, like the Texas bank directors who bailed out in the month of July, are still accorded sufficient credibility to be able to dictate what the solutions should be. A few more shoes falling, like the collapse of First Citi in Houston, and it's going to be pretty difficult to maintain the conceit that the first people whose advice ought to be sought on running a banking system, are the bankers themselves. So far they've done a good job of destroying one, and they've been singularly insane on the matter of whether their blunders can, or even ought to be, corrected or not. Soon enough, a banker bearing bankers' solutions to these kind of problems, is going to find himself treated like the bearer of bad news in tragedy.

Fortunately, the question of what must be done will not be left up to the bankers. It's a political question, involving the highest matters of national security. Clearly, the United States doesn't function in the world with a collapsed banking system. Therefore the follies, and ideological incompetences of the bankers and their friends, will have to be, compensated for by executive action, or the United States, and the world credit system dependent on it, will not exist.

There are still many who think that such matters can be postponed until after the elections of 1988. They count, among other things, on the newly appointed political ideologue at the Federal Reserve, Ayatollah Alan Greenspan, the practitioner of Ayn Rand-style magic, being able to help organize such a stalling operation. They count, in short, on their continued ability to manipulate the appearance of what they desire to seem to be going on, without reference to what is really happening.

To such, the failure of First Citi should be a portent that they do not have such powers as their conceit lays claim to. If standing policies on the dollar, credit, and U.S. government finances are continued, it may well turn out to be the case that the U.S. banking system will be the first victim. We don't think there will then be too many stupid enough to argue, as they have on other matters, that "the down-sizing" of the banking industry is the first necessary step toward recovery. New policies will be required before then.

Brazil forced to back down

U.S. government and banks force backdown by Brazil on debt proposal.

Less than two weeks after proposing a "radical" scheme to reduce Brazil's debt burden, Brazil's Finance Minister Luis Bresser Pereira emerged from a meeting with U.S. Treasury Secretary James Baker Sept. 8 to announce that Brazil would abandon its plan and try to work out a more "conventional" debt refinancing agreement with the commercial banks.

From the Brazilian side, the proposal to make the banks eat up to \$15 billion of their Brazilian loans, was an attempt by Bresser to appear to the Brazilian population to be sticking it to the banks, given the strong and volatile nationalist sentiment in the country in defense of the nation's seven-month-old debt moratorium.

From the standpoint of the international banks for which Baker is a spokesman, it was essential to smash Bresser's proposal quickly, for fear it would ignite a general movement for debt moratoria throughout the Third World.

All summer, Bresser had maintained Brazil's position, that Brazil required a guarantee of \$7.2 billion in new loans, to be used to meet the interest payments on Brazil's \$110 billion debt due in 1987 and 1988.

Bresser has further demanded that this money be lent at 0% above the London Interbank Rate, and he has reaffirmed Brazil's position that in no case will Brazil submit to economic surveillance by the International Monetary Fund (IMF).

At the beginning of September, as he departed from Brazil for a conference in Vienna on international debt,

Bresser revealed that Brazil would be presenting a new proposal, with "creative financing ideas," at the scheduled meeting with the banks at the end of September, and that Secretary Baker had requested that Bresser outline the plan to him as soon as possible.

The proposal called for 50% of Brazil's \$67 billion worth of debts to the banks, which are now in moratorium, to be exchanged for government bonds at the rate of perhaps 70 cents on the dollar.

Bresser argued that this is just, as Brazil's debt now trades at only 55 cents on the dollar in the secondary debt market, so Brazil would give the banks 15 cents more, and keep the other 30 cents of the discount. The bonds would be for 20-25 years, at 3% interest.

The remainder of the debt would be refinanced conventionally, but still with the 0% spread over the London Rate, and "without the same guarantee of repayment."

The response of the U.S. banks was not slow in coming. The *Wall Street Journal* Sept. 8 commented that Bresser's proposal "seems to ensure an outright confrontation between Brazil and its foreign creditors lasting many months." It quoted an anonymous banker saying, "This would put the banks under. It's the doomsday scenario. Bresser has no idea what that kind of proposal means for the banks."

It was left for Treasury Secretary Baker to bluntly order Bresser to drop his plan, in their meeting the next day. Bresser emerged from the session to announce that he and Baker had

"agreed" that Brazil would seek "more conventional" arrangements.

Bresser's home office in Brasilia announced that they never expected the banks to agree to such a radical idea immediately. For his part, Bresser tried to make it appear that the result was a compromise, in which Baker had agreed not to demand that Brazil accept IMF surveillance this year.

Bresser said, "We took a step forward, I took a step back, a little, very little, step."

The banks' fear is that any concessions to Brazil will trigger a continent-wide rebellion against IMF and bank policy of demanding debt payments, no matter what the internal cost.

On Nov. 27, the Presidents of the top debtor countries in the continent will meet in Mexico to discuss their options. The banks don't want any surprises at that meeting.

However, the banks, Baker and the IMF are ignoring reality inside Brazil itself, where the IMF and its austerity dictates have intransigent enemies both within the ruling PMDB party and in a powerful faction of the Brazilian military.

On Aug. 20, the PMDB issued a limited-circulation memorandum which demanded a "unilateral" negotiating scheme from the government—including refusal to make a "symbolic payment" on the debt—and replacement of Bresser's internal "adjustment" program.

On Aug. 2, Army Minister Leonidas Pires Gonçalves delivered a surprise television message, announcing that the army would not abandon its plan to modernize with the most advanced technologies available.

The army chief's announcement, together with the military-supervised uranium enrichment breakthrough (see story, page 12), is widely viewed as a direct challenge to Bresser.

IMF gets the 'no' vote in election defeat for Argentina's Alfonsín

by Cynthia Rush

There are few international bankers who are not sweating profusely as they examine the results of Argentina's Sept. 6 mid-term elections. President Raúl Alfonsín and his ruling Radical Civic Union (UCR) suffered a humiliating and unexpected defeat, handing important gubernatorial, municipal, and congressional posts over to the opposition *Partido Justicialista*, or Peronist party.

Argentina's creditors had hoped that Alfonsín could keep the country under control, as he applied the same monetarist policies as his military predecessors, and called it "democracy." But the voters indicated otherwise. The electoral outcome, which restored to the Peronists the voting base they lost in the 1983 presidential elections, represents the citizens' flat rejection of the International Monetary Fund's economic policy, which Alfonsín has imposed under the Austral Plan. This "anti-inflationary" program produced a monthly inflation rate of 13.8% for August, and monthly interest rates of 18%, while gutting real wages and hiking public utility and gasoline prices continuously.

In response to what analysts are describing as a "political earthquake," Alfonsín is expected to make major cabinet changes, and to alter his political agenda. As soon as vote totals became known, all cabinet ministers offered their resignations, which Alfonsín rejected. Finance Minister Juan V. Sourrouille, considered to be the mastermind of the government's current disastrous economic policy, is expected to be ousted.

What bankers most fear, however, is that the Peronist victory will force the government to take a tougher stance on payment of its \$54 billion foreign debt, possibly in coordination with other Ibero-American debtors. The official Peronist program, formulated in mid-July, calls for "an entire reformulation of the [country's] relationship with foreign creditors and the IMF, placing the debt in a position subordinate to growth, with social justice."

Sourrouille just signed a major refinancing package with creditors, boasting that he had achieved "a kind of moratorium," but without the nasty confrontation with the banks, that Brazil had sought. The *Washington Post* editorialized in its Sept. 8 edition that "Brazil is trying to evade the necessity for economic reforms, and if Argentina is immobilized, the pressure on it to join a moratorium will rise."

The electoral results stunned all observers. Polls issued a few days before the elections had indicated a likely win by the Peronists in the Buenos Aires gubernatorial race. It was

predicted that Peronist candidate Antonio Cafiero might win by a few percentage points over UCR candidate Manuel Casella, but that the UCR would maintain its hold on the rest of the country.

The UCR lost its majority in the lower house of Congress, dropping from 130 to 117 seats, while the Peronists gained 5 seats, giving them a total of 108. The Peronists also won six governorships, giving them control of 17 out of 22 provinces. Three other provinces remain in the hands of regional or provincial parties, while the UCR now only controls the provinces of Córdoba and Río Negro. Antonio Cafiero took the governorship of Buenos Aires, a post traditionally considered a springboard to the presidency. The Peronists also gained control of 15 out of 19 municipal districts in Buenos Aires province, the most populous and politically important in the nation.

'The natives are restless'

The international media, especially the U.S.'s East Coast liberal media, responded to the election results with howls of rage, like oligarchs upset that the "colonials" weren't behaving properly.

"Argentine politics throughout this century has repeatedly been seized by a perverse and self-destructive impulse that has done the country immense harm. One of the bearers of that tradition is the Peronist movement, and unfortunately, the Peronists are the chief winners in Sunday's elections," shrieked the *Washington Post* on Sept. 8. Argentina is moving toward the "darker and more adventurous alternatives that have always meant trouble for Argentina," it continued. On the same day, the *Wall Street Journal* wrote, "The country has rejected Alfonsín's appeals for consistency and for understanding of his dogged attempts to reverse a long decline. . . . Argentines have gambled instead on the unknown. That is what Peronism is."

Peronism is hardly an unknown. Today the political movement founded in 1948 by Gen. Juan D. Perón is deeply divided, lacking a unified leadership, or program. The reform, or *renovador* faction, which did well in the elections, has allied itself to the Socialist International and the Christian Democracy, and has its own longstanding ties to the international banking community. It has made several opportunistic deals with the Alfonsín government, against the more "orthodox" Peronist groupings which call for strict adherence to Peronism's founding program.

It is this latter outlook which the financial community fears. Juan Perón challenged the banking oligarchy, and put Argentina on the road to industrial and scientific development through establishment of a dirigist credit system. He placed national sovereignty and the needs of the population above those of the banks and grain cartels.

The followers of Adam Smith have never forgiven him for challenging their right to loot Argentina's economy. Today, as the Ibero-American debt crisis reemerges, and with an explosive social environment existing in virtually every country, creditors are terrified that the "darker" side of Peronism—what the *Wall St. Journal* calls "trenchant nationalism"—might reassert itself. They are also aware that the debt reorganization proposals of U.S. presidential candidate Lyndon LaRouche, elaborated in the 1982 work, *Operation Juárez*, have circulated widely in Argentina, and have been carefully studied by nationalist circles.

Add to this the fact that the Brazilian situation is not under control, and that Mexico is in the midst of a political brawl over the presidential succession, in which the issues of debt and economic policy are high on the agenda. The election-day message delivered by a nation that was supposed to be the star of the IMF's "democracy" movement, couldn't have come at a worse time, from the bankers' standpoint.

As of this writing, Alfonsín has not yet defined any major changes. He has assigned Finance Minister Sourrouille and Foreign Minister Dante Caputo the responsibility of formulating an economic and political plan to present to the Peronists, but nothing is known at this time of its content. Analysts in Buenos Aires say they expect the Peronist-led General Confederation of Labor (CGT) to now take a much tougher stance on economic policy; they also predict that nationalist military circles, which have been relatively quiet since last April's Easter uprising, will now emerge more aggressively to defend their interests.

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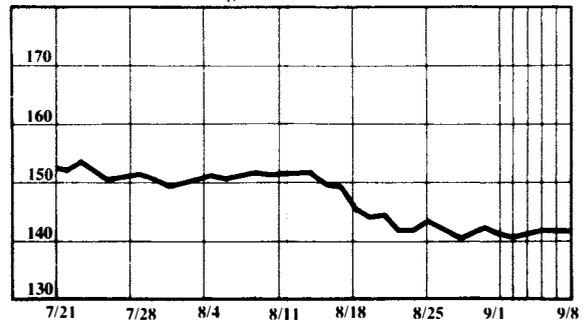
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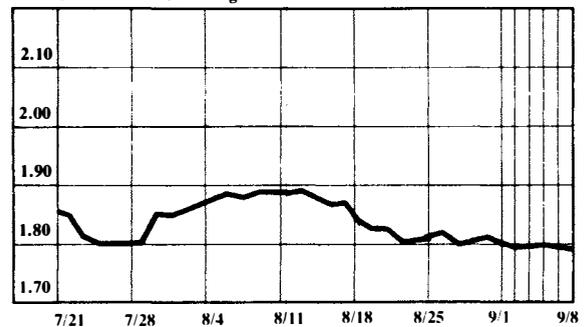
The dollar in yen

New York late afternoon fixing



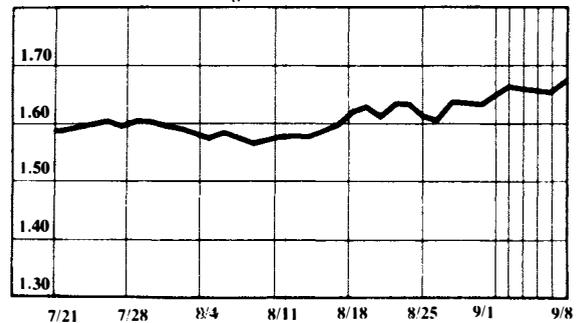
The dollar in deutschemarks

New York late afternoon fixing



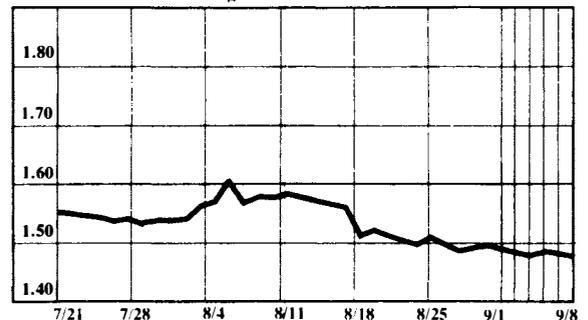
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Europe prepares for dollar crash

Great Britain may join a restructured European Monetary System.

Federal Reserve chairman Alan Greenspan's maiden appearance at the Bank for International Settlements' monthly gathering of central bankers appears to have been irrelevant. After his private consultations with Bundesbank President Pöhl and Bank of Japan Governor Sumita, both officials made *pro forma* statements that the central banks would continue to stabilize exchange markets.

Meanwhile, the European central bankers met separately, to prepare to handle the end of stability on the foreign exchange markets. They agreed upon a strengthened intervention system to hold together the European Monetary System, the fixed-rate alignment of European currencies, anticipating an uncontrolled crash of the U.S. dollar.

Italian central bank chief Carlo Ciampi delivered what European newspapers called an "extraordinary public briefing" following their deliberations. Normally, the discussions of BIS central bankers are the most secretive of all diplomatic gatherings. The Europeans clearly intended to send the most powerful signal they could.

France and Germany founded the EMS in 1978, at the worst of the dollar's woes under the Carter administration. It was then characterized as an effort to create a "zone of stability" in Europe, while the dollar sector tumbled out of control. Now more than ever, appears to be the thinking of the European central bankers. Their plan will be presented, and doubtless adopted, by European finance minis-

ters meeting in Denmark Sept. 16.

A turning point is Britain's likely entry into the EMS, on the strength of the changes just accomplished. The City of London previously acted as an appendage of the dollar sector, and successive British governments have linked the pound sterling more closely to the dollar than to the German mark.

That ended with Japanese financial ascendancy, and the reduction of the United States to the world's biggest debtor nation.

Crédit Suisse/First Boston economists Gerald Holtham, Giles Keating, and Peter Spencer wrote in the *London Financial Times* Sept. 9, "The British government has been living in sin with the EMS. Since February, the pound has been pegged in the range DM 2.90-DM 3.00 without the U.K. actually joining the EMS's exchange rate mechanism."

The real, underlying issue, is, whom will the Germans subsidize? During the first half of 1987, foreign central banks (Japan and Germany) created \$70 billion of their own currency to "stabilize" the dollar on foreign exchange markets. They printed that volume of their own currency to purchase dollars, financing virtually the whole of the American foreign deficit on their printing presses.

Now, apparently, the Germans have decided that this is money thrown down the drain, and they were better advised to purchase the currencies of their European trading partners. "The EMS has worked as a deutschemark zone," write the *Crédit Suisse* econo-

mists. "The Bundesbank has set a monetary policy exclusively based on its perceptions of German interest. . . . Now the decline of inflation and doubling of European unemployment has created a situation in which priorities for policy are likely to diverge increasingly in European countries. . . . Reforms of the system along the French lines would remove one of the British objections to entry . . . namely that politically the U.K. cannot become a mere monetary satellite of Germany. The entry of the U.K. into the EMS debate at this stage would be of great importance."

The content of the 16-page report to EC finance ministers and EC central bankers meeting in Basle, amounts to a much greater commitment for strong-currency countries (i.e., the Germans) to purchase the currencies of their weaker partners. It calls for more so-called intramarginal intervention before currencies reach their maximum limits under the eight-currency EMS. Also, greater use of the European currency unit for repayments within the short-term credit mechanisms of central banks would be allowed.

France, which has sought to avoid restrictive monetary measures to keep its currency in line with the stronger deutschemark, wanted unlimited credits. This the Germans refused, but they allowed sufficiently greater flexibility to please France, and entice Britain.

"The point of the deal is to help the EMS withstand strains from a weaker dollar," wrote the *Financial Times* Sept 9.

Whether Britain will join yet is far from clear. The *Financial Times* editorialized Sept. 9, "Incidentally, but perhaps not accidentally, the changes go some way towards undermining the British government's longstanding objection that the time for membership of the EMS is not ripe."

Why the central bankers are worried

Short of recreating the U.S. industrial base, there are no solutions to the world financial crisis.

The International Monetary Fund holds its annual conference in Washington on Sept. 29. Central bankers assembling for this meeting know that the world financial order is closer to destruction than at any time since the Second World War.

The economic policies of successive United States administrations, which have weakened the U.S. industrial base, are the chief reason for the problems which are now emerging.

United States manufacturing industry has been in decline since the 1950s. Then the U.S.A. could claim 28% of total world exports. By 1986, this proportion had fallen to only 12%.

By contrast, U.S. imports represented 20% of world trade in the 1950s but were still around that level in 1986.

This is the root-cause of the huge U.S. trade deficit which has mounted from \$40 billion in 1981 to \$166 billion in 1986 and, even on the calculations of United States Special Trade Representative, Mr. Clayton Yeutter, looks as if it will be as wide again this year.

The size and persistence of the U.S. trade deficit has left the whole world monetary system vulnerable to external shocks, such as hostilities in the Persian Gulf or the collapse of private commercial banks.

It has done this because a trade deficit requires for its financing a matching surplus of capital inflows, that is, inflows of "hot" money.

When the United States trade deficit was relatively narrow, these "hot"

money flows were small. But now that the trade deficit has grown, the "hot" money flows have to be on a substantially larger scale.

The financial intermediaries that form the channels through which the "hot" money enters the U.S.A. have expanded.

Their prosperity has been a direct counterpart of the decline of the U.S. manufacturing sector.

As the U.S. trade deficits have piled up in recent years, so the U.S.A., as a nation, has moved into heavy debt with the rest of the world.

From being the largest net creditor nation in the world in 1981, the U.S.A. became the largest net debtor by the end of 1986, with external debts exceeding assets by \$250 billion, according to U.S. Commerce Department statistics.

This compares with Brazil's external debt of \$110 billion and Mexico's of \$100 billion. By 1987, the U.S.A.'s net external debt will have risen to \$400 billion and will probably pass the \$500-billion level in the course of next year.

These figures, it is true, have been challenged by economists working in the East Coast banking establishment. They claim that the official figures underestimate the dollar value of U.S. asset holdings in foreign currencies.

This dollar value has been boosted as a result of the decline in the United States currency on the foreign exchanges. When a dollar was worth Deutschmark 3, the dollar value of

DM 100 worth of assets held in West Germany was a little over \$33.

Now, with the dollar trading at DM 1.80, the same German assets are worth more than \$55.

There is no reassurance in this, however. The argument merely illustrates the consequence of the persistent United States trade deficits, namely, persistent dollar depreciation to wipe out the effective debt burden on the United States economy.

So far, the foreign holders of "hot" dollars have been willing to suffer the loss in the value of their holdings for the sake of the high interest rates they can earn on dollar deposits and bonds.

With the dollar continuing to fall, however, they are now growing restive. If these holdings begin to be switched out of dollars, the decline in the U.S. currency will accelerate and there will be a rush for the exits.

That will spell the end for the world's reserve system which is based primarily on the United States dollar.

This is why the central bankers are worried. Nor are they likely to come up with any solutions at their Washington meeting.

Short of recreating the U.S. industrial base, there are no solutions. Even so, policymakers will probably seek to delay the day when the monetary order becomes unstitched, by patching together an agreement to act together in unspecified ways to maintain currency stability.

An agreement of this kind, reached in Paris in February, was for a time successful in persuading investors to stick with the dollar. It will not be so easy to instill confidence this time.

The central banks look like they'll be having their bluff called well before the end of this year.

Stephen Lewis is a City of London economist, who contributes this column periodically to EIR.

Toward an African debt club?

As famine and disease spread, Zambian President Kaunda put it simply: "We cannot aim our guns at our population."

The Organization of African Unity is to hold an extraordinary summit meeting on the question of African debt in Addis Ababa, Ethiopia at the beginning of December. This year's chairman of the OAU, Zambia's President Kenneth Kaunda, has called on African heads of state to work out a "common strategy on the debt, in order to present a common front to the creditors," according to the French newsletter *La Lettre du Continent*.

It is very likely that Africa will follow the path of Peru, and decide on imposing a limit to debt repayments at a certain percentage of export revenue—possibly 20%. Burkina Faso is reported to have called on other African governments to declare a total moratorium, but this was rejected in favor of the idea of a "temporary" moratorium on debt repayments, and the long term rescheduling of debts. The West African finance ministers meeting in July had called for rescheduling over 30 or 40 years, and talks this month between Ivory Coast and the International Monetary Fund have focused on Ivory Coast's demand for a 50-year rescheduling of its debt.

In an interview to the Ivory Coast newspaper *Fraternité Matin* on Aug. 19, OAU secretary general Ide Oumarou called for action on the debt crisis, stressing Africa's willingness to pay, but pointing out that the low prices paid for Africa's exports were preventing the repayment of debts. "African states feel an increasing need to be united, and to go to their creditors for discussion and not for confrontation. We are determined to pay

our debts, but we lack the means to do so. Unfortunately, the means still belong to our creditors, who buy our products at low prices, and prevent us from securing the means to repay our debts." He called for a longer payback period and lower interest rates, and added, "We want the creditors to have faith in our states and in Africa, because Africa has not given up. Africa's resources are considerable, provided we are given the means to invest in our countries so as not only to meet our domestic needs, but also the requirements of the debt burden. . . . We are, in principle, determined to pay our debts, but the conditions of repayment should not strangle our economies."

Zambia's economy was indeed being "strangled" by its debt and policies imposed by the IMF. In an interview with the Italian newspaper *Il Giornale* on Aug. 23, President Kaunda described the "economic catastrophe" facing Zambia, and said that IMF policies were rejected by his government. "We cannot shoot our own people." In an appeal to Western nations, Kaunda talked about "life or death" for Zambia. In addition to chronic shortages of basic goods, like bread and maize, shortages of medicine, and problems with public transport, Zambia is now facing epidemic diseases which are hitting animals (epizootic apthia) and grain crops (carbuncle), as well as a devastating epidemic of AIDS. Kaunda said that Zambia's economic situation was typical of many African countries, which are being forced into "autarchy" because

of low revenues from exports of commodities like coffee and cotton.

Asked why Zambia had rejected IMF demands for cuts in food subsidies, he answered, "We cannot aim our guns at our population. . . . In November, our police had to fire on crowds and 15 people were killed. It is not possible to continue that." He described how Zambia had devalued its currency by 900%, on IMF orders, and this led directly to "people dying of hunger."

Indeed, in a report due for release this month, the United Nations Children's Fund (Unicef) documents how governments' cutbacks on health services according to IMF prescriptions has led to increased deaths, especially among children. Francis Stewart, a co-author of the report, said that Unicef found that the worst-hit are the poor, with malnutrition on the increase for most of the countries scrutinized in the report: "Infant mortality has been rising in some areas after decades of decline, while the trend toward improvement has been halted in at least 21 countries. The proportion of low birth-weight babies increased in at least 10 countries between 1979 and 1982, including Barbados, Cameroon, Guinea-Bissau, Jamaica, Malaysia, Rwanda, and Tanzania."

"Yaws and yellow fever, once thought to have been eliminated, have reappeared in Ghana," she said. "In Chile and Ghana, primary school attendance has been falling, and dropout rates rising; child labor has become more common." Ghana has rigorously implemented IMF policies.

Given this life-or-death situation for African nations, Western nations should support Africa's efforts to find a solution to the debt crisis, along the lines of Lyndon LaRouche's proposals, published in *EIR*'s Aug. 28 issue, for the issuing of credit lines to permit the development of the continent.

Brazil achieves uranium enrichment and closes nuclear fuel cycle

by Silvia Palacios and Lorenzo Carrasco

On Sept. 4, Brazilian President José Sarney announced that the country had, despite foreign pressures and impediments, conquered the complete nuclear fuel cycle. Enrichment of uranium by means of ultracentrifuge, was achieved at the Institute of Nuclear Research in São Paulo, under absolute secrecy and naval supervision. The project, known as the Parallel Nuclear Program, took eight years of intense work to realize the dreams of former President Getulio Vargas who, together with Adm. Alvaro Alberto, attempted a similar enrichment program by ultracentrifuge in 1952.

"The country has conquered a decisive stage on the path to autonomy in science and technology," declared President Sarney. "The enrichment of uranium represents one of the most advanced technologies in the field of human knowledge." He also pledged, "My government is committed to the scientific and technological development of Brazil. . . . This effort should serve to encourage the Brazilian scientific community to [pursue] increasingly dense and broad interchange with advanced centers of scientific production. It should lead to creative cooperation with countries in the developing world, which, like ourselves, know that progress and development cannot be achieved without the help of science and technology."

Despite the fact that Brazil's nuclear breakthrough was accomplished over two months ago, the announcement was only made now, as Brazil restarts its debt negotiations with international financial institutions. With the announcement, the Brazilian government made clear that it is not prepared to hand over its sovereignty to "the strategic conditionalities of the superpowers." In fact, Brazil's announcement must be taken as a declaration of war in defense of its sovereignty, against the policies of appeasing the superpowers with respect for "international safeguards."

A definition of Brazil's policy was established by Foreign Minister Roberto Abreu Sodre, following lengthy discussions within the foreign ministry on Aug. 12. There, Abreu Sodre confirmed that Brazil would never submit to "theories like that of deterrence, which subordinate international security to the strategic conditionalities of the superpowers,

and which legitimize possession of nuclear weapons."

The foreign minister further emphasized, "The central point is that nuclear energy for Brazil is not an abstraction. We have important uranium reserves [the fifth largest in the world], a growing domestic demand for energy, industry capable of competing on the world capital goods market. . . ." Therefore, "in international forums, we fight for access by the developing nations to nuclear technology, and we denounce the traps set by nations developed in the nuclear field. We fight against economic trade rules that impose on the developing nations, the perpetuation of their status as mere consumers of sophisticated nuclear equipment and technology, and of mere suppliers of raw materials. . . . In the strategic political sector, we must not be confused, for we do not believe that proliferation of nuclear technological knowledge *ipso facto* represents proliferation of nuclear bombs."

This same sentiment was elaborated by the president of the National Atomic Energy Commission (CNEN), Rex Nazareth Alves, when he criticized the nuclear cooperation deals between the United States and Germany. "They will never give us full access to sensible technologies. . . . We favor disarmament and non-proliferation of atomic weapons, but we repudiate the imposition of mechanisms which discriminate and inhibit peaceful technological development of nuclear energy."

Following the Sept. 4 presidential announcement, the CNEN president explained to the press the reason for the secrecy that surrounded the enrichment procedures. It was, he said, "a shield that the country used to divert international intrigues that sought to prevent a client from entering into competition in a market of more than \$50 billion a year. . . . The national program goes against the interests of the international technology cartel, which would have boycotted it, either by imposing restrictions on Brazilian imports, or by accusing the program of having bellicose ends."

He added that there are cases in which "an intransigent rebel is at least patriotic. Enough of foreign dependency. A country like Brazil, with such problems in the area of health, agriculture, and industrial development—problems that could

be solved through use of nuclear energy—cannot continue to permit uncertainties in satisfying these demands. . . . Brazil doesn't need a Hiroshima or Nagasaki to announce its conquest of nuclear fuel production."

After this achievement, concluded Nazareth, "The sky's the limit."

So that no doubt remained as to Brazil's policy on the question, the head of the joint chiefs of staff of the Brazilian Armed Forces, Gen. Paulo Campos Paiva, told a conference at the Superior War College: "Every decision must be made with the awareness that we are dealing with a sovereign nation." The developed nations are accustomed to "projecting their power over the interests of the developing nations, which generally are in no condition to neutralize" such power. Such "projections of power," said the Brazilian military chief, "are inadmissible when they represent prejudice against Brazil."

The vengeance of Getulio Vargas

In his Sept. 4 speech, President Sarney did not fail to pay homage to "the men who pioneered the Brazilian nuclear program. Among these are Adm. Alvaro Alberto, who was responsible in the 1950s for purchasing the first ultracentrifuge machines for enrichment of uranium. Admiral Alberto's initiative did not advance, for a variety of reasons linked to the environment in which the debate on use of nuclear energy was taking place, both internationally and inside Brazil. His machines were deactivated, but his ideas remained alive."

President Sarney's reference to Admiral Alberto is of major political significance. It was the admiral who conspired, together with German physicist Otto Hahn, against the colonial policies of technological limitations. Hahn and Alvaro Alberto coordinated a project for the design and construction in Europe of three ultracentrifuges for Brazil. When the machines had been tested at the University of Göttingen in Germany, under the direction of Prof. William Groth, and were already being dismantled preparatory to their delivery to Brazil in mid-1953, news of the operation—until then conducted under absolute secrecy—made its way to Itamaraty, the foreign ministry, when that ministry was headed by Standard Oil agent João Neves de Fontoura. Within 24 hours, American troops acted on information provided by Itamaraty to enter all German ports and confiscate the boxes of equipment. That action was followed by a slander campaign against Alvaro Alberto, run by Foreign Minister Neves de Fontoura.

It was this same Neves de Fontoura who took personal charge of sabotaging the efforts of President Getulio Vargas to achieve economic integration with Argentina and Chile, by encouraging supposed rivalries with Argentina.

This time, the Parallel Nuclear Program, launched by the government of President Geisel in response to political provocations from the Carter administration, not only achieved uranium enrichment but honored the memory of Vargas and Alberto.

State Department cry-babies

Brazil's achievement, despite the fact that it silenced the U.S. embassy in Brasilia, nonetheless triggered the fury of U.S. State Department networks. The correspondent for *Gazeta Mercantil* in Washington, D.C. reported that an unidentified State Department official declared that Brazil's announcement would cause tremendous irritation in sections of the Reagan administration, which already had a highly negative attitude toward the country because of the Brazilian debt moratorium.

An official of the State Department's office of non-proliferation said: "Our reaction is similar to that when Argentina announced its conquest of the nuclear fuel cycle. We said then, and we repeat now, that these countries had better open up all their nuclear installations and materials to inspection by the International Agency for Atomic Energy. If they don't, suspicions will arise that they are using nuclear technology for other than peaceful purposes."

Prof. Leonard Spector of the Carnegie Endowment for International Peace in Washington said that the Brazilian program is "reason for concern, since there is no oversight. . . . The State Department should express its displeasure to the Brazilian government for having a program without adequate international safeguards."

But even though the State Department has not issued an official statement, it is already busily deploying its substantial networks inside Brazil, especially through the magazine *Veja* and the daily *Folha de São Paulo*, which, according to some sources, receives much of its material against nuclear energy and in favor of environmentalism, from U.S. offices and consulates.

The individuals that make up this network include Enio Candotti, vice president of the Brazilian Society for Scientific Progress; Luis Pinguelli Rosa and Fernando Souza Barros, two charlatans from the Brazilian Physics Society; and on a higher level, José Goldemberg of the University of São Paulo.

But the most hysterical reaction against the parallel nuclear program has come from Liberal Party congressman Guilherme Afif Domingos, who, in a letter to the president of the National Constituent Assembly, demanded that the government "no longer hide" the secret funds allocated to the nuclear policy. Afif also demanded a "hearing" on controlling the expenses of the nuclear program: "The members of the Constituent Assembly must do a review . . . of the secret programs . . . to learn the cost-benefits. . . . They don't know, for example, how much the government is spending to import material for nuclear plants. And this is all above board. Imagine the secret side!" protested Congressman Afif.

In view of these pressures, domestic and foreign, a healthy response was offered by CNEN president Rex Nazareth: "If there should be reprisals on the international level, I will not remain quiet. I am a person who reacts to these kinds of things."

How far will interest rates rise?

Another two points will blow out the banking system, and bankrupt another thousand thrift institutions.

City of London observers characterized the Federal Reserve's discount-rate increase on Sept. 5 as "too little, too late." Certainly, purchasers of U.S. government bonds agreed, knocking down the price of long-term Treasury securities by almost 2% upon their return from the Labor Day holiday.

However, the brokerage-house pundits who want a sharp rise in interest rates, supposedly as a guarantee against renewed inflation, want too much, too soon, given the weakness of the U.S. banking system.

The only important change in capital flows during 1987, was the \$70 billion created by foreign central banks to support the dollar during the first half of this year. That translates into \$70 billion of foreign central bank purchases of U.S. Treasury securities, taking care of the entire U.S. trade deficit, and most of the U.S. Treasury financing requirement, during that period.

That won't happen twice, laments Salomon Bros. in a recent special report to clients:

"In West Germany, a long-anticipated income tax cut of DM 13 billion will be introduced in 1988, but the authorities have rejected calls to adopt additional measures in response to lower-than-expected economic activity. Japan has already implemented a supplementary budget for the current fiscal year, but tax reform proposals under consideration are expected to be revenue neutral. . . attempts to maintain the current target zones through exchange market intervention without

the U.S.'s overt support are likely to fail; the amount of intervention required would imply continued central bank loss of control over domestic money supply expansion."

That enabled the United States to sustain an "unsustainable" deficit at relatively low interest rates. In 1977, British Prime Minister Jim Callaghan, facing roughly the same economic circumstances, but without the friendly help of other central banks, had to raise sterling interest rates to nearly 20% in order to prevent the complete collapse of the pound sterling.

Depending on the extent to which the Japanese and Germans cut back on their subsidy to the United States, U.S. interest rates will rise some part of the way to 20%.

The problem now is that unlike Callaghan's Britain, or the pre-Volcker American banking system, a moderately higher level of interest rates will crash the domestic financial system.

As *EIR* has reported, Federal Home Loan Bank Board specialists calculate that a mere 2% rise in interest rates will wipe out an additional 1,000 savings and loans, bringing the total number of insolvents to close to 1,500.

Put simply, the S&Ls now enjoy a more than 2% spread between their cost of funds, and the interest rate on their mortgage portfolios. Many have switched almost entirely to adjustable-rate mortgages; roughly 1,000 of them are stuck with fixed-interest portfolios.

Despite the favorable interest

spread, the thrifts as a group are running at a loss, because bad loans are wiping out too much of their income.

If the cost of funds moves up a percentage point or two, the bailout-bill facing the penniless Federal Savings and Loan Insurance Corporation will rise from a mere \$50 billion at present, to \$100-150 billion.

Consider, additionally, the huge bond-trading losses suffered by Merrill Lynch and First Boston during the second quarter. It is not merely the S&Ls which will fall as interest rates rise. The entire banking and brokerage house system has held together since 1982 by speculating on rising securities prices.

Falling securities prices will cause gigantic losses across the board.

The "securitization" of the banking system has created conditions resembling 1929, when commercial banks played the stock market with depositors' money.

Departed Fed chairman Paul Volcker never hesitated to warn Congress of the consequences of trying to finance in perpetuity a trade deficit exceeding \$150 billion a year, proposing, instead, that the United States cut consumption through fiscal means, by drastic reduction of federal spending.

Foreign central banks' refusal to imperil their banking systems by continuing the monetary subsidy suggests that the drastic reduction in consumption will be forced upon the United States by the most chaotic and destructive means.

The Sept. 23 cliffhanger around the latest expiration of the most recent short-term extension of the federal debt ceiling, will contribute to the chaos.

Observers suggest that a continued stalemate in Congress will produce a series of short-term extensions of the federal government's authority to spend money, stretching into next December.

Auto industry run over by 'Recovery'

As the UAW prepares its typical selective strike, industry leaders no longer care if they produce cars.

At 11:59 p.m. on Monday, Sept. 14, contracts for 104,000 Ford workers and 335,000 General Motors workers are to expire. Prospects for a new contract look dim as *EIR* goes to press. Third-ranked Chrysler has a contract that expires next year, although just across the border, the Canadian Auto Workers Union on Sept. 2, chose Chrysler's Canadian subsidiary as its strike target. The independent union said its 10,000 members at four Chrysler LTD plants in Ontario province will walk out at midnight Sept. 14.

The problem that faces the auto industry in America, however, is much greater than how much of a wage increase they can offer. The specter haunting them is the collapse of the U.S. steel industry, the U.S. shipbuilding industry, and most of the rest of America's industrial capacity. As GM's vice president, Alfred Warren, stated earlier this year, "People cannot believe we could stop building automobiles in the United States. I'm sure the electronics people felt the same way. . . . I'm sure the baseball glove . . . [and] the shoemakers all felt the same way, but it's all gone."

In late August, sales of domestic cars and trucks had fallen 17.9% from a year ago, when buyers were tempted into showrooms with the introduction of the first buyer incentive programs. The big three (GM, Ford, and Chrysler) returned to incentives on Aug. 5, but the lure no longer worked. Vehicle loan rates are now as low as 1.9%, down from last year's 2.9% low rate, but sales this year are off 10% so far.

The seven major domestic manufacturers now expect to build a total of about 1,375,000 cars in the United States during July-September, sources in the industry say. This compares with August estimates for the quarter, of about 1.4 million cars. The current forecast is about 16% below the 1,634,247 cars built a year ago. For the period from Aug. 21-Aug. 31, firms that build cars in the United States reported sales of 369,597, down from 450,295 vehicles during the same period last year. Domestic car sales are moving at a seasonally adjusted annual rate of 8.2 million, while imported car sales are running at about 12.3 million units.

General Motors' late-August sales fell 34% from last year, and in November 1986, GM announced plans to shut down 11 of its assembly plants and permanently dump 25,000 workers. The first of those closings occurred on Aug. 26, when the last car rolled down the assembly line at the 64-year-old Norwood, Ohio GM plant. The largest employer in the town, Norwood's closing meant no more jobs for more than 4,000 people.

The auto production that has occurred in the United States is now facing its own set of problems. Ford at the beginning of September recalled 4.3 million cars, light trucks, and vans, to correct fuel-system defects that have produced 230 engine fires and injured 16 people. Ford recalled 4.1 million 1986-88 cars and 1986-87 light trucks, to repair couplings on the fuel lines that connect the gas tank to fuel-injected engines. This represents 56%

of the 7.3 million cars and light trucks Ford has built in North America since 1986.

In such a situation, "job security," the UAW's first priority, will be hard to come by. The union is already talking about settling for annual lump-sum payments, instead of the usual percentage increases in pay and cost-of-living allowances. This seems to be the trend in labor negotiations, where workers have succumbed to the idea that they had better take what's being offered, before the whole industry disappears. Ford and GM are both discussing contracts that allow them to buy parts and cars from outside companies or countries, as well as close plants and shrink payrolls.

Perhaps the most ludicrous example of the direction labor relations are taking is in Toledo, Ohio. There, at the Alexis Road factory, workers have produced automatic transmissions for 30 years. In the past year, GM and UAW Local 14 have set up a 22-acre "jointness" park, a 13-room "joint-education" wing, a plantwide "joint communications" network with 44 TV monitors, and 200-plus "joint employee involvement groups." The goals range from AIDS education to how to invest in real estate.

At GM, such social-control programs cost about \$200 million last year, and Ford spent \$30 to \$40 million on such commitments. Chrysler won't disclose its amount. The steel and communications industries have set up such programs, but the auto industry has by far outdone the rest.

This is how the business community is dealing with the realities of the depression. This insanity is being touted as the secret to the success of Japan's industries. The motto is, if you can't offer them a job, make sure there's a big playground around with a lot of TV tubes.

Business Briefs

Asia

Peking unveils changes in economic policy

Chinese leaders have informed a World Bank delegation now visiting Peking that they plan broad changes in the government's economic policy, in the direction of "free enterprise" and greater decentralization, according to a report in the Sept. 4 *Financial Times* of London. The Chinese leaders indicated that in the next stage of reform, they would like entrepreneurs to tender for control of state-owned businesses, and then assume full responsibility for profits and losses.

The Chinese made clear to the bank officials that they want to overturn traditional policy, in the interests of making agricultural production more efficient. The intention is to allow coastal provinces, which are major grain producers, to concentrate on cash crops and rural industry instead, while China covers its grain deficit through a marked increase in imports.

Moeen A. Qureshi, the World Bank's senior vice president in charge of operations, said the changes could be introduced because of the success of reforms introduced in the past nine years. He said that the Chinese leadership had a very practical approach to policymaking, and the World Bank approved of almost all its policies.

Development

Thai MPs inspect European canals

Parliamentarians from Thailand, accompanied by members of the Thai National Security Council and Armed Forces, returned from a fact-finding tour of Europe Aug. 31, well prepared to inform their countrymen of the techniques available to build and operate a projected canal through Thailand's Isthmus of Kra. The Kra Canal, while spurring the industrial development of Thailand, would relieve the congestion now af-

flicting the chief water route between the Pacific and Indian Ocean basins, the Straits of Malacca.

The Thai delegation visited the Suez Canal in Egypt as well as the Kiel Canal, known as the Nord-Ost See Kanal, in Germany. They also stopped over in The Hague, the Netherlands, and Paris. Everywhere, they were given extensive briefings on canal building and earth-moving technologies.

In France, one of the companies involved in the Euro-tunnel project, Bouygues, had prepared a briefing for the delegation at its Paris headquarters. The Fusion Energy Foundation in Paris, one of the big promoters of the Kra Canal, introduced the group to a number of French parliamentarians for discussions on the canal, including the man who had been foreign trade minister under Charles de Gaulle.

The Fusion Energy Foundation office in Thailand has created a Kra Club, together with some 15 retired army personnel, and reports that it has already received requests for meetings on the project from German and Japanese companies.

Environmentalism

Push 'debt-for-land' swaps in Ibero-America

The United Nations World Commission on Development and the Environment has a high-powered delegation traveling around Ibero-America, promoting "an environmentalist solution to foreign debt," i.e., debt-for-land arrangements. Under the terms of agreements recently concluded by Bolivia and Costa Rica, for example, a certain amount of national land was set aside to be a "natural preserve," never to be developed, in exchange for the return of a certain amount of the country's debt paper.

The "Brundtland Commission," named after the Norwegian Labor Party leader, arrived in Argentina on Sept. 2 from Brazil, and held a press conference to promote its report, *Our Common Future*, described as a

"new global approach to the problems of debt, development, and the environment." Members include Vladimir Sokolov of the Soviet Academy of Sciences, Colombian environmentalist Margarita Botero, Brazilian Secretary of Environment Paulo Nogueira Netto, former Sudanese Foreign Minister Mausour Khalib, and Sen. Susanna Agnelli of Italy, leader of the Italian chapter of the World Wildlife Fund (WWF) and scion of one of Italy's richest families.

The WWF mediated the debt-for-land swap in the case of Bolivia.

At the Commission's Argentine press conference, *EIR* correspondent Juan José Balatti asked if the group specifically advocated plans like the recent debt-for-land swap in Bolivia. There was silence, until Senator Agnelli said that she "didn't understand the question," which was repeated. Agnelli responded that what was done in Bolivia was "good," but it would be preferable if such schemes were imposed "by the people themselves," rather than as a matter of agreement between the banks and governments.

The Commission was scheduled to visit Peru, Colombia, Venezuela, and Uruguay.

AIDS

Los Alamos reports mutation of virus

New studies done by the Los Alamos National Laboratory show the AIDS virus to be a complex family of rapidly mutating viruses. As a result, there must be presumed to be thousands of slightly different forms of the virus, called HIV (Human Immunodeficiency Virus).

Some of the mutated forms may have acquired new, specialized ways of being transmitted, to infect different tissues, to evade the immune system, or to resist drug treatments.

The Los Alamos studies, according to a report in the *Washington Post*, show the AIDS virus to be mutating five times faster than the influenza virus, thought until now to be the fastest mutating virus.

The findings "cast bewildering shadows" across the prospects for diagnosis, treatment, and a vaccine, one of the Los Alamos researchers, Gerald Myers, is quoted. "The AIDS viruses now manifest themselves as a complex family tree, sprouting new genetic branches—and apparently very quickly at that," Myers said.

Technology

'Privatization' threatens Landsat

The government's unwillingness to underwrite the U.S. Landsat system of Earth-viewing satellites may cost America its pioneering lead in the industry, scientists and other users of the technology say.

Two years ago the Reagan administration promised financial assistance in transferring the key satellite program to the private sector, and then did not deliver. Now, the Soviets, in addition to France, Japan, and India are gaining ground with their own government-subsidized satellite surveillance programs.

"The Reagan administration's policy has been an unmitigated disaster," said John E. Pike, associate director of space policy for the Federation of American Scientists. He was quoted in the *Baltimore Sun* Sept. 8.

Undeterred, the administration's extreme "free enterprise" ideology received new expression the week of Sept. 1, when the White House announced that a "privatization commission" will be created to "propose how we can return appropriate federal activities to the private sector through the sale of government operations and assets, the use of private enterprise to provide services for government agencies, or the use of vouchers to provide services to the public through the private sector."

The formation of the commission is part of the President's crazy "economic bill of rights," which he proposed July 3.

Named to the new commission are: Mel-

vin Laird, defense secretary under Gerald Ford, James McIntyre, who headed the Office of Management and the Budget for three years under Jimmy Carter, and Walter Wriston, former head of Citicorp.

Health

Colombian austerity slashes medical care

The Colombia Ministry of Health has admitted that under current government economic policies, it is incapable of spending the sums required to keep the population of that nation healthy. Colombia's austerity policies are dictated by the International Monetary Fund.

Minister of Health José Granada Rodríguez put the matter as delicately as he could at a Sept. 1 press conference, "Health has been the great source of sacrifice in the process of economic adjustment of the last few years." Economic adjustment, of course, is IMF-World Bank parlance for massive budget cuts and other measures to free up resources for debt repayment.

"The adjustments necessary for economic policy, especially impelled by the heavy weight of the foreign debt, has been a factor of deterioration in the development of health and the social sector, two areas that have been underfinanced for the past five years," the health minister continued. "The tightness of the economy with respect to social assistance in the country, has generated very delicate restrictions," but the government will make "efforts, within the obvious budgetary constraints, to improve the situation."

La República, Bogota's leading daily, gave the reasons why improvement in the situation is very unlikely. In its Sept. 1 edition, *La República* gives estimates on the amortization and interest due on Colombia's foreign debt for the period 1987-90, and finds that the country will be paying an average of 45% of its export earnings for debt service over that period.

Briefly

● **A WORLD SUMMIT** meeting of health ministers to thrash out a united approach to the AIDS problem will be held in London in January 1988, the British Department of Health announced Sept. 4. The three-day meeting, sponsored by Britain and the World Health Organization, is expected to include "the Russian minister of health, following growing interest from Moscow," the *Daily Telegraph* reported Sept. 5.

● **EGYPT** will require AIDS test certificates for anyone trying to enter the country, the health minister in Cairo announced. Persons without such certificates, including Egyptians returning from abroad, will be immediately quarantined and tested.

● **U.S. CONSUMER** debt is growing at an annualized rate of 7.1%, according to government figures for July, released on Sept. 4. Americans took out \$3.46 billion more in credit in July than they paid off. Credit card debt grew at an annual rate of 11.4% in July, an increase of \$1.3 billion.

● **HOLLAND'S** "Dr. Death," Dr. Pieter Admiraal, who practices and advocates euthanasia for AIDS victims and others, will be a featured speaker at the April 7-10, 1988 semi-annual meeting in San Francisco of the World Federation of Euthanasia Societies, sponsored by the California-based Hemlock Society. Thirty-two different organizations advocating the Nazi practice will be represented.

● **MANUEL ULLOA**, former prime minister of Peru, will be a featured participant at the "Working Group on Debt" sessions of Helmut Schmidt's Inter-Action Council Sept. 24-25 near Zurich, Switzerland. From Oct. 7-8, the Inter-Action Council's Executive Committee is to meet in Budapest, Hungary.

Toward a 'space agency' for all of Latin America

Space Shuttle Astronaut Franklin Chang Díaz describes his research in fusion propulsion, and his proposal for a Latin American space agency.

Dr. Franklin Chang Díaz, the first Hispanic American astronaut, flew on the Space Shuttle Columbia in January, 1986, the last mission before the Challenger explosion. He was born in Costa Rica on April 5, 1950. While in grade school, Chang Díaz wrote a letter to Wernher von Braun, asking him how to become an astronaut. Reportedly, von Braun suggested that he go to school to study science in the United States, and in 1967 he arrived here.

He received his Ph.D. in applied plasma physics from the Massachusetts Institute of Technology in 1977, and at the Charles Stark Draper Laboratory, began his research into fusion propulsion. Prior to his Shuttle flight, Chang Díaz toured Ibero-America, to encourage nations to establish a Latin American Space Agency, similar to the European Space Agency. In this interview with Marsha Freeman, conducted on July 20 at the third Case for Mars conference, Chang Díaz discusses both his own research, and his thoughts on bringing industrializing countries into the space age.

EIR: Could you describe the advanced fusion propulsion concept that you have been working on?

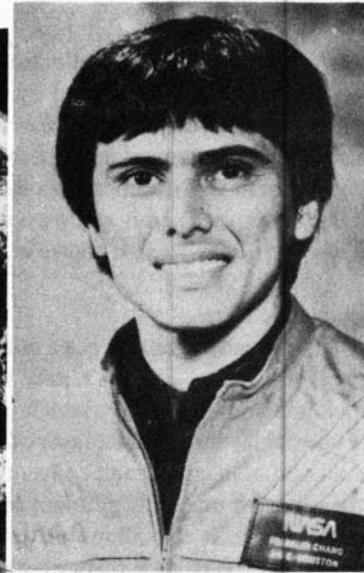
Chang Díaz: It's really not necessarily a fusion concept, at least not for now. We don't rely on fusion for it to work, but it is a high-temperature plasma rocket. The idea is, the higher the temperature of any exhaust of a rocket, the higher the efficiency of the rocket. That's what we in the rocket business call specific impulse. You can generate rocket thrust, either by throwing a lot of stuff out [the back end of the rocket] at low velocities, or very little stuff at higher velocities. Clearly the choice of approach is to throw a little stuff out at very high velocities, because that means that you don't have to carry as much [propellant] and so you have less of a fuel requirement. The problem is that if you double the exhaust

velocity in a rocket, you quadruple the power required, because the power is proportional to the velocity squared. That's a very serious obstacle [now] because we don't have very high power sources in space yet. The other problem is that very high velocity exhaust means that the exhaust has to have a very high temperature, and very high temperatures mean severe materials problems on rocket engines, or nozzles, or anything like that.

The way we have attempted to deal with the materials problem and the power problem, is by going to the technology of fusion. In fusion, you deal with a plasma which is at a temperature of millions of degrees, but yet, this plasma is never physically in contact with the surfaces or the materials of the container, because you have a magnetic field and the plasma responds to the magnetic field, and stays confined. We have attempted to develop a magnetic nozzle [where magnetic fields would keep the super-hot plasma exhaust away from the material], not a conventional nozzle.

We are doing experiments up at MIT [Massachusetts Institute of Technology] on this sort of concept, and we call it a hybrid plume rocket. One of the attractive features of a plasma rocket like this, is that the exhaust velocity is no longer a constant [as it is when you are burning chemical fuels]. You can actually change it. You can have an exhaust velocity which is relatively slow, at first, and then increase it as the vehicle speeds up. That means that it has the potential to always be optimum. The best way to match the exhaust velocity to the actual rocket that you're using, is to always have the exhaust moving at the same speed as the vehicle. In that way, the exhaust particles leave the rocket with zero energy and they have given up all of their energy to the vehicle. That is the most efficient way to operate.

If you use that idea in a given mission, you save a lot of



National Council of Scientific and Technological Development

Satellite photo of the Americas sent by GOES weather satellite to INPE Earth station in Brazil. Inset: Franklin Chang Díaz.

fuel. In a Mars mission, you even beat the most advanced electric propulsion concept so far, which is a magnetic plasma dynamic rocket. And it turns out that it is even better, as you go further and further out, because you're always operating at an optimum efficiency. The problems that we have, are the problems of fusion, namely the problems of keeping a plasma away from the walls of the container, the problem of sputtering [part of the plasma escapes to the container wall, losing energy], and the problem of radiation. We have a great deal of radiation losses in this plasma, and all of that radiation ends up in the wall [of the container], so we still have a little bit of a materials problem.

The other thing that happens that is very peculiar to a plasma rocket, is that when you have a plasma exhaust that is confined in a magnetic field, somehow you have to force that plasma to leave that magnetic field. Otherwise the plasma will curl around your rocket and come back and give you zero thrust. And so we have to find a way to detach the plasma when it leaves the rocket, and that's another serious problem. The hotter the plasma, the more it clings to the magnetic

field, and the more difficult it is to detach it. There are some schemes—two of them that we're looking at—one is injecting a coaxial layer of fairly high-density gas, which will create a lot of collisions in the plasma and make it diffusive and make it detach from the field. We also have other schemes whereby you can induce certain kinds of instabilities [in the plasma] right near the edge, which will allow the plasma to tear off from the field. They're far from proven—we don't know if these things are going to work or not—and that is basically the purpose of our experiment.

EIR: What kind of geometry do you see using for a fusion reactor that would be used for propulsion?

Chang Díaz: It would be a linear [as opposed to a closed, donut-shaped fusion] geometry. We will exploit the weakness of the mirror, which is that mirrors leak. [In our case,] we want them to leak. Our concept is a tandem mirror, which operates in an asymmetric way. One end is more leaky than the other. We are trying to set up a condition where the plasma is actually flowing. The plasma will be injected at one end at

low temperature. It will flow in to a central region, like the central cell of the tandem mirror, be heated by RF [radio frequency] power, at the ion-cyclotron frequency, and then we don't need a very high confinement time, because all we need is enough confinement to give energy to this flowing plasma, and then let it escape. Then it will escape into this exhaust, which is where this new design comes in. . . .

EIR: That's the magnetic nozzle?

Chang Díaz: Yes. The magnetic nozzle is a nozzle which is initially a magnetic funnel, which then blends into a conventional nozzle with an annular ejector, which injects that very high velocity coaxial layer or annular layer of hypersonic gas. That combination of magnetic and conventional nozzle will allow us to solve the materials problem and also the plasma detachment problem. It also allows us to "tune" the exhaust, and that's another very nice feature—that we can basically throttle this thing [run the engine at different levels, less than 100 percent].

EIR: Is that done by varying the amount of gas put into the exhaust stream?

Chang Díaz: Yes, by varying the amount of gas, and also by varying the magnetic field strength, and the electrostatic potential at the end of the mirror. There are many "nobs" that one can use to control the mix of plasma that comes out. We have done computer simulations for about five years now, and everything points to the fact that you can actually do this. So far we have not encountered any show-stoppers. It looks, at least in the computer, [like it will work.] That is what is leading us into the experimental phase which is about to begin.

EIR: We don't have a machine that can produce the fusion for you yet. What kinds of experiments are you planning to do, to develop the technology?

Chang Díaz: We don't need to have fusion; all we need is a hot plasma. It doesn't have to fuse. In a rocket, the energy [to heat the plasma] would be coming out from an external power source, which could be a nuclear reactor, or some other kind of power source. Someday, when fusion is a reality, then we will be able to take away this external power source, and become a fusion reactor of our own.

EIR: You are saying, then, that the propulsion part of this design could be tested, and even operational in space before you have fusion?

Chang Díaz: That's exactly right, and that's what we're shooting for. That's why mirrors [fusion reactors, which have had technical difficulties] will be useful, because we're not [necessarily] expecting to create fusion in this configuration. All we want to have, is the hot plasma—hot on the order of maybe 800ev [electron volts] or 2 kev—that temperature range. The density could be a little higher than

normal fusion experiments, but then we take a penalty on temperature, but that's fine. Our purpose right now is to build this apparatus in the lab, test it, and then perhaps very soon, if it proves to be attractive, we'll fly a prototype in the Shuttle. We'll try to deploy a [prototype plasma plume rocket] in orbit, and fire it and see how it works.

EIR: What would you use for a heat source, in an experiment that is deployed from the Shuttle?

Chang Díaz: Probably some sort of a power plant, such as the SP-100 [nuclear reactor under development by NASA, the Department of Defense, and the Department of Energy, which will be flight-tested in the early 1990s] or maybe even a cluster of fuel cells, anything that would give us enough power. It doesn't have to be steady state, it could be pulsed. So any source which could give us about 50 kilowatts of power, would be sufficient to test it. The point is that a lot of these experiments and machines need to be tested in the space environment. Some of the advanced rockets put out so much material [when you test fire them], it is very difficult to test them in a vacuum chamber [and have] the chamber keep a vacuum.

EIR: Almost all of the rockets we have ever developed, have been used to go from Earth to orbit, and have had to fly through the atmosphere. Your rocket would only be fired in space, so I could see why it has to be tested in the vacuum of space.

Chang Díaz: The vacuum is a problem, and the more power the rocket has, the more difficult for a vacuum chamber to maintain a vacuum. There are also other plasma physics considerations that need to be studied, such as the wake effects, plasma effects, electromagnetic effects, charging, and so on, in a vehicle that is completely detached from its environment . . . so we need to start doing experiments in space.

EIR: When the SP-100 is tested, the power from the reactor will be used, as I understand it, to test an electric propulsion system.

Chang Díaz: I think we need to start thinking about electric propulsion. The plasma rocket concept we are talking about is a form of electric propulsion; in the same sort of family of rockets. We need to start moving away from chemical rockets, because they just do not have the internal energy capability that a nuclear-plasma device can have. If we're serious about exploring the outer planets, in any kind of a reasonable time scale for crews to fly out there, we need to come up with a different propulsion system.

EIR: Any design you can come up with for chemical rockets, leaves you on a ballistic trajectory, or unpowered flight. Would the kind of system you are designing give you powered flight?

Chang Díaz: It turns out that the optimum tuning of the rocket gives you a constant acceleration, so for a constant power and constant acceleration, you have less and less thrust and higher and higher exhaust velocity. You start with a high thrust and low velocity, and end up with a low thrust and high velocity, by the time you get to your destination. It's a lot like a car. You start in first gear, and then you shift to second and third, and so on. It's very similar to that idea. If you can achieve an acceleration level which is fairly constant, that may even reduce the biological problems that we have to contend with in long voyages to the planets, where people are subject to zero gravity, so to speak. If we could have a ship that is always accelerating and, of course, decelerating at some point, then we might even reduce the biological problem.

EIR: Our view of this is that you are going to have to do that. It seems unlikely that you can subject people to 18 months of virtual zero gravity on a trip to Mars. The biological impact of long ballistic chemical missions is going to prohibit that kind of technology from being used.

Chang Díaz: I would agree with that. We need to find something else, not only to reduce the zero gravity problem, but also to shorten the trip time.

EIR: In the kind of system that you are developing, what would be the effect on a Mars mission? What kind of acceleration would you attain, and what would the trip time be?

Chang Díaz: We calculate that acceleration would be on the order of one-tenth of a [gravity] maybe a third of a g , depending on the power source. The trip time varies, depending also on the power source. You can get there in about two months or one and a half months, depending on the power source. A lot of the electric propulsion concepts will do that, and this one does it a little bit better. We can save a few weeks in a trip to Mars. If we are going out to the asteroids, we can save months over the best electric propulsion concept. So the further out we go, the more we save, the more attractive it looks. All of the electric propulsion concepts are attractive in this area.

EIR: For a ship going between a tenth and a third g , what would be the size of the power plant you would need for the propulsion system?

Chang Díaz: The one that we looked at, is a megawatt of electrical power, which is a lot now, but for the future it wouldn't be. It would be a vehicle with a payload weighing 20,000 pounds, and it will have an engine which would be about the size of an Orbital Maneuvering System engine on the Space Shuttle. The thrust levels could be as high as a couple of hundred pounds at first, and then as you speed up, you go to lower and lower thrust levels. It's far from optimized, [because] we are just trying to prove the physics of it first. Soon we'll sit down with all of our engineering expertise

and really optimize it and come up with hard numbers on the power levels, [trip] time, thrust, and specific impulses, and so on. Right now, we need to just prove the concept.

EIR: What do you think of the work that Drs. Gerald Kulcinski and John Santarius are doing at the University of Wisconsin, using the tandem mirror fusion design with helium fuel, mined on the Moon? Creating fusion energy with deuterium and helium-3, as they are suggesting, would produce energy in charged particles, rather than in neutrons. Would this move into the more advanced fusion fuels that they are proposing, benefit your propulsion concept?

Chang Díaz: Oh yes, very much so. I think that's very [important] that they're looking at that area, because it's really the way to go. You want to not have anything tied up into neutrons, because the only way you can extract their energy is by a thermodynamic process [extracting heat], which always tied you to a thermodynamic efficiency and lots of heat losses. If you can do everything with charged particles, then you can have a direct conversion possibility and also much higher efficiencies. That would be absolutely great.

Science on the Shuttle

EIR: What are your plans in the Shuttle program?

Chang Díaz: I look forward to flying many times—as many times as my body will take. I hope to be on the space station. One of the things that I have been pushing for within the astronaut corps, is to make the astronauts more active participants in the science and technology that's being carried out on the Shuttle. In the past, there has been a little bit of a separation between the astronaut and the scientist. A lot of the payloads that we flew in space had only one switch—essentially an on-off switch. If you threw the switch and it worked, it's fine, but if it didn't work, then you could not do very much about it. That to me is a very inefficient way of doing science. It's also a little bit of an insult to the scientific capability of the people in the program. I think that the way to do science is interactively. Put the human in the loop and let the human make decisions right there. We have been going into this idea of robotics and automation, and I am opposed to a lot of that because I believe that we cannot automate things that we do not understand yet. Perhaps when we understand them, then we can automate them, but right now we don't.

The other thing is that we need to have people who are able to understand the Shuttle, and the space station, because the Shuttle and the space station are vehicles which are part of the instrumentation that you use to do your experiment. We cannot send a scientist up there to do an experiment and not have that scientist trained and understand what the vehicle that he's flying on, is doing. That's a deficiency that needs to be corrected.

EIR: The Shuttle is the first space program where the com-

mitment was made that scientists would fly. How much opportunity do you think there will be for scientists to go into space to conduct their experiments, or for their experiments to go into space, even if they can't?

Chang Díaz: I think that at first in the Shuttle, and in the early phases of the space station, the scientist-astronaut has to be a generalist. He has to be able to do many kinds of experiments in many areas, and do them well. He has to understand the operating constraints and the operating regimes of the vehicle, that make that science possible. We probably should not be thinking about very specialized individuals, but more like generalists. People who understand the basic nature of the experiments that are being carried out and can interact with the principal investigator, the scientist who has spent all of his or her life doing this experiment.

We have created a new group called the science support group, and our task is to interact with the scientists who are designing experiments to fly, early on, before those experiments have been completely delineated or designed. We will try to transmit as much as we can in the way of operational expertise. We have gathered a tremendous amount of experience in 25 Shuttle flights, we know how to do things, how they work and they don't work, we know experiments that are going to make sense, can be repaired and accessed, and we know how not to design experiments. A lot of the time that expertise has not been transferred, so the same mistakes are made over and over again.

We are trying to correct that problem. The most interesting science happens right there and sometimes you don't even expect it. You just happen to look at something at the right time, and it behaves a little differently than what you thought, and if your experiment does not have the flexibility, you cannot catch it. But if your experiment has flexibility, and the astronaut can interact, then you get the data point. That's the smart way to do things, not a black box with an on-off switch.

EIR: This group of astronauts will then be working with the scientists from the beginning, before they've set up their experiments?

Chang Díaz: That's right. We have also set up a new program within the astronaut office, called the science colloquium program, and each month we bring scientists from the [scientific] community in to interact with us. We are studying space tethers, remote sensing, materials processing, plasma physics—a whole realm of different things. We're trying to set up the astronaut office and corps as a very credible, very capable group of scientists who are also astronauts.

EIR: Do you know how many people in the astronaut corps are scientists?

Chang Díaz: It depends. "Scientist" is a very loose term. Some people are engineers, and some of the scientists that became scientists, did their work in engineering, like me. I'm an engineer. That's really my background—mechanical

engineering. A lot of the technology tests and development that we are going to be doing in space requires engineers, people who are well-versed in EVA [extravehicular activity, or space walks] techniques and understand the laws of physics very well. That's what the mission specialists are all about. The mission specialist is more the jack-of-all-trades. Some of us have Ph.D.s and have gone deeper into certain scientific areas, but are perfectly capable of doing other things, and we are trying to diversify. I'd say about 20-30% of our office falls into that category. People in our office are very operationally oriented. They want things to work. They don't want a system that is limited from the time it takes off from the ground. They want a system that can be reconfigured and changed. If we are going to fly a radar to do synthetic apertures for remote sensing, we want to be able to point it ourselves, not to have a ground command send it to move in some unknown direction.

EIR: You mentioned before that the vehicle you're flying in is part of the instrumentation of your experiment.

Chang Díaz: Yes, that was very evident in the Spacelab 2 mission to study the behavior of the Shuttle and the environment of the ionosphere that the Shuttle flies in. The Shuttle deployed a small plasma diagnostics package which was allowed to free-fly away from the orbiter, and the idea was to study the wake effects [electromagnetic interaction of the orbiter with the Earth's magnetic field and environment]. To do that the Shuttle was flown in a very intricate set of maneuvers around this package to create different kinds of wakes. You have to understand how this wake was forming and what it was that the package was trying to measure. If you understood that, then you could fly the Shuttle to do it best. There were some instances in which we had to fly the Shuttle away from the plane of the orbit to set up a flux connection between the Earth's magnetic field and the field lines from the Shuttle to the plasma package and then launch Alfvén waves along the direction of the field, so you have to fly at just the right altitude, and rate. You've got to understand the platform, the vehicle, and its operating capabilities, at the same time that you understand the science. We have not done that with the scientists that had flown in the past. Either they were scientists who just concentrated on their experiment and were not trained on the Shuttle, or vice versa. We need to merge the two together.

EIR: How will the space station open up new capabilities for science and technology?

Chang Díaz: If we do it right, and we do the homework that needs to be done in the Shuttle, then when the space station comes along, we will have the expertise to have a well-integrated marriage between the operations and the science. Or call it operational science—a team of people who can best do the experiments. If you look at most large research facilities today, you don't see a single scientist working off all by himself or by herself in a little project. You see

teams of people working together. That's what we need to do—operational science. It requires a whole spectrum of people not just scientists, or just technicians.

EIR: I guess you'll get a chance to go to work on the space station?

Chang Díaz: I hope so.

A space agency for Latin America

EIR: You did an interview with the Spanish language *Fusión* magazine a while ago, when you were on a tour of Latin America. In that interview, you expressed your ideas on the importance of getting the developing countries involved in the space program, and space technologies. What are your thoughts on that now?

Chang Díaz: It's like what's going on in Europe. Europe has an organization, the European Space Agency (ESA), which represents the European Community in this space adventure. Other communities, like the Southeast Asian countries, also are gathering their resources to form their own ASEAN community for the same purpose. I think of the developing areas of the world, only Latin America and Africa are areas that don't have bodies that would represent them in the space arena. Therefore, only very large powerful or semi-powerful countries like Brazil and Argentina can get involved, [but only] to a very limited extent, because even they cannot really compete in their budgets.

So one of the things that I have been trying to push for, is the creation of a Latin American Space Agency, which would be a working body, very similar to ESA, to bring Latin America to the forefront of space technology and the benefits from it. I talked during my tour of Latin America about remote sensing as one of the most important things they can benefit from right away. Communications also. You know that the communications satellites are geostationary, and have to be in equatorial orbit. Because geostationary orbit is unique, [22,300 miles above the Earth], there is only a limited number of satellites in space. When those countries are able to put their own satellites up there, there will be no room left for them. So all of these issues need to be resolved in an international forum, and they need to be looked at in a serious way. In the end, I think that when we move out from the Earth and we are all citizens of the Earth, we will not really be citizens of any given country. It would make sense that we start coming together, before we do that.

EIR: NASA is developing new applications of remote sensing technology, such as tracking the migration of disease-carrying insects, which could be extremely valuable for countries in Latin America. What do you think the potential benefits could be to nations in Latin America, from this kind of technology?

Chang Díaz: I think the benefit for Latin America would be to be able to develop very, very quickly. It would be able to take a short-cut in development and get to the end of the 20th

century, without having to go through all of the complicated developing processes that the developed nations went through. That would be one thing. The other thing that happens, is that when a country develops, it becomes a consumer of high technology, and a country like the U.S. could be a very big supplier to countries which are suddenly consumers of high technology. There is a symbiotic relationship that right now is not being exploited.

A country that does not have high technology, depends on the U.S. via foreign aid, and the U.S. has to come up with money to give those countries so they can survive. But if they were developed, they would be able to pay for their own technology with their own money, and they would live better, and it would be better for the U.S., as well. All I'm saying, is that it makes sense to develop, and develop technology in those countries. I think that the basic problem in Latin America is a tremendous inefficiency in land usage, resources, communications. It would improve everything so drastically, if we could just communicate, if we could do it in an efficient way; if we could tell the people at the shores where the schools of fish are, so they could go fish there.

If we could tell the farmer when the floods are coming, or what [the cyclical storm system] "El Niño" is doing, it would be incredible. In Mexico, one of the biggest problems is that a farmer of potatoes, for example, grows a bunch of potatoes, but he doesn't know where the market is, or where to go to sell them. One way to do it is to communicate via satellite, and find out where the potatoes are needed. These are problems that affect all developing nations, and they could be solved.

EIR: Should there be an effort made to involve these countries more directly in the U.S. program, such as the guest astronaut program?

Chang Díaz: If that really involves people. There is a difference between public relations and real honest to God collaboration. I think we need to move towards a more realistic collaborative program. I think, for example, by having a body that could oversee this sort of participation we could ensure, like the countries in Europe, that they are actually participating in space, and not just being awed by it or being perhaps taken along to see this or that, but actually be real participants in the technology. You have to be careful as to how this gets done.

EIR: It would likely make more sense to have 100 people come up here to be trained using the technology. . . .

Chang Díaz: Exactly. That, to me, would be crucial. If we could use some of the [NASA] tracking stations [used to communicate with the Shuttle and satellites] that we don't need anymore, such as the tracking station in Chile, or in Ecuador that we used for the Shuttle, if we could train people from those countries to use those stations to interact with Landsat or the [French remote sensing] SPOT satellite or whatever, then we are doing something good.

Brazil's ambitious program points toward continent-wide space agency

by Lorenzo Carrasco Bazúa

In November 1979, the Brazilian Commission on Aerospace Activities drew up a plan, the Comprehensive Brazilian Space Mission (MECB), which, by the end of the present decade, projects the construction of a launch base in Alcantara, in northern equatorial Brazil, the construction of a satellite launch vehicle (SLV), and the launching of four scientific satellites.

The program is ambitious for a "Third World" country, but its greatest importance lies in the hope that it could be the starting point for a long-dreamed-of Ibero-American Space Agency. Only the combined efforts of the nations of the continent, would make possible their meaningful participation in the great projects of space colonization that should occur during the first decades of the next century.

Brazil's program is a joint effort of the Institute of Space Activities (IAE), the Aerospace Technical Center (CTA), and the National Institute for Space Research (INPE), part of the Ministry of Science and Technology. The INPE is responsible for the design and construction of satellites, related facilities on Earth, and the testing and operation of satellites in orbit. The CTA is responsible for developing the launch vehicles and building launch facilities.

The CTA has, to date, launched four sub-orbital test rockets and will launch three more to complete the preliminary phases for placing the first Brazilian satellite in orbit at the end of this decade.

The most recent test launch was in November 1985, from the launching pad at Barreira do Inferno in the north. One meter in diameter and 12 meters in length, with 4 meters of cargo space, the two-stage Sonda IV rocket traveled at 11 times the speed of sound during its 20-minute flight, reaching an altitude of 700 kilometers. It carried 7.3 metric tons, including 500 kilograms of experimental equipment developed jointly by the CTA and the U.S. Air Force.

The Integrated Test Laboratory

The National Institute for Space Research's timetable lists February 1989 as the date for launching BRASA, the first of the four satellites, designed for collecting meteorological, climatological, and hydrological information for transmission back to Earth. It will weigh 115 kilograms, will take

two years to assemble, and will orbit 700 kilometers above the Earth. Its lifetime will be six months, after which it will be replaced by a more sophisticated model, to be launched at that time.

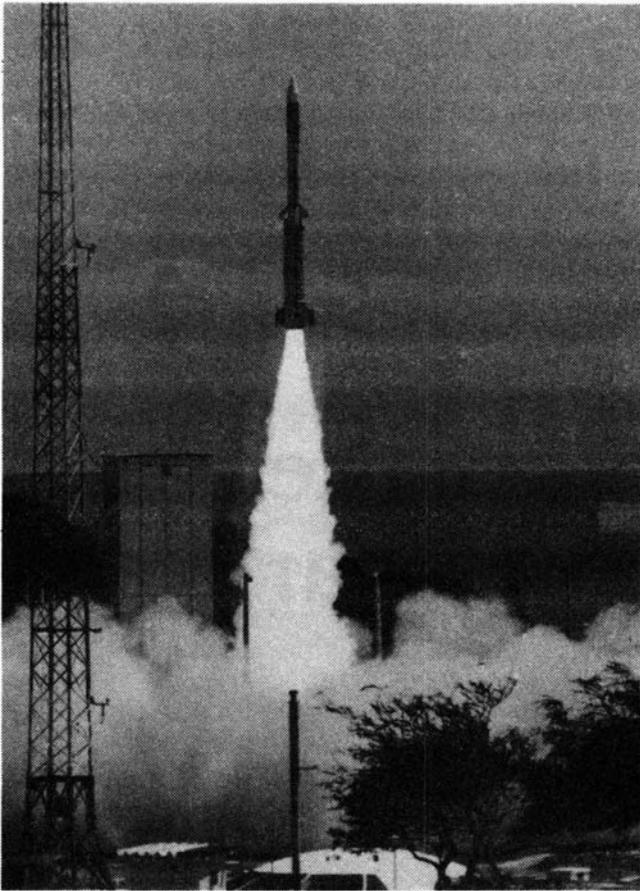
The second series of satellites will be designed to provide information on natural resources through visual observation of Brazilian territory. By picking up infrared images from the subsoil, these remote-sensing satellites will be an important tool for research on mineral, agricultural, forestry, and oceanographic resources. It will weigh 150 kilograms and will orbit the Earth at 642 kilometers.

In satellite building, the INPE is about to make its most important technological leap, by putting on line this September an Integrated Test Laboratory (LIP). It is the first of its kind to be built in the Southern Hemisphere and will be capable of simulating launch, orbit, and reentry of spacecraft.

This lab is really a battery of laboratories spread over 10,000 square meters. It is equipped with several Hewlett-Packard HP-1000 mini-computers. In one section, thousands of satellite components will be subjected to space-environment simulations, such as extreme temperatures, from 169° Celsius below zero to 150° above zero. They will also be subjected to electromagnetic interference, and other tests. Shielded echo-free chambers will be built by INPE for these tests.

In another section of LIP, the satellite will be put on vibration machines which simulate the acceleration and shock effects of the launch process. These tests will be performed in cylindrical chambers approximately three meters in diameter, which will have to be recalibrated constantly. A support section will take charge of calibrating the chambers.

But, beyond building a test lab for the development of the four satellites, which could be used in collaboration with other countries, the new installations will permit the development of scientific equipment and technological capacities, pushing Brazil's space sector toward an internationally competitive position. Then, in the opinion of the director general of INPE, Marco Antonio Raupp, "Brazil will have definitively reached its maturity in space activities."



A test-firing of Brazil's Sonda IV rocket.

Since the entire project will stimulate a broad variety of scientific areas and technological applications, the building and testing of satellites will also be of vital importance to the development of national industry, especially the high technology and capital-goods sectors. The Foundation for Space Science, Applications, and Technology is precisely the link which connects INPE with commerce and industry. Its function is to promote the creation of space-sector industries.

Looking toward the future

In addition to launch-vehicle and satellite development, the building of a giant launch complex is the pillar of the Comprehensive Brazilian Space Mission. Its siting in Alcantara, in the state of Maranhão, is due to its proximity to the Equator. Launchings near the Equator save fuel by taking advantage of the Earth's rotation, which is fastest along the equatorial line. That, of course, is why the French sited their launch base at Kouru in nearby French Guyana.

Fuel savings of as much as 27% in equatorial launches lead one to believe that many space launches, including those of NASA in the next century, could take place at Alcantara.

To this end, the facility is being built large enough to launch Space Shuttles, even though no such launches of that magnitude are planned in the near future. But it is extremely

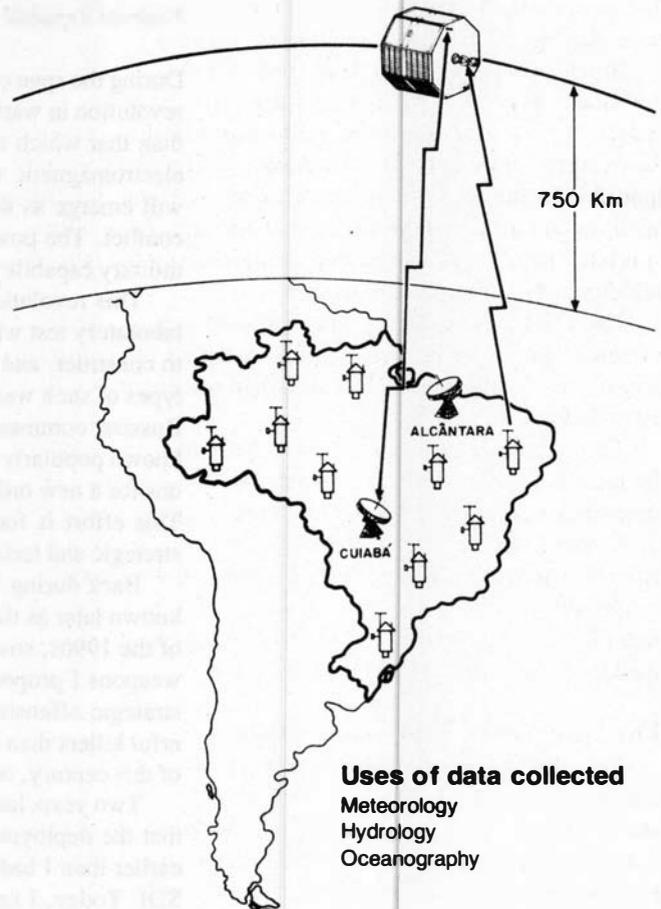
important that Brazil is developing the infrastructure which will enable it to participate in future projects of man's colonization of space.

An Ibero-American Space Agency?

The only guarantee that Ibero-American countries, including Brazil, will meaningfully participate in, for example, the colonization of Mars, is the integration of their space programs in an Ibero-American Space Agency. This idea has repeatedly circulated on the continent, and was discussed, once again, during the Latin-American Symposium on Remote Sensing, which took place in Brazil at the end of last year.

INPE director general Marco Antonio Raupp advanced the idea there of putting together a joint space program, like the European Space Agency. "This is the hour to think of an agency, because its effects are long-term," he stated. Raupp stated that space programs are characterized by large capital investments and touch upon areas beyond the capabilities of any single country. To share costs and benefits, he asserted, there is nothing like a uniting of efforts.

Communications from Brazilian satellite to Earth stations



Nonlinear radiation: the true total war

by Lyndon H. LaRouche, Jr.

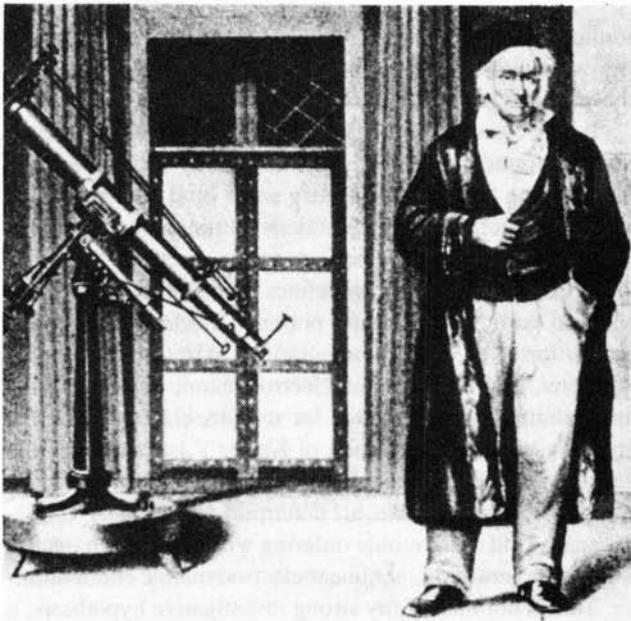
Remarks to a conference sponsored by Executive Intelligence Review in Munich, Federal Republic of Germany, on Sept. 3, 1987.

During the span of the coming four to five years, almost certainly, a technological revolution in warfare will have completed its first phase. It will be more awesome than that which exploded over Hiroshima and Nagasaki back in 1945. The full electromagnetic spectrum, from less than 10 Hertz into the gamma-ray region, will emerge as the arsenal which dominates the arenas of strategic and tactical conflict. The powers which first master this field, will have gained the potential military capability to dominate this planet.

This revolution in weaponry has already begun. On the basis of results of a laboratory test which I requested, I know that we in the West have the capability to construct, and to deploy for military functions, some kinds of working prototypes of such weapons of mass-killing on very short notice. I also know, that the Russian command's currently operational pre-war war-economy mobilization, known popularly as *perestroika*, has the prominently included aim, to build weapons for a new order of battle of Soviet forces, within as short a time as five years. This effort is focused substantially on the production and deployment of both strategic and tactical electromagnetic weapons of the new class.

Back during 1981 and 1982, while I was working on design of what became known later as the U.S. Strategic Defense Initiative, I anticipated that by the end of the 1990s, strategic weapons-systems would go beyond the level of the beam-weapons I proposed for strategic ballistic missile defense, into electromagnetic, strategic offensive capabilities. Electromagnetic-radiation weapons, more powerful killers than nuclear warheads, were seen as inevitable for as early as the end of this century, or only slightly later.

Two years later, by the first half of 1984, I had seen enough evidence to prove that the deployment of such weapons was in reach perhaps as soon as 10 years earlier than I had estimated during the time I had been working on the design of SDI. Today, I find wide agreement on the early feasibility, and strategic signifi-



From left: Karl Gauss, Johannes Kepler, G.W. Leibniz. The scientific tradition represented by these men formed the basis for LaRouche's understanding of the way in which the revolutionary new weapons now emerging accomplish their nonlinear effects.

cance of such weapons among relevant senior military specialists of several nations with which I have been in communication.

The exploration of technologies of electronic warfare has been under way since no later than the 1930s. This field has had increasing importance since the war-time development of radar, and has become more and more sophisticated with the development of more ingenious uses of increasingly powerful individual and coupled gyrotrons.

Until recently, most of the attention was concentrated on what were called the thermal effects, such as the destructive heating of targets irradiated with microwaves. It was only with great reluctance that Western nations recognized the importance of nonlinear electromagnetic effects, in which thermal effects have an almost irrelevant, or merely subsidiary role relative to the crucial effect produced.

My estimate is, that in the West, such nonlinear effects, such as electromagnetic solitons, began to be studied seriously from a military vantage-point, only during the early 1980s. Even today, much missionary work is needed to convince many working in the area of radio-frequency weapons, that the most significant effects are predominantly certain among the non-thermal effects of sometimes very complexly constructed, nonlinear forms of such radiation.

As a matter of emphasis, my own attention has been focused upon biological effects achieved with what conventional standards for thermal effects in electronic warfare would consider very low wattages per square-centimeter of target-area. Outside biology, some senior scientists are working on the harmonics of the periodic table, an area of fundamental

research essential to understanding better the design of weapons and tools designed for inorganic target-materials. I shall limit my observations today to the biological targeting.

My approach to the field

It is useful to indicate the route by which my interest was drawn into this area of technology. A brief description of that may help to make the subject more intelligible to those who are still perplexed by the topic of nonlinear effects.

My original work in the profession of economic science, initially during the 1948-52 period, was in refuting the doctrine of "information theory" associated with such names as Norbert Wiener and John von Neumann. I attacked this matter of controversy from the vantage-point of what Leibniz was first to define rigorously as "physical economy," the study of cause and effect relations between advances in technology and physical productivity of labor. In this aspect of economic science, our primary researches ignore the roles of money and prices.

My task was to show, that contrary to Wiener and von Neumann, the mental-creative processes which generate scientific revolutions and technological progress, as causes, have an implicitly measurable correlation with their effects, the increases in physical productivity of operatives obtained through advances in applied technology.

For elementary mathematical reasons, the transformations in economies caused by technological progress are intrinsically nonlinear. Similarly, if we restate scientific revolutions in the proper choice of mathematical representation, technological progress, as a product of the individual human

A short bibliography on RF weaponry

Executive Intelligence Review has published a number of articles about the technology and politics of radio frequency weaponry. Among them:

June 5, 1987: "The next Soviet 'Sputnik': strategic radio frequency assault weapons," by Lyndon LaRouche.

June 12, 1987: "West must counter Soviet radio frequency weapons," by Jonathan Tennenbaum; and "Soviet strategic radio frequency and other assault weapons: a primer," by Warren J. Hamerman.

July 3, 1987: "The Russian lead in radio frequency weapons," by Robert Gallagher.

July 10, 1987: "How Russia's radio frequency weapons can kill," by Robert Gallagher.

July 24, 1987: "Pentagon ignoring Soviet scientific lead?"

September 4, 1987: "How radio frequency waves interact with living systems," by J.W. Frazer and J.E. Frazer.

brain, is also demonstrably nonlinear. If Riemannian physics is represented from the vantage-point Professor Riemann demanded, constructive or synthetic geometry, both of the nonlinear processes, creative mentation and effects of technological progress, can be given a unifying functional representation.

Thus, for nearly 40 years, because of the nature of my discoveries in economic science, I have had a special interest in identifying the form of the biological processes which are the substrate of human creative mentation. For that reason, I have been gripped by a passion to understand the relationship between the special biological processes associated with these brain functions and biological processes in general. To follow my own role in coordinating scientific inquiries into matters bearing upon the new weapons technology, one should know the methodological standpoint which has defined my approach to these investigations.

I have adopted the very strong form of investigative hypothesis, that such processes could not be understood adequately from the standpoint of molecular biology. Over the years, it has been my investigative hypothesis, that if the most characteristic feature of living processes, that which distinguishes them as living, rather than merely organic chemistries, were shown to be coherent with Riemannian

nonlinear electrodynamics, the desired, comprehensive biological foundation for exposing the ontology of human psycho-physical parallelism could be isolated.

It was clear, for the same reason, that the desired result could be found only along routes defined by optical biophysics, defining "optical" to signify some kind of Riemannian nonlinear electrodynamic functions within the bounds of all relevant portions of the electromagnetic spectrum.

My approach to biology defines the so-called elementary physical particles, including photons, electrons, positrons, and so forth, as discrete singularities akin to our so-called "solitons," in a Riemannian, electrodynamic physical space-time continuum. It follows, for reasons elaborated by the great Gauss in his reworking of Kepler's astrophysics, that the structure of the atom and of plasmas, and the characteristics of the periodic table, are determined by a Kepler-Gauss-Riemann kind of harmonic ordering within such a characteristically negentropic, nonlinear electrodynamic continuum.

This is not merely my strong investigative hypothesis; it is the standpoint from which nonlinear effects weapons must be understood, if our understanding is to become efficiently adequate.

This is a view of physics consistent with the elaboration of non-Euclidean geometry since Nicolaus of Cusa established the foundations of modern non-Euclidean geometry in 1440. This is the view flowing from the special kind of synthetic or constructive geometry, on which the elaboration of the Gauss-Riemann complex domain is explicitly premised, both in respect to mathematical methodology, and also ontology.

The fundamental question of physics posed by all nonlinear processes, especially from the vantage-point of electrodynamics, is a very elementary one. The elementary question of method is: How is it possible to provide an intelligible representation of the continuous process—a continuous manifold, by means of which an electrodynamic continuum must necessarily generate subsumed singularities of the sort which appear to define, as intellible projections, the content of a discrete manifold? The attempt at intelligible representation of all true, continuously nonlinear processes, including the new weapons of electronic warfare, presents us with this same question of method.

To those who have traced the internal history of natural philosophy and modern science as a kind of continuing process of research into fundamental questions of method and ontology, the issues I have identified are as old as classical Greece, treated in exemplary fashion by such as Parmenides, Plato, and Archimedes. The most fundamental, persisting question, has been the problem of intelligible representation of an efficient principle of causation by which a true continuum, initially without discreteness, necessarily generates what, in effect, we recognize with our mental-visual apparatus as an efficient form of the discrete manifold.

Historically, modern science's ranks have been divided

between those, like Cusa, Leonardo da Vinci, Kepler, Leibniz, Gauss, and Riemann, who based their contributions on the insistence that this continuum issue was the primary fact confronted by investigations into method and ontology, and those opponents, such as Descartes and Kant, who insisted that notions such as "creation" and "life" were intrinsically incapable of intelligible representation by man. The characteristic difference between these two modern factions in science has been the preference for the standpoint of the methods of non-Euclidean, constructive geometry by the one, and the opposing preference for the more or less radically axiomatic-deductive methods of treatment of the discrete manifold, by the other. Such were the differences, in electrodynamics, between Riemann and Beltrami, on the one side, and Clausius, Kelvin, Helmholtz, and Maxwell, on the opposing side.

This controversy is the root of the difficulty experienced among numerous professionals, in their efforts to comprehend adequately the kinds of nonlinear phenomena confronting us in development and application of the revolutionary weapons now in progress. In the case of the nonlinear biological effects of such weapons, these issues are clear in the most immediate way. It was principally my application of this view of the matter to the issues of defining the ontological form of living processes, which equipped me to comprehend the manner in which the new weapons accomplish their nonlinear effects on biological and other targets.

During a fresh discussion of this continuing work, during 1983, one among my associates who had been working on mapping of visual functions of the brain, said to me: "Oh, I see what you mean. I know of the work of several people in that field." So, I experienced one of the happier periods of my life, by being brought, belatedly, into contact with some of the handful of specialists working in the field called "non-linear spectroscopy" of living processes. I brought some of these specialists into seminars which included senior plasma physicists, and a gifted astrophysicist doing some pioneer work on anomalous objects. The presentations, and exchanges around the table in a series of seminars, brought the area into clearer focus.

With that, I alerted some of the officials with whom I had been working, earlier, on the design of the SDI, and have been an active lobbyist for the cause of this line of research ever since. About the same time, our ongoing international seminars took up a study of this infection we call AIDS. We recognized very early, with help of information on some relevant aspects of cancer research, that biological research dedicated to uncovering a general cure for the AIDS infection would require heavy emphasis on this field of nonlinear spectroscopy.

Most of the participants in these seminars were stunned initially, to discover the very small wattages per square centimeter required to alter, or to kill tissue by appropriate applications of methods of nonlinear spectroscopy. Some of us also recognized that Soviet work, continuing today the pi-

oneering work of Vernadsky and Gurvitsch during the 1920s and 1930s, placed in Soviet hands a kind of potential set of super-weapons beyond the imagination of even most biologists and electronic-warfare specialists.

For reasons I shall not detail, during 1986 some of my associates and I were confronted with a major non-military problem in applied nonlinear spectroscopy, requiring the same electronic technology as these large-scale-effects weapons. We were confronted with the practical questions: What type of power-plant, what sorts of wave-guides, and what other specialized equipment available today, would we bring together to do the job? Given the kind of equipment available today, using the methods of work commonplace in advanced-weapons systems crash programs back during the 1950s and early 1960s, the package needed could be assembled within weeks, and could be packaged into a trailer truck or cargo aircraft.

We were faced with the fact, that the same package, configured as a weapon-system against large, targeted populations, could be produced and deployed during the same period of time. We thought also, that some of the equipment being used by Soviet Academician Velikhov could be most useful as part of such a weapons-system. We were confronted with the fact, that the world had already crossed the threshold into the next scientific revolution in warfare.

My associates and I continued our investigations along these lines. This overlapped one of my special projects in collaboration with *EIR*, strategic analysis of the shifting patterns of relative military capabilities of the Western and Moscow alliances.

Putting this technological knowledge today with my intelligence on relevant developments inside the Soviet Union, I realized why Marshal Nikolai Ogarkov and his Soviet general staff friends at the Voroshilov Academy were so eagerly prodding Secretary Mikhail Gorbachov into luring President Reagan into a "zero option" agreement.

If the Soviet government could reach an agreement which resulted in scrapping missile-systems Marshal Ogarkov now considers technologically obsolete, such as what we call the SS-20, Moscow could concentrate freed-up sectors of Soviet military capacity on both accelerated deployment of the Soviet version of the Strategic Defense Initiative, and also on rapid development and deployment of both strategic and tactical electromagnetic weapons of this revolutionary type.

A new Soviet order of battle?

Now that this background has been summarized, let us examine the strategic implications.

On the basis of a daily gridding and accumulation of evidence from Soviet sources, our best estimate today, is that Marshal Ogarkov's pre-war war-economy mobilization, called *perestroika*, is intended to reach its peak-levels of pre-war mobilization by about 1991. Let us suppose that *perestroika* slips a year or more beyond a 1991-92 target-date.

Seminar in Munich looks at radio-frequency weapons

The first of a series of *EIR*-sponsored seminars in West Germany on military applications of radio-frequency technologies, "Radio-Frequency Weapons—Feasibility and Strategic Significance," took place in the afternoon of Sept. 3 in Munich. The seminar focused on the technological and strategic threat posed by determined Soviet efforts to field tactical battlefield radio-frequency weapons employed by spetsnaz ("special forces") as early as 1991-92, and was addressed by American presidential candidate Lyndon LaRouche.

The more than 70 participants were almost exclusively professionals: active service West German military, some of whom represented units particularly relevant to the possible future formation of "special forces" within the West German armed forces; representatives of most of the world-famous larger military-related industries in the Munich area, as well as a number of more specialized electronics-physics firms; representatives of the West German intelligence community generally, in addition to technical military intelligence; and ranking representatives from the military community no longer on active duty.

European military professionals hardly ever contest that the sugar-coated packaging intended to sell the Russian-Soviet *perestroika* to the Western public as a policy for peace is pure subterfuge and disinformation, decorating the stage of today's so-called disarmament talks. But Michael Liebig, who manages the West German *EIR* news agency, gave substance to these justified suspicions by

tracing the role of Marshal Nikolai Ogarkov of KAL-007 infamy, and his numerous Red Army officer-progeny in formulating and carrying out the current Soviet technological-economic war mobilization (*perestroika*), which is aimed both at a Soviet strategic defense capability and "high-tech spetsnaz."

Neither the technologies for radio-frequency weapons against "soft targets" (human beings), nor the specific Soviet commitment to fielding these technologies, can be dismissed as "futuristic science fiction," Liebig pointed out—any more than the strategic conception and technologies, which *EIR* introduced into NATO debates at the beginning of the 1980s, which later become known as the SDI.

"In the *combination* of special forces units, whose quantitative and qualitative importance is dramatically increasing in the Russian armed forces as a whole, and such weapon systems on the basis of directed energy, there is a new, acute threat to our security, one which has been but meagerly realized up to now. We simply cannot afford to ignore this threat by high-tech spetsnaz," Liebig argued.

Soviet program an open secret

Jonathan Tennenbaum, an American scientist who directs the European Fusion Energy Foundation, dropped another bombshell by reviewing in detail, from the *open* Soviet literature, efforts extending back to the 1960s to fulfill Vernadsky's program of research and development. Vernadsky, the architect of the Soviet atom bomb project in the 1930s and 1940s, had predicted that the nation which gains control over emission of radiation over the entire electromagnetic spectrum would become the world's dominant industrial and military power.

While reports from the Soviet literature on radio-frequency radiation generation over broad spans of the electromagnetic spectrum, wave-guides, and power genera-

ulations in Western nations.

In West Germany today, for example, we can fairly estimate the deployable, qualified paramilitary combat forces at about 10,000, of well-trained and other capable forces, coordinated by East bloc-trained paramilitary officers. The various concentric circles of less qualified sympathizers among potential riot-auxiliaries, saboteurs, and so forth, including such as Islamic and Kurdish residents, totals to a large multiple of the hard-core forces. Kindred situations exist, and are developing in other Western nations.

We must assume that this expanding capability, over the coming four to five years at present trends, combined with Soviet spetsnaz infiltrators, typifies the Soviets' first line of

That gives us in the West more time, but the logic of the situation remains essentially the same. Assume that the West's cutting of military and research and development budgets continues the downward trend currently in progress. What is the situation by 1992, or perhaps a few years later?

To situate the new weapons in the strategic equation, strategic analysis must take into account the interrelationship between two general features of an altered Soviet order of battle.

The present process of transformation in Soviet war-planning defines the first line of Soviet assault, over the medium-term, as the combination of paramilitary forces and active sympathizers of those forces recruited from among the pop-

tion, dropped to zero in about 1983, even in "civilian" areas of application, Dr. Tennenbaum pointed out that it is still possible now and then to find, for example, descriptions of medical experiments done to determine how to alleviate effects of radio-frequency radiation in humans with various forms of medication, medication administered both *before* and *after* exposure to radiation at various frequencies.

Tennenbaum demonstrated the incontestable orientation of Soviet research work toward the nonthermal and nonlinear effects of radio-frequency radiation. Thus, while continuous radiation in the millimeter ranges would hardly penetrate human tissue surrounding the lower base of the human brain, there is evidence that the Soviets have experimented with pulsed radiation in this range, employing "bundles" of pulses at carefully designed frequencies.

All of the "critical scientists" who claimed it would be impossible to beam laser light through the atmosphere to hit incoming ballistic missiles, have been refuted by the phenomenon of "self-induced transparency." Russian work is honing in on just this phenomenon, and applying it to biological organisms. (In the discussion period, several participants reemphasized this point, and argued that, in this area of physics, nonlinear spectroscopy, and optical biophysics, anyone who argues that nonlinear phenomenon *x*, or *y*, or *z*, is "impossible," is skating on very thin ice.)

Germany needs 'special forces'

For some of the more technically oriented participants, Gen. Jobst Rohkamm first sketched a number of interfaces between current state-of-the-art phased array radar, and communications monitoring and jamming equipment, and then, the more advanced applications of radio-frequency weapons which Tennenbaum had reviewed.

Brig. Gen. (ret.) Jobst Rohkamm until recently commanded the West German Armed Forces Signal Corps School in Feldafing near Munich.

He contrasted the apparent lack of a "perception of the threat" in the West with Soviet-Russian forced build-up of spetsnaz forces, amounting to a force of millions if the trained reservists are included in the calculations. He also drew upon the recently published book by Viktor Suvorov, *Spetsnaz, The Story Behind the Soviet SAS*. The perspectives and imperatives discussed by LaRouche and Tennenbaum, Rohkamm argued, cannot be dismissed as figments of the imagination by anyone who knows the ruthless brutality characteristic of Russian special forces. "This is precisely the mentality capable and determined to employ such fearsome weapons."

Given the German Wehrmacht's experience with Russian special forces in World War II, and given these current developments, the general argued, the current state of affairs in the West, particularly in the Federal Republic of Germany, makes a laughingstock of any defense mission: There are no designated special forces units in the armed forces of the Federal Republic of Germany, Rohkamm pointed out, making the Federal Republic an anomaly among all Western nations, and all nations in the heart of Europe.

Even those "deep reconnaissance" forces assigned for operations "behind enemy lines" "are given training and equipment to ensure that they are capable of nothing but reconnaissance," he said.

That state of affairs must be radically changed. General Rohkamm then held up to ridicule a graphic example of the defeatist mentality that would prevent such a change: a three-page fashion advertisement from a current West German magazine. The latest in fashion is pictured with the hammer and sickle embossed on the breast pocket of men's shirts and ladies' dresses!—*George Gregory*

assault in Western Europe.

The second line of Soviet assault will probably not be armored assault, but elements of Soviet regular units designed to interface with the combined local irregulars and spetsnaz infiltrators, including special airborne units of the sort now forward-based in Hungary. Armored units follow, not to lead the assault, but for occupying the terrain in the wake of the first and second lines of assault.

That is sufficient description to make the point summarized here. How does such an order of battle dovetail with the impact of the new class of strategic and tactical electromagnetic weapons?

This gives the Soviet strategists selections among three

crucial kinds of weapons which might be used by infiltrating spetsnaz forces for the purpose of destroying Soviet first-strike strategic objectives by means other than missile-launched nuclear warheads:

- 1) Pre-infiltrated, compact nuclear bombs, for hard targets.
- 2) Some selections from the repertoire of chemical-biological agents, for use deep in our interior.
- 3) Pre-infiltrated, electromagnetic strategic and tactical weaponry, for use against personnel and other vulnerable targets.

Since, in case of assault, Warsaw Pact forces intend to overrun and exploit Western Europe, the use of pre-infiltrated

nuclear and chemical-biological agents must be limited to targets for which no alternate effective means is available. Electromagnetic strategic and tactical weapons fill this hole in the Soviet war-planning problem.

With East bloc TIR trucks long circulating in the thousands, with impunity, throughout Western Europe, and by other rather obvious means, the infiltration of the three classes of weaponry assigned for use by infiltrated spetsnaz units presents Moscow with no great difficulty. The largest strategic electromagnetic system required for such use, could be conveyed in operational form in a trailer-truck rig, even at today's level of technology.

It is a fair estimate, that there are approximately 250 Soviet first-strike strategic targets in Western Europe. Heretofore, it has been the popular assumption that this requires a net of about 250, missile-deployed nuclear warheads hitting their targets, of the total warheads launched. Today, technologically, potentially, all of those targets could be neutralized by either pre-infiltrated, compact nuclear warheads, or strategic and tactical electromagnetic weapons, without the firing of a single Soviet missile.

For obvious reasons, it is doubtful that Moscow would entrust the use of such pre-infiltrated strategic weapons to paramilitary forces recruited from among Western European populations. Starting a covertly deployed, precisely coordinated assault requires highly compartmentalized control of disciplined units; this is a spetsnaz function. The local Soviet assets among trained paramilitaries and their auxiliary activists have a different assignment at the brink of war, essentially an escalated form of their pre-war functions of terror and disruption, and also a diversionary screen serving more or less unwittingly as logistical support for the infiltrated spetsnaz forces.

Compact nuclear bombs are an existing technology. The new electromagnetic weapons are, in some degree, at least, existing, deployable prototypes, but certainly not available yet in the quality and degree required for such missions.

Marshal Ogarkov and his general staff associates require several years or more of successful *perestroika*, and successful negotiation of a "zero option" agreement, to be adequately prepared to deploy the new order of battle for general assault. For obvious reasons, the deployment of the Soviet version of SDI, now in progress, must be essentially completed. Most probably, the kind of threat described is a medium-term threat. Nonetheless, if we consider the tasks we must complete during the five-odd years we can allow safely for this purpose, the time for us to begin is now.

Where we stand

Recent advances in relatively higher-temperature superconductors, mean much more efficient electrodes for devices such as gyrotrons, perhaps two orders of magnitude of increase of output. There are other, more sophisticated new kinds of devices, which I shall not discuss here. As for power

sources, in addition to conventional ones, there is the case of the very clever, truck-portable device developed by Soviet Academician Velikhov. With greater power supplied to complex, nonlinear electromagnetic beam-pulses, the needed wattage per square centimeter on target-area can be achieved at correspondingly greater distances, and over wider areas.

As electromagnetic agents of biological warfare, such weapons have potentially the killing power of a thermonuclear warhead, without any of the unwanted after-effects to trouble Soviet occupying forces. The tactical uses are obvious.

There are sublethal effects available within the repertoire as a whole, such as sleep-inducing effects. Or, the direct target might be an induced change in the environment, or an effect on vulnerable microorganisms on a large scale, and the physical possibility of global, electromagnetically induced effects.

Therefore, as I have said, whoever first controls the full range of the electromagnetic spectrum, and is able to produce specific, nonlinear effects by this means, has won the power to dominate the world. We had better move quickly, before it is too late.

It is the general rule in technology, that the technology which provides a weapon of greater mobility and firepower, is also the technology which supplies mankind a more powerful tool. Conversely, the technological principle of each more powerful tool, is also more or less readily applied as a superior weapon. The same is true of nonlinear spectroscopy.

This is the new biological science.

I have already mentioned the importance of this line of investigation for discovering a general cure for the AIDS infection. If we could master the spectroscopy of the full range of the mitotic process, from the existence of the parent cell, through to the formation of the distinct daughter cells, we would have the key to mastering AIDS. This might require 10 years of research along both those lines, and parallel molecular biology, before a cure were discovered; the sooner we take this seriously, the sooner the research is done.

Since, under presently prevailing public health policies, the group of closely related human-specific infections associated with the name human AIDS could potentially render the human species extinct within two generations or so, this line of combined biological research has properly the highest priority of any task facing governments or mankind generally. So, the picture of the matter is, that this new biological science, which will play at least an integral role in saving the human species from extinction, also bears upon the knowledge which enables us to destroy life with the least effort applied over the broadest area.

We dare not hold back the clock of science in this area. Whoever develops a cure for AIDS, or better cures for cancer, by help of this science, also possesses the most powerful weapon ever conceived. We had better master this science quickly, for every reason we might imagine.

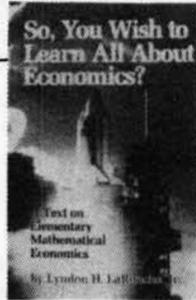
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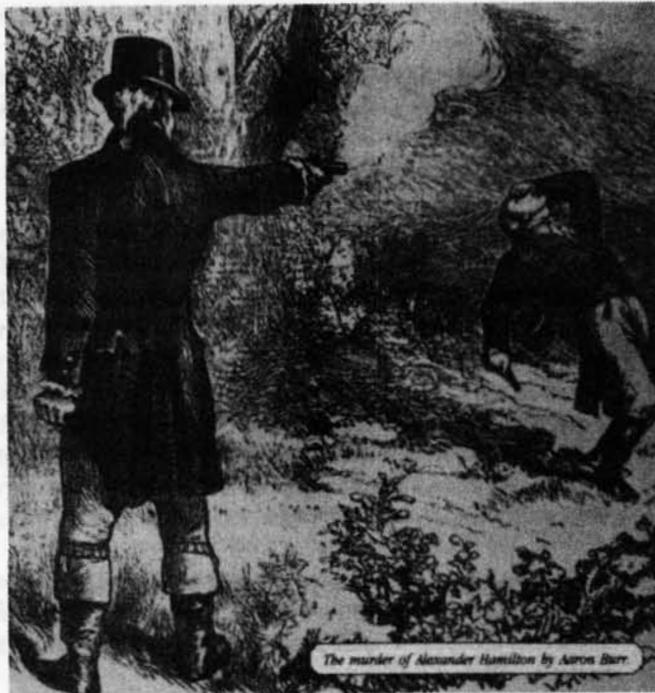
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The U.S. Constitution: two hundred years later

by Lyndon H. LaRouche, Jr.

Our federal Constitution of 1787 has endured the tests of time, as no other in the history of mankind has been able to meet that test; it is today, now 200 years old, the oldest living constitution in the world.

For 200 years, there has been little reason to amend it. The first ten amendments, called "The Bill of Rights," stipulated lessons of law hard learned in the preceding two centuries struggle for civil and religious liberty within both Britain and North America. Those amendments which outlawed the last remnants of slavery and extended the adult franchise to all, have the character of extensions of the Bill of Rights. Otherwise, only changes in the method of selection of, and succession to the President have a constitutional character.

Over the course of time, those amendments have proven necessary; however, their adoption represented no alteration of the original intent.

The other amendments should not have been adopted as part of the Constitution itself; they are merely ordinary legislative law, which special interests saw fit to enact in the form of a constitutional amendment.

This year, we celebrate the anniversary of this Constitution with the publication of a major work currently in progress at the printer, historian Graham Lowry's *How the Nation Was Won*. This book fills in what has been previously a blank page in American history, the internal political history of the colonies in North America during the fifty years following the 1688-89 events in England.

During the last half of the reign of England's Queen Anne, an international conspiracy was raised against the evil English Liberal faction around the Duke of Marlborough. This conspiracy was centered around a then prospective Prime Minister of England, Gottfried Leibniz, and Jonathan Swift in Ireland and England. For a time, this pro-American con-

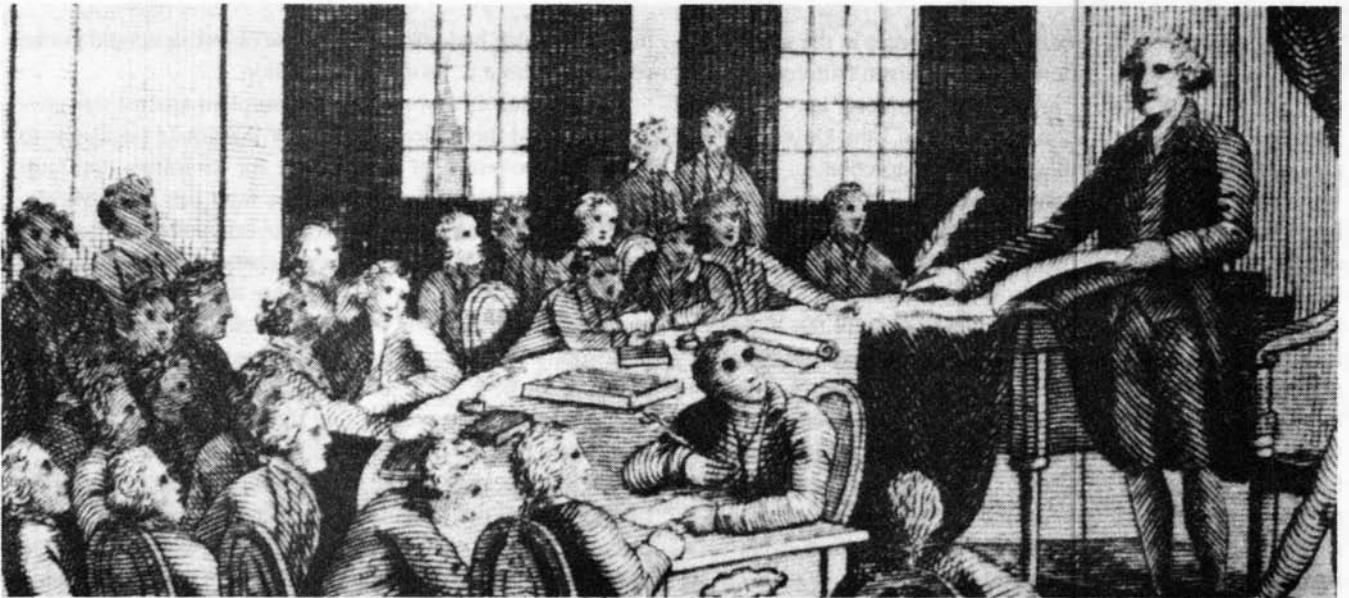
spiracy exerted a great influence on the English monarchy, nearly defeating the Duke of Marlborough and his forces.

The forces arrayed around the leadership of Leibniz and Swift, in Europe, reached out to the Americas, to join forces with the American republicans then centered around the leadership of Boston's Cotton Mather. William Penn, the proprietor of the Pennsylvania colony, helped from, as Penn himself put it, "not above the table," but effectively. Two royal governors, Robert Hunter (New York) and Alexander Spotswood (Virginia), chosen by Swift's faction, linked with Cotton Mather's faction, produced the policies and organization later represented by the chosen protégé of both Mather and Spotswood, Benjamin Franklin.

When Franklin became directly active in Europe for the cause of the future United States, beginning in 1766, it was the same forces earlier grouped around Leibniz and Swift who gave the American cause the support leading to victory in 1783.

Heretofore, serious students of our national history have recognized the roots of our republic in the Massachusetts Bay Colony prior to 1688. Those students have recognized the spirit of the earlier Massachusetts Bay Colony reawakened in the growing resistance here to the British Liberal Party's efforts to destroy our economy and local self-government. Yet, what happened, between 1688 and the onset of the French and Indian Wars, to maintain and spread the continuity of the Massachusetts Bay Colony's republicanism, remained buried in archives, neglected by our modern historians.

Now, that glorious, previously missing page from our history is no longer unknown. Putting this missing page into its proper place, is of great practical importance for us today, on two counts.



George Washington presiding at the Constitutional Convention in Philadelphia in 1787. The crisis Washington faced in his day, was almost as bad as the one before us today.

First, knowing the historical experience which shaped the opinion of the founding fathers, we have no reason to doubt the intent of the authors of our Declaration of Independence and Constitution. The influential, lying socialists whose doctrines of hatred against the Founding Fathers have dictated most of the history curriculum during the past 70 years or so, such as Charles Beard, Arthur Schlesinger, and Walter Lippmann, are now completely discredited, and the influence of their ideas on constitutional practice shown to be a false and pernicious one.

Second, the timely intervention of such figures as Leibniz, Swift, Hunter, and Spotswood occurred at a point in our national history when we seemed doomed to lose everything for which the Massachusetts Bay Colony had been established. Chiefly as a result of the drift of our national policy during the recent 20 years, our republic is now threatened with a destruction of our economy and our liberties as dangerous, and perhaps more so, than that which the circles of Cotton Mather faced at the beginning of Queen Anne's reign. Knowing now, the whole sweep of our national history over the period 1706-89, that history, showing how the triumph of 1789 was brought out of the catastrophe of 1688-1706, is a most valuable inspiration for us today, that we might learn how we might again snatch victory from the jaws of a looming national catastrophe.

The danger is a real one. Mrs. Pamela Churchill Harriman, a center of great power inside and outside the Democratic Party's national leadership today, is mobilizing her forces, including Massachusetts' Senator Edward Kennedy, for the publicly avowed purpose of convening a constitutional convention to rip up our Constitution, and to substitute a system of government she insists is modeled upon the British

parliamentary system.

That means Mrs. Harriman's trusty Robert Strauss, and Kennedy's Democratic National Chairman, Paul Kirk. That means longstanding Soviet agent Armand Hammer, and his indicated successor, the wealthy Dwayne Andreas. It means the influential Lloyd Cutler. It means influential forces associated with the Republican Party, as well.

Were those misguided forces to succeed in this disgusting venture, the result would be a sweeping away of that form of government on which our existence has depended for 200 years, and a sweeping away of the last vestige of the protection of our Bill of Rights to citizens generally.

Such an enterprise we must never tolerate. There could be no greater folly than to permit this venture to be pushed forward under present conditions of crisis. Our economy is now in an accelerating collapse of agriculture, manufacturing, and our basic economic infrastructure. We are at the verge of what leading bankers warn will be the biggest financial crash in history—worse than that which Calvin Coolidge bequeathed to President Herbert Hoover's administration. This economic decay is destroying our national defenses, at a time that the worst strategic crisis of the twentieth century is building up fast.

Our nation faced a crisis nearly as bad as this one, at the time President George Washington was inaugurated. Our national debt was unpayable, our national credit in ruins, and our domestic production and commerce a shambles. Yet, under the composition of government established by our Constitution, the Washington administration implemented Treasury Secretary Alexander Hamilton's economic and banking reforms; Washington bequeathed to his successor a sound economy, a sound national credit, growing prosperity,

and one of the finest quality of military forces in the world at that time. Admittedly, Jefferson and Madison frittered away our national credit, our economic development, and our national defense; but Presidents Monroe and John Quincy Adams, returning to Hamilton's policies, restored us.

There is embedded in that constitutional tradition of President George Washington's administration, the means, under our Constitution, and the precedent of Hamilton's reforms, to cope with the crises of economy, national credit, and debt facing us today, even to deal successfully with the biggest financial crash in history. Without that constitutional system of government, we would be almost helpless to deal with those crises. Worse, under conditions of such severe, unresolved crisis, Mrs. Harriman's parliamentary system would be but the opening of the door to some form of dictatorship, probably a fascist system similar to the Mussolini model which the late Winston Churchill—her former father-in-law—admired so much, up until the end of 1938.

One of the advantages of our Constitution is that it is so brief, compared with the great length, and many self-contradictory features of other modern constitutions. Except for the attached amendments, it begins with a Preamble, which states clearly and simply the principles of universal natural law which define the mission and philosophy incumbent upon all of our institutions and officials of government. The seven Articles are confined to establishing a system of representative self-government based on three branches, and nothing which is not essential to the process of forming such branches of government, their mutual authorities, and the relationship of the electorate to this process. That is what makes it the best and most durable Constitution ever adopted.

The points of coincidence and difference between that Constitution and the 1776 Declaration of Independence are to be stressed for proper understanding of the Constitution itself.

That earlier Declaration based the existence of our independent republic on the highest authority of law, universal natural law as known to Western European civilization since the writings of St. Augustine, principles richly reaffirmed by the Golden Renaissance centered in Italy. This is a universal law higher in authority than any constitution, any legislative act, any treaty, and any decision by any court.

Nothing of this part of the Declaration of Independence is overturned by our Constitution. Rather, something crucial is added, reflecting the bitter experiences of the arrangements under the decentralized form of government given by the Articles of Confederation. The key passage is, "to form a more perfect Union." Without that union, and without the centralized form of constitutional, representative self-government required to perfect that union, our nation would not have survived even to the beginning of the 19th century.

All that the Preamble of our Constitution claims as the benefits to be secured by our form of federal government, are the same as those of the Declaration of Independence, except

that experience had proved that these objectives could not be realized without a "more perfect Union."

If there have been reasons to complain against our government, and there have been many legitimate occasions to curse that government out roundly for its follies, the fault does not lie in the Constitution. The fault lies in the voters. Ours is a representative system of government, which means that if the President or the Congress mismanage our affairs, it is the majority of the voters who are to blame for such bad choices. If more among our voters troubled to discover the philosophy of government behind our Constitution, and understood the experience of history embodied in it, they would choose more wisely, and then they and the Constitution would both be better served.

Otherwise, perhaps we should hold, instead of a convention to change the Constitution, a national assembly to improve the quality of the voters, so that they would not vote in the future for some of the kinds of mistakes they have elected into office, so often, up to the present.

It is that Constitution, embodying the experience of our preceding struggle for a constitutional form of representative self-government, which built our republic to become, formerly, the greatest, most envied nation on Earth. Upon that Constitution depends the continued ability of this nation of ours to survive.

The story of those who paved the way for the American Revolution, long before the Declaration of Independence: Massachusetts Puritan Cotton Mather, Virginia's Governor Alexander Spotswood, British satirist Jonathan Swift. . . .

How the Nation Was Won

America's Untold Story 1730-1754

by H. Graham Lowry

Published by Executive Intelligence Review

Order from Benjamin Franklin Booksellers, 27 South King Street, Leesburg, VA 22075. \$14.95 plus shipping: \$1.50 for first copy, \$.50 for additional copies. Bulk rates available.

A little Bicentennial detective story

Anton Chaitkin looks into a new angle on Shays' Rebellion, the uprising that convinced many American leaders that a permanent national government was needed.

This month the world observes the 200th anniversary of the United States Constitution. In the spirit of celebration, we offer to our readers a little "detective story," which gives a new slant on the dramatic events leading up to the drafting of the Constitution.

Following the 1783 victory in the Revolutionary War, the United States remained without an effective central government, and slid into chaos. Unable to cope with British trade war, the American economy collapsed. Mob violence against government facilities spread from Massachusetts to many other states.

It appeared to General George Washington and other Revolutionary leaders that the nation could lose its newly gained independence, and they pushed successfully for a meeting of the states to form a permanent national government. Washington and the nationalists warned that British Tory efforts at counter-revolution might lie behind the mob uprisings.

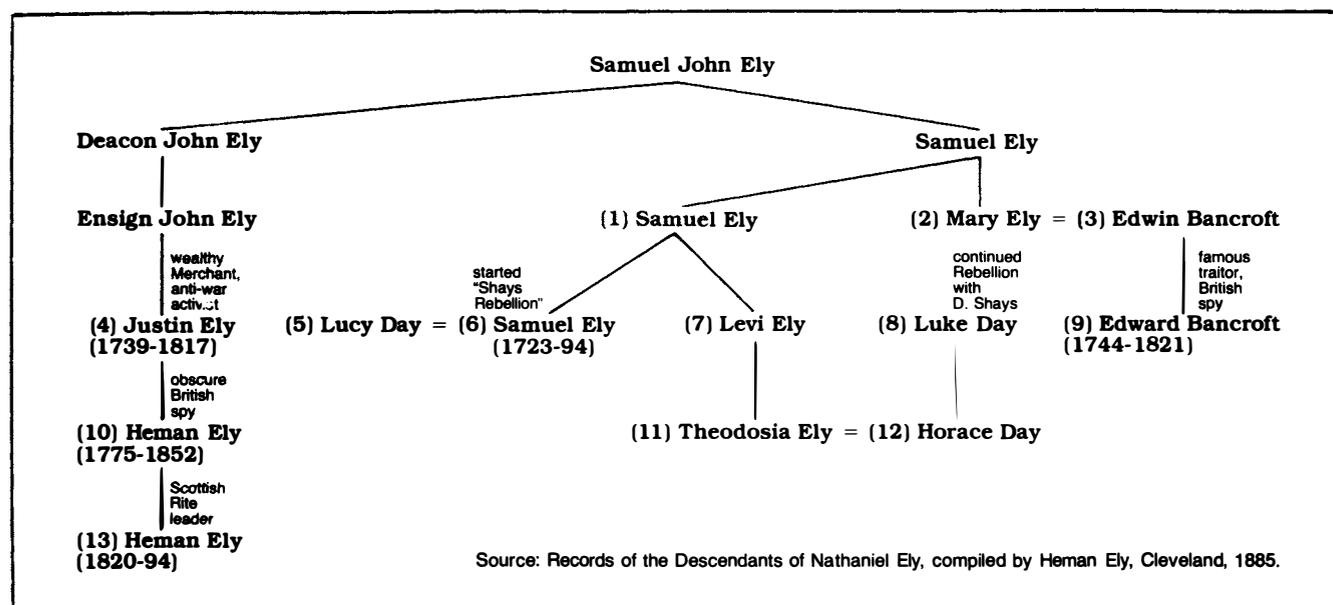
The 1786 Massachusetts civil disorder, which sparked riots throughout the country, is known to history as Shays' Rebellion. Captain Daniel Shays, a disgruntled former Revolutionary officer, was "immortalized" as the popular but

ineffective leader of the poor, desperate debtors who attacked the courthouses of western Massachusetts.

Twentieth-century historians have pooh-pooed George Washington's suggestions of Tory intrigue behind the mob violence. It would be dangerous to allow the public to believe in the possibility of "aristocrats" running such "democratic" movements. Revisionist historians have, after all, spent too many decades portraying the American Revolution as an Upper Class affair.

An interesting new book by Richard B. Morris, *The Forging of the Union, 1781-1789*, has given us a clue to the puzzle presented by Shays' Rebellion. In his Bicentennial book Dr. Morris, who is Emeritus Professor of History at Columbia University, has plowed through an enormous volume of historical material, throwing out leads on many important topics for reader-researchers to follow up. As in his prize-winning 1965 book *The Peacemakers*, Morris has not paid too much attention to ideology (including that of the participants!); but his torrent of information is presented cheerfully and fearlessly.

Dr. Morris reminds his readers that the western Massachusetts rebellion did not start in 1786, but in 1782; and that



its instigator was not Daniel Shays, but one *Samuel Ely*.

These two troublesome facts about the origin of the movement, it turns out, are universally acknowledged by historians. “Troublesome”—because in 1782, unlike in 1786, the Americans were still at war with Britain. Everyone in the revolted colonies at that time was either a Patriot, a Tory, or in hiding. A “people’s uprising” against the Revolution, during the Revolution, sounds pretty much like British guerrilla warfare.

And who was this Samuel Ely? Unfortunately, neither Professor Morris nor the other historians of the period provide any concrete biographical facts about the man, except that he had been a preacher in Somers, Connecticut, and had come across the border into Massachusetts after “factional quarrels.”

The name Ely rang a bell with this reporter; a family by that name was described in his book, *Treason in America*, as associated with British Tory politics in western Massachusetts. Had a member of this gang been the one whose “rebellion” pushed America to adopt its Constitution? A search through older sources on this question proved fruitful, indeed.

The Ely family genealogy published in 1885—a portion of which is shown in the accompanying illustration—combined with other historical material, has allowed for a positive identification of Samuel Ely, the instigator of the uprising.

Historians agree that in 1782 Samuel Ely was arrested for leading a riotous mob attack on a Massachusetts government installation. Instead of being shot as a spy, he was freed from jail by another mob. He seems to have been re-arrested, and was jailed in Boston.

Was this man the same person as the Samuel Ely, number (6) on the genealogical chart? If so, he is a member of a family whose head, Justin Ely (chart, no. 4) is the richest merchant in Springfield, the representative of the area in the Massachusetts legislature, and a massive property owner in Massachusetts, New Hampshire and Maine. Justin Ely was later widely known as a factional leader of the pro-British party in Massachusetts during the War of 1812. So our rebel Samuel would be a rich man’s “poor man.”

Historians also agree that a former army officer named *Luke Day* was, four years later, a co-leader of the armed “rebellion” with Daniel Shays.

Well, *our* Samuel Ely is seen to have married a Lucy Day (no. 5); and Samuel’s niece Theodosia (no. 11) married Luke Day’s son Horace (no. 12)! The “Shays” rebellion actually continued under the leadership of the same instigating group; the Days and the Elys are multiply connected in the area, in effect a single family.

The clincher

We are getting closer to certainty about rebel leader Ely’s identity. What we need above all is confirmation of his *character* as a spook, a spy.

The Ely family genealogist, Heman Ely (chart, no. 13),

was Grand Treasurer of the Scottish Rite of Freemasonry; his father, Heman (no. 10) was to all appearances a British military intelligence officer operating in the Napoleonic wars. So the genealogist is not forthcoming with information about our mysterious Samuel Ely’s life, besides the bare facts of his parentage, his birth and death, and his two marriages. Other historians tell us that Samuel went to Yale, and the official Yale Dexter biography of alumni for the 1760s quotes Yale president Timothy Dwight about Samuel Ely, the rebel:

He was “voluble, vehement in address, and brazen-faced in wickedness . . . under the accusation and proof of his crimes [Ely] would still wear a face of serenity, and make strong professions of piety. At the same time he declared himself, everywhere, the friend of the suffering and oppressed, and the champion of violated rights. Wherever he went, he industriously awakened the jealousy of the humble and ignorant. . . .”

Ely served as a wild fundamentalist preacher, beginning in 1767, in the town of Somers, Connecticut, just south of the Ely family base in Springfield, Massachusetts. The “factional quarrels” Professor Morris mentioned, was just that Ely’s congregation voted to oust him, as a similar aristocratic pro-irrationalist preacher, Jonathan Edwards, had been ousted by an area congregation years before. After leading a secessionist grouping from congregation until 1773, Samuel Ely returned to Massachusetts.

We have established our “perpetrator” as being in a raging fight against the rationalist perspective of the Americans republicans. His outlook is seen as identical to the British corruptionists who scorned Reason, and mocked Religion.

The clincher to the case, however, is in the Bancroft connection.

Our Samuel Ely’s Aunt Mary (chart, no. 2) married one Edwin Bancroft (no. 3). Her husband soon died. But Mary raised their two infant sons, Samuel Ely’s two little cousins. Both of these became Tories; one of them, Edward Bancroft (chart, no. 9), was one of the most famous spies in world history.

It was not until the mid-19th century, when the British Foreign Office released some relevant papers, that the world learned of the treachery of this Bancroft, from the Ely family gang. Edward Bancroft was a confidential secretary and espionage agent for Benjamin Franklin and the top leadership of the Americans in France during the American Revolution. But each week, Bancroft left a message in a hollow tree for his superiors in the British Secret Service.

His payment was handsome. King George III personally read his reports. His treachery was enormous: He routinely told the enemy about American and allied ship movements, so that our ships could be sunk or captured.

When his real side lost the war in 1783, Edward Bancroft is known to have returned to America, for an extended visit, before surprising everyone by permanently moving to England. We are not sure of his movements on that visit. Did he go to Massachusetts, to help further the counter-revolution-

ary "rebellion" simmering there? Certain facts make this a strong likelihood.

Ely-Bancroft's boss, the official manager of agents in Europe for the British Secret Service, was one Paul Wentworth, a relative of the last royal governor of New Hampshire, Sir John Wentworth. Like Sir John, and like Justin Ely, Paul Wentworth was a substantial New Hampshire landowner.

Royal Governor John Wentworth fled from New Hampshire to Nova Scotia, the reception-ground for thousands of Tory refugees from the American conflict; and he became royal governor of Nova Scotia, ruling until 1808.

It was a matter of bitter experience, often complained of by American leaders in the years after the Revolution, that Canada—still a British colony—served as the base for countless cross-border intrigues, including the close management of Indian uprisings. During the War of 1812, Wentworth's successor in Nova Scotia, Sir George Prevost, escalated from his covert operations to leading an army invasion across into New York. During the American Civil War, the Confederate Secret Service was headquartered in Canada.

During the "Shays Rebellion" of 1786, it was commonly remarked that "Canadians," including returned Tory refugees, were operating in Massachusetts as anti-American guerrillas. If so, they would have had good professional management on the scene with Mr. Samuel Ely, his family and friends. But as to these details, we cannot yet be sure. In these matters, there is still much mystery to be solved.

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Book Reviews

The debt crisis: Need it destroy us?

by David Goldman

The National Debt

by Lawrence Malkin
Henry Holt and Co.; New York, 1987
309 pp. hardbound \$17.95

Beyond Our Means

by Alfred L. Malabre, Jr.
Random House; New York, 1987
175 pp. hardbound \$17.95

Any fool can plainly see that America is sinking under a crushing weight of debt. Two of them have published books on the subject. Lawrence Malkin reports for *Time* magazine, and Alfred L. Malabre, Jr., edits economic news for the *Wall Street Journal*. They attack the debt issue with the self-righteousness of Pollyannas turned prophets-of-doom, and recommend the worst of all possible reactions to the debt crisis, namely, a general reduction in consumption. Both writers' publications contributed materially to the encroaching disaster, by insisting that all was well, when nothing was. However, while Lawrence Malkin has done a reporter's day's work in assembling the relevant data, in such fashion to be of use to the layman, Malabre has difficulty interrupting his pompous encomia long enough to present the facts.

None of the statistical data available in either book will surprise readers of *EIR*, which has devoted special attention to the emerging debt crisis. Malabre reports: "The magnitudes are awesome. In all, as a nation, we are more than \$7 trillion in debt. . . . It has nearly quadrupled since the mid-1970s. It now approximates \$35,000 for each man, woman, and child in the nation."

Or Malkin: "Some of the gross debt figures are so staggering as to be incomprehensible: \$2 trillion owed by the federal government and rising; \$1.5 trillion owed by American corporations; \$1.5 trillion owed in home mortgages; \$500 billion in installment credit; \$300 billion owed in uncollectible debts by Third World governments to American banks; and, for the first time since World War I, more owed to foreigners by everyone in America than they owe us. . . . By the end of 1986 the pool of debt in the United States had reached \$7,871,700,000,000.00—just short of a nice round eight trillion dollars or almost twice the gross national product."

Both authors include a wealth of anecdotes portraying the miserable quality of this debt, and the likelihood of default on corporate junk bonds, Third World paper, credit card debt, and so on, each in the irritating style of his own publication. Malkin includes a scenario modeled on Paul Erdman's financial-crash novels, set in 1989, on the day the Japanese stop buying U.S. Treasury securities. A fictionalized Donald Regan, back at his old firm, Merrill Lynch, bails out the Treasury by marketing U.S. government debt in the form of junk bonds, the high-interest paper used by corporate raiders to finance debt-loaded takeovers on Wall Street.

Neither has much idea why this miserable state of affairs emerged, however. Malabre's first sentence betrays his own bias: "To start, a few statistics. Nine of every ten U.S. teenagers have their own camera. Seven of every ten own a stereo. One in three has a television set. One in five has a personal phone. One in six has an automobile. One in eight has a computer. . . . The profusion of goods and services that most Americans enjoy in this century's closing years reflects a very different sort of tendency: to live beyond our means."

It does not occur to the *Wall Street Journal's* chief economics reporter to ask how many teenagers relative to total population America has in the first place. The answer is, fewer than during any previous period of American history; the collapse of the American living standards during the past generation reflects itself, first, in the decline of our fertility rate, to less than replacement levels!

Malkin comments bitinglly, "The Yuppies have done their sums and they know the answer, principal and interest: a BMW costs less than a child."

There are slightly over 150 million working-age Americans. Of these, roughly a sixth sit on the social scrap-heap, i.e., on welfare, unemployment, or private charity. Another sixth earns less than \$4 an hour, in the retail and restaurant jobs that proliferated under the supposed Carter-Reagan jobs boom, while high-paying industrial jobs disappeared. Franklin Roosevelt's famous "one-third of a nation" has reappeared in the 1980s, perhaps not as ill-clad and ill-fed as during the 1930s Depression, but unable to make ends meet. Malabre, an over-age Yuppie, does not take a passing glance at the actual condition of the population.

His colleague from *Time* shows more sense. In a chapter

entitled, "The Two-Tier Society: When Workers Take Hamburger Jobs," Malkin reports, "In 1985, an average 30-year-old who bought a median-priced home would have had to pay 44% of his earnings in carrying charges. At that rate, he either bought a cheaper house, sent his wife out to work, or both. In 1949, his father would have paid only 14% of his salary for carrying charges. . . .

"At mortgage rates of 10%, only about 30% of American families can afford an \$85,000 house in the suburbs. . . .

"In 1973, the percentage of all women at work and the percentage of working mothers was the same, 44%. By 1984, 53% of all women worked, but 62% of all mothers did. . . .

"The creation of new jobs has been the proudest boast of the Reagan administration and the Carter administration before it. . . . Probably nine out of ten of them were low-tech or no-tech, what are indelicately known to professional statisticians as hamburger jobs. . . .

"In 1970, retail jobs paid a respectable two-thirds of manufacturing wages. By 1985, they paid less than half, or an average of \$9,220 a year, which is below the poverty line."

Malkin describes, at least, what *is* happening, but remains at a loss to explain why.

Taxes and investment

Among the leading industrial nations (excepting the U.K., which is no longer what the Koreans would consider an industrial nation), the United States has the least favorable tax treatment of industrial investment, and the worst credit conditions for long-term capital investment. One startling example: The investment bank S.G. Warburg recently demonstrated that adjusting Japanese corporate earnings to American accounting standards would *double* the Japanese figure, because Japanese corporations depreciate their plant and equipment so much faster.

Why, indeed, have hamburger jobs taken over the labor market? Malkin and Malabre both suggest that excess government spending by Washington, going back to the Nixon era, puffed up the service sector. That makes no sense. Why services, and not renewal of the nation's plant and equipment? Neither work mentions the impact of Jimmy Carter's insane emphasis on energy savings, as opposed to cheap energy *production* (via nuclear power, among other efficient technologies).

Less important than how Washington spent, is how Washington taxed. The 1981 tax code virtually ordered every high-income American to find a real-estate tax shelter, and produced a 25% oversupply of commercial real estate by 1986. The 1986 tax code sought to lessen the federal budget deficit, by imposing an immediate \$20 billion in tax increases on capital investment, through the rescission of the Investment Tax Credit.

Once you build the shopping center, you have to put something on it. The entire American economy during the 1980s brought to mind an anecdote Lyndon H. LaRouche

likes to tell, of the real-estate operator who bought a series of Manhattan office buildings, and, to boost their value, founded the Chock Full O'Nuts coffee shop chain as an afterthought. The buildings' appreciation far exceeded the profits of the restaurants.

But that is the least interesting side of the story. Before considering debt, first look at the economy's capacity to produce a *surplus*, i.e., physical product in excess of physical production costs, and the population's ability to absorb that surplus in the form of household and industrial consumption of physical goods, such that increased consumption increases labor productivity.

The crucial change in the American economy since 1981 occurred in overseas trade. A fifth of the U.S. economy's physical consumption comes net from abroad, the largest subsidy to any important economy since the Roman Empire. America created an imperial debt system, purchasing the goods of its Ibero-American debtors in 1983, for example, for only 35% of their 1981 cost. Paper profits on real-estate speculation justified the employment of service workers, and cut-price imports fed and clothed them.

Correspondingly, the American economy's capacity to *increase* its debt, to maintain the existing debt bubble, depends upon foreigners' willingness to continue lending America \$150 billion per year. Both Malkin and Malabre mention the problem, without drawing the obvious conclusion: What must be radically reformed, is America's economic relationship to the rest of the world.

Our imperial debt system has destroyed our markets in Ibero-America and other developing nations. Our capital-goods industries need favored tax treatment (for rapid depreciation of new investments) and cheap long-term credit. They also require a market for their products, and the great market of the future lies in the 4 billion inhabitants of the developing world.

It is well and good to speak of computerized assembly lines (as Malkin does in passing), and other technological improvements. But in our history, or the history of other nations, nothing short of a great national goal, requiring the cooperative efforts of scientists and engineers, reaching down to the learning-powers of skilled workers on the shop floor, has accomplished a general revolution in technology. *EIR* has emphasized the great national goals which require such a mobilization: the Strategic Defense Initiative; colonization of the Moon and Mars; a biological SDI to conquer AIDS; and related work.

Messrs. Malabre and Malkin should both be old enough to recall that the mobilization of economic forces to win the Second World War, where a full 40% of the national product was diverted to defense, produced an immediate increase in living standards. Under conditions of national economic mobilization for these goals, why, then, should consumption fall? But belt-tightening is all either author has to recommend. Let us tighten the belts of financial reporters, and put our national priorities on "no-budget" status, instead.

A losing Mars strategy

by Marsha Freeman

Mars 1999

by Brian O'Leary
Stackpole Books, Harrisburg, 1987

Brian O'Leary's recent addition to the fast-growing literature outlining possible manned missions to Mars, is not really a plan, but a tract which tries to "sell" such a mission, not on its own merits, but to meet some perceived political and economic goals.

The political framework: "parallel U.S. and Soviet manned missions to Mars before the turn of the century as part of a nuclear disarmament package." The "economic" justification: Water (yes, water) mined on the Martian moon Phobos, would be brought back to Earth or lunar orbit, to provide fuel for near-Earth space operations.

Why send people, since the Phobos mining could be more safely done robotically, assuming that was where we decided to get water from? "Only the Mars landing itself would require joint U.S.-U.S.S.R. participation."

O'Leary stresses throughout the book that the "spiritual" is more important than the technological in planning and executing such a mission, and left this reader with the uneasy sense that O'Leary would rather have a guru aboard, than experienced scientific and engineering personnel.

No manned space mission, especially one as perilous as a trip to Mars, will ever be done on the basis of cost-benefit analysis. That method of justifying expenditures on space exploration nearly destroyed the Space Shuttle program, and in reality, there is nothing we can bring back from space that could possibly balance the cost of sending man there to get it. Does that mean there is no economic benefit? Quite the contrary.

Consider the following: If the Apollo program had been a complete disaster within the terms that President Kennedy had set out, and we did not succeed in landing a man on the Moon and returning him safely to Earth, the economic impact of the effort would have been identical to that which resulted from the success.

What the Apollo program created, in addition to scientific knowledge, pride, optimism, and other intangibles, was an entire generation of scientists and engineers, who made many of the technological advances that are the hallmark of the

past two decades.

The fluid flow experts who engineered the artificial heart came from NASA. Second-generation nuclear, solar, plasma, and other potential energy technologies came from solving problems under the stringent constraints of space. The high-temperature materials needed to increase the efficiency of many Earth-bound manufacturing processes, resulted from NASA-sponsored research. Portable electron-beam welding was developed by U.S. industry because the 33-foot-diameter collar for the Saturn V rocket could not be welded with conventional technology.

Estimates vary, but an average would put at a ratio of 10:1 the pay-back to the economy from the money spent to send men to the Moon. This benefit came from the creation of whole new industries and jobs, and the increase in productivity in existing basic manufacturing. For a trip to Mars, both the technological challenge and the economic return, will be orders of magnitude greater.

Vision, commitment, and long-range planning will get us to Mars, not a set of gimmicks to try to convince a hesitant Congress or a budget-weary White House.

More serious work needs to be done on developing the actual life support, propulsion, medical, and other technologies that will make the first human trip to Mars safe and productive. Less material needs to be published on fantastic "scenarios" and political agendas, by technologists and former astronauts.

What McNamara lost us

by Anthony K. Wikrent

Carrying the Fire: An Astronaut's Journeys

by Michael Collins
Random House/Ballantine Books, New York, 1974
488 pages, paperbound, \$1.95

Collins—who piloted the Command Module on the first moon landing mission, Apollo 11, 18 years ago—takes us step by step through the intense training and preparation that he went through to qualify as an astronaut, and then takes us along for the ride, describing in magnificent detail his two voyages into space.

Collins is not interested in merely describing for us the wonders of spherical globs of water floating about in zero-G (although he does that). He wants to let us know what it was like, struggling with a sextant to verify his spacecraft's position against that belched out by a recalcitrant on-board computer. Without the benefit of Collins's book, a person

would have had to be an employee of NASA or one of its vendors, to have a real idea of how America's space program operated two decades ago. Watching a space launch on TV, with updates on the progress of the mission sandwiched between "Gunsmoke" and "Bonanza," simply cannot compare with the wealth of information Collins provides.

As he characterizes the news media (which wanted only to know "How did it feel?" and "Weren't you scared?"): "It didn't seem right somehow for the press to have this morbid, unhealthy, persistent, prodding, probing preoccupation with the frills, when the silly bastards didn't even understand how the machines operated or what they accomplished."

It was definitely not as smooth as Walter Cronkite made it sound. After describing the extraordinary contingency planning, Collins quotes Jerry Lederer, safety chief of NASA at the time of Apollo 8 in 1968: A manned space flight involves "risks of great magnitude and probably risks that have not been foreseen. Apollo 8 has 5,600,000 parts and one and one half million systems, subsystems, and assemblies. Even if all functioned with 99.9% reliability, we could expect 5,600 defects" during a flight.

The key sentence in *Carrying the Fire* is: "One nice thing about Apollo was that no one ever told us that we were running the price up too high." Collins and the entire NASA team received the level of national support that they needed, and deserved. Would that the same could be said of America's space program today: Six astronauts and our first teacher in space lost their lives because politicians and cost-accounting bureaucrats forced NASA, over the years, to skimp and save, and make any number of trade-offs between safety, reliability, and cost. The result is that today, America has lost its incontestable lead in space of 20 years ago to the Soviets.

Collins hits at one of the major perpetrators of the cost-accounting mentality that has produced this disaster: the malthusian fanatic Robert S. McNamara, Kennedy's defense secretary. "The Air Force should be able to keep a stable prototype aircraft flying, winnowing, and pruning, and finally selecting only the best for production, but given the McNamaras of this world, the system is not allowed to work that way. McNamara decreed that the F-111 would be a great success before the test program began; in fact, he decreed that it would be everyplane for every purpose, sort of like building a car to drive Daddy to work, or to handle Mom's groceries, and to mix concrete on weekends, except in May when it would be busy practicing for the Indianapolis 500."

This fine sense of irony Collins is able to retain throughout; the only disagreeable part of his book comes near the end, where he feels compelled to acknowledge the "new consciousness" of the counterculture, and speculate about how nice it would be if the world's leaders could view earth's fragile orb from 100,000 miles away. Other than this tedious ending, Collins's narrative moves right along, as it unfolds for us the marvels of man's technology, as applied to space exploration.

Books Received

Mayday, The U-2 Affair, The Untold Story of the Greatest U.S.-U.S.S.R. Spy Scandal, by Michael R. Beschloss. Harper and Row, New York, 1986, 494 pages, \$8.95 paperback.

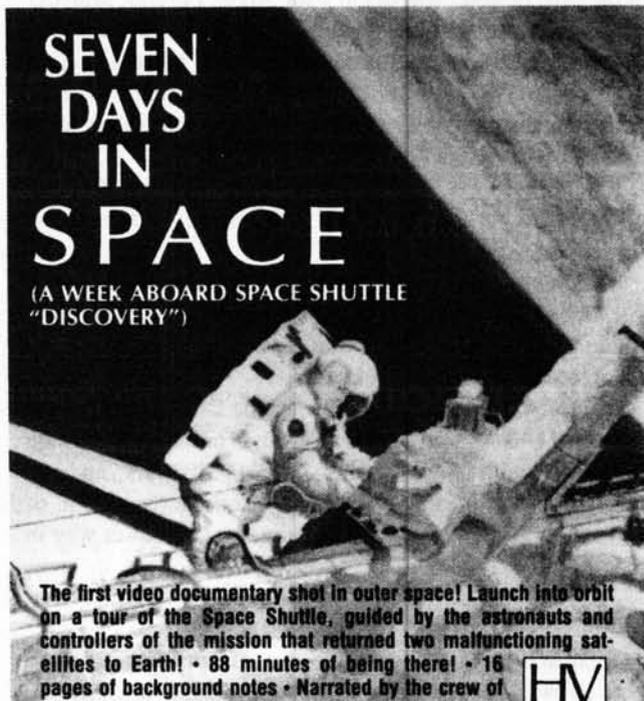
Armed Truce, The Beginnings of the Cold War 1945-1946, by Hugh Thomas. Atheneum Publishers, New York, 1987, 667 pages, \$27.50 hardcover.

Federalism, The Founders' Design, by Raoul Berger, University of Oklahoma Press, Normand and London, 1987, 223 pages, \$16.95.

Commander in Chief, Franklin Delano Roosevelt, His Lieutenants and Their War, by Eric Larrabee, Harper and Row, New York, 1987, 723 pages, \$25.00 hardcover.

Mortal Splendor, the American Empire in Transition, by Walter Russell Mead, Houghton Mifflin, Boston, 1987, 381 pages, \$19.95 hardcover.

The Saudis, Inside the Desert Kingdom, by Sandra Mackey, Houghton Mifflin, Boston, 1987, 433 pages, \$19.95 hardcover.



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Washington slides toward pact with Moscow

by Konstantin George

The climactic phase of U.S.-Soviet negotiations for a "global double zero option" will begin with Soviet Foreign Minister Eduard Shevardnadze's arrival in Washington on Sept. 15. Shevardnadze will be holding three days of talks with Secretary of State George Shultz, toward agreement on eliminating intermediate range nuclear missiles, and is then to be received by President Reagan.

Reagan has evidently deluded himself into believing that through such an agreement, he will secure "peace in our time."

The Intermediate Nuclear Force (INF) accord is a veritable "Munich II." It would terminate the U.S. nuclear presence in Western Europe, and thus leave the continent prey to Soviet intimidation and blackmail.

Complementing the drive toward the INF agreement are an array of U.S.-Soviet "regional affairs" talks between State Department and Soviet foreign ministry officials, and the elaborate Soviet *glasnost* campaign, strategic deception of the West to the effect that a "liberalization" is under way in the U.S.S.R.

Pre-summit euphoria in Washington

Reagan's pre-summit euphoria was apparent during a Sept. 10 White House banquet in honor of Ingvar Carlsson, Olof Palme's successor as Social Democratic prime minister of neutral Sweden. It is the first state visit to Washington by a Swedish prime minister since 1961.

At the banquet, the President of the United States and a leader of the pro-Soviet Social Democracy expressed identi-

cal views on an INF treaty. Reagan stated that there were "grounds for great optimism" respecting an INF agreement and a summit; "the end of November" would be the best time for the meeting with General Secretary Mikhail Gorbachov, he added.

Reagan did say that an INF "agreement has not yet been reached on some points," adding quickly, "But, we're working hard at it, and hope to reach an agreement."

The same optimism was conveyed on Sept. 10 in Brussels by White House special emissary Paul Nitze. Nitze was dispatched to brief the NATO allies on the state of the U.S.-Soviet talks, and reported that, as far as an INF treaty was concerned, "Really, all the big problems have been resolved."

Soviet demands concerning the 72 West German Pershing-IA missiles were only "an artificial problem," according to Nitze, "resolved" by Chancellor Helmut Kohl's Sept. 2 declaration that, in the event of a U.S.-Soviet agreement, Germany would proceed to eliminate the missiles.

Yet, the Pershing-IAs had no more been part of the Geneva negotiations than the French or British nuclear forces. The Soviets, buoyed by the Reagan administration's readiness for concessions, raised demands against Germany's missiles only at the last minute.

Kohl's capitulation came on the eve of the visit of the Soviets' East German satrap, Erich Honecker, and was clearly coordinated in advance with the Reagan administration. The State Department immediately followed Kohl's declaration with an announcement that, if West Germany scrapped

the missiles, the United States would remove their nuclear warheads from German soil.

Said Nitze in his press conference, "A lot of detail was left to be resolved," but the American and Soviet delegations were already working on a "joint draft text" for an INF agreement. A simultaneous press conference in Washington D.C. by Rozanne Ridgway, assistant secretary of state for European affairs, exuded the same optimism.

The regional crisis management game

Shevardnadze's trip to Washington has been preceded by an array of American-Russian talks at the deputy foreign minister (assistant secretary of state) level, discussing regional situations from the Near East to the Far East. These quiet, seemingly innocuous meetings, receiving almost no press notice, have been combined with the private "international diplomacy" of Soviet assets in the West such as Armand Hammer, to form the core of an imperial effort to redraw the world map in Moscow's favor.

The world has now witnessed the media spectacle of the Honecker visit to West Germany. Nearly every political figure in West Germany outdid himself in groveling before the Soviet satrap. Very few seem to have observed that Honecker's way was prepared by the private diplomatic travels of Armand Hammer. The 89-year-old friend of every Soviet leader since Lenin spent the end of August in Moscow, then proceeded to Bonn for a Sept. 3 meeting with Kohl, and the next day was in East Berlin for a lengthy meeting with Honecker.

According to the Sept. 10 *Washington Post*, "administration sources" have stated that Shultz and Shevardnadze will sign an agreement to set up "nuclear risk reduction centers" in Washington and Moscow, to prevent "accidental nuclear war." The intriguing point about this otherwise trivial disclosure is that the agreement was worked out *in May* in Geneva—another secret American-Soviet meeting, this time worked out by Richard Perle, then still assistant secretary of defense.

One wonders what will be revealed a few months from now concerning the current round of "regional matters" talks. The scope of those talks is considerable, as revealed by a look at the calendar for the first two weeks of September.

- Two days of meetings between Assistant of Secretary of State Edward Djerejian and Soviet Deputy Foreign Minister Yuri Alexeyev Sept. 10 and 11 in Geneva, discussed the Near East, the Gulf, and Afghanistan. On the Soviet side, the talks followed several days of discussions in Moscow between the Soviets and a visiting delegation from the Iranian foreign ministry, as well as a visit from Iraqi Foreign Minister Tariq Aziz, and a delegation from the Arab League.

- September talks in Moscow concerning Far East regional affairs feature Assistant Secretary of State for Far Eastern Affairs Gaston Sigur and Soviet Deputy Foreign

Minister Igor Rogachev. Sigur on Sept. 13 was scheduled to proceed to South Korea, currently in the throes of a Philippine-style destabilization co-sponsored by the Soviets and the U.S. State Department.

- From Sept. 7-10, Assistant Secretary of State Chester Crocker was in the Angolan capital of Luanda for talks aimed at a superpower deal on Namibia.

- On Sept. 10, Soviet Deputy Foreign Minister Vladimir Petrovsky arrived in Bonn for talks with West German Foreign Minister Hans Dietrich Genscher and leaders of the pro-Soviet Social Democrats. Petrovsky's arrival, right in the middle of the Honecker visit, received almost no mention in German news media.

Petrovsky had spent most of August in the United States, both at the United Nations, and at the huge Soviet-American gathering in Chatauqua, New York. At both locations, he held extensive meetings with American officials and leading businessmen.

Let them eat glasnost

The slide toward "Munich II" is being accompanied by massive Soviet propaganda concerning the deception known as *glasnost*, designed to allow Western leaders to sugarcoat their New Yalta capitulations. The *glasnost* offensive in the Soviet media is centered around a campaign to rehabilitate the two leading opponents whom Stalin had murdered, Nikolai Bukharin and Leon Trotsky.

If anyone wishes to review the Soviet media of 1945, Stalin's media, one will find a *glasnost* exceeding by far the "democratization" rhetoric of Gorbachov. How many times did the Soviet press then print and reprint Stalin's promises that the countries of Eastern Europe would be based on "free elections," with "all parties" allowed, etc.—all to make the original Yalta palatable.

What better way for Gorbachov, who bears resemblance to the young Stalin who directed a massive pre-war military build-up, to fool the West than to embark on an "anti-Stalin" campaign, rehabilitating Stalin's purge victims.

According to the French journalist, Alexander Adler, Gorbachov is planning to officially rehabilitate both Bukharin and Trotsky for the "Revolution's" 70th anniversary.

- The Soviet government newspaper *Izvestia* recently hailed Trotsky as a "hero and martyr of the Revolution."

- The party paper *Pravda* (without mentioning their connections to Trotsky) honored two leading Trotskyites executed in 1937.

- *Vestnik*, the news bulletin of the foreign ministry, has just published an article describing Trotsky as the first chief of Soviet diplomacy, who "conducted himself with honor."

- Trotsky's grandson, living in Mexico, has been granted a visa to attend the Nov. 7 anniversary celebrations.

- Mexican and other Trotskyites are expected to receive invitations to the anniversary celebrations.

These latest signals on “left opposition” leader Trotsky were preceded by a drive to rehabilitate “right opposition” leader Bukharin.

- On July 16, the U.S.S.R. Supreme Court officially rehabilitated the leading Bukharinite agrarian economists, such as Nicholas Kondratyev, who were executed during the Stalin purges.

- *Pravda* of Aug. 9 carried a lengthy article by historian Viktor Danilov, which carried the arguments used by Bukharin in 1930 to attack the Stalin’s forced collectivization of the peasants.

- On Sept. 9, the *Moscow News* ran an article by Yuri Afanasyev, the new director of the U.S.S.R. National Archives, which stated that the 1938 trial of Bukharin was “baseless” and, “One need not be a professional historian, but only a human being, to say that Bukharin had never been a political criminal.”

The *glasnost* propaganda is also focused on conveying the image that the Soviet Union is now opening up its military facilities for American “inspection.” This farce reached its peak on Sept. 9 when three Democratic members of the House of Representatives were taken on a tour of the Krasnoyarsk ABM phased array radar facility to “prove” to them that it constituted no violation of the ABM Treaty. The congressmen, who could not tell the difference between an ABM radar facility and the proverbial “hole in the wall,” were awed by the red carpet treatment. They dutifully returned to the United States to issue statements casting doubt on the Pentagon’s charges that Krasnoyarsk was designed to service anti-ballistic missile systems—of which there is no doubt whatsoever.

Given such results, one can easily imagine the delighted Soviet hosts more than willing to extend *glasnost* to other military facilities, opening these up with much fanfare for the inspection of other U.S. congressional delegations.

Last month, quietly, another such *glasnost* affair was staged, when a U.S. Pentagon team was allowed to fly into the U.S.S.R. and observe Soviet military maneuvers in the Carpathian Military District, following Pentagon statements that the maneuvers were in violation of the Helsinki “confidence building” agreements.

If it means creating the atmosphere to get the American nuclear presence out of Europe, Moscow will gladly stage more such shows, a trivial price to pay for Munich II.

The main reason for such otherwise farcical *glasnost* functions, is the Western media’s desire to accommodate Moscow’s description of Gorbachov’s image. The rehabilitation of Trotsky and Bukharin provides a case in point. On Sept. 10, a day on which so much of the Western European media was engaged in “rehabilitation” coverage, the Soviet media was granting the most space to a theme that does not quite square with *glasnost*—pages of articles on the occasion of the 110th birthday of Felix Dzerzhinsky, “Iron Felix,” to use *Pravda*’s phrase, the bloody-handed founder of the Cheka, predecessor of the KGB.

Arrest of Italian arms rocks West Europe’s

by Umberto Pascali

“This is the biggest scandal since Irangate. . . . It is as though Rockefeller had been arrested!” commented an American expert immediately after the Italian police arrested 34 people (11 are still being sought), including one from the top echelons of the Italian Establishment, the industrialist Ferdinando Borletti and his son Giovanni. The accused are charged with having illegally sold weapons to Iran—the weapons that the Khomeinians are now using in their war in the Persian Gulf.

The illegal weapons traffic was part of a scheme involving prominent Sicilian mafiosi based in Trapani, acting as intermediaries with Teheran. The weapons and explosives were paid for with drugs and with “assistance” to terrorists operating in Italy, West Germany, and elsewhere in Europe.

“Our work is only beginning,” declared Prosecutor Augusto Lama. “We will turn half of Europe upside down.” What is emerging in Italy is part of a broader European picture, including similar and related scandals in Sweden, Belgium, Austria, West Germany, and England. Several sources in Italy are stressing that the “rotten business” came to light after U.S. National Security Adviser Frank Carlucci visited Italy and several other European countries, to discuss their participation in the military operations in the Persian Gulf.

The arrests are a result of the investigations which began last December, when Abu Nidal-controlled terrorists bombed the Rome airport, killing 13 people; they occurred one day after the Italian Council of Ministers decided to send a contingent of naval ships to the Gulf, in support of the U.S. deployment there. The Council’s decision put an abrupt end to the strenuous opposition of Foreign Minister Giulio Andreotti, who is not only an advocate of “friendly” relations with Iran, Syria, and Libya, but is also the top political protector of the Italian military industry.

The Borletti dynasty

By far the most important person arrested, Ferdinando Borletti, is himself close to Andreotti. Borletti is president of Valsella, a defense firm located near Milan, which had just received a commission from Teheran, to provide Khomeini with 2.5 million mines! Fifty percent of Valsella is owned by

smugglers 'Irangate' apparatus

a subsidiary of FIAT, the international corporation owned by the Trilateral Commission's Gianni Agnelli. Borletti is a member of the Board of FIAT, besides being the chairman of the Board of the most authoritative Italian financial newspaper, *Il Sole 24 Ore*.

The Borletti family is actually more important than the Agnellis, who married into nobility, having reached their status (and their title of nobility, Count of Arosio) under the Fascist regime, which the family fully supported. The Borlettis became famous with the creation of the "La Rinascente" supermarket chain, which was inaugurated by the first *duce*, the Universal Fascist Gabriele D'Annunzio.

Target: President Reagan

Shortly before the arrest of Borletti, in the southern Italian port of Bari, the police seized a Lebanese ship, the *Boustany One*, which was transporting a cargo of weapons destined for Abu Nidal's commandos in Europe. According to a thick package of documentation that the magistracy seized—some are comparing it to the revelations and dossiers which began the Propaganda-2 scandal some years ago—the *Boustany* was supposed to have arrived in Italy around two months ago, along with five other ships. Their mission was to deliver weapons, and possibly trained terrorists who were planning an assault on the Venice summit of the industrialized countries.

The principal target of the Venice raid was President Ronald Reagan. Aboard the ship there was a very advanced U.S.-made anti-helicopter missile, which was to be used against the President, who, for security reasons, always traveled by helicopter during the summit. The "Venice massacre" never took place, probably because of the strict security measures in place; but now the time for "revenge" had come. The weapons transported by the *Boustany*, many of them produced by the Borletti-FIAT firm Valsella, were to be used for a European-wide resurgence of terrorism.

Aboard the *Boustany* were also found 4.4 pounds of heroin and 33 pounds of hashish. The magistrates investigating the Rome airport massacre have evidence showing that the arms used at that time were smuggled along the same route

followed by the *Boustany*. The modus operandi is the same. High-level and very secretive terrorist controllers have established their network in Beirut, Tripoli, and several Mediterranean islands. This "structure" takes care of logistics and has established an alliance with a certain mafia clan, based in Trapani. Felice Corrao and Guido Coduri, two top mafiosi of this clan, were among the 34 people arrested on Sept. 5.

The Trapani clan acted as intermediaries and were paid in drugs; in exchange, they were getting a percentage of the commissions and additional money for the help they gave to terrorist groups.

"We will turn half of Europe upside down," says the prosecutor who has arrested some of the highest-level operatives in the Italian illegal arms traffic. Even the friends of Foreign Minister Andreotti have suddenly found themselves behind bars. Some of Europe's most evil oligarchs are beginning to fear that the hour of reckoning is near.

Now the investigations are proceeding full tilt, mostly thanks to the young prosecutor Lama, who, in the words of his chief prosecutors, pursued the investigations despite pressure from many sides, "including from our own milieu," i.e., from inside the Magistracy itself. The Trapani mafia clan has already been found responsible for the assassinations of several magistrates. New "angles" are now being opened. Besides the obvious Iran track, there is direct Syrian involvement, at the level of the secret service of that country.

It is worthy of note that the U.S. ambassador in Rome, Maxwell Rabb, knew about the Italian traffic with Iran. When he was recently asked by a Manhattan court whether he knew about the involvement of the Italian government in delivering arms to Iran, he replied: "My information was that they had been very, very generous in this business."

The arms suppliers to Iran, a far-flung group which coincides with the pro-Gorbachov factions in Europe and the "secret government" in the United States, are beginning to fear that the moment of reckoning has come. Italy has just decided to send four military ships to the Gulf. German Foreign Minister Hans-Dietrich Genscher is sticking to his pro-Iranian line. According to intelligence sources, the Italian revelations can lead to the heart of the Hamburg group of oligarchs that is the power behind Genscher.

Real issues avoided in Danish elections

by Poul Rasmussen

With the results of the Danish parliamentary elections on Sept. 8, conservative Prime Minister Poul Schlüter has provided proof that in politics it is possible to shoot oneself in both feet with just one shot. On Aug. 18, Schlüter had launched what he thought was a shrewd Machiavellian move, by announcing that parliamentary elections would be held on Sept. 8. This was two or three months earlier than expected, and the announcement left only three weeks for the election campaign. By this move, the prime minister had hoped to catch the opposition parties off guard, giving his four-party coalition government a free ride to a resounding victory. On Sept. 9, Schlüter found himself with two bloody feet and an unsolvable mess on his hands.

What went wrong?

The Sept. 8 elections distributed the 179 seats in the Danish Folketing (parliament) among nine different parties, in such a way, that the formation of any stable government became an absolute impossibility. The four conservative-liberal parties (Konservative Folkeparti, Venstre, Centrum-Demokraterne, Kristeligt Folkeparti) that had formed the coalition government led by Schlüter, collectively lost 7 of their 77 seats. Worst hit was Schlüter's own Conservative Party, which lost 4 of its 42 seats.

The small liberal party, Radikale Venstre, not part of the coalition, but still supporting the government, increased its representation from 10 to 11 seats, but this was not enough to give a new Schlüter government the 90 seats needed for a majority. Schlüter's worst possible nightmare had come true: He would have to form a minority coalition government dependent upon the support of two very different parties, the liberal Radikale Venstre and the right-wing Fremskridtspartiet, led by the incalculable Mogens Glistrup. It was exactly the same situation that last year brought down the Norwegian conservative government of Kaare Willoch.

Schlüter has nobody but himself to blame for the debacle. First, he was wrong to believe the soothsayers of the public opinion polls, who told him that he would win a comfortable majority at exactly this time of the year. Second, Schlüter

put the noose around his own neck by making his economic policies the central theme of the election. While his Thatcherite austerity policies undoubtedly have been popular in most banking circles, they have never been the source of any enthusiasm in the Danish population. Very tough austerity packages have made the economic crisis very palpable for the population. Despite this, Schlüter copied the worst follies of President Reagan by campaigning on the theme of the "Schlüter upswing."

But worst of all was the lack of reality in the election campaign. The present unstable and incalculable situation in the Danish parliament is the natural consequence of a political debate, in which none of the 16 parties running in the election addressed the fundamental problems of the Danish economy, the danger posed by the AIDS epidemic, the international strategic crisis, or even the question of the national defense. With its ship-building industry almost gone and other heavy industries hanging on a cliff, Denmark's economy is rapidly heading toward a blow-out.

Crisis in agriculture, AIDS, defense

The spark that will ignite the bomb is the agricultural crisis. The Danish farm sector supplies the country with more than one-quarter of its export income. Ninety-thousand farm families produce food for 15 million people, and with only 5 million inhabitants, two-thirds of the production is exported. In recent years, the Danish farm sector has been severely hit by the austerity policies dictated by the European Community in Brussels, and on top of this, an insane campaign in the Danish media is portraying the farmers as the worst environmental polluters in the world.

Danish farmers are faced with the worst debt crisis in history. Last year, their average net income was negative, and within one year, somewhere between 5,000 and 10,000 farms will face foreclosure. If this crisis is not reversed, the bottom will fall out of the Danish economy. With a trade deficit of almost \$5 billion last year, Denmark could not afford to lose its yearly \$6 billion in net agricultural export income.

Not even the traditional farm party, Venstre, dared to bring up the farm crisis in any constructive form, and they paid dearly for that. Venstre lost 3 of its 22 seats in the parliament.

The other side of the economic crisis, the hideous AIDS epidemic, was not addressed either. With 192 officially diagnosed cases of AIDS, and an estimated 20,000 infected in a population of only 5 million, Denmark is the worst hit country in all of Europe. Recently, the municipal health administration of Copenhagen, where the AIDS rate is one of the worst in Europe, announced that by 1991, the entirety of the health budget of the city would be spent on treating AIDS patients. But still, none of the parties took this problem on.

The unfolding world strategic crisis simply did not exist

during the election campaign. Even the ongoing debate on the Danish defense budget was nicely packed away during the three weeks of campaigning. Therefore, it should surprise nobody, that the new parliament reflects an attitude on defense exactly the opposite to that of the Danish population. In recent years, opinion polls have shown that over 70% of Danes support their country's membership in the NATO alliance.

Despite this, a solid majority in the newly elected parliament is either de facto or openly against NATO. These are the three Socialist opposition parties and the Radikale Venstre. The Danish Social Democratic Party is nominally pro-NATO, but since 1982, its policies have been contrary to those of NATO. Radikale Venstre has always been against Danish membership in NATO, and so has the left-wing Socialistisk Folkeparti, the major winner in the Sept. 8. elections.

The new party in the parliament, the left-wing Faelles Kurs, led by the rabble-rousing chairman of the Danish Seamen's Union, Preben Moeller Hansen (famous for his role in the ongoing disclosures of Denmark's link to the Iran-Contra scandal), shows its Communist roots in a rabid anti-NATO policy.

These three parties command 96 seats, a comfortable majority in the parliament, which means a dangerous weakening of the Danish contribution to NATO.

Prime Minister Schlüter thought he was being clever, when he called early elections. But now he has a bigger mess on his hands than he ever did before.

Nobody believes that Poul Schlüter's new coalition government will last for more than a few months. The first major hurdle will be the parliamentary vote on the national budget in October. It is doubtful that the government will survive even that.

The one bright spot in the picture is the appointment of a new health minister, Agnete Laustsen. She is a long-standing and outspoken opponent of the Copenhagen drug haven, Christiania. In her first interview to Danish Radio following her appointment, Minister Laustsen said that some form of public registration of AIDS carriers must become a reality.

She will have to move fast to implement her program, before the government falls.

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The Green menace

Concluding a two-part report on the upcoming Italian nuclear referendum, and the violent forces behind it.

On Nov. 8-9, 45 million Italians will go to the polls to vote on five referenda demanded by the Radical Party: They will have to write "yes" or "no" on five different issues, to be represented by a card of different colors: "green" for the civilian responsibility of judges, "blue" for the investigative commission, "grey" for the location of nuclear power plants, "yellow" for allocations to regional governments which host nuclear power plants, and "orange" for the participation of ENEL, the state electricity company, in nuclear energy activities abroad.

The referendum is "abrogative," which means that with their "yes" or "no" the voters are to cancel or confirm the five cited bills. The attention of the press, however, is concentrated on the nuclear power issue, since it was to abolish nuclear power in Italy and prevent the construction of new nuclear plants, that the Radical Party gathered 1 million signatures to have the referendum, and the Green Party ran for the first time in the last national elections in June.

Since Italy has only one functioning nuclear plant, in Caorso (near Turin), the main purpose of the referendum is to stop the so-called National Energy Plan (Piano Energetico Nazionale, PEN) which foresees building 10 more nuclear plants. The Radical Party, the Communist Party, and the Green Party propose to accomplish this by cutting funds to regional governments which accept construction of such plants.

Italy does have a nuclear energy capability, which is mostly aimed at

exports abroad, for example to Egypt and Latin America. The Greens and the Radicals also aim at cutting all nuclear power exports, with a vote on whether the state electricity company ENEL should participate in nuclear power activities abroad.

The Green Party deputies are pressing the Italian Communist Party to join their campaign for the "total abolition" of nuclear power, instead of choosing a more diplomatic "gradual renunciation," due to the stiff opposition to the Green line from industrial workers and farmers, who are tending to leave the Communist Party over its new "green" and anti-industrial look.

We will now take a look at the insane and violent ideology which has drawn the "peace-loving" Greenies into the terrorist orbit.

The setting afire of a 70 ton cooling motor on its way to the Montalto di Castro nuclear plant, in August, was only the latest in a series of violent incidents and threats coming from circles that previously spawned terrorist groups.

Prospero Gallinari, Bruno Seghetti, and Francesco LoBianco, "unreconstructed" members of the Red Brigades, already in spring 1986 had put out a recruitment document aimed at the anti-nuclear groups.

In his 1984 and 1985 reports on the intelligence services, ex-Prime Minister Bettino Craxi exposed the flanking moves of the "armed party" conducted by pacifist and anti-nuclear organizations. "Worker Autonomy," exposed by the courts in the late 1970s as the above-ground arm of the mur-

derous Red Brigades, has resumed its activities in conjunction with anti-nuclear demonstrations.

The new parliamentarians elected in June on the Green slates are all experts in "protest demonstrations." Many of them come out of the ranks of the dissolved Maoist group, Continuing Struggle, an organization noted for having given their start to many individuals who later joined the "armed struggle."

Take the case of Hon. Sergio Andreis. A conscientious objector, he did 15 months in military prison in Gaeta, lived four years in a commune in Berlin, and played a role in the publication of a military map of all the nuclear and non-nuclear NATO bases in Italy. While under indictment in the Lombardy region for having distributed to the press the secret list of risk industries on the region's territory, he served as a consultant to Unesco and the World Council of Churches.

Another example is Michele Boato, already a "Continuing Struggle" member in 1968, with a long past of demonstrations attempting to blockade various factories. Considered too much of a "loose cannon on deck" and too "workerist," he left Continuing Struggle in 1972 to dedicate himself to organizing the Green slate.

The last question which many political analysts are trying to answer is, "But who finances the Greens?" In the United States a recent investigation showed that the biggest financiers of the ecologist organizations are the multinational oil companies. In Italy, ENI (the national oil company) gave the World Wildlife Fund 400 million liras at the last ecologist convention in Assisi, and food cartel tycoon Raul Gardini, one of the world's wealthiest men, stated on national TV that he had voted for the Green Party. Gardini is now campaigning to convert agricultural grain production to ethanol.

Why was Honecker sent to Bonn?

The visit of the East German leader is sparking illusions about the future of Germany.

The German Question, the unresolved problem of the partitioned nation, has been the weak flank of all policy in Germany after the war. It has always been a strong lever for the Kremlin to influence and intimidate the West Germans. Moscow's policy on Germany has two prime objectives: first, to consolidate the Kremlin's grab over East Germany and to have the West Germans accept that; second, to lure the West Germans into the Soviet sphere of power, by creating the illusion that this might help Germany to be reunified.

The first aim of Soviet policy on Germany has been achieved by the visit of East German party boss Erich Honecker to West Germany (Sept. 7-11). He is the first East German leader to be received as a state guest in Bonn, with formal diplomatic protocol, and for the first time, a West German army band played the tune of the East German anthem.

Although in the context of the 1970s "détente," the Bonn government already signed several treaties with the East German regime, its formal recognition was always carefully avoided. With Honecker receiving a formal welcome in Bonn, his regime has been recognized, and thus the Soviet claim on East Germany. The recognition was openly announced by West Germany's Chancellor Helmut Kohl and President Richard von Weizsäcker, who spoke in their Bonn dinner addresses of "two independent German states."

Said in the presence of Honecker, this statement has a special symbolic

meaning, as he was the one who commanded, on East German Politburo and Soviet directives, the construction of the Berlin Wall on Aug. 13, 1961, as a symbol of the Kremlin's claim on East Germany.

As for the aforementioned second aim of Moscow's policy on Germany, the Honecker visit to Bonn opened the door as well. The Bonn government gave formal recognition to the German Democratic Republic, hoping that by meeting this old demand of Moscow's, the Kremlin leaders could be warmed up for official talks on the reunification of Germany.

Aspects of this were discussed between President von Weizsäcker and Soviet leader Mikhail Gorbachov at the Kremlin on July 7. When Weizsäcker brought up the German Question at that meeting, Gorbachov reminded him that Josef Stalin once offered reunification to the Germans in March 1952, on "very favorable terms," but that the West German chancellor—then Konrad Adenauer—turned the offer down.

Adenauer, a strong proponent of a German (reunified or not) alliance with the West, had good reason to turn Stalin's "offer" down. Stalin wanted a neutralized, largely demilitarized Germany, which was no threat to the Red Army and could be tolerated as a reunified territory, on the condition it stayed away from the West.

The Germany Stalin envisaged in 1952 would have looked very similar to the Germany Gorbachov has in mind for the time after a Geneva "zero option." There would be no U.S. nuclear

missiles and troops on West German territory, and the Germans, as a non-nuclear and non-SDI power, could always be kept hostage of the Red Army's war machine.

A door to this grim future has been opened in Bonn during the Honecker visit. The final statement of his talks with the West German government included the mutual recognition of the "zero option" as desirable for a general process of denuclearization in Europe. It referred to the Jan. 8, 1985, joint statement "respecting a strict interpretation of the 1972 ABM treaty" between U.S. Secretary of State George Shultz and Soviet Foreign Minister Andrei Gromyko, as a general point of reference for both German governments.

A significant obstacle to this is West Germany's current involvement in the U.S. SDI effort.

The concluding statement on the Bonn talks between Honecker and Kohl speaks of "joint initiatives" of both Germanies for arms control, and of "high-level consultations on a regular basis." There will also be more exchange of scientific and technological studies between the two Germanies, including aspects of nuclear reactor technology, and more exchange on the cultural and political level.

Furthermore, regular contact will be established between the parliaments of both Germanies, and regular contact between the political parties of either side as well. The groundwork for this was laid by the three years of joint work between the ideology commissions of the East German Socialists and the West German Social Democrats. A few days before Honecker arrived in Bonn, they published a joint statement speaking of alleged "common roots of Communism and Social Democracy in the tradition of European humanism."

Chad strikes blow against Qaddafi

by Mary Lalevée

On Sept. 5, two thousand troops from Chad's national armed forces struck a major blow against Libyan dictator Muammar Qaddafi, by launching a completely unexpected attack against one of Libya's three air bases in the south of the country. Sweeping 100 kilometers into Libya on Toyota trucks, the Chadian troops drove straight over minefields laid to protect the base of Maaten al-Sara, and in a 24-hour operation, killed 1,713 Libyan soldiers, took 312 prisoners, and destroyed nearly 30 Libyan planes and helicopters on the ground, 70 tanks, and a large quantity of other arms and munitions. Chad's losses were 65 dead and 112 injured.

Chad forces took 312 prisoners, including two Yugoslav advisers and one East German "technician." Chad's ambassador in Paris declared that Chad had no intention of permanently occupying the base: "We only wanted to destroy one of the main sources of aggression against Chad." He said that Chad has no air force, and was hence obliged to launch ground operations to stop constant Libyan air raids against northern parts of his country. "What the Libyans do by air, the Chadians do on the ground," he said.

Built in 1979, Maatan al-Sara had been modernized in the last 18 months to become Libya's major air base for air attacks against eastern Chad, and potential assaults against Chad, Sudan, and Egypt. Libya has stepped up its air attacks on Chad since the beginning of this year, in its effort to maintain control of the Aouzou Strip, part of northern Chad, which Libya claims, and had occupied until Chad troops temporarily seized control in August.

The Chadian raid was led by 31-year-old Commander Djamous, who was responsible for major Chadian victories at Fada and Ouadi Doum earlier this year. He personally led troops in trucks over Libyan-laid minefields at Ouadi Doum, to prove that driving over the mines at 90 kilometers an hour causes a three-second delay before they explode. He was badly injured, using his own technique of "three seconds for a mine," but is now back in action and led the troops at Maatan al Sara.

The success of the raid confirms that the Libyan troops are no match for a well-organized and nationally motivated army, even far smaller in number and less well-equipped. Libya did retake the town of Aouzou, in the disputed Aouzou Strip, from Chad forces on Sept. 1, because of the sheer violence and intensity of Libyan air raids.

Chad's successful operation is not just another incident

in a desert war far away in Africa, but is a major blow to Qaddafi, and to his Soviet backers, and Chad's President Habré should be applauded for his troops' victory. Qaddafi has sent terrorists into Europe and the United States, and agents into the Middle East and Africa preaching his brand of "Islamic Revolution," and up till now, efforts to counter Qaddafi's terrorism and subversion have been remarkably ineffective.

Western sabotage?

Some appeasers in Europe and the United States, like French President François Mitterrand, who were only too happy to see Habré defeated in Aouzou, out of fear that a military destabilization of Qaddafi, or even his ouster by dissatisfied Libyan army elements, would endanger broader international negotiations with the Soviet Union, are now trying to prevent Hissène Habré from taking further action. Indeed, there are reports that shortages of arms, especially anti-aircraft missiles, were one of the reasons Hissène Habré was forced to withdraw his troops from the Aouzou Strip.

However, Qaddafi's own actions may contribute to ending this appeasement. Qaddafi reacted to the humiliating defeat of his troops by sending Libyan bombers to attack Chad's capital, Ndjamena, and the town of Abeche in eastern Chad on Sept. 7. One of these was shot down by French troops protecting the capital. The Libyan ambassador in Paris announced that Libya now considered itself in a "state of war" with France. Declaring that it will not fight Libya directly, the French Defense Ministry has announced that its military deployment in Chad will be strengthened, and a new air base, around Abeche, will be completed as soon as possible. It also reiterated that whenever the Libyans try to bombard Chadian cities, French forces will defend them. The United States is reported to have sent additional supplies of anti-aircraft missiles, and will possibly send Stinger anti-aircraft missiles.

Meanwhile, at the initiative of Gen. Revault d'Allones and General Massu, a "Committee for the Full Liberation of Chad" has been created in Paris. It advocates a more offensive policy against Libya, and is lobbying the French government for direct military support to retake Aouzou. The French government's official position is that the dispute over the Aouzou Strip should be settled by "negotiation." While Prime Minister Jacques Chirac has stressed his support for Chad's fight to defend its integrity, i.e., including the Aouzou Strip, Mitterrand's position is more ambiguous.

While the Arab League and some Arab governments, like Algeria and Sudan, have declared their support for Qaddafi in the face of Chad's "imperialist" attack on Libya's territory, as Libya describes it, Qaddafi's desperation can be seen by the fact that he has now distanced himself from the Ayatollah Khomeini, and is calling on Iran to end the Gulf War. Decisive Western action against these two representatives of Islamic fundamentalism could bring their repressive regimes to an end.

State Dept. feeds anti-American wave

by Ramtanu Maitra

In an unprecedented display of unity, members of the Pakistan parliament from both the ruling and opposition parties stood up on Sept. 2 to denounce the United States as an unreliable friend and accused Washington of humiliating Pakistan by demanding unacceptable conditions for aid.

The surge of anti-Americanism in Pakistan is a direct result of the Yalta gamesmanship of the U.S. State Department and the Kremlin. It is aimed at undermining the present U.S. Gulf policy, already under fire in the U.S. Congress, one step in the overall collapse and withdrawal of any U.S. presence in Pakistan and South Asia as a whole.

The long arm of Iran's Khomeini within Pakistan is fueling this anti-American bandwagon, taking full advantage of the pressure plays by the State Department and U.S. Congress to isolate Pakistan and back it into a corner. The U.S. Gulf policy has become a specific focus of attack.

On Aug. 30, Undersecretary of State Michael Armacost and Soviet Deputy Foreign Minister Vladimir Petrovsky met in Washington, giving a new boost to the "Yalta" process. State Department officials stated the meeting was "routine"—and, "not linked to the Geneva talks between Pakistan and Afghanistan."

But the meeting was held only nine days before the 11th round of the U.N.-sponsored negotiations between occupied Afghanistan and Pakistan, ostensibly to end the eight-year occupation of Afghanistan. The terms on which the Soviet Union would agree to withdraw its 150,000 troops have not yet been settled.

And, three days later, the State Department announced that Deputy Assistant Secretary of State Edward P. Djerejian would go to Geneva on Aug. 10 for two days of talks on Afghanistan and the Persian Gulf with Soviet Deputy Foreign Minister Yuri Alekseyev.

The 'bomb' ploy

The credibility of the State Department in Pakistan is wearing very thin. It hit a low with Armacost's early August visit to Islamabad to attempt to arm-twist Pakistan President Zia ul-Haq to open up Pakistan's nuclear installations for inspection, in exchange for releasing the congressional hold

on the \$4.02 billion Pakistani aid package.

The U.S. House Appropriations Committee had approved the aid package, but then threw it into the deep freeze for several months, until a new certification that Pakistan is not making bombs is obtained. This move was prompted by the scandal created when a Pakistani businessman was accused by the U.S. Justice Department of trying to illegally export nuclear-related materials.

The reaction in Pakistan, both officially and from the public, has been sharp. On Sept. 1, Foreign Minister Yaqub Khan reiterated Pakistan's determination not to submit to the blackmail at a conference on nuclear non-proliferation in South Asia. "The five weapons states can ask other countries not to acquire nuclear weapons only when they themselves are sincerely ready to destroy their own nuclear weapons," he said.

Meanwhile, Khomeini's Iran is cashing in on the State Department-sponsored anti-Americanism that is spreading across the political spectrum. Pro-Khomeini Iranians operating in Pakistan, as well as pro-Khomeini factions among Pakistanis themselves, have stepped up

An Aug. 23 editorial in an Urdu-language daily from Karachi, *Nawa-De-Waqt*, illustrates the point. Titled "The New U.S. Force in the Gulf: Repercussions and Implications," the editorial is an open attack on what it calls "U.S. gunboat diplomacy."

"Indeed, the darkening clouds of danger in the Gulf may also engulf the neighboring countries and the implications of this conflict for Pakistan need no explanation," *Nawa-e-Waqt* says. "The U.S. CENTCOM chief, General Crist, has visited Pakistan several times. This has created various doubts and suspicions in the minds of the people."

Incredibly, *Nawa-e-Waqt* charges that it was U.S. Defense Secretary Caspar Weinberger who masterminded the aid suspension, in retaliation for Pakistan's refusal to take a stand against Iran. "The \$4.02 billion U.S. aid package seems to be extremely attractive," *Nawa-e-Waqt* states, "but in view of the rapidly rising storm and the flames of war in the Gulf, wisdom dictates that Pakistan must not bow to U.S. pressure and must not involve itself in the dangers of the Gulf."

The pressure from Iran and its minions is noticeable at the official level. In mid-August, Pakistan Defense Secretary Ijlal Haider Zaidi told the press in Lahore that the Pakistan government had made it clear to the United States that it will not become involved with Gulf disputes, nor will it allow its territory to be used against the brotherly country of Iran.

In the same breath, the Defense Secretary pointedly underplayed the large-scale infiltration by the Afghan secret service, the KHAD, into Pakistan. Violent incidents in Karachi between local Mohajirs and Phaktoon-speaking settlers, in which KHAD agents are commonly known to have an important hand, have increased over the past month with a series of bloody clashes and a police crackdown that resulted in the arrest at the end of August of more than 400 individuals.

At the crossroads

Renewed threats of financial warfare and a record \$16 billion in reserves serve as backdrop to the presidential succession.

One week before President Miguel de la Madrid gave his fifth state of the nation address, new threats of financial destabilization began to surface, as the international bankers' way of warning against any "surprises" on the debt front—either during his last year in office, or in the choice of his successor.

Speaking from Buenos Aires before the Fifth Annual Convention of Argentine Private Banks Aug. 26, a former adviser to the World Bank and to the British government, Sir Alan Walters said that Mexico "is again going to be the center of a new international foreign debt crisis, but worse than 1982." He added, "I don't know when it is going to happen, but I know it will happen."

Merrill Lynch is equally pessimistic about Mexico's future. On Aug. 27, the Wall Street brokerage house demanded that a "shock program" be implemented following selection of the PRI presidential candidate. In its latest "country study" on Mexico, Merrill Lynch threatens massive new capital flight, soaring inflation, and takeover by the "informal," or black economy in the immediate period ahead, should the government try to lower interest rates or slow the peso devaluation rate.

Despite the brutal austerity regimen de la Madrid has imposed on the orders of the International Monetary Fund and creditor banks, the brokerage firm protests the Mexican government's "failure to yield results," and suggests that a "heterodox shock plan"

may be necessary.

While the political climate in Mexico has certainly become much tenser in anticipation of the naming of the ruling party's presidential candidate, none are as nervous as Mexico's foreign bank creditors. They are well aware that, alongside the five years of devastating austerity measures imposed by Bank of Mexico director Miguel Mancera Aguayo, the government has also managed to save a record \$15 billion worth of international reserves.

Despite immense pressure from the creditor banks to use those reserves for debt repayment, de la Madrid is leaving himself all options on this one. The banks fear that a lame duck de la Madrid, like many of his predecessors, may indulge in a last populist fling, yielding to growing domestic demands to invest the reserves in the economy instead. His carefully scrutinized address to the nation made no mention of how the reserves would be employed, and the *New York Times* spoke for many nervous bankers Sept. 3 when it observed that this is the most "pressing economic question."

Exemplary of the domestic pressures on de la Madrid is a cartoon currently circulating in the Mexican press. Based on the scandal of a top mafioso—just murdered—who collected a vast personal fortune through a monopoly on Mexico City's garbage collection service, the cartoon shows President de la Madrid as the new "king of the garbage collectors." He is seated on a mountain of garbage, with bags

of gold in his hands labeled "international reserves."

Another headache for oligarchic circles internationally is that, thanks to the personal intervention of Peruvian President Alan García, Mexico will be hosting what could prove to be an historic presidential summit of the "Group of Eight" Ibero-American nations Nov. 27-28. De la Madrid announced the meeting by saying that this would be the first time in recent history that the countries of the region would have the opportunity to make "their weight felt" before the world.

It is noteworthy in this context that the same cabal of "ex-bankers" expropriated in September 1982 by then-President José López Portillo, have succeeded in erecting an enormous speculative bubble of \$21 billion through the Mexican stock exchange, making it one of the most profitable in the world. It is already a poorly kept secret that the bankers, with the complicity of the Bank of Mexico's Mancera and Budget Director Salinas de Gortari, have threatened de la Madrid with the "López Portillo treatment," should he not choose the candidate who can guarantee "continuity of orthodox policies," as Merrill Lynch put it. That treatment would likely take the form of exploding the \$21 billion bubble and leaving de la Madrid to take the blame.

The obvious question that remains to be asked is, why would Sir Alan Walters predict a new Mexico debt crisis, in view of the country's abundance of foreign exchange reserves? The answer is simple. Sir Alan is not offering an objective "analysis," but rather is giving the signal for the "classic" capital-flight scenario that always strikes during the succession period, bleeding international reserves before the next government can possess and deploy them.

A 'Shining Path' for Colombia?

Colombia's Communists hope to exploit a weak government and a population desperate for solutions.

What Moscow has thus far failed to accomplish in Peru, it hopes to win in Colombia; namely the triggering of a coup, and consequently, civil war. Unfortunately, all the conditions are there, and ripe for exploitation.

A narco-financed upsurge of violence in recent weeks, including scores of assassinations and death threats against prominent national figures, has the Colombian population clamoring for solutions. Inadequate responses from the Barco government, such as prohibiting weapons sales and banning imports of high-power motorcycles favored by mafia assassins, have met with ridicule.

Tensions are also high in the country because of the ongoing conflict with Venezuela over contested territorial rights in the Gulf of Venezuela, a conflict which could still escalate into armed confrontation. On Sept. 4, the Colombian foreign ministry delivered a formal protest to the Venezuelans over violation of Colombian airspace by two F-16 fighter-bombers. The Venezuelan ambassador to Colombia has claimed it was "unintentional." Deportations of Colombians working in Venezuela, and harassment of border merchants by Venezuelan national guardsmen, have heightened tensions.

Barco has fled the volatile situation at home by undertaking an unlucky trade trip to Asia, where he was taken out of action by the sudden onset of diverticulosis. He is currently hospitalized in South Korea, following emergency surgery. At last report, his defense minister was with him.

A bill to finance the urgently need-

ed upgrading of the armed forces by a 1% increase in income taxes and other taxes, has been answered by a barrage of Communist propaganda, denouncing alleged plans to launch a "dirty war," Argentine-style, against the leftist opposition in the country. Communist Party executive Hernando Hurtado wrote in the party's newspaper, *Voz*, on Sept. 3 that such a proposal seeks "to endow militarism with instruments to improve repression. . . . In other words, this means that political and civil rights, already reduced, will be suppressed."

A lengthy report on the recent wave of assassinations in Colombia appearing in the same edition of *Voz*, is entitled, "Behind the paid assassins are the rulers," and blames members of Barco's cabinet—in particular, the defense and justice ministers—for seeking to impose an "ultra-rightist" anti-terrorist statute against "the people." The article urges a nationwide "civic strike against fascism" and attacks those who "minimize the importance of masses in the streets."

Finally, *Voz* published an alleged letter addressed to President Barco from "discontented policemen," demanding immediate solutions to their wage and other grievances. If solutions are not forthcoming, concludes the letter, "Don't be surprised, Mr. President, that this could be the point of no return in starting a war in Colombia, and also don't be surprised if we join the Unified Labor Confederation (CUT), and go out on the streets on Nov. 5."

Not surprisingly, Communist congressmen are currently demanding

that the Colombian Congress support the police force's right to unionize.

The reference to the CUT in this Communist-concocted warning to Barco is especially significant, in light of the recent confrontation between CUT president Jorge Carrillo, and Communist elements within the federation over who will control that trade union confederation. Carrillo announced that he would never permit the federation to be used by the Communists as a political battering ram against the government. "We have forged the unity of the workers, but not on the basis of abdicating our principles. . . . The CUT [will never] be used by any political party or group to proselytize . . . in disrespect for the labor movement." Apparently, the Communists aren't heeding his warning.

Last May, the Communist Party in Peru tried to take advantage of military and police discontent, an escalation in terrorism, and a government under siege from abroad, to create the conditions for a coup in that country. A suppressed Air Force mutiny was immediately followed by a Communist-directed national strike, a scheduled day of "commemoration" by Shining Path narco-guerrillas, and a Communist-backed rebellion by renegade police seeking "better working conditions."

The immense popularity of the Alan García government, combined with a tough "no-negotiations" stance, proved sufficient to dislodge the rebel police from their strongholds and take the wind out of the sails of the Communist strike. The armed forces' command stayed loyal to García, and the terrorist threat was contained.

But Colombia, endowed with neither a strong nor an especially popular government, is dangerously vulnerable to Moscow's destabilization scenario.

International Intelligence

Thatcher to warn Reagan on arms deal

British Prime Minister Margaret Thatcher will meet President Ronald Reagan "to warn him of the dangers to Western Europe of a rushed deal with Russia on nuclear arms cuts," a front-page article in the *Daily Express* of London reported Sept. 7.

Under the heading, "Maggie Warns Reagan of Arms Deal Danger," the paper says she will report to Reagan the fears of Britain's defense chiefs and experts on the Soviet Union, that a "zero option" deal would leave Western Europe exposed to the superior conventional might of the Soviets. These defense leaders fear that Reagan will be "deaf" to the interests of Europe, in his rush to mark his presidency with an historic arms deal.

Adds the *Daily Express*, "Privately they are voicing fears that if Europe is stripped of nuclear weapons in a superpower deal, Russia might launch an invasion of Western Europe, gambling that the U.S. would never risk a nuclear holocaust for Europe by unleashing their intercontinental arsenal."

Thatcher has reportedly left two days free following the Commonwealth Conference in Canada in October, during which she will fly from Vancouver to Washington for the talks.

Panama, Mexico media excerpt EIR report

La República, Panama's largest-circulation newspaper, published an eight-page Sunday supplement Sept. 6, composed of lengthy extracts from *EIR*'s 1986 Special Report on the destabilization of Panama. Under the headline, "Who Seeks to Destabilize Panama, and Why?" with a subhead: "A Document for History," the newspaper's front page contains a box with a picture of the report, and a caption:

"In section E of this issue, we have a revealing document prepared by a group of

notable socio-political-economic researchers of the prestigious *EIR* organization, which is based in Washington, D.C. The document was first made public almost a year ago, and in it are revealed the elements and factors in the destabilization campaign against Panama."

The *EIR* report, "The Crisis in Panama: Who's Out to Destabilize the U.S. Ally, and Why?" documented the collusion of the U.S. State Department, Sen. Jesse Helms, and the "Project Democracy" networks most recently associated with Lt. Col. Oliver North, in a slander campaign against Gen. Manuel Antonio Noriega, head of Panama's Defense Forces. The object of the plot, which is ongoing, is to force Noriega and President Eric Delvalle from office, to be replaced by "democratic opposition" figures ranging from drug-runners and money-launderers to an avowed Nazi, Arnulfo Arias.

The Panamanian daily's report has in turn been excerpted by two Mexican dailies, *La Jornada* and *Uno mas Uno*.

Colombia-U.S. extradition pact to be renegotiated

Colombia and the United States "will begin as of Sept. 15 the renegotiation of the extradition treaty signed in 1979, and whose applicability was frozen following a decision by the Supreme Court to overturn the national legislation approving the treaty. . . ." reported *El Siglo* of Bogota on Sept. 4.

"A U.S. delegation will be arriving in Colombia to discuss the new text of an extradition treaty with representatives of the Barco government. . . . The Colombian delegation which will renegotiate the treaty is made up of President Barco and officials of the foreign ministry," the report continues.

The outcome of the negotiations will depend on how well the Barco government has withstood massive domestic political pressure by Colombia's drug-lobby politicians, and a reign of terror by the drug mafias, in which numerous government officials, judges, and other public figures favoring the

extradition treaty were murdered or threatened with murder.

In 1985, the terrorist M-19 narco-terrorists conducted a raid on the Supreme Court in Bogota, at the time justices were reviewing the treaty. Twelve justices were murdered and numerous court records on drug-traffickers were destroyed before the terrorists were bloodily dislodged.

Subsequently, under the treaty, one of the kingpins of the cocaine-producing Medellín Cartel, Carlos Lehder Rivas, was successfully extradited to the United States, where he now awaits trial in a Florida jail.

Benedictine abbey raided in France

The Benedictine abbey of Belloc in southern France, close to the Spanish border, was raided by French police on Sept. 3 at 2:00 in the morning, as police hunted for French Basque separatist terrorist Philippe Bidart. Some 10 days earlier, Bidart had murdered a French policeman.

Since that killing, French media have come out with various revelations on Bidart, who has been on the police "wanted" list since the early 1980s. Bidart created Iperatark, the French version of the Spanish Basque terrorist organization ETA, in 1973. He is wanted for several murders and bombings.

Not the least of the revelations about him is that he was educated at a Benedictine seminary.

The weekly *Le Point* and the Sept. 4 *Le Figaro* reveal that the Abbey of Belloc is suspected by police of being the headquarters of the "ideological masters" responsible for the idea of a separate Basque state. *Le Point* reported that Benedictine monks and other priests of the region would preach in favor of independence, attacking the police, at funerals and on other occasions.

The monks are also suspected of being part of a large logistical and support network for the terrorists, which has allowed Bidart and accomplices to escape police dragnets repeatedly.

Though known to many intelligence circles, the French developments have marked the first time that the Benedictine connection to separatism and terrorism has been exposed to the public eye.

Peruvian drug lobbyist nabbed by Customs agents

A Peruvian asset of the international network known as "Project Democracy" was stopped by Customs officials in Lima, and found illegally carrying \$40,000 in cash out of the country. Hernando de Soto is the author of a book, *El Otro Sendero (The Other Path)*, which advocates legalization of the "informal economy," e.g., the drug trade.

On July 28, President Alan García declared a nationalization of the Peruvian commercial banks, in order to put an end to such capital flight, and particularly the smuggling out of drug money. The measure is now being hotly contested by the banking oligarchy and its hangers-on.

De Soto, according to his report, was forced to strip naked by two airport Customs agents, just as he was departing for the United States. He says he was kept waiting in a bathroom for an hour and a half. The police have denied the story.

De Soto is the head of the Liberty and Democracy Institute (ILD), which published his book. The ILD is heavily funded by the U.S. National Endowment for Democracy ("Project Democracy"), and is a principal promoter of drug legalization. De Soto called an ILD board member when he finally arrived in Indianapolis, to report his alleged mistreatment.

The title of de Soto's book is, not accidentally, a play on the name of Peru's barbaric narco-terrorist organization, *Sendero Luminoso* (Shining Path).

Newspapers favorable to the anti-drug government of President Alan García reported the police's side of the story: "The only thing we did was ask him why he was carrying \$40,000 to the United States in his suitcase," in 20 manila envelopes containing \$2,000 each.

He said the money was "to pay some debts in the U.S."—a bit of "informal economy," no doubt.

Dutch doctor rejects trend toward euthanasia

Six thousand to 12,000 people per year are being killed in the Netherlands by euthanasia ("mercy killing"), and the continuation of this trend means "the end of medical science," said Dr. Rutenfrans from the Catholic University of Nijmegen, the Netherlands, in a statement distributed by the international Club of Life.

Euthanasia in the Netherlands is more widespread than in any other country in Europe, and the onset of the AIDS epidemic has made the practice even more prevalent.

"Euthanasia began in the Netherlands at the end of the 1960s," he wrote. "In several books, in articles and interviews, euthanasia was presented as the only solution for those problems, which were said to have originated through the progress of medicine. . . . The patients were declared to be victims of the medical techniques. . . . Curiously these arguments were already used, when there were not so many medical possibilities to lengthen human life. The Social Darwinist Ernst Heckel wrote as early as 1875 . . . that hundreds of thousands of incurably sick patients are kept living artificially without being of service for themselves or society."

Dr. Rutenfrans concluded, "The establishing of euthanasia will also mean the end of medical science . . . the 2,500-year-old prohibition of euthanasia in the Hippocratic Oath was an absolute condition for the development of medical science. The necessity to heal people and relieve their pain would not have been as obligatory as it was, if one could have just killed these people. . . . There is a coherence between the euthanasia movement in the Netherlands and the ideology of the Nazis in Germany 50 years ago. . . . This tendency in the Netherlands, which is becoming stronger and more outrageous, is threatening the essence of our civilization."

Briefly

● **ISRAELI POLICE** on Sept. 5 charged into a demonstration staged by hundreds of ultra-orthodox Jews protesting the screening of motion pictures on the Jewish sabbath. Police arrested 28 of the radicals.

● **A GRASSHOPPER** plague is hitting the Italian industrial towns of Reggio Emilia, Modena, and Parma, thanks to the success of an environmentalist campaign against chemical inputs in agriculture. The Greens succeeded in getting local administrations to ban spraying of the hills where the grasshoppers spawn. Pasturelands for the dairy cattle that produce the famous Parmesan cheese have been hard hit.

● **HANS HOLMER**, the former chief of police of Stockholm who failed to find the assassin of Premier Olof Palme, has been appointed to a U.N. anti-drug post covering the regions of Asia and South America. During 1982-84, Holmér chaired Palme's Commission on Narcotics, and used the position to break up Sweden's most successful anti-drug police team, resulting in a significant decline in narcotics arrests thereafter.

● **THE PHILIPPINES** announced Sept. 2 that it will investigate possible American involvement in a bloody coup attempt against Corazon Aquino's government at the end of August. Defense Secretary Rafael Ilete said after a cabinet meeting that he "thought wise to consider the possibility." Several of Manila's daily newspapers have reported that a U.S. helicopter from Clarke Airbase had rescued Col. Gregoria Honasan, the coup leader, when it became clear the coup would fail.

● **SOVIET** Foreign Minister Eduard Shevardnadze will visit Brazil from Sept. 26 to Sept. 30. He is the first Politburo member to visit. President José Sarney will deliver to him an invitation for Mikhail Gorbachov to visit Brazil.

International panel blasts persecution of LaRouche

by Nicholas F. Benton

After hearing 15 hours of testimony given over two days from 32 witnesses, including leaders of government, science, the military, and the arts worldwide, supplemented by scores of written statements, a five-person Fact-Finding Committee of the Commission to Investigate Human Rights Violations in the United States, examining "The LaRouche Case," concluded during a Sept. 11 press conference in Washington D.C. that: 1) the positive influence of U.S. Democratic presidential candidate Lyndon LaRouche has been enormous worldwide, and 2) the harassment of LaRouche and his supporters both by elements in the U.S. Department of Justice and by Soviet disinformation and terrorist networks is unprecedented, and, in the case of the United States, threatens the viability of the Constitution itself.

Over 280 individuals attended the Sept. 9-10 hearings, which were presented before the Fact-Finding Committee composed of Chairman Don Victor Girauta y Armada, an attorney from Spain; Secretary Dr. Edwin Vieira, an attorney from Virginia; Lennart Hane, an attorney from Sweden; Larry Lopez-Alexander, a former judge from Colorado; and Dr. Frederick Wills, former Foreign Minister of Guyana.

Due to what *EIR* learned was a coordinated effort at the executive level, there was a total boycott by the Washington press corps of the Sept. 11 press conference reporting the Committee's findings, except for *EIR* and one Maryland radio station.

Chairman Girauta expressed amazement at this, but said that because of the great interest in LaRouche by the international press, he was confident there would be extensive coverage when the Committee presents its findings to a meeting of the full Commission in Paris, France, on Sept. 25,

even if the U.S. press doesn't say a word.

The concluding statement of the Committee noted, "We have read and heard in person testimony in support of LaRouche's efforts from Peruvian congressmen and labor leaders, from the top command of the Bolivian, Peruvian, Colombian, and Mexican anti-drug efforts, representatives of the governing party of Panama, leading figures in the armed forces of West Germany . . . from several leaders of the Free French resistance against fascism during World War II . . . from leading scientists and engineers of several nations, and from artists and musicians who . . . speak with love and great dignity about their association with Lyndon LaRouche.

"No truthful man or woman who has received this testimony could help but be struck by the power and influence of LaRouche and his movement. We are forced, through the sheer weight of evidence presented to us, to conclude that, contrary to the vast majority of press accounts, both in the United States and the Soviet Union, Lyndon LaRouche and his associates have served the best interests of the United States and the free West, and have, indeed, improved the image of this nation abroad in the face of growing hostility and resentment against America worldwide, cleverly orchestrated by Soviet assets."

The Committee also noted, "We have also received an enormous amount of evidence, alarming in its implications, of the violation of fundamental constitutional rights of LaRouche and those associated with him and his presidential campaign . . . of unprecedented use of government force to close down the publishing capabilities associated with LaRouche . . . a sequence of state and federal indictments, accompanied by lengthy jailings without bond . . . for the

sole purpose of what General Scherer, in his testimony, termed 'psychological terror.' This has been coupled with intense government harassment, testified to by dozens of statements from those of its victims still willing to come forward . . . who have dared to contribute financially to this movement."

The Committee quoted two experts on Soviet techniques of warfare in its concluding statement, Brigadier Gen. (Ret.) Paul Albert Scherer, former head of counterintelligence of the West German military, and U.S. journalist Ralph De Toledano. The statement quotes Scherer saying, "I am convinced that Mr. LaRouche is neither a faker, nor an agent of influence, and certainly not a neo-Nazi fascist," adding that LaRouche is the victim of "a typical, offensive, and manipulative intelligence-directed operation, aimed at eliminating an opinion-shaper who is a considerable disruption to the Kremlin's policies, and who can neither be silenced nor influenced by means of the usual financial arrangements."

Quoting De Toledano, the Committee statement added, "Whatever the substantive issues of the LaRouche case, and they are small, it can be stated categorically that the Justice Department has made a mockery of the First, Fourth, and Fifth Amendments and of the Constitution as a whole in its prosecutorial attempt to silence and suppress the LaRouche movement."

The Committee statement concluded, "We find ourselves in full agreement with the assessments of these two experts. . . . We are not in a position to bring an indictment for wrong-doing in this affair. We are, however, in a position to bring the force of moral suasion and public opinion to bear through the efforts of the Commission, to right the wrongs which have been committed against Mr. LaRouche and his associates. This we intend to do."

The testimony presented to the Committee was composed of two major parts. The first focused on the influence of LaRouche worldwide, which included the regions of Ibero-America, Asia, Western Europe, and the United States. The second centered on the harassment of LaRouche, his associates and supporters, including an analysis of the networks responsible for the operations against him in the United States, testimony on the status of the current legal offensive against him, and on the pattern of FBI and Secret Service intimidation of LaRouche supporters. It also included testimony on efforts against LaRouche and his collaborators in Canada, France, and Sweden, the latter two cases specifically involving major Soviet slander and terror operations.

LaRouche's influence

Dennis Small, Ibero-American Bureau Editor of *EIR*, presented the Committee with an overview of LaRouche's influence in Ibero-America in three areas: the fight for a just, new world economic order, the war on drugs, and Central American policy. He traced LaRouche's influence from his 1975 International Development Bank proposal, and its influence on the 1976 Colombo meeting of the Non-Aligned

Movement, through his 1982 meeting with Mexican President López Portillo and his "Operation Juárez" proposal, his 1982 support for Argentina in the Malvinas War (including his 1984 meeting with Argentine President Alfonsín), and his support for Peruvian leader Alan García. He noted the impact of the North American Anti-Drug Coalition, founded at LaRouche's initiative, from the early 1980s, and the 1985 publication of *Narcotráfico SA (Dope, Inc.)*, which was banned in Venezuela, but serialized in a leading Peruvian newspaper. LaRouche warned the Reagan administration against the Contra policy before 1981, proposing instead a four-point Central American policy based on large-scale economic development projects and support for the Contadora process, and stopping gun-running and the Jesuits.

Robyn Quijano, editor of *Resumen Ejecutivo*, the Spanish-language version of *EIR*, presented 40 written testimonies of support for LaRouche signed by 200 Ibero-Americans from Argentina, Brazil, Colombia, Mexico, Panama, Peru, and Venezuela.

PERU: Four leading members of the ruling APRA party presented testimony on the influence of LaRouche in advancing the cause of Ibero-American economic integration. Noting that such integration, as well as the measures taken by President Alan García to stem the outflow of debt and to nationalize the banks, are part of the APRA program, Peruvian Congressman Wilber Bendezú remarked, "We have a friend in the U.S. in LaRouche that we can count on."

The chairman of the Peruvian state-owned Pesca-Peru fishing company, Juan Rebaza, pointed out that it was at a meeting of trade unionists from countries around Ibero-America organized by the Schiller Institute, a policy organization founded at the initiative of LaRouche and his wife, Helga Zepp-LaRouche, in July 1985, that a decision was made to support the election of President García and back his move to pay debt equaling only 10% of the country's foreign earnings, to make credit available for domestic development—including credit offered with no interest to small farmers.

Congressman Juan Valdivia of Peru added that "our friend LaRouche will continue to be a champion of our cause against drug running in Peru and all Ibero-America." The Schiller Institute, he said, "has had a great function in our fierce battle against the drug scourge."

Dr. Ricardo Martín, the former Deputy Attorney General of Peru, stressed the importance of LaRouche's contributions to Peru's battle against the narco-terrorists, including his 15-point plan aimed at waging all-out war on them, "since they have declared war on humanity." As the General Director of Juridical Affairs in Peru, he headed a special operation against drugs, terror, and corruption, and found that in 1982, drug bankers in Peru laundered \$1.5 billion in drug money, with the support of Finance Minister Manuel Ulloa. He noted how these corrupt forces have allowed the Soviets to turn drug trafficking into a tool of subversion, beginning in 1960.

BOLIVIA: Gen. Lucio Añez, former Bolivian delegate to the Inter-American Defense Board and adviser to the Bolivian Joint Chiefs of Staff, detailed the brutal effects of austerity imposed on Bolivia by the International Monetary Fund, and how this has led to the growth of the "informal sector" economy fueled by the drug trade. "Nothing is more dangerous to democratic institutions than the austerity programs of creditor banks backed by the government of the U.S.," Añez said.

"Lyndon LaRouche knows what is happening in my country," Añez said. "He has great knowledge of my country. This surprised me, because very few Americans know anything." He cited LaRouche's 15-point program for a military-style war on drugs, noting that when he first read the book, *Dope, Inc.*, commissioned by LaRouche, "it seemed like science fiction to me, because it seems unbelievable that people so rich always want so much more, even at the expense of our children." He also cited LaRouche's Operation Juárez proposal for Ibero-American economic integration, and a paper written specifically on the Bolivian economy, he said, has been studied at the highest levels in Bolivia.

PANAMA: Mario Parther, a member of the National Directorate of the ruling Revolutionary Democratic Party of Panama, officially designated by his party to testify, linked the destabilization of Panama to the persecution of LaRouche. "Project Democracy never forgave Gen. Manuel Antonio Noriega for his role in the Contadora, for his common purpose with Peru's Alan García, and for his commitment to the dignity, right to national sovereignty, and self-determination of peoples," he said. Likewise, he said, Lyndon LaRouche represents the "spirit of the U.S. founding fathers." The sinister interests who showed their hand with the scandal of Irangate want to carry out a coup against my government, he said: "What right do they have to destroy my country?" The Organization of American States voted 17-1, with the United States the lone dissenting vote, to side with the Panamanian government against meddling in its internal affairs by the United States.

"We are fortunate that men emerge such as Lyndon LaRouche who denounce historical mistakes such as Project Democracy, which operates a secret government that does not represent the aspirations of the people of the U.S.," he said. LaRouche "tells the truth about the conspiracy against Panama." "This is concrete proof of his unyielding commitment to the truth about Panama," against "those who would mourn the fate of newspapers in Panama that incite riots and war, while in the U.S. they callously close the newspapers and magazines of LaRouche which expose Project Democracy."

ASIA: Ramtanu Maitra of India, editor of *Fusion Asia* magazine, outlined how the nations of Asia have "looked to LaRouche for guidance," beginning in 1980, when LaRouche commissioned a report on a 40-year development perspective for India, based on applying American System

economic methods to the development of nuclear power, water management, and education there. In 1983, *Fusion Asia* was founded at LaRouche's initiative, and participated with an official government agency in a January 1985 conference on advanced nuclear physics in Bangladesh. In 1983, LaRouche proposed linking the economies of the Indian and Pacific Oceans with the aid of a canal across the Kra Peninsula in Thailand. Several conferences have been held as a result of this proposal, and it is now advancing toward realization in Thailand.

LaRouche traveled to Japan in 1983 and 1984 to discuss economic and strategic issues with leaders there, and in 1986 he inspired a Tokyo conference advocating Japanese participation in the U.S. SDI program. The Japanese decided to join the SDI shortly after that conference.

WESTERN EUROPE: Webster Tarpley, president of the Schiller Institute, outlined the scope of LaRouche's influence in Western Europe. "Europe has the largest industrial and productive potential in the world. It is the strategic key to the planet. LaRouche is passionately concerned with the fate of Europe as a component of the fate of mankind," he said. He outlined LaRouche's influence in the areas of 1) defense of its economy, 2) its battles against terrorism and drugs, 3) its cultural values in the areas of scientific method, music, culture and theology, 4) the threat of Soviet aggression and decoupling, 5) the danger of the AIDS pandemic.

Nationally syndicated columnist Ralph De Toledano, author of 19 books and writer for the Copley News Service, said that Lyndon LaRouche's suit against the Soviet government for slander, currently before a Paris court, could have an historic impact on the battle against Soviet disinformation in the West. De Toledano said that "LaRouche has put the Soviets on the defensive" in the trial, and that "if he wins, then there could be hundreds of thousands of libel actions against Soviet publications, which have destroyed the reputations of good men, falsified history, and done the work of Satan."

De Toledano reported on his fact-finding mission to Europe and the Middle East to determine whether there might be any substance to the media allegations about LaRouche. His tour included a six-hour interview with Lyndon and Helga LaRouche, and meetings with French resistance fighter Marie-Madeleine Fourcade, and Israeli leader Meir Pa'il. He said that as an expert on the subject of totalitarianism, who can recognize a totalitarian mind when he encounters one, through years of journalistic experience with Nazism and Communism, "Listening to LaRouche, I heard absolutely none of this, only reasoned analysis of the problems that beset society, the Western world and civilization."

He cited remarks made by Madame Fourcade, that LaRouche's commitment to a space shield against a missile attack was "above all, serious, resolute, and indifferent to popular prejudices in judging rightly a policy." He noted her professed "great esteem" for LaRouche's commitment to

"battle hunger and Malthusianism with a fight for a just, new world economic order and a new Marshall Plan." She called LaRouche "a man of heart seeking solutions with great courage," he said. Pa'il, De Toledano reported, expressed his "high approval" of LaRouche's proposal for a "Middle East Economic Community," including Israel, noting that LaRouche's proposals can be construed as neither anti-Israel nor anti-Semitic. "All charges of anti-Semitism were laid to rest by my conversations in Israel," De Toledano said.

UNITED STATES: Warren Hamerman, chairman of the National Democratic Policy Committee, cited the lengthy list of statements of support for the Democratic presidential candidate LaRouche from leading U.S. scientists, which had been presented to the committee, including those of Dr. James Frazer and Dr. Ben Soldano. Other scientists, Dr. Robert Moon and Dr. John Seale, testified in person. Hamerman cited representatives of political constituencies "last unified in World War II," including: Milton Croom, of the Peace Through Strength organization, who also testified in person; Roy Innis of the Congress of Racial Equality; Irma Craven of the Right to Life; Linda Everett of the Club of Life; John Weber, a major benefactor of Hebrew Union College; Rabbi Gerald Kaplan; and former National Association of Raw Materials President Fred Huenefeld, both of whom testified in person. He also cited the late Hulan Jack, "founding father" of the U.S. civil rights movement, who dedicated a section of his autobiography, *Fifty Years a Democrat* to his close association with LaRouche during his last years.

Hamerman noted LaRouche's efforts in creating a "candidates' movement" that transformed over 2,000 American patriots into candidates for public office in 1984 alone, and drew over 10 million votes in recent years. The two historic events of 1986—the upset victory of two candidates associated with LaRouche in the Illinois statewide primary and the collection of the signatures of over 700,000 Californians to place an anti-AIDS referendum on the ballot there—were the result of many years of effort by LaRouche, including his initiation in 1974 of an interdisciplinary group that prepared a report then on the causal relationship between economic breakdown and the emergence of deadly new pandemics, a virtual forecast of the AIDS epidemic.

"Athens was judged by the trial of Socrates. They failed the test, and the result was the long dark age of the Roman Empire. Florence in 1302 expelled Dante, and 46 years later came the Black Plague. History shall judge how America judges LaRouche today," Hamerman said.

Operations against LaRouche

The Oct. 6, 1986 raid and all related harassment of LaRouche and associates were run by the same "secret government" network responsible for the Iran/Contra scandal, counterintelligence expert Robert Greenberg documented in testimony read to the committee by his associate Herbert Quinde. Greenberg showed how the intelligence guidelines

12331, 12333 and 12334, signed by President Reagan on Dec. 4, 1981, enabled a specific network of "right-wing social democrats" linked to Project Democracy to operate with impunity against LaRouche and to set up the components of the Iran/Contra operation.

Testimony was presented on FBI and Secret Service harassment of private citizens who have contributed to LaRouche's presidential campaign, supported his policies, or subscribed to publications produced by his associates. Supporters from New York, Alabama, New Jersey, and Illinois gave shocking accounts of FBI and Secret Service harassment, while Suzanne Rose, a volunteer for the Human Rights Commission, read letters from a handful more of the better than 1,500 to 2,000 contributors estimated to have been harassed for supporting LaRouche and his policies. Equally remarkable was the courage expressed by these supporters in standing up to the harassment.

As Rose said, however, others have been silenced through fear, as a result of the harassment, and even the strongest of those who testified today admitted to experiencing the destabilizing effects that the harassment is intended to have. Most of the witnesses characterized the FBI behavior as aggressive and threatening, and definitely a violation of their rights to freedom of association.

Supporters of Democratic presidential candidate LaRouche, Louis and Andrea du Pont Smith and Elizabeth Rose, testified on the efforts of their families to have them declared mentally incompetent in order to prevent them from financially supporting LaRouche, his policies, and his movement.

CANADA: Attorney Gerard Guay described ongoing attempts by the Royal Canadian Mounted Police to deny rights of members of the Party for the Commonwealth of Canada to politically organize at the airports there since 1984, as well as a consistent campaign of media slander which extended to him.

FRANCE: Claude Albert, President of the European Labor Party (POE) in France, cited two extraordinary cases: 1) the terrorist bombings in April 1986 of the offices of the *Executive Intelligence Review* and POE in Paris by a group, "Black War," linked to the "Direct Action" terrorists, which was intended, according to French police, to burn down the entire building and to take lives, and came two months after the Schiller Institute received a letter from the Libyan embassy in Bonn, West Germany, warning the group to expect to be a target of a bombing, and 2) two cases of libel against LaRouche by Soviet publications circulated in France.

SWEDEN: Michael Ericson, spokesman for the European Labor Party (EAP) in Sweden, presented the Committee with the astonishing account of Soviet-directed attempts through influence in the Swedish media (which spilled over into the United States via NBC TV and other outlets) to link LaRouche and his associates to the assassination of Swedish Prime Minister Olof Palme, which occurred Feb. 28, 1986.

Pope John Paul II celebrates bicentennial of U.S. Constitution

The following speech was delivered by the Pope on Sept. 10 in Miami, Florida, at a meeting with President Reagan. The text was distributed to the press, in an unofficial translation.

Mr. President,

1. I am grateful for the great courtesy that you extend to me by coming personally to meet me in this city of Miami. Thank you for this gesture of kindness and respect.

On my part I cordially greet you as the elected chief executive of the United States of America. In addressing you I express my own deep respect for the constitutional structure of this democracy, which you are called to “preserve, protect and defend.” In addressing you, Mr. President, I greet once again all the American people with their history, their achievements, and their great possibilities of serving humanity.

I willingly pay honor to the United States for what she has accomplished for her own people, for all those whom she has embraced in a cultural creativity and welcomed into an indivisible national unity, according to her own motto: *E pluribus unum*. I thank America and all Americans—those of past generations and those of the present—for their generosity to millions of their fellow human beings in need throughout the world. Also today, I wish to extol the blessings and gifts that America has received from God and cultivated, and which have become the true values of the whole American experiment in the past two centuries.

2. For all of you this is a special hour in your history: the celebration of the Bicentennial of your Constitution. It is a time to recognize the meaning of that document and to reflect on important aspects of the constitutionalism that produced it. It is a time to recall the original American political faith with its appeal to the sovereignty of God. To celebrate the origin of the United States is to stress those moral and spiritual principles: those ethical concerns that influenced your Founding Fathers and have been incorporated into the experience of America.

Eleven years ago, when your country was celebrating

another great document, the Declaration of Independence, my predecessor Paul VI spoke to American Congressmen in Rome. His statement is still pertinent today: “At every turn,” he said, “your Bicentennial speaks to you of moral principles, religious convictions, inalienable rights given by the Creator.” And he added: “We earnestly hope that . . . this commemoration of your Bicentennial will constitute a rededication to those sound moral principles formulated by your Founding Fathers and enshrined forever in your history” (Address of April 26, 1976).

3. Among the many admirable values of this nation there is one that stands out in particular. It is freedom. The concept of freedom is part of the very fabric of this nation as a political community of free people. Freedom is a great gift, a great blessing of God.

From the beginning of America, freedom was directed to forming a well-ordered society and to promoting its peaceful life. Freedom was channeled to the fullness of human life, to the preservation of human dignity and to the safeguarding of all human rights. An experience in ordered freedom is truly a cherished part of the history of this land.

This is the freedom that America is called to live and guard and to transmit. She is called to exercise it in such a way that it will also benefit the cause of freedom in other nations and among other peoples. The only true freedom, the only freedom that can truly satisfy is the freedom to do what we ought as human beings created by God according to his plan. It is the freedom to live the truth of what we are and who we are before God, the truth of our identity as children of God, as brothers and sisters in a common humanity. That is why Jesus Christ linked truth and freedom together, stating solemnly: “You will know the truth and the truth will set you free” (John 8:32). All people are called to recognize the liberating truth of the sovereignty of God over them both as individuals and as nations.

4. The effort to guard and perfect the gift of freedom must also include the relentless pursuit of truth. In speaking to



Klaus Fimmen

Pope John Paul II on a visit to Munich, West Germany, earlier this year. Behind him is a banner of the Schiller Institute, with the slogan, "Peace Means Development."

Americans on another occasion about the relationship between freedom and truth, I said that as a people you have a shared responsibility for preserving freedom and for purifying it. Like so many other things of great value, freedom is fragile. Saint Peter recognized this when he told the Christians never to use their freedom "as a pretext for evil" (1 Pt 2:16). Any distortion of truth or dissemination of non-truth is an offense against freedom; any manipulation of public opinion, any abuse of authority or power, or, on the other hand, just the omission of vigilance, endangers the heritage of a free people. But even more important, every contribution to promoting truth in charity consolidates freedom and builds up peace. When shared responsibility for freedom is truly accepted by all, a great new force is set at work for the service of humanity" (Address of June 21, 1980).

5. Service to humanity has always been a special part of the vocation of America and is still relevant today. In continuity with what I said to the President of the United States in 1979 I would now repeat: "Attachment to human values and to ethical concerns, which have been a hallmark of the American people, must be situated, especially in the present context of the growing interdependence of peoples across the globe, within the framework of the view that the common good of society embraces not just the individual nation to which one belongs but the citizens of the whole world. . . . The present-day relationships between peoples and between nations demand the establishment of greater international cooperation also in the economic field. The more powerful a nation is,

the greater becomes its international responsibility, the greater also must be its commitment to the betterment of the lot of those whose very humanity is constantly being threatened by want and need . . . America, which in the past decades has demonstrated goodness and generosity in providing food for the hungry of the world, will, I am sure, be able to match this generosity with an equally convincing contribution to the establishing of a world order that will create the necessary economic and trade conditions for a more just relationship between all the nations of the world, in respect for their dignity and their own personality" (Address at the White House, October 6, 1979).

6. Linked to service, freedom is indeed a great gift of God to this nation. America needs freedom to be herself and to fulfill her mission in the world. At a difficult moment in the history of this country, a great American, Abraham Lincoln, spoke of a special need at that time: "that this nation under God shall have a new birth of freedom." A new birth of freedom is repeatedly necessary: freedom to exercise responsibility and generosity, freedom to meet the challenge of serving humanity, the freedom necessary to fulfill human destiny, the freedom to live by truth, to defend it against whatever distorts and manipulates it, the freedom to observe God's law—which is the supreme standard of all human liberty—the freedom to live as children of God, secure and happy: the freedom to be America in that constitutional democracy which was conceived to be "One Nation under God, indivisible, with liberty and justice for all."

Blind terror threat to public figures

by Ira Liebowitz

A pattern of "blind terrorist" incidents and threats to public officials over the summer, some involving mental patients strikingly similar to would-be presidential assassin John Hinckley, is a signal that a very real threat currently exists to the Pope and President Reagan, as well as other public figures.

The Pope has been targeted by radical Jewish organizations, radical homosexual organizations, the American Indian Movement, and the Paris-based Revolutionary Communist Party (RCP), headed by Robert Avakian. The RCP spray painted the slogan, "Kill the Pope," on the streets of Detroit, where John Paul will give a public mass Sept. 19.

The situation parallels that which prompted *EIR*'s assassination alert on the President and the Pope in January 1981. Actual attempts were made in March and May of that year. The alert was based on evaluation of the political shifts associated with the President's assumption of office, as well as a monitoring of terrorist infrastructure capabilities. Relevant developments today are the United States's Persian Gulf force concentrations, and the Vatican's powerful defense of the rights of Catholics and Jews behind the Iron Curtain.

Two incidents among recent suspicious airline mishaps, "berzerk gunmen," and highway shootings indicate that the President, Secretary of Defense Weinberger, and others are endangered.

Ralph William Myers. On Aug. 15, Army Private Ralph William Myers, 32, was detained for questioning at John Wayne Airport by Secret Service Agents following a near collision between his plane and a helicopter carrying President Reagan near Santa Barbara, California. Myers went AWOL Aug. 3 from Ft. Lewis Army Base. His whereabouts are unaccounted for until Aug. 15, when he rented a plane ostensibly to fly businessman Harlan Lee Jones to a meeting in Los Angeles with Donald Nixon, the nephew of former President Richard Nixon.

Dwain Wallace. On Aug. 5, Dwain Wallace, 30, a mental patient under supervision of the Ohio State Mental Health System in Youngstown since 1979, was shot and killed while running through a Pentagon security checkpoint at a location close to a meeting between Caspar Weinberger, George Schultz, and Gen. Colin Powell of the NSC. He was armed with a .25 calibre handgun when shot. Wallace had been twice arrested for threatening with a handgun after which he was confined to Woodside State Mental Hospital and the

Doris E. Burdman halfway house in Youngstown. The medical director of Woodside is Dr. Karipineni Prasad. Psychiatric consultants at Burdman House were Drs. N.R. Sarma and Brian Sullivan. The leading forensic psychiatrists in Ohio, who may correspond to the suspected role of Colorado's Dr. John M. MacDonald, a specialist on threats to public officials who is under suspicion in the Hinckley case, are Drs. Howard Sokolov at Central Ohio Psychiatric Hospital in Columbus, and Phillip Resnick in Cleveland.

The pattern of Hinckley-style "Manchurian Candidates" in such recent incidents prompted presidential candidate Lyndon H. LaRouche, Jr. to call for immediate suspension of psychiatric and medical licenses pending full investigation of professionals who fail to report to law enforcement agencies threats to public officials by their patients, or whose patients threaten or commit violence against public officials.

Harvard and 'Manchurian Candidates'

Two incidents in New England in early September indicate the danger to presidential candidates in and around New Hampshire. On Aug. 31, a 22 year-old Vietnamese immigrant, Minh Huang Le, assassinated six members of his family and fired upon police before killing himself in the Dorchester neighborhood of Boston. Le was arrested and released in June 1986 by the Secret Service for breaking into the White House, and had been in contact with the FBI and other agencies since July 1986.

On Sept. 5, Manchester, N.H. police arrested a Buffalo man, Lawrence McLane, Jr., 21, for attempted murder of two women in a Manchester restaurant.

An ongoing investigation has highlighted a forensic network in New England centered on Dr. John Clark of Harvard Medical School, which is the target of three current lawsuits.

Clark heads the "anti-cult" center, "American Family Foundation," in Weston, Mass, and has been a top staffer at a spooky Harvard teaching-hospital in Belton called McLean Hospital since 1959. McLean supervised staffing at Bridgewater Hospital until 1985. Bridgewater is a state mental hospital and correctional facility in Belton, notorious for patient abuse and suspected mind control experiments for over 20 years.

In July 1987, Roderick MacLeish of the ACLU sued Gov. Michael Dukakis and Bridgewater over the questionable deaths of nine inmates since 1985. Celebrated filmmaker Fred Wiseman, the producer of a 1967 documentary on Bridgewater called *Titicut Follies*, is also suing Dukakis's mental health system, and former Massachusetts Attorney General Elliott Richardson. Wiseman seeks to lift a 1967 court order obtained by Richardson, that bans public viewing of his film to this day.

The Department of Justice's Civil Rights division also brought suit this year against a Bridgewater sister-hospital, Worcester Mental Hospital, for abuse and unauthorized use of psychotropic drugs.

For an Apollo-style crash research effort, and public health measures

As delivered on Sept. 9 before the President's Commission on AIDS, in Washington, D.C. (subheadings have been added).

Ladies and gentlemen, members of the Commission: My name is John Grauerholz; I am a physician, a board certified pathologist, medical coordinator of the National Democratic Policy Committee, and medical adviser to Lyndon H. La-Rouche, Jr., a candidate for the Democratic presidential nomination. The formation of this Commission represents a belated, but necessary, step in confronting the most serious health threat mankind has faced to date, a pandemic of a lethal, incurable, contagious disease for which we possess no preventative vaccine. Initially spreading among groups whose behavior provided the opportunity for highly efficient transmission of a predominantly blood borne, cell-associated virus, the large reservoir of infected carriers, combined with declining standards of nutrition, sanitation, and health care infrastructure, has created a situation where this virus, like many infectious diseases of the past, is disseminating into the general population at an increasing rate, and by previously less efficient transmission routes.

The number of cases which cannot be explained by "sexual" or needle transmission is constantly growing and, with the recent report of three health care workers infected by skin contact with infected blood, the continued pushing of this "line" will only serve to increase a growing loss of confidence in the health authorities on the part of the public in general, and health and public safety personnel in particular.

While the Centers for Disease Control (CDC) and the Surgeon General have been adamant that infection can only be spread by sexual contact, needle sharing, and blood transfusion, there was evidence as far back as 1984 that other secretions, such as saliva, could transmit infection. More recently, three cases of health care workers infected by brief skin contact with infected blood have cast serious doubt on the contention that the AIDS virus is difficult to transmit. In spite of this, many health officials continue to insist that the

virus is only spread by sex and needles.

In order to understand the confusion, it is necessary to understand what is, and is not, known about the AIDS virus and how it is transmitted. The virus itself belongs to a group of viruses known as retroviruses, for their ability to insert their genetic material into the genes of the cells which they infect and thus establish lifetime infection of those cells. Within the retrovirus group, the AIDS virus, HIV, belongs to a subgroup known as lentiviruses (slow viruses), characterized by a long incubation period and slow onset of disease. Lentiviruses have been well known in other animal species since the time one such virus, known as the Maedi-Visna virus was identified as the cause of a devastating epidemic of lung and brain disease among Icelandic sheep. The virus, closely related to the AIDS virus, was spread when infected sheep coughed on uninfected sheep while they were closely crowded in winter shelters. Infected ewes then passed the virus on to their lambs, either in the uterus or in the milk.

The AIDS virus also produces a primary lung infection, known as chronic lymphocytic interstitial pneumonitis (CLIP), which looks just like the sheep disease, under the microscope, and the AIDS virus has been isolated from the lung fluid of these patients. So there is no biological reason why respiratory transmission could not occur under similar circumstances of prolonged crowding, or close association, of infected and uninfected individuals, as would occur in schools or crowded urban and rural ghettos.

Another closely related animal lentivirus is the equine infectious anemia virus, EIAV. EIAV produces a chronic anemia and fever in horses and is mechanically transmitted from horse to horse by biting flies. Transmission occurs among horses crowded in stables and is most efficient when an infected horse has a high level of virus in its bloodstream. We now know that the level of virus in the bloodstream of AIDS infected persons can vary substantially from almost no free virus to high levels of virus, at different times in the course of infection.

The point is that the retroviruses of animals, especially

the lentivirus subgroup, are spread by three primary means in all other species:

1) Mother-to-child transmission, either in the uterus or through mother's milk.

2) Respiratory (coughing) and salivary (kissing or licking) transfer.

3) Mechanical transmission by biting insects. Mechanical transmission occurs when a biting insect carries blood on its mouth parts from an animal it has just bitten to another animal which it bites. Since it has now been demonstrated that mosquitoes can carry HIV for up to 48 hours, this is more than an academic point.

While the CDC and other "authorities" will state that no cases of transmission by coughing, saliva, or insects have been demonstrated, that statement is meaningless. With the exception of cases such as the three health care workers referenced above, the only cases in which we know exactly how and when a person was infected are those persons who received infected blood transfusions. All other cases represent association, real or arbitrarily assigned, with certain forms of behavior which are officially "acceptable" means of transmission of the virus, i.e., sex and needles. Because of the long, and variable, incubation period from infection to disease, statements about how a given person became infected are, for the most part, guesses.

Applying public health law

The unique nature of this infection, with its prolonged incubation period in individuals who are not ill, but nonetheless capable of infecting others, presents us with two major problems, which also represent opportunities to contain, and ultimately eliminate, this problem. On one hand, we must confront the fact that this is a communicable, contagious infection, requiring application of the full spectrum of available public health law to prevent spread of infection to uninfected persons. This must include extensive use of testing to identify infected, asymptomatic carriers of the virus, especially in situations in which other persons will be exposed to blood, and other infectious fluids, from such carriers, as well as use of quarantine measures as necessary to prevent exposure of uninfected persons.

When members of the National Democratic Policy Committee, associates of Mr. LaRouche, and others, nearly 700,000 to be exact, placed an initiative, calling for use of existing health law, on the California ballot, it was defeated by a campaign of lies. Since then, people who spoke against Proposition 64 have called for just about everything in it. What their opposition accomplished was to delay the necessary measures and increase the number of infected persons. At present there is an active petitioning drive to place this initiative on the ballot once more, and signatures are being collected at twice the previous rate, reflecting the public concern over lack of substantive action by health officials.

One aspect of public health overlooked in all this, is the

question of co-factors in the progression from infection to active disease in the infected individual. We are looking, conservatively, at an estimated four to five million persons, predominantly newborn children and young to middle-aged adults, infected with this virus in the United States, and tens of millions in underdeveloped countries. We cannot afford to allow these people to progress to active disease without making interventions which may delay the onset of disease, just as with tuberculosis, where the goal was not only prevention of disease transmission, but also improving the health of the infected person. As with any other infectious disease, healthy, well-nourished persons control this infection better than unhealthy persons exposed to other diseases and environmental stresses. We must create the necessary institutions to enable the infected, asymptomatic individual to continue making productive contributions to society, while eliminating the risk of transmission of infection.

Need for a crash program approach

The demographic groups affected by this disease represent both our present and future labor force, and the most rapidly declining segments of our population, even without AIDS. A policy which does not intervene to delay the onset of disease in these people, and counsels those who become ill to die quickly, and cheaply, in a hospice, is a policy of national suicide, a policy coherent with the simultaneous policy of encouraging our elderly, who now represent the most rapidly increasing segment of our population, to forego such extraordinary treatment as food and water when they become ill. The basis of these policies lies in a Gramm-Rudman economics of austerity, and renunciation of technological progress, similar to that which motivated the Nazis to programs of euthanasia, slave labor camps, and gas ovens to eliminate so-called "useless eaters."

Even the conservative U.S. Public Health Service estimate of 270,000 cases by 1991, will impose \$200 billion in health care expenditures and lost productivity costs over the period 1981-91, an amount approximately equal to our annual expenditures for illicit drugs. To argue against an annual expenditure of \$5-10 billion a year, 5% of that amount, to fight AIDS, is to argue that the United States cannot afford to continue to exist, which is true under current economic policy. If we are serious about stopping this epidemic, the government should suppress the drug traffic, and confiscate those multibillion-dollar revenues, rather than engage in the distribution of paraphernalia in the form of sterile needles.

Likewise, educating children to use condoms may be cheaper than testing for infection, but will not substantially slow the spread of infection. As one researcher has noted, "The only safe sex is sex with an uninfected partner." With a one out of six failure rate of condoms to prevent transmission of infection, this is a policy of Russian Roulette, and sexualizing third graders by "explicit" sex education will simply increase the number of times the trigger is pulled among a

AIDS hearings: Crisis management won't work

Activities at the first day of hearings of the Presidential Commission on the Human Immunodeficiency Virus Epidemic on Sept. 9 in Washington, D.C. exemplify the problem of the present "crisis management" approach to this disease. The tone was set by a noisy demonstration of homosexuals outside the National Press Club, some of whom rushed up to commission member John Cardinal O'Connor and thrust their bleeding sores at him, while screaming "bigot!" and other derogatory terms.

The insanity continued as Surgeon General C. Everett Koop denounced doctors and other health workers who refuse to treat AIDS patients as a "fearful and irrational" minority, who are guilty of "unprofessional conduct." Koop called the conduct of such health workers "extremely serious," saying "it threatens the very fabric of health care in this country," which assumes that "everyone will be cared for and no one will be turned away." He warned the commission that, "In some ways the purely scientific issues pale in comparison to the highly sensitive issues of law, ethics, economics, morality and social cohesion that are beginning to surface."

Koop told the commission that it had to give precedence to these "highly sensitive issues of law, of ethics, economics, morality, and social cohesion" over the scientific issues of curing and preventing the spread of AIDS. He then presented a series of "ethical conundrums," shaped in such a way as to argue against public health measures against the virus, and, in fact enforce a fascist "let them die" policy towards AIDS victims. Koop concluded with a plea for funding WHO's AIDS program, and forecast a

rapid spread of the disease.

Following testimony by a number of public health bureaucrats and researchers, there was a "panel discussion with interest groups." The general tenor of this was reflected in the plea of Commission chairman, Dr. Eugene Mayberry, for testimony which did not simply consist of attacks on the commission.

Things took a more serious turn in the press conference in the afternoon. After several questions from various media, a "journalist" stepped to the microphone, announced that he had AIDS, and began ranting at the commission. In the course of his tirade, he bit a press club security man on the hand and drew blood. He then left, while the freaked-out security man was assured that everything was okay!

Throughout the press conference, and the hearings, there was loud hissing and booing anytime anyone raised any serious suggestion for doing anything to stop the spread of the disease which might inconvenience members of the homosexual community, who formed a preponderance of those in the audience. The repeated attacks on the bias of the commission were greeted with thundering applause, the whole scene reminiscent of the Tom Wolfe book, *Radical Chic and Mau Mauing the Flak Catchers*.

Following this, a Public Comment session was held, in which members of the general public could make five minute presentations to the Commission. The first speaker, a leader of one of the homosexual AIDS groups, denounced the slowness of the drug testing program and accused Dr. Robert Gallo and Dr. Anthony Fauci of deliberately holding up the development of drugs and treatments for AIDS. He then treated the commission to a litany of popes, cardinals, and saints, including Joan of Arc and Saint Augustine, who were supposedly homosexual!

This was followed by the accompanying testimony of NDPC medical coordinator, Dr. John Grauerholz.

group which is not presently a major source of transmission.

The appropriate American response to this challenge is typified by the Apollo Program of President John F. Kennedy, which mobilized the nation to a great commitment and created the climate of cultural optimism of the early 1960s. America's unique strength is its capacity to undertake such great tasks of technologic mobilization and succeed. This is why Lyndon H. LaRouche, and the National Democratic Policy Committee, have called for the implementation of a BSDI, a Biological Strategic Defense Initiative, which would create a multidisciplinary scientific mobilization to apply the most advanced technologies of biophysics to AIDS in particular, and the life process in general.

AIDS policy at crossroads

Absent such a scientific crash program, combined with a real economic recovery, public health measures alone will not stop the disease, and any time they buy will be wasted. This program will require billions of dollars to implement, but, like the Apollo program, will repay the investment more than tenfold, and reestablish our cultural commitment to growth and development, while providing our only hope of ultimately stopping the AIDS pandemic. If we persist in the present economics and culture of stagnation and decay, then the AIDS virus and many other infectious organisms, which in their own way are committed to growth and development, will prevail over us.

Jackson and the Democrats' dilemma

Jesse Jackson made it official on Labor Day: He will be a candidate for the Democratic presidential nomination. Jackson's not-unexpected declaration coincided with a *Time* magazine poll, showing the political associate of Nazi-admirer Louis Farrakhan with the highest ranking of the Democratic field: 26%.

That high of 26% underscores the dilemma facing the Democratic Party: It's moved so far left, most voters consider it beyond the pale. According to Al From, director of the Democratic Leadership Council, a group established by Sen. Sam Nunn (Ga.) and former Gov. Chuck Robb (Va.), the Democrats have "ceded to the Republicans the winning issue of economic growth, opportunity, and strength."

"No single factor contributed more to the party's electoral decline than its identification with ideas, causes, and values foreign to most Americans," From said in an address at the American Political Science Association convention in Chicago Sept. 3.

"If our candidates spend most of their time before audiences of isolationists or pacifists in Iowa, they are likely to take positions that hurt them with key swing voters in the general election." From also criticized "elements in the party who are estranged from its mainstream roots, exhibiting an affinity for cultural radicalism, at home, and an extreme reluctance for the United States to exert its power abroad."

Trump card—but whose is it?

The latest (tentative) entry into the Republican Party presidential race is New York construction king Donald Trump. Talk about chutzpah! Trump's qualifications boil down to owning big chunks of prime New York City real estate, and a hefty slice of the mob-linked Resorts International gambling casino in Atlantic City.

Rumors have been circulating for months that Trump was eyeing a possible presidential run. They took on substance in early September, when Trump let it be known that he had accepted several speaking engagements in New Hampshire, and at the same time shelled out \$100,000 to purchase full-page ads in the *New York Times* and other key newspapers, assailing the Reagan administration's current Persian Gulf military deployment.

The ads claimed that, "The world is laughing at America's politicians as we protect ships we don't own, carrying oil we don't need, destined for allies who don't help," and suggested that the United States slap a "tax" on Japan and other American allies to pay for the deployment.

Trump's particularly nasty and uninformed attack on Western strategic interests, came just weeks after he traveled to Moscow, to hold preliminary negotiations with Mikhail Gorbachov and other Russian officials on building some of his trademark glitzy hotels in Red Square. (Apparently, like most of the Democratic presidential hopefuls, Trump thinks it necessary to get the Kremlin's green light before running for the White House.)

Could it be that Trump is trying to curry favor with Moscow for his presidential bid (and maybe get a good deal on his proposed Soviet business ventures in the bargain) by trying to rally public opinion against the Per-

sian Gulf deployment, a deployment Defense Secretary Caspar Weinberger has identified as crucial to prevent the further spread of Soviet influence in the Mideast?

Robertson on the skids

Other Republican contenders are falling by the wayside. Paul Laxalt has bowed of the race, ostensibly because he couldn't touch George Bush on the fundraising front. (Bush has already accrued a whopping \$10 million war chest, leaving all his competitors, Democrats and Republicans, in the dust.)

Now the news comes that televangelist Pat Robertson has put his announcement plans on hold. Robertson said last year he would formally enter the race Sept. 17 if he got 3 million signatures endorsing his candidacy.

But he's fallen far short of that goal. As of early August, he had gathered only 1 million signatures, and on Sept. 3, campaign spokesman Scott Hatch indicated that Robertson would almost certainly delay formally announcing whether he will become a candidate until October.

Sources say that Robertson, who has reaped the whirlwind of the PTL and other scandals which broke this year, may end up calling it quits. He certainly hasn't learned much from the Irangate scandal: In a speech to a Republican group in Miami Sept. 4, Robertson encouraged Nicaraguan Contra leaders to form a government-in-exile, and asserted that the key to a "free Nicaragua" includes monetary aid outside normal government channels.

Who knows? Maybe Robertson entertains thoughts of running for President of Nicaragua someday, now that his prospects in the United States look so poor.

Washington columnist upbraids press corps

It is unusual these days to witness a credible journalist take his professional colleagues to task as forcefully as nationally syndicated columnist Ralph De Toledano did here Sept. 9, when he testified before the Fact-Finding Committee of the Commission to Investigate Human Rights Violations in the United States.

While he devoted most of his testimony to the impressions made on him and his wife by presidential candidate Lyndon LaRouche during a six-hour meeting recently in West Germany, he left time in his remarks to lash out at the media with a force that matched any "unbridled rhetoric" he has attributed to LaRouche from time to time.

Of course, De Toledano has been used to taking some hits from the "Establishment" media himself over the years, particularly for his strong views on issues of national defense. But then, that's due in large part to the fact that he knows a few things, especially about Soviet penetration of the institutions of power, including the government and media, in the United States.

Friend of three (Republican) Presidents, author of 19 books, including two novels and a book of verse, De Toledano had a role in the circumstances surrounding the defection of Soviet diplomat Yurchenko and in exposing Soviet "scientist" Alexandrov's "nuclear winter" hoax.

Serious and knowledgeable about the national security interests of the United States as few of the intellectual pygmies of the Washington press corps are, De Toledano admits he has made some enemies of his own. His willing-

ness to give a fair assessment of LaRouche will earn him more, as he knows.

He reported that a column he wrote on LaRouche, in which he dared to say that the Justice Department was engaged in a blatant violation of the Constitution, by shutting down a newspaper and two scientific magazines, "earned me the hatred of fellow conservatives."

By traveling to Europe and the Middle East to interview one of the most controversial figures of our age, De Toledano was only doing what almost any good journalist would have leapt at in the "good old days," when journalists were interested in reporting on the news.

But that's not journalism any more. Popular opinion is all that counts, not a scoop on the truth. De Toledano will be villified by his peers for saying something fair about a man they've all agreed to write off as a kook or a crook. They never stop to examine why they adopted that agreement, except that their editors told them to, and that it coheres with their own anti-nuclear, anti-SDI, pro-drug prejudices. The fact they have never read anything by LaRouche—well, most of them don't read anything—and bother to know only enough to get them past their next assignment.

'Utter corruption' of the media

De Toledano told the Committee, when asked why the media so uniformly accuses LaRouche of being an "extremist," that "this is a sign of the utter corruption of the national media." He said this corruption includes "the penetration of Soviet disinformation which has permeated upward and downward in the liberal community," adding, "Over the years, the

Communists have permeated the media, schools, and colleges, every area of influence on the thinking and prejudices of Americans."

He said that this has resulted in "a bias of the media against anyone who thinks about the democratic needs of the people."

He blasted the press for its indifference to the Justice Department's outrageous actions in closing down the LaRouche-linked publications last April. "I can't think of a single instance so blatant in American history, yet only one small Washington D.C. publication [a weekly giveaway tabloid called the *City Paper*] covered what should be a national *cause célèbre* for the protection of freedom of the press."

De Toledano gave three reasons why he thinks LaRouche is being attacked so viciously:

First, he said, "LaRouche is a threat to the Establishment, to the Eastern secret government and the powerful international banking interests. From their point of view, he must be destroyed, whether by ridicule, diatribe, or legal persecution."

He added, "Look what they did to Barry Goldwater. He tried to divorce the Republican Party from the Eastern Establishment and look what they did to him."

Second, he added, "LaRouche has a logical mind." Instead of just calling someone's views erroneous, LaRouche will see how they lead to a Soviet advantage, and that logic will lead him, therefore, to call that person a Soviet dupe. That creates a great deal of bad blood. (De Toledano himself doesn't hesitate to accuse the national media of being heavily penetrated by Soviet disinformation.)

"The third thing militating against him," he concluded, "is that the worst thing you can be in American politics, is right."

National News

U.S. will close office of the PLO

U.S. Deputy Secretary of State John Whitehead announced on Sept. 10 that the United States would close down the Washington, D.C. office of the Palestine Liberation Organization (PLO).

The decision came while 49 senators, including Ted Kennedy (D-Mass.), Paul Simon (D-Ill.), Barbara Milkuski (D-Md.), Jesse Helms (R-N.C.), and Alfonse D'Amato (R-N.Y.), are pushing their Anti-Terrorism Act, which calls for closing the PLO offices in Washington and at the United Nations.

According to press reports, there was an internal fight within the State Department over the issue, with Assistant Secretary of State Alan Keyes, Ambassador-at-Large Paul Bremer, and legal counsel Abraham Sofaer supporting the decision, and Assistant Secretary of State Richard Murphy of the Bureau of Near East Affairs opposing it.

Pentagon refutes claims about Soviet facility

In response to statements by three congressmen who toured the Soviet Union's Krasnoyarsk radar facility, casting doubt on Pentagon charges that it is a violation of the ABM treaty, two Pentagon officials have given a complete briefing on the nature of the facility to the press.

Frank Gaffney, the designated secretary of defense for international security policy, and Defense Intelligence Agency strategic programs officer James McCrery gave the briefing on Sept. 9. Said Gaffney, "This radar is a ballistic-missile detection and tracking radar. As such, it is a clear-cut violation of the ABM treaty. . . .

"We didn't need on-site inspection . . . to determine that. . . . We disagree categorically with the contention that this is . . .

a militarily insignificant violation of the ABM treaty . . . the Krasnoyarsk radar violation goes to the heart of the ABM treaty."

Jim McCrery then said the Soviets "have committed themselves, years ago, to . . . serious ABM development, and . . . to deployment as well. And we see that . . . in the area of large radars . . . in particular, the Krasnoyarsk radar, . . . the world's largest . . . the world's most powerful radar. . . . It can track large numbers of objects very accurately. The data from that radar can be used for any number of purposes to include early warning, attack assessment, battle management and other kinds of ABM-related functions."

He added that the radar facility could be completed in "about two more years. . . . It takes a long time to build these radars." Completion of the network of "nine large phase array radars is projected to be completed sometime in the early '90s, and so, conceivably, deployment of the engagement systems, the ABM sites . . . could begin at that time or even before that time."

Gaffney concluded: "We should remember there's another tradition in the Soviet Union, indeed going back to the time of the Czars, and this is the phenomenon of showing people what you want them to see. And this, perhaps, reached a highwater mark in the time of Catherine the Great and the Potemkin Village. . . . [Krasnoyarsk] may well be the Potemkin radar."

SDI will go into new experimental phase

The Pentagon will soon announce that its top policy panel, the Defense Acquisition Board, has approved six satellites, weapons, and control systems for a demonstration phase of the Strategic Defense Initiative that could lead to their development as a first generation defense in the mid-1990s, according to the *Baltimore Sun* Sept. 6.

The *Sun* comments that this new phase will "further solidify SDI as a national fact of life," and quotes Rep. John M. Spratt (D-

S.C.), who has chaired SDI investigations for the House Armed Services Committee, saying that those Democratic presidential candidates who have attacked the SDI "could have to eat some of their words."

FBI sought arrest of Lyndon LaRouche

The FBI case agent on the Boston "LaRouche investigation" tried to get an arrest warrant for presidential candidate Lyndon LaRouche during the gigantic raid of Oct. 6, 1987, in which a paramilitary force of nearly 400 federal and state officials invaded the small town of Leesburg, Virginia.

On the evening of Oct. 6, LaRouche, suspecting a plot to jail him and kill him, sent a personal telegram to President Reagan, warning that an attempt to arrest him would be tantamount to an effort to assassinate him, and that he had done nothing wrong to warrant being imprisoned.

Testimony in federal court in Boston on Sept. 4 by FBI Special Agent Richard Egan is the first official confirmation that a plot to arrest LaRouche at that time in fact existed. Egan's bombshell disclosure came during testimony in a pre-trial hearing in the *U.S. v. The LaRouche Campaign* case.

Egan said that following his reading of notebooks in the office of LaRouche's associate Edward Spannaus on the morning of Oct. 6 (an action not authorized by the search warrant), he rushed out to a nearby raid command post to consult with FBI and Justice Department officials. "I thought there was a basis for additional arrests," he testified. "I thought there was probably a basis to arrest Spannaus and to arrest LaRouche."

When asked why the additional arrests had not taken place, Egan responded lamely that it took a long time to "digest" the evidence. (Perhaps "manufacture" would have been a better word.) In fact, it took the Justice Department almost eight months, until June 30, 1987, to finally indict LaRouche. Spannaus was indicted on Dec. 16, 1986.

Egan did not return to the premises until

11:30 p.m.—over 13 hours later. The long time interval, and the pattern of FBI and police deployments on Oct. 6, suggest that an intensive debate took place during the afternoon as to whether or not to arrest and jail LaRouche, which was probably not resolved until LaRouche's telegram was sent to President Reagan that evening.

Weinberger appeals to academics on SDI

Secretary of Defense Caspar Weinberger spoke on Sept. 4 at the University of Wyoming, on the role of the university in defense of a free society. "I would like to argue to you today that there is no conflict between the aims of the academy, and the defense of our freedom in the nuclear age," he said. "Indeed, I see a great harmony, and even a fulfillment of those rightful aims of our great educational institutions. I believe that aiding in the construction of SDI is only a part of a larger obligation and a major opportunity for our colleges and universities to help defend our republic and our freedom."

"Given the real world in which we live," he concluded, "it is not only consistent with the purposes of the university to assist in the development of the Strategic Defense Initiative; it is a fulfillment of the university's real purpose, which is to defend the soul of free society through discovery, debate, and learning, and the pursuit of truth."

Weinberger invoked the example of Socrates, to demonstrate how the man of ideas figures in the defense of his nation. "If I were to search for a model of that man who best embodied the love of free inquiry and the love of free citizenship, it would be Socrates. He said in the *Apology* that Athens was committing a grave injustice against him by condemning him to death. Defiantly, Socrates vowed never to cease from examining the grounds of the well-lived life. Yet he always fought his city's battles and was known for his great courage in her defense. He claimed that both his questioning of Athens and his willingness to defend his city

stemmed from his love of knowledge. Moreover, in the *Crito*, the sequel to the *Apology*, Socrates refused to leave Athens for another city, even to save his life. Where else could he go, he asked, where he would be as free to philosophize?

"Like her modern descendant, America, Athens was not a perfect society. But also like America, Athens was a free society—a society that was free to perfect its imperfections. As such, she won the allegiance of the man who was to know, and who knew best how to be free."

Report says U.S. will break ABM treaty

The Reagan White House has set the stage for abrogating the 1972 ABM treaty, according to a report prepared by the Congressional Research Service and released Sept. 4. The report said that the public record does not provide conclusive proof, "however, if the administration does determine to begin the process of withdrawing from the ABM treaty, it has laid important legal, political, and diplomatic groundwork to that end."

The report, commissioned by SDI opponent Sen. William Proxmire (D-Wisc.), said the case being made for breaking out of the ABM treaty parallels that made for dumping SALT II earlier. "I think Congress should be on the lookout for a surprise from the administration," said Proxmire, noting that the United States and Soviet Union are slated to conduct a formal review of the treaty this year.

Groundwork has been laid in several areas: 1) The White House has accused the Soviets of violating the treaty, and said the violations give Washington the right to withdraw; 2) U.S. officials have made numerous public statements during the past several years, to the effect that the Russians are poised to break out of the treaty; 3) The White House has promoted the "broad" interpretation of the treaty, which would permit aggressive testing and development of the Strategic Defense Initiative.

Briefly

● **THE TEAMSTERS** ran a full-page ad in the *Washington Post* on Sept. 6, denouncing the Justice Department's bid to put the union in receivership. The text: "Takeovers of unions are nothing new—Communists and Fascists have been doing so for decades. It's a sad day in the history of the United States and the American labor movement when such tactics are even considered. AMERICA . . . it can't happen here. Or can it?"

● **MOSCOW'S U.S.A.** and Canada Institute is putting out the evaluation that Massachusetts Gov. Michael Dukakis will win the Democratic presidential nomination, but that Sen. Robert Dole (R-Kan.) will be the next President, reported the English newspaper *The Independent* on Sept. 11, citing Moscow diplomatic sources.

● **ARMAND HAMMER** was in Moscow during the last week of August. In an interview to *Izvestia* columnist Melor Sturua, he bragged that he will celebrate his 90th birthday in Washington in 1988, "But my 100th birthday I promise to celebrate in Moscow."

● **MARIO CUOMO** intends to seek advice from Henry Kissinger, Zbigniew Brzezinski, and Richard Nixon, before heading off to the Soviet Union Sept. 19. "I wouldn't go to Russia without talking to Nixon," the New York governor said.

● **IRVING BROWN**, a long-time Europe-based operative of the AFL-CIO's International Department, had a brain hemorrhage at the last meeting of the International Labor Organization in November 1986. Since then, "he has had periods when he remembers he's the old Irving. For other periods, he doesn't know who he is," said an associate.

When the Japanese go marching out

Never before in the course of financial events, have so many done so much for so few. So it appears to the European and Japanese central banks. After printing \$70 billion of their own currencies to purchase unwanted dollars during the first half of this year, America's trading partners have exhausted their capacity to subsidize Washington's uncontrollable deficit.

So much for the Reagan administration's pathetic, doomed effort to postpone the great financial reckoning until after the 1988 elections. The White House has lived off the printing presses of foreign central banks since late in 1986.

Now, just as the federal debt-ceiling cliffhanger reaches its end-September dénouement, just as the Third World debt crisis reaches a new pitch of intensity, and just as 10,000 bankers gather in Washington for their annual *Walpurgisnacht* at the International Monetary Fund, the other central banks shut down the game.

July's \$16.5 billion trade deficit, an astonishing \$198 billion at an annual rate, was not the last straw. *That* broke the back of the big subsidy two weeks earlier, when the Federal Reserve decided to blackmail the Germans and Japanese, by holding back from foreign-exchange market intervention to support the dollar, while the dollar plummeted from DM 1.90 to DM 1.79, in one of history's fastest descents.

Fed chairman Alan Greenspan threatened his colleagues, in effect, with a dollar crash that would ruin all of them, in an overt blackmail attempt, aimed at forcing them to continue their huge volume of dollar purchases.

He received a response that shook world bond markets, and forced long-term Treasury bond yields up to their highest level in two years. Japan, Inc. placed the severed head of Takeho Chemical on a pike in the marketplace, as a stern warning to speculators. The American bond markets promptly crashed. Why?

For months, Japanese officials, and astute market observers, have known that Japanese banks' plunge

into the American Treasury debt market threatened the safety of the Japanese banking system itself.

Japanese institutions purchased a junk bond of sorts, namely the obligations of the U.S. government; their trading losses on such purchases could wipe them out. Market reports are circulating that at least one of the top eight Japanese banks has landed in serious trouble as a result of its U.S. speculations. The Japanese banking system simply cannot continue buying American paper that has depreciated, on foreign-exchange shifts alone, by 45% in the past two years, and lost an additional 15% of its price due to the decline of long-term bond prices in the U.S. market itself.

To make up their losses on such purchases, they must speculate in bond futures and other financial instruments, raising the danger that the initial loss may be multiplied. That is what happened to Takeho Chemical, and the Japanese authorities decided to make it a horrible example, before much larger institutions went the same way.

Within days of the Takeho Chemical announcement, the European central banks (as reported elsewhere in this issue) wheeled the covered wagons into a circle, preparing to insulate the European Monetary System from a dollar crash.

It is not as if the Japanese and European central banks had made a decision to let the U.S. banking system crash, a prospect they abhor. On the contrary: The rudderless state of Washington compels them into an accretion of small, unavoidable actions; each of these actions, by itself, intends to postpone the inevitable, but the sum of them brings the inevitable closer.

Washington must force through a top-down reorganization of developing-sector debt, and an emergency program to provide trade-credits in cooperation with its trading partners, such as *EIR* founder Lyndon H. LaRouche, Jr., has presented in various published locations. President Reagan must drop the illusion of recovery, before the illusion drops *him*.

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In December 1986, EIR Alert told its readers about Brazilian discussion of a debt moratorium. On Feb. 20, 1987—**it happened.**

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