

# EIR

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Dope, Inc.'s all-out war on the military  
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to national security**



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# EIR

## SPECIAL REPORT

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## From the Editor

**T**he contents of this issue of *EIR* can be no better summarized than by quoting from the article by Lyndon LaRouche, which leads the *National* section:

“Remember, the Reagan administration made quite a howl of protest against Pope John Paul II’s *Sollicitudo Rei Socialis*. The same administration which is engaged in a headlong drive to deliver world domination to Moscow, protests with affected righteous indignation that the Pope should recognize ‘structures of sin’ to exist both in the West and Moscow. Surely, all history shows that astrology is a structure based upon worship of Satan, and surely most Americans must agree that worship of Satan is a pretty nasty form of sin.

“However, that encyclical made no reference to the astrologers’ influence over the White House. The sin in this case was the inevitably immoral consequences of following those dogmas of hedonistic irrationalism embedded axiomatically in Adam Smith’s doctrine of the ‘Invisible Hand.’

“President Reagan’s interpretation of drug lobbyist Milton Friedman on this point has been pretty cruel stuff. For the sake of his cult belief in the ‘Invisible Hand,’ the President has not flinched at destroying the farms, industries, basic economic infrastructure, and military defenses of the United States. Hospitals are being closed down, old-age pensions’ real-wage value is being cut drastically, and so on. Meanwhile, while shifting more and more Americans out of productive jobs into the lowest-paid, non-productive, menial forms of services labor, and while the physical economy of the United States is collapsing, this President has the gall to say that, under his administration, we have so far experienced ‘67 months of uninterrupted economic recovery.’

“In the case of the current strikes in Poland, the administration’s immorality is the same. Those strikers are protesting against the savage IMF austerity which Moscow has imposed upon Poland because the Reagan administration continues to demand this. The administration expresses its sympathy for the strikers, while insisting that no concessions be made to tens of millions of Poles suffering U.S.-dictated IMF austerity!

“Essentially,” LaRouche concludes, “there is no difference between the state of mind which believes in the ‘Invisible Hand,’ and one which believes in astrology.”

*Nora Hamerman*

# EIR Contents

## Interviews

### 40 Alejandro Peña

The secretary general of the Venezuelan Labor Party talks of his party's struggle for official recognition.

## Departments

### 50 Report from Bonn

Austerity policy kills CDU votes.

### 51 Northern Flank

To be or not to be for NATO.

### 52 Report from Rome

An exposure and a cover-up.

### 53 Vatican

Pope defends Polish sovereignty.

### 54 From New Delhi

A win for Jayewardene.

### 55 Andean Report

Human rights and fighting drugs.

### 72 Editorial

Danger for the SDI.

## Economics

### 4 More bank failures in 1988 than in all of 1987

Despite FDIC efforts to obfuscate the reality, as many as 220 banks have already failed this year, and more are on the way.

### 6 Soviet and IMF looting plunges Romania's economy into breakdown

Romania not only exports food to the West at cheap prices while its people starve, but also vital grain transport equipment to the Soviet Union, while its harvest rots for lack of transport.

### 9 Argentina grovels before IMF, but still gets no debt relief

### 10 Currency Rates

### 11 The Mexican economy goes into self-cannibalization

### 14 Banking

Colorado industrial bank crisis.

### 15 Agriculture

Soybean supply drops.

### 16 Business Briefs

## Feature

### 18 Immanuel Kant and the 'New Age' kookery

Granted that today's lunatic satanist cults were spawned by followers of Aleister Crowley in Britain and the United States, what are the mechanisms which permit an apparently normal and rational person to be taken over by their lurid superstition, like some Hollywood horror film's victim of the "Body Snatchers"? Lyndon H. LaRouche, Jr. reports.

## International

### 36 Dope, Inc. declares war on Ibero-American military

With the release of the Inter-American Dialogue's 1988 report, the drug legalizers of the Establishment have stepped forward to identify themselves as the command center for the Western side of Moscow's campaign to discredit, and if necessary, dismantle, the military institutions of Ibero-America.

### 39 PLV case endangers Venezuelan democracy

**Documentation:** An interview with Venezuelan Labor Party secretary Alejandro Peña.

### 41 Soviets brawl before June party meeting

### 42 Lonrho's Tiny Rowland and the threat to Angola's Jonas Savimbi

### 44 Repackaging the U.S. war on Panama

### 45 Malaysia: The nation-building strategy of Dr. Mohammed Mahathir

### 47 Japan strengthens ties to W. Europe

### 56 International Intelligence

## National



New Yorkers line up to buy lottery tickets. How many consulted their daily horoscope to find out the "lucky number"?

### 58 The White House astrologers: the two key issues involved

The evidence in hand shows that astrologers influenced the White House's policy-shaping in immensely important national security matters. Democratic candidate LaRouche provides the essential guidelines for understanding the issue of the astrologers' control over the minds of the President and Nancy Reagan.

### 63 Ratification of INF still not certain

### 64 LaRouche Democrats win in Ohio, Indiana

### 65 Commission pushes drastic austerity

### 66 Elephants and Donkeys Shaping the next presidency.

### 67 Eye on Washington West Germany: Iklé policy threatens NATO.

### 68 Congressional Closeup

### 70 National News

## More bank failures in 1988 than in all of 1987

by Joyce Fredman

Despite the efforts of the Federal Deposit Insurance Corporation (FDIC) and its chairman, William Seidman, to obfuscate the reality with falsified statistics, *EIR* can now prove that as many as 220 banks have already failed in 1988. The last official figure from the FDIC on bank failures for the year to date was 62. Is this new math, or perhaps a different number system? Unfortunately, it is simply the latest scheme by a bunch of desperate swindlers to hold on to their dwindling power.

But the wool that is being pulled over the eyes of the American public is becoming transparent. It belongs to the sheep's clothing in which George Bush and his cronies have been parading around Washington, D.C. The depositors of the banks of this country are beginning to ask—as well they should—if their money is secure, or in a sinkhole. And when the real statistics on bank failures are minimally three times those being reported, one has reason to pause. The manipulation of numbers has become so blatant and ridiculous that even the FDIC can't make up its mind.

Admittedly, it is difficult to keep track of their figures, as the criteria for exactly what constitutes a bank failure for the FDIC keep changing, as do the dates which the FDIC gives for when any particular bank has failed. This recent innovation in counting is only two years old. Prior to 1985, the FDIC had lumped all failures and "assisted transfers" into one category. Not surprising, since in essence they are failures. All an assisted transfer amounts to, is fast maneuvering to find a new buyer and credit, so that the institution does not have to appear to have failed.

When William Seidman took charge, things began to change. There are now three categories of difficulty for banks: 1) failures, 2) assisted transactions, 3) assisted banks. These dubious distinctions are completely artificial and, as shall be seen, arbitrary in application. The only purpose they serve is

to allow the FDIC to report a portion of the figures (category 1) as opposed to the total. Rather than sheer incompetence, however, these are the ruses of the Bush League, a calculated attempt to manage the financial chaos until the November election.

The pathetic efforts of these swindlers would be laughable, were they not so expensive. For in the end, it is the American taxpayer who is expected to fill the empty coffers of the bankrupt agencies. *EIR* intends to expose this, as well as provide regular updates on the actual number of bank collapses.

### 'Bushmen' and Texas

Not surprisingly, the most blatant discrepancies found so far occur in Texas, both because of the general economic blowout that has devastated that state, as well as the peculiarities of Texas banking law. And a good number of the cast of characters involved in this fraud call Texas home, beginning with Vice President George Bush himself, as well as James Baker III, Robert Clarke, George Strake, Jr., and Robert Mosbacher.

One of the vehicles for undercounting of failures is bank holding companies—corporations, by the way, which in themselves are not banks. Yet, when any of these companies gets a bailout, one entity is listed as a failure, as opposed to the various banks involved. This bright idea came to the FDIC in 1987, when it assisted the Hallwood Group in its takeover of the troubled BancTEXAS Group, Inc., a bank holding company which owned 11 separate banks (*not* branches).

The FDIC counted this in their annual statistics as 11 assisted banks—a euphemism, meaning that the FDIC runs in and changes ownership, keeping them out of the failed category. This, according to the FDIC, was the first situation

in modern times wherein a group of banks belonging to a holding company needed simultaneous assistance. They decided in retrospect, however, that perhaps such a transaction should be counted as a single event, rather than multiple events, thus preventing any "misleading impressions."

Until 1987, the Texas Constitution prohibited branch banking. For example, if a downtown Houston bank wanted to open an office on the southwest side of town, it would have to either buy an existing bank in the target area, or charter an entirely new bank. Therefore, it was not unusual for a major holding company to have a dozen or so separately-chartered banks in a city like Houston or Dallas. As a result, the major Texas bank holding companies each owned in the neighborhood of 50-70 separate banks, each with its own charter, its own board of directors, its own loan committees, etc. Hence, even though they share many services and practices with the holding company and their sister banks, each bank is a distinct legal entity.

Many of these holding companies were created in 1971, when banking laws were changed. The existing major banks created holding companies as umbrellas, then started expanding. The major bank which spawned the holding company became the flagship of the holding company, often accounting for 40-50% of the holding company's assets, and typically benefiting from substantial deposits of its little sister banks.

However, an important point is that, since the sister banks in a holding company are so interlocked, a failure of any one of them has repercussions on the rest; hence, were the holding company or the flagship to fail, the likely result would be a chain-reaction collapse of the entire grid.

The FDIC is not empowered to assist holding companies; it exists to help banks. Accordingly, the money goes to the troubled banks of the holding company. Then, how does this get counted as a single transaction?

To Seidman and his ilk, this is all inconsequential. The main point, as one spokesperson for the FDIC put it, is not to let the figures "appear skewed," i.e., underreport. So the lesson of BancTEXAS was put to use with two biggies, First City Bancorp of Houston and First RepublicBank Corp. of Dallas.

First City Bancorp. with its 61 member banks was granted FDIC assistance as a condition of its takeover by Robert Abboud in September 1987. Despite the number of banks involved, only one is listed as a failure.

### When to count

The next big idea was *when* to count it. Even though it was listed as an assisted transfer in the FDIC's official totals for 1987, nothing is written in stone for them. For some reason, the FDIC transaction was not completed until April of 1988; therefore, the FDIC has decided to remove the event from last year's happenings, and add it to this year's.

A similar situation is that of First RepublicBank Corp. It has 73 member banks and has already received \$1 billion

from the FDIC as well as billions more from the Federal Reserve. Rumor has it that the figure could go as high as \$5 billion from the FDIC. However, First RepublicBank appears on neither the failure nor the assisted transaction list. This despite the fact that it was \$344 million in the hole after the first quarter of 1988.

Writing off its bad real estate, which is what finally sent the figures soaring, was conveniently put off until after Super Tuesday, at which point the \$1.5 billion bailout was announced. Then, why is the failure statistically nonexistent as of now? The deal isn't over and it's not clear when it will be. So, despite all those headlines, folks, as far as the FDIC is concerned, nothing has happened yet.

What immediately comes to mind is MCorp, which is two-thirds the size of First RepublicBank, but declared only \$58 million in losses after the first quarter. After someone decides its time for them to write off their bad real estate, the losses could easily be twice that, and as much as an order of magnitude more!

The idea that these decisions are in some way politically motivated has crossed many people's minds. George Strake, Jr., the chairman of the Republican Party of Texas, sits on the board of First RepublicBank. Texas Commerce Bancshares, the family bank of James Baker III, picking up on the disastrous situation in Texas, sold out to Chemical Bank. Robert Mosbacher, who sits on its board, is the national finance chairman for the Bush for President Campaign.

Adding up to . . .

For the year 1987, the FDIC official failures are listed as 184. *EIR* calculates that the actual total is closer to 220. As of May 10, 1988, the official FDIC number of failures is 62. The acceleration of the crisis is brought into graphic relief in calculating the actual totals for this year, which *EIR* estimates could already be as high as 250. There are 160 in Texas, 10 in Oklahoma, 3 in Colorado—not including the 14 industrial banks that are insanely grasping for FDIC protection; presumably they'll soon be on the list once they maneuver their way in—7 in Kansas, and the list goes on. Some states, are not included, however; it's a fair guess that they're too busy "disappearing" their labor statistics and haven't gotten to the banks yet.

In other words, in the first four months of this year, or as James Baker III would say, the latest four months of the 67-month-long recovery, the United States has undergone more banking collapses than in all of 1987, the record-breaking year.

These figures include 160 bank failures in Texas alone this year so far, giving it 80% of the nation's failures. But only because the devastation in that state has been so severe, has it been possible to put together the numbers. What lies behind some of the other states' numbers only time will tell. The FDIC certainly isn't talking. After all, that would mean adding up the billions of dollars for which they would be liable, at a time when they're already in the red. No one expects William Seidman to count that high.

# Soviet and IMF looting plunges Romania's economy into breakdown

by Luba George

The economies of the captive nations of Eastern Europe are experiencing the deepest economic and social crisis in their postwar history. The Polish economy is at the verge of physically breaking down. Romania's has already crossed that line. A brewing mass rebellion in Romania against the government's draconian austerity program is like a time-bomb just waiting to explode. Promises of relaxation of the sharp austerity measures in food and electricity supplies to the population, particularly after the mass demonstrations of workers in Brasov last November and publicly expressed dissatisfaction in the population at large, did not materialize.

The price for rebellion can be high—thousands of people have disappeared in the past after challenging the Ceausescu regime. But life is worse. Romanians are freezing and starving. The ailing old and young, exacerbated by malnutrition, are dying because they cannot be treated for lack of antibiotics. Although Romania has flourishing agricultural and energy resources, Ceausescu has ruled that food and energy products must be exported in order to pay off Romania's \$5-6 billion in debts to Western creditors.

## **Soviets praise Romania for cutting trade ties to West**

Foretelling a policy shift, the Soviets have reacted to the Romanian economic crisis by blaming Western usury for the economic catastrophe in Eastern Europe, and telling their satellites to reduce credit and trade ties to the West. The April 23-29 edition of the Soviet party cadres' weekly, *Argumenti i Fikti*, which reprinted a KGB bulletin blaming the intelligence agencies of the U.S.A., France, and West Germany for the unrest in Eastern Europe and the U.S.S.R., also contained an article lauding Romania for having slashed its economic ties to the West.

The article noted, "Romania began to enter into economic difficulties in the early 1980s," after trade with the West reached 60% of all Romanian foreign trade, and then catalogued the losses suffered by Romania from high interest rates on Western loans, and the collapse of agriculture and raw material prices engineered by Western financiers. "From 1981 to 1985," Romania suffered "\$5-6 billion" in "losses due to the lowering of world prices on export commodities," plus "another \$2 billion through the raising of interest rates on Western credits," with the result that "capital investment and production fell." This forced Romania to "institute a strong austerity," cut its foreign debt by half, and increase the Comecon share of its trade to 60%.

## **The IMF-Soviet 1981-85 austerity plan**

Romania's austerity program started in 1981, when it adopted a policy arranged by the International Monetary Fund and Moscow, whereby it would forcibly pay off its entire foreign debt. Under this program, Romania slashed its imports from the West, while exports were heavily increased, and if measured not in dollars, but in actual flow of goods, at depressed commodity prices, the increase was immense.

The "gap" caused by cutting imports from the West was filled by the Soviet Union. Starting in 1983, Moscow began a program of exporting industrial plants, especially in the chemical sectors. These were delivered to Romania to manufacture, for example, primary chemical bases such as sodium and potassium hydroxide, and chlorine products, strictly for export back to the U.S.S.R. From 1983 on, almost all of the net additions to Romania's industrial sector have been such plants, which function as part of the Moscow-dictated "Comecon Integration Program," e.g., industrial milk cows for sustaining the Soviet economy. The heavy increase in

such disguised-looting "trade" with Russia has forced Romania to export additional large quantities of food and energy products to the Soviet Union, on top of the stream of goods flowing West to pay off the debt. It is this incredible rate of twin looting, rampant throughout the 1980s, from the West and from Russia, which has bled Romania white, and created a physical breakdown of its economy. The level of misery in the population is appalling. The austerity, which began in 1981, has by now reduced living standards and consumption levels to rates normally associated with poor Third World countries.

In 1981, for the first time since 1954, Ceaucescu introduced food rationing; prison terms for speculating "parasites" of up to five years were introduced for hoarding food. Evoking memories of postwar food rationing, food ration cards have also been reintroduced.

The 1981-85 period experienced a phase change in its economic performance which lawfully has led to the uncontrollable physical breakdown which we are witnessing today. The completion of the 1981-85 plan particularly showed in those sectors that directly affect the population at large, such as food, energy, and housing. For example, foodstuffs grew by only 8% instead of the planned 26.6%; the planned growth in real incomes was reduced by 50%; construction of the 900,000 apartments planned saw a shortfall of 21.5% (i.e., only 706,000 were built). At the same time, the work week, instead of being reduced from 46 hours to 44 as promised, went up to 48 hours and more.

Even official inflated figures could not disguise the trend in the net material domestic product, which was said to have increased 24.1%, instead of the planned 41.1%. Other dramatic failures recorded: net industrial production was increased 28.7%, instead of the planned 52.4%; marketable industrial production increased 21.6%, instead of 44%; gross agricultural output increased 25%, instead of 75.5%; and so on.

At the cost of literally starving the people, Romania has not only met all interest payments on its Western debt, but reduced the principal from \$11 billion in 1982 to \$6.5 billion in 1986, and then to \$5 billion at the end of 1987.

### **Soviet looting**

The joint arrangement that has prevailed until now between Moscow and the IMF for milking Romania can be seen through a rough "flowchart" of a Romanian export-import cycle. When Romania slashed its imports from the West, the first category to be severely cut was imports of crude oil, which Romania had imported for its huge refineries, so as to export refined oil products. If Romania could not export oil products, it could not pay off its debts. Moscow filled the "gap" by exporting large quantities of crude oil to Romania, but, under Comecon pricing arrangements, well above world market prices. Romania has thus been able to keep exporting oil products to the West, for example, \$300 million worth of

gasoline in 1987 alone.

The price for Romania has been extraordinarily high. For its overpriced crude oil, the Soviet Union demands from Romania not only ever-increasing quantities of "high-quality" industrial goods but, starting in 1987, *foodstuffs* in payment. Desperate Romanian requests for higher prices on its food exports have been answered with a cold *nyet*.

Other stringent conditions for receiving increased supplies of crude oil were attached by Russia. Beginning in

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*Romania not only exports food while its people starve, but also vital grain transport equipment, while its harvest rots for lack of transport. The grain cars are produced at a plant set up in 1984 by the Russians, who describe it as "important to the fulfillment of the U.S.S.R.'s Food Supply Program." Looking at what a Romanian eats, this reminds one of a cannibal thanking his victim.*

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1986, Romania has been forced to sharply increase its export of oil drilling equipment to the Soviet Union, and thus "contribute" to the opening of new oil deposits in Siberia and the Caspian Sea regions. To come back to our imagined "flowchart," the Soviets have also demanded, and gotten from Romania a hard currency credit, so that Russia could purchase *Western* equipment for the huge Soviet Orenburg natural gas fields. Romania earned the hard currency through the sale of gasoline, etc., refined from Russian crude oil.

Overall, during the present five-year plan period (1986-90), a massive expansion of Romanian-Soviet "industrial cooperation and trade" is under way. In fact, the 1986-90 level of Soviet-Romanian trade will increase at least 70% above the 1981-85 period. Major areas, besides the chemical sector, involve steel, machine-building, rolling stock, and armaments industries. Romania is among the world's leading arms producers and exporters, and, in the Russian Empire's "division of labor," plays a vital role in arms exports to the Third World, a role now being augmented. These and other Romanian industries have come to depend heavily upon Soviet plant and equipment inputs and Soviet industrial orders to keep the production capacities and workforce occupied.

Romania's oil dependency on the Soviet Union is part of a shift to a dependency in the entire energy sector. By 1986, Romania was becoming increasingly dependent on the U.S.S.R. for equipping its electricity-generating plants, and has also increased its import of electricity from Soviet power plants. As in the case of crude oil, at a heavy price.

A case in point. As *partial* payment for electricity received from nuclear power plants in the Soviet Ukraine, Romania, in 1986 and 1987, delivered to the U.S.S.R. 20,000 70-ton railway dump cars for transporting grain. Romania thus not only exports food while its people starve, but also vital grain transporting equipment, while parts of its harvest rot for lack of such equipment. The grain cars are produced at a plant in Caracal in southwestern Romania, a plant set up in 1984 by Russia. The plant was described by *Pravda* (June 9, 1984) as "important to the fulfillment of the U.S.S.R.'s Food Supply Program." When one examines what a Romanian eats, such Soviet commentaries remind one of a cannibal thanking his human victim.

### Rationing under 1988 Food Supply Program

The day-to-day reality of life in Romania can be vividly seen by examining the 1988 Food Supply Program, reported in the Dec. 25 edition of the party newspaper, *Scinteia*.

Per capita/per annum	Per capita/per day
38 liters of milk	about 0.1 liter
3.5 kg cheese	10 grams
1.5 kg butter	1 250-gram package every 2 months
128 eggs	About 1 egg every 3 days
3.6 kg rice	10 grams
22 kg maize meal	About 60 grams
13.5 kg fish and "fish products"*	Less than 40 grams
500 grams oatmeal	1.4 grams
Bread	315 grams per person/day

\*In 1987, the amount was 15 kg

These figures speak for themselves. One should note that the miserable food amounts listed represent the maximum allowable food consumption for 1988.

As for meat consumption, the program says that there will be 70 kilograms of meat per capita in 1988, but dividing the total of 1,006,000 tons available according to this program by Romania's population of 23 million results in only about 44 kilograms per person for the year. This discrepancy the government does not explain. A 1987 ration card for a family of three from Brasov (scene of mass workers' demonstrations in November 1987), which recently reached the West, shows that in 1987, there were no meat supplies offered at all in January, March, and July, and only half a kilogram of chicken in February, May, June, and October. The ration card shows that the daily supply of rationed meat (poultry and pork) averaged only 23 grams per day—for a family of three!

To reduce the consumption of bread, Ceaucescu insisted some time ago that only *stale* bread be available to the public, a practice unknown elsewhere. This measure is being pursued despite the fact that Ceaucescu boasted that the 1987 harvest was the "largest in Romanian history."

### Electricity power cuts

These cuts began in 1979, and have been imposed on consumption by households, schools, offices, scientific, cultural, and artistic institutions, and hospitals.

The draconian measures against electricity consumption in these areas has been undertaken to maintain electricity supplies for industry, i.e., so that industrial exports, above all to the U.S.S.R. and Comecon, and to the West (in this case food exports), to repay debt, can be maintained.

The table presents the power cuts from 1979 until now.

Year	% of cut	Index
1978		100
1979	20	80
1982	20	64
1985	12	56
1987 (Feb.)	20	45
1987 (Nov.)	30	32

Thus, Romanian households today consume at most 32% as much electricity as they did in 1978. Today's level of electricity consumption meets only 27% of the bare needs of a Romanian family.

A one-room (plus kitchen) apartment receives 17.4 kWh per month, compared to the pre-1979 Romanian norm of 64.4 kWh.

Present consumption in an apartment allows for two 40-watt bulbs per room, a refrigerator, a washing machine, and a vacuum cleaner.

The cuts exclude the use of radio, TV, irons, record players—i.e., things which many households have.

Usage in excess of these quotas is possible, but then one must pay high surcharges. This "latitude," however, only applies to private households. Offices, schools, all public buildings, including *hospitals*, may *not* consume over the abysmal quota. If they do, their electricity is cut off, and remains shut for a time period equaling the amount consumed in excess of the quota.

Concerning gas, the same principle applies even to households, which are allowed to go over the quota by 10%, at a price surcharge of 300%. If this 10% above quota limit is exceeded, then the gas supply is turned off, and stays off for the number of hours/days equal to the amount used beyond the quota.

The so-called "benefits" from all this for Romanian industry are exceedingly marginal. In 1985, private consumption accounted for only 6.4% of all Romanian electricity consumption.

# Argentina grovels before IMF, but still gets no debt relief

by Cynthia R. Rush

Although Argentina has failed miserably to comply with the International Monetary Fund's guidelines over the past three years, it's not because the government of Raúl Alfonsín hasn't tried. Since the inception of the 1985 *Austral Plan*, Finance Minister Juan V. Sourrouille has continuously found ways to impose ever harsher austerity, in an effort to meet creditors' demands for a lower fiscal deficit, reduced public-sector spending, increased exports, and increased revenues.

Of course, none of Sourrouille's schemes have alleviated Argentina's internal, or its foreign debt crisis. In fact, as the finance minister admitted at the IMF's annual meeting in mid-April, his country is worse off now than in 1982, when the debt crisis exploded.

The statistics Sourrouille brought with him to Washington show that investment per capita in Argentina today is half of what it was in 1980. GNP per capita for the first quarter of 1988 was 2.3% below the same period of 1987. Inflation, which could reach 20% for May, is not expected to fall below 10% monthly for the rest of 1988. Manufacturing production for the first quarter of this year dropped 6.5% below average 1987 levels.

"Our discouragement at the results obtained in the six years since the explosion of the crisis, is unavoidable," Sourrouille told the bankers gathered in Washington. Debtor nations have obediently applied the structural changes demanded by creditors, he said, and will continue to do so. But, he added, the cost to themselves has been "tremendous."

In Argentina's case, the minister argued, creditors must be willing to offer "oxygen," in the form of a reduction in the amount of capital owed, reduction in interest rates, and a change in the "character of negotiations" between debtors and creditors. Alfonsín's government is willing to slash its budget, reduce public investment, paralyze the nuclear energy program, and stop infrastructure projects, Sourrouille promised, if creditors will take steps to reduce transfer of resources abroad and "include mechanisms to reduce the total amount of debt." But all in vain.

Just as the IMF meeting was about to begin, the "Group of 7" industrialized nations issued a press release opposing any reduction in the debt of the poorer nations, since this would imply a greater "burden" for the taxpayers of those countries as well as multilateral financial institutions. The statement insisted on a "case-by-case" approach to debt ne-

gotiations, defended by George Bush's man, U.S. Treasury Secretary James Baker.

To get the message across, Baker spoke at the IMF meeting just before Sourrouille. He warned both the IMF and World Bank not to generate any "unrealistic expectations" among debtors that a debt reduction might be considered. IMF director Michel Camdessus had raised just such hopes in Argentina, after a February meeting with Sourrouille and Alfonsín in Madrid.

Representatives of Argentina's biggest creditor banks were less tactful. They reportedly told Sourrouille to forget about debt relief and "go home and do your homework": Do whatever has to be done to balance the books, cut the deficit, and come back when it's done.

## 'Give us a break'

The bankers' shabby treatment of Sourrouille in Washington provoked anger in Buenos Aires. Even arch-monetarists such as Economic Coordination Secretary Adolfo Canitrot, remarked that the government economics team "is not likely to continue negotiating with the IMF under these conditions."

Creditors' hard line on the debt, combined with the nearly uncontrollable domestic economic and social crises, were reportedly major factors in Alfonsín's decision to maintain a low profile in the Panama crisis. U.S. Ambassador to the United Nations Vernon Walters, and Undersecretary of State Elliott Abrams marched into Buenos Aires on April 20 with all of the U.S. ambassadors on the continent to demand back-up in U.S. efforts to dump Gen. Manuel Noriega of the Panamanian Defense Forces.

Raul Alfonsín has no qualms about destroying nationalist military institutions such as the PDF; but in meetings with Walters and Abrams, he insisted that his country would abide by the principle of "non-intervention" in the affairs of other nations.

Alfonsín also bluntly told Walters that under current negotiating arrangements on the foreign debt, Argentina has reached "the breaking point." Abrams was effusive in his praise of Alfonsín's "seriousness" in approaching the economic crisis; but when a highly placed government official asked him, "Then why don't you help us out a little bit?" on the debt issue, Abrams was mute.

Press sources say that Alfonsín intended his remarks to be taken as a warning. Given the banking community's inflexible stand, individuals among Alfonsín's inner circle have reportedly decided that "it's time to do something with the foreign debt." According to the April 22 issue of the weekly *El Economista*, these factions "feel politically asphyxiated" by creditors, and fear that another ratchet of IMF-dictated austerity will be the final detonator in the volatile internal situation. They rule out the declaration of a unilateral or full debt moratorium, but are said to be considering a partial moratorium on the debt owed by state-sector companies whose interest payments represent 65% of total debt service.

Whether the Argentine President has any intention of moving beyond mere warnings, as far as the foreign debt is concerned, remains to be seen. Political commentator Ricardo Kirschbaum noted in the April 21 *Clarín* that Alfonsín is aware that further adherence to the IMF's adjustment policy is tantamount to an "electoral guillotine" for the ruling Radical Civic Union (UCR) party. Alfonsín's chosen successor, Córdoba Governor Eduardo Angeloz, is beginning to panic over the rising inflation and economic chaos which he knows will limit his chances of election in the 1989 presidential race.

Representatives of virtually every sector of the economy and the population, including the Catholic Church, have repeatedly warned the government that continuation of current economic policy will bring dire consequences. One observer has told *EIR* that Argentina's relationship to the IMF, and its inability to pay its debt, is practically the only topic that one hears discussed on the streets.

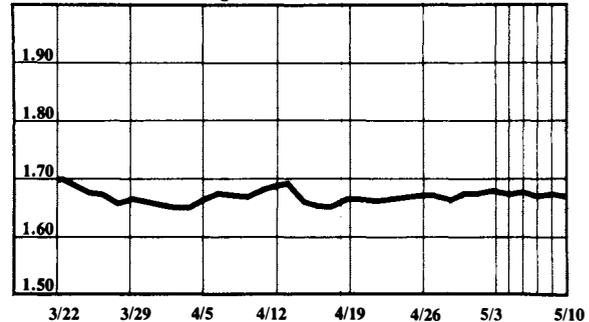
Alberto Costantini, former director of the National Atomic Energy Commission (CNEA), and now the president of the Argentine Engineering Center, issued a scathing attack on Alfonsín's economic policy in an interview with the daily *Clarín* published on April 24. The problem, he said, is that the government's strategy is "ultra-monetarist . . . it has no interest in development, nor does it contemplate the improvement of the country's productive apparatus." Costantini charged that by agreeing to cut the budget on the nuclear program and eliminate projects already under way at the behest of the IMF, the government is negotiating away "the country's technological independence, and our right to decide to have advanced technology such as nuclear."

Yet, Alfonsín seems determined to follow the domestic policy outlined by Sourrouille. He has announced dramatic budget cuts which will eliminate the hydroelectric project at Pichi-Picún-Leufú; unless foreign financing is guaranteed for the Atucha II nuclear plant and the heavy water plant, both of these projects will be scrapped. Cuts in public investment will amount to \$1.5 billion, which the government says will reduce the public deficit by two percentage points, and place it within the range demanded by the IMF. Then, according to press reports, Sourrouille will return to Washington to beg for better treatment.

## Currency Rates

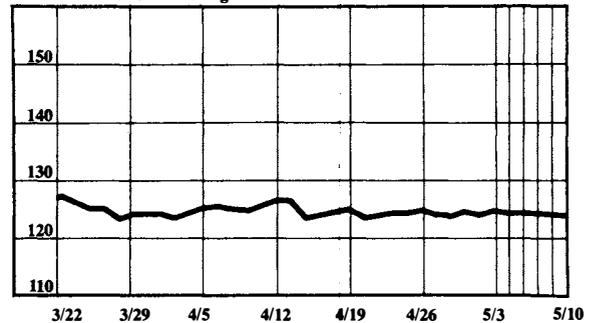
### The dollar in deutschemarks

New York late afternoon fixing



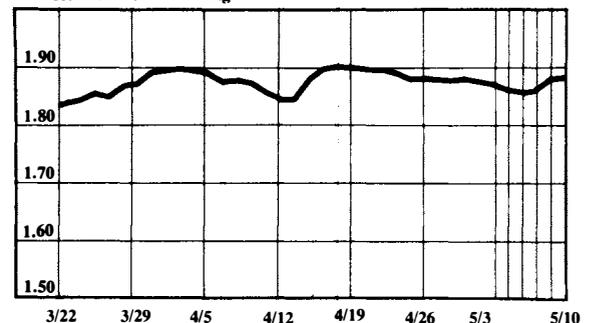
### The dollar in yen

New York late afternoon fixing



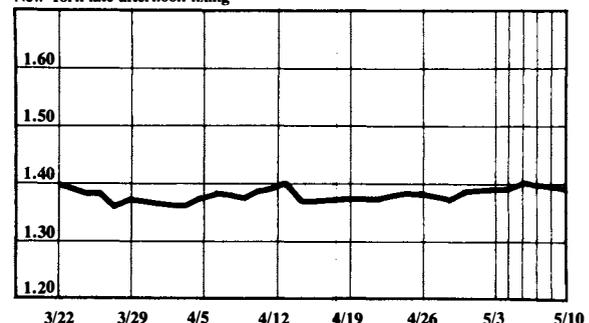
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# The Mexican economy goes into self-cannibalization

by Carlos Cota Meza

Mexico spent 60% of its exports paying debt last year. Interest payments ate up 39% and amortization another 21%. The Miguel de la Madrid government's policy of paying debt at the cost of domestic austerity and recession, has, however, a price tag many times greater.

Mexico could not have even produced its exports had not the preceding Echeverría and López Portillo governments invested tens of billions of dollars in oil exploration, infrastructure building, and industrialization. They also improved the human resources which make all production possible by raising real family incomes and investing heavily in health, education, and urban development.

Since they took office Dec. 1, 1982, President Miguel de la Madrid and Planning and Budget Secretary Carlos Salinas—the hand-picked successor to de la Madrid—have bloodlet Mexico's existing potentials, while systematically destroying the country's future. The first effects of these policies can be quantified in terms of decreased living and health standards, and the abandonment, half-finished, of energy and agricultural development projects.

De la Madrid and Salinas admit they have caused a recession, but argue that it is healthy, on the absurd grounds that it would be "inflationary" not to cut living standards and investments. Inflation in Mexico really begins with exporting everything that can move to pay debts. That, obviously, results in a sharp reduction in goods available for consumption by Mexicans. The regime takes goods out of the population's reach by raising prices faster than wages, destroying the currency in order to diffuse the explosions which would happen if workers suddenly found fewer pesos in their pay envelopes.

Another big cause of inflation is converting debts, listed in dollars and which probably would never be paid, into piles of pesos which compete with the existing monetary supply to buy up parts of the domestic economy. The White House praises Mexico as a model for its inflationary "debt-for-equity" conversions.

De la Madrid and Salinas have devalued the peso like crazy in order to push non-oil products into the U.S. market at ever-cheaper dollar prices. They have "starved" the state sector by cutting budgets, especially investments for the future. And they have reduced credit to the private sector to discourage it from investing in production (which, in the short run, requires imports of some equipment).

The last year of de la Madrid's term has been made even

more depressionary, under the terms of a corporatist agreement signed by labor, business, and government called the Economic Solidarity Pact. This pact is justified with the argument that Mexico would have "a gradual economic recovery" once "inflation" were ended. In the real world, only a radical change in policies would have a chance of resuscitating Mexico's corpse.

## Pumping Mexico dry

The 1.35 million barrels of oil Pemex exports every day is what has provided most of the country's foreign currency income. Pemex's field development coordinator, Manuel Ortiz de María, complained to presidential candidate Salinas, "Due to budget restrictions, the well drilling to find new [oil] provinces to compensate for the abatement of those already known has been restricted."

Mexico has been sucking dry the achievements of the past, while reinvesting nothing in finding oil for the future. Pemex director Francisco Rojas admitted March 18, during the commemoration of the 50th anniversary of Gen. Lázaro Cárdenas's nationalization of the oil industry, that Mexico's proven reserves have fallen by 2.5 billion barrels from their 1983 levels. Practically none of the 200 billion in "probable reserves" located during the preceding López Portillo government have been explored and moved into the "proven" category.

Pemex's Ortiz recognizes that, instead of wildcatting, Pemex has opted for "the search for accumulations of hydrocarbons at ever-greater depths in the producing areas, which has resulted in the diminution of proven reserves." He concludes, "If exploration is not intensified, all efforts made in development drilling will not manage to compensate for the natural decline of the oilfields."

## Brownout

Estimates made in 1986 project that today's proven reserves will be exhausted within 20 years, if present policies are continued. The biggest waste on the consumption side is from electrical generation. Mexico built up its oil-burning generators in the expectation they would be supplemented and replaced by dozens of nuclear power stations by the turn of the century. The one nuclear plant which was constructed still has not begun operation. Plans for all the others have been killed by the regime.

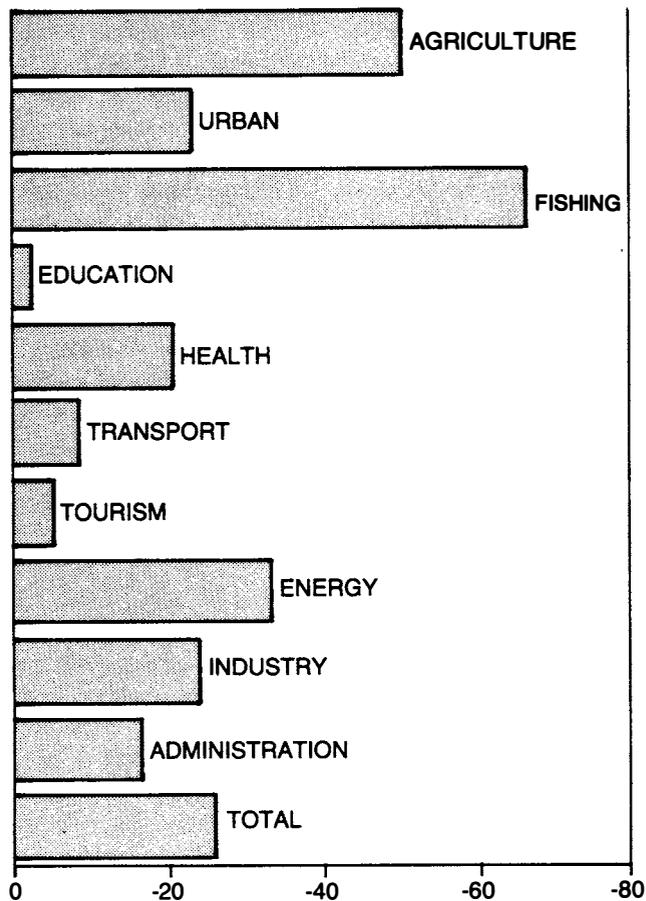
Therefore, 69% of all electricity comes from burning oil,

with the remainder from hydroelectric, geothermal, and coal plants. Recent Federal Electric Commission studies found that electrical demand is growing 8% annually, while oil production is only growing 3%. The electrical engineers have had trouble even maintaining existing thermoelectric and hydroelectric capacity, because Mexican manufacturers of boilers and turbines have been forced out of business, while peso devaluations have put import costs beyond the reach of shrinking budgets.

Investments for expansion of capacity provided in the 1989 budget are less than half those of 1981, an internal study by the Electric Commission estimates. It anticipates that by 1991, there will not even be sufficient theoretical capacity to meet demand. There is no telling when the brownouts and blackouts will begin.

Public investment in the energy sector has already been cut by 37.5% from that of the previous administration. That

FIGURE 1  
**Public investment reductions**  
(percentage cut by De la Madrid administration [1983-88] from López Portillo administration [1977-82])



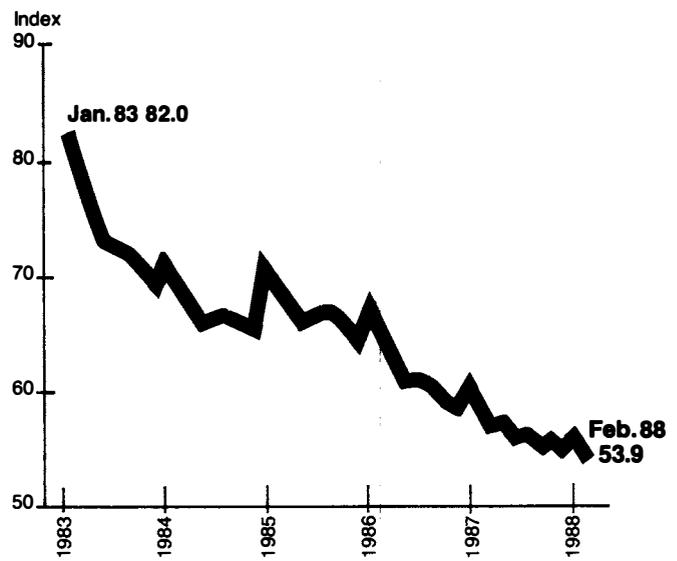
may be seen in **Figure 1**, which compares federal investment during the López Portillo government (1977-82) to that of the de la Madrid government (1983-88). Note also the decline in rural investment (agricultural development, 55.3%), fishing (67.9%), and health investment (25.3%). Another government study, "Structural Change in Health Care," found that the overall health budget in 1987, was just a shade over half (52.1%) of what it had been in 1981.

**Figure 2** shows the 34% fall in real wages since January of 1983.

**Figure 3** shows how the drop in wages translates into a reduction of food consumption, especially of foods with a high protein content. Since the 1980 census, the buying power of wages has fallen 40%. Recent statistics from butchers and the other food sectors confirm a 40% reduction in the quantities sold to Mexicans. The 1980 census surveyed the number of homes who consume high-protein food 4-7 times per week, 1-3 times, or never. *EIR* has estimated 1987 consumption by shifting downward by 40% the number of times per week each family consumes each food. *EIR* is aware that the richest families still eat high protein foods daily; but this is balanced by the fact that almost all the 16.5% population increase has been among the poorer families.

Mexico once had the objective of feeding all its people. No longer. The agricultural sector has disintegrated thanks to conscious policies formulated by Planning and Budget Secretary Carlos Salinas in his 1983 National Food Program (Pronal). As can be seen in **Figure 1**, the de la Madrid-Salinas administration more than halved rural (agricultural) investment from the preceding López Portillo government, cutting it by 55.3%.

FIGURE 2  
**Real wages fall between 1983 and 1988**



Pronal's premises were that due to the "economic crisis," and the "lack of resources," Mexico could not produce necessary ("non-priority") foods such as meat, eggs, milk, food grains, etc. for 40% of the Mexican population. From that perspective, they decided to eliminate parity price guarantees to agricultural producers, to rip apart the state food wholesaling company, make fertilizers and hybrid seeds more expensive, etc. Credits for planting were cut by another 40% last fall.

De la Madrid's government cut out the budget the irrigation works needed to bring more lands under cultivation and funds for maintaining existing systems, so that they are now working at only 60% of capacity. More than 5,000 small irrigation projects have been postponed, the government admits. More than 2,000 repair jobs have not been made and the great Fuerte-Mayo canal project, to move water that flows into the sea north to the fertile deserts of Sonora, has been abandoned.

Of the 36 million hectares of arable land, only 67% (24 million hectares) are being used. Almost all the nation's production comes from 5.6 million irrigated hectares and 12 million non-irrigated hectares. The remainder is crudely

farmed by peasants who are called "self-sufficient," but who can't even grow enough for their families. The government estimates that to feed Mexico in the year 2000, all existing lands, plus 2.9 million hectares of new irrigation projects would have to be under modern cultivation.

The wheat harvest reached a record 5 million tons in 1985, giving Mexico self-sufficiency. In 1987, Mexico lost self-sufficiency, with a crop of only 4 million tons. It is expected to fall to 3.5 million tons this year, since 19% less area was planted.

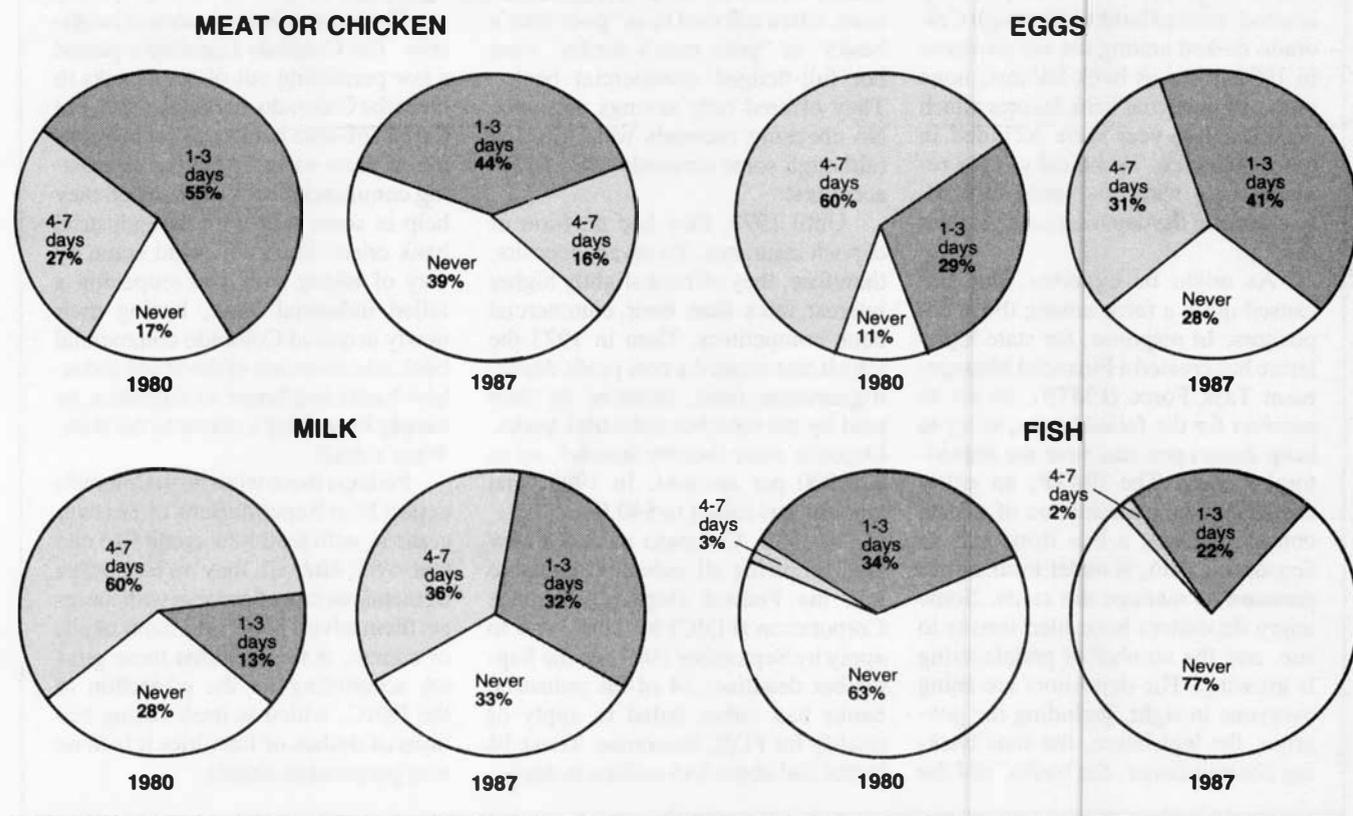
The slaughter of the milk herds in the La Laguna "milk valley" shows how Mexico is taking giant steps toward generalized hunger. In that valley alone, 250,000 cows were slaughtered in 1987, reducing the herd to only 80,000. Even imported hybrids were sacrificed for McDonald's. National milk production fell from 12.5 to 7.4 million liters per day from 1985 to 1987.

Malnutrition damages more than 80% of the infant population. Each year, badly fed workers are the victims of 22,000 on-the-job accidents which cause lifetime disabilities, according to the official figures of the Mexican Social Security Institute.

FIGURE 3

### Mexican families eat high-protein foods much less often than they did in 1980

(Proportion of families eating item indicated times per week)



## Colorado industrial bank crisis

*Technically, the 14 failed banks are open. With one small flaw—none of the depositors can get their money!*

**D**espite the efforts of those in the Reagan-Bush administration, as well as the financial regulatory agencies, to stem the tide, banking failures are occurring fast and furious. Collapses have become so commonplace in America's southwest, that the story of Colorado's financial woes, which five years ago would have rightfully made headlines, is now buried in the back pages of a few newspapers.

Colorado is currently undergoing a major crisis involving its "industrial banks," a group of some 80 privately insured, limited banks. Although Colorado ranked among the top six states in 1987 as far as bank failures, none of the 14 industrial bank failures which occurred last year were included in those statistics. Technically, they remain open, with one minor difficulty—none of the depositors can get their money!

As might be expected, this has caused quite a furor among those depositors. In response, the state legislature has created a Financial Management Task Force (FMTF), to act as receiver for the failed banks, to try to keep them open and save the depositors' money. The FMTF, an entity created by the combination of a bank consulting firm, a law firm, and an accounting firm, is under tremendous pressure to manage the crisis. Some angry depositors have filed intents to sue, and the number of people suing is growing. The depositors are suing everyone in sight, including the governor, the legislature, the state banking commissioner, the banks, and the

FMTF.

In 1923, the Colorado Legislature authorized the creation of industrial banks, which are not commercial banks, but are similar to what in other states are considered industrial loan companies. At the time, the commercial banks were not too keen on lending to blue-collar workers, and the savings and loans were primarily making mortgage loans. Hence, the industrial banks were formed to make Second Deed of Trust loans, and loans to blue-collar workers. These institutions, often referred to as "poor man's banks" or "poor man's thrifts" were not full-fledged commercial banks. They offered only savings accounts: No checking accounts were allowed (although some currently offer NOW accounts).

Until 1973, they had no form of deposit insurance. To attract deposits, therefore, they offered slightly higher interest rates than their commercial bank competitors. Then in 1973 the legislature created a non-profit deposit-guarantee fund, financed by fees paid by the member industrial banks. Deposits were thereby insured, up to \$20,000 per account. In 1983, that amount was raised to \$40,000.

In 1986, Colorado passed a new law, requiring all industrial banks to join the Federal Deposit Insurance Corporation (FDIC) by 1989, and to apply by September 1987. At the September deadline, 14 of the industrial banks had either failed to apply or qualify for FDIC insurance. These 14 banks had about \$45 million in depos-

its belonging to some 9,000 depositors. Beginning Sept. 21, 1987, the banks were systematically shut down. The guarantee fund, which was considered well-funded by insurance standards, had \$14-15 million a couple of years ago. But that was not nearly enough to handle the crisis and the banks were declared insolvent.

Existing state law mandated that the failed industrial banks be liquidated, so the state legislature quickly changed the law to permit the banks to be put into receivership, to try to recapitalize them, combine them, or somehow get FDIC insurance.

Some have suggested that the depositors are entitled to the protection of the state, which should stand behind the guarantee fund. A state bailout, however, is impossible. Colorado is broke and can't afford to pick up anyone's tab.

The latest scheme is almost laughable. The Colorado Legislature passed a law permitting out-of-state banks to enter the Colorado market in 1991, but the out-of-state banks can get in a couple of years early by buying an existing commercial bank—provided they help in some way with the industrial bank crisis. Such aid could come by way of taking over and reopening a failed industrial bank, having their newly acquired Colorado commercial bank take over one of the failed industrial banks and honor its liabilities, or simply by writing a check to the state. What a deal!

Perhaps these wizards in Colorado expect First Republic Bank of Texas to come in with their new credit line and take over; after all, they've had such a tremendous rate of success with mergers themselves. Most ridiculous of all, of course, is the idea that these guys are scrambling for the protection of the FDIC, which is itself facing billions of dollars of liabilities it is in no way prepared to handle.

## Soybean supply drops

*The food cartel has a policy of scarcity, and sweetheart deals with the Soviets.*

**F**inally, it's official: U.S. government and commodities trade sources alike predict what farmers have reported all along—the soybeans aren't there.

As of Aug. 31, the end of the statistical crop year for soybeans, the official figures are expected to show a decline in available bean stocks, even if the harvest is "normal." Commodities speculators have sent soybean and soybean meal futures prices to new contract highs in Chicago. Since last fall, soybean cash prices have risen about 50%.

According to an analyst at GNP Commodities, Inc., a Chicago trading house, "The nation still has lots of surplus wheat and corn, but not soybeans. In fact, if we have a normal crop year weatherwise, the nation could be left with a 58-day supply of beans on Aug. 31, when the statistical soybean year ends." This is the same stock level as two years ago, despite the increased need for soybean utilization for U.S. and foreign food production.

Some farmers who have the means and opportunity will still plant more soybeans, up until about July in some regions. But, thanks to the impact of 67 months of "Great Recovery," many farmers who would be planting beans, and hoping to reap a better income, are no longer in operation at all.

In any case, the average farm price per bushel of soybeans was \$5.93 in March, which is 52% of parity figured at \$11.50 per bushel.

The chief beneficiary of current declining soybean supplies is the giant soybean processor, ADM, Archer Daniels Midland, headed by Dwayne

Andreas, who reportedly was called "my favorite businessman" by Soviet General Secretary Mikhail Gorbachov. ADM dominates all forms of soybean processing, both within the United States—the world's largest soybean producer—and abroad.

In addition, the company recently acquired the giant foodstuffs brokerage house of Toepfer in Hamburg, West Germany. With its new European base, ADM is even better positioned to dominate Western food flows, and make the sweetheart trade deals with Moscow that Dwayne Andreas advocates.

Andreas is an activist member of the U.S.-U.S.S.R. Trade and Economic Council, and is considered the heir-apparent to Armand Hammer, chief of Occidental Petroleum, who has played the role of Soviet operative in Western business circles for over 50 years. Hammer, besides his strategic arrangements for oil with Libya that gave Qaddafi his start, has brokered other deals for the Soviet Union directly, such as the use of boxed beef for packing house technology.

Meantime, at home, Hammer's meat company, IBP (Iowa Beef Processors) is infamous for its dangerous working conditions, union-busting, and low cattle purchase prices. Yet it has 22% of all beef processing in the country.

ADM plays a similar role in the different field of soybean processing. The lowly soybean, very little cultivated or widely consumed up through the 19th century, is today used in a wide variety of foods, industrial items, pharmaceuticals, cosmetics, and for other purposes. It ranks with corn as a

top livestock feed. ADM brokers, acquires, and processes soybeans for all these purposes.

However, the company is most famous in the Midwest for successfully obtaining massive, direct subsidies from the federal government for making ethanol, the gasoline additive, out of corn. In the name of assisting U.S. "energy independence," ADM gets a handout for every gallon of gasoline purportedly enhanced by ethanol. The farmers who grow the corn have received no price increases from ADM. The consumers who would benefit more from the corn going to cattle, and thence to their table, have received no additional food from ADM. In fact, the national cattle herd is at the lowest number since 1961.

However, the policy of ADM—like that of the other cartel food giants, Cargill, Continental, Bunge, Andre/Garnac, etc.—has been to promote scarcity in food stocks, and cartel domination of processing and supplies. Since that is the policy of the cartel, naturally it is also the policy of the U.S. Department of Agriculture, which has quite deliberately promoted the disappearance of the traditional, technology-oriented American family farm, as the best means of ensuring scarcity.

The infamous "Export Enhancement Program" is an example of how stocks are depleted, while federal subsidies go directly to the private exporting company, and not to either the consumer or farmer. Since 1984, U.S.-produced soybeans, as well as various grains, have been sold abroad at discount prices, with a subsidy going to the private food broker to guarantee their accustomed profits.

In the meantime, the federal policy has been to prevent the build-up and maintenance of agriculture commodity reserves.

# Business Briefs

## European Community

### Germany, France agree on secret central bank

A secret accord to create a supranational European central bank has reportedly been reached between French President François Mitterrand and West German Chancellor Helmut Kohl.

According to reports from Paris, sources close to Mitterrand, the French and German heads of state have agreed to jointly push a plan to phase in a "super central bank." The plan will be made public at the European Community (EC) summit in Spain early 1989.

The scheme would create a "Phase I" super central bank sometime in 1989, which would hold between 10% and 30% of the national reserves of existing central banks in EC member-states.

The idea would be to make the control 100% by the implementation of the EC's Single Europe 1992 Act. Under that act, all trade and population movement between European member-states will be abolished, making Europe a single economic market.

It is the clear intention of those financial interests pressing for a continental central bank to thus deprive European nations of all sovereignty in economic policy.

As an immediate next step, a "blue ribbon" panel, including former French President Valéry Giscard d'Estaing, will be created to study the proposal. Giscard aspires to become the first "President of Europe" in 1992.

The German Bundesbank issued a statement May 5 questioning the practicality of any such super bank scheme at this time. This is believed related to strong national resistance to the secret Mitterrand-Kohl plan.

## Austerity

### New Jersey readies drastic cuts

The budget committees of the New Jersey legislature are preparing to trim \$150-250

million in the next month from the \$11.8 billion budget proposed by Governor Kean for the new fiscal year. The proposed budget, although not calling for any increases in business, income, or sales taxes, does contain projected revenues from a new levy of 2.5¢ per gallon of gasoline.

The lower state spending is causing much suffering at the local level in New Jersey. The New Brunswick City Council on May 6 introduced a 1988 budget that would avert the threatened layoff of police and firefighters, by increasing overall property taxes by nearly 25%. Officials explained that reductions in state aid combined with increased costs require an increase in the amount to be raised by property taxes in support of municipal operations. For the owner of an average home assessed at \$60,000, the proposed tax bill would be \$3,048—an increase of \$600 from 1987.

In Hoboken, the board of education told a crowd of more than 250 people on May 7 that it will appeal to the state a cut in the school budget. The city council had made the \$2.8 million cut in the board's \$27.3 million budget request at the end of April. Under the cut, the district would lay off 83 employees and close two of the city's seven elementary schools next fall.

## The Trust

### Germans, Soviets make economic deals

Talks between the West Germans and the Soviets on extending economic cooperation are following a very dense schedule in the month of May. On May 5-6, Soviet Deputy Prime Minister Alexei Antonov visited Düsseldorf at the invitation of Deutsche Bank, to discuss "joint ventures" with German industry. Antonov met with some 200 German industrial and banking representatives and reportedly agreed to a series of deals to "improve Soviet consumer production."

After the talks, it was announced that a private bank consortium led by Deutsche Bank will provide \$1.8 billion in credit to the Soviet Union. Before flying back to Moscow, Antonov met in Bonn with Eco-

nomics Minister Martin Bangemann.

On May 11-12, the German-Soviet Commission on Economic Cooperation convened in Moscow, with Bangemann in attendance.

Bangemann was to go Moscow again on May 16, to meet with Prime Minister Nikolai Ryzhkov. They are scheduled to discuss plans for joint development of infrastructure and industry on the Soviet Union's Kola Peninsula, as well as petrochemical project in western Siberia.

West German trade with Russia has dropped sharply in the past two years, partly due to collapsing Russian oil export earnings and the high value of the deutschemark.

## Asia

### Nakasone proposes economic forum

Former Japanese Prime Minister Yasuhiro Nakasone, speaking at the Johns Hopkins University center in Washington May 10, developed the perspective of an "Asian-Pacific Age" in world civilization, calling this a revolution in human history comparable to the Mediterranean Renaissance and the Atlantic-centered Industrial Revolution.

Nakasone, stressing that the future of the Pacific Basin depends on effective U.S.-Japanese cooperation, called for the creation of a new forum for constructive dialogue between the United States and Japan, on the one hand, and the newly industrialized countries like South Korea and Taiwan, on the other.

Nakasone proposed a Pacific Economic and Cultural Council (PECC), which he characterized as a "Pacific region version of the OECD," the Atlantic-centered Organization for Economic Cooperation and Development. His PECC would consist of all developed and developing countries who wish to participate.

EIR's correspondent asked him if Japanese investors might be losing patience with U.S. Treasury bonds denominated in falling dollars. He responded: "Japanese investors would not welcome a sudden plunge in the dollar. Japanese banks and financial com-

panies have bought U.S. bonds, and now the shareholders are criticizing the management for losses suffered on the dollar. These financial companies are now acting prudently and with more care. Fortunately the dollar is now stable in relation to the yen, which gives them a sense of confidence.

"I think things have normalized and it is desirable to keep them that way. If there were a sudden plunge of the dollar, that would give no confidence. I hope people here realize that financial flows from Japan are helping to keep U.S. interest rates down, and this does a great job of fighting inflation in the United States."

## Budgets

### California goes belly up

The State of California, as well as its major cities, faces a massive budget crisis, largely as a result of revenues lost in the wake of the stock market crash of October 1987. For the first time in six years, the state faces a budget deficit, currently estimated at between \$800 million and \$1 billion, roughly 3% of the state's operating budget. The state's infrastructure-spending prospects are particularly jeopardized.

The capital outlay budget is funded almost entirely by state-owned oil leases, which as recently as 1983 yielded about \$700 million. The estimated revenue yield for fiscal 1988-89, originally projected at \$200-250 million, is now expected to collapse to around \$85 million. Declining state revenues are already creating serious chain-reaction effects for county and local governments.

Thirty county hospitals throughout the state had to absorb approximately \$400 million in revenue losses last year, a situation worsened by the state's underpayment for MediCal patients and indigent adults. The county hospital for northern Shasta County closed several months ago, leaving only one private hospital in the entire area equipped with obstetric facilities. San Francisco General Hospital, which is the leading AIDS treatment center in the state, expects 10-

20% personnel layoffs due to county and city budget crises. Seven of Los Angeles's 23 trauma centers have closed during the last year.

Of Los Angeles County's 97 emergency rooms, only 16 are fully staffed. The four emergency rooms serving downtown Los Angeles are planning to refuse admission to all patients arriving in ambulances, directing them to seek aid elsewhere.

Shasta County in Northern California dramatizes the rate of collapse in public services. Besides losing its county hospital, Shasta County's public library system is closing down. Only the main branch remains open, restricted to short hours; all book circulation has been eliminated. The county school system is also threatened, especially since revenues have depended heavily on local lumber industry. Two years ago, Champion Lumber Company went out of business, causing the loss of 1,000 jobs.

## Health

### Hunger cited at root of Brazilian crisis

The general director of the Pan-American Health Organization, Carlyle Guerra de Macedo, has stated that the health situation inside Brazil is one of the worst in Ibero-America. Himself a Brazilian, he laid the blame on widespread malnutrition, and called the situation "shameful."

"The worst of all maladies is hunger, malnutrition, which is extremely high in Brazil. . . . At least 40 million Brazilians suffer from chronic malnutrition," he reported. He said that figure could soon reach 60-70 million undernourished. Brazil's total population is 135 million.

Brazil has suffered localized outbreaks of bubonic plague. It also has 50% of Ibero-America's malaria and 85% of its leprosy, he stated. Brazil also is reported to be second only to the United States in officially acknowledged AIDS cases.

Nevertheless, under International Monetary Fund conditionalities, the Brazilian government spends only 4% of the country's gross national product on health.

## Briefly

● **LOS ANGELES** has put a cap on building permits because its sewage system can no longer meet demand. No new treatment plant is expected to be completed until 1992.

● **U.S. WHEAT** subsidies to the Soviet bloc, primarily Russia, have reached unprecedented levels in the past 12 months, say London grain trade sources. "This rather seriously discredits U.S. attacks on EC and other grain export countries' subsidies," the source commented.

● **INSURANCE** giant Assicurazioni Generali of Italy has raised almost \$1 billion in a hostile takeover bid on the French insurance firm Compagnie du Midi. It is acting in concert with Lazard Frères.

● **JAPAN** and the United States signed an agreement 10 months ago to encourage participation of Japanese companies in the Strategic Defense Initiative, yet, to date, not one Japanese company has applied to participate, because of uncertainties about its future, Japanese sources told the *Washington Times*.

● **NEW YORK'S** Mayor Ed Koch submitted a \$25.2 billion city budget May 9 that features tax increases and spending cuts of \$308 million from police, fire, parks, libraries, transportation, and street cleaning.

● **JAVIER SILVA RUETE**, signer of the Inter-American Dialogue's call for drug legalization (see p. 36), is rumored to be the next finance minister of Peru. President Alan García recently hinted at a return to "orthodox" financial policies after his three-year war with foreign creditors.

● **THE IMF** has written off Somalia, declaring it to be ineligible for future loans. One week earlier, the IMF declared Sierra Leone ineligible. Sudan and Zambia are already in this category.

# Immanuel Kant and the 'New Age' kookery

by Lyndon H. LaRouche, Jr.

The *New York Times* of May 1 features a Sunday Magazine section article, "Colorado's Thriving Cults," by Fergus M. Bordewich. Witches, magicians, and kindred sorts of unwholesome folk take the place of beings from outer space, in a real-life version of the old Hollywood horror film, "The Invasion of the Body Snatchers." According to the *Times'* account, a significant ratio of the population of that state is being turned into zombies under the control of "New Age" satanism.

Growing numbers of Americans have moved from the infantile hocus-pocus of the daily horoscope, into some extremely lunatic stuff. Not only Americans: During 1986, Hollywood's Elizabeth Taylor had sponsored a satanist rock festival in Turin, Italy, until the local authorities canceled the atrocity. In the same year, the Governor of Massachusetts, Democratic presidential candidate Michael Dukakis, appointed Salem's leading local necromancer, Laurie Cabot, as the official state witch. Must we expect Saturday night black masses in a Dukakis White House next?

In broad terms, the sources spreading these satanic "New Age" cults are easily exposed. The cults were spawned from Britain by the same satanist, Aleister Crowley, who was the leading figure of the international theosophical movement during much of the present century. Crowley professed his satanism openly. Like his co-thinker Friedrich Nietzsche, he insisted that the twentieth century would see the end of the "Age of Pisces," which he identified with the image of Socrates as well as Jesus Christ. He prophesied the coming of the "Age of Aquarius," which he and Nietzsche associated with the worship of such satanic figures as Dionysos and Lucifer.

Crowley was a leader for those spreading various forms of satan-worship internationally. Aldous Huxley was among Crowley's recruits to the cult, and both H.G. Wells and Bertrand Russell were Crowley allies. Most of this sort of mystical satanist refuse proliferating in the United States today, is a direct result of the missionary work of Crowley followers, working in Britain and the United States, including the recently deceased, Episcopal Church-sponsored Gregory Bateson.



Stuart Lewis

A small-town bookstore caters to the occult. "Millions of Americans have moved from the infantile hocus-pocus of the daily horoscope, into really lunatic stuff." Inset: Hollywood promoter of satanism, Elizabeth Taylor.

The principal factor directly fostering susceptibility to these cults has been the rock-drug-sex counterculture. The creation of the Beatles was itself a project of Crowley's sordid crew; "satanist messages" are embedded in the explicit lyrics and also in some subliminal "messages" planted in recordings of their work. Most of the leading rock groups are products of similar sponsorship, who use the same explicit and subliminal satanist propaganda in their trade.

Even without the satanist messages, repeated heavy doses of hard rock have a destructive physiological impact upon the mental processes of the fan. When the heavy use of rock is combined with "recreational substances" altering of mental states, a significant deterioration of the mental capacities and personal character is to be expected.

At the same time, more and more people are being affected by a spreading and deepening cultural pessimism, caused by the trends of developments during the recent twenty years. The process has marked similarities to the massive outbreaks of witchcraft cults in Europe during the fourteenth century, and again during a period of approximately a hundred years from the middle of the sixteenth century until the beginning of the new renaissance unleashed by the British and French allies' 1653 defeat of the Hapsburgs.

Those general observations noted, our subject here is a single contributing factor in the spread of satanic cults. Put the obvious human wreckage of the rock-drug-sex counterculture to one side; let us concentrate our attention on the kinds of lost souls Bordewich portrays in his *Times* feature. We focus our attention on the victim of these cults who

appeared a rather normal and rational individual up to the time of his or her recruitment. What are the mechanisms which permit an apparently normal and rational person to be taken over by lurid superstition, like some Hollywood horror film's victim of the "Body Snatchers"?

In speaking of such cults, it is useful to keep in mind those superstitious folk who organize their lives around their horoscopes, or bet their faith in "luck" on games of chance.

Our attention is focused on the fact, that among many persons whom we might class ordinarily as rational, there is a mental flaw, typified by the error inherent in formal deductive logic. Ordinarily, this flaw may appear to have very little practical significance in assessing the person's behavior as a job applicant, for example. Under appropriate circumstances of psychological stress, what might have seemed earlier to have been this mild flaw in their intellectual development, may become a central feature of a sick personality. In relevant cases that flaw may lead such a person to become another dupe of the kind of cult referenced by the *Times*' feature.

We shall identify that flaw as the fundamental error in the system of the philosopher Immanuel Kant.

### Rational is not always real

It used to be generally accepted, at least very widely so, that the essence of science is providing experimental proof for some mathematical theorem. This "mathematics" is usually understood to be a branch of formal deductive logic. To the extent science relies upon that, the most important phys-

ical phenomena can not be understood in a rational way. Admittedly, most of the simpler mechanical phenomena can be understood, at least to the degree that any errors are not particularly noticeable in practice. It is the most fundamental sort of scientific problems—those phenomena which the mathematician usually labels as “nonlinear”—which can not be understood in a formal-deductive way.

For this reason, what academic teaching generally identifies as a rational way of thinking works sometimes, and sometimes does not. If science is dominated by formal-mathematical thinking based on only deductive and inductive methods, the fabric of scientific knowledge as a whole is filled with many holes—or, what mathematics terms “discontinuities.” It is through these “holes” in deductive reasoning that the wild irrationalism of belief in horoscopes, luck, and even witchcraft, may penetrate the victim’s mind, and even pretty much take it over.

In these matters, what is generally taught as psychology today is useless. Granted, the psychoanalysis of Sigmund Freud is a very clever concoction which might be helpful to some to a limited degree, but in the matters bearing upon the “holes” to which we have just referred, Freud is a dangerous quack, and most which passes for professional psychology is overgrown by a thick fungus of elementary fallacies.

Psychology is a creation of the middle of the nineteenth century, along with ethnology-anthropology and sociology. Worse, the introduction of modern psychology, by the French positivists and others, had the effect of distracting attention away from a very well developed knowledge of the characteristics of the human mental processes which had been accumulated under the heading of philosophy over thousands of years.

For example, Dante Alighieri’s famous *Commedia* is a masterwork in the science of the human mind. The classical works in a field called epistemology, constitute a study of the way in which the human mental processes have worked over a period of centuries. The problem of “holes” was rather well understood by leading philosophers into the early nineteenth century.

Not only do the writings of the famous Immanuel Kant illustrate very well the nature of the problem also found in the work of René Descartes and many others. Kant contributed influentially to the rise of irrationalism during the nineteenth century. Many today could blame the black holes in their rationality upon the very extensive influence of Kant.

Now, we shall proceed to describe the nature of the problem we have isolated for scrutiny here.

### **Kant’s central fallacy**

For the sake of simplifying our task, let us assume for a moment that mankind’s early condition was more or less that which the anthropologists name “primitive hunting-and-gathering society.” If mankind ever lived in such a condition, an average of about 10 square kilometers of wilderness land-

area would have been required to barely sustain the life of an average individual, placing a ceiling upon the Earth’s human population at about 10 million persons at any one time.

Last year, it was widely reported that the population had surpassed 5 billion persons. If there were global use today of the levels of technology developed about the beginning of the 1970s, we could sustain at least three times 5 billion persons at an average standard of living better than the average in the industrialized nations at the start of the 1970s.

So, mankind has increased its raw potential population-density by approximately three decimal orders of magnitude above the level of what the anthropologists portray as primitive man. From the standpoint of a special branch of physical science, known as physical economy, we also know that the frontiers of scientific technology today have the clear potential to increase the productivity and average income of persons in the United States tenfold over the course of the coming two generations. From the standpoint of a next layer of scientific discovery, the mastery of what we term today “matter-antimatter” reactions, we already know that during the second half of the coming century, we can increase the average productivity an additional 10- to 100-fold.

No species of animal, during the entire span of its existence as a species, could improve its potential population-density by even a tiny fraction of a single order of magnitude. We know that the increase in man’s power to exist is the outcome of what we call today scientific and technological progress. This progress is the result of a potentiality of the individual human mind which is lacking in the beasts, a potentiality typified by the capacity of individuals to generate and to assimilate valid fundamental discoveries in physical science.

This difference between human beings and beasts, is the essence of human psychology. Thus, psychologists can learn nothing of man from the study of animal behavior, but how to degrade human beings to the level of behavior of beasts. Once we recognize this essential difference between human beings and beasts, we are confronted directly with what is key to understanding the nature of those “holes” through which seemingly rational persons are sucked into New Age kookery.

Our culprit, Immanuel Kant, was a Pietist in religion, a Prussian of Scottish-immigrant parentage who devoted his adult life to attempting to destroy the influence of Gottfried Leibniz. In his early academic life, Kant was the leading German academic exponent for the empiricist irrationalism of David Hume. Even after he refused to follow Hume’s later shift into overtly immoral radical empiricism, Kant’s famous *Critiques* continued his life-long commitment to destroying Leibniz.

Kant was a fanatical defender of the notion that the only form of rational thought and argument is the radically formal deductive method. Otherwise, the central feature of Kant’s entire work and later influence of his teachings is a thesis

which occupies the center of his last book, *The Critique of Judgment*. That book says nothing different than Kant had argued in earlier writings; it repeats that point more flagrantly. His argument, which is essentially a parody of René Descartes' view earlier, is the key to the way a seemingly logical mind is lured into fanatical adherence to some outrightly satanic cult.

The center of Kant's argument, from the *Critique of Pure Reason* through the *Critique of Judgment*, is that there exists undeniable proof that creation has occurred, but that the idea of a process of creation is beyond the capacity of the human mind. In arguing so, Kant gave a defense of irrational mysticisms. Thus, Kant supplied us a road-map of some of the crucial things which have occurred inside the mind of a formerly well-behaved, rational person, to transform that person into an adherent of astrology, of gambler's luck, or even of a Crowleyite sort of satanic cult.

Look at Kant's supposed proof in the language of modern logical positivism.

All formal logic is based on pure deduction. Any system of formal logic begins with certain arbitrary assumptions which have been adopted without proof, adopted so on the presumption that the truthfulness of those assertions is self-evident. The axioms of schoolbook Euclidean geometry are an example of this. In addition to such axioms, a strict deductive logic includes axiom-like assumptions called "postulates," axiom-like assumptions adopted to hold the system together at points the axioms alone would otherwise lead to obvious sorts of paradoxical uncertainties.

In pure deduction, the logician begins with such a set of adopted axioms and postulates. Starting with various combinations of such axioms and postulates, the logician creates theorems by pure deduction from the axioms and postulates. As such initial theorems are presumed to be proven in this way, they are used as if they were axioms, too; a new layer of theorems is constructed so. So it goes, on and on, more or less indefinitely.

All possible theorems which might be constructed so, from the starting-point of some fixed set of axioms and postulates, is termed a "theorem-lattice." It is the required property of such a lattice, that each and every theorem is deductively consistent with the original set of axioms and postulates. In other words, no theorem contains any idea which was not already implied when the original set of axioms and postulates was adopted arbitrarily. This property of deductive lattices is sometimes called "the hereditary principle," signifying that the theorems of a lattice are each and all "genetically" determined by the adoption of an original set of arbitrary axioms and postulates.

A mathematical physics constructed in the form of such a lattice, is collapsed from top to bottom by experimental proof of just a single fundamental scientific discovery. The leading nineteenth-century physicist, Prof. Bernhard Riemann, defined such experiments as "unique experiments"; in



*The source of the flaw in intellectual development which has led to the spread of irrationalism: philosopher Immanuel Kant (1724-1804).*

modern university laboratories, the term "crucial experiment" is preferred usage. In the case of what Riemann defines as a "unique experiment," the experimental proof against just one single theorem of a mathematical-physics theorem-lattice, collapses each and every other theorem of that same lattice, to the effect that that entire deductive system must be torn down and built up again in a new way.

The logical formalist demands that every theorem of mathematical physics be consistent with every other theorem in mathematical physics, otherwise we must forbid the physics professor to write mathematical deductive proofs of any among his propositions. This means that every mathematical formula used as a recipe in such physics, must be not only deductively consistent with every other such formula, but each and all are consistent with some underlying set of axioms and postulates in a hereditary way. So, either every theorem which deductive method proves to belong to a lattice is true experimentally, or the entire lattice must collapse.

True, or wrongly supposed experimental facts, if they appear to disprove some theorem of rational science, may open the door to irrationalism by so discrediting a formal theorem-lattice. The result might be joining weird cults of the sort referenced in the *Times'* Bordewich piece on Colorado kookery. Ladies, whenever you hear the magical utterance, "Science could never explain this," grab tightly your purses! Kookery is afoot.

Look more closely at the effect of a unique experiment.

A unique experiment is constructed in the following way. The experimenter believes that some or all of the set of

axioms and postulates of an established theorem-lattice are in error. To prove this in an experimental way, the following must be done. The experimenter must state what is termed an "antinomy," two opposing theorems each predicting some respectively contradictory experimental effect. The first of the two theorems will be one which is rigorously consistent with the theorem-lattice to be disproven; the second will be consistent with a different set of axioms and postulates than the first. If the experimental results show rigorously that the first theorem is wrong, and the second correct, the entire lattice to which the first belongs is disproven by even a single such experiment.

Let us use that standpoint to show how Kant's way of thinking leads to the sort of wildly irrational mysticism of which the great poet Heinrich Heine warned in his own famous *Religion and Philosophy in Germany*.

Let us call the theorem-lattice disproven experimentally Lattice A. The experiment obliges the formalist to discard every theorem in Lattice A in the following way. The formalist must first identify which among the set of axioms and postulates of Lattice A is at fault in the failure of the refuted theorem. On that basis, the formalist must adopt a new axiomatic basis, consistent with the alternate, experimentally proven theorem. From this starting-point of a new axiomatic basis, he must next reconstruct each and every theorem in Lattice A. The result of this reconstruction is a new theorem-lattice, which we shall reference now as Lattice B.

Any scientific discovery which demands such changes in mathematical physics, is what is meant by a valid fundamental discovery in physical science. Each and every valid fundamental discovery in physical science has that effect.

From the standpoint of what modern logicians term "the hereditary principle," no theorem in Lattice A is consistent with any theorem in Lattice B, and none in B consistent with any in A. Looking at this result of the reconstruction, Immanuel Kant would say that something, the newly discovered axiomatic assumptions responsible for Lattice B, has been created. Kant would insist, however, that the human mind could never account for the process by which the inventor developed the experimental hypothesis leading to proof of the discovery of Lattice B.

It is as though Lattice A and B were two opposite banks of a river, such that one could never walk across the river from one side to the other. It is as though there were an unbridgeable gap between the two lattices. Rather than "gap," let us use the term "mathematical discontinuity."

A well-trained mathematician, even of the sort who would defend the gist of Kant's argument, would agree that there are some things which can be said about this gap, this discontinuity. That mathematician would agree to say, that every smallest degree of change in the set of axioms and postulates of B, shall be defined as one degree of freedom. He would agree, that the smallest gap of absolute inconsistency between any Lattice A and any so-related Lattice B, is a gap

generated by one degree of freedom of change in the axiomatic basis of Lattice A.

This is a very important principle in mathematical physics. Whenever we are confronted with an experimental process containing apparent mathematical discontinuities, the first step is to determine how many such degrees of freedom are represented by the gap associated with the discontinuity. This involves one of the strongest theorems in the branch of mathematics called topology, "Dirichlet's Principle."

Let us assume the case in which the gap between Lattice A and B is generated by one such degree of freedom; this presents Kant's defense of irrationalism in its purest form. In this case, there is no way in which the mathematical formalist can say anything about the gap, but to observe that it exists; it is impossible for him to reduce any gap of one degree of freedom to constituent parts.

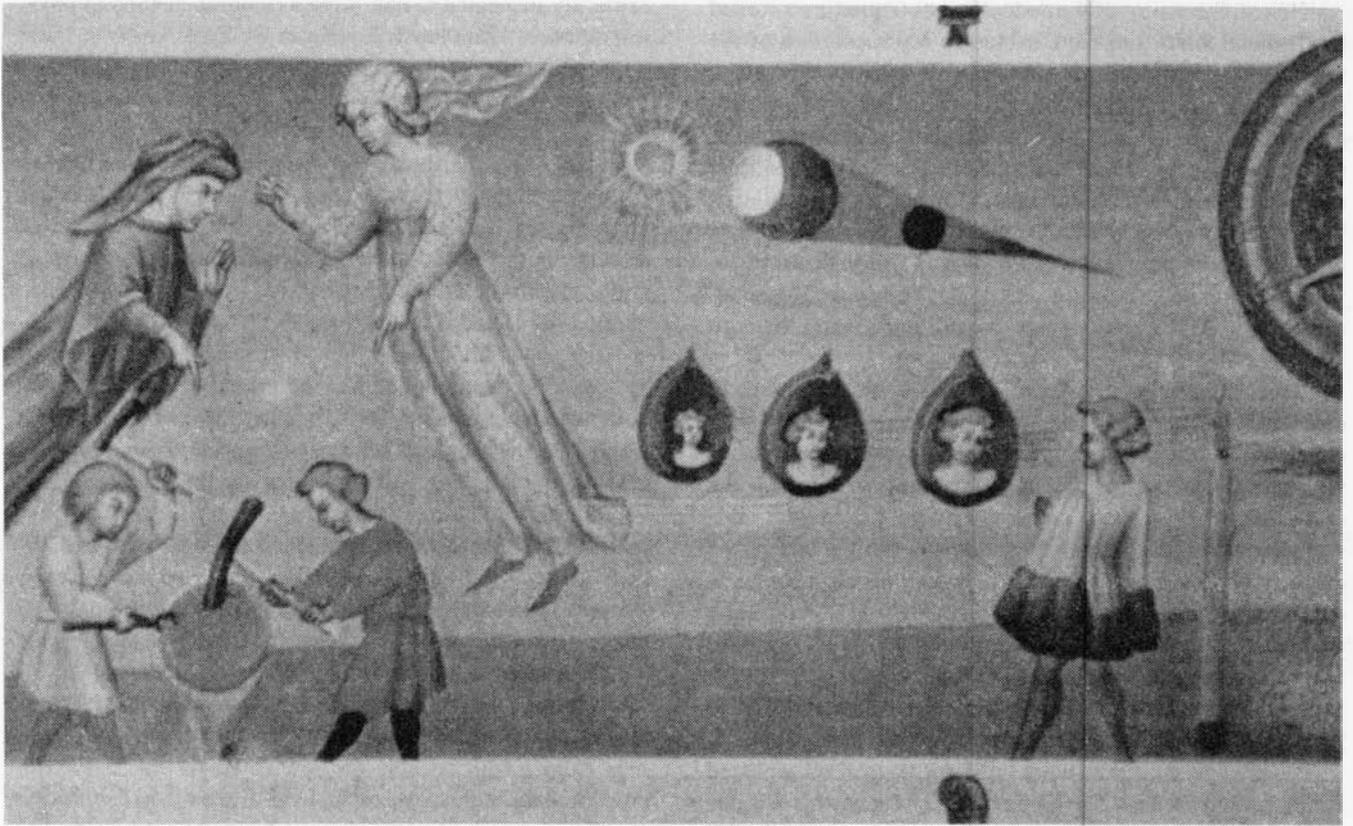
This gap is the result of the synthesis, of a change by one degree of freedom, generated in the mental processes of the discoverer posing the unique experiment responsible for the chain of events leading to the construction of Lattice B. Kant insists, that although the change has been created, it is impossible to discover an intelligible representation of the process by which the unique feature of the relevant experimental hypothesis was generated. For Kant, the mental-creative processes are hopelessly mysterious ones: He abandons the mental-creative processes to irrationalist's mystical speculations.

This proposition, central to Kant's *Critiques*, is the form in which irrationalist mysticism takes over the minds of persons who are otherwise proudly rational in the sense "rational" is associated with formal deductive logic.

Look at the verb "to create." This term is used in two ways. Here so far, we have examined the verb "to create" as the term might be used to identify the special quality of mental processes leading to a valid fundamental discovery in physical science. The term is also used to signify natural creation, such as the "creation of the universe." It is impossible to name an object in the physical world, unless there exists a corresponding object within the imagination. We identify objects in the real world, by means of corresponding objects in the imagination. Unless we can portray a process occurring within the mind which corresponds to a process of creation in the real world, our use of the verb "to create" is without meaning. Kant agrees, and means just that in his treatment of "synthetic judgment *a priori*" in his *Critiques*.

This is the key to the kind of cult mysticism we are examining here. All cult mysticism assumes the existence of certain unknowable processes in the human mind, which are able to control unknowable, but powerful processes in creation outside the mind. This problem of mystical irrationalism is what Socrates demands we escape when he says, "Know thyself." That is the only meaning of that "Know thyself" consistent with the entirety of the Platonic dialogues.

The characteristic of this thesis of Kant's figure is, as we have already indicated, that he was, like Voltaire, among the



A fifteenth-century illustration for Dante's *Commedia* (*Paradise, II*), shows Beatrice teaching Dante how to carry out a 'unique experiment' to test his hypotheses about the cause of spots on the moon. The two-phase experiment, shown at the right, involves observing an eclipse (above) and reflections in mirrors placed at varying intervals (below).

most fanatical of the enemies of Gottfried Leibniz's work. Like Voltaire, Kant's enmity against Leibniz's *Monadology* was fierce, but the center of his hatred was Leibniz's devastating proof that Descartes' view of the physical universe was dangerously absurd. When Kant allied with the British empiricists, especially David Hume, it was in the effort to discredit Leibniz, and to defend Descartes. The central feature of Kant's Cartesian attack on Leibniz is insisting that the human mind is incapable of intelligible representation of a creative process.

In the work of Descartes himself, the central feature is Descartes' argument for the *deus ex machina*. In all essential features, Descartes' argument is identical to that we have just portrayed as Kant's. Descartes, like Kant later, insisted, on the one hand, that creation existed, but that it was impossible to construct an intelligible, rational representation of any process corresponding to the verb "to create." So, all that Descartes placed outside the range of his formal-deductive system of rational analysis, he, like Kant, abandoned to the domain of mystical irrationalism.

To the degree that modern persons accept the same, foolish assumption, that "rationality" equals formal-deductive logic, there lurks behind that logical exterior the potential to

become a fanatical adherent of some weirdly mystical cult.

Something efficient does exist beyond the scope of formal-deductive logic. Yet, contrary to the delusions of the modern mystics, what exists beyond such logic is fully susceptible of intelligible, rational representation. The apparent gaps, the discontinuities between Lattices A and B, are susceptible of rational forms of intelligible representation. This was known long before Kant was born.

### Two factions in modern science

Since approximately the beginning of the seventeenth century, physical science in Western Europe—and, the Americas—has been divided into two factions. Modern science was established, beginning the fifteenth century, by what are conveniently named "the constructivists," as typified by Nicolaus of Cusa, Luca Pacioli, Leonardo da Vinci, later, Johannes Kepler, Blaise Pascal, Leibniz, and, in the nineteenth century, by such figures as Karl Gauss and Bernhard Riemann. Near the close of the sixteenth century, a powerfully backed reaction against "constructivism" was launched; out of this, Descartes emerged as the leading representative of the strictly formal-deductive method modeled upon Euclid's *Elements*.

Hence, the claims of the deductionists (sometimes named the “reductionists”) to have exclusive representation of the methods of scientific work and rationality, is the extravagant sort of claim advanced by one of the two factions of science, refusing to acknowledge even the existence of the other leading faction. As the case of radical deductionist Bertrand Russell illustrates the point, the wild claims of the reductionists have a great deal to do with the intentional spread of the sort of “New Age” kookery now spreading in Colorado and elsewhere. Some knowledge of this controversy, as it bears directly on Kant’s argument, helps us to understand the connections.

Modern Western European science is an outgrowth of discoveries elaborated during the fifteenth century by Cardinal Nicolaus of Cusa. Cusa, like the earlier Thomas à Kempis, and the later Erasmus of Rotterdam, was among the splendid young geniuses turned out by the program of classical education organized by a great teaching order, the Brothers of the Common Life. Cusa’s accomplishments, from the age of 30, while he was playing a key role in rebuilding the shattered Papacy, until his final years as a leading Cardinal, are more or less universal in scope, covering theology, statecraft generally, strategic diplomacy in particular, and the establishment of the method of the physical sciences.

Cusa’s first published work on scientific method appeared in the setting of the 1439 Council of Florence, his famous 1440 *De Docta Ignorantia (On Learned Ignorance)*. Although the work gives the first impression of being purely and simply a theological treatise referencing the relevant implications of the famous “Parmenides Paradox,” Cusa’s method of argument is explicitly geometrical, rather than deductive. The geometrical features include presentation of a principle known to later generations of mathematical physicists under such various rubrics as “the isoperimetric theorem” of topology, and the principle of “least action” in physics. These features of *De Docta Ignorantia* are a leading point of origin of the “constructivist” faction in modern science.

From the manuscripts of Cusa’s sermons, we are informed how the discovery of the isoperimetric definition of a universal principle of physical least action came to be discovered. Among the classical Greek manuscripts delivered to Florence by the George Gemisthos known as “Plethon,” were the dialogues of Plato and writings of Archimedes. Cusa worked in the manner of attention to primary sources emphasized by the Brothers of the Common Life’s educational program for producing geniuses. In his sermons, we learn that his discovery of the isoperimetric principle came about through reworking Archimedes’ theorems on the problem of attempting the quadrature of the circle. Cusa reports there, that he had discovered a much better picture of this problem than that provided by Archimedes; that solution is known today as the isoperimetric theorem as featured early in *De Docta Ignorantia*.

In later years, Cusa produced a series of published works

explicitly dedicated to defining a rigorous method of physical science. How much Leonardo da Vinci knew of these writings before arriving in Milan, we do not know; at Milan, he entered into collaboration with a Fra Luca Pacioli (*De Divina Proportione*) who based his own work directly on Cusa’s writings. The work of Pacioli, Leonardo, and their collaborators, in physical science, painting, and architecture, including the work of the later School of Raphael, was based directly on the fruits of the Pacioli-Leonardo collaboration within the frame of reference defined by Cusa’s writings on methods of physical science.

The most famous early outgrowth of this development of the constructivist faction, was the establishment of the first comprehensive form of mathematical physics by Johannes Kepler. In the prefaced acknowledgements of his *The Harmony of the World*, Kepler indicates his direct debt to Cusa, Pacioli, and Leonardo. It was Cusa’s case for the solar hypothesis (not the legendary influence of Copernicus and Tycho Brahe) which directed Kepler’s approach to the solar system. It was the work of Pacioli and his collaborators on the implications of the five Platonic solids, which guided Kepler throughout the entirety of his published work.

Although the collaborators Christian Huyghens and Leibniz adopt verbatim formulations from Leonardo’s writings, it is Kepler who became the watershed for the successful development of mathematical physics through to beyond the middle of the nineteenth century. Kepler’s work embodies the fundamental discoveries contributed by his scientific predecessors, and echoes the notions of electromagnetism contributed by his contemporary, William Gilbert (*De Magnete*).

Cusa’s work clarifies the fact, that if we attempt to base physics upon consistency with two faulty assumptions of deductive geometry, crucial problems appear as unintelligible mysteries. Such problems are typified by the impossibility of squaring the circle or trisecting angles; they include the problem of showing why only five regular polyhedra can be constructed. The faulty assumptions center around two axioms, both shown in physics to be false to reality. The first such fallacy, is the axiomatic definition of the self-evident existence of infinitely small points; the second is the assumption that the pathway of least action in empty space and empty time is straight-line movement. These two arbitrary and fallacious axioms, are the hereditary source of incompetencies pervading the physics of Descartes and Newton.

Employ a different definition of a circle than that supplied by deductive geometric formalism. Let us say that a circle is the smallest perimeter enclosing the relatively largest area. Better, let us say that the circular form of perimetric action is the least action required to generate the relatively largest amount of work. In that case, circular action acting upon circular action at every smallest interval of circular action, generates a sphere. The same method constructs the existence of a line we may call “straight,” and also shows how circular

action constructs the existence of points. Neither straight lines nor points exist self-evidently; both come into existence through construction.

Starting from the derivation of the straight lines and points in this way, we generate every valid theorem in Euclidean plane and solid geometry by nothing but construction, not permitting a single axiom or postulate, nor any effort to introduce deductive forms of argument. This approach to geometry is often called “constructive” or “synthetic geometry”

Another name for a constructive geometry based upon the isoperimetric definition of physical least action, is a “non-Euclidean geometry.” The strict meaning of “non-Euclidean,” is a constructive geometry from which deductive method is prohibited, in which no sets of axioms and postulates analogous to those of Euclidean geometry are allowed. Unfortunately, the term “non-Euclidean” has been often misused in modern textbooks and elsewhere, to signify merely a modification of one or more of the postulates of a deductive Euclidean geometry, while preserving such axiomatic fallacies as the arbitrary definition of the point. Despite the popularity of such latter misuses, the definition of “non-Euclidean” supplied here is the only correct one.

Although classical Greek geometry of the time of Pericles and Plato is proven to have been a constructive geometry, unlike that later, Ptolemaic concoction of Euclid’s *Elements*, for all practical purposes modern non-Euclidean geometry was established by the combined work of Cusa, Pacioli, Leonardo, and Kepler. The mathematical physics of Gauss, Riemann, and their collaborators is a continuation of the kind of non-Euclidean geometry of Cusa et al.

The emergence of constructive geometry, is rooted in a specific philosophical outlook on physical science as a whole, not limited to the mathematical aspect. From Cusa through Riemann’s work on the representation of an arbitrary function, and among those of us who share this view today, the central principle of scientific work is, that nothing as arbitrary as the asserted self-evidence of axioms is to be tolerated. Anything which exists is susceptible of a rational form of intelligible representation within the limits of a perfected sort of (nonlinear) mathematical physics of the transfinite.

It was this attitude, in and of itself, which has led to the greatest fundamental accomplishments in scientific discovery. If we can not supply an intelligible representation of something shown experimentally to exist, this can be only for one of two reasons. Either the process under consideration might be mastered from the standpoint of existing science, but we have failed to master that science adequately; or, in the kind of case we stress here, the existing scientific knowledge contains some axiomatic quality of defect which prevents any understanding of the nature of the process under consideration.

Today, in presenting the usefulness of science to a popular audience, there is a temptation to suggest that so-and-so

made such-and-such a discovery to enable mankind to enjoy some practical benefit. True, often a scientist brought an important discovery to completion because of the perceived urgency of overcoming some practical problem. Despite such examples, if we examine the history of science and of leading scientific discoverers from the inside, the popularized stories about the scientist’s practical motivations are shown to be largely false.

True, governments and other wealthy funders of scientific projects, usually do so because they are convinced that the work is of practical importance in the here and now. Many major breakthroughs in technology, as the Manhattan Project illustrates the point, were brought to completion because of the practical motivations of the project’s sponsors. That granted, to see only this side of the matter is a great error.

Usually, the final phase of developing science for some immediately practical purpose comes long after “pure science,” so-called, has already discovered the principles involved. The scientist’s discoveries in matters of principle begin with the development of the individual’s proto-scientific potentialities during childhood and adolescence. Often, the scientist who achieves fame for some accomplishment during his thirties or forties, or even later in his or her life, had already begun to work in that direction before completing a university education. It is among such earlier years that we must seek the more fundamental motivations of the later accomplishments.

It begins in early childhood, expressed in such forms as a child’s engagement in constructive block-building play. The child who never, or very rarely knocks over the blocks in enraged frustration, is more likely to develop as a scientist. The child who is engaged in periods of concentration for much longer than average, in discovering what are for that child new principles of possible constructions, is already developing a potential for later scientific work. Usually, it is in the play of children that the hints of the future scientific personality may be observed, long before so-called practical end-results for society in general come into consideration. A child’s curiosity, to discover “Why?” is the root of the matter; sustained, compelling, and omnipresent curiosity to discover “Why?” is the germ of the world-outlook of the scientist of, most emphatically, the constructivist faction.

A related problem is posed in the degeneration of education in the United States during the recent 25 years. Not only are the potentialities of the student’s character and problem-solving capabilities not fostered, even to the degree they used to be as recently as the 1950s. The substitution of “true/false” and “multiple-choice” testing methods for essay forms, coincides with a degeneration of education, to the effect that the product of those institutions identifies as knowledge “what I have been taught,” rather than “what I have become able to demonstrate to you by constructing it before your eyes here and now.”

We were already descending in this general direction

when widespread use of the textbook replaced humanist education's emphasis upon the student's working through relevant primary classical and analogous sources. Unlike the Brothers of the Common Life's exemplary dedication to a humanist form of secondary education intended to foster original thinkers, U.S. education has degenerated into the teaching of moderation and mediocrity. Education has forgotten how young geniuses are produced; the popularized, fundamental misunderstanding of scientific work echoes that progress of mediocritization.

The deeper motivation of the scientific discoverer, is of the form of hearing himself think, "I do not understand why this is so." When a young future scientist has reached the point that he or she realizes that something taught as established truth is based on some fallacious assumption, the impulse to repair the body of science on this account is strong. If further consideration of the problem persuades the young mind that this is an important flaw in accepted scientific opinion, or simply an unexplored region which the integrity of science demands be resolved, we have there and then, in germ, the quality of life's-work dedication shaping the future scientific discoverer.

That same drive to render all that is real susceptible of rational forms of intelligible representation, is the essence of the scientific conscience, the constant goad which impels one to improve science, needing no motive but this simple one. As we see in Karl Gauss's expressed contempt for Immanuel Kant, whenever a true scientific mind is presented with the theses on "the unknowable" featured in Kant's *Critique of Judgment*, the scientist's instinctive reaction is: Kantianism must be destroyed.

The author's own scientific contributions, in the field of the science of physical economy, also illustrate that fact. The work was begun for what was ostensibly no practical purpose but to expose as fraudulent a scientifically absurd and also immoral feature of the "information theory" dogma of Prof. Norbert Wiener. Although the immediate issue was Wiener's dehumanizing creative-mental processes to a mere Boltzmannian statistical aberration, the author recognized Wiener's and John v. Neumann's absurd views on the human mind to be a reflection of the fallacies of Kant's *Critiques*.

The case of Leibniz's resolution to destroy the reputation of René Descartes, following his own meeting with Spinoza, is an example of the same motivation. To render creation rationally intelligible to the human mind, is the root-emotion which moves the scientist toward fundamental discoveries. Cusa's emphasis on the possibility of rational forms of intelligible representation of the real universe, is the spark of genius responsible for all of the principal achievements of modern European science.

At this point, the report continues briefly the autobiographical point. On background: The possibility of supplying such an intelligible representation of the discontinuity between Lattice A and Lattice B did not appear within mathe-

matical physics until the 1850s, through successive discoveries by Gauss, Lejeune Dirichlet, and Bernhard Riemann. This began with Gauss's reworking of Kepler's astrophysics, leading into Gauss's fundamental discoveries respecting the intelligibility of the ordering of elliptic functions.

Gauss began, naturally, with the form of synthetic geometry existing up to that time: the synthetic geometry based upon isoperimetrically defined circular least action acting upon such circular action—called multiply-connected circular action. Gauss's breakthrough, beyond that earlier form of synthetic geometry, occurred in connection with his geometrical solution to the problem of constructing the arithmetic-geometric mean. With aid of the elaboration of elliptic functions from this vantage point, he showed that Kepler had been essentially correct, where Descartes and Newton had been axiomatically wrong. This laid the foundation for a fresh view of the lawful ordering of the universe.

The center of this Gaussian revolution in physics is the new way in which he defined physical least action. Instead of simply-circular least action, Gauss required the case that circular action, proceeding in time, may be increased or diminished at a constant rate while this process is extended. Instead of circular action, we have a self-similar spiral constructed on the surface of a cone. That discovery solves all of the mysteries of ordinary geometry; but, it posed immediately a crucial new problem.

In substituting multiply-connected self-similar spiral action for multiply-connected circular action, Gauss changed the representation of both geometry and the physical universe in an elementary way. Any construction based on continuing multiply-connected self-similar spiral action generates gaps within the mathematical representation of the process so described. The gaps have the form of mathematical discontinuities. When we find that there is a physical event precisely corresponding to such a mathematical discontinuity, we term that event a singularity. That sort of discontinuity is identical with the gap, or discontinuity, we have described as existing between Lattice A and Lattice B.

Since the processes described in this way are continuing processes in the real world, how might mathematics describe that continuity through and past the point a singularity occurs during the course of the process? The elementary features of this problem were solved by what Riemann referenced as "Dirichlet's Principle." Prof. Karl Weierstrass pursued a similar line of investigation; he referenced the fact that there are limits to the successful employment of Fourier Analysis. In some cases, the process being examined must exhibit mathematical discontinuities; Weierstrass provided a model, elementary example of the way such defiant cases could be generated in a rational form of intelligible representation.

Riemann combined these contributions of Dirichlet and Weierstrass, developing what is known as the Riemann surface function. A student of Weierstrass, Georg Cantor, employed the standpoint of both his former teacher and Riemann

to continue the attack on problems of Fourier Analysis. Cantor made some important contributions to the understanding of Riemannian complex functions. Most crucial was his representation of the fact that the number of discontinuities which occur within an arbitrarily small interval of a process are implicitly listable by means of proper examination of the mathematical function describing the processes in which these discontinuities occur.

This author's work of the 1948-52 interval started from the treatment of the Kantian paradox described earlier here. This led to the need to discover the means by which such lattice-gaps could be rendered intelligible discontinuities of some mathematical representation of a continuous process of creative-mental activity. This phase of inquiries took him first to Cantor; Cantor impelled correction of the author's earlier, misinformed views on Riemann.

The discoveries, originally developed in bare essentials during that period, were intended to supply a crucial refutation of Wiener's statistical information theory, by showing implications of the way in which creative scientific and related discoveries increase the potential productivity of manufacturing operatives. It was relatively simple for one steeped in the systematic refutation of Kant, to show that such a

cause-and-effect connection existed. The greater difficulty was that of mastering the work of Riemann and Cantor to the purpose of identifying the mathematical approaches needed to transform this known causal relationship into a measurable one.

Once that process had been completed in preliminary, bare form, in 1952, then began the attention to the practical implications of this discovery respecting the applied science of physical economy. In the history of most of the cases of major and lesser discoveries in science which the author has surveyed, the pattern is much the same as in his own case.

This process began at about the age of 12 years, when, in the course of self-assignment to read the works of a series of leading philosophers, the author became a convert to Leibniz, and not much later began wrestling with Kant to the purpose of defending Leibniz. It was the passion for a certain quality of personal mental integrity respecting matters of knowledge, acquired during adolescence in this way, with the standpoint of Leibniz adopted, which shaped the author's character and related motivations, to respond to the shocking fallacies of Wiener and John v. Neumann as he did. The idea of a practical use for this work came only after the initial discovery had been worked through.



*Children in a Washington, D.C. junior high school are afforded a rare experience with constructive geometry. In general today, students are deprived of such grounding, and learn not how to discover, but to propitiate the textbook and teacher. Inset: Students' models from the classical period of German mathematics, on display at Göttingen University in West Germany.*

Riemann's elaboration of his later leading achievements did not come suddenly. Riemann's thinking in this direction is clearly shown during the 1840s, in his posthumously published notes on a lecture-series delivered by the anti-Kantian synthetic geometer Herbart. His inaugural dissertation (published in 1854), "On the Hypotheses Which Underlie Geometry," contains the essential germ of thought expressed in the elaboration of the Riemann surface function. So does his dissertation on the representation of an arbitrary function, and his continuation of Dirichlet's work on density of prime numbers within a chosen interval. The essence of the matter, is that by the close of Riemann's life, the problem of a rational form of intelligible representation of a creative process was solved in principle.

This implication of Riemann's work, should impel us to look afresh at Plato's dialogues. Those dialogues, especially when taken as an entirety, are another way of representing a solution to the same problem. The essence of the Socratic method is examination of the successive layers of assumptions underlying any set of theorem-propositions. The dialogue is directed to uncovering underlying sets of assumptions which affect a person's judgment in such a way as to cause the set of axioms and postulates of a deductive lattice to define the characteristic "hereditary principle" of that lattice. Socrates changes assumptions shown to be absurd, thus defining a new way of looking at the subject of the propositions being examined.

In scientific creativity, it can be shown that there is a continuous pathway, corresponding to increase of the potential productive powers of mankind: a pathway which may be described in terms of successive transformations in the sets of axioms and postulates which deductive method might attribute to scientific knowledge. The internal history of science, especially inside the constructivist current, roughly corresponds to this. Any process which is continuous in that sense, and which develops in an ordered way, can be rendered intelligible in rational terms. Plato's dialogues supply us one view of this process; Riemann's method points to the means by which this can be supplied a mathematical representation.

The popularity of the deductive method today, and the shift in education, away from "I can construct," to "That which I have been taught," is in large part a reflection of a degeneration in educational policies.

In the best classical humanist education, the adolescent student was obliged to work through relevant primary sources respecting the most fundamental discoveries and related problem-solving accomplishments on which the highest degrees of progress of civilization up to then had been based. The student was so obliged to follow the thinking of great discoverers and creative artists of the past, to the effect that he was able to reconstruct that discovery by his own will.

As a consequence, the successful matriculant of such educational programs had achieved two things immediately.

Obviously, he knew leading elements of the history of development of knowledge almost as if he had made these discoveries himself. On a deeper and broader level, he had assimilated the point of view and methodological habits of rigorous thinking during the crucial, formative years of his adolescent development of mature powers of mind.

Today, deprived of such grounding in secondary education, the student has learned not how to discover, but how to propitiate the textbook and professor. Since the student has not learned "I can construct," he does not really know what he has been taught, but merely how to behave in an accepted way, as "I have been taught." It is said that "consistency is the hobgoblin of small minds." So, being educated signifies more defending the social acceptability of one's assertions by aid of deductive sophistries, than concern for one's ability to reproduce by construction a proof of what is asserted.

This trend in both the inside of educational practices, and in public attitudes toward education and the educated, has fostered a potential catastrophe. Although we still value creative work, if only in a diminishing degree relative to 20-odd years ago and earlier, we hope that our society will produce the required quotient of those social eccentrics capable of supplying our society's scientific and other creative needs. However, we are unwilling to maintain the educational policies indispensable for developing the required ration of such creative personalities.

We have so established an absurd distinction between "fundamental" and "applied science." We put "fundamental research" into one compartment, a dwindling handful of seeming eccentrics. We put the expressions of "applied science" into another, much larger compartment. We have created so, even among those ostensibly commanding a formal scientific education, a situation in which the creative work of the gifted minority is beyond the efficient comprehension of the practitioner of so-called "applied science," and this is often so even when the latter has gained a terminal academic degree in the relevant specialty.

These altered sets of social values, bearing upon the professions and educational policies, have fostered more broadly a population losing the capacity for efficient assimilation of scientific and technological progress.

So, consistency among that which is merely taught as textbook or kindred form of "knowledge," has been established as the hallmark of the professional. Thus, those whose education is based upon a propitiatory attitude toward what "I was taught," fall into two classes. There are the serious practitioners, who have a horror of participating in fakery, but are delimited in scientific capabilities by the deductive world-outlook on their profession. More and more, the educated fall into a second class, those, like Carl Sagan, for example, who cheat in arguing their points by resort to deductive sophistries, even in defense of deliberate hoaxes.

As to which view of science might be the correct one, the sophisticated subscriber to publications, depends upon the

second-hand opinion of such referees as the editorial policy-shapers of the popular science journals, or even the so-often scientifically self-discredited *New York Times*.

The included broad social effect of this trend toward intellectual mediocrity, is the personality generally viewed as informed and rational, who has actually not the slightest idea of how valid scientific discoveries are produced, or of how to distinguish what appears to be a logically consistent argument from supposed fact, from a rigorous search for truth. The victim of this sort of social conditioning is typified by the person who, on the one side, appears to conduct his daily employment and some other duties in a more or less rational mode, but who is also susceptible under stress to the wildest kookeries.

Whatever faction seizes day-by-day control of the training and qualifications of teachers in primary and secondary schools, and which is able to shape the curricula of those schools, both as to definition and objectives of taught topics, and methods of pedagogy employed, has the greatest power to subvert, and destroy the moral fabric of whole generations coming toward maturity, and thus to destroy our nation.

That sort of destruction is very advanced. It began with Fabian subversives of the like of John Dewey. In the march of the radicals of 1968 through the institutions, more and more teachers and schools infected with the counterculture today, have become in effect the Devil's own shock-troops out of Hell; these "Rumpelstiltskins" of the educational systems' radical mafia have become an "Invasion of the Body Snatchers," seizing and destroying our children and youth, so that our nation, too, might be destroyed largely from within.

### **Sane and lunatic metaphysics**

The sane use of the term "metaphysics" signifies those aspects of the real universe which can not be represented rationally in a deductive mode. From the standpoint of modern physics, we can say the same thing in a different way.

In the street-language of the physics profession, processes which are continuous despite the occurrence of singularities in midstream, are termed "nonlinear." This signifies that such processes can not be supplied a rational form of intelligible representation within the limits of a deductive form of mathematics. All deductive systems are inherently linear ones; so, it is useful emphasis to reference really existing metaphysical occurrences as belonging to the rational category of "nonlinear" phenomena.

Yet, there is a different view of the term "metaphysical." Francis Bacon and other adversaries denounced the work of Cusa, Pacioli, Leonardo, and Kepler, as "metaphysical." This is a curious indictment, coming from the mouth of a science-illiterate, Bacon, whose chosen immediate adversary was a person perhaps the most accomplished scientist England ever produced, Gilbert. What these critics of Kepler, Gilbert, et al. were stressing, is that Kepler's physics is

not based upon a Euclidean deductive geometry: Anything not falling within the bounds of such deductive systems, they feel free to class as metaphysical in whatever way they may wish.

Bacon and the circles of Isaac Newton were wild kooks in their own right. Bacon's circles, including his famous secretary, and reputed male mistress, Thomas Hobbes, brought the cult of Rosicrucianism into the court circles of the Stuarts, and adherents of that cult into dominant roles in the London Royal Society of Newton, Boyle, et al. Cabalist kookery was so widespread among Bacon's circles, since not later than Cambridge and Oxford Universities at the close of the sixteenth century, that the wags of the Stuart Restoration period referred to the members of one royal cabinet as "the cabal." When Newton's famous chest of laboratory papers was opened during this century, the contents showed his principal scientific preoccupation to have been attempts at black magic.

This pathological mysticism of the seventeenth-century circles lead directly into the satan-worshipping Hell Fire cults of eighteenth-century Hanoverian British liberal aristocracy. That eighteenth-century obscenity led directly into the nineteenth-century theosophical cults centered around Oxford University's John Ruskin, and later Blavatsky, Annie Besant, and satanists Aleister Crowley, Aldous Huxley, and Gregory Bateson: the chief origins of the lurid kookery running amok in Bordewich's report on Colorado today.

What Bacon and his faction described as Kepler's metaphysics, is based upon the principle of physical least action. The leading feature of this is the work of Leonardo and Pacioli on the implications of the five Platonic solids. By examining the case of the Platonic solids, harmonic orderings congruent with the circle's Golden Section are shown to represent a limit of construction in visible space. Kepler posed the hypothesis, that the shaping of physical space-time is bounded by this implication of the Golden Section.

Kepler was right on this point, at least as far as he asserted any claims for his theorems. Granted, his was a somewhat crude approximation of the actual curvature of physical space-time, but it was in the right direction conceptually, and as good an approximation as was possible with the evidence possessed by Europe at that time. What was chiefly lacking, was proof of the reason why the Golden Section should have the peculiar importance it does. No satisfactory answer to this could have been provided until after the indicated work of Gauss et al., approximately two centuries later.

The work of Gauss and his collaborators showed that the curvature of physical space-time can be understood only in terms of nonlinear processes. Hence, Kepler's work was rooted in the metaphysical, or, as science defines it today, the transfinite. For Baconians or others to say it was not science, because it used such metaphysics, is absurd.

The error of Kepler's critics, past and present, is essentially as follows.

In the mechanistic, deductive view of the universe, such as that of Euclid's *Elements*, space and time are "empty" but for discrete bodies roaming about within. Physical action is assumed to occur along infinitely extended straight lines in space and time, and the principles of physical action are assumed to be discovered in examination of interactions among discrete, more or less solid little bodies, studied in terms of one pair of such bodies considered at a time. This results in a "linear," mechanistic form of deductive mathematical physics.

With Kepler and the relativists, the opposite view is adopted. Kepler starts with the universe as a whole, which he defines as being represented by the characteristic space-time curvature. He derives each and all of his physical laws directly from that curvature. The empirical proof of his work is the correspondence of the observed evidence to lawful behavior calculated from the standpoint of only the curvature of physical space-time as a whole.

One proof of Kepler's method is perhaps the most startling to the layman or to the typically miseducated science graduate of today.

On this basis, Kepler calculated the harmonic orbital values of a planet lying between the orbits of Mars and Jupiter, an orbit lying between the arithmetic and geometric mean for the octave within which Mars and Jupiter lie. Kepler specified that the curvature of physical space-time demanded this planet must have existed, but that the harmonic characteristics of its orbit ensured its eventual destruction.

The existence of the asteroid belt was unknown until the end of the eighteenth century, but, as Gauss demonstrated for the cases of Ceres and Pallas, Kepler had correctly estimated the orbital harmonics of the asteroid belt. That was crucial empirical proof that such opponents of Kepler as Descartes and Newton were using an absurd physics; it also underlined the efficiency of deriving the laws of the universe from nothing but the physical space-time curvature of that universe.

To restate what has just been summarized. For Bacon, Descartes, and Newton, what Kepler accomplished was "metaphysics," because it was purely metaphysical reasoning from their own point of view. Kepler's laws of physics belong to a nonlinear universe. For such as Descartes and Newton, and Kant later, the physical universe was limited, by definition, to models which could be represented by a linear form of deductive mathematical arguments; for them, anything outside the scope of what is known today as eighteenth-century "Enlightenment materialism," is seen as "bad metaphysics."

For Kant, anything which is classed as "metaphysical" is unknowable. So, in such matters, Kant authorized arbitrary opinion to do whatever it pleased. This was summed up most explicitly, most flagrantly, in his *Critique of Judgment*. In that *Critique* there is contained implicitly the proto-Nazi irrationalism of the later Prof. Karl Savigny, and Karl Marx's

derivation of his "historical materialism" directly from the irrationalist *Volkgeist* dogma of Savigny.

Savigny, who is the author of the Romantic dogmas of law in statecraft and the fine arts generally, became influential outside continental Europe as supplying a rationale for what is otherwise viewed as British philosophical liberalism. In law, Savigny is the leading exponent of the demand that truth and natural law be expelled from legal proceedings. He is otherwise a forerunner of the Nazis and today's radical liberals, in the doctrine of "All is permitted." For him, and like-minded circles, there is no truth, no natural law, no morality, but merely the caprices of perceived contemporary trends in arbitrary opinion.

Thus, Kant's critically influential role in outlawing reason from the domain of metaphysics, could not have been more maliciously wicked than if the argument had been concocted by the Devil himself.

Earlier, among Church Fathers, the term metaphysics had a meaning which is not the pejorative one associated with the popular use of the term "metaphysical" today. It meant, essentially, that which really existed, but which could not be given an intelligible representation within the scope of deductive reasoning from commonplace sense-perceptions. If we equate "metaphysical" with the transfinite realm of nonlinear processes, the Church Fathers were on solid scientific ground.

Today, a very large portion of what was formerly classed under the heading of metaphysics is a solidly established aspect of mathematical physics, especially the nonlinear aspect. Some have insisted that this has the effect of driving God into a much-reduced part of the universe as a whole. Hearing such observations, the Christian theologian shakes his head with a reproving smile, warning that revealed mysteries merely bring God's efficient rule in the universe less imperfectly into view. What such progress of science into nonlinear realms accomplishes, is to leave less room for the kinds of arbitrary, satanic superstition stalking the Colorado landscape today.

Of course, the flawed logical mind sees this matter differently than do we. To him, whatever he imagines science can not explain, is license for him to accept on faith almost any exotic superstition with curious attractions. This is expressed by the professedly agnostic sort of fan of horoscopes. He says, with the customary wink, "I am not certain it works, but you have to admit that there just might be something to it." A "lucky" rabbit's foot—which had brought small luck to the rabbit—may be adopted in a similar way. All gamblers suffer a kindred form of pagan superstition.

Our critic's irrationalist streak shows in other ways. For example, there is the superstition that persons with eyes too close set, or ears or neck of not the desired proportions, are not to be trusted. The sundry, popularized "old wives' tales" which pass for "folk wisdom" in some strata, are another form of superstition. All of these are forms of pagan belief in

magic.

There are two customary sales pitches for pagan-style cult-superstitions. The more common is allusion to “rediscovering the mysterious powers of the ancients”; rarer, is unctuous reference to some sort of link with invisible flying saucers from a distant galaxy visiting our solar system.

“The mysterious power of ancient civilizations?” I have stood in the sands of the Mesopotamian desert, a tribute to the miraculous powers of the ancient, fallen empires of that region. Excepting the Celtic-Druidic cults exploited by Moscow as intelligence assets in the West, what became of the power of the Druids’ culture? One finds a dirty, illiterate medicine-man of the tribe squatting in a foul hovel; what potency do such awesome wonders suggest? Think of the poor souls prating of “mysterious powers of the ancients,” and ask ourselves, “What will such wisdom of the ancients do for them?”

The key to the spread of popularized pagan superstition, from astrology and gambling, through the exotic varieties on the Rocky Mountain landscape, is what was celebrated by dramatists Marlowe and Goethe as “the Faustian pact with Satan.”

What do these poor fools expect, really? Empires? Mostly, they are poor little souls, whose comprehension of reality is pitifully constricted. They sell their souls for the price of very little things. As did the usual suckers at an old-fashioned

medicine show, they seek mysterious ways of conquering their real or imagined diseases, defeating the aging process miraculously, realization of sexual fantasies, job security, money, luck generally, and some secret power simply to manipulate persons around them, or perhaps even to kill someone by means of a mysterious agency. This pathetic sort of buffoonery has not changed much since Christopher Marlowe’s *Dr. Faustus*.

Does some foul creature from the pictures in some book on symbolic philosophy, such as Abraxis, pop up in the middle of a pentagram, to prompt poor Fausts to sign a contract in blood on some smoldering parchment? Does the woman taking up the profession of witchcraft in Salem, Massachusetts actually perform a sexual act with some infernal goat-god on nearby Gallows’ Hill? The most likely sort of “Rosemary’s Baby” anyone will ever see is of the genre of a Charles Manson, or the drug- and disease-riddled body of some hard-rock group’s star writhing on stage as if it needed desperately to be excused for a visit to the nearest toilet.

There is no contract with a sulfurous Mephistopheles, but they lose their souls nonetheless. They lose their sanity, their morals, inch by inch, as they are drawn deeper, into a more exotic depravity, inch by inch, again and again. In large numbers, they are a danger not only to themselves and their families, but, like the roving bands of such poor lunatics during the fourteenth-century’s New Dark Age, they become capable of atrocities on a scale which threatens the social fabric of the nation.

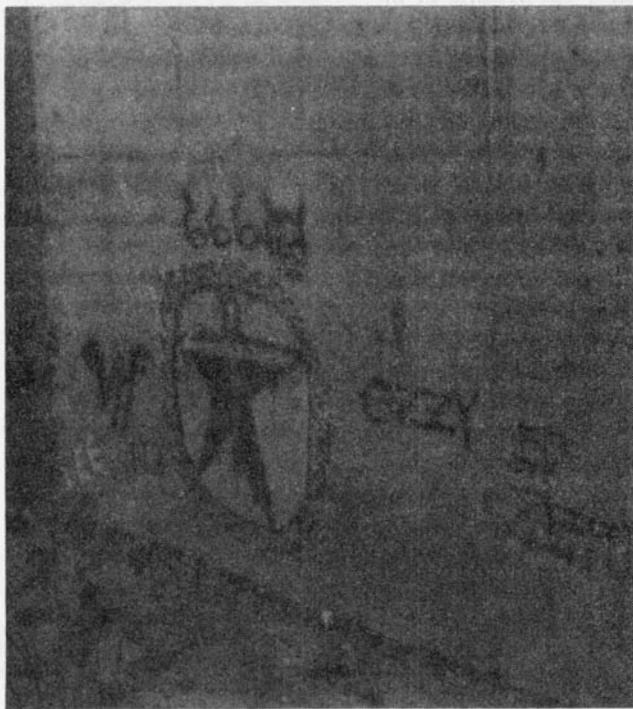
So much for the purposes for which such poor folk enter a cult. How do they imagine the magic to operate to produce the desired benefits?

The central mechanism controlling the adherent to such cults is the belief that, by aid of methods of concentration copied from the pagan hesychasts (belly-button worshippers), they can call forth from within themselves some mysterious power, like that attributed to a witch, a magician. By aid of the abacadabra of black magic, and perhaps a human sacrifice here and there, they believe that the individual, or perhaps a group of individuals holding hands, might summon a spiritual potency to serve them as the genie of Aladdin’s lamp.

Essentially, faith in magic centers in belief in some secret powers to be unleashed from within the mind. This is very deranged metaphysics.

In reality, the human mind does have metaphysical powers in the sense we have equated “metaphysical” to “nonlinear” and “transfinite” processes in the real universe. The classes of effects worth considering are chiefly three.

First, matters touching the subject of “extra-sensory perception.” No scientist who knows the relevant fields of inquiry today would say that the electromagnetic broadcasts of the human brain might not be used to gain access into knowledge of processes going on within the mind, or that these weak radiations might not produce some detectable effects



Paul Yenaud

Satanic inscriptions on a highway support pillar near Cottonwood, California. Notice in the photo, on the same pillar, the names of the satanic rock bands Led Zeppelin and Motley Crüe.

on the environment. As much as we know bearing upon such matters today, there is nothing that we do know which is not classified under the heading of "very nonlinear"—in other words, "very Riemannian."

Second, the power of the mind to manipulate physical states of tissues of the body. With the development of the new branch of biophysics called "nonlinear spectroscopy," we are beginning to scratch the outer surface of such possibilities in biological knowledge.

Third, however, the essential "secret power" of the human mind is entirely that which sets man above the beasts:

the power of the developed individual creative-mental processes to develop, and to assimilate efficiently valid fundamental discoveries in physical science. We know four most crucial facts which bear upon this third capability.

First, we know that the curvature of universal physical space-time is the Kepler-Gauss-Riemann curvature. Second, we know that all living processes have the identical space-time curvature. Third, it has been demonstrated recently, that subatomic microphysical space has the same space-time curvature. Fourth, the author's work has led to establishing the fact that the creative-mental processes of the individual hu-

## Note on so-called 'non-Euclidean' geometries

For the convenience of the fastidious critic, and also for the convenience of those who would rather not be bothered with such details, we have relegated a pertinent observation on the modern usage of "non-Euclidean" to this appended note.

The popularity of the topic, "non-Euclidean geometries," began with the eruption of the subject of Special Relativity at the turn into the present century. Several experimental developments erupting insistently, repeatedly during the last decades of the nineteenth century, coincided with the general physics and electrodynamics of Bernhard Riemann, but this sort of vindication appeared at a time that most of the scientific community's official institutions had firmly committed themselves to discrediting Riemann's work. So, when Special Relativity erupted, those institutions were faced with the problem of adapting to this without thereby reviving the influence of Riemann's method.

This paradoxical situation led to the popularization of the so-called "non-Euclidean geometries." So, Gauss was portrayed as but one among several mathematicians, including prominently Lobachevski and Bolyai, who each had, more or less simultaneously, discovered slightly differing versions of a "non-Euclidean geometry" earlier. Since some among these had been elaborated in terms of merely alterations of the postulates of Euclidean geometry, this fact was chosen as the basis for a sophistry, arguing that Riemannian geometry was merely a different version of such an, in fact, "neo-Euclidean geometry."

The legendary "simultaneity" of the discoveries of Gauss, Lobachevski, and Bolyai, was an arbitrary con-

coction. Examining the papers of Gauss, we find that his relevant seminal discoveries were established rigorously early during his adult career. Related points were stated at various times of writing of Gauss's posthumously published literary output, so that it was not difficult for the sophists to choose only those references which it pleased them to imagine showed approximate simultaneity with the referenced work of Lobachevski and Bolyai.

To the degree that the work of Bolyai and Lobachevski may be placed in the same generation's time-span as some of Gauss's developments, there is nothing mysterious about this. Prior to, and even briefly following the 1815 Treaty of Vienna, the French Ecole Polytechnique, sponsored by Lazare Carnot and led by Carnot's former teacher, Gaspard Monge, had been the world's center of advanced scientific thought. Monge's program in projective geometry, and applications of this form of constructive geometry to physics, had been the leading feature of the Ecole's greatest contributions, including the famous work of Fourier, Legendre, and, notable in this matter, Poncelet.

Following the 1815 Treaty of Vienna, the appointment of Monge's adversaries, LaPlace and Cauchy, to take over French science and destroy the work and influence of Carnot and Monge, resulted in a diaspora of the leading French science throughout much of Europe, especially into Germany, and to a most significant degree into northern Italy. This diaspora of leading French science included knowledge shared with some Italian collaborators, in electrodynamics, and, more broadly, the incompleting state of major advances in constructive-geometric methods accomplished under Monge's leadership.

It was in Prussia and among Gauss's circles in Göttingen University, that the post-1818 continuation of the work of the Monge Ecole Polytechnique was most advanced. Later, during the 1850s and 1860s, the scientific circles associated with Cavour in northern Italy made direct contact with Prof. Bernhard Riemann, collaborating with Riemann to establish the great Italian school of electrodynamics and advanced hydrodynamics around such scientific leaders as Betti and Beltrami.

man mind have also the same space-time curvature, although other aspects of human mental behavior do not.

The crucial practical importance of these four facts taken together, is that human knowledge of the universe around us would not be possible unless the human creative-mental processes had the same space-time curvature as the universe in general. It is the fact that the creative-mental processes are in projective congruence with the physical space-time curvature, which enables man to achieve successive improvements in scientific knowledge. This brings us back to the comparison of a hypothetical "primitive hunting-and-gath-

ering society" with the results of scientific and technological progress. The fact that mankind has demonstrated scientific progress in this way, is sufficient proof that the space-time curvature of the creative-mental processes is congruent with that of the universe generally.

Of the three listed powers of the mind, it is the third which is of overpowering importance, whereas the other possibilities are relatively weak and presently speculative in nature.

This third power of the mind is available only as creative-mental activity, and not in the kind of thinking associated

This post-1815 diaspora of leading French science unleashed a great scientific ferment throughout Europe, and led to the establishment of German science as hegemonic in the United States until the close of the nineteenth century. To the degree that there was even a generation's span in the argued "simultaneity" of the work of Gauss, Lobachevski, and Bolyai, this concurrence reflected the varied impact of the work of Monge's circles, especially Legendre and Poncelet, on advances in constructive geometry.

More important than the alleged "simultaneity" were the fundamental differences in the product. Gauss, Dirichlet, Weierstrass, and Riemann represent an approach from the standpoint of a true "non-Euclidean" geometry, whereas the arguments of Lobachevski and Bolyai are presented in a "neo-Euclidean" form.

The public-relations treatment of Gauss and Riemann in this way had a well-established precedent in the work of James C. Maxwell. Many of the crucial features of Maxwell's own work in electrodynamics have been found to be parodies of the earlier discoveries of Gauss, Weber, and Riemann, contrary to the advertised view of reliance upon such sources as Faraday.

In a rather famous letter, Maxwell commented upon his debt to Riemann. He explained that what he had rejected in Riemann's work on electrodynamics reflected Maxwell's hostility to a method situated within a truly non-Euclidean geometry. In that same location, Maxwell summed up the point, that he had reworked various such sources to the purpose of excluding the award of credit to "any geometries but our own." In short, Maxwell situated the parodied materials in the deductive, Cartesian framework of Newton et al.

That is the way in which the authors of Special Relativity treated their unavoidable debt to Riemann.

Perhaps the single proponent of Special Relativity singly most responsible for establishing the myth that Riemann's geometry is "neo-Euclidean," was the enormously gifted Prof. Hermann Minkowski. He paid the strictest attention to this issue, and the leading accomplishments

of Einstein and other celebrated proponents of Special and General Relativity owed a great scientific debt to him.

On the one side, Minkowski seemed to adopt the constructive standpoint of Riemann in insisting that, "henceforth," the separate ontological categories of "matter, space, and time" as previously entertained, must be discarded, and the notion of "physical space-time" must take their place. Yet, then, when we turn to Minkowski's mathematical exposition, even in that same published lecture, he employs as a starting-point the old Cartesian deductive, discrete manifold.

Later, the fact that Special Relativity defined from the starting-point of a deductive discrete manifold is filled with devastating physical paradoxes of the most elementary nature, led to proposing a theory of General Relativity. That notion of General Relativity is as flawed in the most elementary terms as Special Relativity, and is in fact worse than superfluous if we had but corrected the elementary ontological flaws in Special Relativity instead.

Today, there are ideological busybodies, such as the high priests of the Harvard and Johns Hopkins-based project in the history of the exact sciences, who effuse copiously the most awful factional rubbish, all in a manner resembling the way in which Moscow's high priests of "Marxist-Leninist orthodoxy" produce ritual ideological rubbish for the edification of the presumably erring faithful. Like Maxwell, the central commitment of those "science ideologues" is to outlaw by ukases "any geometries but our own."

This circle, such as Harvard's Cohen, produces the wildest outright frauds on the content of Kepler's writings, and on such other cases as the work of Dirichlet, Weierstrass, Riemann, and Cantor, creating an entirely fraudulent history of science, all to the included purpose of imposing their radical-empiricist dogmas, and defending that bureaucratic dictatorship over university science education which they serve as high priests.

The fraud, of attributing the name "non-Euclidean" to what are simply "neo-Euclidean" formalisms, has that same explicitly *political* character.

with deduction. From deductive thinking, we really know nothing with scientific certainty; had our species relied upon deductive thinking exclusively, this planet would have never had a human population significantly exceeding 10 million persons.

This creative power of the mind is that which defines persons as in the image of the living Creator. This is the substance of which the human soul is composed. Short of the Creator Himself, the power of mental-creative processes, even as represented by a single individual, is the greatest power in the universe.

Such is the issue posed by the proliferation of the satanic New Age movement in Colorado. Those cults are a denial of that which defines the individual person as human, and by so denying what is essentially human, they degrade themselves to a moral level more contemptible than the meanest of beasts.

### **A national security risk**

The Soviet KGB has adopted a patronizing view of such cults; these, like the drug culture, help to destroy Moscow's hated adversary, the United States, from within. It is the same for the Soviet targets outside the United States. Since the 1920 Baku conference of the Communist International, attended by then-Soviet fellow-traveler Rudolf Hess from Germany, the use of particularist sorts of religious and ethnic cults was established as a principal weapon of Soviet subversion; it is so today, more than ever.

That 1920 Baku conference comes up prominently in the background to such cases as the Soviet spy-ring, including the late Soviet KGB Gen. Harold "Kim" Philby, deeply embedded for so long in the top ranks of British intelligence. A roster of other notable Western European personalities of the 1920s, besides Hess, attending that conference, puts us on the track of many significant connections, including the Reventlow center in Ascona, Switzerland.

The inner circle of Nazi leaders were members of the same family of cults spreading in Colorado today. Adolf Hitler is notorious for such lunacies as maintaining a court astrologer to advise him on the eve of important decisions. According to fat man Hermann Goering, Hitler believed he was personally the Antichrist, the twentieth-century reincarnation of the Isle of Capri's most notorious resident, the Roman Emperor who ordered the Crucifixion of Christ, Tiberius. Hess was deep into Tibetan occult mysteries. The list goes on.

This sort of cult spread widely among the idle classes of Britain during the decade following World War I, forming a group sometimes identified as the "Children of the Sun." As one among the elder figures of those circles, Bertrand Russell described the state of mind among many of the decadent class among post-World War I Britons:

when I first became politically conscious Gladstone and Disraeli still confronted each other amid Victorian

solidities, the British Empire seemed eternal, a threat to British naval supremacy was unthinkable, the country was aristocratic, rich and growing richer. . . . For an old man, with such a background, it is difficult to feel at home in a world of . . . American supremacy.

The effects of a World War I found a great portion of the young men of Britain left behind by Field Marshal Haig as corpses draped upon the barbed-wire of France's battlefields, formerly rich Britain sinking under a great mass of debt-burdened decay, and found much of the postwar generation of Britain in something resembling the deep cultural pessimism infecting the returning veterans of France and Germany. From a major power, Britain had been sunk abruptly to the status of a second-rate one. As for Bertrand Russell, for many of these, the world in which they had placed their confidence and sense of identity suddenly had ceased to exist. They were presented with a new world, which no longer interested them, with which they were very, very bored.

It was not difficult for the image of a new, brutish power emerging in the east to attract their impulses to relieve the inherent boredom of their jaded lives, by doing something really daringly wicked.

In Britain, this harked back to Thomas Huxley's use of Charles Darwin to bring the moral edifice of the Victorian Age toppling down. The Fabians have claimed that the origins of their movement's development into something of a mass-movement was the logical consequence of the way in which Huxley and Darwin demolished the ordinary Briton's faith in Bishop Ussher's calculation of the occurrence of Creation on a Monday morning in 4004 B.C. British socialism, that creation of the homosexual cult of "Pre-Raphaelites" around Oxford University's John Ruskin, could never have inspired a mass-based movement such as the Fabians without Huxley and Darwin. Fabianism developed as a pagan back-to-nature religion, and never departed far from those cultish origins. Fabian H.G. Wells preached that science and industry were the Morlocks, who must be destroyed. Such was the Fabian's worship of Dionysos.

In the United States, a similar pattern has been building up since approximately 1966-68. This was the time that the new-fangled "Liberation Theology" began to empty the pews of the Catholic parishes, the time when the New Left's merger with the rock-drug-sex youth counterculture echoed the call of the Nietzschean Mithraic Antichrist for "the transvaluation of the values" of Western Judeo-Christian civilization.

To punctuate this, there was the fact of the foolish war policy in Indochina, a war which the United States had already lost in fact with the Tet Offensive of 1968. The past 20 years have been a time for us like that in Britain, France, Germany, and Italy after World War I.

Look at the faces in the photographs accompanying Bor-



Stuart Lewis

*Soviet intelligence has a great interest in promoting this sort of spectacle: A hard-rock performance at New York's Central Park, billed as "Rock Against Racism."*

dewich's *New York Times* piece. What is their age today, and what was it back in 1966-68? A generation has passed. Every leading value which was accepted in the United States before 1966-68 has been turned upside-down. The second Reagan administration's pilgrimages to appease the Soviet dictatorship, combined with the collapse of basic economic infrastructure, of agriculture, industry, of the schools and hospitals, and the ravages of drug usage, promote a deep cultural pessimism.

We are near the edge of a plunge into a New Dark Age, like that of fourteenth-century Europe, perhaps worse. Day by day, new stresses are piled upon deepening cultural pessimism. The little flaws in formerly rational personalities become widening cracks, as millions, and yet more millions of Americans drift slowly into outright mass-insanity.

If you were a Moscow plotter, and desired deeply the rapid destruction of the power of the United States at the

earliest possible date, with the least risk and exertion on Moscow's part, how would you calculate the effects of what is spreading in other parts of the United States, as well in Colorado? How would you respond to such developments; what different than that can you imagine Moscow to be doing?

In short, we are being attacked most effectively on our vulnerable metaphysical flank. Since we as a nation have become so deeply flawed by the superficial way in which even our educated professionals have equated rationality to formal logic, we find ourselves poorly equipped to resist the terrible infection of pagan superstitions spreading now so widely.

What must we do about all this? In part, it may be hoped that some of the answers to that question have been made obvious by this report. Understanding the nature of the sickness is fairly described as halfway to a recovery.

## Dope, Inc. declares war on Ibero-American military

by Gretchen Small

With the release of the 1988 Report of the Inter-American Dialogue, *The Americas in 1988: A Time for Choices*, the drug legalizers of the Anglo-American Establishment have stepped forward to identify themselves as the command center for the Western side of Moscow's campaign to discredit, handcuff, and if necessary, dismantle, the military institutions of Ibero-America.

The news should come as no surprise: filling its membership rolls are many of the top drug-bankers, Moscow-appeasers, and moral degenerates of the Western Hemisphere. Presiding over the Dialogue's day-to-day operations are Sol Linowitz and Daniel Oduber, two leading figures demanding they be handed control of the Reagan administration's war on Panama, before it ruins all chances to break Panama's military.

*A Time for Choices* identifies the flanks upon which the Establishment has chosen to concentrate its attacks, in order to eliminate sovereignty from the Western Hemisphere: tightening international conditionalities over the economy through manipulation of the debt, bargaining away Central America's future with Moscow, handing millions of refugees and immigrants over to supranational institutions, legalizing the drug trade, and establishing supranational mechanisms to limit the "scope and mission" of the region's militaries.

That the Dialogue's plans for Central America and the military, echo—almost word-for-word—the mouthings of Moscow's minions on these matters, is also no surprise. The Dialogue was formed as the Trilateral Commission's instrument in the Americas, to suppress any attempt to resist the Establishment's efforts to restructure hemispheric relations to fit the global New Yalta deal they believe they have negotiated with Moscow.

Indeed, in the September 1987 issue of the Soviets' magazine *América Latina*, Academician May Volkov reminded Ibero-American communists that they must consider "militarization" in the region as "the cardinal issue of our times,"

and went on to warn that a strong defense strengthens "nationalist sentiments." (Cf. *EIR*, Vol. 14 No. 45, Nov. 13, 1987, pp. 46-48, "Moscow targets the military sector in Ibero-America for destruction.")

Political institutions in the region, weakened to the point of crumbling by the combined economic collapse and drug boom, can be controlled, the New Yalta crowd estimates. Ibero-America's militaries continue to be an obstacle, however, because they consider themselves "the ultimate guardians of national interests and guarantors of national security," the Dialogue complains.

Panama's unified civilian-military nationalist movement, revived under the leadership of Defense Forces Commander Manuel Noriega, embodies the worst possible combination from the Establishment's perspective. Under current conditions of collapse, only such unity can mobilize sufficient force to defend the independence, freedom, and existence itself of the nations of the area.

*A Time for Choices* is blunt: Panama's 1988 crisis exemplifies what the Establishment intends to unleash against any country, should the military's "autonomy and privilege" not be removed as demanded.

### Legalize dope, don't fight it

The Inter-American Dialogue launched their first big drive for the legalization of narcotics in 1986. The Dialogue's report that year decreed that "selective legalization" replace a war on drugs on the Hemisphere's agenda. Individual members then carried this campaign back to their respective countries.

Drug legalization was again raised at the Dialogue's April 28 Washington, D.C. press conference announcing the release of their 1988 report. Speaking for the Dialogue, Trilateral Commission member and former U.S. Attorney General Elliot Richardson, insisted that "cost-benefit" analysis, not morality, determine narcotics policy.

"We must be willing to face the facts. If the cost of trying to stop drugs outweighs the benefits at some point, it no longer becomes realistic to continue trying," he argued.

In 1986, the Dialogue freely admitted that their concern is to ensure drug revenues are not curtailed, because those monies are needed to pay the bankers' their foreign debt. They wrote:

Waging war on drugs costs money. More important, it will inevitably result in the loss of . . . foreign exchange that the drug trade provides . . . [which] amounts are substantial for strapped economies carrying large burdens of external debt.

The head-on campaign for legalization caused some members more problems than they expected. Catholic Archbishop Marcos McGrath, who had signed the 1986 report without reservation, recently quit the Dialogue. Panama's Nicolás Ardito Barletta, up to his neck in the campaign to oust Panama's General Noriega, suddenly considered it expedient to distance himself somewhat from the legalization campaign. Barletta attached a reservation to the 1988 report stating that he does "not believe that addictive drugs which have been proven to damage human health can be legalized."

So, semantic changes were introduced in the 1988 Report, the most humorous being the change from demanding "selective legalization," to that of "selective legislation!" Repackaging did not change the content. *A Time for Choices* repeats:

It may also be useful to begin distinguishing among different drugs. Social attitudes toward marijuana vary greatly from those toward heroin, for example. And the consequences for users and for society as a whole are vastly different. Moreover, there is a difference between the damage caused by the use of drugs and the harm that results from their illegality. It is premature to contemplate legalizing any dangerous drug—but it might be sensible to examine carefully all of the likely consequences, positive and negative, of selective legislation.

"Selective legalization" of drugs has long been a favorite foot-in-the-door for breaking down resistance to legalizing the drug trade itself. Under the Carter administration, 11 U.S. states adopted the Dialogue's program, and "decriminalized" (another semantic gimmick invented by the legalizers) marijuana. In each of those states, use and addiction to every drug—from marijuana to cocaine, heroin to psychedelics—zoomed. Most hard-hit by the boom were U.S. high schools.

No words are minced, however, on the Dialogue's opposition to efforts to crush the dope empire by means of war. Such a war can never be won, they repeat incessantly:

Eradication, interdiction, and other supply-side policies have failed. Primary attention must now be given to curbing demand . . . but it would be foolhardy

to expect dramatic results soon. . . .

No "war on drugs" will produce major victories soon, and proclamations to that effect are suspect. . . . Progress in confronting the drug problem will be slow; simply containing its growth would constitute success beyond current expectations.

Even "sealing" the U.S. border, they argue,

would only shift supply to domestically grown substances, or to so-called "designer drugs" made from chemicals. The campaign against imports already has had unintended and sometimes perverse results: because efforts to interdict imported drugs have been more successful against marijuana than against the less bulky and more lucrative cocaine, many traffickers have switched to cocaine. As a result, up to half the marijuana used in the United States may now be home-grown.

Nations must learn to "cope with narcotics," the Dialogue concludes—the cutting edge of their campaign to demoralize sufficient forces into believing that the drug empire is too powerful to be defeated, legalization of dope consumption and trade will follow.

### Introducing the military flank

Yet, the most distinctive feature of the 1988 Report is the vehemence of attack directed against Ibero-America's militaries.

The policies outlined in Chapter Five, "Preserving Democracy: the Military Challenge," present the conclusions of a task force on civilian-military relations which the Dialogue formed in 1986, to develop "detailed recommendations" on how to control the military. That task force was mandated to coordinate its work with the U.S. State Department and its National Endowment for Democracy—the public front for the Establishment's shadow government now known as *Project Democracy*.

Those recommendations have "New Yalta" written all over them. *A Time for Choices* states:

An effort must be undertaken to change military thinking about internal security and subversion. The military cannot consider itself the ultimate guardian of national values, or insist that national security embraces all aspects of policy. Military education must be reformed. . . .

Despite the transition to civilian rule, the political content of military education has remained virtually unchanged. Military curricula mostly continue to emphasize the hard-line anti-communist world view of the 1960s, stressing internal subversion as the principal threat to national security. In countries not faced with active insurgencies civilian presidents rarely share the military's preoccupation with internal security. . . .

The Dialogue's insistence on denying the danger of communist insurgency, goes so far as to propose that any foreign training provided to Ibero-America's military be shifted from the United States to the heavily Soviet-penetrated Canadian and Scandinavian militaries. This, because U.S. training programs have fed into "the concerns of Latin American officers over 'indirect aggression and communist subversion,' which reflects the attention given by the United States to Soviet power and policy, a preoccupation which few civilian governments in Latin America fully share."

Not surprisingly, these fellows also insist that the phenomenon of narco-terrorism has yet to be proven as a reality in the Hemisphere.

The targeting of Panama's Defense Forces as the embodiment of the military self-conception and mission which must be eradicated from the region, strips away any illusion that these fellows are concerned with "human rights violations," or the "dirty war" problem.

Panama's Defense Forces are known throughout Ibero-America, as the leading military institution which adheres, in practice and theory, to the idea that the military is re-

sponsible for the defense of national sovereignty as a whole—including the country's right to development. The PDF has implemented extensive civic-action programs, which the officer corps has adamantly refused to cancel, despite foreign pressures.

This conception, and all classical military thought, is what the Dialogue seeks to eradicate root and branch from the region, as the only means to permanently emasculate the military. The Dialogue complains that in Ibero-America:

Traditional views of the military's role in politics still prevail. Most officers see the armed forces as the ultimate guardians of national interests and guarantors of national security. . . .

Military schools still define national security to include a wide range of political, socioeconomic, and international factors. Policy decisions which normally are reserved to civilian authority in the United States or Europe are viewed in Latin America as having military implications. Accordingly, officers feel their views should count heavily.

## The economics of satanism

It would be wrong to solely attribute the Dialogue's protection of the dope trade to mere greed or interest in maintaining Western bank profits; there are deeper philosophical issues at stake in this war. The Dialogue prides itself as being a body of "pragmatists," followers of the school of amoral philosophy concocted by the American theologian, William James. Many members carry moral pragmatism to its lawful conclusion: They are avowed satanists, seeking to suppress morality altogether.

Take the case of Mexican Dialogue member Carlos Fuentes. "There's only one creature in all of the universe who never sleeps. Not God—he nods constantly, as we all know—but Satan," he told the *Washington Post* on May 5. Fuentes added that he has tried to emulate the writing of British writer Charles Dickens because, "he's the novelist of the Devil."

Peruvian member Mario Vargas Llosa is a follower of fascist philosopher Friedrich Nietzsche, and an adamant opponent of "Western religion and morality," because it has "barbarously oppressed" hedonism throughout the centuries. Likewise, member José Peña Gómez, from the Dominican Republic, is a notorious practitioner of witchcraft and the occult.

U.S. members include former Defense Secretary Robert McNamara, a member of the Lucis Trust-Temple of

Understanding, a satanist association based at the United Nations. Under the direction of Dialogue member Father Theodore Hesburgh, Notre Dame University was turned into a hotbed of the so-called American heresy, the U.S. twist upon Gnostic liberation theology. McGeorge Bundy was inducted into Yale University's freemasonic-styled secret society, Skull and Bones, back in the 1940s.

This, then, is the crew which declares that it will ensure no political combination emerges in Ibero-America which can threaten the iron rule of the International Monetary Fund, the institution most responsible for transforming most of the economies of the region into mini-Hells.

"With presidential elections scheduled throughout much of Latin America in the next two years, pressures will intensify to ease austerity and curtail interest payments in order to promote short-term economic expansion," they worry. "There is little willingness in any sector to accept further sacrifices."

But more sacrifices must be made, the Dialogue insists. Debt relief may be needed to head off "extremist positions"—the majority of Dialogue members support proposals for creating some international mechanism to repurchase commercial loans at their deflated market values, *A Time for Choices* reports—but any debt relief scheme cannot be allowed to lessen the IMF's control over national economies.

"No country's debt," they insist "should be exchanged until that country gains World Bank and IMF approval for a multi-year development plan incorporating structural and policy reforms."

The Brazilian military is repeatedly singled out, because they insist on this "traditional view."

In Brazil, the armed forces remain vocal on a wide range of issues, including many that are decidedly non-military. The country's intelligence services and its National Security Council are controlled by the armed forces. . . .

In a number of countries, the armed forces still maintain a strong voice on non-military policies. In Brazil, six of the 26 members of the cabinet are active-duty generals or admirals.

The Dialogue makes clear its networks are working upon the Constituent Assembly to ensure the military role does not continue. They object, "Thus far, the Constitutional Assembly has not agreed to proposals which limit the traditionally broad mandate of the military to maintain internal order."

With Brazil, the militaries of Peru and Central America are singled out as problem cases because those nation's militaries continue to believe they have a "guardianship role" over national interests. One of the more remarkable features of the Dialogue's report, is its complaint that while military rule has been a negative experience in most nations:

In Brazil, El Salvador, Guatemala and Peru . . . public attitudes toward the military are not uniformly unfavorable, and the armed forces themselves are generally proud of their accomplishments!

One might surmise, therefore, that the Dialogue is up to its ears in orchestrating the current campaign to create a "uniformly unfavorable" environment against the military in Ibero-America, so that military views no longer "count heavily" in policymaking. Indeed, the Dialogue demands additional effort to ward off the possibility of civilian-military alliances developing:

The possible growth of civilian support for a resumption of military rule cannot be ignored, particularly in countries where prolonged economic deprivation is undermining the credibility of democratic governments.

So, the Dialogue tells us, "a concerted effort to redefine the relationship of those governments to the armed forces," must begin. International opposition must be mobilized to stop this so-called "military intervention," and the content of military and civilian training programs changed, to limit "the mission of the armed forces and the scope of its mandate."

Fanatically they insist that they will not have succeeded in their project "until military officers think of democracy in terms of procedures to be safeguarded at almost any cost," including the cost of their nations, and human life itself.

## PLV case endangers Venezuelan democracy

by Carlos Méndez

A major scandal broke out in Venezuela after the Supreme Electoral Council (CSE), with apparent "encouragement" from U.S. Ambassador Otto Reich, rejected registration for the Venezuelan Labor Party (PLV), which bases its economic program on "American System" economist Lyndon H. LaRouche's strategy for Ibero-America integration (for example, LaRouche's 1982 *Operation Juárez*). The CSE falsely charged that most signatures submitted by the PLV were forged. The same elections board granted legal party status to the Venezuelan Spiritual Guiding Force party, whose presidential candidate, Romulo Abreu Duarte, calls himself "the witch's candidate," and says people "should make their minds blank so that spiritual waves can enter."

Venezuelan democrats from many parties were disturbed by what they perceived to be a CSE threat to the pride of the Venezuelan political system—democracy. The daily *Ultimas Noticias*, for example, ran the headline, "Grave Irregularities by CSE Endanger Democratic System," on a PLV release giving the facts of the case. They fear the election board will undermine the party registration process, one of the few strongpoints of a political system demoralized by corruption scandals and failure to deal with the economic crisis.

In 1986, the PLV was officially registered as a political party in Caracas city and four states. Last year, the PLV fulfilled the constitutional requirements for national party registration; it submitted thousands of supporters' signatures to the CSE, collected during highly visible campaigns on the streets of seven other states. But the CSE refused to register the party on the grounds that one handwriting expert—the law requires two—claimed over 70% of the signatures of duly registered voters to be false.

The PLV appealed the CSE bureaucracy's decision to the Supreme Court of Justice. On May 6, three of Venezuela's most prestigious handwriting experts, one hired by the supreme court, one by the attorney general, and one by the PLV, gave the Supreme Court their unanimous opinion that the only fraud was by the CSE. The three experts determined, "The average time needed to verify the authenticity of a signature by the method and tools used by the CSE is between one hour thirty minutes and two hours; . . . When dealing with a large lot of signatures, the average time per signature could be reduced to about 30 minutes."

Therefore, the court's experts concluded, it would take the CSE's handwriting expert at least a year and eight months to examine the number of signatures which he pronounced to be false just a few weeks after the CSE had received them. He would have had to spend less than 3 minutes apiece on signatures he rejected from some states. The experts also observed that he had provided not the slightest explanation for why he had declared thousands of signatures to be false.

"Unless the CSE amends this extremely grave irregularity and immediately registers the PLV on the national level," PLV secretary general Alejandro Peña Esclusa, warned, according to the May 10 *Ultimas Noticias*, "the country's nationalist institutions and the citizenry in general will think the Constitution has been intolerably trampled." "Who would accept the election results as valid if a fraud of this magnitude is committed against a small political party?" Peña asked. The daily also published the PLV statement, "To strengthen the democratic system, the Supreme Court of Justice should hurry its decision in our favor; in any case, even before that happens [elections board chairman] Dr. Carlos Delgado Chappellín should legalize the PLV or resign as a signal of protest. Those are the only honest choices he has."

The next day, *Ultimas Noticias* published the reaction of the man at the CSE in charge of political party legalization, Luis Carlos Calatrava. He still claimed the signatures presented by the PLV were false and that "this was scientifically proven by a handwriting expert." However, the official had to admit that Venezuela lives under the rule of law and that "it will be the court who decides who is right, the PLV or the CSE."

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## Interview: Alejandro Peña

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*Alejandro Peña, secretary general of the Venezuelan Labor Party (PLV) gave EIR the following exclusive interview May 12.*

**EIR:** Why do you claim there is a plot against democracy and against the PLV?

**Peña:** Everything began when the PLV began a massive campaign to fight narco-terrorism and dirty money laundering. In response to the publication of the book, *Dope, Inc.*, considered in Ibero-America to be the best war manual against narcotics traffic, Rockefeller-linked forces organized a raid on PLV headquarters in February 1985. The raid was run by a chief of my country's political police, the DISIP, who is now in jail for drug trafficking.

The PLV understood that it had gone to the heart of the country's drug finances. So, we publicly warned that these

forces would retaliate. They used their influence to shut up the only force which stood in the way of their definitive seizure of power. Exactly what we warned happened.

PLV legalization on a national level, necessary for running a presidential candidacy, was sabotaged by means of absurd handwriting examinations. Reliable sources assured us that, among others, U.S. Ambassador Otto Reich personally participated in this sabotage. He is linked to the Iran-Contra scandal and has worked for Rockefeller for decades.

**EIR:** How has the PLV responded?

**Peña:** Immediately after the CSE [Supreme Electoral Council] decision, the Labor Party appealed to the Supreme Court of Justice to invalidate that act. The court decided to contract three handwriting experts—among them the president of the Latin American Association of Graphotechnicians—to review the methodology used by the CSE. They found irregularities typical of a totalitarian regime like Nicaragua's.

We have asked the CSE to immediately legalize the PLV, even before the Supreme Court rules in our favor, so that we can participate in December's presidential elections. In the meantime, we are continuing the case, not only in national courts, but in international courts. And we will not rest until justice has been done and we jail the guilty.

**EIR:** What would happen if the court's decision were delayed until after the elections?

**Peña:** Then, Venezuela and the whole world would see that the CSE is a fraudulent agency. Nobody would believe the election results. The consequences could be really grave. It is very dangerous for the Constitution and the human rights of thousands of Venezuelans to be trampled at the caprice of the "untouchables" who run drug finance. We would soon have a drug-runner government in Venezuela. . . .

**EIR:** Could you sum up the PLV's program?

**Peña:** What Venezuela needs is a nationalist movement, an alliance between the basic institutions, like the armed forces and the Church and the people. It needs a force capable of opposing neo-colonialism, such as Torrijos built in Panama. That is what we are building. We will make reality what Pope John Paul II proposes in his latest encyclical, *Sollicitudo Rei Socialis*.

Of course, that requires reorganizing the international financial system along the lines of Lyndon H. LaRouche's famous study, *Operation Juárez*. In fact, we cite it in the PLV's own bylaws. Based on that, we propose building a number of great projects that would generate two million jobs in two years. Don't forget that Venezuela has 16 million people (half of whom are children) and 2 million unemployed. But, on the other hand, we have an immense potential, loads of mineral and energy resources, and a large professional middle class capable of turning those resources into usable wealth.

# Soviets brawl before June party meeting

by Konstantin George

On June 28, the first "All-Union Party Conference" since the spring of 1941 is to be held in the Soviet Union, and yet, as Soviet television reported on May 6, the election of delegates has not even begun. The daily *Izvestia* said April 30, "The party conference is essentially already under way," an allusion to the brawl raging within the Soviet leadership. It portends dramatic shifts in policy and personnel that cannot be predicted with certainty.

In March, the Soviet media reported that "during April and May," the election of delegates would occur. As of May 6, nothing had happened, and based on the reporting in the Soviet press through May 9, the delegation selection process had still not begun.

The failure to even begin selecting delegates underscores the brawls of April, when an unprecedented series of three Soviet Central Committee "mini-plenums" took place in Moscow April 11, 14, and 18. As TASS reported on April 20, General Secretary Mikhail Gorbachov met with party leaders of all "republics, regions (oblast) and territories (krai)." The term "mini-plenum" is a precise description. Present at such meetings would have been some 120-130 Central Committee members, i. e., more than one-third of its membership. That there were bitter fights at these meetings was clear from the terse TASS dispatch, calling them "an exchange of views" on "preparations for the All-Union Party Conference."

It is precisely in the "republics, regions, and territories," that the bulk of delegate elections was supposed to be going on.

The pre-conference deadlock forms the immediate background to the latest wave of "letters" to *Pravda*, "letters" which have introduced the theme that the June conference must conduct a massive purge in the leadership. There is a lot of ridiculous speculation in Western newspapers that these letters somehow prove that Gorbachov is preparing to wipe out his foes. They are missing the point. The "letters" definitely indicate a purge in the making, but all bets are off concerning personalities.

The "letters" are constructed in such a manner that they can be interpreted any way one chooses. The best example was an ostensibly "pro-Gorbachov" letter, demanding a thorough purge of the bulk of those Central Committee members elected in 1976 or earlier. That definition, "1976 or earlier," could just as easily apply to Gorbachov himself or any other Soviet leader whose membership pre-dates the 1981 Party Congress.

One sign of changing policy directions occurred in the military. Gen. Col. Dmitri A. Volkogonov, who exemplified the *glasnost* current in the military, as the author of a forthcoming book denouncing the crimes of Stalin, has been quietly downgraded. Volkogonov, 60, was ousted from his post of deputy chief of the military's Main Political Directorate (MPD) in February, and placed in a dead-end slot at the Institute for Military History. His demotion was engineered by the MPD's chief, General of the Army A.D. Lizichev, who leaped ahead of Volkogonov in 1985, when he succeeded the MPD's then aging head, Alexander Yepishev, straight from a field assignment. Lizichev has now consolidated his team, by replacing Volkogonov with Gen. Lt. G.A. Stefanovsky, who from July 1985 to February 1988, was chief political officer for the Turkestan Military District. Volkogonov will continue to be heard, in the Soviet civilian press, as seen from his interview in *Izvestia* at the end of April. Even amid *Izvestia's* praise, however, his demotion could not be concealed. He ruefully admitted, "Yes, I have opponents."

## The economic crisis

Underlying the frictions within the leadership is the story of what is happening in the Soviet economy. There is ample evidence that the effects of the economic catastrophe in the Eastern European satellites are spilling over into the U.S.S.R. Shortages of food and other vital consumer items have grown more severe.

In a May 7 speech to editors, Gorbachov said that food shortages were a pressing problem for the U.S.S.R., which required "cardinal measures." The Politburo meeting of May 5, according to its published minutes, found "the existing state of affairs in the provision of food to the population in particular regions of the country to be inadmissible," and "deemed it essential" that measures be taken in each area "to improve the supply to the population of all kinds of food products."

The Soviet media have begun to link the shortages to the overthrow of a general secretary. A May 6 letter to *Izvestia* from a "Comrade Karlov" in the city of Kuibyshev, warned that it was a combination of real and contrived food shortages that led to the fall of Nikita Khrushchov in 1964. The letter called those shortages "similar" to those now occurring. The "reader" demanded the removal of "braking forces from key positions" in the party leadership, to prevent a similar fate from befalling Gorbachov. "Passivity and tolerance" could set off a "catastrophe," engineered by the "opponents of reform."

"Of course," there were "objective causes" as well, including the 1964 wheat harvest failure, but there was also "economic sabotage." "Suddenly," goods became scarce, with the aim of discrediting the general secretary. In 1964, the "dark forces" were successful. One week after Khrushchov fell, the "shelves in the shops were again full."

# Lonrho's Tiny Rowland and the threat to Angola's Jonas Savimbi

by Mark Burdman

Knowledgeable security experts are warning of a live assassination threat against Jonas Savimbi, head of Angola's pro-Western UNITA rebel organization. The threat against Savimbi began to come to light as talks got under way in London over the future of Angola, sponsored by the British Foreign Office. They involve the United States, Cuba, South Africa, and the pro-Soviet Angolan government, with the Soviets present in an observer status, having blessed the event.

Savimbi, an independent political and military leader fiercely opposed to Soviet imperial domination of southern Africa, is regarded as a major impediment to a "New Yalta" deal over Angola which might involve the partitioning of the country. Angola is high on the list of "regional crisis matters" discussions between the United States and the Soviets in the period leading up to the Reagan-Gorbachov summit.

## A derivative operation

While the Soviet intelligence services might derive pleasure from eliminating Savimbi, the actual assassination would be more complex in practice. Experts point to the mid-April murder in Lisbon, Portugal, of a leader of the RENAMO Mozambican rebel organization, Evo Fernandes, as a precedent. Various powers would have had an interest in, and certainly the capability for, eliminating Fernandes, whose RENAMO organization had become "expendable." This would have included the Soviet intelligence services and elements of the U.S. State Department, and what might be called the "George Bush wing" of the CIA.

Portuguese and British sources believe the Fernandes murder was what is known as a "derivative operation," perhaps planned jointly by the superpowers, but done through private networks. One private network under suspicion, identified by the Portuguese daily *O Diabo* April 27, is that associated with "Tiny" Rowland, the head of the giant Lonrho conglomerate. According to this and other sources, the coincidence of the murder of Fernandes and the presence in Lisbon of Alastair Morrison, head of Defence Services, Ltd. (DSL) and chief of security operations for Rowland in Mozambique, is too suggestive to ignore.

In the next months, the matter of "Tiny" Rowland might

become very embarrassing to the George Bush for President campaign. Rowland is one of the most powerful figures in Africa, involved in a complex of East-West deals on various parts of the continent and in manipulation of ethnic and tribal wars to increase his own competitive advantage in the grab for control of strategic mineral, agricultural, and energy resources. His usual *modus operandi*, in countries beset by bitter internal conflicts, is to play all sides. In Sudan, he has established close ties with financial interests close to the Sudanese government in Khartoum. At the same time, he is buddies with John Garang, of the Christian-animist Sudan Peoples' Liberation Army rebels in the South. In Angola, he has strong links to the pro-Soviet government in Luanda, but has also cultivated a relationship with Savimbi, often flying him in private Lonrho jets. (In the future, Savimbi would be well advised to be more cautious.)

Otherwise, he has cozied up to pro-Soviet governments, as in Mozambique, where the Morrison/DSL apparatus runs private armies on behalf of the regime.

Recently, Rowland has branched out into Iran as a key figure in arms-for-hostages negotiations. His involvement in Iran, especially as the Irangate embarrassment has unfolded in the United States, has overlapped operations run out of the West German Foreign Ministry in Bonn.

In building his global empire, Rowland has served as a "proprietary" for various intelligence services, particularly those of Britain and the United States.

## Rowland and Crocker

Tiny Rowland, born in Hamburg with the family name Fuhrhop, skyrocketed to prominence in the early 1960s when he took control of Lonrho under the patronage of a member of the British Royal Family, Angus Ogilvy. Rowland has ingratiated himself with the liberal social-democratic wing of the British Establishment, often alienating conservative, patriotic elements in Britain in the process. Rowland has also become more intimate with Bush-associated forces in the American Establishment over recent years. His closest associate in Washington, according to many sources, is Chester Crocker, the Assistant U.S. Secretary of State for African

Affairs, who is conducting the negotiations in London on Angola, Namibia, and the Horn of Africa.

On May 8, the *Sunday Telegraph* of London indicated that Crocker could play an important diplomatic role should George Bush become President, as ambassador to the United Nations or as ambassador to Great Britain. Crocker, however, like so many other members of Bush's extended political family, has some nasty skeletons in his closet.

In April 1986, the United States bombed Colonel Qaddafi's Libya. After that, it was declared illegal for American oil companies to operate in Libya. Into that vacuum moved "Tiny" Rowland, attempting to win oil concessions wherever American interests were leaving. *EIR*'s sources report that Rowland had some help in Washington in this endeavor: Chester Crocker, Rowland, and Libyan representatives, met in Great Britain, to arrange such concessions.

As matters turned out, other factors intervened to prevent Rowland from getting everything he wanted during that period. But mystery still shrouds the details, especially as many people in Washington and London have not wanted a story to get out that might further extend the kind of embarrassment witnessed in Iran-Contra. For example, Rowland's close business associate, Ashraf Marwan, the son-in-law of the late Egyptian leader, Gamel-Abdel Nasser, utilized Lonrho's private jet to tranship weaponry from Libya to Mozambique.

### **Copeland, Philby, and the Astors**

Then there is the matter of Rowland's relationship to an aging American intelligence operative living in Great Britain, Miles Copeland.

Copeland is reliably reported to be an adviser to Lonrho, although the complex accounting procedures of the company would probably never allow for the "pay stub" to be found. One point of operational convergence between Copeland and Rowland, is that both have befriended the American-trained southern Sudanese rebel leader, Garang.

Since early 1988, Copeland has established himself as the unofficial head of the "George Bush for President" campaign in Europe, with a series of letters to the *International Herald Tribune* and the *Times* of London, backing Bush. His published argument, as repeated to this correspondent in telephone discussions, is that Bush is exactly the kind of malleable non-entity who will "listen to the advice" of the committee of intelligence professionals, corporate and financial chieftains, and liberal think tanks, who make "the policy."

In his earlier years, Copeland became friends with Kim Philby, the former British intelligence operative who defected to the Russians in 1963 and who rose to the post of general in the KGB before his recent death. In recent years, Copeland has boasted that he could reach Philby in Moscow by telephone at any time he wished to do so.

At the point of his defection, Philby was the Middle East correspondent for Britain's *Observer* newspaper. He had been

hired by the *Observer* in 1956, even though suspicions were already rampant then in Britain that Philby was working for the Russians. Philby's boss at the *Observer* was David Astor, son of the notorious Nancy Astor of "Cliveden Set" fame, and a scion of the Astor family. In the early 1930s, David Astor had provided introductions to Soviet influentials for Guy Burgess, later to be exposed as one of Philby's chief collaborators. This followed mother Nancy's famous trip to the U.S.S.R. in 1931, in the company of George Bernard Shaw.

'Round about 1981, David Astor sold his ownership in the *Observer* to Atlantic-Richfield magnate Robert O. Anderson. There's much more to that relationship than simply the passage of money and ownership, but, for our current purpose, the important fact is that, after one year, Anderson sold his ownership of the *Observer*. To whom? "Tiny" Rowland!

Since he took over the paper, Rowland has utilized it as a "special operation," targeting individuals and nations that he regards as enemies with published disinformation. This disinformation usually follows the format of the current "Trust" policy line toward that individual or nation.

Meanwhile, in the mid-1980s, Rowland formed joint oil ventures in North America with Robert O. Anderson. The Rowland-Anderson relationship at various points overlaps the interests of the consulting firm, Kissinger Associates.

A postscript to all this is that Miles Copeland has, during the past years, ingratiated himself with the "New Age"/"Aquarian" movement by utilizing his contacts and intelligence expertise in rock 'n' roll ventures. One of his sons is a rock band drummer, and another is manager for the satanist rock star Sting. The latter, during 1987, was involved in a phony "AIDS benefit" spectacle planned for Turin, the satanists' capital of Europe. The patron of that event was Elizabeth Taylor.

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# Repackaging the U.S. war on Panama

by Gretchen Small

With Elliott Abrams's Panama strategy in shambles, U.S. State Department planners have initiated a new round of psychological warfare, in a desperate attempt to keep alive some prospects of achieving their obsessive goal, the removal from the Western Hemisphere of the nationalist Commander of Panama's Defense Forces, Gen. Manuel Noriega.

So, Washington has begun pumping out new reports that General Noriega has reached agreement on a package deal with the Reagan administration.

Each story varies on what the terms of the alleged deal are. A four-part deal is sewn up, the *Washington Times* asserted on May 12, involving a new date for Noriega's departure from Panama, the postponement of national elections from May 1989 to 1990, and new regulations to govern the Defense Forces—all in exchange for the Reagan administration ordering dismissal of the Florida indictments on drug-trafficking against Noriega.

"Noriega cuts secret deal, will step down," the *Times* headline boomed the next day. Only this time, they reported that a snag has developed over whether the United States would "allow" Noriega to run for president of Panama in the next national elections.

Similar speculation followed the April 25-26 talks between State Department envoy Michael Kozak and General Noriega. Then, as now, Panamanian government spokesmen answered that while they in no way wish to cut off channels to the United States—even though the Reagan administration maintains its wartime measures against Panama—agreeing to talk does not mean Panama's sovereignty is up for negotiation.

Panama's civilian and military leadership firmly withstood the initial attack of threatened invasion and drastic economic sanctions, while the "democratic opposition movement" Washington had created, collapsed in tandem with Panama's economy.

The question now, however, has become one of time, and Ibero-American aid. Can Panama maintain its resistance to foreign efforts to determine its system of government and military long enough, that new trade relations can be developed with Ibero-America which can begin to reconstruct Panama's economy, shattered by U.S. sanctions?

Washington is banking on the answer being "no," that the *prospect* of continuing war itself will crack the current unity of the Defense Forces, and break civilian support for

General Noriega. U.S. sources are pumping out the message to Panama's leaders that the United States wishes to call off its war, and needs to "save face" to do so. If only Noriega will agree to leave the country for some time, then the economic sanctions will be lifted, they say.

If Panama's Defense Forces were to hand over Noriega, the dismantling of the civil-military alliance in Panama then becomes only a matter of time. Without General Noriega, the leader around whom national unity has been achieved, the country's political forces will quickly break down into confrontation between the radical left and the oligarchy, a battle which, sooner or later, will spill over into the Defense Forces, splitting their ranks.

Under those conditions, the kind of civil war which has embroiled other Central American nations becomes a possibility for Panama.

## Watch the economic front

The Reagan administration's economic sanctions have already assured one thing, however; the old Panama as it has existed since 1903 is finished. Until February 1988, the service and financial sector made up 80% of Panama's economy, with industry and agriculture making up only 10% each. The United States cutoff of all dollar flows into the country for the past two months, has probably crushed major portions of that service economy for good. Panama's nationalists have seized upon this crisis as an opportunity.

"Our present situation forces us . . . to change the direction of our national economy," President Manuel Solís Palma has been repeating in speeches around the country. As he explained in an April 30 address in Coclé province, "Our economy must be primarily based on Panamanian agriculture, on the man of the countryside . . . because that is where the very roots of our autonomous and independent development are, without depending on the wretched dollars that have been given to us on many occasions to subdue us and put an end to our status as a free, sovereign, and independent country."

"The Panama of skyscrapers reminiscent of Wall Street has died. Over these ruins . . . we will produce a more Panamanian, nationalistic, and Latin American Panama," Aníbal Culiolis García of Fenasep, Panama's national federation of public employees, told Mexican reporters in an April 27 press conference, given jointly with *EIR* correspondent Carlos Wesley.

With the aid thus far provided by Ibero-American countries, Panama has been able to keep parts of its economy alive, and begin to roll back the crisis. The reopening of Panama's banks on May 9 for several kinds of transactions, without suffering a panicked run on deposits, demonstrated the degree of confidence which Solís Palma has already built in the country. Schools are scheduled to reopen in the first week of June, and the first emergency credits are being extended to allow agricultural producers to meet the deadline of the end of the planting season on June 30.

# The nation-building strategy of Dr. Mohammed Mahathir

by Sophie Tanapura

The international press, forever sensitive to "human rights," has once again declared open season on yet another developing sector leader, Dr. Mahathir Mohammed, prime minister of Malaysia. He is typically attacked in such publications as the Hong Kong-based *Far Eastern Economic Review* for his supposed dictatorial suppression of democracy and corrupt dealings. Unlike Panama's General Noriega, however, he has not yet been branded a "drug thug," since under his government, Malaysia hangs drug pushers!

In his 1986 book, *The Challenge*, Mahathir admits that there is more to this press campaign than meets the eye. He writes, "Western mass media often accuse this government or that of deviating from democratic practice so that the world will look unfavorably on whatever government is their target. Various organizations, e.g., Amnesty International, are set up by the West to worsen the image of any government that does not conform to Western values."

Unfortunately, very few people outside of Southeast Asia know anything at all about Mahathir, or Malaysia for that matter. While Khomeini and Qaddafi were being promoted as the leadership of the Islamic world, Malaysia, out of the limelight, was steadily developing its predominantly Muslim population, industries, and infrastructure.

Though Malaysia's racial tensions have been greatly exaggerated, communal problems that do exist are a direct result of British colonial rule, which ended in 1957. Under the British, the Chinese were favored with civil service positions and business opportunities, while ethnic Malays were treated as third-class subjects, used primarily as uneducated, poorly paid laborers. After independence, the ruling UMNO (United Malays National Organization) sought to correct the discrepancies between Malay and especially Chinese living standards. Educational and economic incentives have been extended to Malays, with such opportunities increasing under Mahathir. Key as well has been the continuing development of Bahasa Malaysia as the language of education and administration.

Since the cultural matrix of ethnic Malays is Islamic, Mahathir used Islamic teachings to organize and upgrade

Malay Muslims. In *The Challenge*, he explains the coherent relationship between Islamic tradition and scientific and technological progress. Islam, he writes, does not prohibit but encourages the pursuit of all knowledge. In fact, not to do so represents a failure to appreciate God's gifts. Furthermore, he warns that the idea that "worldly" knowledge is in conflict with Islam could only benefit the enemies of Islam, since a Muslim society weak in the knowledge necessary for its survival would surely be destroyed by its stronger adversaries.

Mahathir writes, "Those who remember Allah always and think about the creation of the heavens and the earth and do not waste God's gifts will surely become not only strong in faith, but also knowledgeable about the world around them. In other words, they will become men of faith and education (or knowledge), and not just men of faith who do not understand God's gifts and are devoid of knowledge."

Likewise, Mahathir attacks the fundamentalists, who reject the modern world, in an effort to "revive" the archaic way of life of A.D. 600, the era of the Prophet Mohammed. Poverty does not mean spiritual strength, Mahathir writes, poverty destroys the well-being of a society which seeks to uphold spiritual values. Knowledge and wealth, when used to strengthen the society as a whole, can serve to strengthen the spiritual well-being of society. He ironically notes how the fundamentalists have served to factionalize the Islamic world and how their "spirituality" has not prevented their strident and false denunciations of their fellow Muslims.

Instructing Malay citizens on the importance not just of education, but also of striving to understand the laws of the universe, that is, "God's gifts," is especially significant given the British efforts, during colonial rule, to portray modern education as "Western" and "secular," i.e., godless. Many Malays came to regard the colonial education system as an attempt to undermine their faith. As Mahathir points out, to this day a debate exists between secular and religious education. This brainwashing, moreover, has led to a serious shortage of ethnic Malay students pursuing scientific fields, a problem the government is committed to correcting.



Dr. Mahathir

In *The Challenge*, Mahathir also encourages Malays to take a deeper look at Western civilization in order to learn from its achievements. He writes, "An example already exists. The modernization of Japan during the Meiji period is an illustration of planned assimilation of foreign civilization. The assimilation of useful and good aspects of Western knowledge, ways, or systems can also be done in an organized and systematic manner today. For this, the East must decide for itself which aspects can be emulated and to what extent practiced. The East, with its background of a distinctive civilization and fundamental values respected by the world, is certainly capable of making a wise choice."

He continued, "Malaysia and the Malays are directly involved in the East-West [Orient-Occident] conflict. Whereas the non-Malays have easily adjusted to Western civilization, the Malays seem to be more attracted by the forms than the substance of that civilization. Thus, we find that though young men keep long hair, their acquisition of knowledge does not match their adherence to this fashion. The wild ways of the West are quickly assimilated, but not the values and norms which have given strength to the West."

### Climbing the technology ladder

Mahathir's approach to economics strongly reflects the post-colonial tradition established by Malaysia's second prime minister and "Father of development," Tun Abdul Razak, who believed that development is "the greatest safeguard of our country's sovereignty." Crucial to the stability of the nation has been the fact that since its independence in 1957, it has had only four prime ministers. Under Malaysia's first

prime minister, Tunku Abdul Rahman, Razak held the crucial positions of deputy prime minister, minister of defense, minister of education, and minister of national and rural development. From this vantage point, he directed the nation's infrastructure development, from water and electrification to road building and education.

Mahathir himself, as trade and industry minister under the third prime minister, Onn, established the government-owned Heavy Industries Corporation (Hicom) as the spearhead for technology transfer and development of crucial industries. When he became prime minister in 1981, Mahathir transferred control of Hicom to the home ministry, which he also headed, in order to continue to direct Hicom's development.

Although Mahathir is not an advocate of state-owned industries, he saw the necessity to upgrade Malaysia's manufacturing technologies, and move away from reliance on processing of raw commodities and light manufacturing for export. Because the private sector was unwilling to undertake such needed industrial projects, Mahathir determined that the government would. Since then, Hicom has launched such initiatives as a national car project, a sponge iron and steel billet plant, a petroleum and petrochemical project, three motorcycle engine plants, cement factories, and a pulp and paper mill. Many of these projects are joint ventures with Japanese and some South Korean companies.

Central to Hicom has been Mahathir's "Look East" policy. While Malaysia has much to learn from the West, he says, there is also much to learn from the East, most especially from Japan. Japan has played a key role in joint ventures with Hicom and private businessmen. However, while the government has encouraged the relocation of companies to Malaysia, government reports warn of the limited development potential of light, export-oriented industries, such as the electronics industry, which offer Malays merely unskilled, low-paying assembly jobs, using imported materials at that. Therefore, key to the "Look East" policy is technology transfer, skill development programs, and educational exchanges.

The most significant Japanese-Malay project is the Malaysian national car, the Proton Saga, which has been on the market since 1985, and will begin to be exported to the United States this year. Though currently at least half of the parts are still being imported from Japan, its evolution into an all-Malaysian-made car is the focus around which high technology machine manufacturing industries, together with a skilled labor force, will be developed.

Not surprisingly, external factors in the world economy such as depressed commodity prices and the collapsed dollar have slowed down original projections for the Proton Saga's sales and development. Mahathir's critics were quick to join forces with such anti-development organizations as the United Nation's ESCAP (Economic and Social Commission for Asia and the Pacific) in denouncing the national car project as

misguided and not viable. What they actually object to is any project which is national in scope and thus has the potential of both uniting the divergent elements of the country and positively fostering a sense a national accomplishment.

In another blow to the zero-growth efforts of the IMF-World Bank, Mahathir is advocating a population target of 70 million by the year 2100. The current population is about 16 million. One can almost hear the teeth-gnashing at the World Bank at such an outrageous display of national sovereignty!

### The 'opposition'

The human rights group most often promoted by the international press as Mahathir's opposition is Aliran, whose president, Chandra Muzaffar, was recently arrested under the Internal Securities Act, and later released. It has attempted to unite all elements of the opposition, from Islamic fundamentalists to Chinese rights groups, in an effort to destabilize the country and overthrow what they call the Mahathir dictatorship. Aliran promotes the "small is beautiful" mentality, attacking technology, promoting environmentalism, advocating the legalization of drugs, and supporting "indigenous peoples' rights" groups. Not only does their publication promote the Singapore communists accused of plotting against the government, but Muzaffar has been denied entry into Singapore because of his stated support for the communists. Their 1987 conference featured speakers promoting Islamic fundamentalism, stating that Islam should be above the constitution.

Muzaffar himself, a recent convert to Islam, stated that the Malaysian constitution must reflect the fundamentalists' desire for an Islamic state. (It should be noted that even though Islam is the national religion, Malaysia is not a theocratic state, like Iran.)

Despite the fact that Aliran admits to having only 250 members, nonetheless, Muzaffar has received widespread sympathy "PR." It is clear that the human rights mafia, along with their Soviet and U.S. State Department sympathizers, consider development less of a democratic right, than the "freedom" to destabilize and overthrow the government of a sovereign nation.

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## Japan strengthens ties to W. Europe

by Mary McCourt Burdman

Both Japan and the ASEAN nations—Thailand, the Philippines, Malaysia, Indonesia, and Brunei—are seeking stronger economic and political ties with Western Europe, with two important motivations for these moves. The first is the disastrous U.S. trade policy and dollar collapse, which have created a crisis in U.S.-Asian relations. The second is the "Single Europe" act, which will transform Europe into the approximation of a single political-economic unit by Dec. 31, 1992, and which powerful banking forces are seeking to use to reorganize Europe into a neo-corporatist entity ruled by supranational cartels.

After their experiences with the United States, Japan and the ASEAN nations, all very dependent on exports, want to do all they can now to secure relations with the nations of Western Europe.

### Takeshita's Mission

Japanese Prime Minister Noboru Takeshita, who visited Italy, the Vatican, Great Britain, and West Germany in a tour April 29-May 9, was quite explicit. "We have unveiled a new 'Japanese-European era,' " he said in Bonn May 6.

Before he left Tokyo, Takeshita told the Japanese press, "The international economy, that has so long been supported through the overwhelming strength of the U.S. economy, is changing; therefore, Japan and Western Europe must unite their strength with the U.S., to sustain the global system."

Of the "international cooperation initiative" he announced in London on May 4, he said, "There is an imperative need for effective and balanced cooperation, both politically and economically among the trilateral partners. It cannot be denied, however, that the relations between Japan and Europe, which form one side of the triangle, have not been close enough compared with the other two sides. . . . We must not allow this state of affairs to continue." According to reports on West German radio, he told Chancellor Helmut Kohl May 5 that Japan is interested in Europe because it considers Europe a much larger economy and a much more interesting future market than the United States. There is

"untapped potential for cooperation in modern technologies," Takeshita said. He will return to visit France, Belgium, the Netherlands, and Luxembourg just before going to the Toronto Group of 7 summit in June.

Last year, there was a lot of tension between the EC nations, particularly Britain, and Japan on trade issues, such as Japanese taxes on British whiskey, but now Mr. Takeshita has been bold enough to demand that Europe make concessions on protectionism. He said in London May 4, "It is Europe's grave responsibility, as it strives to achieve integration, to maintain a free trade system that gets rid of protectionism for the sake of building an open and truly international world order." Although Japanese imports from Europe have risen 84% in the last two years, the trade gap continues to widen. But in his press conference in Bonn May 6, Takeshita laid the responsibility for expanded European exports on the European Community (EC). "It is self-evident for us in Japan that we support free trade," he said. "We now expect more effort on the European side. . . . I can say that the Japanese market is very open."

Trade and protectionism were critical issues at the 7th EC-ASEAN Ministerial Meeting, held in Dusseldorf May 2-3. EC-ASEAN trade has grown by 50% since 1980, but the EC is ASEAN's third-largest trading partner, and ASEAN ministers are concerned that the 1992 "Single Europe" act will just spread current national protectionist measures to all of the EC. The meeting's joint declaration called "the correction of existing . . . trade and current account imbalances, and the reduction of monetary instability . . . a major task in restoring a sound international economy. The necessity was also stressed of countering growing protectionist pressures, increasing financial flows to developing countries, alleviating their debt burden. . . . The Ministers also recognized that the close relations developed between ASEAN and the EC would benefit the world economy. . . . ASEAN Ministers urged that the interest of the developing countries including ASEAN be fully taken into account" at the Toronto summit.

ASEAN spokesman, Thai Foreign Minister Siddi Savetsila, announced at the May 3 press conference in Dusseldorf, "ASEAN was concerned about 1992, but he was satisfied" by West German Foreign Minister Hans-Dietrich Genscher's and EC Commissioner Claude Cheysson's assurances that, as Genscher said, "An economically strong Europe will be more than ever obliged to keep its external frontiers open."

### **Fighting the environmentalists**

Whether promises from these pro-Soviet European individuals will be fulfilled remains to be seen, but Asian leaders are meanwhile striving to make sure that relations with Europe are not sabotaged by other kinds of Soviets assets, the so-called environmentalists.

The ASEAN ministers stressed the "great importance" for the development of their economies they attach to "main-

tenance and expansion" of two commodity exports, in particular. These are vegetable oils and fats, especially palm oil, which U.S. soybean producers are trying to cut out of the U.S. market, and tropical timber.

European environmentalists, including Survival International, Friends of the Earth, and the Green Party, have launched a campaign to boycott Malaysian hardwoods, which constitute 15% of Malaysia's non-oil exports and earned the country \$1.6 billion last year. Some of these groups held their own "hearings," featuring members of the European Parliament and West German Bundestag, to "expose" human rights violations in the ASEAN nations May 3 in Dusseldorf.

The Malaysian government sent a ministerial delegation to Europe the week of April 18, to counter the environmentalists' attacks. The Delegation's head, Minister of Primary Industries Dr. Kim Keng Yaik said in London that he objected to the "patronizing" attitude of Western environmentalists, "the attitude that we are stupid, that we do not know how to run our country or our economy, and that we are still swinging from trees." Malaysia also takes great pride in the fact that it is the first country making sustainable use of its rain forests, Dr. Lim said. He has a "sneaking suspicion," he said, "without any evidence, that the campaign to stop hardwoods was raised by softwood producers."

The environmentalists claim that cutting down the rain forests endangers the primitive culture of the Panan tribesmen in Sarawak. Similar campaigns have been launched against development projects and to "protect" the forests of Thailand, the Philippines, and Indonesia, all nations hit by the collapse of world trade and commodity prices. Should the greens' campaign succeed in bankrupting Malaysian-owned timber and palm oil production, however, someone would benefit: It is reported in Europe that Tiny Rowland, head of the Lonrho multinational, an East-West trade broker, and international financial thug, is now buying heavily into plantations and other holdings in Malaysia, Thailand, and Indonesia.

The second "pillar" of his initiative, Takeshita announced in London and Bonn, is cultural. "I intend to promote interchange among the various cultures of the world, while encouraging the preservation of each nation's precious culture." This includes a new fellowship program under which European scientists and researchers would work in Japan for about one year, and the intensification of language study exchanges. This year, Japan will invite approximately 1,500 young people from Britain, the United States, and other English-speaking countries to teach English in Japan for a year; German, French, and other European-language teachers will also be invited. In addition, he said, there will be increased support for studies of the Japanese language and culture in Europe. Takeshita said his policy of "creative vitalization of the home country" with emphasis on Japanese tradition and patriotism, had gotten sympathetic response in Germany and Britain.

# SPETSNAZ



## SPETSNAZ

In the Pentagon's "authoritative" report on the Soviet military threat, *Soviet Military Power 1988*, the word *spetsnaz* never even appears. But *spetsnaz* are Russian "green berets." Infiltrated into Western Europe, *spetsnaz* have new weapons that can wipe out NATO'S mobility, firepower, and depth of defense, *before* Marshal Nikolai Ogarkov launches his general assault.

## ELECTROMAGNETIC PULSE WEAPONS

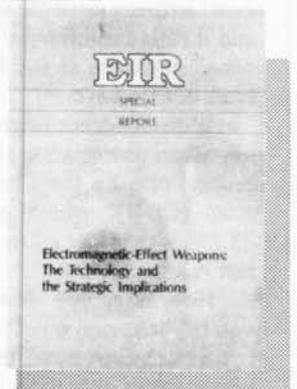
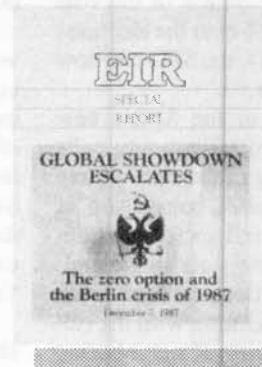
At least the Pentagon report mentions them—but only their "defensive" applications. In fact, they can be transported by *spetsnaz*, finely tuned to kill, paralyze, or disorient masses of people, or to destroy electronics and communications. With EMP, as strategic weaponry or in the hands of *spetsnaz*, the Russians won't need to fire a single nuclear missile to take Europe.

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## Austerity policy kills CDU votes

*The May 8 elections in Schleswig-Holstein brought out a mass "depression vote" of protest.*

**P**olitical developments in Denmark are not the only threat to NATO's position on the Baltic flank. The results of the May 8 elections in the German state of Schleswig-Holstein are just as threatening.

All 44 districts went to the opposition Social Democrats (SPD) in a landslide. Scoring 54.8% of the vote (an increase of 9.4% over the elections in September 1987), the SPD can now rule the state alone.

The program of the SPD's new state governor, Björn Engholm, calls for the dismantling of the state's three nuclear power plants, conversion of its military-industrial sector, and demilitarization of the state in general. The SPD organization of this state has pioneered in cooperation with the ruling communist party of neighboring East Germany since the spring of 1984, and it calls for the same "nuclear-free zone" nonsense as the Social Democrats of Denmark.

With Governor Engholm, the SPD has taken power after 38 years of unbroken rule by the Christian Democrats (CDU), which garnered only 33.3% of the vote, a loss of 9.3% since last year's elections.

How is such a dramatic shift in voters' behavior possible, especially if one keeps in mind that the SPD's views are known to be left-wing and even overtly pro-Soviet? How can a constituency that elected conservative governments over a period of 38 years, turn to a left-wing candidate now?

One reason is the "confidence gap." Early elections were called for May 8, after the previous CDU state governor, Uwe Barschel, had resigned from his post shortly after the

September 1987 elections and was found dead in a Geneva hotel room on Oct. 11. He had gotten in the way of a network of international arms and drug dealers, while trying to investigate an airplane crash which almost killed him on May 31, 1987, and the wave of scandals that had caused his resignation.

Barschel's death in a hotel bathtub was bizarre, as was the media cover-up of his case as an "affair of individual immorality." The CDU leadership of Schleswig-Holstein, chaired by federal Finance Minister Gerhard Stoltenberg, told its own party base that Barschel committed suicide because he found no other way out of his "scandals."

Not all members of the CDU shared this view, however. Many believed in the assassination hypothesis. Some 15% of the CDU party base quit in disgust over the cover-up operation, and the party organization lost many campaign workers. For a party that had to do additional campaign work to compensate for the bad economic and social policy reputation of the Bonn government of CDU Chairman Chancellor Helmut Kohl, this drain of supporters and members was lethal.

The socio-economic aspect was key to the election result of May 8. The state of Schleswig-Holstein is a small landstrip in Germany's north, with a western coast on the Atlantic and an eastern one on the Baltic. It has been hit hard by the collapse of its shipbuilding industry over the past 10 years. All of its traditional centers of shipbuilding and maritime commerce suffered a dramatic rise in unemploy-

ment. Kiel, the state capital, has a jobless rate of 15%, the port city of Lübeck 15.6%, of Rendsburg 15.3%, of Flensburg 18.2%. Youth unemployment is higher than those averages.

For the past 10 years, a growing share of shipbuilding has depended on contracts from the German Navy. The fiscal austerity policies of the federal government, coupled with the cabinet's illusions that arms control talks between East and West would help to reduce defense budgets, led to an almost total disappearance of military contracts. The shipbuilding crisis hit many medium-sized companies in the supply sector, too. The ensuing collapse of the revenue base made the state one of the poorest of the 10 German states.

The state's farmers also hold the Bonn government, and especially Finance Minister Stoltenberg, responsible for the collapse of credit and agricultural prices. Farmers' protests against this policy proved to be as fruitless as the protests of the shipbuilders.

Thus, on May 8, the strong sentiments against the policy in Bonn came together at the polls with the broad disgust at the CDU's policy on the state level. The Christian Democrats lost voters by massive abstention and crossover to the opposition SPD. The CDU lost heavily in its traditional strongholds in the countryside and the port cities.

For Chancellor Kohl, the election catastrophe of May 8 means that his majority in the state chamber has shrunk to four votes. Given the increasing tensions between his federal government in Bonn and even the CDU-governed states, this majority may turn into a minority very easily on any given issue. Kohl will not get any important legislation passed. This means ungovernability, and the Chancellor's fall in the short run.

## To be or not to be for NATO

*Denmark's pro-NATO government is still in crisis after the May 10 elections.*

In evaluating the results of the May 10 parliamentary elections in Denmark, foreign observers might conclude that the Danish population has fully adopted the indecisive nature of Shakespeare's Hamlet. The elections did not resolve the question of the future role of Denmark in the Western Alliance, but instead, brought about the most complicated government crisis since World War II.

But rather than blaming the results on the Danish national character, the outcome should be evaluated by analyzing the questions the Danish population had to face in the election.

The central theme throughout the campaign was the question of Danish membership in NATO. Therefore, one of the main questions to be answered by the population was whether or not they would support the parties behind the infamous April 14 parliamentary referendum, calling for direct guarantees from visiting allied naval vessels that they are not carrying nuclear weapons. It was this referendum that caused conservative Prime Minister Poul Schlüter to call new elections.

The answer was not clear. Taken as a whole, the four parties behind the referendum (the Social Democrats, Socialist Popular Party, Common Course, and the Radical Liberals) suffered a significant defeat, losing 7 seats in the parliament. But even if this result sent the small Common Course Party out of the Parliament, took 3 seats from the Socialist Popular Party, and 1 from the Radical Liberals, this still leaves a one-seat majority in the parliament for the referendum (90 out

of 179 seats). Adding to the confusion, the architects of the referendum, the Social Democratic Party, actually gained a seat.

So, even if the parties behind the April 14 referendum suffered a collective defeat, the referendum was upheld.

Why did the 70% of the Danish population who strongly favor Danish membership in NATO not vote differently? A significant part of the answer lies in the way the conservative and liberal parties posed the NATO-question to the voters. At no point was the reality of the Soviet military build-up addressed. Instead, all parties bent over backward to present themselves as the most pro-disarmament. The INF agreement, and continued support for the appeasement policies of the Reagan administration, were presented as the main reason that Denmark should stay in NATO. As one conservative politician remarked, "Denmark should stay in NATO to get rid of all nuclear weapons."

In an INF fantasy world, it does not seem crazy to deliver a resounding defeat to the parties that supported the anti-nuclear referendum, while at the same time delivering a small victory to the architects of the same referendum.

The clearest winner in the May 10 elections was the right-wing, tax-evasion protest party, The Progress Party of Mogens Glistrup. It increased its representation in parliament by 7 seats, going from 9 to 16. On election eve after the poles had closed, Glistrup appeared on Danish television to issue

a raving racial attack on the "Muslim invasion" of foreign refugees into Denmark.

Observers and commentators around the world have already compared Glistrup to Jean-Marie Le Pen of France, but that is far too simple-minded. The Progress Party did not run its election campaign on racial issues (Le Pen did). Headed by its new leader, Pia Kjaersgaard, it went into the election with a better voting record in the Parliament than any other party. The Progress Party had voted against all 22 Danish "footnotes" qualifying its membership in NATO since 1982. It alone had voted against all of the environmental protection laws that have hit Danish farmers so hard. This was where the votes for the Progress Party came from. In some of the farm districts of Denmark, the Progress Party is now the second largest.

Although the conservative party of Poul Schlüter suffered a defeat, losing 3 seats, the 4 parties of the conservative-liberal coalition kept their total of 70 seats. With 3 additional liberal seats from the North Atlantic states of Greenland and the Faeroe Islands, and the backup of the 16 seats of the Progress Party, the Schlüter government is only 1 seat away from the 90 seat majority needed to survive. Had that been attained, the NATO question would also have been resolved.

But instead, Denmark now faces a very severe government crisis. In order to block the influence of the Progress Party, the Social Democratic Party, The Social Popular Party, and the Radical Liberal Party conspired to prevent Schlüter from forming a new government. As a result, the speaker of the Parliament, Svend Jacobsen of the Social Democrats, is now posing as a neutral leader of negotiations for the formation of a government. This can take a long time, and meanwhile, the NATO alliance stays in limbo.

## An exposure and a cover-up

*The group 'Comunione e Liberazione' reveals a freemasonic plot to grab economic power in Italy.*

Many feathers have been ruffled by a series of exposé articles printed in the weekly *Il Sabato* of the Catholic group, *Comunione e Liberazione* (CL), and now collected in a volume whose title, translated, is *1974-1987: Thirteen Years of Our History*. Authors Socci and Fontolan charge that a conspiracy by freemasonic financial circles, together with the Communist Party, has determined Italy's fate for the last 40 years. Most seriously, they say that this project succeeded due to the secularization and corruption of the Catholic/Christian principles which had been at the base of the Christian Democracy.

The analysis has much to speak for it. Indeed, the Christian Democracy has for 25 years disowned every major battle in defense of life and the family, not to mention the fight for the anti-malthusian and anti-usurious economic policies required for Italy's development. The party took a wishy-washy position on all the referenda, including the recent one on nuclear energy.

Socci and Fontolan start with the defeat of the divorce referendum in 1974 to score what they call the "new power." They describe the launching of the now-powerful *Il Mondo* (in 1949) and *L'Espresso* (1955) as limited-run weeklies, put out by a group of young liberals including the future heads of the Bank of Italy and the Confederation of Industry, and Eugenio Scalfari, later a founder of the Radical Party.

"The troops of this patrol were of fascist and anti-fascist origin, but they had in common old-style anti-clerical

secularism," report Socci and Fontolan. The "patrol made a pact with high finance in search of a political and cultural dimension which would go beyond the by-now narrow confines of the Liberal Party and Benedetto Croce," the old masonic ruling party, discredited by its impotence against Mussolini.

The two authors then trace the takeover of Italy by secular high finance. Alberto Beneduce (executive board member of the Grand Orient Lodge of Italy), as president of the state holding company IRI, put Raffaele Mattioli in charge of Banca Commerciale, the branchpoint for links to U.S. and European high finance. It is in Banca Commerciale's "study center" that such postwar power brokers as Republican Party leader La Malfa, Senator Merzagora, Communist Party Politburo member Amendola, Liberal Party head Malagodi, Fiat manager Valiani, Bank of Italy governor Carli, and investment banker Cuccia were groomed. Enrico Cuccia married Beneduce's daughter, Miss "Ideasocialista," and became the manager of Mediobanca, the crossroads of power from 1946 to the present.

Socci and Fontolan report figures to give an idea of the power of freemasonic finance: "Today Fiat has a profit of 2.5 trillion liras (1986 figures). It went from a turnover of 2.4 trillion in 1974 to 34 trillion in 1986. On the stock market, the establishment of Agnelli, Ferruzzi, De Benedetti, Pirelli, and Orlando controls about 60% of the quoted firms; 21% is state holdings, then there is the Com-

munist empire of the League of Cooperatives which has reached a turnover of 26 trillion liras, and the rest are crumbs. This dominion goes in tandem with the excessive power of the usual well-knowns of the media: the *big five* control the major Italian dailies and weeklies with the biggest ad agencies."

The authors detail how the secular-masonic alliance with the Italian Communist Party (PCI) was effected, observing that "Gramsci's PCI always was more secular-masonic than Marxist," and quoting Banca Commerciale manager Mattioli's theory of "the alliance between the big bourgeoisie and the working class."

But Socci and Fontolan run into trouble when they identify Christian Democrat Giulio Andreotti as the opponent of the corruption of the basic principles of the Catholic movement. Perhaps the two CL members are unaware that Andreotti was himself part of a *Synarchist Cooperativist Party* which later gave birth to Franco Rodano's "Catho-Communists"!

Even more serious is their error regarding the late Enrico Mattei, whom they treat as part of Mattioli's plan to secularize the Christian Democracy. As if they did not know that Mattei, founder of the State Hydrocarbons Agency, was regarded as the devil incarnate by the big secular-masonic financiers, because he tried, alone among the major industrialists, to implement the anti-colonial concept of development and national sovereignty later expressed in Paul VI's encyclical, *Populorum Progressio*.

Strange too, that Bettino Craxi's Socialist Party, a bastion of anti-life and anti-family policies, is never mentioned.

We hope these errors result from a lack of in-depth knowledge in certain areas, lest a part of the truth serve only to cover up even dirtier political games.

## Pope defends Polish sovereignty

*John Paul II invokes the enduring principles of the 1791 Constitution, which the Russian imperialists suppressed.*

**T**he problem of sovereignty or of the independence of our Fatherland, sinks its roots ever deeper into another problem, the problem of the sovereignty of the society and people of Poland today." This statement was part of a speech addressed by Pope John Paul II to 550 Polish pilgrims who were received in the Vatican on May 3, within days of the explosion of events in Poland.

The Pope went on: "One can talk of the sovereignty, the independence of a Nation only when within that nation's boundaries there lives a sovereign and independent people which can, *de jure* and *de facto*, decide on its community life." The message of the Polish Pope was clearly aimed at the government of General Jaruzelski, as an appeal that the Polish people's demands for liberty be fulfilled.

Recalling the vows King John Casimir pronounced on April 1, 1656, declaring the Virgin Mary Patroness or Queen of Poland, John Paul II underlined the importance of the Catholic faith in his people's history: "The two main threads," the Pope said, "of the history of the Church and history of the Nation from the beginning, from the Baptism of Poland, from the Congress of Gniezno (in the year 1000) are interwoven in various ways."

The Pope recalled the Constitution of May 3, which gave a great impetus to Poland, both in the social and political fields. That Constitution, approved in 1791, was republican and anti-oligarchical, modeled on the same

principles which had inspired the United States Constitution of 1787.

In 1793, as a reaction against these developments, Russia intervened militarily against Poland, and the resistance of the great patriot Tadeusz Kosciuszko, known for his decisive role in helping the Americans win independence a few years earlier, was to no avail.

The Pope concluded his homily with an appeal to the Virgin, "as King John Casimir once did, and after him many generations of our ancestors, sometimes in extremely troubled periods, in moments of crisis," that a more just social order may be implemented, returning to the principles expressed in the Constitution of May 3, because, "times can change, historical conditions, situations, but these principles always preserve their identity: They are simply laws of God, laws inscribed in the human heart, in the nature of man."

The Pope's homily, the first public comment of the Pontiff after the labor protest in Poland had broken out, was immediately broadcast by Vatican Radio and published in the Polish language edition of *Osservatore Romano*, the Vatican daily.

As of this writing, it is impossible to foresee the outcome of the Polish crisis, but it can be stated that the existence of this Polish Pope, the first Slavic pope in history, extends a special protection over that nation, which has been sacrificed to the interests of the mighty for centuries.

The theme of freedom in the countries of Eastern Europe was raised again by the Pope on the occasion of a speech of his directed to participants at a scholarly conference in Rome, on the origins of Slavic-Byzantine Christianity.

Evoking the celebrations of the millennium of the baptism of the peoples of ancient Rus', the Pope reiterated the full right of the Ukrainian and Belorussian people to participate in this important commemoration alongside the Russian people. He said, "The solemn celebration of the Millennium must be an occasion of mutual joy for all the sons and daughters of St. Vladimir and St. Olga, in full religious freedom, freedom of conscience and profession of faith. This religious freedom is a full right for the people of the ancient Rus' of Kiev—Ukrainian, Belorussian, and Russian peoples—baptized in the waters of the Dniepr—when the Church was one and indivisible in faith in Christ."

The delegation of representatives of the Holy See and the Catholic Episcopate, named by John Paul II to take part in the millennial celebrations which will be held in the month of June in Russia, will have to be the bearer of that message from the Pontiff, a message which is at the same time an auspice for reconciliation, but in respect for the truth, historical reality, and liberty.

Pope Wojtyla has previously made a point of his desire, if he were to visit the Soviet Union, to go to the heavily Catholic Ukraine, where the Uniate Church allied to Rome is outlawed, and to the captive nation of Lithuania, another Catholic stronghold, illegally annexed to the U.S.S.R. under the Hitler-Stalin Pact. Fearing the political impact of a papal visit in those regions, Moscow's leaders have refused to extend such an invitation to John Paul II.

## A win for Jayewardene

*The provincial elections in Sri Lanka lay a basis for rebuilding the island's shattered polity.*

In a solid step forward for the process of restoring normalcy to Sri Lanka, elections were held April 28 for half of the eight provincial councils established as part of a plan to end the ethnic-based separatist insurgency that has wracked this island nation for more than five years.

The provincial councils, with a total of 437 members, are the institutional base for a new, federal set-up modeled in large part on that of India. Implementation of the plan is one aim of the Indo-Sri Lankan pact signed last July for cooperation in rebuilding the shattered Sri Lankan polity. Under the pact, four Indian army divisions are presently engaged in eliminating the remnants of the Tamil insurgency in Sri Lanka's northern and eastern provinces.

Rajiv Gandhi personally telephoned President Jayewardene on the occasion of the elections—all four in Sinhala-majority provinces in southern Sri Lanka where sentiment against the accord is thought to be high, and where the outlawed Sinhalese Maoist-terrorist Janatha Vimukti Peramuna (JVP) organization had threatened to disrupt the polling.

Elections in three more Sinhala-majority provinces are set for June 9, by which time it is hoped that the Indian peacekeeping forces will have succeeded in stabilizing the northeast sufficiently to elect the provincial council there, too.

President Jayewardene, once criticized for failing to take political initiative in the ethnic crisis, pushed hard

for the elections, originally targeted for January, in spite of numerous hurdles. As he put it in an interview to the Indian daily *Hindu*, with elected provincial councils in place, the political momentum of the process of implementing the settlement could not be upset.

As it turned out, the JVP threat proved somewhat hollow, though an unprecedented security deployment protected the election. Voter turnout ranged, according to different accounts, from 58.9 to 70%.

Significantly, the ruling United National Party (UNP) won all four of the contests, with a total of 88 seats. The newly formed United Socialist Alliance (USA) was the major challenger, winning 64 seats. The Lanka Muslim Congress won three seats. USA, a combination of Trotskyist and pro-Moscow leftist parties, is also an outspoken proponent of the Indo-Sri Lankan accord.

The main national opposition party, the Sri Lankan Freedom Party (SLFP) of former Prime Minister Sirimavo Bandaranaike—a vociferous opponent of the accord—boycotted the polls. The SLFP has insisted that national elections, due within a year, should be held first.

But Mrs. Bandaranaike's boycott stance, in her effort to court the JVP and wield Sinhala chauvinist sentiment to advantage against Jayewardene, may backfire. The April 28 round of elections established the USA as a dynamic new force, against both the SLFP's boycott call and the JVP's

disruption threats.

Meanwhile, Jayewardene has announced the lifting of the ban on the JVP, on the strength of an agreement under which the group will surrender its arms and forsake violence. The JVP has claimed credit for an assassination wave against supporters of the Indo-Sri Lankan accord, including a terrorist attack on the parliament and attempted assassination of Jayewardene last year.

But the ban had become a contentious issue even within the ruling party, with many arguing that, forced to contest in open political campaigning, the JVP's aura of strength would evaporate. In conceding to this line of thinking, Jayewardene has also taken away one of Mrs. Bandaranaike's weapons of opportunity.

As welcome and successful as it was, however, the April 28 election is just the beginning. The crucial test will come in the Tamil-dominated northern and eastern provinces—joined temporarily, in deference to one of the Tamil demands, until normalcy has been restored and a referendum can be held on the issue in the province. There, the separatist leadership of the Liberation Tigers of Tamil Eelam has dug in its heels, refusing to lay down arms and endorse the accord. As a result, as Jayewardene lamented to *Hindu*, "a peacekeeping force had to become a fighting force."

After nearly a year, the Indian troops have not been able to decisively break the resistance (a fact which has its own repercussions on the domestic Indian scene, where State Assembly elections are pending in Tamil Nadu). Moreover, according to reports here, the Tamil United Liberation Front, the main spokesman for moderate Tamil sentiment, is as yet unwilling to participate in the provincial council elections or otherwise endorse the accord, much to the dismay of Indian officials.

## Human rights and fighting drugs

*Colombia's "human rights" lobbyists demand a halt to the military's increasingly successful war on drugs.*

**D**uring the first week of May, the Colombian Army raided and shut down a dozen giant cocaine laboratories in Magdalena Medio, the country's guerrilla-infested central region. According to government reports, four of those labs alone were capable of yielding more than 3 tons of cocaine a day! A raid on the "La Venturosa" estate turned up four separate cocaine laboratories and vast quantities of chemicals for cocaine processing. More shocking, the drug complex also boasted a 2,500-meter runway, capable of accommodating jumbo jets!

These highly successful raids, an escalation from the March-April dragnets in the drug center of Medellín itself, have begun to sow panic among the bosses of the so-called Medellín Cartel, who are losing multimillion-dollar investments with each bust. Rumor has it that the Ochoa clan is beginning to sell off many of its properties before the military hits them.

More significant than the raids themselves is the fact that the Armed Forces have apparently decided not to allow their efforts to founder in the morass of political corruption that has long characterized Colombia's political and judicial circles. Military exposés of political collaboration with the drug kingpins successfully purged the Barco government of its pro-drug attorney general last March. Now, IV Brigade Commander Gen. Jaime Ruiz Barrera—head of the "Operation Crucible" anti-drug sweeps in Medellín—has called on the new attorney general to investigate judges who have repeatedly released hired mafia assassins from jail.

The military's latest successes have not come without a fight, but have been dogged by the leftist and "human rights" lobbyists, claiming that the war on drugs is the military's "cover" for pursuing a "dirty war" against Colombia's so-called political opposition. While this line has long been the trademark of the "Project Democracy" secret government crowd in Washington, it is now being selectively aimed at those military forces which have been most insistent on defending sovereignty.

The slander campaign against Colombia's military was launched in earnest with Amnesty International's April 19 report charging the Colombian Armed Forces with perpetrating a deliberate policy of "political murder." Cries for boycotting Colombian exports like coffee and bananas immediately began to surface internationally from AI circles. So too have the cries for drug legalization.

Then unconfirmed charges began to circulate inside Colombia that military personnel were involved in a gruesome Easter massacre of 36 peasants in Córdoba department. A press drumbeat for investigation of the Armed Forces was headed up by the pro-drug newspaper *El Tiempo*. Editor's son Roberto Posada García wrote on May 8, "It is necessary that the Armed Forces . . . investigate and punish those sordid deeds, which not only compromise the prestige of the institution, but give full credibility in both domestic and foreign opinion circles to such otherwise one-sided reports as those of Amnesty International."

Army Commander Gen. Oscar Botero Restrepo has nonetheless insisted that the war on drugs will continue, and has denounced efforts to stall the military campaign with charges of "human rights" violations. Similarly, XIII Brigade Commander Gen. Luis Alberto Rodríguez, promised that the military would not halt its anti-drug operations, "despite the threats."

Defense Minister Rafael Samudio Molina went further, charging that "foreign forces" were trying to compromise the military, "without concern for the success of justice, nor for the victims, nor for those who mourn." On May 9, the results of an official investigation into the Córdoba massacre were released, identifying lunatic drug trafficker Fidel Castaño, known as "Rambo," as the author of the mass executions. Nine of his assassins have already been arrested.

The real interests behind the military destabilization campaign were revealed in a May 10 *El Espectador* column by Jorge Child, who not only claimed that the rumors of military involvement in the Córdoba massacres prove that "something is rotten" in the Armed Forces, but who went on to insist that the continued military war against drugs is at best useless, and at worst a mafia-allied conspiracy to drive up cocaine prices!

Child wrote, "More important than dismantling some coca labs in 'Operation Crucible' would now be for the Army to get busy dismantling the crucibles of the dirty war. . . . It could be as the Nobel Prize winner [and drug legalization advocate] Milton Friedman said, that with an eventual reduction in [cocaine] supply, and if demand does not shrink, one will only achieve an increase in the price of cocaine without reducing the income of the traffickers."

# International Intelligence

## *Unrest reported in Nicaragua*

The Nicaraguan junta headed by Daniel Ortega has resorted to violence, beatings, and arrests in the wake of strikes by construction workers and others against the government's IMF-style austerity program. The program involved large price hikes and small wage increases. The program was imposed in February, and construction workers have been on strike ever since, charging that the new price and wage levels deny them enough to live on.

In early May, 38 of the workers began a hunger strike in the union hall. To break it, the police beat up and arrested hundreds of workers and others who came to the hall to support the strike. The strike was called off after 10 days, with the workers stating that the government agreed to begin negotiations.

The austerity program itself has achieved none of its objectives. Inflation, running at 14,000% a year before the program was implemented, has continued at a 12,000% clip.

The junta has announced that it is abolishing several government ministries entirely, cutting staff by 10% across-the-board, and reducing most ministerial budgets by 30%, all in an attempt to cut an enormous budget deficit.

## *Pope begins tour of Ibero-America*

Pope John Paul II on May 7 began his ninth tour of Ibero-America. He is to visit Uruguay, Bolivia, Peru, and Paraguay, with 54 scheduled speeches or homilies over 13 days.

In Bolivia, he addressed the problem of the drug economy. In Peru, he is scheduled to address a mass gathering in the Plaza de Armas, and meet with businessmen and clergy. He will also meet with a bishop from each of the five Bolivarian countries, Bolivia, Peru, Ecuador, Venezuela, and Colombia, concerning an upcoming Eucharistic Marian Conference.

The Pope told a crowd of 50,000 workers in Uruguay May 9 that he was close "in

word and heart" to trade union activities, saying, "Those who, with zeal and sacrifice, seek to better the conditions of workers, deserve unconditional support," in a thinly veiled reference to striking workers in his native Poland.

He also repeated the theme of his recent encyclical, *Sollicitudo Rei Socialis*, saying that all private property is subject to "a social mortgage which obliges owners to insure that their properties yield a benefit to the collective good."

Before leaving Uruguay, a Masonic bastion and the most secular "Catholic" country in South America, the Pope succeeded in getting President Sanguinetti inside a Catholic Church, for the first time in memory.

Arriving in Bolivia on May 10, John Paul II warned against the advance of evangelical sects "of the fundamentalist mode who are sowing confusion among the people." He also repeated his condemnation of "liberation theology," saying that it falsely poses theology as an agent for social change.

## *Peru prepares crackdown on terrorism*

Addressing his entire nation via television, Peruvian President Alan Garcia warned that his government intended to implement a new, more effective anti-terrorism strategy, and if it failed "we can kiss democracy goodbye."

He attacked "apologists for terrorism" in the media and the congress, declaring, "We are playing for keeps here, and cannot permit the terrorists to take advantage of us under the pretext of a pseudo-understanding of what constitutes human rights. Often we forget that we are in a state of war, a state of confrontation with assassins and terrorists, and we grant them all the benefits and powers, so that they can laugh at our democracy."

Peru has been beset by savage Indian-ethnic terrorism by a network called Shining Path (Sendero Luminoso).

Garcia is considering imposition of a temporary "state of siege" to permit a crackdown on Shining Path.

Four days before the President's speech,

his interior minister, José Barsallo, reiterated his call for the death penalty for terrorists. The issue has become a hot topic of debate. Barsallo said that the constitution expressly permits the death penalty in cases of treason. He said that the subversion of Shining Path has placed the country in a state of "internal war," and terrorism is properly to be understood as treason, and thus subject to the death penalty.

## *Gorbachov meets with Japanese opposition*

Mikhail Gorbachov met separately with leaders of two Japanese opposition parties during the first week of May, and indicated his interest in paying a state visit to Japan.

In his meeting with the deputy head of the Japanese Communist Party on May 4, Gorbachov went through a typical Soviet litany, calling for a de-nuclearized zone in the Pacific, and saying that the Communist Party should play a more important role in Japan to counter the militarization of the area—a reference to increased Japanese defense spending. Both Anatoly Dobrynin and central committee member for the International Department, G. Korniyenko attended the meeting.

The Soviet leader, in his meeting with the leader of the Japanese Socialist Party, declared that it was high time for better relations between the U.S.S.R. and Japan, and said that the two countries should stop trying to prove that they can live without each other.

He indicated his desire to visit Japan, but the BBC reported that Japanese Foreign Ministry sources in Tokyo do not treat this as an official offer, since Gorbachov made the statement to the leader of the main opposition party.

BBC also noted that Gorbachov categorically rejected any concessions on the question of returning the Kurile Islands to Japan, a principal obstacle to relations between the two countries. The Russians seized the islands at the close of World War II.

Even as Gorbachov's statements were being reported, Japanese Defense Agency statistics were issued showing that, "In the

three years since Mikhail Gorbachov assumed power . . . [Soviet] ground forces in Eastern Asia have been increased by 20,000 men, naval forces by five ships totaling 70,000 tons, and the air force by 190 operational aircraft." Overall, Soviet ground forces are estimated to be 390,000, or 43 divisions.

### **Hungarian leader may step down**

Hungarian communist leader Janos Kadar, who has been in power for 32 years, ever since the Soviets crushed the Hungarian Revolution of 1956, told an American television interviewer that he is ready to step down if the Hungarian Communist Party's Central Committee so decides at its conference beginning May 20. Kadar added, however, that he has no specific plans to resign.

Hungarian Prime Minister Karoly Grosz told the BBC that he is sure Kadar would accept any decision made by the Party.

Grosz was in London in early May, and is obviously grooming himself among diplomatic circles to be the next leader of Hungary.

### **Ethnic riots rock Pakistan**

The Pakistani army was called out and a curfew imposed in Karachi on May 9, following ethnic clashes which left 26 people dead and over 100 injured.

A day earlier, shopkeepers in a Karachi suburb closed their stores to protest what they called "police excesses" after another ethnic riot.

Elsewhere in Pakistan, at least two children were killed May 5 when a bomb exploded near the bungalow of an assistant commissioner in Charsadda, near Peshawar.

In a separate incident, Faiz Mohamed Arbab, a member of the Sind provincial assembly, was kidnaped by unidentified persons as he was driving into Karachi the morning of May 8.

### **State Dept. caught meddling in Singapore**

Although the U.S. State Department has denied that there was any impropriety in his activities, the U.S. envoy in Singapore was kicked out of the country the weekend of May 7. The government of Singapore explained that he was "trying to manipulate and instigate Singaporeans to contest the elections against the government."

State Department spokesman Richard Gong said that E. Mason Hendrickson, by meeting with Singapore opposition lawyers, was doing what American diplomats are expected to do in any country: "Keep in touch with a broad spectrum of individuals in order to report accurately developments in the country." But Singapore's government says Hendrickson promised Patrick Seong and other opposition lawyers that "financing would be no problem."

Later, in a move State Department spokesman Charles Redman unconvincingly denied was retaliation, the United States asked Singapore to have Robert H.H. Chuo withdrawn from the Singapore embassy in Washington.

### **Taft arrives in South Korea**

U.S. Deputy Secretary of Defense William H. Taft arrived in Seoul, South Korea on May 10. His mission is to pressure the Korean government to contribute more to the U.S. military deployment in the Persian Gulf, provide more aid to the Philippines, and contribute more in support of the U.S. military presence in South Korea.

The *Wall Street Journal*, for one, took exception to these proposals. It editorialized, "For a country short on friends, in a world short on democracies, is \$20 million really worth the risk?"

South Korean defense official Col. Pak Yoong-ok said May 9 that South Korea would not involve itself in the Persian Gulf, but is studying the possibility of paying more support for the U.S. troop presence in Korea.

## **Briefly**

● **35 MILLION** Africans have AIDS, writes journalist Maurizio Blondet from Kenya in Italy's *Il Giornale* May 6. In Nairobi, 8 prostitutes in every 10 are infected. Two millions blacks will die of the disease in the next five years, he wrote.

● **THE SOVIET** Space Shuttle will undertake its maiden flight this year. "You will not be waiting for long to see this launch," stated Alexander Dunayev, chairman of the Soviet space agency, Glavkosmos. An interview with him was published in the May issue of the British journal *Spaceflight*. The shuttle will not be manned.

● **BRITAIN** is blocking the next five years' funding of the European Commission's research into thermonuclear fusion. Britain, says *The Independent*, suffers from "a lack of commitment to fusion as a major source of power for the future."

● **THE PLO** may target Americans for terrorist attack, in retaliation for the assassination of the PLO's number-two leader Abu Jihad last month, according to Assistant Secretary of State Richard Murphy.

● **HANS-DIETRICH GENSCHER**, the West German foreign minister, is the source of proposals for a Marshall Plan for the East bloc, according to a source in Zurich. "Some call it a Marshall Plan for the East bloc, but it's really a Genscher plan, he's the energy behind it, with some of the German banks," said the source.

● **SOVIET JEWISH** emigrés arriving in Israel are warning that rumors abound in the U.S.S.R. that anti-Semitic pogroms are being prepared to coincide with the June 1988 celebrations of the Russian Orthodox Church Millennium. One told the *Jerusalem Post* of a March 6 demonstration in Moscow's Gorky Street, featuring signs, "Kill the Jews and Save Russia."

## The White House astrologers: the two key issues involved

by Lyndon H. LaRouche, Jr.

*The following analysis was released on May 10, 1988.*

It is extremely important that I, as a candidate for the Democratic Party's 1988 presidential nomination, provide the citizen essential guidelines for understanding the issue of the astrologers' control over the minds of the President and Nancy Reagan. No other presidential candidate is qualified to deal with this crucial, new campaign issue. It is important that I put my personal signature to such a report, and do so immediately.

Public attention must be directed to the major national security risks involved, rather than continuing to view the scandal on the infantile level of a TV soap-opera episode.

Whether one likes him or not, former White House Chief of Staff Donald Regan is an important witness. On this issue, so far, he has been proven accurate in exposing the fact that White House affairs have been influenced in a crucial way by the First Lady's adherence to astrology. He is more than borne out by White House admissions and corroborating evidence.

President Reagan's angry reaction is doubtless sincere. He might very well have been sincere when he denied that astrologers' influences might have affected the shaping of the policy decisions of his administration. Nonetheless, whether the President understands this or not, the evidence in hand shows that astrologers influenced the White House's policy-shaping in immensely important national security matters.

There are two issues involved. First and foremost, what author Donald Regan has exposed is a major national security breach inside the highest levels of the White House itself, a security risk so serious that only the conditions of outright warfare, or imminent outbreak of war, could be more important. Second, this President was twice elected through ener-

getic support from many citizens who believed the carefully orchestrated public relations campaign to portray Ronald Reagan as a devout Christian; now, we discover that the First Family was up to its neck in satanist practices, decades before sympathy-grabbing references to March 31, 1981.

### **The national security risk**

Investigation of the list of names of astrologers who are proven to have exerted influence over the First Lady, the President, or both, exposes a deeply embedded, California-based network of agents from the murkiest agency of the British foreign intelligence services, SIS's notorious, overtly satanist Occult Bureau. The Occult Bureau's Louis de Wohl is key to understanding the 40-year career of Ronald Reagan's most important astrologer, Hollywood's recently deceased Carroll Righter.

Since Britain is presumed to be the leading ally of the United States, why might it not be presumed rather widely, especially among most of the numerous anglophile veterans of OSS, that the SIS Occult Bureau's influence over a President of the United States, while extremely objectionable, does not represent a national security risk? To put that into perspective, imagine that Ronald Reagan had been, like former CIA official Miles Copeland, a postwar intimate of the late KGB General Harold "Kim" Philby from a time Philby was at nearly the highest rank in SIS as a whole. It happens that SIS's Occult Bureau is a much more dangerous security risk than the Soviets' Philby network.

Astrology was a major piece of trickery in the bag of SIS tricks from its founding under the famous Queen Elizabeth I. The John Dee who signed his coded messages to the Queen "007," used his cover as a leading astrologer to penetrate and manipulate the highest circles among foreign governments at

that time. Dee learned these tricks from the same long tradition of Chaldean, Magi, and Sufi mystics who had introduced pagan cabalism as a method of manipulation of Jews. The notorious Cult of Apollo, at Delphi, Rome, and elsewhere, controlled the political life of the relevant regions through such tricks, even two thousand years earlier than sixteenth-century Britain.

Britain's liberal establishment has a long history of such kookery up to the present time.

Forexample, when the chest of Sir Isaac Newton's papers was opened during this century, even the famous monetarist, John Maynard Keynes, after skimming the contents, closed the chest, and avowed he wished nothing to do with it. Since, in the first edition of his notorious *General Theory*, Keynes praised the Nazi system as the one most agreeable for the application of his own economic ideas, we know that he was not especially fastidious in his personal morality. Yet, something in Newton's chest shocked him. Later, other scholars sifted through Newton's papers, which proved to be devoted largely to experiments in black magic.

Newton's devotion to kookery was neither accidental nor exceptional; the circles of Sir Francis Bacon were so notorious for their involvement, that, in a famous and popular event of the period, the names of the members of one Stuart Restoration cabinet were arranged so that the first initials of those names spelled "Cabal." This did not end with William and Mary; rather, the spread of kookery under the houses of Orange and Hanover was as vigorous as under the Stuarts. More or less open worship of Satan was practiced by British liberals under Walpole, and by the circles of the Second Earl of Shelbourne, Pitt, and Jeremy Bentham later.

The heyday of kookery in modern Britain began with the influence of the Pre-Raphaelite Brotherhood of Oxford University's John Ruskin, the founder of modern British socialism and the point of origin of the overtly Satan-worshipping Theosophical Society of Annie Besant, Madame Blavatsky, Aleister Crowley, and Astor-backed Rudolf Steiner. The British Fabian Society was a rats' nest of this sort of kookery from the inception.

The current phase of outright Satan-worship began with the work of such notables as Bavaria's composer Richard Wagner, Russia's Fyodor Dostoevsky, Venice's Friedrich Nietzsche, and Britain's Aleister Crowley. Nietzsche and Crowley were the most influential authors of the satanic mystical prophecy, that, during the twentieth century, the "Age of Pisces" would be replaced by the "Age of Aquarius." To all devotees of that satanic astrological prophecy, Nietzsche and Crowley insisted that this meant the end of the age of Socrates and Christ, and the dawning of the age of worship of Satan in such forms as Lucifer, Dionysos, Osiris, or the Magi's Abraxis.

From the late nineteenth century, through World War II, the world center of the theosophists' worship of Satan, was the Isle of Capri. Some background on this is needed to acquaint the reader with the circumstances under which Brit-

ish SIS's World War II Occult Bureau was established, a connection which is key to understanding the national security implications of the Occult Bureau network's manipulation of the minds—and policy decisions—of the Reagan household.

### Capri, capital of the Antichrist

The key to the creation of SIS's wartime Occult Bureau is the fact that the theosophist followers of Aleister Crowley chose the Roman Emperor Tiberius as the original incarnation of the Antichrist. This choice was made on the grounds that, not only had Tiberius ordered the judicial murder of Christ, through his nephew-in-law Pontius Pilate; all of the Roman emperors, beginning with Octavian (Augustus Caesar) were members of the Magi's (Magicians') Satan-worshipping Cult of Mithra. Capri was the Western center for the Cult of Mithra under the Roman emperors. It was from Capri that Tiberius had ordered the judicial murder of Christ.

Thus, at the turn of the century, and later, Capri was the world center of theosophy, where theosophist Axel Münthe occupied the premises of Tiberius's palace. It was there, in the Grotto of Capri, before World War I, that Maksim Gorky trained Lenin, Stalin, and others in the future doctrines of bolshevism. Later, fat Hermann Goering waddled up to negotiate Adolf Hitler's purchase of Tiberius's palace as Hitler's future residence. Goering insisted that Hitler was the reincarnation of Tiberius, the current incarnation of the Antichrist; Münthe refused to sell, insisting that it was he, the present proprietor, who was the resident incarnation of Tiberius.

So, as World War II approached, British intelligence turned to the circles of Crowley, persuaded the Crowleyites to use their direct links to the circle of astrologers on whom such mystical Nazi bosses as Rudolf Hess and Adolf Hitler relied. This was later advertised as the principal tasking of the SIS's World War II Occult Bureau.

At the end of the war, Britain promised to declassify those files by about 1985. Those files from 40 years and more remain top secret today. The postponement is elementary; the Occult Bureau is still in full-scale operation, including its penetration of some among the highest-ranking political, governmental, financial, business, news media, and other circles inside the United States.

Since no later than the early 1930s, Hollywood has been the U.S. center of theosophy cults, and of variously Nazi, Soviet, and Occult Bureau operations based upon the nucleus of theosophical cults there. The late FBI Director J. Edgar Hoover ran major operations through this Hollywood nexus, including that which recruited young actor Ronald Reagan.

In his 1965 campaign autobiography, *Where's The Rest of Me?* Ronald Reagan referenced Carroll Righter as a good friend, stating, "Every morning Nancy and I turn to see what he has to say about people of our respective birth signs." Righter is a key lead for tracking much of Mr. Reagan's Hollywood and later political careers.

Righter had come to Hollywood in 1938, to set up shop as an astrologer, and was closely associated with the British Occult Bureau's Louis de Wohl during the war. Righter had connections into high Nazi circles through Wohl's links to Hitler's astrologer, Karl Ernst Krafft. He purchased the residence of the Nazi Gestapo chief of Hollywood operations, George Geysling, whence he obtained a massive file of Nazi blackmail dossiers on Hollywood figures, a file he shared with J. Edgar Hoover. The offices of Metro-Goldwyn-Mayer were a key channel for Righter and J. Edgar Hoover during that period. It was through this network that Ronald Reagan obtained his code-number as an official FBI informant, and conducted his crucial activities as a key FBI informer and leader of the Screen Actors' Guild.

Righter's operations in California were plugged into a pre-established network of Aleister Crowley; the theosophical operations centered around Crowley agent Aldous Huxley, and San Francisco-based Soviet intelligence operations featuring Moscow asset Armand Hammer. During the post-war period, this network provided the social basis for the MK-Ultra operations of Aldous Huxley and Gregory Bateson.

Later, Bateson, one of the Crowleyite sponsors of early Satan-rock experiments, went on to base his operations under the sponsorship of New York Episcopal Bishop Paul Moore, the latter one of the co-sponsors, together with the Anti-Defamation League's (ADL) Dr. Maurice Davis, of the Jim Jones Peoples' Temple cult. Bateson operated out of the Lindisfarne center of the New York Episcopal diocese, and spent the last years of his wicked life working on behalf of the British druidic cult, Wicca, to establish a nationwide organization of witches in the United States.

Not only the FBI was involved in such Cult Bureau shenanigans. During the 1950s, the "Aquarians" had high-level CIA connections through director Allen Dulles. The Dulles family's Switzerland connections were under the direct influence of satanist psychoanalyst Carl Jung, a connection constituting an important chapter in the Dulles family history. It was under Dulles, that Gregory Bateson and Aldous Huxley had prospered in the MK-Ultra operations.

## Hollywood as a kook center

The notorious morals—or, lack of said—among the Hollywood stars, date from the beginning of that locality's rise as the nation's entertainment center. Hollywood was gangster-dominated from the outset; what has changed in this regard is that the top ranks of Meyer Lansky's syndicate were given the aura of respectability. Excepting the luxurious life afforded the stars—as long as they remained stars—the conditions of labor of contracted Hollywood actors (male and female) differed little from the conditions of labor of syndicate-run prostitutes—then, or now. This shows in the screen and TV entertainment produced in the studios; it shows in the quality of the acting; it shows, past and present, in the personal life of most of the putative and aspiring stars.

The case of the First Lady's intimate friend, Elizabeth Taylor, is exemplary. Elizabeth Taylor's public relations coverage brags that she is a granddaughter of the notorious Lady Astor; she is a kook, and a rather dangerous one.

In 1986, Elizabeth Taylor sponsored a satanist rock festival in Turin, Italy. The churches and city government got wind of the details of her planned "live AIDS" festivity, and shut the operation down on the eve of the scheduled event. Later, Taylor's official representative flatly asserted that this reporter had lied in linking Taylor to that enterprise. Alas, this reporter was not only part of the operation which shut down that satanist orgy; the details of the matter, including documentation of Taylor's role, had been front-page news in Italy's press.

The special significance of the Taylor organization's selection of the Turin site, was that this city is the center of satanism in Italy. An estimated 5% of the population of the city is involved in outrightly satanist cult activities. The organizers chose Turin as the site of the Taylor organization's proposed Satan ritual because the largest turnout could be expected there.

It is very much to the point, that Taylor's Turin operation was closely coordinated with the Crowley organization in Britain, which was supplying the principal entertainment for the event. This was a tactical error on Taylor's part, since a Vatican investigation had uncovered and exposed the Crowley organization's control over international Satan-rock, as well as satanism generally. Unfortunately, her tactical error of bringing in the British side of the Crowley mafia was no mere coincidence.

The Reagans' connections to satanist kookery dates not from the aftermath of March 31, 1981, or even the mid-1960s. The origins of the taint are old Hollywood days.

## The Soviet connection

Put aside young Karl Marx's dabbling in overt satanism at Bonn University—the reason his father, Heinrich Marx, pulled him out of there. Put aside the influence which the rabidly gnostic protestant theologian Ludwig Feuerbach exerted upon Marx during and following his studies at the University of Berlin. Like fascism, ideological socialism was a secular outgrowth of the Magis' tradition of pseudo-Christian gnosticism, dating from the time of Nero's asset, Simon Magus, and Basilides. The distinction is: Fascism and bolshevism are specifically the "New Age" cults which Hitler's penchant for astrology and Maksim Gorky's Capri indoctrination of pre-World War I bolshevik leaders attest.

It is relevant to emphasize, that Fabian socialist John Dewey, a Rockefeller family protégé, was a fascist during the 1920s, and the leader of a circle of Trotskyist and other bolsheviks during the 1930s. The common roots of fascism and bolshevism were attested most clearly in Weimar Germany. Not only did the Soviet foreign secret intelligence services support Hitler's Nazis through the period of the abortive beer-hall putsch; until Hitler's bloody purge of the

Brownshirt allies of General von Schleicher, the mass-base of the Nazis vacillated between Communist and Nazi party affiliations. The pivots of this saliva-swapping between bolsheviks and Nazis of the 1919-33 interval, were chiefly two: the back-to-nature, small-is-beautiful countercultural cults from which the majority of the Hitler *Jugendbewegung* (youth movement) was recruited, and the phenomenon of National bolshevism.

Ideologically, Nazism was the importation of Russian New Age fascism into Germany, through such as the German popularizer of Dostoevsky's writings, Moeller van den Bruck, the author of a "Third Reich" dogma which was merely the translation of Dostoevsky's "Third Rome" into German. The essential difference between Russian bolshevism and German fascism was that the Russian variety preached Muscovite racism, while the German variety preached German racism. All of the other differentia were chiefly of an historical-accidental character.

"New Age" is merely shorthand for "Age of Aquarius." Fascism and bolshevism are twin products of the twentieth century, with common origins in the Isle of Capri, both directly outgrowths of Dostoevsky's, Besant's, Blavatsky's, Crowley's, and Maksim Gorky's theosophy. Hitler was committed to exterminating all traces of Western European Judeo-Christian civilization, especially the Judaism of Moses Mendelssohn and the Christian tradition of St. Augustine. On this point, there is no difference between Hitler and the Muscovite Russian Orthodox Church which has been dedicated to exterminating Western Christianity since no later than 1440. The common feature of both fascism and bolshevism, respecting Western European civilization, is Nietzsche's demand for the "transvaluation of values," to exterminate the image of Socrates and Christ, in favor of the satanic cult of Dionysos-Osiris.

The Soviet exploitation of New Age theosophy as a leading part of the stock-in-trade for subversion of the West, was officially adopted at the 1920 Baku conference of the Communist International, with Soviet fellow-traveler Rudolf Hess participating. That policy was institutionalized as the central feature of the work of the Soviet Oriental Institute, to which is assigned coordination of the work of exterminating the influence of Christianity in Central and South America today. Since 1920, the Mikoyan family of the Soviet Nomenklatura has been tied to sponsorship of this activity. The Gnostic Church of Central and South America, and the families of the Synarchists of the 1920s through 1940s, are today key to drug-trafficking and terrorism throughout the region, all with close links to the Soviet KGB.

The outrightly kookish side of Soviet intelligence penetration of California dates from prior to World War I, continuing before and for some time after that under the direction of the most important agent for the Communist International in Asia and Spanish-speaking America, India-born Communist M.N. Roy. Roy's old oriental networks, penetrating deep into Gnostic and Synarchist networks from just south of

the U.S.-Mexico border to nearly Cape Horn, are a major component of the operations of the kook division of Soviet intelligence down to the present date.

To track the Soviet connection into California kookery, three exemplary figures are also useful spoor: Agnes Smedley, Armand Hammer, and the Hollywood connections of Bertolt Brecht and Gerhard Eisler. More broadly, the theosophical networks associated with the spheres of special interest of SIS's Occult Bureau, are a battleground. Western kooks compete with Soviet kookery specialists in battling for

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This "Aquarian" New Age kookery's influence upon the establishment and growing portions of the U.S. population, is the major national security threat to the United States, short of outright thermonuclear war. That is the significance of finding two longstanding dupes emplaced as the First Family.

### **Excuses commonly available**

With an estimated 50 million Americans reported to be more or less under the influence of astrology, it is a great temptation for shrewd fellows who know the tricks of that racket to set up their own horoscope news service. By manipulating the mass mind through suggestions artfully inserted into mass-circulated horoscopes, one can shape the outcome of elections, shape the behavior of financial markets, or simply sell products which would otherwise be objects of contemptuous glances by retail shoppers.

At the same time, if one can find that some official of business or government has a credulous streak of superstition in him or her, or a candidate who might be molded before gaining office, one can control the policies of government, more or less as the Reagan household's astrologers have shaped the policymaking of the United States.

How very tempting. As P.T. Barnum, of "a sucker is born every minute" fame, would have recommended: Rather than freeing the population from such satanic superstitions,

why not compete in exploiting the profits to be gained?

Often, intelligence services go beyond mere manipulation of horoscopes. As we see in California today, the mysterious setting of a spectacularly frightening fire becomes the occasion for reviving Orson Welles's Nostradamus hoax. Rather than merely orchestrating mysterious and ominous events, such as a wave of improbably coincidental major fires, why not couple that with prophetic predictions? Rather than merely conducting an assassination by a New Age kook-member of the Hinckley family, why not use the incident to enhance fingertip control over the credulous?

Now, when Soviet intelligence is on a worldwide binge of assassinations and spectacular acts of sabotage, why not use Soviet access to key astrologers to produce a conjuncture of astrological prophecies and catastrophes whose effect is to drive the credulous masses of the population quite mad, and manipulable? It was exactly what the Magicians did consistently, in using their agents at the Delphi Cult of Apollo, to manipulate the internal affairs of Greece. It has been done again and again by those who had studied this tradition and its arts of mind-manipulation ever since.

The issue is not limited to the fact that the policymaking of a credulous American President can be manipulated by such tricks. The mind of the population can be manipulated just as Mark Twain described in his *Connecticut Yankee in King Arthur's Court*. A U.S. population degraded into superstitious attitudes toward astrology, is no more rational in its behavior than the meanest pack of ignorant savages.

This astrology racket, with its plethora of ugly witchcraft attached, is a major internal national security threat to the existence of the United States. If we are so induced to destroy our nation from within, we are soon easily reduced to slavery by a great Soviet adversarial force from the outside.

### Christians who are not Christians

Among what Donald Regan has set into motion now, is a destruction of the public relations hoax portraying Ronald Reagan as a devout Christian. This illuminates many truths about the recent policy-shaping of our government, in addition to the astrological catastrophe of Mr. Reagan's haste to sign his INF appeasement of Moscow.

Remember, the Reagan administration made quite a howl of protest against Pope John Paul II's *Sollicitudo Rei Socialis*. The same administration which is engaged in a headlong drive to deliver world domination to Moscow, protests with affected righteous indignation that the Pope should recognize "structures of sin" to exist both in the West and Moscow. Surely, all history shows that astrology is a structure based upon worship of Satan, and surely most Americans must agree that worship of Satan is a pretty nasty form of sin.

However, that encyclical made no reference to the astrologers' influence over the White House. The sin in this case was the inevitably immoral consequences of following those dogmas of hedonistic irrationalism embedded axio-

matically in Adam Smith's doctrine of the "Invisible Hand."

President Reagan's interpretation of drug lobbyist Milton Friedman on this point has been pretty cruel stuff. For the sake of his cult belief in the "Invisible Hand," the President has not flinched at destroying the farms, industries, basic economic infrastructure, and military defenses of the United States. Hospitals are being closed down, old-age pensions' real-wage value is being cut drastically, and so on. Meanwhile, while shifting more and more Americans out of productive jobs into the lowest-paid, non-productive, menial forms of services labor, and while the physical economy of the United States is collapsing, this President has the gall to say that, under his administration, we have so far experienced "sixty-seven months of uninterrupted economic recovery."

The same Reagan stood before the United Nations' General Assembly—as the fellow says, "with his bare face hanging out"—and said that no nation has "the right to economic development." He can not see the misery, including increased death-rates, which his foreign economic policies have imposed upon almost the majority of the human race.

In the case of the current strikes in Poland, the administration's immorality is the same. Those strikers are protesting against the savage IMF austerity which Moscow has imposed upon Poland because the Reagan administration continues to demand this. The administration expresses its sympathy for the strikers, while insisting that no concessions be made to tens of millions of Poles suffering U.S.-dictated IMF austerity!

What is wrong with a President's mind, that he could be so indifferent to the vast human suffering imposed by his worship of the hedonistic irrationalism of the "Invisible Hand" dogma? Surely, there is something awry in that mind, something which ought to be identified and changed? Of course, Christians have a certain affection for the President; they desire that his individual soul might be saved from astrology.

Essentially, there is no difference between the state of mind which believes in the "Invisible Hand," and one which believes in astrology. In the relatively least offensive part, that state of mind is an irrational one, not truly sane. In the worst part, that is a state of mind which believes so devoutly in a point of cult-mythology, that no evidence of human suffering caused by that belief is permitted to interfere with blind persistence in serving nothing but that cult belief.

So, credulous superstition becomes evil rampant.

More important, we see in the unfortunate present state of the First Family a reflection of what our nation has become. It is important to recognize the implications of what Donald Regan has forced into the open. Much worse is the fact that the polls tell us that Americans are about to nominate a choice of next President which is perhaps much, much worse than Ronald Reagan, worse even than a Jimmy Carter who, by his own admission, prepared his state of mind for Baptist Sunday-school classes at a weekend Allman Brothers rock concert.

# Ratification of INF still not certain

by William Jones

In spite of the tone of optimism coming out of the just-concluded Shultz-Shevardnadze meeting in Geneva, where, it seems, all disputes over verification have been settled to everyone's satisfaction, the climate pervading the offices of the Senate Democratic leadership is much more cautious and skeptical. Shultz still has to present his case to the Senate, where the verification issue suddenly became a major bone of contention just weeks before the treaty was to be called up on the floor.

At that time, it seemed that the Soviets were renegeing on a number of verification issues to which they had agreed when the treaty was signed. Instead of acquiescing on the two questions of dispute raised by the Americans, the Soviets responded with seven questions of their own, as one Senate source put it, "thereby raising the ante to nine."

There had also arisen, in the meantime, some unclarity, expressed by Senate Armed Services Committee chairman Sam Nunn (D-Ga.), as to whether the treaty ban would include missiles of INF-range which were armed with "futuristic technologies" (e.g., lasers). The dispute over futuristic technologies, which is now settled—at least momentarily—lasted several weeks, with letters crisscrossing the Atlantic to determine such things as how the term "weapon" was to be defined in the treaty.

Democratic Majority Leader Sen. Robert Byrd (D-W. Va.) at that point resolved that he would not call the treaty to the floor until the administration procured a satisfactory response from the Soviets on the contested issues. The administration, seeing the danger of not getting a treaty by the time of the next Reagan-Gorbachov summit on May 27, sent George Shultz scurrying to Geneva to iron out the difficulties with Shevardnadze. Within two days, they came up with some form of agreement on the contested issues which will now be scrutinized by the Senate leadership before the treaty is called to the floor. (The agreements will undoubtedly also be scrutinized by the appropriate parties in Moscow, who may raise their own objections.)

A more fundamental reason for the delay, however, is a difference in attitude between the Senate leadership and the administration on the entire ratification process. The Reagan administration had hoped to ramrod the totally flawed treaty through the Senate as quickly as possible, that the President might have it as a calling card when he goes to Moscow. If Reagan arrives with no treaty, there will be very little to celebrate, for him or for Mr. Gorbachov, whose risky flirtation with *glasnost* has been permitted by the real guardians of the Russian Empire only on condition that he thereby achieve some major foreign policy gain. Without the INF treaty, the foreign policy gains of the *glasnost* charade become rather chimerical.

Both Reagan and Gorbachov may be interested in facilitating the INF treaty in order to have it in the showcase at the upcoming summit, but Senate Democrats are not so keen on meeting any deadlines. Senator Byrd has made this quite explicit several times during the floor debate, as recently as on May 9. "I do not intend to delay for the sake of delay," said Byrd, "but neither do I intend for this Senate to rush into something here just because there has been a calendar deadline set somewhere by somebody." Byrd also stressed a very important constitutional issue. "Once we approve the ratification of that treaty, that treaty is the law of this land. . . . If we make a mistake in passing a bill, that can be fairly easily rectified, simply by passing another bill repealing the first law. But when it comes to a treaty, if we make a mistake, we had better know it before we enter into its ratification."

Especially during an election year, Senate Democrats are not particularly interested in letting the Republican administration take total credit for a major agreement with the Soviets, especially one which is so obviously flawed as this one, only to be paraded about during the election campaign by Ronald Reagan's self-styled successor, George Bush.

This ratification debate promises to be a longer haul than some people are expecting. If the hurdle of verification is overcome, there remains the very controversial Biden amendment to be dealt with. This amendment, tacked on to the treaty when it was still in committee, concerns the question of where the ultimate interpretation of treaties actually lies, with the Executive or with the Senate. This is an issue which will undoubtedly be the subject of a rather heated and lengthy debate.

There are a number of other amendments which will be brought forward for discussion and deliberation, dealing with excluding conventionally armed cruise missiles from the treaty ban, the human rights issue, and linking the treaty to a build-up of conventional forces in Europe. This does not include eventual surprise amendments which may be under consideration by senators who are now playing their cards close to the chest. The big question, when all is said and done, is not whether the INF treaty will be ratified in time for the summit, but rather whether it will be ratified at all. Any assumptions at this point would be premature.

# LaRouche Democrats win in Ohio, Indiana

by Marianna Wertz

LaRouche Democrats have just scored two victories in the Ohio and Indiana primaries, bringing to five the number of Democrats supporting the policies of presidential candidate Lyndon LaRouche who have won important elections in key industrial states this primary season. In both cases, the candidates were running unopposed, because the party bureaucrats are too disorganized or demoralized to field candidates for every race.

In Ohio's May 3 primary, Mark P. Brown became the Democratic Party's nominee for Congress, running in Ohio's 12th Congressional District (Columbus). Brown polled 17,000 votes, compared to 24,000 cast in the GOP primary for the incumbent, Republican Rep. John Kasich.

Georgia Irely, a LaRouche Democrat who has consistently polled well in recent elections, won the Indiana primary in the 32nd State Assembly District. She will be the Democratic nominee against Republican incumbent Epsch in November.

The LaRouche Democratic slate's victories in this primary season started on March 8 when Claude Jones was elected Democratic Party chairman of the second largest county organization in the nation—Harris County, Texas, which includes the city of Houston. Then, in Pennsylvania, on April 26, LaRouche Democrats Donald Hadley and George Elder won the Democratic primary for Congress in the 5th and 21st CDs.

The party hierarchy has met these LaRouche victories with reactions ranging from hysteria to caution, attempting to deal with the reality of LaRouche's now well-established voter base within the Democratic Party. After her win, Irely was contacted by Mike Phillips, the minority leader in the Indiana State Legislature, who invited her to a strategy session for new candidates. When Irely made clear that she wanted no part of the meeting if it were to turn into a "LaRouche-bashing" session, Phillips said, "I'm sure there are areas in which we would agree," and encouraged her participation. Elder, too, received a congratulatory message from Pennsylvania's lieutenant governor, encouraging his participation in the party's electoral efforts statewide.

## Hara-kiri, Adlai style

On the other hand, many Democratic officials appear to have learned nothing from the pitiful example of Adlai Stevenson III. In 1986, Stevenson made a laughingstock of the

Illinois Democratic Party, in his attempt to slander and stifle the LaRouche Democrats who won the primaries for lieutenant governor and secretary of state. The first big mistake of the season was made by the losers in the Harris County Democratic chairman's race, who tried to seize the chairman's power from Claude Jones's rightful control. That attempt failed miserably at the first meeting of the Harris County party on May 3. From the moment Jones picked up the gavel, announcing, "We can bring back to the party many former Democrats, if we offer them leadership to address the economic and financial crisis we face," he was in control, and his opponents had egg on their faces.

The same liberal faction in the party leadership is attempting to replace Donald "Tony" Hadley, the duly elected Democratic candidate in Pennsylvania's 5th District. The local party hacks, who first failed to find their own "independent" Democrat to put up in November against Hadley, endorsed a former member of the Republican Party Finance Committee to run as an independent against both Hadley and the Republican incumbent. Former Republican Michael Gelpi, their candidate, claims to see no problem with this: "I grew up as a Rockefeller Republican, progressive on social issues and moderate on fiscal matters," he told the press. "Is that a liberal Republican or a moderate Democrat?"

Meanwhile, local party officials suffered another embarrassment on May 11 when official vote tallies of the April 26 primary were released, and showed that Hadley won in Delaware County as well as the other two counties of the 5th CD. The original election-night tallies had shown his opponent, Robert Houchins winning in Delaware County, but when the real totals were tabulated, Hadley had overwhelmed Houchins in the county by 1,177 to 591.

LaRouche Democrats are also anticipating a victory in the upcoming California primary. The anti-AIDS Proposition 69, placed on the June ballot by LaRouche Democrats, is gaining steam. On May 8, one of LaRouche's main opponents in the primary, presidential candidate Jesse Jackson, denounced both the proposition and LaRouche, in an address to 5,000 "gay" and lesbian activists in Sacramento. Jackson, whose political base includes the large homosexual constituency which has taken a leading position in the Democratic Party against LaRouche, denounced the proposition as a "hate-based, LaRouche-backed" proposal. The rally had been expected to draw as many as 50,000, and included a "die-in" on the capitol steps.

The LaRouche Democrats are moving rapidly in every state to expand on the impact of their victories. In Texas, Claude Jones has begun a series of "Chairman's Forums," to begin discussion of key issues facing the constituents in his district. George Elder, a farmer, has been invited to address an international conference on the farm crisis in Nancy, France at the end of May, sponsored by the Schiller Institute. He then plans to travel to Scandinavia and West Germany, bringing the issues of his campaign to farmers there.

# Commission pushes drastic austerity

by Kathleen Klenetsky

The economic policies of the next administration—Republican or Democrat—will almost surely be dictated in large part by a group of primarily unelected “insiders,” who will recommend drastic reductions in the average American’s standard of living as a “solution” to the burgeoning national deficit.

That, at least, is the intention of the National Economic Commission, and its masterminds on Wall Street and other Establishment power centers. Created last December during the final throes of the congressional budget debate, the Commission, or NEC as it’s known in Washington, is supposed by come up with a deficit-reduction proposal for the new President by March 1989. However, congressional sources told *EIR* that the timetable has been advanced, and that the new target date is early January. “We want to make sure that the next President’s first budget reflects the Commission’s input,” a congressional supporter of the NEC disclosed.

The product of discussions between leading congressional exponents of “root canal economics,” including Sen. Daniel Moynihan (D-N. Y.), Sen. Bob Dole (R-Kan.), and Rep. Buddy McKay (D-Fla.), and top representatives of the financial community, such as Lazard Frères’ Felix Rohatyn (who, along with Moynihan, was subsequently named to the Commission), the NEC is seen as the most promising vehicle for forcing through what’s quaintly called “hard choices” and “sacrifice.”

## Austerity ‘under a cloud of secrecy’

The Commission “is the single most important development in the last year for getting the budget under control,” says Dr. Robert Holland, head of Wall Street’s Committee for Economic Development. Holland has “high expectations” that the group “will not only be able to produce a package of painful economic sacrifices but will also be able to build a popular consensus that will enable these measures to be put into effect.” According to Holland, the problem lies not with the post-industrial policies of the past 20 years, but that Americans “consume too much” and have been “living beyond our means far too long. Now it’s time to pay the piper, and the NEC could be the best way to do it.”

New York lawyer Richard Gardner, co-chairman of an Aspen Institute project which maintains that the U.S. should be subjected to the same IMF “conditionalities” which have devastated the Third World, also sees the NEC as a golden

opportunity for slashing consumption. Gardner expressed a belief that the Commission is particularly promising, because it is composed principally of non-elected individuals, who do not have to answer to constituents when Social Security and Medicare benefits get axed. “It’s extremely difficult for any politician or elected official to tell voters that they’re going to have to tighten their belts for a while. That’s why the Commission idea is so necessary.”

Congressional partisans of the Commission see it as “the next step after Gramm-Rudman-Hollings. Because it’s comprised primarily of individuals drawn from the private sector, it’ll be able to propose things, like Social Security cuts, which congressmen couldn’t do, because they’d be subjected to pressure from special interests,” Dole aide Jim Wittinghill recently explained.

It had been suggested a few months ago, that the Commission might be called upon to advise Congress on the budget during 1988. But, according to an aide to Representative McKay, this has been nixed. Bob Strauss, who co-chairs the Commission with Republican bigwig Drew Lewis, met with McKay and the Democratic Budget Group, and stressed, “The worst thing that could happen would be that the Commission’s discussions got swept up in the presidential campaign, and then got bogged down in partisanship.” Strauss reportedly emphasized that the “issue of deficit reduction cannot be solved in the political arena. The NEC has to go off and reach a consensus under a cloud of secrecy, and come out arm-in-arm next January behind a unified set of proposals. This is the only way something like this can be effective.” The Commission will, however, hold hearings, in order to bring in “experts” to testify that “sacrifice” is the order of the day.

Just what is the NEC likely to recommend? According to various sources: cutting Social Security benefits; increasing out-of-pocket payments for Medicare beneficiaries; slashing farm supports; hiking interest rates and taxes; and dramatically cutting defense spending, by canceling entire programs, such as the SDI, and reducing the U.S. military presence abroad.

These predictions were borne out by the NEC’s first public hearings, which took place on Capitol Hill May 10. Carol Cox, executive director of the Committee for a Responsible Federal Budget, to applause from Commission members, testified, “We must do things in the future which we are not willing to do today.”

The only dispute among Commission members was whether defense or social spending should bear the brunt of the forthcoming reductions. Former Defense Secretary Caspar Weinberger issued a strong warning that if defense were cut any further, the United States would be in no position to defend itself. Unfortunately, by failing to recommend solving the deficit problem through a high-technology-vectored economic development program, Weinberger is left with a “guns, not butter” argument.

## Shaping the next presidency

Behind the superficial trappings of the U.S. presidential campaign—the baby-kissing, the meaningless slogans, and other banalities—the real work of shaping the policies of the next presidency is taking place.

Just as the New York Council on Foreign Relations' *1980s Project* set the agenda, and contributed the key members, of the Carter administration, leading think tanks and policy institutions have hunkered down to draw up the blueprint for the next administration.

There is a plethora of such projects under way. Among the potentially most influential are:

- "Governing America: Presidential Choices for the Next Decade," a project launched earlier this year by the Center for National Policy (CNP). One of the most influential Democratic think tanks, the Center is currently chaired by Carter-era Secretary of State Edmund Muskie, and its board of directors includes such stars of the party firmament as Cyrus Vance, Pamela Harriman, Bob Strauss, and Lloyd Cutler.

Underwritten by the Alfred P. Sloan, General Electric, and AT&T Foundations, the Center's "Governing America" project is run by a steering committee which includes former Federal Reserve Chairman Paul Volcker, the man who drove the U.S. economy to near extinction when he hiked interest rates to the 20%-plus mark during the final year of the Carter administration; Sen. Bill Bradley (D-N.J.), and former Senator Charles

Mathias, a member of the Inter-American Dialogue, which has called repeatedly for legalizing drugs, and others.

According to CNP Executive Vice President Maureen Steinbruner, the project's purpose is to shape the incoming administration's policy outlook, by "identifying what the strategic choices" facing the next President will be.

Given that two CNP board members—Richard Moe and Anne Wexler—as well as the Center's president, longtime Kennedy family operative Kirk O'Donnell, have just signed on with the Michael Dukakis campaign, that's not an idle boast.

Steinbruner says that the project will focus on two principal areas: the "role of the U.S. in an emerging global economy," and "a review of the U.S. posture in national security terms."

Cutting back on U.S. military commitments abroad, expanding East-West economic dealings and integrating the Soviet bloc into the international monetary system, as well as reducing domestic entitlement programs—Social Security, Medicare, farm price supports, etc.—will "definitely be discussed."

- The American Agenda, a new bipartisan operation that will attempt to define a "considered agenda" of the five or six most serious issues which will confront President Reagan's successor.

Funded by the Times-Mirror Co., the organization's purpose, according to a prospectus, is to "help create for the next President and for the nation a summary agenda of where we as a nation are, where we want to go, and what we must do to get there."

Co-chaired by former Presidents Jimmy Carter and Gerald Ford, the group is jointly directed by Stuart Eizenstat, a former top Carter administration functionary (and a member of

CNP's board), and James M. Cannon, who previously served as an adviser to Nelson Rockefeller and Howard Baker, while the latter was a senator.

The organization has enlisted on its executive committee Henry Kissinger, former National Security Adviser (and current George Bush adviser), Brent Scowcroft, ex-Defense Secretary Donald Rumsfeld, Bob Strauss, former Congressional Budget Office Director Alice M. Rivlin, American Express CEO James Robinson, and a slew of similar types.

The group makes no bones about the fact that it fully intends to tell the next President what to do. Its prospectus observes that neither party's nominee "will have the time or opportunity or the responsibility" during the campaign to think about policy; thus, presumably, the need for a gang of unelected "experts" to script the next President's policy initiatives, personnel choices, etc.

Although neither the Center for National Policy nor American Agenda says so publicly, it is clear from off-the-record discussions with people involved that the driving motivation behind these and other projects, is to ensure that the next President—Republican or Democrat—will be situated to ram through politically unpalatable proposals during his first few months in office. Major cuts in social spending, a further slowdown in the Strategic Defense Initiative, and a partial withdrawal of American troops from Europe, are all part of the hidden agenda now being drawn up by the "experts."

As the American Agenda's Cannon told the *Washington Post*, "The first six months is the period when the President has the least familiarity with the office but also the greatest opportunity to make changes because it is likely to be the time when he has the most bipartisan support."

## West Germany: Iklé policy threatens NATO

Dr. Alfred Dregger, the head of the Christian Democratic Union and Christian Social Union faction in the West German parliament, the Bundestag, came to Washington May 5 to deliver a stern warning that any change in U.S. strategic policy toward NATO will bring about a disintegration of the alliance.

Dregger specifically targeted the report published this spring by the President's Commission on Long-Term Integrated Strategy, entitled *Discriminate Deterrence*, and commonly known by the names of the chairmen of the commission, former Undersecretary of Defense Fred Iklé and Albert Wohlstetter.

The report calls for a drastic restructuring of the philosophy of deterrence which has been the cornerstone of the NATO alliance. Instead of a unified defensive alliance, whose purpose is to prevent aggression from the East bloc by insisting that any aggression would be met with a full-scale nuclear attack," the Iklé-Wohlstetter study advocates a concept of "regional deterrence," which is based on what it calls a "more realistic assessment" of how a conflict would actually be engaged.

The shift proposed is monumental: from an alliance built to insure that aggression never occurs, to one structured to anticipate a conflict.

Needless to say, this report created a firestorm of outrage in Western Europe when it came out. As Dregger's visit to Washington indicated, it has not yet abated, despite attempts by

the Reagan administration to assure the NATO allies that it does not intend to adopt the Iklé policy.

Dregger said in remarks to the John Hopkins University's American Institute for Contemporary German Studies here that he remains concerned "because the commission that prepared the report was made up of so many influential figures in the U.S." Indeed, the commission included three former national security advisers: Henry Kissinger, Zbigniew Brzezinski, and William P. Clark.

Dregger confirmed to this reporter in private remarks after his speech that he was "fully aware" that it is widely assumed here that the next administration, Republican or Democrat, will adopt the Iklé policy. "That is why I came to Washington now," Dregger told me.

In his speech, Dregger said that the implementation of the Iklé report "would create a violent reaction in West Germany." He said that "NATO would no longer have a base in public opinion" in Germany, and his countrymen will no longer tolerate the existence of short-range nuclear weapons on their soil.

If the U.S. says it will no longer commit its strategic nuclear deterrent to the defense of West Germany, then the Warsaw Pact forces will be encouraged to attack Western Europe, knowing they would not be risking an all-out nuclear war.

Since short-range nuclear weapons are now the major means the West has to offset the massive Warsaw Pact conventional force advantage on the borders of West Germany, the removal of the U.S. strategic deterrent increases the likelihood that these weapons will someday be used in combat.

If that ever happened, Germany would be turned into a "nuclear rubblefield," since the targets of these weapons would be Warsaw Pact tanks

advancing onto West German territory. Therefore, the minute the Iklé policy became official U.S. policy, West Germans will clamor for the removal of all short-range nuclear weapons and a pullout from NATO.

The *Washington Post* mistook Dregger's remarks as a call for the elimination of short-range nuclear systems. In fact, he said he favored their continued presence in West Germany, and their modernization, conditional upon "clarification of their strategic purpose."

## East Germany: Create nuclear free zone

Perhaps not by accident, the same day that Dregger delivered his warnings against the Iklé policy, Herman Axen, a leader of the East German government, showed up to address the National Press Club.

The head of the East German communist party's Foreign Affairs Committee, Axen gave official Washington a sample of how alluring Warsaw Pact options will appear to the population of West Germany if, in fact, the Iklé policy is implemented.

Axen made the case for the Soviet proposal of a "nuclear-free zone" to run down a corridor some 200 kilometers on either side of the boundary between East and West. This, he said, is the only way to prevent the "nuclear rubblefield" that would be created on German soil if short-range nuclear weapons were ever used.

He gratuitously proposed to remove all short-range nuclear weapons from East German soil if the West Germans did likewise. He did not mention that this would leave the Warsaw Pact with a decisive advantage in conventional forces armed with "futuristic technology," such as radio frequency weapons.

## Trade bill sent to White House for veto

The controversial trade bill was sent to the White House for what promises to be an inevitable veto by President Reagan. Senate Democrats made efforts to eliminate one provision of the bill restricting the export of Alaskan oil in order to win a couple of swing votes from Alaska's two Republican senators, votes needed to override a veto. Senate Republicans succeeded in stopping the motion.

The bill also includes the plant-closing provisions, which President Reagan has said he could not accept. The Democrats are making political hay out of the provisions, as Massachusetts' Dukakis is the only governor who has introduced such measures.

If the trade bill is vetoed, the Congress could, theoretically, work out another bill minus the Alaska oil provisions and the plant-closing provisions, but as the plant-closing provisions have been made into a major presidential campaign issue, it is unlikely that congressional Democrats would want to eliminate them. It is also considered almost impossible time-wise to work out another bill this year. This means that the United States will remain without trade legislation, a situation which could negatively affect next month's trade statistics and, consequently, the financial markets. A deadlocked U.S. government does not generate much optimism, in spite of administration attempts to "talk it up."

## Two parties vie as fierce anti-drug fighters

With elections approaching, both Democrats and Republicans are vying to portray themselves as the real war-

riors against the drug mafia, an issue which has become of prime concern for the voters. As the Reagan administration's much-touted "War on Drugs" fades into oblivion due to a lack of resources and a real lack of will to actually eliminate the problem, the drug issue is becoming a major election issue, and even the more vociferous liberals from yesteryear are tending to jump on the bandwagon, at least until after the elections.

The issue which has received the most debate and the most publicity is the question of using the U.S. military in a bigger way in the war on drugs, for instance, by deploying U.S. military forces on the U.S. borders. One particular proposal, raised by Armed Services Committee chairman Sam Nunn (D-Ga.) and Sen. John Warner (R-Va.), the ranking Republican on the committee, would put the military in charge of drug-trafficking surveillance and would expand anti-drug efforts through logistical and communications supports networks.

An alternate proposal offered on Tuesday, May 10, by Sens. Alfonse D'Amato (R-N.Y.) and Pete Wilson (R-Calif.) would expand the use of military personnel and equipment to help detect, pursue, seize, and search vessels and aircraft carrying illegal drugs into the United States. This would allow the military to arrest drug suspects outside U.S. borders. Senator D'Amato, who played a very prominent role in the campaign to nail Panamanian General Noriega on trumped-up drug charges, may perhaps have other motives than a simple concern about the drug problem, when he wants to give the U.S. military the power to arrest foreign citizens on foreign soil.

The Pentagon is not so keen on the idea of being drawn into the war on

drugs at the cost of their constitutionally stipulated mandate to defend the country. Fighting tooth and nail for the necessary funds to maintain their present programs, Pentagon officials are not enthusiastic about being given assignments which would put a strain on their resources, draining money from other valuable programs. In a period of budget austerity, it is clear that there is skepticism as to whether the additional funds would be forthcoming.

It is estimated that a massive shift of the military to drug interdiction would require 90 infantry battalions, 50 helicopter companies, 54,000 Army troops, 110 AWACS aircraft, 30 E2C Hawkeye surveillance planes, 90 P3 antisubmarine aircraft, 50 tethered balloons carrying radar gear, more than 1,000 fighter aircraft and 160 cruisers and destroyers, according to Pentagon officials.

## House approves defense budget of \$299.5 billion

The House on May 11 passed a \$299.5 billion defense budget for fiscal year 1989 with a vote of 252-173. The total spending level was already worked out in last year's budget summit, although the House bill includes some changes on individual weapons programs that the administration opposes. Spending on the Strategic Defense Initiative was cut from the \$4.6 billion sought by the administration to \$3.5 billion. The Senate, however, wants to stick with the \$4.5 billion recommended by the Armed Services Committee. This indicates a likely House-Senate compromise of about \$4 billion, allowing a minor increase over current spending.

The House version of the bill has reduced the \$792 million requested by the Pentagon for the 10-warhead MX program to \$100 million, and increased the \$200 million requested for the single-warhead Midgetman program (which the Pentagon ultimately wants to phase out) to \$600 million. A similar proposal, introduced in the Senate by Paul Simon (D-Ill.) was roundly defeated 61 to 36.

The House bill would bar the Pentagon from testing possible low-trajectory intercontinental ballistic missiles so long as the Soviet Union does the same. As has been the case in previous years, the Senate voted against such a proposal thus assuring that it will not be included in Congress's final version of the defense bill. The Senate version of the bill is still under debate.

## Space program imperiled by budget-cutting

The budget austerity rampant on Capitol Hill could be the death knell of the U.S. space program, as the sums now under consideration would be insufficient for any program of manned space exploration. Either the funds available to NASA must be dramatically increased or the program would have to be directed to accomplish more limited goals, according to a report drafted by the Congressional Budget Office (CBO). Without an increase in the funding, the proposed international space station would either be seriously delayed or canceled altogether.

The draft report concluded that paying only for the existing program will require a budget of \$14.4 billion by 1993, in fiscal 1988 dollars, and \$16.4 billion by the year 2000. The

more ambitious program of a manned mission to Mars, proposed some years ago by Democratic presidential candidate Lyndon LaRouche and adopted in limited form by the Reagan administration in the fall of 1986, would require, according to the CBO report, a budget of more than \$30 billion by the turn of the century.

Such accountant's logic misses the point entirely, as was explained in testimony submitted by a representative of the National Democratic Policy Committee to the Senate Appropriations Subcommittee on Housing and Urban Development. In that testimony, it was shown how a Moon-Mars colonization program could be the type of science-driver project which could help pull the United States out of its present tailspin toward a new depression and create high levels of economic growth.

The CBO report emphasizes that maintaining the shuttle program is a *sine qua non* for every part of the NASA program.

## Congressional aide in apparent suicide

Attention was focused on the congressional office of Rep. Roy Dyson (D-Md.) after Dyson's administrative aide, Tom Pappas, fell from the 25th floor of the Helmsley Palace Hotel in New York on May 1, in an apparent suicide.

A *Washington Post* article published on the day of Pappas's death, referred to stories from disgruntled staffers saying that Pappas hired mostly young males, some of whom were requested to socialize exclusively with Pappas and other staffers. In one case, according to the *Post*, a staffer was asked to perform a male striptease at

an office retreat. The *Post* article implied homosexual activities. It is possible that Pappas committed suicide because he felt that the *Post* article had ruined his career.

Ironically, Pappas boss, Rep. Roy Dyson, a conservative Democrat from Maryland, got his House seat in 1980, when his predecessor, Robert Bauman, a harsh critic of the House Democratic leadership, was charged with soliciting sex from a 16-year old boy. These revelations split Bauman's conservative activists, costing him enough votes to swing the election to Dyson.

At a press conference held several days after Pappas's death, Dyson was grilled on the social practices of his office, and was asked point-blank if he was a homosexual, which he adamantly denied.

## Abrams attacked on House floor

On May 10, Rep. Don Edwards (D-Calif.) entered into the *Congressional Record* an article from the *Christian Science Monitor* attacking Elliott Abrams and William Casey for their "ideological zealotry."

Referring to the demise of the Reagan administration, Edwards said. "The end of control over our policy by the likes of William Casey and Elliott Abrams gives us the opportunity to repair our relations with our neighbors in Central America. . . . After years of promoting instability in Mexico, it is time for the United States to recognize the value of Mexico as an ally and a trading partner. . . . Now, the United States must continue to work with Mexican leaders in helping to establish a stable economy in that country."

## Gov't misconduct hearing ends in LaRouche case

Hearings on government misconduct concluded on May 12, about one week after the *U.S.A. v. The LaRouche Campaign* trial ended in a mistrial. After he receives final briefs on June 20, Judge Robert Keeton will rule on what sanctions should be applied against the federal government for its pattern of withholding exculpatory evidence from the defense.

Judge Keeton set a schedule of hearings, which concluded with a potential retrial date of Oct. 3.

Observers believe that the trial schedule is totally unrealistic, however, since by the deadline of July 15, the defense will file a series of motions to dismiss the case, including one on the grounds of double jeopardy. The defense has argued that retrial would be double jeopardy, because it was government misconduct which was responsible for the extension of the trial and led to the mistrial.

Defense attorneys told Judge Keeton May 12 that, should their double-jeopardy motion be denied, they would immediately appeal the decision. Such an interlocutory appeal could take months, and would have to be resolved before the retrial began.

Assistant U.S. Attorney John Markham also announced that the government will separate the credit-card-fraud portion of the case from the obstruction-of-justice part of the case. A motion to this effect by the defense was rejected by both the prosecution and Judge Keeton over a year ago. At this point, however, Markham is desperate to find one part of the case which he might be able to successfully bring to completion.

During the last week of the misconduct hearings, defense attorneys questioned both AUSA Mark Rasch and FBI Special Agent Richard Egan on their roles in the withholding of exculpatory evidence. Both did their best to put the onus on AUSA Markham, who is already showing strain under the pressure.

## North refuses to turn over notes

Lt. Col. Oliver North, after eluding a "monumental effort" to serve him with a subpoena for 10 days, sent his lawyer to the Senate Foreign Relations Committee to invoke his Fifth Amendment rights against self-incrimination, as his reason for refusing to turn over 3,000 pages of notes he compiled while running Iran-Contra operations.

Committee chairman John Kerry (D-Mass.) contends that the notes are government property because they were compiled while North worked for the National Security Council. Kerry wants access to the notes without any deletions. He believes they contain evidence of drug-running operations by the Contras.

Senator Kerry called it "unheard of . . . and inappropriate" that North's lawyer, Brendan Sullivan, who does not have "any security clearance whatsoever," should be "the custodian of documents that have been walked out of the work place of the most highly sensitive agency that we have."

Although it remains to be proven under strict rules of evidence, much testimony already heard by congressional panels leave little doubt that North and his Contra operatives were involved in drug-running into the United States, in connection with Colombia's Medellín Cartel of cocaine traffickers.

## Pentagon: We're falling far behind in SDI

In its required annual report on the Strategic Defense Initiative, the Pentagon said that 3% annual increases in funding for SDI research will not be enough to "keep pace" with the Russians in that area, and that to fall further behind in research would be a mistake militarily, the *Washington Times*

reported May 10.

"The resulting asymmetry between Soviet and U.S. forces [caused by the Soviets' gradually improving ability to destroy U.S. forces with a surprise attack] has led to a destabilizing situation, one that must be redressed," the report stated.

If Congress continues to cut deeply into SDI funding, said the Pentagon, "the United States will not only waste its greatest leverage—the innovation possible in a free society—but it can expect to do no more than react to Soviet initiatives in strategic defense.

"We are faced with either delaying the time when a decision on whether to deploy defenses could be made, or eliminating some technology efforts, thereby reducing the number of defense options that can support a decision," said the report.

"While the Congress has increased funding every year, the difference between what the administration has requested and what the Congress has appropriated is so large that it has had a substantial and increasingly detrimental impact on the program," said the Defense Department.

## Movement for lower tuning grows

Top vocal artists and teachers from New York City and California have endorsed the Schiller Institute's "Italian initiative" to lower the orchestral tuning pitch to C = 256 cycles (A = 432) from the current practice of A = 440 and up.

The Schiller Institute held a conference in Milan in April which drew up a petition demanding the lower tuning, signed by Renata Tebaldi and many other international musical celebrities (see *EIR*, Vol. 15, No. 17, April 22, 1988).

Signed endorsements have now been received at the Schiller Institute's Washington office from Metropolitan Opera stars mezzo-soprano Diane Kesling and tenor Nico Castel, bel canto voice teacher Ellen Repp,

## Briefly

● **ED KING**, former governor of Massachusetts, is shadowing the current governor, Michael Dukakis, on the campaign trail, and asking him the embarrassing question: "Where has \$3 billion gone?" That's the overrun in the Massachusetts budget under Dukakis's management, even after accounting for inflation.

● **NEW JERSEY** State Health Commissioner Dr. Molly Joel Coye told the State Assembly Appropriations Committee May 7 that more state funds must be concentrated on stopping the spread of AIDS. Coye presented statistics that surprised some committee members, estimating that some 100,000 New Jersey residents are infected with the AIDS virus.

● **PAT BUCHANAN**, in a May 9 *Washington Times* column, stated, "We are living through an undeclared constitutional crisis; it is the consequence of a 20-year siege by Congress against the presidency of the United States." Typically, former White House communications chief Buchanan blames the problem on the amorphous "left."

● **HOUSTON** not only leads the nation in bank failures and vacant office space, it is second in the number of roaches and third in the number of fleas, according to a survey by the manufacturer of Black Flag pesticides. Top roach cities were Miami, Houston, Tampa, San Antonio, and Dallas/Fort Worth. The top flea cities were San Antonio, Tampa, Houston, Oklahoma City, and Dallas/Fort Worth.

● **RACINE, WISCONSIN** is the site of a closed-door conference in mid-May, sponsored by the Ditchley Foundation and the Chicago Council on Foreign Relations. Its purpose is to shape the foreign policy of whoever becomes the next President. Candidates' representatives will be there to hear from "experts" such as Robert Hunter of Georgetown's Center for Strategic and International Studies.

vocal coach Dr. Frances Holden, head of the Santa Barbara, California Lotte Lehmann Foundation, and lieder pianist Bodil Frolund of New York.

Kesling, wife of Metropolitan opera principal cellist Jascha Silberstein, who signed the petition a week earlier, was "delighted" with the initiative and said that she plans to raise it at the next meeting of the U.S. musicians union, AGMA.

Castel serves as language and diction coach for the Metropolitan Opera's young artist program and the Wolf Trap summer opera program near Washington, D.C. Miss Repp sang throughout Europe, including under Wilhelm Furtwängler and Leopold Stokowski, and now teaches voice at the Manhattan School of Music.

Proponents of the lower tuning argue that not only does it destroy voices forced to sing at A = 440 and often higher, but that the change in register shifts imposed denies the intent of the classical composers and, literally, destroys their music.

### D'Amato admits helping Wedtech

Calling his intervention in favor of the indicted defense contractor, Wedtech Corp., "a mission of mercy," Sen. Alfonse D'Amato (R-N.Y.) testified at the racketeering trial of Rep. Mario Biaggi (D-N.Y.) that he came to the company's aid at Biaggi's request, but not as a political favor.

He described his assistance to Wedtech as "not any more and not any less than we've done for hundreds and hundreds" of other companies. D'Amato admitted that a Democratic group organized by a former Biaggi aide was "instrumental" in his 1980 victory, and called Biaggi's decision not to endorse his Democratic opponent, Elizabeth Holtzman, "complimentary" to him.

But he insisted that his contacts with Biaggi were "always above board" and there was "not a scintilla of impropriety."

In another Wedtech-related develop-

ment, investigators have learned that the now-defunct Garcia Ordnance Corp. of Houston, Texas, was identified in memos from Bob Wallach to Attorney General Ed Meese, as early as May 1981, as the main competitor to Wedtech. Top officials of that company were sued by the Justice Department, the *Washington Post* reported May 7. They were charged with using political influence to obtain engine parts contracts from the Army.

U.S. District Court Judge Ricardo Hinojosa dismissed charges against two defendants, for lack of evidence against one, and for lack of basis to include the other in the case. A jury acquitted five others on March 2, 1987. One person was convicted of making false statements.

Justice Department sources told the *Post* that prosecutor Harry Lee Hall was forced to resign in April, partly because of the Garcia Ordnance case.

Attorney General Meese denied any knowledge of Garcia Ordnance. His spokesman, Patrick Korten said May 6 that Meese did not read the cited memos from Wallach.

### Reynolds calls report on Meese 'sleaze'

"If you want to point to sleaze in this town, I'd put that at the top," said Attorney General Ed Meese's top defender in the Justice Department, William Bradford Reynolds, of the report issued May 4 by the Senate Governmental Affairs subcommittee on oversight of government management.

Speaking on CBS's "Face the Nation" May 8, Reynolds said, "If this is the best case that one comes up with against this attorney general for ethical conduct, I would have to say that this man is as clean as he can possibly be in every respect."

Reynolds, who heads up the civil rights division of the Department of Justice, claimed that morale at that agency is high despite the investigations into Meese's conduct and personal finances.

### *Danger for the SDI*

Recently the Office of Technology Assessment of the Congress came out with yet another attack upon the Strategic Defense Initiative. No one can accuse them of lack of perseverance.

Year after year the OTA has submitted what have purported to be objective, scientific evaluations of the program, but which in reality have been attempts at a political hatchet job. Year after year, their pretensions have been exposed and their arguments refuted by all of the top scientists working in the field.

Alas, like a stopped clock, even the most incompetent critics can sometimes prove to be correct!

We have yet to read the OTA report, which has not yet been publicly released, but by the Pentagon's own account, in its recent report to the Congress, the SDI program is in serious danger. The SDI Organization points out in this report that there is no longer any further room to cut the SDI budget.

It is no longer a matter of cutting back on certain programs, or delaying the SDI by one or more years. Originally it had been planned to test several options in parallel, so that the optimal configuration for the final program could be chosen. Such built-in margins have long ago been whittled away as the program has been narrowed to fewer and fewer objectives.

Similarly the program has already been delayed minimally by two years, and this at a time when it is widely admitted that the Soviets are in the advance of the U.S. in frontier areas such as radio frequency weapons, and x-ray lasers. The U.S.S.R. is the only country with a deployed anti-satellite weapons system—not to speak of the fact that they have a functioning SDI system operating around Moscow.

The Pentagon has also released documentation, reported in this magazine last year, proving that the Soviets are violating the provisions of the ABM treaty which prohibit the installation of battle-control radar systems appropriate to the deployment of a national anti-ballistic-missiles defensive system.

Not only does Congress appear to be oblivious to this danger, but it may well be willing to bargain away

aspects of the SDI in the guise of renegotiating the Intermediate Range Nuclear Forces (INF) treaty in order to specify the elimination of what are called futuristic weapons. One example of a system which might fall in this category, would be "pop-up" x-ray lasers. These would be launched by intermediate range missiles in order to intercept a Soviet missile launch in the boost phase.

The SDIO report to the Congress rejects a 3% level of increase in the budget as totally inadequate to allow them to provide a defensive shield for the United States. But they do not report honestly on the magnitude of the loss already sustained by the program. It is not only the case that certain programs have been put on a slower schedule, such as the extremely promising free electron laser; the emphasis of the program as a *whole* has been shifted from rapid development of directed energy weapons, to miniaturized kinetic kill vehicles.

These are essentially next-generation developments of smart weapons such as the stinger missiles, used successfully by Afghan guerrillas against Soviet planes. There is no doubt that they could be usefully deployed *if they are indeed developed*. The problem is that they represent a technological dead end.

More to the point, there is every reason to doubt that even this fall-back option will be adhered to. Far more likely, is a situation in which repeated cutbacks in the system reduce it in practice, to a modified version of Danny Graham's original High Frontier proposal to use off-the-shelf technology and deploy anti-missile missiles.

This is precisely the Nunn proposal for an Accidental Launch Protection System which would deploy 100 ERIS missiles at one site. This is a proposal to deploy an obsolete concept of defense, which could not even protect against one depressed trajectory missile launched from an offshore submarine.

It is this kind of compromise which will leave the system vulnerable, not only to its disingenuous critics from the OTA, but to the Soviets, should they decide to launch a first strike.

# The trail leads from Russia's KGB . . . to Shabtai Kalmanowitch. . . to Armand Hammer . . . to George Bush.

Now, for the first time, *EIR* tears the mask off Vice President George Bush's full and witting involvement in the Irangate scandal—and in Moscow's takeover of the U.S. intelligence establishment.

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## The Kalmanowitch Report:

# Moscow's Moles in the Reagan-Bush Administration

with a preface by Lyndon H. LaRouche, Jr.

On December 23, 1987, some were shocked at the news that Israeli playboy and arms trafficker Shabtai Kalmanowitch had been caught working as a top agent for the Soviet KGB. But it was no shock to George Bush's "secret government," which had just finished brainwashing President Reagan into accepting Moscow's phony "peace" treaties.

For more than 20 years Moscow has been using the Israeli intelligence services as a conveyor-belt to place its agents high within the U.S. government. And although "little fish" Jonathan Jay Pollard was caught passing U.S. secrets to Israel—and from there to the KGB—the man who recruited Pollard still walks free at Tufts University in Massachusetts.

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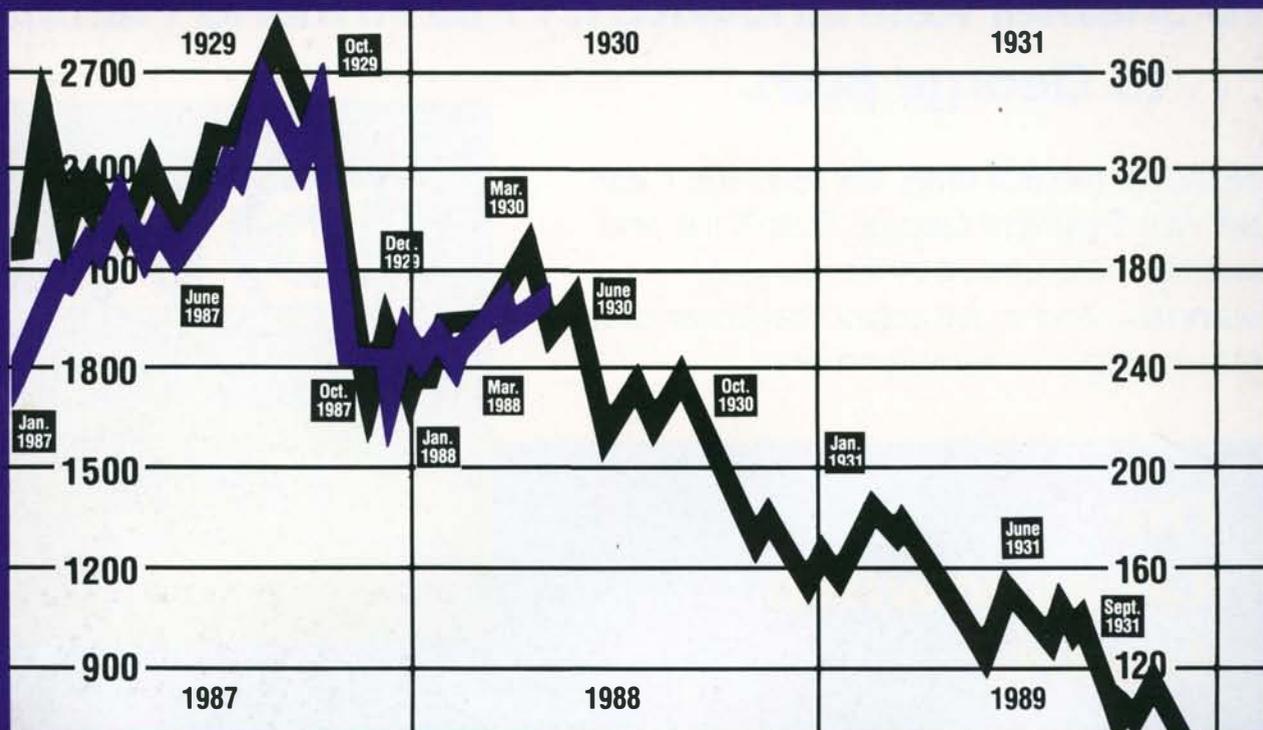
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