

EIR

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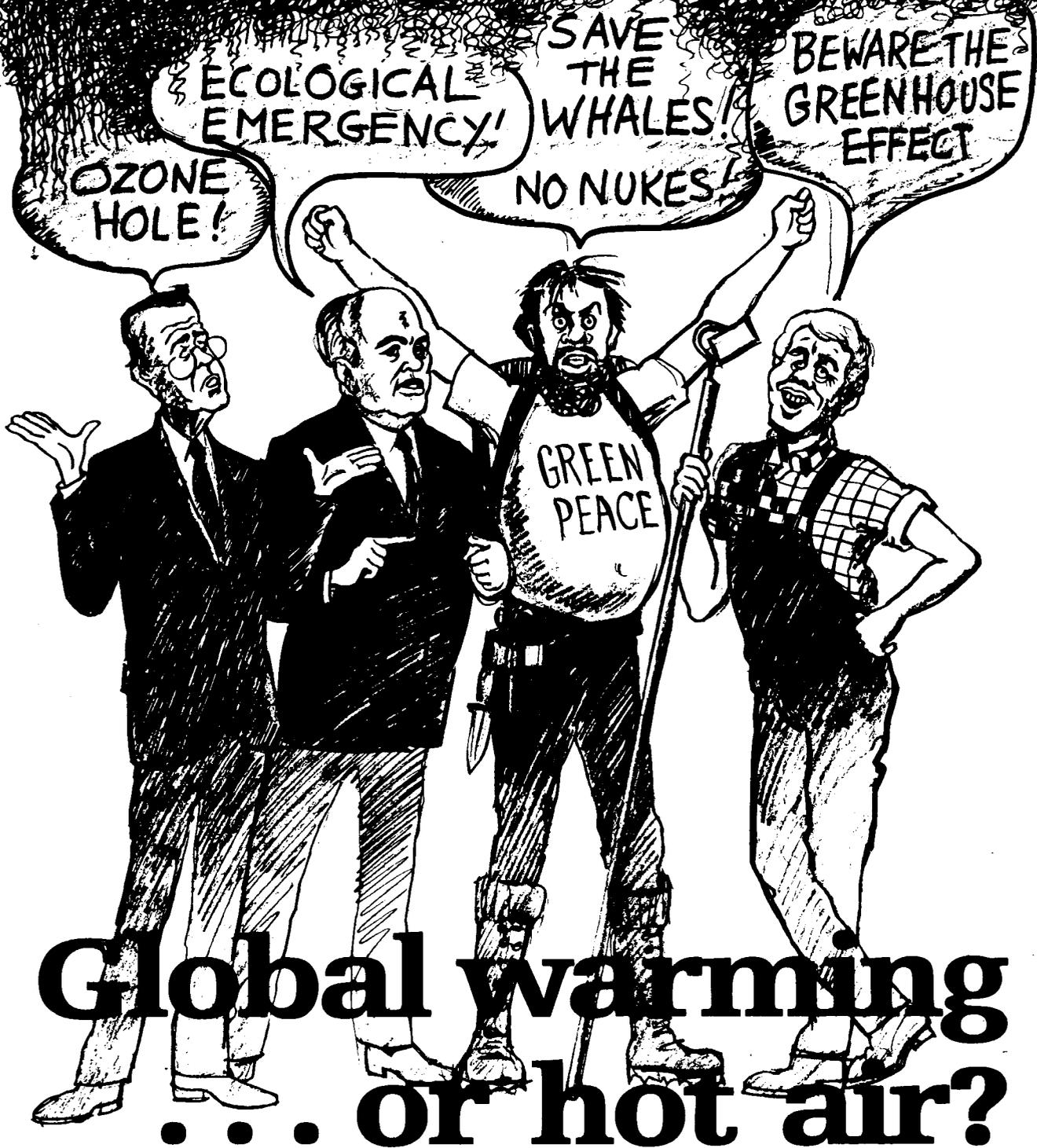
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Bush held accountable for LaRouche's life
Cold fusion still generating heat
Coup talk in Moscow, as 1964 anniversary nears

After the "junk" collapse—
time to change policy

bloomingdale's





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

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

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

EIR
SPECIAL
REPORT

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From the Managing Editor

With the death of the leveraged buyout market, what might be called the Great-Great Depression is officially on. This week's *Feature* describes how much closer the Sept. 13-15 junk bond collapse has brought the economy to the run-on-the-banks stage of bankruptcy. But since the U.S. banking elite is not yet ready to admit that it has been entirely discredited, they would rather allow the persecution of American patriot and economist Lyndon LaRouche—the one man who could get them out of the mess they've made of the physical economy over the past 25 years.

So, while Baker and Shevardnadze were shaking hands on various fantasies in Wyoming, the reality of the strategic conjuncture was brought home by the abrupt, deadly escalation of police-state actions against Moscow's Public Enemy No. 1—LaRouche. The scores of high-level Soviet officials junketing to the United States, have perhaps been pleased most by the way the U.S. government has been striving to apply the Soviet Union's brand of "justice" to LaRouche and his associates.

Turn to page 54, to read about—and join, if you have not already—the campaign to tell President George Bush that the world will hold him responsible if Lyndon LaRouche is killed in prison. During the week of Sept. 11 LaRouche, under a "medical" pretext, was forced to do heavy labor for three days without food, was operated on, and was then forced back to work the next day, after which he physically collapsed. Among the world expressions of outrage, we draw particular attention to those from Brazil (page 57), where the connection to LaRouche's plans for resolving the economic crisis, is being put in the national spotlight by Congressmen and Senators.

Next, as Foreign Minister Eduard Shevardnadze headed for his meeting with Secretary of State James Baker III (see page 52 for our correspondent's report), steps were taken to have Michael Billington, an associate of Mr. LaRouche, declared "insane," for the simple reason that he insisted on his constitutional right to have a jury decide on the politically-motivated charges against him (page 58). Don't kid yourself, this Soviet-modeled "psychiatric prison" treatment is on the agenda for all political dissidents. In the next issues, we will bring you a full dossier on who's bringing this Gulag nightmare to the United States—and how to stop them.



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Sept. 15, 1989, will go down in history as the day the junk bond market died, and the biggest depression of the 20th century began. It is also a vindication of the economic thinking of Lyndon LaRouche, who predicted over two decades ago that this would come to pass, unless the current "post-industrial" policies were reversed. Is it too late? Chris White reports.

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Banks on slippery slope of deflationary collapse

by William Jones

Hearings before the Financial Institutions Supervision, Regulation and Insurance Subcommittee of the House Committee on Banking, Finance, and Urban Affairs on Sept. 19, gave a small glimpse of the extent of the crisis facing U.S. commercial banking. The hearings, called by Subcommittee Chairman Frank Annunzio (D-Ill.) to examine the state of the federal deposit insurance institutions after their reorganization in the aftermath of the blowout of a large section of the U.S. thrift industry, revealed an extremely tenuous situation facing the U.S. banking system and the insurance organizations which are to protect their depositors from eventual losses.

During the last few years, public attention has been primarily focused on the rapid collapse of U.S. savings and loan institutions. In spite of the major overhaul of the Federal Savings and Loan Insurance Corp. (FSLIC) through its merger with the Federal Deposit Insurance Corporation (FDIC), the crisis still remains an open sore, and no one even now knows how much it will ultimately cost. Although the banking industry's insurance funds are not to be used for propping up the savings and loan business, it was thought that putting the S&Ls under the care of the more stable FDIC would imbue confidence in the thrift industry. Some warning voices were raised concerning the danger that the merger would put the FDIC at greater risk and possibly endanger the relative stability of the banks' insurance funds. Little notice, was taken, however, of how fragile the FDIC itself actually was.

Part of the truth, which has been far more fully exposed in *EIR*, came out in the testimony on Sept. 19 of three economists, R. Dan Brumbaugh of Stanford University, Robert E. Litan of the Brookings Institution, and Andrew Carron of First Boston Corp., who had done a study of hitherto undisclosed bank problems. Already back in 1985, Brumbaugh—

then an economist for the Federal Home Loan Bank Board—had shocked the Senate Banking Committee by testifying that FSLIC was in fact bankrupt, but that the true extent of its losses had been hidden by the way S&Ls and government regulators kept their books. More recently, the three economists analyzed the books of 5,000 of the nation's largest banks, using the same techniques that provided that early warning of the crisis in the thrift industry. "It is like the FSLIC crisis in the past, where the banking regulators have an incentive to underestimate the cost," said Brumbaugh.

"The annual number of bank failures has topped 200 since 1987, the highest bank failure rate since the 1930s, and shows no signs of falling this year, despite earlier predictions by the FDIC to the contrary. More disturbing," Brumbaugh continued, "many more weak, or even insolvent banks remain in operation." The study indicated that hidden bank losses could wipe out \$10 billion of the \$14.1 billion reserves of the FDIC, leaving the fund too weak to protect depositors against a major economic downturn. Using a risk-adjusted capital ratio of 6% as an adequate level, the study found that 28 large banks with \$23 billion in assets were still open, but insolvent. Another 48 institutions holding \$43 billion in assets had risk-adjusted capital ratios below 3%. Still another 150 banks with assets totaling \$926 billion had capital ratios between 3% and 6%.

One-third of banking assets are soft

"In short," Brumbaugh told the assembled congressmen, "roughly \$1 trillion of assets—or one-third of the assets in the nation's banking system—were being managed as of September by banks with substandard capital ratios. The data did not include the roughly 8,000 banks with assets below \$50 million—the group of banks where most bank failures

in recent years have been concentrated.”

The issue of the capital ratio has been a bone of contention among the regulatory authorities—an issue which could determine the rate of collapse and the timetable for bank failures. Recently, Comptroller of the Currency Robert Clarke made a proposal that the capital ratio be reduced to 3% of assets. Clarke characterized a 3% minimum as the “floor” beneath the industry’s new standard, in which capital requirements are based on the riskiness of a bank’s loans. FDIC chairman William Seidman, on the other hand, has pushed for a 6% minimum, to better protect the FDIC from bank losses.

The lower figure might possibly help some of the insolvent banks to stay afloat a few months longer, perhaps serving to postpone a “run on the banks” until next year, but will thereby increase the volatility and the extent of the collapse when it does hit. Seidman’s “safer” 6% capital ratio will assure that a ratchet of bank failures will come much sooner, with the more exposed banks biting the dust quite soon, perhaps as early as October of this year.

In principle a 6% capital ratio applies presently to banks generally; but in practice, it is not the case. In many banks, the 6% stockholders’ money has already been set aside to cover past losses, so there is no protection left, commented Litan and Brumbaugh. The charge was confirmed by Clarke, who said at the hearing that a few banks’ capital consists entirely of loan loss reserves. “Translated into English,” said Litan, “they’re gone.”

The Brumbaugh testimony gives some indication of at least the tip of the iceberg. The FDIC’s “problem bank” list, which counts all banks receiving substandard bank ratings from supervisors, indicates nearly 1,300 weak banks as of the first quarter of 1989. As the study points out, there are more than three times the number of problem banks now open for business than during the previous postwar peak year of 1976 (385) and more than six times as many as in 1981, when the nation was entering its deepest fiscal recession since the 1930s. “Quite clearly,” admits the study, “the number of problem and failed banks could easily mushroom if the economy falls into recession.”

Subcommittee chairman Frank Annunzio expressed alarm at the figures. “You gentlemen have painted one hell of a gloomy picture.” When Annunzio asked if that meant that the FDIC is headed for failure,” Litan replied, “For nervous Nellies like me, it means there’s a problem out there that’s worth worrying about.”

FDIC chairman Seidman tried to allay fears that the insurance corporation would not have sufficient funds to cover eventual bank failures. “The Bank Insurance Fund is solvent and can meet the obligations as we foresee them today,” he commented—conveniently ignoring the question of what he might foresee tomorrow.

The Vice Chairman of the Board of Governors of the Federal Reserve System, Manuel Johnson, was not quite as confident. He pointed out that at the end of 1988, the fund

equaled less than 1% of all insured deposits. He pointed to the problems for banking stemming from the collapse in oil prices and “overbuilt real estate markets” in the Northeast and in pockets of the Southeast, which have “shown growing signs of weakness during the past year.” “This factor,” said Johnson, “combined with the rapid growth of real estate development lending by banks in those areas, suggests that some new problems will appear there.”

But even Seidman had to admit that the junk bond exposure of some of the major banks could cause serious problems. “Banks have currently invested about \$150 billion in leveraged buyout loans,” said Seidman. “Rising interest rates or an economic downturn could result in highly leveraged businesses defaulting on these loans. . . . Should there be an economic downturn, defaults on such debt could increase the risk of failures and thereby increase costs to the FDIC.” He assured the committee that the FDIC was taking “special supervisory action” to monitor banks’ participation in high-risk junk bonds and highly leveraged loans.

The regulators might be uttering soothing words to calm the fears of the general public, but the banks are manifesting an entirely different awareness of the problem, and are scrambling to extricate themselves from the mess. The announcement on Sept. 20 that Chase Manhattan Corp. was boosting its reserves for possible loan losses to the developing sector by \$1.15 billion—the highest levels of any major U.S. bank—now places them in the same category as Manufacturers Hanover, namely, those rare birds in the banking world who admit that they don’t have sufficient reserves. Chase has also written off \$125 million of real estate loans in Arizona, and is getting out of another major risk-ridden area, mortgage-backed securities.

In spite of the reassurances of Seidman, Clarke, and others, the banks themselves are admitting the problem—with their feet. But no matter how fast they scramble, the accumulated years of benign neglect in this fantasy world of financial “junk” are going to take their toll. One noted London analyst had the following comment to make: “It is the beginning of the end of the world as we have known it over the past decade. The Seidman testimony brought to the light of day the fragility of the insurance corporation. A period of global deflation has begun. The downward spiral is on.”

Will the Bush administration be able to pull the chestnuts out of the fire? The scenario of careful “crisis management” relied on by Bush’s current economic and financial advisers to take the administration smoothly through the economic crisis without a major upheaval, has pretty much played itself out. The stalemate in Congress over the capital gains tax and catastrophic health insurance indicates the Gramm-Rudman-Hollings sequestration will be brought into effect, hitting the U.S. budget like Hurricane Hugo, and leaving the administration financially crippled when the tornados start to hit the financial world. If the Bush administration is to effectively deal with a crisis of this magnitude, new gimmicks won’t be enough.

Banca Nazionale del Lavoro scandal in Italy may have Irangate links

The Banca Nazionale del Lavoro (BNL), the huge Italian government-owned bank, has been embroiled since the beginning of September in a scandal which is shaking not only the Italian financial world, but which could also fit another piece into the puzzle of the Western networks that work in tandem with the Soviet Union to finance international terrorism and manipulate regional wars around the world. Investigations are still on-going, and one cannot as yet draw definite conclusions. But it seems more and more clear that BNL's subsidiary in Atlanta, Georgia was involved in a large undercover scheme to finance weapons trade with Iraq. In Italy, the BNL is also under investigation for financing weapons trade with Iran.

The facts that have emerged so far are the following. The Federal Bureau of Investigation in the United States, between Aug. 4-5, entered the offices of BNL's branch in Atlanta, Georgia, and under the direction of Agent David Rosario began a search of the bank's records. The FBI discovered that the director of the Atlanta subsidiary, a Lebanese named Chris Drogoul, had issued over 2,500 letters of credit totaling \$2.64 billion to Iraq, ostensibly to permit Iraq to import machinery and agricultural products from U.S. and European firms—all apparently without the knowledge of BNL's central office in Milan. All the operations between the Atlanta BNL and Iraq were found in entries on a personal computer owned by Drogoul, which he kept in his house for use as a sort of "parallel accounting" system.

The arrangement worked like this: Whenever Iraq had to reach an agreement with some foreign vendor, it would tell the vendor to ask the Atlanta BNL for financing. The bank subsidiary would take out short-term, high-interest loans from U.S. banks, and would issue long-term credits for the transactions with Iraq. Part of those credits, \$1.02 billion worth, were covered by the Iraqi central bank, while another \$700 million were covered by the U.S. Commodity Credit Corporation. The involvement of the CCC was made possible by means of a unique procedural loophole: Although the CCC is used primarily to finance export of U.S. agricultural products, the CCC has also the peculiarity, unlike the Import-Export Bank, of not being affiliated to the Union of Bern, which includes all the major foreign trade insurance institutions, all of which have agreed to block all large financing

with Iraq, which is considered unreliable.

It is said that the transactions under investigation had been arranged only in the course of the past two years. But the Iraqi embassy in Rome recently declared that the agreements with the BNL were already reached in 1982.

Bank directors must have known

The BNL is the largest Italian bank, with \$82 billion in total assets. It is 74.5% owned by the Italian Treasury Ministry, while another 22% is owned by public insurance and pension funds. The BNL was created by Mussolini's fascist regime during the 1930s as a means of supporting the cooperative system; in the postwar period it has remained under Socialist Party control. Until the scandal broke out, its president was Nerio Nesi, a member of the Socialist Party's "left" wing. Nesi resigned, and has been replaced by Giampiero Cantoni, another Socialist.

The amount of money involved in the BNL financing of Iraq is so big (the alleged exposure of the BNL Atlanta with Iraq is \$2.64 billion, compared with BNL's total foreign exposure of \$3.05 billion) that it is obvious that the whole scheme must have been known to the whole leadership of the bank—and not only to the local Atlanta director, as Nesi tried to assert when the scandal broke out. It is also difficult to imagine that BNL's major shareholder, the Treasury Ministry, did not know about it either. And the Bank of Italy, which exercises tight control over all banking activity, must have known, too.

The Italian press has speculated that the fact that the son of Bank of Italy director Azelio Ciampi is a director of the BNL in New York, which oversees the operations of the Atlanta branch, might have something to do with the Bank of Italy's benign attitude toward BNL's activities in the United States.

At the moment—conveniently for all who have been implicated in the scandal—the (already replaced) director of BNL in the Americas, Luigi Sardelli, has disappeared, and is now on the "wanted" list of the international police organization Interpol. Sardelli was the person directly responsible for Chris Drogoul in Atlanta, and is the one who "must know" how the whole operation came about. Until Sardelli is found, the recently resigned leadership of BNL in Rome can still try

to maintain their line that they did not know anything—even though Italian Treasury Minister Guido Carli has already admitted that the BNL people in Rome must have known something.

The Bulgarian connection

The network in which the Atlanta BNL office was involved included the Bulgarian state company Kintex, whose name acquired international fame when it arose in the context of the investigation of the attempted assassination of Pope John Paul II on May 13, 1981. At the time, Kintex was already being investigated as an important nodal point in the international drug and weapons networks. Chris Drogoul was introduced to Kintex by a United Kingdom-based Iraqi firm, Matrix-Churchill.

According to an article appearing in the Italian weekly *Panorama* on Sept. 24, Admiral Martini, the chief of the Italian military intelligence agency SISMI, warned already in 1988 that Iraq was making a lot of “purchases” (obviously of weapons), and was demonstrating an ability to spend large quantities of money.

Even if the technicalities of the functioning of the whole operation are still to be clarified, one can immediately see the similarities with the operations partially revealed during the course of the Irangate scandal in the United States—i.e., a big network working through big international banking conduits for the purpose of financing secret weapons deals which ultimately go for fueling the Middle East conflict.

Indeed, the two scandals may actually be two sides of one and the same operation. Just as it would be ridiculous to think that the Atlanta operation was unknown at some level in the Italian political leadership, it would be even more absurd to think that it was unknown to people in the U.S. administration. It was in the United States that Drogoul collected the money to be lent to Iraq. One large lender of money for the BNL Atlanta operation was reported to be one of the Morgan banks; it was the Commodity Credit Corporation which guaranteed large portions of the BNL credits to Iraq; and in addition to the list of Italian firms that might have been involved in the deals, the Italian press has reported that several U.S. firms were also involved, including General Motors.

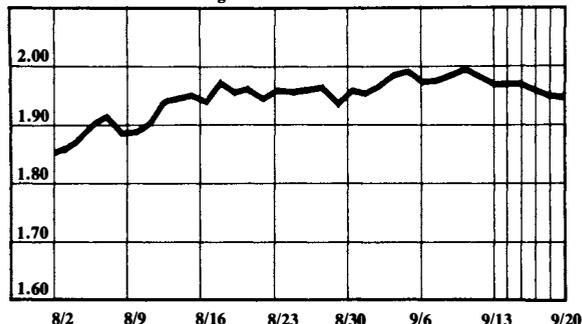
So it is difficult to believe the official explanation that the FBI only began the investigation after it had received an “anonymous tip.”

The question arises: Why was the operation blown, and why at this time? One explanation could be that it was in the period June-July that Gen. Michel Aoun launched his operation to free Lebanon from the Syrian occupation; Aoun seems to be supported by Iraq, and has been abandoned by the U.S. government in favor of Syria. Could it be that the intent of the scandal is to sabotage this crucial line of support for Lebanon, so as to speed up the establishment of a “Greater Syria” as part of U.S.-Soviet “New Yalta” arrangements?

Currency Rates

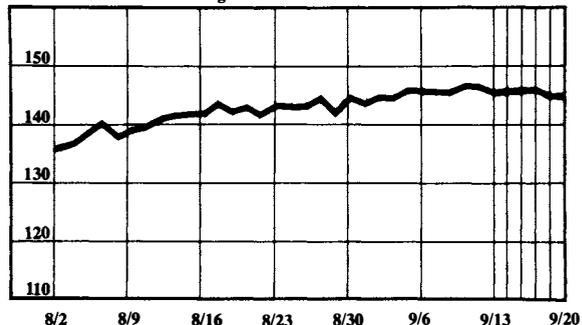
The dollar in deutschemarks

New York late afternoon fixing



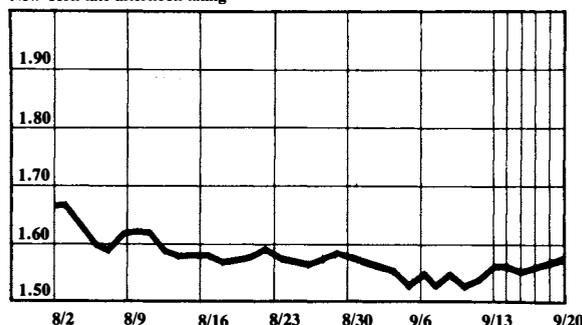
The dollar in yen

New York late afternoon fixing



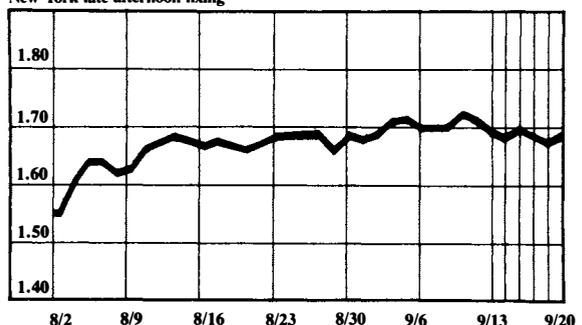
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Stanford 'thought control' engineers manipulate farm-state decline

by Marcia Merry

Now under way in North Dakota is a series of 39 "town hall meetings" on the economic and social future of the state. No friendly citizen effort, these meetings are part of a stage-managed campaign, designed in large part by SRI International (formerly the Stanford Research Institute, a California-based think-tank), to manipulate public opinion in a way to accept the current economic decline of the state, and to make way for worse to come.

The North Dakota operation goes by the name of "Vision 2000." Similar campaigns are in various stages of implementation in Iowa, Nebraska, Wyoming, Minnesota, Pennsylvania, and Florida. The Iowa program is called "The Iowa Futures Project." There is also a Wyoming "Futures Project." The activities involved in these projects are so cynical that if you run up against any "public interest" project on the economy in your area—in whatever part of the country you may live, and it uses "2000," or "Vision," or "Futures," or "Global," in its name, you are well advised to investigate whether it isn't run by the "thought control" engineers at SRI International.

The gist of the SRI projects is to set up statewide committees of business, government, and other active people, who then are the official sponsors of activities to assemble funds, hire SRI International staff, court media attention, and schedule "town meetings" to orchestrate public confusion and acceptance of pre-planned conditions of economic decline.

Of course, this agenda is never discussed in these terms. Instead, New Age lingo is used about "seeking a new direction," "taking control of our state's destiny," "enhancing the quality of life," and so forth.

Behind the rhetoric, the SRI International staff produces an economic development program that, in each state, would spell disaster for the residents. These manipulation experts then conduct operations to give their rotten programs an aura of public approbation.

'Is North Dakota dying?'

Look at the process now under way in North Dakota. In recent months, a group called the North Dakota 2000 Committee was formed, with 28 members. The committee staff includes three associates of the Center for Economic Competitiveness, SRI International, Menlo Park, California. The

committee's goal is to conduct activities in the name of "Vision 2000" for the state. On Sept. 9, a one-hour "special report" on "Vision 2000" was broadcast on all commercial and public television stations in North Dakota.

Within a short time after its formation, the North Dakota 2000 Committee produced a summary report printed as a mass-circulation 12-page publication, which was designed to express concern for the state, convey legitimacy for the actions of the "Vision 2000 Committee," and to justify the SRI International involvement is what is to be an eventual "strategic action plan" prepared for the state this fall.

The paper is entitled, "Is North Dakota Dying? Will We Stand By and Watch?" and features a dismal, full-color painting of a family staring into a dark, fenced-in field. Three questions appear under the painting: "What kind of future will our children have to look forward to in North Dakota? How can we continue our quality way of life? What opportunities are available to you?"

The paper has low-level commentary on the state's economic condition, a few proposals, photos and innocuous comments of 17 members of the Vision 2000 Committee, and a saccharine-sweet section headlined: "Who is SRI and why are they qualified to help us develop North Dakota's economy?" The paper ends with the time and place listings for the 39 town meetings sponsored by the Vision 2000 Committee for September and October.

Who is SRI? Good question! First, look at their economic proposals and analysis of the state of North Dakota. Then look at their pedigree.

The SRI evaluation of North Dakota is that the state is in trouble because it has relied on production of raw agricultural commodities and energy, whose prices can be expected to be low. Additionally, the SRI/2000 Committee notes that the federal budget deficit jeopardizes the income to the state that currently comes from agricultural subsidies and defense expenditures.

The committee concludes, "The challenge will be to identify where we have a competitive edge—or where we can create an edge—and pursue the development of unique products to fill a specialized niche. This, then, is our vision for North Dakota's place in the world economic marketplace. . . .

"To accomplish this vision, North Dakota must develop

several key elements.”

Then follows a list of recommendations: 1) a cluster of technology-intensive research firms; 2) programs to train workers; 3) a “climate” to encourage risk-takers; 4) a commitment to quality-of-life institutions such as schools; and 5) new investment sources.

Sound nice and nebulous? That’s the idea. You are supposed to think you have nothing to disagree with, and you are to attend the town meetings. But in fact, the thoughts you are supposed to have about the economic crisis in North Dakota are already pre-programmed by SRI International. The overall concept is that deindustrialization of traditional manufacturing and energy production will take place, traditional high-technology farming will disintegrate, and quality education and social services will give way to occupational re-training.

The core of the SRI proposals is warmed-over “cottage industry,” but with the twist that the orientation should be for the “global marketplace.” By this is meant that there should be no expectation of federal, state, or local statutes to protect chosen industries, occupations, or labor standards. All is to yield to the needs of the “international marketplace.” According to John Melville, one of the SRI functionaries, “We give recommendations on how to get geared up for a global economy.”

Concretely, the SRI-approved “new” industries are ridiculous. When Vision 2000 talks of “new aerospace-related, energy processing-related, and food processing-related clusters” of research centers for new products, they have in mind such new items as North Dakota-made pasta, or even pasta from certified “organically grown” wheat. The example given of a new manufactured good is a special snowmobile. “New services” in the state are understood to be tourism-related.

With little variation, this is the same kind of thing recommended for the other states where SRI International is active. One new “alternative” economic activity for Iowa is river-boat gambling, now being organized in the Quad Cities area for the Mississippi River.

Social engineering = brainwashing

All the talk of this kind of “innovation” diverts attention from the breakdown process under way in these states, where there is a large out-migration from the rural areas, while the cities are decaying. In practice, the “Vision” and “Futures” projects foresee providing large pools of low-cost labor to local facilities owned by multinational companies, with a few “regional agro-industrial metropolitan centers” replacing the dying local villages and towns. Already in states like Iowa, such companies as the “big three” meatpackers (IBP, Cargill, and ConAgra), which dominate all U.S. beef and pork slaughtering, plan to operate when and where they choose, with no restraints.

SRI International tolerates no talk of anti-trust suits, or

emergency measures such as debt moratoria to keep farmers on the land. John Gardner, the head of the Iowa Futures Project, said, “The state must diversify its economy away from agriculture.”

The SRI International staff has carefully worked out arrangements for how they conduct their public meetings to stimulate discussion of their economic proposals. They send out workshop materials in advance, with pre-prints of “key SRI findings and conclusions” on the economy. They then give people attending the meetings a set amount of time to answer such questions as, “How do you feel about this?” on a scale of one to five. Group leaders and recorders report on the “consensus” reached on the pre-formulated issues.

In Iowa, the first round of these sessions has ended, and the extension service of the U.S. Department of Agriculture has been brought in to form a group of community leaders called the Public Education Policy Project (PEP), whose purpose is to implement the recommendations of the SRI International report for Iowa. According to John Gardner, 100 Iowa newspapers and five of the largest television stations are now supporting the goals of the Iowa Futures.

The credentials of the SRI group to conduct this kind of social engineering go way back to an integrated network of sinister think-tanks founded by Dr. Kurt Lewin, and his associates at the London-based Tavistock Institute, around the time of World War II. During the war, the Tavistock Institute was the headquarters of the British Army’s Psychological Warfare Bureau and also dictated policy to the U.S. forces in matters of psychological warfare. From this root, grew an entire postwar network of outfits that today are deciding how to brainwash Americans into accepting a global economic system controlled by a few powerful political and financial interests.

At the Tavistock Institute, Dr. Kurt Lewin and cohort John Rawlings Rees studied the techniques and methods of mass social engineering, including manipulating dislocated peoples, refugees, orphans, and other potentially depressed populations. Lewin and Rees fostered the Stanford Research Institute and a string of other such centers in the United States and abroad.

The job of all these social research centers is to conduct mass-scale psychological profiling and social manipulation. In the farm sector, many Tavistock techniques have been used to rein in political activity by farmers in times of economic crisis. These techniques include hot line call-in numbers, support groups, farm coalition groups, Farm Aid/Willy Nelson benefit concerts, and other such efforts. The net effect has been to blunt citizens’ legitimate anger, and keep them from organizing themselves politically to reverse the crisis.

Now, SRI is even advocating the reorganization of the agricultural states, to eliminate whole communities if necessary, to conform with their “future vision.” And this process is already well under way. Since 1980, 600,000 American farmers have left the land.

An apple a day?

That may soon become a thing of the past, if the radical environmentalists win their fight to ban pesticides.

At a Sept. 7 Washington, D.C. press conference to release a report called "Alternative Agriculture," spokesmen for the National Research Council claimed that if pesticide use is vastly reduced or eliminated in this country, it will barely be missed, because so many chemicals are used on fruits and vegetables for only "cosmetic" reasons. When reporters for the fresh produce industry questioned this—and pointed out the simple fact that many consumers know that a blemished apple may rot faster than a clear one, the know-it-all NRC spokesmen dismissed this out of hand.

Now that the fall harvests are under way in the northern orchards, and the damage estimates are coming in from Florida, California, and elsewhere on prospects for fresh produce without chemical protection, the lies and exaggerations by the NRC become obvious.

First, take the case of Alar, the chemical used as a growth regulator that gives an apple a better appearance and prolongs shelf life. Because of an orchestrated public scare campaign this spring, the manufacturer of Alar, Uniroyal Chemical Co., took the product off the domestic market in June. The Environmental Protection Agency has proposed banning any food that has a residue of Alar as of May 31, 1991. The EPA has set January 1990 as a tentative time for banning the sale or use of Alar altogether.

What this all means, is that "an apple a day" is fast becoming a luxury for millions of Americans. For thousands of the orchards that have been coerced to stop using Alar, this may

be the last year of operation. In New York state, many growers are ruined. The apples have fallen to the ground early, and when picked up, can only be used for processing, at best. Instead of \$10 a bushel, the grower is getting \$2—less than cost.

The EPA has demonstrated no risks from Alar, but has moved to ban the chemical in response to "widespread public fears," about the safety of the food supply. The EPA said this spring, "There is not an imminent hazard posed to children in the consumption of apples at this time, despite claims to the contrary."

A scare campaign is now being run against the fungicide EBDC (ethylene bisdithiocarbamate), widely affecting fruits, vegetables, and some grains.

On Sept. 6, three chemical companies announced a voluntary restriction of sales of the chemical for more than 70 crops, leaving it available for use for about 13 remaining crops. The companies (Du Pont, Pennwalt, and Rohm and Haas) say they are seeking to avoid the hysteria expressed against Alar, but the results will be the same. The EPA is preparing a far-reaching ban on the fungicide, to be announced in the near future.

Fungicides are especially vital in Florida, where about half the nation's winter vegetables are produced—an annual harvest worth at least \$1.3 billion. In the warm, damp climate of the rich "mucklands" and other parts of Florida, only selected chemicals can protect the plants to yield good harvests.

In testimony to the House Agriculture Committee this June, a vege-

table grower from Naples, Florida noted that "organic" produce (grown without chemicals) costs twice as much as traditionally grown produce, and asked, "What are we as growers to do? We want to satisfy the concerns of all our consumers, but we also know that without the judicious use of chemicals, fruits and vegetables cannot be produced at the current volume and at a price that most consumers can afford."

The new, "voluntary" restriction of the EBDC applies to apples, citrus fruits, carrots, mushrooms, and lettuce, among many other types of produce. For most growers, the restrictions cannot be "juggled" between crops in a way for them to survive financially.

Last October, the EPA classified as potential carcinogens more than 70 of the over 360 pesticide ingredients licensed to be used on foods. The advocates of "alternative agriculture" assert that mass-scale banning of pesticides will not affect the quality or quantity of fresh produce, because other "alternative" plant and food protection techniques can be used (biological controls through predator insects, hardier plant types, etc.)

But on the scale necessary, such techniques are not within the financial or scientific farming options of the produce grower. The public is plainly being misinformed.

Richard Harwood of the Winrock Institute, a member of the NRC committee that authored "Alternative Agriculture," told reporters Sept. 7, "blemish-free standards on apples and oranges," should be relaxed. Protecting the "lustre on oranges," especially citrus for processing, "isn't important."

The rosy cheeks on a child from "an apple a day," are also not important to Harwood and his colleagues.

The price of perestroika

Gorbachov's reform schemes put the Indo-Soviet economic relationship into a new light.

During his mid-September visit to Moscow, Indian Finance Minister S.B. Chavan flatly rejected the Soviet Union's request to redesignate Indo-Soviet bilateral trade and credit in Indian rupees instead of Soviet rubles.

Behind the request, forwarded months ago, is the Kremlin's plan to devalue the ruble by 50% in preparation for making it convertible. It would also make it easier for India to repay Soviet ruble credits, a windfall that would be wiped out with a redesignation of credit agreements in rupees.

Though India has frequently adjusted the value of the rupee vis-à-vis the basket of currencies that determines its external value, the ruble-rupee exchange rate has been kept fixed for more than ten years. This has enforced an overvalued ruble, a fact which has helped India maintain an export surplus with the U.S.S.R., but which cost the Indian treasury precious foreign exchange in areas where those exports were linked to imports involving hard currency.

Since it has borne the liability of higher repayments owing to the overvalued ruble for all these years, India sees no reason to accommodate the Soviets at this point. That was the conclusion of extensive discussion on the matter in both the prime minister's office and the Finance Ministry.

But, if Soviet moves are any indication, this is not the last of it. While Chavan and Co. were in Moscow, Soviet Minister for Foreign Economic Relations Igor Khotsialov was in New Delhi preparing for the visit of a high-

level Soviet delegation in October for the second formal meeting of the Indo-Soviet Working Group on New Forms of Economic Cooperation. Khotsialov told the Delhi press that the October meeting would go into the ruble-rupee revaluation issue "in greater depth."

Khotsialov said a reassessment of the arrangement was necessary in view of changed conditions and the high volume of Indo-Soviet trade which was slated to increase more than two-fold. Indeed, trade turnover, which was \$2.2 billion in 1986, appears to be headed for achieving the target of a 2.5-fold increase by 1992. In 1989, trade turnover had jumped to \$4.2 billion, compared to \$700 million in 1953 when the rupee trade agreement was signed—an annual increase of 25%.

Still, Indian analysts point out, even when Indo-Soviet trade turnover reaches its target, at some \$5.5 billion, it will not amount to more than 2-3% of total Soviet trade—compared to some 30% of India's total trade. As the Kremlin looks increasingly to the West, does India stand a chance? they ask.

Moscow has already made clear it is not willing to do India any special favors where foreign exchange is concerned. India's request to increase the supply of crude oil and other petroleum products beyond the 4.5 million tons agreed upon for 1989-90 was turned down in July, as all Soviet supplies are committed to the hard-currency markets. As a result, India will have to meet 75% of its 18 million ton oil import requirement this year with

hard currency.

Another spat had erupted a month earlier. Soviet officials declined to supply foundry-grade pig iron to India, as specified in the bilateral trade plan for 1989, on the grounds that India had failed to supply alumina as promised. The Soviet officials made clear to Indian Commerce Secretary A.N. Verma at a meeting in Moscow, that the pig iron would be exported to other countries to earn foreign exchange, and Moscow threatened to suspend non-ferrous metal supplies to India as well, if the alumina was not forthcoming promptly.

Foreseeing the changing geometry, Indian and Soviet planners began exploring "new forms of cooperation" several years ago—focusing on co-production, joint ventures, and collaboration in third countries. But so far, not much has materialized.

Of the Indo-Soviet joint ventures in the Soviet Union, only one is actually in joint operation. That project, an Indian Tourism Development Corporation (ITDC) restaurant in Moscow, does not exactly hold promise for future breakthroughs. Though a success among Moscow's restaurant-goers, ITDC officials and the Indian government are watching the buildup of blocked ruble profits with growing distress.

Soviet laws do not allow repatriation of profits made by joint ventures on sales within the U.S.S.R., and according to analysts here, there is no clear policy on repatriation of profits made from sales to third countries. Western businessmen have jumped at the *perestroika* policy to the tune of setting up nearly 1,000 joint ventures in Russia; but unlike Indian entrepreneurs, they are mainly interested in taking advantage of the relatively cheap Soviet labor to produce for their international operations.

Business Briefs

Black Economy

Drug trade vital to banks, Journal admits

An article in the *Wall Street Journal-Europe* of Sept. 12 admits that the banking system is heavily dependent on the drug trade and drug-money laundering.

"If drug money helped the economy boom, what happens if the drug war succeeds?" the *Journal* asks. Lawrence Kudlow of Bear Stearns investment bank is quoted, "It's almost undeniable that drug traffic, regrettably, has been a big stimulant to the economy."

The *Journal-Europe* then notes that drug money, so far, operates "underground" in the economy. What would happen if the money were brought above-ground, by taxing drug sales? Alan Reynolds of Polyconomics consultancy says that doing this "could be healthy for the banking system."

The paper estimates that the drug trade in the United States is 10-15% of Gross National Product. "Inadvertent profiteers" in the luxury professions—autos, jewelry, real estate—who have benefited from drug-related money, will be the first to feel the "economic withdrawal" if the drug trade is stopped.

Markets

Economist predicts 1,000-point drop

The Dow Jones Index will collapse more than 1,000 points by year's end, according to the prediction of U.S. economist Walter Williams in his latest advice to investors.

"At the very outside, we will see a U.S. stock market crash before the yearend. Further, [Treasury Secretary Nicholas] Brady's 'circuit breakers' will aggravate the market fall this time," Williams warned. "It could be far worse than October 1987. The major difference between today and October 1987 is that the dollar is not yet under panic selling. But that's coming."

Williams, not normally pessimistic, says the U.S. economy is already deeply into an economic recession which will last for several years. As confidence of foreign investors begins to erode in coming weeks, he expects that the flight of billions of dollars out of the United States will also trigger an estimated 25% fall of the dollar against major currencies in the final quarter, forcing the Federal Reserve to increase interest rates.

Williams lists major corporations including Boeing, Aetna Life, and Barclays Bank among his clients, and warns them to "be 100% out of stocks," adding that the U.S. economy's estimated \$9 trillion in private and public debt will exacerbate the downturn, creating "serious dangers."

Williams warned that "mortgage-backed securities will be the next sector to be hit after the collapse of junk bonds. . . . Reports from banks across the country are all the same . . . real estate prices are dropping. Suburban New York is down 20% since 1987. Mortgage-backed securities, which is a debt market much larger than the junk bond market, will be the next hit."

Legal and General, a leading U.K. life insurance company, predicts in its latest investor letter an imminent 10% or more fall in the London FTSE-100 stock market. Such a fall in London stock markets could trigger world panic, reports Williams. "The U.K. economy is going into a hard recession and interest rates are extremely high. This will eventually hit the London stock market prices. More than Japan, Britain through the City has been the major foreign investor in the U.S. since 1982. London could be the more likely trigger than Tokyo. But we are very close to a world liquidity panic."

Energy

India first to make U-233 nuclear fuel

The Radiometallurgy Division of Bhabha Atomic Research Center has successfully manufactured U-233-bearing fuel for India's next generation of nuclear reactors.

Dr. C. Ganguly, head of the division, said in mid-September that this is the first

reactor to use U-233-bearing fuel, the most efficient fissile material in thermal reactors.

Use of U-233 is the second phase of India's nuclear power program. The first phase consisted of developing an indigenous heavy water reactor fueled by natural uranium. The third and final stage includes development of fast breeder reactors using U-233 as fissile material and breeding U-233 from thorium 232 in the same reactor. India has already in operation a 40 megawatt test breeder reactor and the plan is to go for commercial production of breeder reactors by the end of this century.

International Credit

IMF status is in jeopardy from bad loans

The amount of bad loans held by the International Monetary Fund rose sharply last year, to \$3 billion, or about 10% of its loans outstanding, the *New York Times* reported Sept. 15. Officials of the IMF admitted that "the organization was anxious about the slow but steady rise in the number of countries in arrears over the past decade."

"The rise in arrears is considered unusual because the fund holds preferred-creditor status, which means it must be paid ahead of other lenders to the third world except for the World Bank," the *Times* reported.

As of April 30, 11 countries had not repaid \$3 billion in loans from the Fund for more than six months. The countries were Guyana, Kampuchea, Liberia, Panama, Peru, Sierre Leone, Somalia, Sudan, Vietnam, Zaire, and Zambia.

The *Times* notes that the IMF has a pool of \$120 billion in currencies and gold contributed directly by its members. The World Bank, on the other hand, must borrow from financial centers the money that it lends. Of the IMF's \$120 billion pool, only \$70 billion in hard currencies is suitable for international lending. Of that \$70 billion, only \$30 billion has been lent out, but the IMF is now trying to obtain more funds from member states.

The Bush administration is expected to support the IMF's request, but the increas-

ingly shaky Fund portfolio may raise questions in the U.S. Congress. Rep. Jim Leach (R-Iowa), a strong IMF backer, told the *Times*, "Arrearage implies loans may be in jeopardy and taxpayer funds diverted. This promises to be one of the most difficult issues when the quota increase comes before Congress next year."

Third World Debt

Bank cartel refuses write-down for poor

The Institute for International Finance (IIF), which represents 184 banks that hold more than 80% of the loans to the Third World, warned in a letter to the policymaking committees of the International Monetary Fund and the World Bank that if the banks are forced to take large losses from writing off a portion of their existing loans, the banks would be unwilling to grant new credits.

The letter, written by the IIF's managing director Horst Schulman, points to the Philippines and Mexico as examples of the type of behavior the banks consider acceptable. Both countries had continued to pay money to the banks while negotiations to restructure and write down their debt were going on.

"Interest arrears are a major impediment to banks' willingness to engage in voluntary debt and debt service reduction," Schulman stated in the letter, according to the *Financial Times* of Sept. 17.

Finance

Japan wants more power in the IMF

The Japanese want a greater controlling role in the International Monetary Fund (IMF), if they become its second-largest contributor, according to the *Journal of Commerce* Sept. 18.

The *Journal* reports on plans for the an-

nual meeting of the IMF and World Bank, which began the third week in September, where the IMF is seeking a doubling of its resources, which are contributed by member states, to about \$220 billion. Japan, now the fifth-largest contributor, is slated to replace Britain as the second-largest contributor, after the United States, if the proposed increase in contributions is approved.

However, Tokyo is reported to be demanding that, in return for this greatly increased contribution, a Japanese representative be made the next managing director of the IMF, a post that has traditionally been held by a European. The *Journal* reports that a final decision will most likely not be made until the end of the year.

Food

West Germany's Co-op files for receivership

West Germany's Co-op supermarket chain filed an application on Sept. 13 to go into receivership, in the biggest potential bankruptcy in West Germany's history. The firm employs 46,000 people, and is the country's fifth-largest food retail chain. The application was made after creditor banks failed to reach agreement on a \$1 billion bailout plan.

Talks broke down when U.S. and Japanese bank creditors of the 73-bank group refused the terms offered by DG-Bank, whereby they would write off 75% of the old debt in return for an immediate 25% cash settlement. An earlier reorganization this past spring broke down in August, when the full extent of Co-op's unsecured loans was revealed to be 2.2 billion deutschmarks, instead of the 1.2 billion first estimated.

Under the laws governing receivership, Co-op can write off 65% of its debt if it pays off the remaining 35%, and then it can reorganize. There are two roadblocks to this. First, it is highly unlikely it can raise the 35% required. Second, with its application for receivership, it has lost lease rights to its store sites, which can be seized by the landlords. Already, Co-op has stopped selling fresh milk because it hasn't the cash to purchase it.

Briefly

● **CHENG TU AVIATION**, a Communist Chinese company, is ready to go ahead with plans to build nose cones for McDonnell Douglas, the *China Daily* reported Sept. 5. Chengtu is expected to complete the first nose cone in early 1991. McDonnell Douglas has sent funds, materials, and technical staff to China.

● **A TRADE DEFICIT** in U.S. services was registered for the first time in over three decades, as the U.S. paid out \$176 million more to foreigners in interest, dividends, rents, and other payments for services than it took in for the second quarter.

● **THIRD WORLD** nations paid more to the World Bank than they received in new loans for fiscal year 1989 for the second year in a row, as the World Bank took in \$1.5 billion more than the \$21.36 billion it lent.

● **CONSUMERS** were overcharged \$26-29 billion for food in 1987 due to consolidation of grocery store chains, according to Dr. Willard F. Mueller, University of Wisconsin food industry economist.

● **GENERAL MOTORS** announced that the Chevrolet Caprice/Buick Estate station wagon assembly plant in Lakewood, Georgia will be closed next spring, putting 3,200 people out of work. This is the eighth assembly plant to be closed since August 1987. GM is terming the shutdown "an indefinite idling," to circumvent the United Autoworkers contract which prohibits any permanent closings.

● **HONG KONG'S** Trade Development Council and the General Chamber of Commerce are planning promotional drives to boost Hong Kong-Soviet trade. The Hong Kong-Heilongjiang Trade Fair in August was used as a major opening into that province's booming consumer goods trade with the Soviet Union, the *South China Morning Post* reported.

'Cold fusion' is still generating plenty of heat

Nuclear engineer Ramtanu Maitra toured the U.S. labs, which are producing remarkable results. Maitra and Carol White tell what the 'science mafia' has blacked out.

If we were to be guided by the popular press or the hegemonic science journals, then it would seem like the excitement over the potentials of the Fleischmann-Pons cold fusion experiments was another flash in the pan, or just the product of media hype. However, as Maitra has learned from a tour through some U.S. research laboratories, this is far from the case.

The truth is that cold fusion research is still producing extremely exciting results, regardless of the decrees to the contrary from the science mafia, led by *Nature* magazine editor John Maddox and the gurus of the American Physical Society. They declared that the appearance of fusion taking place at room temperature must be an artifact of measurement errors; they are not interested in reviewing ongoing work which disproves their thesis.

The Japan story

This is not the case in Japan, where, to the contrary, there is top-level sponsorship for the research. Fortunately, cold fusion experiments do not require large infusions of money, even if they are in fact not the simple matter implied by University of Utah electrochemists Martin Fleischmann and Stanley Pons, who first announced their discovery on March 23. As the following report will make clear, cold fusion—whatever it really is—is here to stay. It may well be the case that power applications of the process will not be a reality in the near future, but the scientific implications of even the findings to date are so enormous, that there is no question but that the fallout from them will be equally great, however they are applied.

A Japanese symposium held on July 31 was not widely reported internationally; nonetheless the results reported were extremely exciting. Ten research teams announced results which included findings of tritium and excess neutrons and heat in their experiments. The conference, held in Tokyo and sponsored by the Electrochemical Society, found the deuterium-deuterium reaction to be definitely similar to that found in thermonuclear fusion.

Successful replications of the Fleischmann-Pons results had been found at the University of Tohoku, the University of Hokkaido, Aoyama-Gakuin University, and by a joint group from Tokyo University of Agriculture and Technology and the Japan Atomic Energy Research Institute.

This reversed a previous statement by the last group which had said that they found "no clear evidence" of tritium; now they announced that they had found both tritium and a vast amount of heat.

Previously the same doubts expressed in the United States and Western Europe had prevailed in Japan, but the results described in presentations at this symposium changed the situation. The earlier atmosphere of skepticism was such that when two researchers at the University of Hokkaido announced June 2 that they had succeeded in creating cold fusion, they did so with hesitation. Tadahiko Mizuno and Tadashi Akimoto, both assistant professors in the department of engineering, commented that they had not intended to conclude that cold fusion had taken place in their experiment. Such trepidation is now a thing of the past in Japan.

The Institute of Fusion Science announced on Aug. 1 that it has decided to begin joint research on cold fusion by assem-

bling three topical groups, involving 80 scientists from 25 institutes, colleges, and universities. The three groups are: 1) a group to detect neutrons in detail; 2) a chemistry group to find the most appropriate conditions in deuterium electrolysis; and 3) a physics group to conduct theoretical research on the reaction mechanism. The private sector is also involved in the research, although this is not being featured in public reports by the institute.

A variety of experiments

In the area of neutron production, Hokkaido researchers Mizuno and Akimoto constructed their experiment in a physics laboratory 5 meters underground, surrounded by a thick concrete wall, and separated from the outside by three sets of doors. They began their electrolysis experiment in late March, using palladium and platinum immersed in a solution of heavy water (D₂O) and lithium-deuterioxide (LiOD). The underground experiment lasted about 18 days. Neutrons were measured at 10 times above background on average, and 20 times above background (1,140 neutrons per hour) at peak. Mizuno said the experiment was a preliminary test to confirm the basic principle of cold fusion, and that now they have to accumulate more data.

At the University of Osaka, Akito Takahashi and his colleagues at the Department of Engineering announced July 30 that they had detected neutrons which they thought were produced by their cold fusion experiment. The number of neutrons detected was greater than that observed in nature and two to four times greater than what was reported in the experimental data from Stephen Jones at Brigham Young University in Utah. The Osaka electrolysis experiment, using a palladium electrode dipped in heavy water and lithium sulfate (1 mol/liter), lasted for about a week each time and was repeated five times. The researchers tried to detect neutrons at two different energy levels—fast neutrons and thermal neutrons. What they found was that the energy of fast neutrons was 2.4 million electron-volts (MeV), the same level as those of neutrons produced in deuterium-deuterium fusion reactions. The observed data of the fast neutrons and the thermal neutrons were consistent, and both levels were greater than the normal background level. Takahashi said they switched the electric current between 0.8 amps and 0.4 amps every 2.25 minutes. As a result, deuterium that is going out of the electrode in the current-drop phase tends to meet deuterium that is coming in. The deuterium atoms thus come close to each other, increasing the possibility of fusion reactions.

At the Bhabha Atomic Research Center in Trombay, India, one of the largest nuclear research centers in the world, the Fleischmann-Pons experiment was earlier confirmed. Dr. R. Chidambaram's physics group, equipped with a laboratory and staffed with scientists as good as the best in the world, observed neutron generation. "We have surely seen neutrons here, and some cold fusion is certainly going on,"

said Dr. Chidambaram, a renowned physicist. "The process seems to depend on so many poorly understood parameters—it is not a straightforward experiment. . . . If the process was simple and straightforward, we should have struck gold by now. We haven't. On the contrary, we are still trying to find out the basic parameters of the experiment. . . . But like ceramic superconductors, we may be onto something that may be a long way from practical use."

At the Tata Institute of Fundamental Research (TIFR) in Bombay, India, the cold fusion experimenters recorded a phenomenal temperature rise of 1° centigrade per minute. Dr. K.S.V. Santharam, head of the chemical physics department, said: "We detected the presence of neutrons and gamma rays at a level above that of normal background radiation. I estimated about 2 in every 50,000 deuterium atoms were fusing."

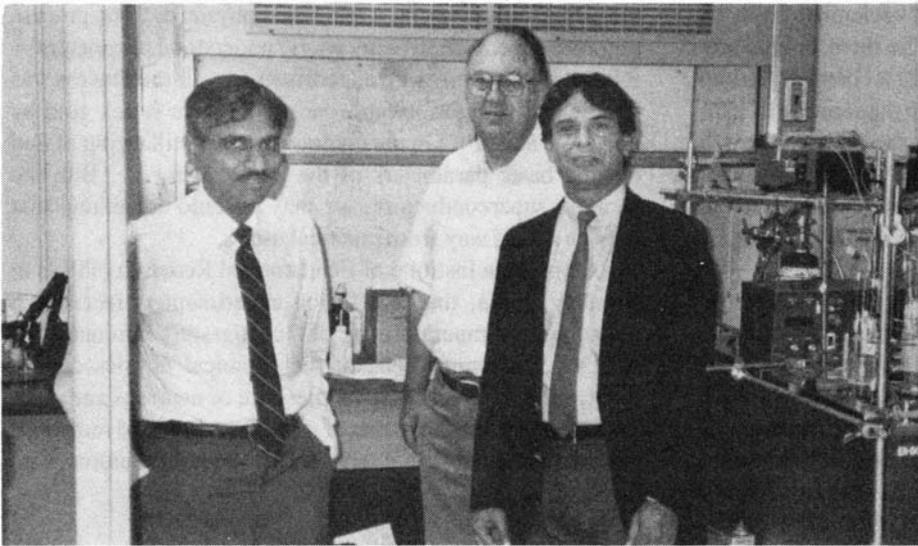
U.S. science mafia spreads pessimism

One can sympathize with the agitation of fusion scientists working on conventional experiments in thermonuclear fusion which are withering on the vine for lack of funding. As the Sept. 15 issue of *EIR* reported, they quite rightly fear for their very scientific lives. Not so those scientists at the large, prestigious laboratories who, without serious justification, have from the beginning pooh-poohed all experimental findings which went against their prejudices.

Besides demanding the proof, proof, and more proof that experimental findings were not errors of measurement, they demanded that these proofs be presented in record time. The charge was led by scientists from the Massachusetts Institute of Technology, Yale University, and California Institute of Technology, among others, where well-known experimentalists, using the latest diagnostic equipment, failed to duplicate what Fleischmann and Pons had done in a modest laboratory at the University of Utah. These well-heeled scientists reported failure to observe a significant amount of heat or generation of neutrons at a level which could justify calling the process fusion.

There are ample reasons why the experiment cannot be easily duplicated, and as Prof. Robert Huggins at Stanford University in California has explained, it's actually a difficult experiment. But the science establishment has been more interested in trying to spread skepticism about whatever experimental results the different groups working on cold fusion have already validated, rather than perfecting their own experiments.

It is not merely cold fusion which has generated exceptional heat: The discussion process about the experiments has unleashed a series of irrational statements from many prominent scientists. Some, like Dr. Moshe Gai of Yale University, took recourse to suppressing facts to justify their abrupt conclusions. Dr. Gai, whose experiment was published in *Nature* (Vol. 340) July 6, 1989, said categorically that "no statistically significant deviation from the background was



Ramtanu Maitra (right), editor of Fusion Asia magazine, visits the University of Utah Metallurgy Laboratory. Dr. Sivaraman Guruswamy (left) and Dr. Milton Wadsworth (center) have confirmed the surplus heat energy generation from cold fusion as reported by Drs. Fleischmann and Pons.

observed in either gamma ray or neutron detectors." Yet, at least one scientist who knew what was going on with Dr. Gai's experiment has reported, through private communications, that Dr. Gai did observe neutron bursts, but chose to suppress this in his report.

Whether Dr. Moshe Gai was acting instinctively as an "establishment scientist" or was merely trying to publish his paper in a journal which does not want to publish anything positive about cold fusion experiments, is another question.

What, however, is clear is that *Nature*, like Dr. Gai, has few kind words to say about cold fusion. John Maddox, *Nature's* editor, in the same July 6 issue, cited various experiments, including Dr. Gai's, to muster his own conclusion that "it seems the time has come to dismiss cold fusion as an illusion." The Yale group, Maddox stated, "has done its best to replicate the conditions of the original experiments, but has failed to replicate their results." The whole thing, Maddox declared, seems to have been "a brave leap of the imagination." The role of detractor is obviously a sympathetic one for Maddox, who last year tried to destroy the reputation of French biology researcher Jacques Benveniste, by similarly suppressing uncomfortable information.

New findings, new facts

At the University of Utah where the cold fusion findings were first announced, optimism runs high. In spite of the Energy Research Advisory Board's draft interim report, which most consider premature, stating that the evidence of cold fusion is unconvincing and, therefore, "no special programs to establish cold fusion research centers or to support new efforts to find cold fusion are justified at the present time," the state of Utah has allocated seed money of \$5 million to set up a cold fusion research center at the University of Utah Research Park in Salt Lake City. The work of the center, as Dr. Hugo Rossi pointed out, is to replicate and validate the

Fleischmann-Pons experiment and to work on the theoretical physics in order to explain the phenomenon. Dr. Rossi clearly stated that these are the present objectives and after these are achieved, things will continue from there.

At the Metallurgical Laboratory at the University of Utah, Dr. Milton Wadsworth and Dr. Sivaraman Guruswamy, perplexed by the assertive negativism of the establishment scientists, have noticed a significant amount of heat energy generation from palladium cells bathed in deuterium hydroxide. In certain cells they have witnessed energy bursts, in the form of sharp spikes, generating at least 1 million joules of energy at their peak.

One interesting result from this work is their discovery that the energy generation does not occur steadily. From the point of view of developing a new mode of power generation, this is obviously problematical, but scientifically it is of great interest.

In some experiments, Utah found sharp pulses, but the heat bursts were noticed only once over a seven- or eight-week period in these cells. More intriguing, perhaps, is the finding of the Wadsworth-Guruswamy team that 99.295% pure palladium rods function as better heat generators than the 99.5% pure palladium cathodes. This issue of materials, which both Dr. Wadsworth and Dr. Guruswamy are looking into, they have found to be excruciatingly puzzling. Nonetheless, there is no question that they have witnessed surplus heat energy generation from the Fleischmann-Pons set-up.

Findings at Texas A&M

At Texas A&M in College Station, Texas, the experimental findings are expected to exert a lot of pressure on the skeptics. The earlier work in this university by the Center for Electrochemical Systems and Hydrogen Research and the Department of Chemistry, presented at the Workshop on the Cold Fusion Phenomenon at Santa Fe, New Mexico, just two

months after Fleischmann and Pons had made their startling findings, indicated observation of excess heat generation. The electrolyte, which was a D_2O -LiOD solution, later showed the presence of tritium. The findings, which were significant to those working in this area, however, failed to make much impact on those who refused to believe.

Later, a team in the Department of Chemistry and the Cyclotron Institute at Texas A&M carried out an experiment using palladium electrode bathed in D_2O -LiOD (0.1 mol/liter). The objective was to generate tritium—the heaviest known isotope of hydrogen, which contains two neutrons and one proton in its nucleus—which does not exist in nature and is formed when the lithium present in the LiOD captures a free neutron released through nuclear reactions. The result turned out to be a stunner. The tritium produced during the experiments in 11 electrolysis cells under observation was 100 to 100,000 times more than that expected from the normal isotropic enrichment of electrolysis. The Texas researchers have sent their samples to such noted and established laboratories as Battelle, Argonne, Los Alamos, and General Motors. These laboratories came up with a tritium count that was no different from what the Texas researchers had found.

Looking at physics afresh at Brigham Young

At Brigham Young University in Provo, Utah, Dr. E. Paul Palmer, who worked with Dr. Stephen E. Jones on the low-level generation of neutrons with the Fleischmann-Pons set-up, is convinced that “something is surely happening” which physics must explain. Dr. Palmer, not a believer yet, does not expect that water will be able to be heated for commercial purposes through the cold fusion process in a decade or so, but he is aware that careful experimentalists have already reported findings which the present understanding of physics cannot explain. But as Dr. Jones points out, on the basis of the present conception of fusion, as developed to date by nuclear physics, it would be inaccurate to call the Fleischmann-Pons experiments “fusion.”

While Dr. Jones is not ready to close the door on cold fusion, he, like Dr. Palmer, agrees that it is time to take a fresh look at the physics. He also points out that in order to do that, however, we need to do some very careful experiments and use the findings to set the basic parameters on which the new understanding of physics has to be based.

What do all these findings mean? It is too early to predict, because so little is known about a whole gamut of physics associated with the experiment. The tritium work, under Dr. Kevin Wolfe, Nigel Packham, and their team at Texas A&M, will be hard to ignore or dismiss as irrelevant. The work is thorough, and preventive measures were undertaken to protect the experiment from any contamination. Still, it would be naive to believe that finding of tritium factories will change the basic belief-structure of the science establishment. There are rumors that the allegation that the experiment was contaminated with tritium was leveled against the Texas A&M

researchers as a ploy to discredit their findings.

But the Texas A&M work will open up a floodgate. Already the word is out—currently, private communication between scientists remains the most efficient way to pass information—that Glen Schessoff at the University of Florida, in Gainesville, has done closed calorimetry and has lit a glow lamp using the Fleischmann-Pons type of arrangements. At the Santa Fe Research Center in Columbia, Tennessee, Joe Champion has observed 40-600% surplus heat from a large single cell. At the University of Minnesota, Dr. Richard Oriani in the Chemical Engineering and Metallurgical Group has also observed a significant amount of surplus heat generation. Dr. Robert Huggins at Stanford University has duplicated the Fleischmann-Pons experiment and witnessed surplus heat. The list is growing longer every week.

Why such acrimony?

In order to answer this question, one has to look historically at various examples of groundbreaking research over the years. Establishment scientists, who made themselves acceptable by wearing blinders and who look only at what is considered as “accepted theories,” will obstinately and arrogantly refuse to look at new findings. According to Dr. A. John Appleby and Dr. Supramaniam Srinivasan of Texas A&M, the problem with gaining broad credibility is that the cold fusion results emerged from the “Third World universities in the United States.” What they meant is that the findings were not made at Princeton, Yale, MIT, or Caltech—the wealthy universities and research centers where the high priests of American science reside and from which citadels they make their pronouncements.

There is no doubt that the Texas team is partially right about the attitude toward non-Ivy League schools. But, there is more to it. Most important is the fact that the findings emerging from cold fusion experiments have begun seriously to bring into question the validity of many existing nuclear physics theories. The “well-established” quantum mechanics, which deals with the micro-universe, could very well also become a casualty. Such an upheaval within the scientific establishment is nerve-wracking to most “established scientists.” It means they must get involved in new work, shedding the old beliefs and denouncing the old theories, whose mastery had won them fame and authority. It is anyone’s guess at this point how many former Nobel Prize winners’ work in these areas may turn out to be “also-rans” in the search for physical laws.

The announcement by Dr. Martin Fleischmann and Dr. B. Stanley Pons at the University of Utah last March claiming they had produced a fusion reaction in a simple electrochemical cell, consisting of a palladium and platinum electrode placed in a glass tube with heavy water, shocked the world. According to these two electrochemists, a voltage applied across the electrodes splits the water into oxygen and deuterium—a heavy isotope of hydrogen with one proton and one

neutron in the nucleus—and the deuterium released is absorbed by the palladium lattice.

So far, everything Fleischmann and Pons had said was acceptable to all scientists. But when the two electrochemists reported that the deuterium atoms inside the palladium crystal lattice underwent fusion, all hell broke loose within the “established scientific community.” As proof, Fleischmann and Pons offered measurements of heat generated by the cell as well as the observation of a few neutrons, which are essential by-products of the fusion process. But these results came under heavy criticism from some of the “established scientists” and the two professors were accused of sloppy work.

Besides the threat to hegemonic—although in our opinion scientifically bankrupt—physics theory, there is also the nagging issue of malthusianism. During discussions with co-author Maitra, Dr. Hugo Rossi, Dean of Science at the University of Utah, who was recently appointed director of its Cold Fusion Research Center, pointed to the “sinister” statement of Jeremy Rifkin. Rifkin, a hard-core malthusian masquerading as an environmentalist, had earlier said that if cold fusion becomes a reality then abundant energy will be available, which will cause a population explosion on Mother Earth. If Rifkin or his friends in the scientific community have their way, it would be safe to presume that they would try their best to shut down the development of such a potentially prolific energy source.

Moreover, those scientists who have dedicated their entire career to generating fusion energy in laboratories through the high-temperature, high-density route—such as nuclear physicist Harold Furth—are so obsessed with hanging onto what they would like to believe, that they are making a nuisance of themselves with their knee-jerk reactions. Associated with this obsession is the fear, understandable if irrational, that in the wake of the cold fusion wave, the high-energy fusion experiments will be further neglected by the funding agencies.

Clearly, as hundreds of millions of lives are threatened by the collapse of industry and agriculture, the crash effort to produce fusion energy—by all means—becomes a matter of urgency. To propose to cut funding one avenue of research for another would produce tragedy verging on criminality.

Fifty years ago, the possibilities of harnessing fission energy and fusion power were still in the future. Today, we seem to be on the verge of new experimental discoveries about the very essence of matter. Not only the work of Fleischmann and Pons, and their associates, but the past years’ discoveries which have expanded our notion of electrical semiconductors as well, pose a whole new frontier not only of physics per se, but of biophysics as well.

The human body operates on the basis of advanced catalytic principles which must be analagous to *cold* fusion and *room temperature* superconductivity, since it can deploy huge energy flux densities without raising body temperature.

Perhaps the most upsetting feature of the Fleischmann-

Pons experiments to the science establishment, has been their very simplicity. Today, physics and mathematics have followed the same path, relinquishing the only fruitful road to discovery through the methods of a constructive geometry, and replacing them by a dependence upon deductive logic, with its sterile axiomatic foundations. From the standpoint of deductive method to which the science establishment adheres, creative mental processes have no valid existence in our universe, nor are major scientific breakthroughs predictable.

If a single, crucial physical experiment shows any strongly defended current theorem of a school of mathematical physics to be wrong, then its physical evidence must challenge both the whole deductive system and the axiomatic beliefs upon which it is based.

Ramtanu Maitra is editor-in-chief of Fusion Asia magazine and an associate editor of 21st Century Science & Technology magazine. In August he toured cold fusion laboratories in Utah and Texas and held discussions with many cold fusion researchers. A full report of his findings and interviews will appear in the November-December 1989 issue of 21st Century Science & Technology. Fuller reports on the Japanese and Indian research appeared in the September-October issue.

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The geometric secret of Stradivarius

By Professor Bruno Barosi, director of the acoustical physics laboratory, Cremona Institute of Violin Building.

Professor Barosi delivered this speech to the conference, "Giuseppe Verdi and the Scientific Tuning-Fork," hosted by the Cini Foundation and Levi Foundation and organized by the Schiller Institute and the Italian Harpsichordists Association, on June 20, 1989 in Venice, Italy. An account of the conference and some of the other key speeches appeared in EIR No. 33, Aug. 18, 1989. The conference pivoted around the theme of the need to return to Verdi's tuning fork of $A=432$, which is the highest possible setting for a Concert A based on the "physicist's pitch" of middle C set at 256 Hertz. Already supported by a majority of the leading opera singers, this initiative, prompted by the scientific work of Lyndon LaRouche and the discovery that Verdi had backed a decree to establish $A=432$ in Italy in 1884, has won increasing approbation from leading instrumental musicians as well.

As an expert on the old Cremona violins, the most treasured in the world, physicist Bruno Barosi lent his authoritative voice to the drive to return to the lower tuning, starting with the Schiller Institute's first conference on the subject, in April 1988, and has since actively promoted Italian legislation in that direction.

Our violin building school had already been concerned with this problem of the tuning fork, when the Schiller Institute raised it with us, because the problem of the preservation and utilization of the instruments of the ancient Cremonese school has always been a live problem, both for the instruments belonging to the City of Cremona, and for the instruments belonging to the greatest concert artists.

Parenthetically, what is most often heard or written about the famous Cremona violins is—putting it kindly—fables. "The secret of Stradivarius was in the varnish," or "the secret of Stradivarius was that he went around at night knocking on the trees to find out the fundamental note upon which to build the violins." Stradivarius was a person of great acumen and outstanding sensibility, living in a time, the 18th century, when in Cremona there was a flourishing school of physics and mathematics of Beltrami and Cusanus (not Cusanus the Cardinal), Gardanus, and other persons who gave rise to a hotbed of ideas which Stradivarius probably drew upon a great deal, and to which he added his personal abilities and sensibilities.

The violin—as well as the viola, the violoncello—is an

instrument which is extremely contradictory from a physical standpoint. It is a machine which plays two opposite roles at the same time. The first is a static role: The lightweight structure (it weighs 220-225 grams) must hold a tension, a force, in order for the strings to sound, of about 21-22 kilograms, which then presses on the bridge, and hence on the curvature of the soundboard, which at the center, at its greatest thickness, is 3 millimeters of wood, at around 8 kilograms. At the same time, it must be capable of moving, oscillating around a position of equilibrium, and hence of vibrating, maintaining a constant static equilibrium. Such structures in physics are exceptional. The exceptionality is given by the fact that the violin, like most instruments, was born as an imitation of the human voice (people say the violin has a human sound, which is emotionally moving) and not vice versa.

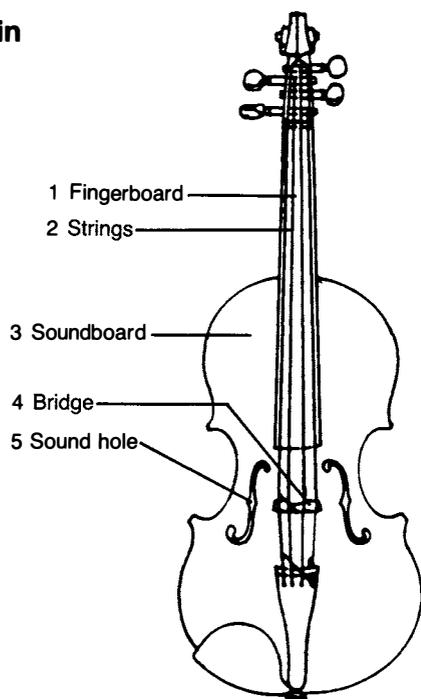
So there is an adaptation, and the secret is that this "box" (which you have probably heard called a resonating box, but this is incorrect), is a coupler between the strings (which are the sound source) and the air of the environment surrounding the instruments, which is the "charge" or utilizer. It's a very simple comparison: From a cybernetic viewpoint, the violin is a "nonstable multivibrator" and is comparable to an electrical transformer, which everyone is acquainted with. The "primary" is the strings, the "secondary" is the surrounding air, and the coupler, the magnetic core, is the box itself.

The discovery of this optimal coefficient of coupling lies in having correlated the internal volume to the external surface. When one talks of raising the frequency (all the instruments of the old Cremonese school having been "tortured," insofar as not one of them still has its original fingerboard), the desire to make them play at a higher frequency involves an adaptation of the system, which cannot help but intervene on fundamental parts of the system.

What happens when you raise the pitch

You cannot go and remake the height of the ribbing to vary the volume, as the surface would remain the same; the coefficient would vary, for which reason the sonority of the instrument would diminish a great deal. So one has to increase the tension of the strings. To stretch the strings means to increase the tension by about 4 kilograms. To increase the tension by 4 kilograms involves an increase in the forces which are distributed on this structure, which can be com-

FIGURE 1
Parts of a violin

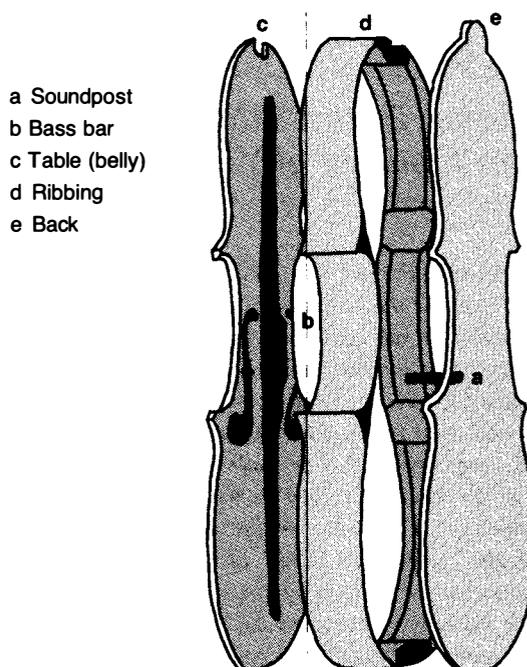


pared to an egg: If you grab an egg in the middle of its points you cannot break it, because the sum of forces is equal to zero, so it is in perfect equilibrium. If you analyze well the form of the violin, the sum of all the forces equals zero.

If I increase the tension, even though going from 21 to 25 kilos is not exceptional, the overstress on the instrument is not just the result of the amount, but above all of the duration. A structure of this type, stressed for extremely long periods, will give way, because the discovery, the “novelty” introduced by Stradivarius with respect to the previous school, that of the Amati, was precisely that of slightly varying the curvature, of not attaching the table by means of a joint, but of gluing the table; and hence statically speaking, a table which *rests* at its two extremes, has a greater rise than a slab which is *joined* at its two extremes.

This is the reason why the Stradivarius violins have more sound, and the perfection of the form is the reason why they sound better. It relates to having a loud sound and a pleasing sound—the color of the sound, we call it timbre—the psychological response which the human brain gives to a vibration between 16 and 16,000 Hertz, although now that we have become deafer, and the norm goes from 20 to 20,000 Hz. The hearing threshold has increased in intensity, and the psychological response is proportional to the logarithm of the stimulus, i.e., it is not linear, it is a logarithmic spiral which goes back to the theory of sound, of the harmony of the universe developed by Jonathan Tennenbaum [see *EIR* Vol. 16, No. 33, page 30].

FIGURE 2
Interior of a violin



The soundpost (a) set under the right foot of the bridge, transmits vibrations to the back of the violin (e). The bass bar (b), glued to the back of the table (c), stiffens the body and distributes the vibrations.

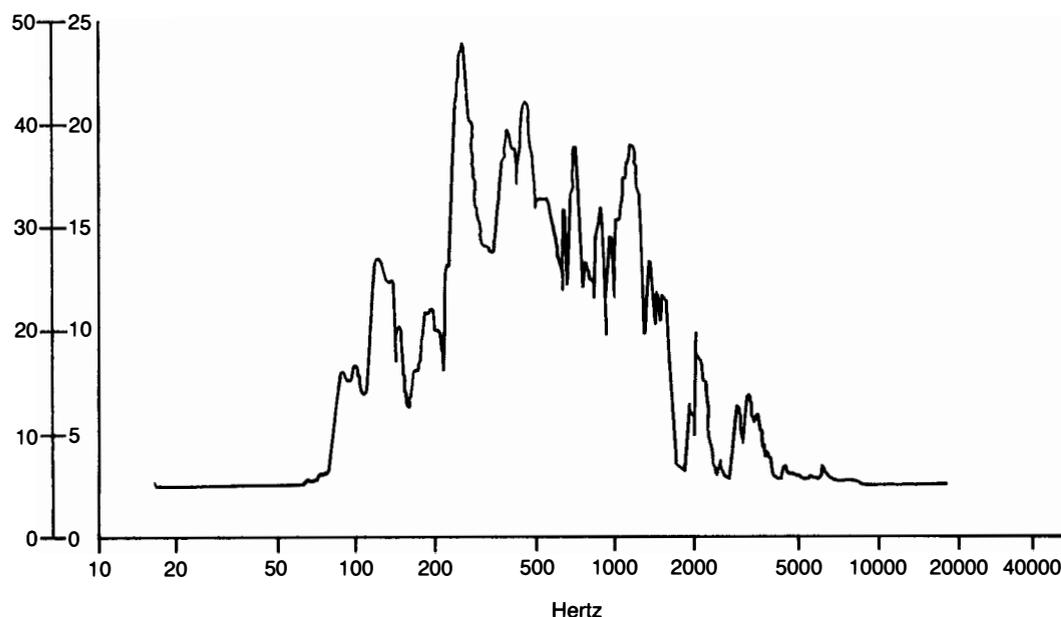
To increase tension means to shorten the average life of the instrument. When I said these things for the first time, Uto Ughi blew up, even though he is a friend, and said it was not true. I told him that within five or six months his Stradivarius would have to be rebuilt. The Amatis in the collection of the City of Cremona are not fit for concert use, except in a hall half the size of this one, because since they are earlier than the Stradivarius structure, they no longer hold the tension and they are instruments on their way down—museum pieces.

The preservation of this patrimony is a preservation which forces us, as a moral obligation, to hand on to those who will come after us the masterworks of human genius, of Mankind’s creativity. They are unrepeatably instruments. Our violin building school makes very fine instruments, but they are not Stradivarius violins, which are unrepeatably, because like all the works of the human genius, just as Man is unrepeatably, each of us is unrepeatably, and so the works of human genius are unrepeatably.

The increase in tension involves a significant shortening of the average life of the instrument. The great concert artists who stretch their strings to 445-450 will soon realize the damage they are doing to their instruments—damage they try to fix, as some have already tried to do, with a very bad

FIGURE 3

The spectrographic profile of the 'Omobono' violin



The logarithmic graph shows the point of maximum sonority of the "Omobono" Stradivarius violin, which occurs around C = Hertz.

restoration, i.e. by replacing the bass bar, reinforcing the table, above all under the soundpost, because increasing the tension on the strings means increasing the reaction, which tends to flatten the back and arch the table. This means a distinct upward reaction which compresses and flattens the instrument, with the damages that are provoked, not so much by the increase as by the *length of time* of this increase. This is what really brings on the illness of these instruments.

The crucial experiment

It was also necessary to demonstrate that by returning to $A = 432$, without changing anything of the interventions already carried out on the instruments, that not only was the instrument better off from the static standpoint, but—what really counts—that the instrument was better from the sound standpoint, both in terms of emission, that is, quantity of sound, and in quality of sound. So we took a great violinist, Norbert Brainin, and a great instrument, a Stradivarius. We took the Stradivarius to be analyzed, monitored, we gave it a "check-up." The "check-up" gave these results: With the Verdi A, not only does the instrument sound louder, but it sounds better, it satisfies the listeners better, and it has an exceptionally pleasing timbre. The resistances are significant, above all from the modern string instrument makers, because the devil is always making pots, but not lids. So the violin builders, even those of the same school, who had started to waver, have had to become aware.

Now I will show you the graph of the Omobonus Stradivarius of Brainin, but also the Cremonese 1715 du Cremona

(Figure 3). They have a typical Stradivarius profile like an I.D. card. You can see right away if an instrument is a Stradivarius or not from the spectrogram. The greatest response in breadth and hence in sonority, and as a result in timbre, is given by the instrument at 256 Hz, that famous 256 Hz which is the C natural invoked again this morning, this C that reflects the harmony of the universe and so forth. The envelope of Figure 3 is characteristic. This point which is around 80 Hz is the resonance of the box, which is why the construction of the instrument is such that according to Helmholtz's rules it sounds only at integral multiples of 80 Hz. I will now show you the spectrographic analysis, that is the characteristic makeup of the sound, i.e. the formants which define the timbre, of the Brainin Stradivarius tuned at $A = 432$ and $A = 440$. You will see that in comparison to the 440 tuning, with the 432 tuning the Stradivarius violin has a much richer sound, a much more "pleasing" timbre. This test was not conducted on some crummy violin, with some poor fiddler. You will hear the difference between the same Bach piece executed with the tuning at 432 and at 440. The person playing is Brainin, on a 1736 Stradivarius.

In closing, I would say that we have to thank the Schiller Institute and above all the inventor and promoter who gave the first spark to this initiative, Lyndon LaRouche, with an ingenious intuition, which has since been backed up by the facts. I think that the scientific demonstrations reported are obvious, and that they show that the return to $A = 432$ not only will prolong the average life of these instruments, but will also cause them to be more appreciated.

After junk bond collapse, time to change course

by Chris White

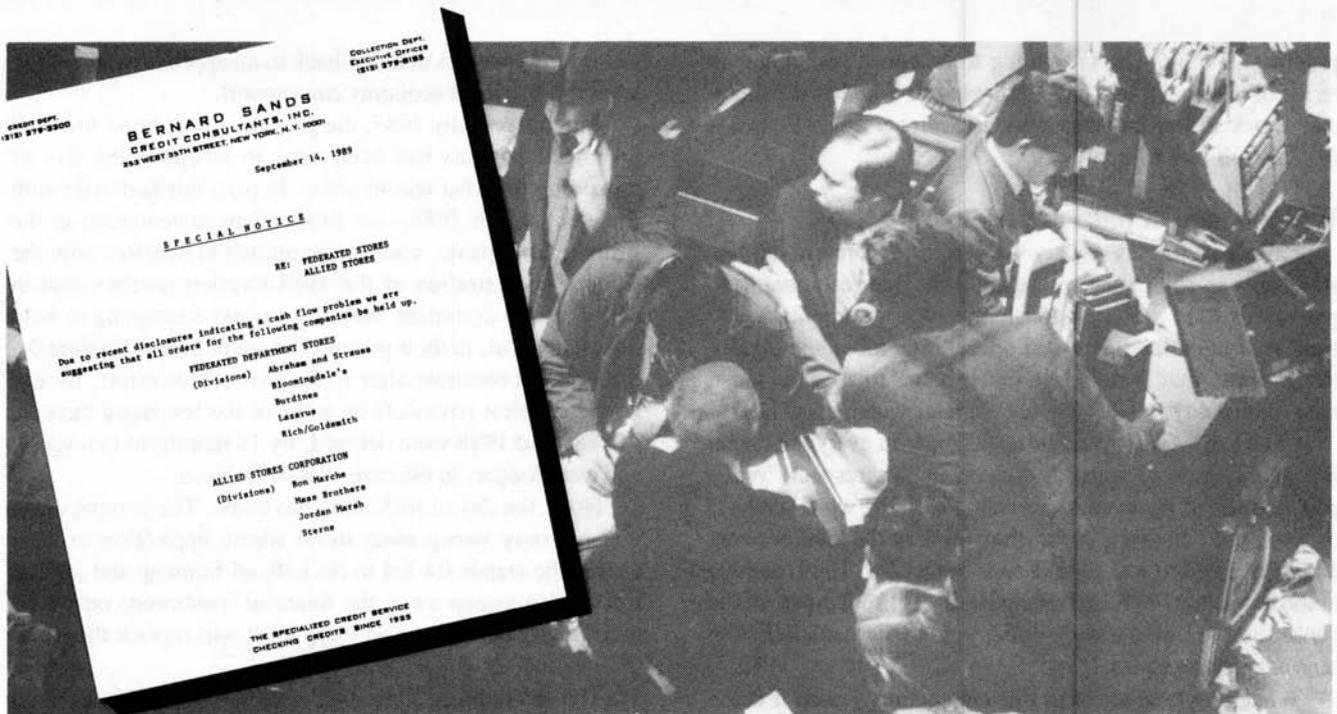
Friday, the 15th of September, 1989 will be a day that goes down in history. That was the day Canadian financial front-man Robert Campeau finally defaulted on \$450 million of interest payments due the investment house First Boston, and brought down the junk bond market.

Campeau is the nominal head of the Canadian Campeau Corporation, which fronted for the leveraged buyouts of Allied Department Stores, for \$3.3 billion in 1986, and Federated Department Stores, for \$6.7 billion in 1988. The default sets into motion the deflationary collapse of some part of the approximately \$20 trillion worth of claims of debt and instruments of financial speculation accumulated against the U.S. economy, in particular, during the course of the so-called Reagan Recovery of the period 1982-89. It also sets in motion a plunge into the depths of the worst economic depression of the century.

Campeau's default sealed the doom of the estimated \$200 billion per year market in below investment grade securities, known thanks to the press mavens, as "junk bonds." On Wednesday, Sept. 13, the market in junk paper went through a collapse, comparable—according to dealers like those at Lazard Frères—to what hit the world's stock markets in October of 1987. On Thursday, Sept. 14, things were no different. Campeau's formal default, on Friday afternoon, now means that devalued junk paper will begin to bring down the face value of all interest bearing paper to its own level.

In that sense, on Friday, Sept. 15, we entered a deflationary spiral. According to the jailed U.S. economist and congressional candidate Lyndon H. LaRouche, "Forget about the events leading up to, and including last Friday's crisis. The question now is, what is the rate of the acceleration of the spiral, has it moderated, has it slowed temporarily? Nevertheless, it is inexorably going to continue. It is not going to reverse. It is going to accelerate." The question also is, what has to be done to get out of it, and who is capable of doing it?

Alone among U.S. politicians, and also among the so-called economists,



Robert Campeau's junk bond empire hits the skids, as the retail chains owned by his Canadian Campeau Corporation defaulted on their debt payments, were put on the black list of their suppliers, and found themselves shunned by the Wall Street markets (background photo).

Stuart Lewis

LaRouche stands vindicated by what happened on Friday, Sept. 15. He has warned, since early June of 1989, of the potentials for another seismic market shock this fall. Since early September, he has been warning, from his jail in Rochester, Minnesota, that the timing for such a fall collapse, could be anticipated around Oct. 10, plus or minus the few days necessary for the results of the quarterly settlements of accounts now under way, to sink in. It was LaRouche too, from June of 1987 onwards, who projected the timing of the October 1987 stock market debacle, which became known after Oct. 19 that year as "the market meltdown."

LaRouche's record on such matters is to be compared with the program of the present Bush administration, since the President's Jan. 20 Inaugural Address. The President, and his top officials, like Nicholas Brady at the Treasury Department, have insisted that everything is under control, and can be kept under control, including such matters as the insolvency of the savings and loans, and the collapse of leading Third World debtors.

The default of Campeau, and the accompanying collapse of junk paper, ought to be taken as proof positive that they and their crisis management co-thinkers have been absolutely wrong. When it comes to matters of the economy and financial policy, they do not know what they are talking about. Because that is the case, nothing they have to say about any other matter, no matter how obsessively they believe it, will be of much import either, because the world isn't organized the way they think it to be, and their attempts to do what they

intend, including the crisis managers' favorite occupation of buying time, will consequently be more and more visibly counterproductive.

Publicly, Brady from the Treasury, and the faceless bureaucrats at the Federal Reserve, continue to insist that everything is under control. "No banks will fail because of Leveraged Buyouts," a widely reported, but wisely anonymous Federal Reserve official told the press Sept. 15. His remark was part of a coordinated effort to squelch rumors that as many as three major New York money center banks, and at least two investment houses, had gone, or were about to go belly-up. The same day, Treasury Secretary Brady told the National Association of Securities Dealers meeting in Washington D.C., that leveraged buyouts are okay, because "there are literally assets behind it."

Given the record, it is better to be more concerned about what LaRouche has to say now, and attribute clinical significance to the utterances of his opponents. In statement from the Rochester, Minnesota federal prison on Tuesday, Sept. 19, LaRouche advised, "The only interesting distinction to be made now is not a question of if there is a crash coming. The crash has happened. Now, the question is, when the shock effect of the crash is felt. It is now a matter of the acceleration of the deflationary spiral, which will continue to accelerate at either a slower or faster rate anyway. The question is, will the rate of acceleration reach those velocities which will cause a shock effect. . . ? The depression is now on. The biggest depression of the 20th century is now in

progress. It's on. The only thing to be concerned about, in terms of that itself, as I have indicated, is whether the financial shock effect happens now in October, or whether it delays itself into March."

Which stage of bankruptcy are we in?

LaRouche has previously warned, given present desperate efforts to roll over—yet again—the quarterly maturing portion of debt service and claims of approximately \$20 trillion of combined debt and speculative income claiming instruments, that it would be much better to take the crash now, than delay, till say March, for a far worse crash later.

Choice of words, given the associations of everyday usage, inevitably leads to some confusion in this respect. When people think of the events associated with the word "crash," or "collapse," in this context, they think of the kind of event that happened on Oct. 19, 1987, or on Oct. 29, 1929, or even of the day when Franklin Delano Roosevelt shut down all the banks, and declared a bank holiday, to avoid panic-stricken runs against the banks.

What people think of in this connection—even if those with direct, or even indirect, knowledge of what happened in the 1920s and 1930s, are diminishing in number—is the third and final level of bankruptcy. The deflationary collapse spiral which will follow from the shattering of the junk bond market is the beginning of the overdue phase of runs-against-the-banks. Runs-against-the-banks are the third and last level of bankruptcy. Financially, at the second level, the system has been bankrupt since 1984-85. And, economically, at the first level, the economy has been functioning below its breakeven level since the period 1979-82.

If the economy is below breakeven, not enough wealth is created, through production, to cover the physical costs and expenses of maintaining the society's existence. That is what has happened with the United States, as is demonstrated by the increasing poverty, unemployment, continued under-investment in maintenance of plant, equipment, and infrastructure, and incapacity to produce more than four-fifths of what is consumed, that have been the hallmarks of the "prosperity" that was called the Reagan Recovery. And, the world as a whole is in much worse shape on this account, than is the United States, in part because U.S. refusal to produce for its own consumption, has been robbing the means from those who would otherwise do so.

Financial paper builds up

If on top of that, financial claims are permitted to increase beyond the capacity to service those claims, financial bankruptcy ensues, for the fiction that claims against wealth are being honored is maintained by either printing money, or creating new titles to wealth. Then comes the time, like Friday the 15th, when it becomes clear that paper as paper, isn't worth anything if it can't be converted into goods. And then, in the third and final phase, the accumulated, effectively

unsecured paper, is deflated back to an approximation of the level the shattered economy can support.

Since especially 1987, the growth of junk bond-financed leveraged buyouts has been used to postpone the day of reckoning for what was to come. In part, this had to do with the elections in 1988—no financial inconvenience, in the form of bank panic, could be permitted to interfere with the smooth orchestration of the 1988 election results—and in part with the dominant financial powers attempting to hold on, at any cost, to their power. For the policies of before the election did continue after it. As part of this effort, for example, interest payments on some of the leveraged buyouts of 1987 and 1988 were delayed, by 18 months to two years, and even longer, in the case of RJR Nabisco.

Now, the day of reckoning has come. The coming crash will not only sweep away those whose opposition to what LaRouche stands for led to his judicial frameup and jailing; it will also sweep away the financial institutions on which their power depends. And then, what will replace them and their methods?

The above might describe the form of what has occurred and is about to occur. But the point is somewhat different. What is the difference on these questions between LaRouche, who has successfully projected developments on the financial and economic front, and not just over the last few years, but back into the 1950s, and those of his opponents, who have obsessively insisted that he is wrong? For, if he has been borne out by the course of events, it is not he that is wrong, but those of his opponents who insanely insist that their way of doing things—despite the patent disasters that have ensued, and the far greater ones that will—is the only one tolerable. This difference is a matter of method.

To change the course of events that have been unleashed since the collapse of the junk bond market on Sept. 15, methods must be changed. The only available alternative to that which leads predictably, and repeatedly to disaster, despite the insistence that everything is really under control, is that developed by LaRouche. This question of method, between LaRouche, who has been right, and those of his opponents who insist that they in any case have the power to do what they want, despite the fact that they are repeatedly wrong, is chief among the reasons why LaRouche is in jail. Those who would not give up their power, knowing that the way they used it led, and leads to disaster, are about to see the basis of that power destroyed.

The laws of physical economy

LaRouche calls the method he invented the method of the ontological transfinite. The method is based on the discovery and mastery of the knowable principles of physical lawfulness which have made mankind unique of all universal creation.

The question for all of us can be posed in the following way. Our mortal lives are but a brief moment compared to

the recorded history of the species, and its pre-history, and the history of the universe as a whole. The one thing we do know with certainty is that we will die. If all we crave are the pleasures and so-called gratifications of the flesh, which last but an instant, what is that brief life worth, relative to the eternity that is the history of the human species as a whole? Such pleasures don't outlast the body which craved them. How then can we ensure a purpose that this brief life given us has some durable meaning, that will endure after we and our generation are gone, and make our lives worth living in the eyes of those who come after us, as enriching the totality of that which went before?

The answers come from human history as a whole, and it is from human history as a whole, viewed from the standpoint of the mortality of the individual, that the fundamentals in LaRouche's method, including its application in economics, are posed. In human history the efficacy of the ontological transfinite as the ordering principle of physical lawfulness in the universe is reflected as an increase of man's potential relative population-density. The anthropologists assume, wrongly, for reasons which can be found in LaRouche's book *So, You Wish to Learn All About Economics?* and *There Are No Limits to Growth* that the earliest form of human society is that which they call hunting and gathering. Given the land area required to support an individual in that mode, the population potential could never have exceeded more than a couple of million such individuals. Yet over the course of his existence, man has increased his potential by three orders of magnitude, to 5 billion today, with the potential for 50 billion, if the technologies available today were efficiently diffused.

Alone in creation, man has transformed the conditions of his own existence to so progress. The progress can be measured in the reduction of the number of improved, cultivated, and inhabited hectares required to support the human individual, or nuclear family reproductive unit. Land is defined as habitable or cultivable by the level of technology available to make the improvements which produce the increasing density of population. The increase is relative to the potential defined by the technology. The better, however, any such society within the history of human development increases its population-density, within a particular mode of technological organization of its labor, the more surely such a society is dooming itself, sooner or later, to extinction. For the resources defined by any particular technological mode of organization of labor, are finite relative to that mode of organization. The more successfully such a society exploits such resources, the more surely they will be depleted relative to the possibility of such depletion.

Each such mode of organization of labor correlates with a characteristic division of the population between urban and rural, agricultural and non-agricultural, and with the life expectancy, effective working life, and the educational level required to produce a next generation of workers.



Progress can be measured in the reduction of the number of improved, cultivated, and inhabited hectares required to support the human individual, or nuclear family reproductive unit. How many people can be fed by a hectare of land cultivated by the Indian farmer's primitive means? How many using the Iowa farmer's powerful tractor and automated feeding equipment?



The subject of economics, as human history as a whole, is the mastery of the knowable principles by which the transformation of human society, through transforming the technological organization of labor, might be accomplished such that human society endures. How to organize the work of this generation such that one might be reasonably assured, at the end of one's life, that the grandchildren might be able to undertake the same task as it presents itself to them. Primary, then, is the development of the creative powers of mind of the individual at the service of the species as a whole.

There is an unbridgeable gulf between this type of approach, and the methods of crisis management that have dominated over the last years. The differences concern the respective conceptions of man and the universe, such that the crisis manager, with his insistence on getting through the next week, without the appearance of disruptive crisis, emphasizing in his practice the fixity of the human identity, must thereby side with the lower beasts against the human species. And since the creative powers of mind, which alone distinguish man from the beasts, are denied, such crisis managers, as the ones who have administered the affairs of state in economic and financial policy for the past generation, must axiomatically be incapable of dealing with a real crisis, never mind the kind of crisis that was unleashed on Sept. 15.

Desperation measures

So far, their effort has gone in the direction of attempting to hold together the financial situation. Ultimately, whether next month, or next March, this must prove to be as effective as the efforts of the little Dutch boy once were to plug the hole in the dike. The financial situation cannot be held together because it is bankrupt. Yet they insist on coming up with the same type of insanities which drove the economy below breakeven, and bankrupted the financial system. The Comptroller of the Currency, an official at the Treasury Department named Robert Clarke, has a proposal to halve the reserve requirements of the banks. This translates into permitting the banks to double the volume of liabilities they may hold against the same level of reserves. It makes their bankruptcy worse. And it will make the crash worse when it comes. Clarke claims the proposal has the support of officials at the Federal Reserve, as well as the Treasury.

The Federal Reserve has approved regulation changes so that the banks may market their loans as securities. This way assets, which are no longer performing at face value, no longer need be kept on the banks' books; they can be sold, for a commission, which counts as income, and passed around from bank to bank, like the proverbial hot potato. This doesn't help either. It simply increases the velocity at which the fundamentally bad paper is cycled through the system, thereby presumably reducing the risk to any particular part of the system at any particular time.

These are the kind of desperation measures being put

forward, by those who do not know the proper function of credit and finance, to get through the weeks ahead, by any means. The crash of Campeau and the junk bond market will ultimately spell the end for that too. But the question is how fast it will do that. For by such means a bad crisis now, will become a real catastrophe by the spring.

Basis of credit policy

Credit and monetary policy ought not to be a mystery. Money surely does not grow on trees, but it does come out of a printing press. Whatever the orthodox say, money happens to be created by political fiat. There is a level of wage and salary income, combined with investment and maintenance requirements, which permits the economy to function at the rate of advance in productivity required to maintain an increasing rate of increase in potential relative population-density. At today's usury- and speculation-bloated currency levels, this would be the equivalent of about \$5 trillion per year in current dollars.

Since we do not produce at those levels, nor do we have sufficient workers with the surviving skills to produce at those levels, it would be insane to print that volume of money and put it into circulation. There is nothing to buy with it. But if the lifetime of an investment in capital improvement is extended relative to the three-generation time-frame that fits our historical mission, credit can be extended to finance productive improvements and employment in the volume calculable as self-financing by means of the cheapening effects of productivity increases and advances in the power of labor. Such credit can be monetized so long as the money created doesn't exceed the cheapening effects of the productivity increases, and the volume of goods put into circulation increases. This way the economy begins to grow in a self-sustaining way, and the banks are compelled to function as they should.

Campeau's default highlights what happens when money is used for the opposite purpose, to strangle mankind's capacity to ensure his own survival, through usurious debt. Though the question of the relative velocity at which the pace of events will proceed is unsettled, the outline of the economic and financial consequences, in terms of accumulated vulnerabilities, is clear enough, to substantiate LaRouche's warning that it were better if the collapse be taken now.

The financial consequences are one part of the matter. Campeau defaulted on Friday, Sept. 15; the approximately \$200 billion per annum secondary market in below investment grade junk debt collapsed beginning Sept. 13. This is the market where paper contracted to finance leveraged buyouts and other transactions involving below investment grade paper, is sold back and forth.

As with the stock market collapse in October 1987, the collapse took the form of a panicked effort to pull out of that kind of paper, based on the fear that other victims of buyouts

would rapidly go the way of Campeau.

The market is primarily handled by the large investment houses, among them Drexel Burnham, First Boston Corp., Merrill Lynch, Morgan Stanley, and Goldman Sachs. These houses have been left holding both the devalued paper from the panic which erupted Sept. 13-15, and at least \$7 billion, and certainly in excess of \$10 billion worth of new junk bonds which were slated to be introduced to the market for the refinancing of old deals, or to facilitate the financing of new deals, such as the in-progress buyout of Time-Life.

Eerily, the *Wall Street Journal* had begun to run, by Sept. 21, the same kind of articles that were published after the stock market crash of October 1987. Exactly, how does one compute the attributed value of this paper, is the question now being asked? The answer is, at whatever the price the so-called market will bear, and if no one will buy the stuff, then it is no longer worth the paper it is printed on. So at first sight, the investment houses which hold the collapsed and

the unsold paper are, so to speak, in very bad shape.

But it is worse. The takeover binge since 1987, based on the continual upward motion of the Dow Jones Index, promising vast rewards if new, higher stock values could be cashed in on by selling off companies with lower book values than their stock or other assets, has contaminated all financial values. With the collapse of the market in junk debt, already all other paper outstanding has effectively been collapsed to this discount already reached in the junk markets. It is only a matter of time before this becomes perceived as the shock effect devaluation of all paper instruments.

Before the second week of September, the Securities and Exchange Commission was investigating the extent to which mutual funds, and other institutional investors, were overvaluing holdings of junk investments. Charges ranged from as much as 30% over what the paper would command if sold, to as low as 5-15% below. The collapse of Sept. 15 makes those numbers conservative.

LaRouche's proposals for economic reform

Lyndon LaRouche's major initiatives in the economic domain prior to 1985 were encapsulated in the 1985 book, *Program for America*, issued by The LaRouche Democratic Campaign. Other publications listed here have appeared as books or articles. This list is exemplary, but by no means comprehensive:

April 24, 1975 International Development Bank proposed in Bonn, West Germany.

Oct. 19, 1979 Warning that Volcker's high-interest measures will lead to disaster.

Aug. 2, 1982 Publication of *Operation Juárez*, a book-length proposal for turning the Ibero-American debt crisis into a continental Common Market and a worldwide economic boom.

June 1983 *There Are No Limits to Growth*, 225-page book published by the Club of Life.

February 1984 *So, You Wish to Learn All About Economics? A Textbook on Elementary Mathematical Economics*, 191 pages.

1984 Nationally televised presidential election campaign broadcasts: **Feb. 4** "Stopping the Worldwide Economic Collapse." **March 17** "Great Projects vs. Kissinger Genocide." **April 27** "The United States Under President

Reagan's 'Hoover' Recovery." **June 1** "Stopping the Present Spiral of Worldwide Financial Collapse." **Sept. 3** "The Emerging Food Crisis in the United States."

April 1985 "The Global Financial Breakdown Crisis," introduction to the EIR Quarterly Economic Report.

August 1986 *La Integración Ibero-Americana*, 340-page manual on Ibero-American integration based on LaRouche's Operation Juárez, with introduction by Lyndon LaRouche. Serialized in *EIR* in 1986-87.

Jan. 30, 1988 LaRouche outlines "The Tasks of Establishing an Equitable New International Monetary Order," at a conference on the collapse of the Bretton Woods System, in Andover, Massachusetts. (Published in *Development Is the New Name for Peace*, Schiller Institute, 1988.

March 3, 1988 In "The Woman on Mars," a nationally televised presidential campaign broadcast, LaRouche outlined the enormous profit to the civilian economy to be expected from a 40-year program to colonize the Moon and Mars.

July 19, 1988 LaRouche at Democratic Convention in Atlanta, Georgia warns delegations that U.S. food deliveries to U.S.S.R. could become trigger for war. Organizing begins for Food for Peace movement, which is founded in September in Chicago.

Oct. 12, 1988 At a press conference in Berlin, LaRouche outlines a policy to bring about German reunification by "economic diplomacy," establishing "food for peace" agreements in which the U.S. and Western Europe cooperate to rebuild the economy of Poland.



The junk bond disease is hitting at all levels of the economy: from the big banks with more than \$1 billion in loans, such as the five-times-over bankrupt Manufacturers Hanover, to the chains that run food, department, and convenience stores, such as 7-Eleven.



The largest holders of the junk paper issued by the investment houses are supposedly the mutual funds and the insurance companies. This is according to a recent study by the General Accounting Office. Those agencies are supposed to hold in excess of 30% of all the junk bonds issued. Pension funds, individuals, and savings and loan institutions each hold between 7-10% of the rest. Among the pension funds with significant LBO exposure are those of New York State, which has backed the junk issued by Kohlberg Kravis and Roberts in support of takeovers since 1984, and the pension funds of Massachusetts municipalities. The trust funds of Harvard and Yale universities have also been put into junk.

So these are among the institutions which will be affected by the spreading losses.

How major banks are affected

The financing for the takeovers and deals represented by the LBOs has been extended by the major banks. Generally, for each such takeover, the ratio is in the range of one part junk bond to four parts other debt; bank direct lending now accounts for two of the four parts, and indirect lending, through intermediaries such as specially formed limited partnerships accounts for the rest.

For each dollar of junk debt which collapses then at least four dollars' worth of associated financing comes down too. This is minimally \$1 trillion, given the \$200 billion secondary market in junk. This is about the same magnitude as the amount of stock that was liquidated during the Oct. 19, 1987 panic.

The loans issued by the banks to finance the deals turn sour as well. Paine-Webber estimates the exposure of banks which have committed more than \$1 billion to junk bond financing at about \$40 billion; other estimates, for example that of *Financial Times* columnist Anatole Kaletsky, put the exposure at approximately \$150 billion. On the low estimate, all banks with more than \$1 billion of loans, with the exception of Citicorp, North Carolina National Bank, PNC Financial, and J.P. Morgan, face losses in excess of their paid-in equity from the collapse of the junk bond market, and the collapse of the non-junk paper associated with that paper. On the higher figure, all, with the possible exception of J.P. Morgan, face such losses. Among them are Manufacturers Hanover (bankrupt five times over), Mellon Bank, Bankers' Trust, Wells Fargo, Bank of Boston, Chase Manhattan, and Bank of America (bankrupt twice over), First Chicago, Chemical Bank, and Security Pacific (bankrupt once).

The financial pundits say, don't worry. After all, LBO exposure is only about 15% of the total new bank lending of \$1 trillion since 1979, and only about 7% relative to all bank lending. Bankers' Trust reports that if it had to give up buyout lending it would lose the source of 30% of its earnings over the last years. Bankers' Trust does not report what would happen if it had to write off its LBO debt, or face the cost of the devaluation of the paper.

On Sept. 8, 1989, *EIR* published a study warning that the effort to service, or maintain, the income claims of the accumulated \$20 trillion of combined debt and speculative paper would lead to a run-against-the-banks type of crisis this fall. The paper associated with leveraged buyouts was identified as one of the three most likely triggers for the overdue eruption of such a crisis. The other two were the market in mortgage-backed securities, and the offshore speculative bubble epitomized by the banks' so-called off-balance sheet liabilities.

The collapse of the junk bond market brings closer the ultimate collapse of each of the other two triggers. Much of the junk paper, and associated lending, is ultimately secured against the inflated asset values of the corporations bought out. The inflated such asset values include prominently real estate, to realize funds to pay down debt that cannot otherwise be serviced, assets will have to be put on the block. The assets, including the real estate, will not command the price levels imputed them when the takeover transactions were negotiated. The buyout management of RJR Nabisco has already discovered this. It had planned to sell off RJR's Del Monte unit, but was only offered half the estimated worth. If that holds for the rest of RJR then the world's largest merger, \$25 billion, is now worth no more than \$12 billion, and half the paper associated with the takeover has gone. The devaluation of such assets, including real estate, will help bring down the mortgage-backed securities market, and, by encouraging a pullout from the dollar, will wipe out the banks' off-balance sheet liabilities too.

Retail stores, supermarkets hit

The economic consequences are as drastic as the financial. Since the end of the summer vacation period an international pattern has surfaced reflecting a cutback in consumer discretionary spending caused by the overall drop in living standards that follows from the imposition of austerity against wage and salary incomes. The pattern has surfaced in Germany with the bankruptcy of the Co-op retail chain, in Britain with the financial problems associated with consumer goods producers Magnet PLC, Ward White, and Gateway Stores, and it is what has contributed to bringing the collapse of the LBOs to the fore.

Campeau, of course, is the nominal owner of Allied and Federated Department Stores, bought out respectively in 1986 and 1988. The two run such retail stores as Bloomingdale's, Abraham and Strauss, Jordan Marsh, Sterns, Rich's, Burdines and Ralph's Grocery of Southern California, among others.

Other retail outfits have gone over the edge already, and still others are poised to go. Stores on the problem list account for about 20% of the revenues from sales in the relevant Commerce Department data. L.J. Hooker, the Australian owner of the Bonwit Teller and B. Altman department stores, has already filed for Chapter 11 bankruptcy protection from

its creditors, as have the Dart Drug chain, Seaman's Furniture of New York, the nation's second largest furniture retailer, and Cuisinart, makers of kitchen equipment. Others not so far behind include Safeway food stores, the Southland chain which runs 7-Eleven convenience store franchises nationally, Circle K Corp., Kroger food stores, and Interco, a St. Louis-based retail chain. And there are many more.

Behind the department stores and the supermarkets are the food-processing companies like RJR Nabisco, Beatrice Foods, General Foods, and Pillsbury, each of which was bought out in the last years.

Along with retailing and food processing, the collapse of the buyouts also threatens construction and real estate, financial services, transportation—especially the airlines, like Eastern and Texas Air—and also the defense sector, through such companies as Colt Industries and Singer.

Again, the case of Campeau points to what can happen. Federated and Allied were unable, by Wednesday Sept. 13, to buy from their wholesale suppliers. Orders went out from the factoring companies, like Heller Financial in Chicago, warning suppliers of Campeau to stop. After the 13th, the brokers said, you do so at your own risk. The suppliers include knitwear manufacturers, knitting mills, and home furnishings manufacturers. And this is only the beginning.

The economic side will mean a new wave of unemployment, plant closings, the disruption of whole communities and worse. It prefigures the plunge into a new depression, on a scale infinitely deeper than that of the 1930s.

The combined economic and financial effects of the collapse of the junk bond market mean that the policies which have been dominant since recently—1982, and the beginning of the Reagan speculative bubble; and further back, since the period 1963-67, when the Establishment opted for the insanity that became known as the post-industrial society, with its violent hostility to the optimistic outlooks associated with technological innovation and increasing capital and energy intensity—have also collapsed.

Those who have masterminded the increasingly catastrophic policies of that period of a generation are the ones who insist, with the most vehemence, that they do not care what LaRouche has to say, because they have their power to do as they wish. Yet, LaRouche has been proven right, as often as they, in their arrogance, have been proven wrong.

The collapse of the junk bond market brings the world to a turning point. It can either go down an accelerating spiral into the full horrors of depression collapse and financial chaos, involving the wiping out of pensions, savings, health plans, the loss of homes and jobs, starvation, or we can choose a different course. The different course is not a matter of selecting among a different set of administrative procedures or recipes, it is a matter of method. Against all the others, who have repeatedly failed, LaRouche is the one who knows not only what to do, but how to do it. It is time the lessons were learned from that before it is too late.

KGB strengthens its hand in Soviet Politburo shakeup

by Konstantin George

Shortly before midnight, Sept. 20, the Soviet media reported that a late evening session, devoted to "organizational questions," which featured "frank and open discussion," had concluded the two-day Communist Party Central Committee Plenum, with startling results. Two leading factional opponents of Mikhail Gorbachov were removed from the Politburo, while KGB chief Vladimir Kryuchkov was promoted to full Politburo membership, strengthening the role of the security service in the top Communist leadership body. Several of his henchmen also received promotions.

The shakeup boosted Gorbachov's power in the short term, although his rule will become increasingly in jeopardy as the manifold crises that are wracking the Soviet Union continue to deepen. If the point is reached that Moscow's collective leadership decides that the ultimate scapegoat is needed, Gorbachov's head will certainly roll—as indicated by the dark warnings and coup rumors that are currently circulating even in the public press (see article, page 32).

The official report of the shakeup read as follows: "The Central Committee relieved Viktor Nikonov, Viktor Chebrikov and Vladimir Shcherbitsky from their posts as members of the Politburo, Yuri Solovyov and Nikolai Talyzin from their posts as candidate members of the Politburo, as they applied for their retirement. . . . The Central Committee appointed Vladimir Kryuchkov, chairman of the KGB, to full membership on the Politburo, promoted Yuri Maslyukov, chairman of the State Planning Committee, from candidate to full membership on the Politburo . . . and promoted Yevgeni Primakov and Boris Pugo to candidate membership on the Politburo."

This announcement concluded an extremely tense and acrimonious Central Committee Plenum Sept. 19-20, held

against the backdrop of the economic crisis and national/ethnic unrest sweeping the Soviet Union. The plenum, whose main agenda item was the "nationality question," had been repeatedly postponed since June.

The ouster of three full Politburo members and two candidate members was the climax to a series of quick preemptive actions taken by Gorbachov, to forestall a rapidly growing coup or overthrow potential. He has succeeded, for now, only through the decisive support given him by the KGB.

In the weeks preceding the CC Plenum, Gorbachov used his powers as President to:

- 1) Take personal charge of the U.S.S.R.'s internal crisis control system, wresting it out of the hands of the General Staff;
- 2) Assume personal control of the Interior Ministry's 300,000-plus Interior Troops, including the Interior Troops component of the Moscow Garrison, ending the Defense Ministry's jurisdiction over the Interior Troops.
- 3) Take personal charge of the U.S.S.R. Railway Troops, which had previously been under the control of the General Staff.

While no firm predictions regarding personalities are possible regarding the wars in the Soviet leadership, the plenum's outcome presages a brutal Stalinist resurgence. The plenum's decision to move the date for the next Soviet Communist Party Congress from March 1991 to October 1990, defines an outer time limit when the final moves will be taken to define the leadership for the early 1990s.

Gorbachov's gamble

Gorbachov's power bid—and the promise of more purges to come—were openly declared in his keynote speech to the

plenum, the day before the leadership shakeup was confirmed. He announced that the "Politburo has proposed" that the October 1990 Party Congress undertake "a complete reorganization of the party and its ways of working. . . . We must bring in the most creative people and those who are most in support of *perestroika*." He called for an "injection of fresh blood" into the party, making clear that, should he get his way, many of the party's present leaders, will not be around come October 1990: "Several decisions made at the 27th Party Congress [March 1986] and at the 19th Party Conference [June-July 1988]" have already become "obsolete. . . . A political and ideological struggle will be waged on core questions of our development. . . . The Party Congress must ensure a reorganization of the party and ideological unity on the basis of *perestroika*."

He stressed that the purge process would begin well before the Party Congress, since "preparations" for the Party Congress "must serve to renew the Party Committees at all levels," including the "Central Committee, which is growing in importance."

Gorbachov has won this round, but only, as so often in the past, through the decisive intervention of the KGB. As in his prior "victories," this time too, he has paid a high price to his KGB benefactors. The institutional power of the secret police unit, already immense, was further strengthened.

Through the KGB, Gorbachov was able to remove from power **Viktor Chebrikov**, the extremely powerful Politburo member who, since Sept. 30, 1988, had functioned as the overall head of internal security. By ousting Chebrikov, Gorbachov scored a very important short-term gain, as Chebrikov was the key anchor man on the Politburo in any short-term coup plot against Gorbachov. The other Politburo victims, Ukrainian Party chief **Vladimir Shcherbitsky** and **Viktor Nikonov**, would also have joined a coup attempt.

Of the four promotions, three went to the KGB and its associates in the military-industrial complex, leading with KGB chief **Vladimir Kryuchkov**, now a full member of the Politburo. The second promotion to full Politburo membership went to **Yuri Maslyukov**, a central figure in the military-industrial complex. Gorbachov was unable to promote a single loyalist party personage, such as Soviet Vice-President Anatoli Lukyanov, who remains in the limbo of candidate, or non-voting, status on the Politburo.

Kryuchkov's career in the past 12 months marks the most meteoric rise of a secret police chief since Lavrenti Beria during the Stalin regime. It was only last Sept. 30 that a CC Plenum had named Kryuchkov, one of the closest protégés of the late Yuri Andropov, chairman of the KGB and later General Secretary and President. Before that, Kryuchkov had served since 1974 as head of KGB foreign intelligence. Thus, it took Kryuchkov barely a year to make the jump from KGB chairman to full Politburo membership. In comparison, his predecessor, Chebrikov, required two years and four months, and Andropov required a full six years.

Buttressing Kryuchkov's promotion, two pedigree KGB

figures, **Yevgeni Primakov** and **Boris Pugo**, were elevated to candidate membership in the Politburo. Primakov had been, successively, the head of two KGB-linked think tanks, the Oriental Institute and the Institute of the World Economy and International Relations (IMEMO). Pugo, the offspring of a thoroughly Russified Latvian secret police family, dating back to the post-1917 Cheka of Feliks Dzherzhinsky, is a career KGB officer, who headed the KGB in Latvia till 1984, when he was appointed Communist Party chief in that republic. As with Kryuchkov, Pugo was given a hefty promotion at the Sept. 30, 1988 CC Plenum, when he was appointed head of the Party Control Commission, a key vehicle for overseeing party purges.

'Resolute measures' threatened

The record of the plenum proceedings, beginning with Gorbachov's keynote speech, mapped a brutal future for Soviet policy—with or without Gorbachov. To wild applause, Gorbachov announced that a law would be passed to ban "nationalist, chauvinist, and other extremist organizations," adding that "the entire force of Soviet laws will be applied" to deal with national unrest. Similarly, stormy applause interrupted him when he denounced those "who shout rubbish about independence," or, as in the case of Lithuania, talk about "party federalism," or "independence."

Concerning the stormy situation in the Baltic republics, which were forcibly incorporated into the U.S.S.R. as a result of the Hitler-Stalin Pact and World War II, and are now demanding freedom and independence, Gorbachov did not mince words: "There is no reason to call into question the decision of the Baltic republics to join the Soviet Union, nor the choice made by the people of these republics. Only adventurists could propose to leave the Soviet Union."

Gorbachov's warnings to Armenia and Azerbaijan—where a near-civil war situation is currently raging—were no less blunt. He said that the crisis in these two republics had reached a point where "unpredictable consequences" could occur: "We face the need to adopt resolute measures. We cannot permit anarchy and bloodshed."

Speaker after speaker then rose to demand tough actions against "nationalist extremism." Absamat Masaliev, party boss of the Central Asian republic of Kirgizia, said, "The time has come . . . to bring to order those who openly speak out against our structure, our unity, sabotage *perestroika*, and abuse democracy."

Yuri Yelchenko, a Ukrainian Party CC Secretary, demanded action against a "series of independent formations which have clear anti-socialist platforms, the basis of which often lies in bourgeois nationalism." He charged that such groups are "especially active" in the Catholic Western Ukraine, and then accused the newly formed Ukrainian national Narodni Rukh ("Popular Movement") of planning to "seize power" from the Communist Party. Yelchenko demanded laws to ban "nationalistic or chauvinistic organizations and groups."

In Moscow, talk of coups, civil war

by Rachel Douglas

Coups are running a close second to queues as the number-one topic of discussion in Moscow, as October arrives. The coming month will see the 25th anniversary of the overthrow of Nikita Khrushchov. The discussions around that watershed are of more than historical interest.

Back from a vacation month away from Moscow, Communist Party chief Mikhail Gorbachov took to national television the night of Sept. 9, to speak about "both conservative and ultra-leftist attempts to discredit *perestroika*," as his "restructuring" policies are known. "From the midst of this discordant choir," Gorbachov intoned, "scare stories of imminent chaos and arguments about the danger of a coup or even of civil war may be heard. It is a fact that some would like to create an atmosphere of alarm, of there being no way out, and of uncertainty in society."

While Gorbachov was away, there was a wave of coup scares. Some, coming from Russian Republic or KGB-linked publications, were implied threats of a coup. Others came from close advisers to Gorbachov and were couched as warnings that he might be overthrown if he did not receive greater support, including from the West. But these stories are not mere propaganda or scare tactics; underlying the talk of "coups," "civil war," and "dual power" are the economic collapse, strikes, and ethnic clashes that have rocked the Soviet Union.

On Aug. 16, the weekly *Literaturnaya Gazeta* printed the opinion of two professors, that the only force capable of transforming the "totalitarian" Soviet system into "democracy," would be an "iron hand," perhaps a Committee of National Salvation, that enjoyed total authority to impose reform. Gorbachov could be the dictator, they proposed, or else somebody else would be sure to take over. One of the professors, Igor Klyamkin, told the *Christian Science Monitor*, "I think [Gorbachov's] more likely to be an Allende, someone who loses power because of his unwillingness to use authoritarian methods." Salvador Allende, the President of Chile, was overthrown in a military coup in 1973.

Two days later, Prime Minister Nikolai Ryzhkov revealed how sensitive this question had already become in the

Kremlin. In an interview with the weekly *Argumenty i Fakty*, as summarized by the news agency TASS, Ryzhkov "expressed the firm conviction that a turn from democratization to dictatorship was impossible in the Soviet Union. 'Even if somebody wished to do it, the people would never agree to it,' he stressed. 'I am sure of that.'"

In another issue of *Argumenty i Fakty*, Leningrad author Sergei Andreyev described the stages that could lead to civil war. Nationalist turmoil and strikes in industry could be followed by widespread riots and the creation of vigilante groups by highly placed opponents of *perestroika*. Ultimately, in Andreyev's account, the Soviet leadership, responding to growing calls for law and order, would have to impose martial law and send tanks into the street. With events running ahead of the scenarios, Gorbachov in his Sept. 9 speech welcomed the creation of "workers' volunteer militia groups . . . set up to assist law enforcement bodies," as critical to the establishment of "strictest order . . . in all towns and settlements in the country."

Comparison to October 1964

On Aug. 18, sociologist N. Mikhailov came out in the Moscow party daily, *Moskovskaya Pravda*, with the article, "Is October 1964 possible today?" He wrote, "To call things by their names, instead of hiding behind euphemisms, ultimately it is a question of a political coup, the removal of the leadership headed by Gorbachov, or at least making that leadership change course in running the country."

Mikhailov recalled the sentiments in society at that time, a feeling that "things can't get worse." Khrushchov's reforms had caused chaos. "The attitude of the workers, and of the entire urban population of the country, to Khrushchov was becoming increasingly negative as time went on." Food prices rose, inflation appeared, then shortages. Disturbances broke out, including the Novocherkassk food riots, "when weapons were used against workers and tanks were sent in." Khrushchov even lost the good will he enjoyed in the countryside, as a result of the big capital investments of the Fifties and Sixties, when he went on his binge of planting corn "from

Arkhangelsk to Kushka”—everywhere in the Soviet Union, regardless of the lack of infrastructure or appropriate climatic conditions. He became known as Nikita Kukuruzza (Nikita the Corn). By October 1964, “Khrushchov’s moral authority had declined to an all-time low.”

Comparisons have their limitations, Mikhailov acknowledged, but the question arises: “Are we living through a revolutionary situation today?” Yes, he answered, and “the situation in 1989 is immeasurably more acute than it was 25 years ago. In 1964 we had no inkling of the present interethnic conflicts and ecological problems, the scale of today’s inflation, the situation that exists on the food and commodity market, the burgeoning of organized crime, corruption, and so on and so forth. . . . It is clear, however, that no society can remain in a state of tension for long. A relaxation of tension will come, in one way or another. How and when—those are the questions that only time can answer.”

Mikhailov compared the 1964 crisis in the Communist Party, which Khrushchov had divided at every level into separate sections for agriculture and for other matters, with today’s admitted “decline in party’s authority in the eyes of non-party population” and “growing confrontation between local party apparatus and central leadership.” Because of this, he said, the question is posed: “Will the party be able to exercise control over the situation in society? . . . Will parallel power structures spring up in the country? . . . A duality of power can only exacerbate the chaos and bring the country to the brink of civil confrontation. And from here it is not far to the introduction of a state of emergency, the formation of an emergency Committee of National Salvation (or whatever it may be called), the suspension of the Constitution, the dissolution of parliament, and so on, and so forth. It is not a sociologist’s job to frighten people, but elements of the duality of power already exist. Alongside the official organs of power, informal associations are being set up that are prepared to assume authoritative powers—people’s fronts, united councils of labor collectives, strike committees. . . . Regardless of the purposes for which they are set up, today they are already playing an objectively destabilizing role (a graphic example of this is the strikes).”

Cataclysm forecast

In case foreign devotees of *perestroika* missed the point, Soviet emissaries themselves came heralding the internal crisis of the U.S.S.R. “If *perestroika* falters and dies . . . the cataclysm will spread not just in the Soviet Union but in the United States as well,” Supreme Soviet member Boris Yeltsin told a Johns Hopkins University audience in mid-September. Forecasting revolution, Yeltsin sought Western economic infusions, allegedly to prevent such a turn of events.

In Germany, Deutsche Bank board member Eckard van Hooven told on Sept. 16, that the possibility of military coups in Eastern Europe was a big consideration in his bank’s deliberations about new loans to the East.

‘Che scandalo, Mr. Kissinger!’

by Mary M. Burdman and Scott Thompson

“What a scandal, Mr. Kissinger, that advice on China!” the Italian daily *Corriere della Sera* ran on its front page Sept. 16. The whole nasty scandal about “international political guru” Henry Kissinger’s very venal personal financial interests in the People’s Republic of China is being well publicized throughout Europe, following the publication Sept. 15 of a feature article on Kissinger in all international editions of the *Wall Street Journal* based extensively on material first published last spring in *EIR* and the weekly newsletter *Middle East Insider*.

Quite a few of Kissinger’s friends were also hit by the scandal, when the *Journal* reported Sept. 18 that President George Bush’s brother Prescott had spent the previous weekend in Beijing trying to negotiate business deals to build luxury real estate, and that former NATO Supreme Commander and former Secretary of State Gen. Alexander Haig—a long-term intimate of Kissinger—would deliver the keynote address in Kissinger’s stead at the 10th anniversary of the founding of China International Trust and Investment Corporation (CITIC), one of China’s biggest multinationals and a big weapons dealer.

The fact is also being duly noted, that Kissinger and the President for whom he opened up Communist China, Richard Nixon, are both refusing to give up their planned trips to China, even after the military crackdown in June in which at least 10,000 Chinese citizens were murdered and some 120,000 more imprisoned, according to the estimates of student leaders who fled Beijing. Both will go to China “privately,” after the controversial Oct. 1 celebrations of the 40th anniversary of the Communist seizure of power in China. The Communist authorities have made it abundantly clear that they will be maintaining martial law throughout the celebrations and for a long time afterwards. Kissinger will slip in in November to meet with the many people in high places in Beijing who do business with him, and Nixon will also visit sometime after October. “The purpose of the solo trip would be to have extensive discussions with the top leaders of Communist China,” the Taipei daily *China Post* quoted Nixon’s spokesman Sept. 13. “He is of course in touch with the U.S. government about his plans, and they have com-

municated to him their views.”

Kissinger seems to be taking his cues from his good old friend, Chinese leader Deng Xiaoping. In a statement to leaders newly promoted after the June 4 massacre, which appeared in the Taipei publication *Inside China Mainland* this month, Deng said, “The recent rioting gave us a great deal of enlightenment and refreshed our minds. Without the socialist road, China has no future, and without it there would not be the great China-U.S.-Russia triangle of world power. . . . I tell Americans, China’s greatest asset is its stability. Anything which contributes to the nation’s stability is a good thing.”

The *Wall Street Journal* article described Kissinger’s operations: “Mr. Kissinger’s interests include a limited partnership called China Ventures. It was established in Delaware to pool \$75 million raised from U.S. investors for joint ventures with CITIC. Mr. Kissinger was designated chairman of the board and chief executive officer of the general partnership with executive responsibility for managing its affairs.” The other board members of China Ventures are a “Who’s Who” of the top clients of Kissinger Associates, Kissinger’s lucrative international consulting firm. They include Maurice R. “Hank” Greenberg, president of the American International Corp., which has insurance joint ventures with Chinese banks; Anthony J.F. O’Reilly, president of H.J. Heinz, a Kissinger client that has a major joint venture in the P.R.C.; James D. Robinson III, chief executive officer of American Express, which since Henry Kissinger became a board member has invested \$1 billion in Red China; and, Donald R. Keough, president of Coca-Cola, another Kissinger client that has multiple soft drink joint ventures in China. Another is former Treasury Secretary William Simon, who was to have accompanied Nixon to China.

The article also described the America-China Society, which operates out of the New York headquarters of Kissinger Associates: “It is hard to tell at times where such cultural activities end and Mr. Kissinger’s business interests begin. Last July, for example, he led a delegation of U.S. businessmen to Beijing on behalf of the America-China Society. Three of 13 executives on the trip were clients of Kissinger Associates. In China, their host was Rong Yiren, the chairman of CITIC, the Chinese government agency then in the midst of negotiating the deal with China Ventures.” Shanghai banker Rong Yiren is Red China’s biggest international capitalist. Although he has never joined the Communist Party, he has always been protected, even in the depths of Mao Zedong’s Great Proletarian Cultural Revolution.

Among those caught flat-footed was ABC news team leader Peter Jennings, who claimed that he had not known of Kissinger’s extensive business ties to Red China, when he chose Kissinger to be the principal commentator on the morning of June 4, after the Chinese government massacred students who had gathered to protest for democracy at Tiananmen Square. Jennings told the *Journal*, “If I knew then what

I know now, I would not have wanted him on that broadcast, plain and simple. And I think my management would have understood that perfectly.” The day before the *Journal* article first appeared in the United States, Kissinger’s lucrative seven-year stint with ABC was terminated, and he joined the board of CBS, Inc.

Story spreads throughout Europe

The *Journal* article sparked press coverage throughout Europe, including in the French daily *Libération* and both the British *Daily Telegraph*—despite the fact that Kissinger sits on the board of directors of the Hollinger company, which owns the paper—and the *Times*, which began its “Diary” column Sept. 20 with the words: “The reputation of Henry Kissinger suddenly appears rather tarnished.”

But *Corriere* was nastiest, and most revealing. A “brutal . . . but inevitable” question is being posed, Washington correspondent Rodolfo Brancoli wrote, whether Kissinger’s statements defending Deng Xiaoping and opposing sanctions against China in the name of “realpolitik” were done for political motives, or to protect lucrative financial activities with the P.R.C. government.

Kissinger’s statement, that “the idea that I would take a public position in order to curry favor with the Chinese government for clients is outrageous,” was uttered, Brancoli writes, as if Kissinger were surprised that the Kissinger “myth” was not sufficient to protect him from suspicion. No other ex-secretary of state may be subjected to the scrutiny Kissinger complains of, *Corriere* said, but no other “ex” stepped into an international consulting firm and “pontificates” in the media while he advises the President as a member of a small committee that has access to the most important national security secrets of the United States, and to the mass of U.S. intelligence, thus pinpointing the key issue that Kissinger is *not* an “ex” official, but an active member of an important government body, the President’s Foreign Intelligence Advisory Board.

John Fialka’s *Journal* article significantly overlooked the fact that because Kissinger is a member of PFIAB, through which he has given the President China-policy advice similar to his outrageous public statements, Kissinger may have violated Title 18, Section 208 of the U.S. code, and be liable for a two-year prison sentence if found guilty.

Also not mentioned by the *Journal* is Red China’s lucrative opium trade, and the Kissinger links to its Western partners. A subsidiary of Midland Bank PLC, which now Deputy Secretary of State Lawrence Eagleburger personally handled as a client for Kissinger Associates when he was president of that firm, had been indicted by the Treasury Department for laundering \$3.98 billion between 1980 and 1984, of which \$3.43 billion had come from six Hong Kong banks, including the Hongkong and Shanghai Bank, the premier bank for “Golden Triangle” drug production, which is now a partner of Midland Bank.

Argentine President backs war on drugs

by Cynthia Rush

Argentine President Carlos Menem has made the war on drug trafficking a key aspect of his government program. He has offered material and moral support to Colombia's offensive against the drug mafia, and has taken steps to reverse the permissive legislation which characterized the government of his predecessor, Raúl Alfonsín.

In discussion with reporters on Aug. 27, Menem reiterated his support for the death penalty for drug traffickers, adding, however, that such punishment was not appropriate for drug consumers. The latter "are the victims of these criminals." It is the drug lords who have "set into motion this filthy drug business," Menem said, and there is no reason for the "brains" of the drug trade "to live within our community."

The Argentine President explained that "in some countries like Colombia, a state has been created within the legal state, put into motion by the drug traffickers together with the guerrillas." This apparatus is being expanded, Menem warned, "and is destroying vast sectors of the community."

In response to Colombian President Virgilio Barco's urgent appeal for support delivered to the conference of Non-Aligned nations which met in Belgrade, Yugoslavia in early September, Menem stated, "We fully support Colombia in its struggle against drug trafficking, and we have given instructions that three or four anti-guerrilla aircraft be handed over for the transport of troops in the struggle against drug traffickers. We are all interested in this struggle." Argentine Foreign Minister Domingo Cavallo offered the Guarani transport planes to his Colombian counterpart, Julio Londoño on Sept. 6.

In addition, the Argentine government has offered six Pucará planes to the Colombian armed forces to use in the war on drugs. Produced in Argentina, the Pucará is a very versatile aircraft, particularly useful in jungle areas.

The home front

In the framework of Ibero-America's drug trade, Argentina has functioned as a nation of transit, through which drugs are transported to locations in Europe and the U.S.A. In recent years, especially under the permissive regime of Raúl Alfonsín, drug consumption in the country has increased significantly. Now with the crackdown in Colombia, Argen-

tine authorities fear that leaders of the Colombian cartels will attempt to expand their activities in the nations of the Southern Cone.

Alberto Lestelle, director of the National Coordinating Secretariat for the Fight Against Drugs, an agency created since Menem took office, warned Sept. 10 that both the Medellín and Cali cartels "are trying to invest and establish themselves in Argentina, but added that national organizations "are alert to this possibility."

In a Sept. 6 interview with Telam news agency, Lestelle explained that Colombian drug traffickers could enter the country through Argentina's northwest border. This is all the more possible, he said, since neighboring Bolivia could potentially "become another Colombia." Argentina's northwest has "a climate, conditions, and language very similar to Bolivia's," Lestelle said, and called on security organizations to agree to increase patrols in the "red zone" of the northern provinces of Salta, Formosa, and Jujuy.

Earlier this year, even before the crackdown in Colombia began, Peronist deputy Eduardo Varela Cid denounced the fact that the Medellín Cartel had set up offices in Buenos Aires province, and warned that drug trafficking "will be a very serious problem in Argentina in a short time." Varela Cid is a member of the House of Deputies' Commission on Drug Addiction.

Varela told Telam news agency that his commission is working on organizing a conference of international legislators, tentatively set for the middle of next year, in a still undetermined location. Legislators from Ibero-America, Europe, and the United States would attend to analyze a plan called "Debt, Democracy, and Drugs."

The deputy added that "we cannot talk about drugs without talking about the foreign debt," because the debt has drastically affected the standard of living and has consequently "lowered the people's moral threshold."

On Sept. 9, chiefs of police of nine northern provinces met in Salta to discuss beefing up anti-drug work in the country's northwest region, to interdict drugs entering the country from both Bolivia and Brazil. The police chiefs approved a document which stressed the need for "appropriate equipment" as well as "specific funds to attend to drug addiction problems." According to Alberto Lestelle, there are between 80,000 and 100,000 drug addicts in Argentina, and they become addicted generally between the ages of 12 and 23. "Drugs are consumed by kids, but this is an adult business," Lestelle warns.

In the Argentine Congress, steps have been taken to introduce tough new anti-drug laws which would make possession for personal consumption a crime, punishable by a prison term of between one month to two years. Drug trafficking, production, or marketing of drugs would be punished with stiffer sentences of up to 25 years. It is expected that this legislation will be approved before the Congress finishes its regular session this year.

Colombian government offers bounty for capture of drug lords

by José Restrepo

Days after the Colombian government began to circulate leaflets offering a \$250,000 reward for information leading to the capture of cocaine cartel chieftains Pablo Escobar Gaviria and Gonzalo Rodríguez Gacha, the cartel retaliated by issuing its own leaflets pledging \$255,000 for the capture—presumably dead or alive—of one of Colombia's most successful anti-drug combatants, former commander of the Medellín-based IV Army Brigade Gen. Jaime Ruiz Barrera. Ruiz Barrera is currently on assignment to the Inter-American Defense Board in Washington, D.C.

The Colombian Army has continued to seize properties of the cocaine traffickers, as investigators untangle the web of mafia financial and real estate fronts revealed by documents seized in earlier raids. The latest to fall was a 22,000-acre ranch with 5,000 head of cattle and hundreds of purebred race horses. The ranch was the tenth belonging to Rodríguez Gacha to be seized.

On Sept. 18, a rocket was launched against the U.S. embassy in Bogotá, but failed to explode. Two days later, 10 bombs exploded almost simultaneously at 3 a.m. in Bogotá. The targets were the offices of Colombia's leading political parties. The bombings were the latest in a series of near-daily dynamite assaults on targets ranging from banks to supermarkets to street corners, in major cities.

Shipments of military equipment from the United States—in varying degrees of usefulness—continue to arrive in Colombia to augment that country's battle capacity. Popular backing for Colombia's Armed Forces, on the front lines of the war against the cocaine cartels, remains high.

As the drug cartels inside Colombia escalate their offensive, so too, does the drug legalization lobby, both internationally and domestically. And what should now be clear to all—governments and private citizens alike—is that the legalization drive is not parallel to, but in fact an integral part of the narco-terrorist strategy to subjugate Colombia and the entire continent.

This point is forcefully driven home by a leading mouthpiece of the pro-legalization forces inside Colombia, the weekly *Semana* magazine, belonging to former President and mafia ally Alfonso López Michelsen. An article in the Sept. 19 issue, "Where Is This War Going?" shamelessly argues

that the government's current anti-drug offensive will prove to be nothing more than a prolonged war of attrition, which will grind down the population long before it wears out the cartels, and ultimately lead to the legalization of drugs. "In order for the debate about drug legalization to be serious and carry moral authority before the world, the effort to combat drug trafficking cannot be let up on. The only way to arrive at the decision to eliminate the prohibition of drugs is the acknowledgment that everything else has been tried, and nothing else works."

Semana continues: "Even if the war against drug terrorism may be thought winnable, the war against drug trafficking is not." This in fact non-existent distinction between "drug terrorism" and "drug trafficking" is now being used by the enemy to further the myth that there are good mafiosi and bad (violent) mafiosi. The good ones—such as the Ochoa brothers and Cali Cartel boss Gilberto Rodríguez Orejuela—can be negotiated with, unlike the "unpolished" Medellín Cartel bosses Pablo Escobar and Gonzalo Rodríguez Gacha.

War of perceptions

Despite polls published in Colombia's daily newspapers showing continued widespread popular support for the government's anti-drug decrees and for the military offensive behind them, *Semana's* pro-legalization allies in the United States insist that the government is increasingly isolated in its anti-drug efforts. Exemplary is a *Washington Post* article on Sept. 21, which says that "Colombians are divided" over President Barco's war on drugs. But the only Colombian quoted is Medellín Mayor Juan Gómez Martínez, an ardent defender of the "option" of dialogue with the mafia and of drug legalization.

Drug lobby propaganda notwithstanding, Colombia continues to wage its war of liberation, even as the countries of Ibero-America, Europe, and the United States are still essentially watching from the sidelines. Working with sorely inadequate resources, the Barco government and its Armed Forces are dismantling the mafia's infrastructural and logistical networks inside the country. What so far remains intact—the cocaine mafia's multi-billion dollar capacity to relocate and revive its operations—sits in bank accounts around

the world. The Colombian government has demanded the cooperation of authorities in the advanced sector in freezing those accounts—many of them already located and identified—but has yet to see action on its requests.

Communists defend drug mafia

One of the most insidious allies of the Colombian drug mafia is the Moscow-allied Colombian Communist Party. If the Barco government's strategy to halt the war on drugs falters, the Communist Party is poised to deploy its substantial military forces alongside the drug traffickers, in a civil war against the government under the guise of fighting "imperialism."

The Communists' line of attack is that the problem in Colombia is not the drug trade, but something called "narcomilitarism," a term they themselves have invented to substitute for the concept of "narco-terrorism," popularized by U.S. statesman Lyndon LaRouche. The Communists threaten that until all "fascists"—their term for "anti-Communists"—are purged from the Colombian Armed Forces, there can be no peace in Colombia.

The immediate objective of the Communists is to assure, at all costs, that the government continues its policy of "dialogue" and concessions to the country's narco-terrorist forces. Increasingly, political candidates and several of the country's major daily newspapers are demanding that the government deploy the Armed Forces against the traffickers' terrorist allies. "We are truly in a war. A joint war in which armed subversion and the drug trade are always allied, and both have crime as their supply source and their method of battle," wrote *El Espectador's* editors on Aug. 29.

The Communists have not only their own military capacities to rely on within Colombia, but also are applying international pressure on the Barco government to try to force the war against the drug mafia into a war against the Armed Forces. And they have, indeed, received that international support—and not only from Moscow. From the very day when President Barco declared war on the drug mafia, many elements of the Establishment in the United States—including such ostensibly conservative networks as those linked to the Rev. Sun Myung Moon, who has recently settled his "differences" with Moscow—leaped to the aid of the Communists.

The Communists opened fire against the government's anti-drug war in its weekly *Voz* on Aug. 24. The decree establishing extradition of the cocaine chieftains is nothing but "palpable recognition by the government of its own incapacity," wrote *Voz*, attacking the executive decree ordering detention of individuals suspected of acting against the public interest, and claiming that the decree will be used by the military—"enemies of dialogue and of the left"—against leftist sectors of the country.

Voz adopted the drug mafia's line that it was not the mafia who ordered the murder of Liberal presidential candidate

Luis Carlos Galán on Aug. 18. Rather, claimed *Voz*, he was murdered by "the fascist militarist phenomena" on orders of "privileged sectors of society and of the economy who are resistant to change." *Voz* challenged any attempt to reinforce the Armed Forces in this crisis, arguing, "It is not true that [Army] manpower needs to be increased; rather, what exists needs to be purified."

The same issue of *Voz* carried a special report on the infamous November 1985 occupation of the Colombian Justice Palace by the M-19 terrorists, who were and are under contract with the drug mafia. *Voz* argued that the M-19 was not guilty of the 100 deaths that took place during that bloody siege, but rather it was all the fault of rash actions by the Armed Forces, and especially General Arias Cabrales, currently Army Commander, who commanded the troops which stormed and recaptured the palace.

The Communists are also helping to build the drug mafia's "anti-imperialist" image. On Sept. 1, Bernardo Jaramillo Ossa, the secretary general of the Patriotic Union which was founded as a Communist Party electoral front, charged that the Barco government had "handed over national sovereignty" to the "Yankees," by accepting U.S. aid in the war on drugs, and by pledging to extradite the mafia.

Help from the U.S. drug lobby

The major U.S. dailies have served Moscow's interests well by intensifying their own campaigns against the Colombian Armed Forces, accusing them of promoting "narcomilitarism" and of being incapable of waging—much less winning—a prolonged war against the mafia due to corruption within their midst. First came the *Washington Post* on Aug. 28, which cited none other than Communist Party central committee member and "labor leader" Gustavo Osorio, claiming that the Galán murder was "politically motivated": "The Galán assassination is part of a plan by the extreme right to spread violence, terror and murders . . . to prevent the democratic changes the country so urgently needs," said Gustavo Osorio, vice president of the Unified Labor Confederation.

On Aug. 29, the *Washington Times*, owned by associates of Reverend Moon and controlled by pro-drug Project Democracy networks, gave prominent coverage in an interview to Antonio Suárez, president of the national association of judicial employees, in which he attacked the government's anti-drug decrees to "intensifying the climate of insecurity" in the country. Like the *Post*, the *Washington Times* fails to inform its readership that it is quoting from a prominent member of the Colombian Communist Party. The *Washington Times* went on to attack the Colombian military as corrupt and linked to "narco-paramilitary" forces, choosing as its special target General Frank Yanine Díaz, the current inspector general of the Armed Forces and recognized as one of the toughest combatants against both organized crime and narco-terrorism.

Pakistan's Benazir Bhutto fights back against heavy odds

by Susan Maitra and Ramtanu Maitra

The 10-month-old democratically elected regime in Pakistan has run into serious difficulties. Facing a challenge internally and externally, the ruling Pakistan People's Party (PPP), led by Prime Minister Benazir Bhutto, staged a massive rally in Rawalpindi—the garrison town from which Pakistan's establishment troika of President, military, and civil bureaucracy controls the show—on Sept. 6, the National Defense Day of Pakistan. The rally, according to reports attended by more than 200,000 people, indicates that the PPP and Miss Bhutto can muster strength even in the most difficult terrain under trying conditions.

The show of strength was necessary in light of the full court press that has been applied to Bhutto's government in recent days. Although the coup rumor floated in early September by London's *Financial Times*, most likely part of a deliberate British-style psychological warfare campaign, was quickly brushed aside by both the Pakistan Defense Ministry and the prime minister herself, there is no denying that during the month of August things heated up considerably. According to the *Herald*, a monthly news journal published in Karachi, people became aware of the serious nature of developments on Aug. 8, when Begum Nusrat Bhutto, mother and close confidante of the prime minister and a senior minister in her cabinet, told a convention in the capital Islamabad that the prime minister could not come to speak as planned, "as she has convened a very important meeting concerning the security of the country and democracy."

It was a reference to Miss Bhutto's critical meeting with Chief of Army Staff Gen. Mirza Aslam Beg. Prior to that, it has been reported, the prime minister had canceled previously scheduled trips to the South Asian countries and the Non-Aligned summit in Belgrade, Yugoslavia, and sent a signal to the pillars of the Pakistani establishment that if she was not allowed to work as the country's legitimately elected prime minister, she was ready to step down and go to the people for a fresh mandate. By thus raising the stakes, Prime Minister Bhutto managed to stave off the crisis for the time being. But, there is no indication that the pressure against her will be lifted in the near future.

There is no doubt that a section of the Pakistani establishment is inclined to test and "break" Bhutto, fearful as they are that she may break out of the controls imposed as a

condition of her assuming the prime ministership last December. Though the PPP is by far the single largest political party in Pakistan—having won nearly twice the number of seats as the opposition Islamic Jamhuri Ittehad (IJI) in the November election—still the PPP does not enjoy the absolute single-party majority that would have made Bhutto's government far less vulnerable to the type of mischief and destabilization operations recently unleashed.

A disgruntled and jealous establishment is not the only factor in the growing challenge to the government of Benazir Bhutto. The Muslim orthodoxy (the "Islam Pasands," in the words of the late Prime Minister Zulfikar Ali Bhutto, Benazir's father), the drug mafia, the International Monetary Fund, and the disillusioned Afghan rebels are all playing their parts in adding fuel to the fire.

Breaking the controls

In significant part, the present campaign against the PPP government is a measure of Miss Bhutto's courage and determination in exercising leadership commensurate with her responsibilities as prime minister. Fighting the drug mafia, a top priority of the PPP government, is one area where her initiative has drawn blood. To start with, the PPP government set up a ministerial post in the cabinet for the anti-drug fight, and took measures to clean up the badly corrupted Pakistan Narcotics Control Board (PNCB), the country's main drug enforcement agency. Then 35 major drug networks operating in Pakistan were identified, and steps taken to round them up.

In the recent months, some "big fish" have been netted, not the least of which is one Haji Iqbal Beg of the North West Frontier Province (NWFP). Haji Iqbal Beg's case is a vivid example of the power of the drug mafia. Beg, whose name figures in almost every international drug enforcement agency's notebook, has been shipping heroin to the West from his native region for years. There is not a semblance of doubt that Haji Iqbal Beg was protected in this by Lt. Gen. Fazle Haq (ret.), the former Chief Minister of the NWFP and a stalwart in the late President Mohammed Zia ul-Haq's inner circle. Fazle Haq, often described as "King of the Frontier," and his brother, Fazle Hussain, a fixture on the narcotics traffickers list of the international police agency Interpol,

were named in an *EIR* exposé as early as 1981. Fazle Haq was arrested recently, to the picque of the opposition leaders, for masterminding the July 1988 murder of a Shi'ite leader in Peshawar—but not before he gave an interview to the *Herald* “predicting” another imposition of martial law.

The connection between Beg and the Pakistani establishment is clear in other ways, too. Following issuance of the order for his arrest, Beg disappeared—first in the tribal agencies of the NWFP bordering Afghanistan, where the Pakistan government's writ is on paper only. When the government managed to ferret him out, Beg appeared suddenly in Punjab, headquarters of the opposition to the Bhutto government. Beg had reportedly lodged in a Lahore hotel under the supervision of opposition politicians. Interestingly, Beg himself has reported that he has been warned not to “name names.”

Going for the jugular of the drug trade is not the only PPP initiative that has raised the establishment's ire. Bhutto's decision in May to transfer Inter-Services Intelligence (ISI) Chief Lt. Gen. Hamid Gul met with anger in Pakistan and some quarters of Washington, D.C. as well. Gul, who was duly promoted prior to his transfer, was a Zia appointee carrying out Afghan resistance operations on the ground, mostly in defiance of the policies dictated by the Pakistan Foreign Office and Prime Minister's Office. At the top of a bevy of hand-picked Zia men, General Gul's control was so complete that his successor, Maj. Gen. Shamsur Rehman Kallou (ret.), named by Prime Minister Bhutto, has found himself virtually isolated. There are rumors now that Kallou is ready to step down.

Bhutto's encroachment on the Army preserve did not end with Gul's removal. In July, the prime minister tried in vain to retire the chairman of the Joint Chiefs of Staff Committee, Adm. Iftikhar Ahmed Sirohey, another Zia appointee. President Ghulam Ishaq Khan countermanded the prime minister's order, and reinstated Sirohey for another two years on the strength of the powers granted him by the controversial Eighth Amendment of the Constitution. Besides triggering a debate about who has the authority to hire and fire the joint chiefs, the President-Prime Minister confrontation sparked speculation about how long Bhutto would last. Rumors flew fast and thick that the establishment had had enough of the democratic government, and that the demise of the PPP administration was in sight.

The speculation was not wholly without foundation. The President's dramatic use of his Eighth Amendment powers was not accidental. The controversial amendment, which gives the President complete power to sack any duly elected government without consulting anyone—not even the National Assembly—was grafted onto the 1973 Constitution by the late President Zia ul-Haq and his handpicked *shoora* (council of advisers) to consolidate power in his own hands during the martial law regime. As members of the PPP administration have acknowledged, the amendment is an important control point for the establishment. But, it will lapse



Pakistan's Prime Minister Benazir Bhutto is under siege from the political establishment, the Muslim orthodoxy, the drug mafia, and the International Monetary Fund. She has survived this round, but the war is not over.

on March 20, 1990.

Iqbal Ahmed Khan, the Muslim League Secretary General and Zia ul-Haq's Law Minister, the man who piloted the Eighth Amendment through the National Assembly, said at a public rally recently that the PPP government would be gone before March 20 next year.

Bigotry and opportunism

In her battle for political survival, Miss Bhutto cannot count on support from the Muslim orthodoxy, which has shown itself to be putty in the hands of the gaggle of individuals known as the opposition, whose political careers consist in having been the fig-leaves for a military dictatorship, and who now resent their loss of status. The scene at the Shah Faisal Mosque on Aug. 17, the first anniversary of the death of President Zia, was a clear indication. On the same day, at the Badshah Mosque in Lahore, Maulana Abdul Qadir Azad, who is on government payroll and who was warned in advance not to politicize his eulogy, launched a tirade against “the woman ruler.” Said the Maulana: “Cruel people eliminated him [President Zia] and thrust on us a woman as a ruler.”

It would be naive to believe the Iman's outburst was an isolated excrescence. The mullahs' mobilization is evident in the realm of Indo-Pakistani ties, one of their favorite issues. Every single move Prime Minister Bhutto has made so far to lay the foundation for a civil relationship with India has come under ritual attack—almost in the form of wailing. The Amir of the Jamaat-e-Islami party, Qazi Hussain Ahmad, has accused Bhutto of “selling off” Pakistan to India. Among the

mullahs' accusations against the PPP administration is the charge of a "secret plot" to concede to Indian Prime Minister Rajiv Gandhi on the province of Kashmir, and of "ignoring Pakistan's interests in her zeal to improve relations with India."

The "Islam Pasands" already showed their muscle in March, when they took 10,000 people out into the streets of Islamabad, ostensibly to protest the Americans' decision to reprint the book *The Satanic Verses* by Salman Rushdie (which had long been banned in Pakistan). The mullahs managed to turn the procession violent and extract some political mileage out of the show.

Use of the mullahs by the IJI has had its ramifications outside of Pakistan, too. It is well known that Bhutto's accession to power was seen with jaundiced eyes by at least some in Saudi Arabia and by orthodox Muslims elsewhere in the Islamic world. Inside Pakistan, the combination of the Jamaat and establishment politicians from the Muslim League is now delving into the volatile Sindh situation, according to reports, to harass the PPP government and Miss Bhutto in her home political base.

Flashpoint Sindh

Meanwhile, Sindh, whose major city Karachi has become the center of the heroin trade, has become close to ungovernable. In cities like Karachi and Hyderabad, the Mohajir Qaum Movement, a non-political grouping of the Mohajirs, continues to rule the roost. The demand of the Mohajirs—those who migrated from India to Pakistan since the formation of Pakistan in 1947—is to be recognized as the fifth "nationality" of Pakistan, alongside the Punjabis, the Pathans, the Sindhis, and the Baluchis. As immigrants were faced with the hostility of local Sindhis, the Mohajirs organized themselves into a well-knit group, and today have become highly militant, and are itching for a fight to establish their supremacy.

Since Sindh is also the prime political base of the PPP, the tussle for supremacy in Karachi—the most populous and commercially most important city in Pakistan—between these two groups has created chaos. Arrayed against the embattled PPP and Mohajirs alike are the Sindh separatists, who were cultivated by the late President Zia to weaken the PPP he feared and abhorred. This dangerous game of political opportunism over the years created other Frankenstein monsters, such as the Punjabi-Pakhtoon Ittehad. The PPI is led by one Ghulam Sarwar Awan, a demagogue who openly promotes violence to establish the rights of the minority group he claims to represent. There are indications that Awan, whose group could not win a single seat it contested in the last elections, is backed by the establishment politicians from Punjab.

According to the Pakistani media, a meeting between President Ghulam Ishaq Khan and Ghulam Sarwar Awan took place recently. Following the meeting, Awan issued a

number of statements on behalf of the President which were neither denied nor confirmed. It is not clear why the President would have chosen to meet this insignificant politician: Since Awan does not have any base in Sindh, it is implausible that the President was motivated by a desire to resolve the Sindh crisis. Most likely, the aim was less noble.

International bankers' concern

An indicator of the speed with which things are moving was the Sept. 16 statement of Gen. Aslam Beg to newsmen in Islamabad. The general, who has so far meticulously avoided political matters, vented his anguish at "certain internal political developments, particularly the ongoing ethnic and regional violence in Sindh and the tussle between the federal and Punjab government."

General Beg's speech followed a Sept. 11 report in the daily *The Muslim*, that the World Bank mission led by Luis de Azoarate had told Pakistan's Finance Minister Ehasanul Haq Piracha in early September that the bank was concerned about the Karachi situation, and had asked for a report from the government. Earlier, the International Monetary Fund (IMF) had also shown similar concern about Karachi and the drop in industrial production. According to the daily, it is the first time an international organization is believed to have asked for a report on the domestic security situation.

But if law and order is bad, the state of the Pakistani economy is worse. The PPP government inherited a bankrupt treasury; worse, the nation's sovereignty had been handed over to the IMF just months before the PPP took over. As in other cases, the IMF has strong prescriptions for Pakistan. Electricity rates have just been raised by 11.6%—and that, as Prime Minister Bhutto explained in a speech announcing the measure, was the result of a fight against the IMF demand for a 17% hike, which had been accepted by the Zia regime.

More socially chaotic prescriptions are now being prepared, in the wake of the IMF mission's month-long visit in August. The coming measures reportedly include a "substantial" increase in the average price of petroleum, which is going to affect all productive sectors and raise the price of almost all merchandise. The IMF also insists that the domestic sale price of imported fertilizers be raised by October, and has told the PPP government to raise the wheat procurement price in October.

On the expenditure side, it is all austerity. The IMF wants Pakistan to curtail federal spending. Among the suggested measures are restriction of employment expansion and control of the public sector wage bill. The IMF has also advised that vacancies caused by retirement are not to be filled. In the name of budget balancing, the IMF is decreeing that the programs for employment expansion and poverty alleviation that were an important part of the PPP's electoral platform must be delayed, if not abandoned altogether. This is a prescription for social chaos, and perhaps even the death of the newly won democratic institutions.

Trade war consensus grows in U.S. against Republic of Korea

by Lydia Cherry

The United States is upping the ante against the economy of South Korea, as part of a continuing U.S. effort to blame America's economic weakness on others, and to make others pay for it. The fact that U.S. exports into South Korea have increased by some 26% in the last six months, as the Seoul government sought to avoid at all costs what it considered as the "dishonor" of being classified as a violator under the U.S. Omnibus Trade Acts "Super 301" designation, has apparently only encouraged U.S. trade officials into still more rabid acts of trade war.

This U.S. policy toward the Republic of Korea has been combined with a steady drumbeat coming from Congress, the Eastern Establishment press, and sometimes administration officials, that the United States must force South Korea to bear the full burden of its national defense and that the United States should pull out its troops. Under this pressure, the government of President Noh Tae Woo, which heralded the coming of democracy in South Korea, has come under increasing domestic pressure, both from the opposition and from within his own Democratic Justice Party (DJP).

In late August, the South Korean news service Yonhap reported that the United States had delivered an official protest concerning Seoul's plan to save South Korea's ailing shipyards with a massive transfusion of cash and tax benefits. On Aug. 31, Thomas Wajda, director of maritime and land transportation for the State Department, and John Stocker, president of the Shipbuilding Council of America, visited South Korea's Trade and Industry Ministry to ask it to cancel its plan to subsidize the debt-stricken shipbuilding industry. South Korea has been the world's second largest shipbuilding nation. The two Americans expressed regret over the government rescue mission, which came shortly after the United States dropped a lawsuit against Korea under Section 301 of the U.S. Trade and Tariff Act. They warned that intense U.S. protest will be lodged against Korea at the upcoming shipbuilding meeting in October, which will be held under the auspices of the Organization for Economic Cooperation and Development. In late June, the Shipbuilding Council of America sued the Korean government over its support to the shipbuilding industry, but it withdrew the lawsuit on July 21 to discuss the matter in the multilateral talks of the General

Agreement on Trade and Tariffs (GATT). The council plans to resubmit the lawsuit if it is not settled in the GATT talks by March 1990.

In his recent trip to Seoul in mid-September, U.S. Secretary of Commerce Robert Mosbacher focused on Korea's "continuing problem areas" with respect to its closed markets, especially those having to do with agriculture. The South Korean newspaper *Choson Ilbo* complained in its lead editorial Sept. 8, that the concessions which Seoul has already made to the United States "have already seriously affected the rural economy. As far as the additional opening of markets to agricultural produce is concerned, our flexibility at present is utterly impossible; on the contrary, we need import restrictions on the grounds of the damage done to the agricultural industry."

Leaders of local food industry have pointed out that South Korea imported \$2.6 billion worth of agricultural products from the United States last year, making it the second largest importer of U.S. farm products in the world. Yi Kyong-hae, leader of the 45,000-member National Council of Young Farmers and Fishermen, is quoted by Yonhap Sept. 9: "We cannot just idly watch the American attempt to invade our market, shaking our agricultural industry to its roots."

Aircraft deal up in the air

Commerce Secretary Mosbacher, as the London *Financial Times* reported Sept. 19, also "put Seoul fighter negotiations in doubt," a deal which the Koreans were apparently under the impression was very much on track. At issue is the Korean Fighter Project, under which South Korea would build more than 120 planes—either the General Dynamics F-16 or the McDonnell Douglas F-18. In the original deal, Korea was to buy 12 entire aircraft from the United States, with the factory in Korea supplying 50-60% of the value of the remaining 108 aircraft. But according to the *Financial Times*, Mosbacher insisted that Seoul buy 20 fighters directly from the United States. In mid-July, U.S. Defense Secretary Dick Cheney attempted to strong-arm Seoul into buying all the U.S. fighters "off the shelf." Senators Alan Dixon (D-Ill.) and John Heinz (R-Pa.) introduced a resolution to block the deal and force through Cheney's demand, and charged

that the original deal would give away valuable U.S. technology to a major trading competitor.

The whole debate, of course, is shaped around the presumption of an imminent pullout of U.S. troops. President Noh Tae Woo is scheduled to visit Washington in mid-October for talks with President Bush, and the troop question is expected to be high on the agenda. With new U.S. ambassador Donald Gregg now finally confirmed by the Senate and in place in Seoul, diplomacy around the troop question is expected to increase. Upon his arrival in Seoul on Sept. 16, Gregg issued a vague statement on the troop question: "So long as the Korean government and . . . public share with us the judgment that there is a need for our presence, we will be here to assist in maintaining peace." In his confirmation hearings in June, Gregg had been more explicit, stating that it was time to start considering troop withdrawals.

The point has not been lost on the South Koreans. The Korean newspaper *Hangyore Sinmun* was quick to note Aug. 19 that the position of the commander of the U.S. forces in Korea, Louis Menetrey, had even shifted. Menetrey was quoted in the *New York Times* saying that there will be no military need to keep U.S. forces in South Korea after the mid-1990s if present trends continue. The *Times* commented that the United States has put Korea in a quandary on the military question: "Despite the fact that high-level U.S. policymakers, including Bush, have repeatedly denied that they had any plan to reduce U.S. forces . . . the U.S. Congress, news organizations, and some people in the U.S. administration have given us the impression that they were using the withdrawal question as an instrument in pressuring Korea to bear a greater share of defense expenses and in buying U.S.-made equipment."

Pressure on Noh Tae Woo

President Noh Tae Woo has spoken repeatedly against the removal of the U.S. troops. "Contrary to what some people in U.S. political and media circles say, I think it is the most economic investment strategically to make this forward deployment of forces," the President told reporters June 28, as quoted by Yonhap. The withdrawal of U.S. troops from South Korea—which is the primary demand of the insane regime of North Korean dictator Kim Il-Sung and the Soviet Union—acts to undercut any initiatives from Noh Tae Woo to bring reconciliation to the Korean peninsula. After all, why should the North make any concessions when it can just wait for the United States to do what North Korea wants most?

At the same time, there are indications that Noh Tae Woo's opposition to a troop pullout is one of the reasons why he has lost the favor of at least a faction of the U.S. Establishment. The *New York Times* published articles Sept. 10 and 11 which were extremely critical of "Mr. Noh's crack-down on militant dissent that has filled jails with as many detainees as were imprisoned before he took office in early

1988. The jailings, in turn, have created new concern about Mr. Noh's commitment to due process and free institutions."

The *Times* was particularly upset by the indictment of Kim Dae Jung, the head of the Party of Peace and Democracy, on charges of violating national security laws. As *EIR* reported at the time of the last elections (see *EIR*, Dec. 11, 1987, "Kim Dae Jung: the landlords' candidate"), Kim is part of an extensive network connected to the World Council of Churches (WCC) and to New York City's Union Seminary, which have acted as a fifth column operation to facilitate the country's shift into the Soviet camp. It has been this WCC operation that the Noh Tae Woo government has been scrambling to unravel as it has been engulfed with crisis after crisis.

As Hyun Hong Choo, minister of legislative affairs in Noh Tae Woo's administration, explained in a *Washington Post* interview Sept. 14: "We are doing those investigations and searches, simply because if we do not do so the government will lose all control of order." Explaining that Kim Dae Jung probably wouldn't have been indicted if he had cooperated when the charges had first surfaced, Choo said: "It became a question of who is lying, the government or Kim Dae Jung." The charges against Kim were that he had failed to tell authorities when he learned that a member of his PPD had visited North Korea, and received a payoff from the North Koreans, a certain cut of which was then "donated" to Kim Dae -Jung.

The net effect of the indictment of the PPD leader, however, whether or not he is convicted, is to knock Kim Dae Jung largely out of the running as the next head of the government. Who, then, is waiting in the wings for the downfall of Noh Tae Woo? Some analysts speculate that Kim Young Sam may emerge as the "favorite son" of the Eastern Establishment. He is the one opposition figure that Henry Kissinger has sought out when visiting Seoul. He is also Moscow's contact person in Seoul. Yonhap reported Sept. 12 on a meeting the previous week between Kim and Soviet Vice Foreign Minister Mikhail Kapitsa in Seoul. Kapitsa, director of the Soviet Institute for Oriental Studies, is quoted: "It is unimaginable that war could break out on the peninsula and the Soviets are determined to play any role they can in bringing about inter-Korean talks. . . . As far as I know, North Korea is ready to hold South-North Korean talks but wants to take some steps to save face, and it will take a couple of years for the circumstances for cross recognition of the two Koreas by their allies to fully develop." He told Kim that "Priority should be given to arms reduction in inter-Korean talks. Cutting the size of the armies down to 100,000 men each will help ease the tension on the peninsula," he said.

Increasing ties between Moscow and Seoul clearly have Washington's approval. The founder and honorary chairman of the Hyundai Group, Chong Chu-yong, returning to Seoul from a week-long visit to the United States told Yonhap Sept. 5 that the U.S. backs South Korea's economic approach to the Soviet Union.

The daughter of the 'fifth man': Who is Emma Rothschild really?

by Mark Burdman

The Italian Catholic Daily *Avvenire* has reopened speculation into one of the most intriguing, enigmatic, and covered-up aspects of the circumstances of the Feb. 28, 1986 assassination of Swedish Prime Minister Olof Palme. The paper's Sept. 18 issue published a story entitled, "Ambiguous 'Truths' on Palme's Death," discussing how the enhanced disinformation capacity of the Soviet KGB in the era of Mikhail Gorbachov's rule had been utilized to prevent the truth about the assassination of Palme from becoming known. Journalist Maurizio Blondet recalled that several official Swedish investigators had resigned from the Palme case, after they were forbidden to investigate the role of Emma Rothschild, Palme's alleged lover, in the whole story. Blondet noted that Emma's father, Victor Lord Rothschild, has been accused by some in Britain of being the much-discussed "fifth man" in the Kim Philby-Anthony Blunt-Donald Maclean-Guy Burgess Soviet spy network.

The Portuguese weekly *O Diabo* also brought up the "Emma connection," in its Sept. 19 issue. In an article entitled "The Palme Case Again—Inside the 'Soviet Track,'" the paper lists a number of unanswered questions about the Palme assassination, including about "the extramarital relationship of the prime minister with the daughter of Lord Rothschild . . . Emma Rothschild."

The matter of Emma Rothschild has become almost taboo, since its explosion into the international media in December 1986. Starting around Dec. 4, and lasting for a few days, various publications, including the *Daily Mail* and *Daily Express* of Britain, the mass-circulation *Bild-Zeitung* of West Germany, and various non-Swedish Scandinavian papers, had identified her as Palme's mysterious "English mistress." Privately, there was much speculation at the time that she had played some role in the circumstances surrounding the murder, whether by tipping off the assassins to his whereabouts, or by leaking sensitive information about Palme's intentions and plans to Soviet networks, or something perhaps more sinister.

The story, however, was quickly dropped, although for some enterprising journalists, matters did not end there: Over the Dec. 6-7, 1986 weekend, a reporter for Britain's Inde-

pendent Television was assaulted, and his camera smashed, by bodyguards accompanying Emma Rothschild as she was leaving her home in Stockholm. The evaluation from a leading Soviet-linked institution in Stockholm at the time was unambiguous: "The Swedish police will never let the Emma Rothschild story out." Hans Holmér, the Swedish police chief heading the investigation, forbade any questioning of Emma Rothschild.

Since December 1986, barely a sentence has been published anywhere about Emma Rothschild's connections to Palme. The matter is one of such great sensitivity that, according to British sources, Emma Rothschild herself intervened to stop the publication of a book in Britain, *Blood in the Snow*, written by British journalist Chris Mosey, simply because it referred, *en passant* and in a most innocuous way, to her relationship to Palme. According to the British bi-weekly *Private Eye*, Emma Rothschild arranged with her friend Lord Weidenfeld, chairman of the Weidenfeld and Nicolson publishing house, which was due to publish the book, to have the publication blocked. It has, to this day, only been published in Swedish.

British sources also claim that a coverup book on the Palme assassination, published earlier this year in Britain, was ghost-written by Emma Rothschild.

Rothschild vs. LaRouche?

The December 1986 revelations about the Emma Rothschild-Palme relationship came out at a most remarkable conjuncture. Her father, Victor Rothschild, had been the subject of controversy for the previous three weeks, with British papers speculating that he might have been the "fifth man" in the Blunt-Burgess-Maclean-Philby spy nest. On Nov. 27, a *Daily Mail* correspondent was assaulted by goons, when he tried to question His Lordship outside the family's N.M. Rothschild bank.

On Dec. 4, British Prime Minister Margaret Thatcher made a lukewarm statement in Parliament, claiming only that there was "no evidence" to prove that Rothschild had been a Soviet spy, but omitting the usual clauses about his known services to the country, and so on.

Amazingly, it was right at this very moment, during the Dec. 4-7, 1986 period, that circles of the U.S. Justice Department, in league with NBC television and Irwin Suall, head of the Fact-Finding Division of the Anti-Defamation League of B'nai B'rith, suddenly launched "Phase Two" of the slander campaign that Lyndon LaRouche and associates were responsible for the assassination of Palme. That lie had gained wide international circulation during the spring-summer of 1986, but had somewhat died down since then. It had originally been cooked up by the Soviets, and had been conducted through various pro-Soviet networks in the West, in the hours following Palme's death. It particularly gained international circulation and notoriety following the March 1986 arrest of a Palme-murder suspect who was falsely portrayed as "linked to the LaRouche-associated European Workers Party" in Sweden. That suspect was later released for lack of evidence against him.

The slander was critical to manufacturing the atmosphere in which LaRouche could be framed up by the U.S. Justice Department, in a political prosecution which was gearing up at precisely the same time. But was the December revival of the "LaRouche" story launched to protect Emma Rothschild—and perhaps daddy Vic as well?

In answering that question, intelligence experts would have to come to grips with some very odd seeming coincidences. It would seem that, since the 1970s, the young Emma Rothschild had always managed to place herself in locations and situations strategically key to operations against LaRouche and associates.

In the Boston-Cambridge area of Massachusetts, in the early 1970s, she had worked with the Cambridge Institute, a branch of the left-radical Washington, D.C. Institute for Policy Studies. She helped publish the Institute's working papers. Her circle of friends and acquaintances revolved, in part, around the Boston *Real Paper*, two of whose leading lights, Bo Burlingham and Andrew Kopkind, were early recruits to the profession of "LaRouche slanderers." The owner of the *Real Paper*, Ralph Fine, is a top figure in the Anti-Defamation League. One funder of the *Real Paper* was William Weld, later to become U.S. Attorney and then U.S. Department of Justice Criminal Division head, and the main coordinator of the "Get LaRouche" task force beginning in 1984.

Emma Rothschild's U.S. mentors during the 1970s included the Massachusetts Institute of Technology "Pugwash Conference" set, typified by MIT president Jerome Wiesner. Also key were the *Bulletin of Atomic Scientists* magazine, which brought Emma Rothschild onto its editorial board, and the Albert Einstein Peace Foundation. Is it an accident that Illinois has been a center of anti-LaRouche operations, dating from the March 1986 victory of two "LaRouche Democrats" in the state Democratic primary, and that these operations are most often run by liberal pro-Soviet ("peace") networks associated with former U.S. Sen. Adlai Stevenson III?

Around 1980, Emma Rothschild began a meteoric rise. She was appointed a secretary and economic consultant to the Palme Commission on Disarmament Issues. Starting around 1984, the Palme Commission began an international campaign against the Strategic Defense Initiative. LaRouche had been a principal architect of the SDI, particularly in the area of the economic spin-offs of the SDI. One other member of the commission was Georgi Arbatov, head of Moscow's U.S.A. and Canada Institute, who was the first person to publicly blame LaRouche for the Palme assassination.

Starting in 1984, Rothschild was appointed as the British member of the Governing Board of the Stockholm International Peace Research Institute. Leading SIPRI figures at the time included such anti-SDI stalwarts as Arbatov's son, Britain's Lord Solly Zuckerman, former U.S. Defense Secretary Robert McNamara, and Soviet Gen. Mikhail Milshtein.

At this point in the story, some might interject: If the apparatus around the Palme Commission were so integral to the fight against the SDI, what sense can be made of *EIR*'s contention that the Soviets either directly murdered Palme, or were instrumental in causing Palme to be murdered? But as one informed British source stressed to *EIR*, having Palme killed would have given the Soviets the martyr they needed to fuel the fight *against* the SDI, especially if U.S. agencies or individuals who were pro-SDI could be held responsible for the murder.

A 'very evil' man

On a more fundamental level, the matter of Emma Rothschild forces one's attention back to father Victor Rothschild (see box). Of course, there is the matter of Victor Rothschild's 1930s membership in the secret Cambridge Apostles cult at Cambridge University in England, and his and his family's sponsorship, on various levels, of activities of Soviet spies Burgess, Blunt, et al. This has been documented in numerous recent book-length histories of the British spy scandals, and need not be repeated here.

Whether Victor Rothschild is the fifth man, or the first man, or whatever, he is certainly a key figure in the inner circles of the Anglo-Soviet condominium known as the "Trust." One must look for the keys not only in the Rothschild family's banking complex, nor in the particular details of the connections to the Cambridge spy set, but, as LaRouche says, in the telltale *policy* commitments. In this sense, Victor Rothschild is unique, representing the intersection point of pro-Soviet operations in the West, international banking, the "energy scarcity" policies of the Seven Sister oil companies, the revival of malthusian ideologies in the post-World War II period, and some of the nastier aspects of Britain's "scientific intelligence" infrastructure.

Throughout the 1960s, Victor Rothschild was one of the senior research directors in the Shell Oil complex. From 1965-70, he was research coordinator for the Royal Dutch Shell Group. In this period, this Anglo-Dutch company was

helping to launch the malthusian movement, centered around the formation of the "limits to growth" Club of Rome International.

In the latter part of 1970, Victor Rothschild was appointed by the British government to head a newly formed government think-tank, officially known as the Central Policy Review Staff. While coordinating the CPRS overall, his own personal specialty was energy. According to a 1988 history of the CPRS, *Inside the Think Tank*, Rothschild was able to utilize his "extensive network of contacts and personal advisers" in the oil companies, in writing a special CPRS report on energy and energy prices. Since early 1972, the book reports, Shell had been devising "scenarios involving substantial increases in the price of oil." When Rothschild completed his report for the British government, in the summer of 1973, forecasting a substantial rise in the price of oil, he and his team were accused of "scare-mongering." Soon thereafter, the October 1973 Arab-Israeli war and ensuing oil-price crisis erupted. As the book states triumphantly: "Rothschild and his team were vindicated. Their pessimistic foresight was acknowledged by the rest of Whitehall."

In the mid- to late 1970s, after he had left CPRS, Victor Rothschild was involved in campaigns against nuclear energy and in favor of reducing world population. He polemicized in one public lecture, against those who might believe that colonization of space, fueled by the development of fusion power, might provide an ultimate solution to the global population problem. Such campaigns and lectures would place Rothschild himself, from a high-level position in the policy establishments, in an adversarial relationship to LaRouche.

Not surprisingly, Victor Rothschild and daughter Emma have been central figures in the corporatist-malthusian institutional apparatus set up to deal with an era of energy scarcity, shortages, austerity, and the like.

Today, Emma Rothschild sits on the board of trustees of a London think-tank called the Institute for Public Policy Research, which was launched this year. The IPPR is a regroupment of the old CPRS (which was disbanded by Margaret Thatcher some years back). The chairman of the IPPR's board of trustees is Baroness Tessa Blackstone, formerly an aide to Victor Rothschild at the CPRS, and the co-author of *Inside the Think Tank*.

The director of the IPPR is James Cornford. In the 1974-75 period, while a professor at the University of Edinburgh, Cornford was a key British member of the "Task Force on the Governability of Democracies" of David Rockefeller's Trilateral Commission. The final report of the task force was entitled *The Crisis of Democracy*. Its main theme was that democratic societies were rapidly becoming "ungovernable," especially because the Western world was entering into a period of economic scarcity, in which the "excess of democracy" would make it extremely difficult for governments to impose the required discipline and sacrifice.

That report provided the conceptual guidelines for the

creation of the Federal Emergency Management Agency in the United States. FEMA's Continuity of Government operation is the semi-official "cold coup" apparatus in the United States, ready to take over under conditions of extreme crisis—contrived or otherwise.

The IPPR identifies one of its tasks today as confronting "the threats posed by uncontrolled industrial growth to the world's ecological balance." In June of this year, it co-sponsored a meeting at Cambridge University, together with the West German Social Democratic Friedrich Ebert Foundation think-tank, on imposing a "green economic agenda" on European countries. One of the featured participants at the conference was Emma Rothschild, now a senior research fellow at King's College, Cambridge.

Lord Victor Rothschild and his evil circles

Lyndon LaRouche, congressional candidate in Virginia's 10th District, released this statement on Sept. 18:

To all intents and purposes it would be perfectly fair today to describe Britain's very influential and powerful Lord Victor Rothschild as the "fifth man" in the famous Philby case.

The point is not merely that Victor Rothschild had the relevant close association with Harold "Kim" Philby and company, but rather that Mr. Rothschild's policies and those of his immediate circles, including the policies of the London *Economist* and London *Financial Times*, are perfectly consistent with those of his ancestors who were allied with New York's August Belmont and Atlanta's Judah Benjamin in promoting black chattel slavery and the destruction of the United States during a period of more than a century ago.

Mr. Rothschild is, of course, a great promoter of a special relationship between the Gorbachov admirers in the West and Gorbachov in the Soviet Union. This is a key to the point.

More relevant to the immediate point is that Mr. Rothschild's immediate circles, including of the London *Economist* and of the *Financial Times*, are in effect drug pushers. That is, they are pushers for the legalization of the drugs which are destroying the United States from within and also destroying entire nations in South America.

So, Mr. Rothschild's circles' policies are very evil. And he qualifies in every moral sense and every connection, to be called the "fifth man" in the Philby affair, until a more likely prospect turns up.

East Germany tries to stop refugees

by Rainer Apel

Tightened controls at the borders which East Germany shares with Czechoslovakia and Hungary have visibly slowed the stream of refugees from East Germany during the third week of September, with only 200-300 making it into West Germany, as opposed to the 600-800 who escaped each day during the previous week.

The East German police accomplished this through intense ID and luggage controls on trains traveling to Hungary, during which they looked for "suspicious documents" indicating plans to escape to the West, such as work certificates, university diplomas, or other documents that are usually not taken abroad. Passports were cross-checked with blacklists of those names whose appeal for emigration has been rejected by the authorities. Many arrests were made, with travelers being pulled out of trains and sent back home, and their passports confiscated. In most cases, "suspects" thus singled out will have to face trial and fines, and possibly jail terms ranging from several months to two years.

In tandem with this, East Germany's communist party, the Socialist Unity Party (SED), has mounted a propaganda campaign which attempts to blame the flow of refugees entirely on Western attempts to "abduct" East German residents. The latest in this series of stories about alleged West German *Nacht und Nebel* operations to "rob citizens" from East Germany, is an interview Sept. 21 in the SED party daily *Neues Deutschland*. A young East German is presented, saying that while on vacation in Hungary, he was contacted by a another young German and lured into a flat where a Hungarian lady, who spoke German fluently, served him "tea and a menthol cigarette."

Shortly afterward, the East German reported, he fell unconscious and "only woke up already sitting in a bus next to the other young man" who was tapping him on the shoulder. Asking where the bus was going to, he learned that he was already "in the West." Apparently, he was "put on drugs or something like that in that apartment," *Neues Deutschland* writes, alleging that the story is "shedding a light on the typical criminal methods of West German agencies to abduct citizens of the German Democratic Republic."

Church under attack

The SED has also launched its heaviest attack in years against the Lutheran church in East Germany. On Sept. 21,

Neues Deutschland commented on the just-concluded synod of the Lutherans in the city of Eisenach, which had featured public critique of the SED. The daily warned the church against "spreading adventurous slogans against the state," and against "joining hands with those who want to make the G.D.R. ripe for takeover by the forces of capitalism." The church, the SED warned, should "not become a Trojan horse" and "serve as a means for those enemies who for the past 40 years have not been successful in ruining this state, to achieve it by other means now under the pretext of reforms."

Indeed, in the city of Leipzig—the historic home of Johann Sebastian Bach—just going to church has become a crime against the East German state. Personnel of the Ministry of State Security and police have been conducting surprise mass arrests of participants in the prestigious Monday night mass at the St. Nikolai Church.

On Sept. 11, police and state security forces arrested close to 140 persons after the mass, deporting them in trucks. About 30 of these were kept jailed for several days and interrogated; four were sentenced to four months in jail, 12 others to fines above 1,000 marks, on counts of "conspiratorial gathering against the state." Those who were released can also expect fines. Another 100 were arrested after the mass Sept. 18.

Because open political opposition is not permitted, the churches have become gathering points for many East Germans who are at odds with the regime; on the average, the St. Nikolai mass attracts between 1,000 and 1,800 East Germans every Monday night.

In addition to the church networks, new para-political organizations are forming right now, and some intend to develop into political parties. But the SED could make them disappear instantly, especially because these new groups have not yet gained the level of Western sympathy and support as the Polish Solidarnosc.

Fully 10% of East Germany's 17 million residents, or about 1.5 to 1.8 million people, have officially enlisted for emigration, and surveys indicate that many more are actively considering it. In some areas and cities in the densely populated districts of Thuringia and Saxony, up to 20% of the populations want to leave for the West.

The SED, which originally took power over a population of 19 million in 1945, experienced an outflow of 2.6 million refugees in the 16 years until the building of the Berlin Wall and the fortification of the border with West Germany in 1961. The safety valve policy only worked in the 28 years between then and 1989, when "only" 700,000 emigrants (and a few thousand refugees) left.

In 1989, the universal awareness of an imminent, brutal crackdown as the Soviet leadership attempts to save its disintegrating empire, has given new momentum to the outflow, with 60,000 "legal" emigrants arriving since January and 25,000 refugees using the escape route through the open border between Hungary and Austria since the end of May.

Bush shows disinterest in Germany

U.S. support, rather than glamorous speeches, is what Germany needs to handle the East-West crisis.

During the past few weeks, West German media presented a seemingly relaxed U.S. President—sailing, fishing, and golfing at his vacation home in Kennebunkport, Maine. West Germans concerned with the tense situation in Eastern Europe and in East Germany tended to put it sarcastically: “Bush is so busy, he can’t have any time left to deal with the German problems.”

It’s not only Bush’s being “busy”; he doesn’t grasp at all how critical the situation in Europe is right now.

Remarks Bush made on the German question in a speech in Montana on Sept. 18, made this clear. Asked about the prospects for a reunification of East and West Germany, he said, “I would think it’s a matter for the Germans to decide. But put it this way: If that was worked out between the two Germanies, I do not think we should view that as bad for Western interest.”

On May 7, when critics charged the ruling East German party, the SED, with having rigged its municipal elections, Bush had nothing to say. And at the peak of the East German refugee crisis (before Hungary opened its borders to Austria to let the refugees out) in mid-August, Bush’s State Department gave directives to the U.S. embassy in East Berlin to close its doors to the public, in order not to become a haven for East Germans. The U.S. said that it was an “affair to be settled among the two Germanies.”

It was not. Moscow certainly isn’t permitting the Germans—east and west—to settle their own affairs. So-

viet Marshal Sergei Akhromeyev, one of Gorbachov’s closest advisers, emphasized this in an address before the Finnish parliament on Sept. 14. Akhromeyev insisted that Germany still be considered enemy number one, as laid down in Moscow’s 1947 “military assistance treaty” with East Germany. “The strategic situation has not changed, since that treaty was signed,” he said.

Unlike “neutral” Finland, East Germany is the Warsaw Pact’s direct frontline state against the West. The “Elbe river line” is essential in Moscow’s theater warfare planning for Central Europe. That is why the Red Army has 400,000 soldiers stationed there, and that is why East Germany is a preferential bridgehead of black propaganda against West Germany.

Soviet Politburo member Yegor Ligachov, visiting East Berlin Sept. 12-16, alluded to this strategic function of East Germany, when he reassured the SED party of Moscow’s “full observance of the existing [1955] friendship and military assistance treaty.” So there’s no room for speculation about “deep rifts” between Moscow and East Berlin, nor for speculation that the East Germans could settle anything with the West Germans directly, without paying attention to Moscow’s thoughts. In fact, the SED has the Kremlin’s full go-ahead not only for the barrage of black propaganda it is currently launching against the West Germans; it also has the go-ahead for a ruthless crackdown on opposition elements, especially those who are getting organized now in the Neues Forum (New Forum), a

new umbrella organization for a whole set of religious and political groups.

Moscow considers stability at its western front line an utmost priority, at a time when the other Warsaw Pact members and nationalities inside the Soviet Union are turning more and more rebellious. Gorbachov will personally attend the Oct. 7 official celebrations of 40 years of existence of the SED, and he had Ligachov announce that he is coming, too.

But the SED state is infected with the virus of potential revolt.

A new study by Gorbachov’s German policy task force, headed by former ambassador to Bonn Valentin Falin, expects “uncontrollable mass riots by spring 1990” in East Germany, and recommends a phased counter-move by the SED party state security apparatus, ranging from low-intensity operations to full-scale military intervention—which would invoke the “military assistance” clause Ligachov was speaking of. This option is being prepared, propaganda-wise, in Moscow as well as in East Berlin.

The SED has already declared the Bonn government the main scapegoat for East Germany’s internal problems. Ligachov, appearing on East German television Sept. 15, denounced “intensified, new provocative actions launched by the Federal Republic of Germany.”

The Soviet Communist Party daily *Pravda* of Sept. 16 went even further, characterizing Bonn’s conduct in the refugee crisis as a “threat to the stability of relations between the two German states, to the coherence of the community of socialist states, and moreover, a threat to all states on the continent of Europe.”

So the U.S. President, or at least some of his advisers, had better wake up, and at least insist on explanations from Moscow.

Soccer thugs: 'Satan made us do it'

The Anti-Drug Coalition's mobilization against Black Sabbath proves to be right on target.

Last week, we reported on the Swedish Anti-Drug Coalition's mobilization to put a *cordon sanitaire* around the Stockholm performance of a British Satanic-rock group with the name "Black Sabbath." Public concern about the group's potential nefarious impact, was heightened by the coincidence of the event with the arrival in Stockholm a few days earlier of British soccer fans, who went on a violent rampage on Sept. 6.

The Satanic connection between the two events was made explicit in an interview on British television in mid-September, when a leader of the British soccer hooligans gave a most unusual explanation for why his group had done what they did in Sweden. "Satan told us to do it!" he proclaimed.

To the average British television viewer, this statement confirmed the feeling that Britain's so-called "football hooligans" are mentally unbalanced. But to experts, this proclamation indicated something more sinister, especially as the person being interviewed was simultaneously making signs and gestures known to be used by Satanic cults.

The Sept. 6 violence had broken out during the match in Stockholm between the teams of England and Sweden, one of the international "qualification matches" leading up to the World Cup Finals. The violence, however, did not begin in Stockholm. On the ship sailing from an English port to the Swedish city of Gothenburg, hooligans threw a man overboard, whose body has still not been

recovered. Police say that two men were apprehended, who were in possession of "Ecstasy," the favorite drug of Britain's "Acid House" set.

In Stockholm itself, hundreds of English fans attacked warehouses, stealing items and intimidating and threatening people. They then rampaged down side streets of the city. Only effective action by the Swedish police prevented large-scale violence between English and Swedish fans. One hundred English hooligans were arrested.

The Swedish media speculated on the links between the hooligans and neo-Nazi groups in Britain, including the racist-extremist National Front and the so-called "skinheads." But in a discussion with this journal, one informed English source gave more precise indications about what is involved here.

"The football hooligans work on a rent-a-mob basis," this expert said. "They are, politically, part of the apparatus of the British National Front, which is Nazi-influenced. The hooligans have very closely cropped hair, and have swastikas and other Nazi insignia tattooed on their bodies. They favor Satan. The way they operate is extremely tactical. Knowledgeable people here call their controllers 'The Firm,' which deploys these rent-a-mobs."

He continued, "They are very organized. The aim in their violence is to disrupt the youth of this country and other European countries, to destroy traditional institutions associated with the family, friendship groups, and

normal sports. At the same time, they inject racism and anti-Jewish beliefs into Britain. They are completely mindless, glazed-over. Hundreds of them are sent out at a time. While the National Front is the basis for the units, they are now far more sophisticated, more politically orchestrated, and far more lethal than the National Front itself used to be. The football hooligans are extremely dangerous."

This expert reported that special intelligence units have been established by the British law enforcement authorities to monitor the hooligans, and stressed the close links between Nazi and Satanic belief-structures and groups.

Meanwhile, in Stockholm, the Sept. 16 performance of the Black Sabbath rock group which was supposed to attract 3,000 was only attended by half that number. They were met by a demonstration of 200 people organized by the Swedish Anti-Drug Coalition, founded by co-thinkers of Lyndon LaRouche, and people from various churches who joined the effort.

Clearly unnerved, the Satanic rock group announced from the stage that they would "sing something for the religious people outside," and proceeded to perform their piece "Death Calls." Black Sabbath had set up a cross of lights and had two sarcophagi on the stage, plus pictures of church ruins.

Outside, a character arrived with blood all over his hands, which he went around smearing on the trees, and made the sign of the cross, in blood, on his own forehead.

Black Sabbath is scheduled to appear throughout West Germany, but their "fun" may be spoiled by an organized resistance led by the Anti-Drug Coalition and Schiller Institute there.

Venezuela and drug-money laundering

Under fire in Colombia, the drug cartels and their political godfathers pose a threat to Venezuela.

Like every other Ibero-American country, Venezuela cannot afford to remain indifferent to the war that Colombia is waging against narco-terrorism. With its long shared border, Venezuela has for a long time suffered the impact of Dope, Inc.'s bid to control the political, financial, and economic life of its neighbor. Problems have ranged from cross-border raids into Venezuela by narco-terrorist outfits like the National Liberation Army (ELN), coca cultivation in the shared Sierra de Perijá region, trafficking activities in which Venezuela has served both as a bridge and a refuge, and, most importantly, Venezuela's growing employment as the drug traffickers' money-laundering center.

Venezuela, too, shares the problem of creeping corruption within its political elite. Fabio Ochoa Restrepo, a prominent horsebreeder and the father of the infamous Ochoa clan which runs the Medellín Cartel, said a few months back that he had important friends and clients within the upper circles of Venezuelan society.

Venezuela's importance to the drug-trafficking networks was exemplified by information released Sept. 17 by the Venezuelan Judicial Police, that Medellín Cartel chieftains Pablo Escobar and Gonzalo Rodríguez Gacha were believed to have taken refuge from the Colombian Armed Forces at ranches owned by associates of theirs in the Venezuelan border regions of Apure and Táchira. Similarly, *El Nuevo País* published a report Sept. 5 that Colombia's narco-guerril-

las were fleeing into Venezuela's Sierra de Perijá. Defense Minister Filmo López Uzcátegui has ordered the reinforcement of these regions under a declared "border alert."

Venezuelan National Guard commander General José Vicente Lecia Madrid revealed Sept. 17 that 15,000 kilos of drugs had been captured on Venezuelan territory in less than one month, believed to be a tiny percentage of the actual quantity of drugs which regularly crosses Venezuela on their way to markets elsewhere.

Possibly the most serious problem facing Venezuela, however, is "the laundering of dollars, which is being carried out with increasing intensity in our country. . . . All this under the inconceivable complacency of certain Venezuelan financial institutions," said deputy Leonardo Montiel Ortega in a letter to President Carlos Andrés Pérez, published Aug. 27 in the daily *Ultimas Noticias*. In his letter, which has thus far received no response, Montiel Ortega asserts that although in Venezuela, "foreign financial institutions are not permitted to accept deposits on national soil, national banks have full freedom to do so . . . and as a result, the drug dollars enter the country to be 'rinsed,' to be exchanged for bolívares and then once more into dollars." This mechanism, said the Venezuelan congressman, is facilitated by "the connection of our banking institutions with banks operating in the Caribbean."

On Aug. 8, columnist Mauro Gamus proposed the creation in Vene-

zuela of "an international financial center, to permit all the foreign banks that are leaving Panama to enter here. . . . Someone might say that this runs the risk of turning into a paradise for the drug traffickers, but that isn't so. With a little skill, the laundering of money is controllable. . . . It just takes a little imagination."

According to Congressman Oscar Yanes, Mauro Gamus is the pseudonym for Andrés Galdós Ferrer, whose column is published daily in most Caracas dailies as a paid advertisement. Congressman Yanes demanded to know who is paying the one million bolívares (\$25,000) a week to publish Galdós Ferrer's drug-lobby propaganda.

Regarding the cultivation of coca, a report published Sept. 1 by the daily *El Nacional* reveals that "the coca crops in Venezuela's Sierra de Perijá . . . were discovered in May 1987 in the region of Agdobadú, a few kilometers from the Colombian border." The report adds that, according to the U.S. Drug Enforcement Administration, the seed was brought by people from Medellín Cartel kingpins Pablo Escobar Gaviria and his partner at the time, Carlos Lehder.

On Sept. 6, the Venezuelan press reported that the chiefs of the Indian tribes of Zulia state, located in the Sierra del Perijá, charged that there are some 30,000 hectares of coca crop in the region. *El Universal* reported that "the 30,000 hectares of coca are located in the towns of Becerril, department of César, Colombia, and in the sector of Aroita, in the Sierra de Perijá, Zulia state [Venezuela]."

On Sept. 8, Venezuela's Defense Minister López Uzcátegui revealed that both marijuana and coca crops had been discovered in the cited region, and that troops had been deployed to destroy them.

International Intelligence

Malaysia: Form military group to fight drugs

Malaysia will propose to the U.N. that an international military group be formed to fight the private armies of the drug barons, Reuters reported Sept. 17.

Deputy Prime Minister Ghafar Baba told a political gathering, "I will present the case that the drug problem has assumed serious proportions. It needs the concerted effort of all nations to curb it."

Under the proposal, the force would be made available on request to countries where traffickers have set up armies to protect drug-producing plants and laboratories. More than 80 people have been hanged so far in Malaysia for drug dealing. Several heroin-processing laboratories have been found in the last two years in the country, which until recently served as a transit center for drugs from the Golden Triangle opium-producing region of Southeast Asia.

Polish paper hits Soviet Union for 1939 invasion

The Polish communist party newspaper *Trybuna Ludu* published on Sept. 16 an unprecedented attack on the 1939 Soviet invasion of Poland, accusing Soviet troops of "massive crimes." The paper pointed out that the failure to tell the truth about the Hitler-Stalin Pact which cleared the way for the invasion, has continued to blight relations between Poles and Russians.

The commentary was provoked in significant part by the decision of the Polish Solidarnosc-dominated government to mark the anniversary by laying a wreath in Warsaw. This will be the first time the event has been officially acknowledged inside Poland.

London's *Sunday Times* on Sept. 17 reported that Polish Foreign Minister Krzysztof Skubiszewski has suggested that Poland might claim war reparations from the U.S.S.R.

Soviets charge Germany 'a threat to all nations'

The Soviet Communist Party paper *Pravda* on Sept. 15 charged West Germany with "being a threat to all nations on the European continent."

The paper declared that the Bonn government and political parties have "launched a broad campaign of provocation and hate propaganda on the pretext of the refugee issue, posing a threat to the stability of relations between the two German states, the functioning of the community of socialist states, and moreover, to all states on the continent of Europe."

West Germany's short-term aim toward East Germany, *Pravda* charged, is to "throw a shadow on the 40th anniversary celebrations" in East Germany, which Gorbachov is scheduled to attend.

Soviet Marshal Sergei Akhromeyev, one of Gorbachov's military advisers, added to this propaganda barrage, claiming that Germany is still the potential number-one enemy of Finland, in an address before the Finnish parliament on Sept. 15. The Soviet military leader, currently discussing Finnish requests for changes in the 1948 "assistance treaty" between Finland and the Soviet Union, declared that there could be no change, because the "basic situation has not changed" since 1948.

British-French missile project still live

Britain is still considering a joint project with France to develop an air-launched nuclear missile, which would have a range capable of replacing the weapons banned under the Intermediate Nuclear Forces (INF) Treaty, British Defense Secretary Tom King said Sept. 14.

In a joint press conference with French Defense Minister Jean-Pierre Chevènement, King insisted that the French stand-off medium-range air-to-surface missile was being looked at "very seriously," alongside U.S. alternatives.

King's statement contradicted earlier indications from both British and French officials, that Great Britain had ruled out the French option for replacing the Royal Air Force's free-fall bombs, and would choose a U.S.-developed weapon instead. The *Financial Times* of London commented Sept. 15 that an Anglo-French venture would be a breakthrough in defense collaboration between the two countries. The *Times* notes that Britain and the United States have already signed a memorandum of understanding to facilitate work on a stand-off missile with a British nuclear warhead.

Interpol calls for tracking dirty money

Gerald Moeibus, the head of Interpol, has offered the international police organization as a clearinghouse for recording suspect cash movements, as a way to get at the profits of the drug trade.

"The closer you are to the money, the higher you are in the [criminal] hierarchy. Track the money and you get the organization chart," he said. Moeibus, whose organization represents 147 countries, has offered to use Interpol's central computer in Lyon, France to do the job, according to Reuters Sept. 18.

French President François Mitterrand and former Italian Prime Minister Bettino Craxi met in Paris on Sept. 16 to discuss upgrading the European side of the war on drugs. Craxi asked Mitterrand, as president of the European Economic Community, to propose a European effort to support the Ibero-American nations.

Craxi also proposed an international tribunal to judge drug-connected crimes, what he termed a "justice bunker." Mitterrand promised Craxi he would introduce this proposal at the December meeting of the Council of Europe.

Craxi was recently visited in Rome by Peruvian President Alan García, and has been invited by Colombia and Bolivia to visit. Craxi told journalists that it is important to pass the new anti-drug law in Italy, and that

the danger exists that the entire Mezzogiorno region of southern Italy could fall into the hands of the drug mafia.

Soviets fear Israeli missile capabilities

The Soviet government attacked Israel for developing missile-launching capabilities which it said could destabilize the Middle East and other regions of the globe.

Soviet Foreign Ministry spokesman Gennady Gerasimov stated Sept. 15 that the U.S.S.R. was "seriously concerned" about an Israeli ballistic-missile launch into the Mediterranean on Sept. 14, since this launch could complicate the search for a Middle East peace. "Israel is known to possess a technological basis necessary for the creation of nuclear weapons," said Gerasimov. "The availability of delivery systems makes Israel a source of destabilization, far exceeding the boundaries of the Middle East region."

The Israeli launch was its second spy satellite. The first satellite was launched by the Ofeq 1 rocket last year and was active for two months. Through Ofeq 2, it is planned that the new satellite, which will be in an orbit that passes over the Middle East, will be operational for two years. Israel has made no official statement on the launch.

The Soviet news agency TASS reacted to the launch by claiming that Israel had launched a 1,300-kilometer range ballistic missile indiscriminately toward Libya, according to Reuters.

The launch came less than 10 days before the Wyoming summit where the superpowers are expected to renew efforts to curtail ballistic-missile projects in the Middle East.

Kuwaiti daily covers Irangate, LaRouche case

The Kuwaiti daily *As Seyassa* on Sept. 12 began a serialization of *EIR*'s Special Report "Project Democracy: The 'parallel gov-

ernment' behind the Iran-Contra affair." The text, which has been edited for an Arab audience, exposes the secret government and its relation to the political persecution of Lyndon LaRouche.

No sooner was the first part of the series, entitled "The Iran-Contra Affair and the LaRouche Case," published, than the authors and editors reported that Kuwait's State Censorship Office requested access to the entire series before further publication. Kuwaiti sources are investigating the origins of such pressure, since it is unlikely for the Kuwaiti government to have initiated such action.

Among the sub-titles in the article were: "Bush was involved in Contras, secret hands saved him"; "Kissinger/Mondale established Project Democracy through which CIA executed 250 operations of intervention around the world"; "Secret government planned to create sectarian religious trends and organizations in the Middle East based on the theories of Bernard Lewis"; "Rabin offered Israeli-seized PLO weapons to Nicaraguan Contras"; and "Nomination of John Tower as defense secretary, an unsuccessful bid to pay him for services that he performed when he headed the committee investigating the Iran-Contra affair."

"The report says that heading those who confronted the secret government was Lyndon H. LaRouche," *As Seyassa* writes. "For 20 years LaRouche led vigorous campaigns against the conduct and behavior of this secret government, demanding the return to legitimacy and to the Constitution of the United States. One example of Lyndon LaRouche's campaign was his role in revealing what Kissinger did as one of the pillars of this secret government. . . ."

"Components of this government in cooperation with the CIA started vigorous campaigns against LaRouche and put him and his assistants on their list of enemies. . . ."

"The case of presidential candidate Lyndon LaRouche was one of the first internal concerns of this secret government which, finally, got LaRouche sentenced. . . . LaRouche . . . was accused of participating in a conspiracy and was sentenced, at 65 years old, to spend 60 years [sic] in jail."

Briefly

● **CARLO RIPA DI MEANA** of Venice, the European Commissioner for the Environment, is pushing for the creation of a European-wide Environmental Protection Agency, "with teeth," that can enact strict environmental measures across Europe. The proposal will be discussed at a meeting of Ministers of the Environment in Brussels Sept. 19.

● **CROWN PRINCE HASSAN** of Jordan, the son of King Hussein, was in Washington in mid-September for meetings with President Bush, seeking positive U.S. action to halt what the prince characterized as the "dis-integrating" situation in Lebanon.

● **THE VATICAN** is reportedly organizing a symposium to be held with Soviet officials in Klingenthal, West Germany, Oct. 18-21, to discuss "the role of civilization in the construction of a common Europe." Cardinal Paul Poupard, president of the Vatican's Commission for Dialogue with Non-believers, and Yevgeny Silin, vice president of the Soviet Committee for Security and Cooperation in Europe, will co-chair the meeting.

● **WALTER MONDALE**, in his capacity as vice chairman of the National Endowment for Democracy, left for Poland on Sept. 15, where he will address the parliament. An aide said that he is "going on a missionary assignment to tell the Poles how they can best install democratic procedures to make their government work better and lead toward a peaceful economic revolution." Mondale's 1984 presidential campaign was famous for the slogan, "Vote early and often!"

● **QIAN QICHEN**, the Communist Chinese foreign minister, left on Sept. 15 for an 11-day tour to Jordan, Syria, Egypt, Tunisia, and possibly Iran. Diplomats believe he will try to show support for the Third World and to turn public attention away from the Tiananmen Square massacre.

Illusion outweighs reality at Baker-Shevardnadze meeting

by Nicholas F. Benton

As the ministerial meeting between U.S. Secretary of State James Baker III and Soviet Foreign Minister Eduard Shevardnadze drew to a close in Jackson Hole, Wyoming, on Sept. 23, the Soviets appeared to have scored major gains in advancing both their military and economic aims.

The meeting represented the first crack the Soviets have been able to make in the Bush administration's reticence, during its first eight months, to take concrete steps toward irrevocably locking itself a commitment to shoring up the present Communist regime in Moscow. To hear senior U.S. administrators talk, as they did to the press the night before the meeting ended, they have swallowed the same Soviet deception line that characterized the infamous summits of the Reagan years.

At the meeting's conclusion, President Bush trod precisely in Reagan's footsteps, announcing that he would be holding a summit meeting with Soviet dictator Mikhail Gorbachov during late spring or early summer next year.

The SDI shell game

The most glaring example of U.S. naivete was, of course, the pronouncement that the Soviets agreed to decouple the outcome of talks on defense and space from the completion of a strategic offensive weapons (START) accord.

A U.S. official stated categorically that "the Soviets have shifted their position" on this, ostensibly dropping their efforts to hold progress on START hostage to efforts to kill the U.S. Strategic Defense Initiative (SDI) program. A high administration official insisted that "this looks like a positive development," and said the U.S. responded by "offering an opportunity for Soviet government experts to visit several U.S. SDI facilities conducting SDI research."

But, in reality, the Soviets have made this same move at

least twice before at Reagan-Gorbachov summits: once during the infamous Reykjavik "pre-summit" in October 1986, and again at the Washington, D.C. summit in December 1987. Both times, they went back to Moscow to reassert their demand that agreement on their so-called narrow interpretation of the Anti-Ballistic Missile (ABM) treaty—which would kill the SDI by restricting its research—remain a precondition for progress on START.

Observers in Wyoming noted that the latest move by the Soviets to "decouple" the issues may have resulted from an agreement by the United States to curtail and circumscribe its SDI program. Rumors of a such a *quid pro quo* have been circulating for months, and resulted in numerous questions from reporters here whether such a tradeoff accounted for the new Soviet position.

A senior administration official did not satisfy anyone, however, when he said only that "the President has a continuing commitment to the SDI," and, when asked by this reporter "what kind of SDI program" the President told the Soviets he advocated, the official replied, "the President's commitment to the SDI is very well known." Nothing could be farther from the truth, since Bush administration officials have given mixed signals on the administration's approach to the SDI ever since Bush took office.

The Soviets also proposed that the two sides collaborate in developing some joint SDI tests within the "narrow" ABM definition.

Submarine-launched missiles accord?

The Soviets did more than "decouple" SDI from START in an effort to nudge the Bush administration over the edge toward a new arms agreement. Moscow proposed that an accord on limiting submarine-launched cruise missiles

(SLCMs) be developed outside, but parallel to, a START treaty.

The SLCM issue has been one of the biggest stumbling blocks to progress in START, since the United States does not want them included in the treaty at all, and the Soviets do. The U.S. position has been that it is impossible to verify the numbers of SLCMs.

But now, the United States is looking favorably on the new Soviet initiative, even though it came less than a week after reports were first published that an Akula-class Soviet submarine, which has "stealth" capabilities of eluding sonar detection, had appeared in the north Atlantic for the first time. When this reporter asked U.S. officials if they raised the issue of the Akula-class subs with the Soviets as an example of problems with verification on SLCMs, the response was a terse, "No."

Other initiatives toward advancing START included a proposal for "trial verification" procedures, which would permit Soviet teams to visit virtually every U.S. missile site and observe tests, under an "umbrella agreement on verification and stability" approach to START that includes a list of six "confidence-building measures."

New initiatives on open skies (permitting overflights of both Soviet and U.S. territories) and open land (eliminating restrictions on travel) were also advanced, and "common ground" laid for verification of mobile ICBMs.

Seven agreements were actually achieved. Six were signed, including the Memorandum of Understanding on Chemical Weapons, an accord pertaining to the Law of the Sea, two pertaining to the Bering Straits, one on strategic exercise notification, and a joint statement on the International Court of Justice. The seventh agreement reached was on the text of a document on the "Umbrella Agreement on Verification and Stability."

In addition to getting the arms control charade rolling again, the Soviets added a new component to such high-level superpower conferences, one equally vital to their global ambitions and even survival at this stage—economic cooperation.

The U.S. side appeared reluctant to enter into this discussion, at least publicly, despite reports that Baker was preparing some kind of huge economic accord for the ministerial meeting during his vacation in Wyoming last month. However, this may have been only a matter of appearances, since there were also reports of strong factionalization within the Bush administration over the issue of an economic bailout of the Soviets.

Nonetheless, the Soviets eagerness to put the economic question on the agenda at the meeting did prevail. While they acceded to the U.S. insistence that all economic discussions be characterized as "informal and not officially on the agenda," two lengthy meetings of experts on the subject were held. One of those meetings was held on the plane during the flight of Baker and Shevardnadze from Washington to Jack-

son Hole. The second was a dinner held between Soviet and U.S. experts, scheduled at the last moment Friday. The Soviet expert team was composed of economists Nikolai Shmelev and Aleksei Obukov, and the U.S. side was headed by the State Department's Robert Zellick.

A Soviet official told this reporter that his side pushed hard to get "economic issues" included in the formal agenda, added as a sixth "basket" to the five items—arms control, bilateral issues, human rights, regional issues and transnational issues—already agreed to.

In a report on the discussion of economics that occurred on the plane flight, the Soviets were cited as considering a plan to issue bonds as part of a "monetary stabilization package" in the Soviet Union which would deal with what they called a "ruble overhang" problem in the U.S.S.R.

A U.S. official reporting on the discussion commented that the Soviets were considering offering an interest rate that was "rather low, given their purpose, given the implicit inflation rates" in the Soviet Union. He said the Soviets were also looking toward reform of their property relations, competitive relations, the role of co-ops, and movement to a "safety net system."

A Soviet spokesman, reporting on the same discussion, stressed that the Soviets are "not coming with a list of requests for help" from the United States, but instead are "looking into the future." He said, "We are prepared to exchange experience. . . . We think that the possibilities are enormous, and that we should try to implement those, to realize them."

A Soviet spokesman added that Secretary Baker brought up the prospect for suspending the U.S. Jackson-Vanik Amendment during the first day in Jackson Hole. He said it came up during a discussion of human rights, after Shevardnadze detailed Soviet progress on emigration reform.

Jackson-Vanik denied the Soviets "most favored nation" trading status until they permitted free emigration of Soviet Jews, in particular. The Bush administration said earlier this year that it would repeal the amendment as soon as the Soviets formally passed laws permitting free emigration.

While U.S. State Department officials argue that Jackson-Vanik is not a major impediment to expanded U.S.-Soviet trade, the Soviets clearly see the issue differently, noting that the political significance of removing the impediment will contribute in a major way to enhancing the confidence of potential investors in the Soviet market.

While there were structural limits on how far the "Wyoming Economic Accords" could be advanced at this meeting, clearly the Soviets succeeded in laying the groundwork for getting the West to contribute in a major way toward their efforts to avoid further economic disintegration.

This was already made clear by the news, made public just prior to the Baker-Shevardnadze meeting, that U.S. Federal Reserve chairman Alan Greenspan would accompany Zellick on a trip to the Soviet Union in late October.

Bush is informed of responsibility if LaRouche is killed in prison

by John Sigerson

“If political prisoner Lyndon LaRouche is forced to die in the prison system, the world and history will read this as President George Bush’s personal intent. Whether that is true or not, the world will see it so, and fairly. If Lyndon LaRouche dies in prison, only Bush could be blamed, and fairly so.”

That was the central point made by Warren Hamerman, a contributing editor to *EIR*, on Sept. 15, after he learned the facts about an attempt on the life of the 67-year-old economist and statesman, who is being held in federal prison in Rochester, Minnesota pending the appeal of his politically motivated conviction and railroad trial. According to numerous physicians and medical experts who have been consulted since then, including Mr. LaRouche’s own personal physician, there could be no other explanation for the sequence of events from Sept. 11-15, other than an attempt to ensure that Mr. LaRouche does not survive up to the time of his appeal, which will be argued in Richmond, Virginia on Oct. 6. Physicians’ reactions were typified by that of Dr. John Seale, member of the Royal Medical Society of the United Kingdom: “In terms of medical procedure, it is plainly criminally outrageous, and beyond what is acceptable in the civilized world.”

The facts are as follows:

Chronology of torture

Monday, Sept. 11, 1300 hours: LaRouche is called to the clinic at the Rochester Federal Medical Facility and told that later that week he will have a surgical procedure for the removal of two intestinal polyps. He is instructed to report back the following day at 1100 hours. He is also told that he will have a no-residue diet on Tuesday, and then will be on a liquid diet until the procedure.

Tuesday, Sept. 12: After working a full work-shift from 0400 hours to 1200 hours, LaRouche begins receiving strong laxative medication in preparation for the procedure at approximately 1600 hours. On Tuesday he only ingests egg whites, coffee, and water. Between 2200 hours and 0200 hours into Wednesday morning he experiences violent bowel movements caused by the medication.

Wednesday, Sept. 13: At 0200 hours LaRouche finally falls asleep. At 0320 hours—less than an hour and a half

later—he is awakened to report to work. LaRouche is forced to work on Wednesday for the entire work-shift, from approximately 0400 to 1200 hours. During the entire day on Wednesday, LaRouche only ingests coffee and water. He is only able to sleep sporadically on Wednesday evening.

Thursday, Sept. 14: At 0320 LaRouche is awakened for his normal work-shift, to which he reports at 0400 hours. After working an entire shift, at approximately 1230 hours LaRouche is called to the clinic at the Federal Medical Facility, where he is informed that he will be brought to the Mayo Clinic for a “test” procedure. Officials at the prison have administratively classified it as a “test procedure” rather than a “surgical procedure.” LaRouche is taken in irons into the Mayo Clinic by two guards, and is brought in a wheelchair while in irons to the area where the procedure is to occur. After being interviewed by the physician responsible for the procedure, he is given a painkiller intravenously. Because of his accumulated exhaustion he falls asleep immediately, and sleeps through the entire procedure. The surgical procedure lasts approximately one hour, during which time a polyp is removed from his lower intestine. After being in the recovery room for three-quarters of an hour, LaRouche is brought back to the prison, where he arrives at approximately 1530 hours. On Thursday all LaRouche has ingested is coffee, apple juice, and a bowl of jello. On Thursday evening he sleeps from sheer exhaustion.

Friday, Sept. 15: At 0320 LaRouche is awakened to go to work as normal. At 0500 hours, after just beginning work, LaRouche has to sit down because he is exhausted. At 0600 hours he is asked to help the other prisoners in a group work assignment. LaRouche at that time reports to sick bay, unable to work. He requests to see a doctor. Shortly after 0900 hours, when his doctor has still not come, LaRouche is called out to see a paralegal visiting him on legal matters.

There is one additional element to this chronology: On **Friday, Sept. 15**, Soviet Politburo member Boris Yeltsin, on tour of the United States in order to further a series of secret deals between Moscow and the Bush administration, traveled to Rochester, Minnesota, ostensibly to visit former President Ronald Reagan, who was undergoing surgery at the Mayo Clinic—the same facility where Mr. LaRouche

was just operated on. Well-informed Western intelligence experts have expressed strong doubts that Yeltsin would have gone to Rochester, unless it were to enforce the Soviet Union's oft-repeated demand to the United States, that LaRouche and his political influence be obliterated.

Bush can't say 'I didn't know'

Within hours after learning the news, friends and associates of Mr. LaRouche determined that, since a plot to murder Mr. LaRouche in prison could only have originated on the highest levels of government, only the President of the United States bears the responsibility for altering the current course. They decided to mount an international effort to make absolutely sure that President Bush would not be able to plead—as he has so many times in the past, such as in the Iran-Contra affair—that he just didn't know that such things were going on.

Even before the White House official comment line opened on Sept. 18 following its weekend break, calls began flooding into the White House switchboard from citizens demanding that the President be informed. By Sept. 19, calls and telegrams written by prominent individuals and ordinary citizens alike, were arriving not only from the United States, but also from Canada, Great Britain, Denmark, West Germany, Italy, Austria, France, Liechtenstein, Switzerland, Sweden, Thailand, Malaysia, India, the Philippines, Australia, and New Zealand.

Although the text of only a few of these telegrams has been made available to *EIR* (see *Documentation*,) many prominent individuals immediately expressed shock and horror, and an acute knowledge that LaRouche's enemies are attacking the very basis of the constitutional state. A member of parliament in Switzerland said, "U.S. justice is a travesty; the fundamentals of freedom are being assaulted. What they are doing with LaRouche is a test case for the United States." A Polish political activist had an even more accurate comparison: "It's like what they do in Soviet prison camps: They create the conditions under which one can die." A German military expert recalled the comparison which has already been made between LaRouche's case and that of Alfred Dreyfus, the French Army officer who in 1894 was framed up as a German spy and physically broken at the Devil's Island penal colony, before he was completely exonerated of all charges.

Inquiries also poured into U.S. embassies around the world. In West Germany, where Mr. LaRouche's wife Helga Zepp-LaRouche is a prominent political leader, a demonstration was held outside the U.S. embassy in Bonn, with banners saying "Freedom for LaRouche" and "Stop the KZ [concentration camp] methods against LaRouche."

In the meantime, thousands of leaflets entitled "The World Shall Hold Bush Personally Responsible" began to be distributed around the United States, and LaRouche's condition began to be brought up by numerous callers into radio talk

shows in New Jersey, Baltimore, Albany, N. Y., Boston, Los Angeles, and San Diego.

Sioux Falls, Spokane, and Kennebunkport

But a number of LaRouche associates were not satisfied, and decided that the President should get the message personally. On Sept. 18, Bush arrived at Centennial Park in South Falls, South Dakota. As his motorcade passed into an event at the Coliseum, it was met with large signs reading "To Win the War On Drugs, Free LaRouche!" and "To Stop Farm Foreclosures, Free LaRouche!" The next stop was Centennial Park, where the President shoveled earth in order to plant a tree; during the entire ceremony, Bush could read the following message which appeared on a poster held by a person standing about five feet away from him: "George Bush: Stop the Murder of Lyndon LaRouche!"

On Sept. 19, as the President's motorcade was entering Spokane, Washington, a 12-foot banner was clearly visible, reading "President Bush, Don't Let Them Kill LaRouche." The President's nose was seen pressed to his limousine's window as it passed by.

And just in case the President or his wife Barbara thought they could forget about it at their vacation home in Kennebunkport, Maine, on Sept. 24, the local newspaper, the *York County Coast Star*, ran a full-page advertisement on its back page, in which LaRouche associates called upon the President to take measures to protect LaRouche's life.

Begrudging acknowledgment

On first hearing the news about the attempt on LaRouche's life, many U.S. government officials expressed disbelief. "I cannot believe that someone who was operated on would be forced to work. You must be mistaken," was the response of Mrs. Meckensen, a press spokesman for the U.S. embassy in Bonn, West Germany. That attitude was also reflected in the cavalier treatment initially given to many callers into the White House's comment line, with operators either hanging up immediately upon hearing mention of LaRouche, or offering to transfer the caller to the Secret Service.

But as the pressure became a deluge, the White House changed its tune. On the morning of Sept. 19, a caller into the White House comment line received the following response: "I've received many calls already concerning LaRouche. Be assured, the President will get your whole message." Another operator confirmed, "The President is getting these messages. They will definitely reach him." By the afternoon of that day, another caller was informed that "The President is very concerned about it, and he *does* know about it." On Sept. 20, the response became even more serious, and at least one caller was put directly through to White House spokesman Marlin Fitzwater, who promised that he would "make a note of this thing and bring it to the President's attention as soon as possible."

Telegrams protest LaRouche treatment

Below we reproduce the texts of some of the telegrams and letters which have been sent to President George Bush concerning the attempt on the life of Lyndon LaRouche. Affiliations are for identification purposes only.

As I learned, Mr. LaRouche is—despite his 67 years of age—being forced to physical labor subsequent to surgical treatment and only liquid nutrition. This is inhuman! Does one want to do away with him in accordance with Moscow as an uncomfortable American politician? Together with my family I protest against the viciousness of this treatment of Mr. LaRouche!

Paul-Albert Scherer
Brigadier General (ret.), West Germany

* * *

. . . I wish to call upon you to investigate this situation and rectify it. Further, I am requesting that you give an immediate presidential pardon to Mr. LaRouche and his six associates.

You should know that I, as a Jew, am totally outraged at hearing and reading about the charges made by self-appointed Jewish leaders in the Anti-Defamation League, that my good friend and patriot Lyndon LaRouche, is anti-Semitic.

This behavior is against our principles. Judaism teaches us that it is a serious sin to bear false witness against anyone. Judaism teaches us to hate and despise evil and work to stop it, not bear false witness against those who do good.

In my 80 years of life, I believe that Lyndon LaRouche is the greatest and most true patriot since Lincoln. He has the ability and morality, and the international support to save our country. You should take advantage of his advice. . . .

John Weber, Benefactor of Hebrew Union College

* * *

Dear Mr. President,

I am shocked and outraged about the treatment meted out to Lyndon H. LaRouche in the Rochester, Minnesota prison, which, if continued, will lead to his death.

I would like to tell you, that if this treatment is not checked it would seem that the world at large will hold you responsible for his death.

Sincerely yours,
Prof. Dr. Norbert Brainin
Violinist, Amadeus Quartet

* * *

We denounce the cruel treatment inflicted upon Mr. LaRouche, who is presently held in the prison of Rochester, in Minnesota, following a political trial. Everything is being done to ruin his health. Sixty-seven years old, long past retirement age, he is obliged to work from 4:00 a.m. to midday. This week, he had to work, although he was on a liquid diet as he was to prepare for an operation. Less than 12 hours after the operation, which took place without his permission, the prison authorities forced him to start work again. Mr. LaRouche collapsed from tiredness. We denounce such practices which violate the rights of man, in a way that reminds one of the violations the Nazis imposed on France.

M. Monjalon, Deputy, French Parliament;
Prof. Dodin, Pasteur Institute;
and 115 other signers

* * *

Dear President Bush,

I strongly protest against the inhuman treatment of U.S. congressional candidate Lyndon H. LaRouche in the Rochester, Minnesota, prison. I have been informed that Mr. LaRouche was forced to work only 12 hours after surgery, a treatment which led to total physical exhaustion.

Sixten Pettersson, former Member of Parliament, Moderate Party, Stockholm, Sweden;

Alf Enerstroem, Member of Parliament, Social Democratic Party, Stockholm, Sweden;

Monica Oehman, Member of Parliament, Social Democratic Party, Sweden;

Tore Nilsson, Member of Parliament, Conservative Party, Stockholm, Sweden;

Erik Holmberg, Judge of the Court of Appeals of Western Sweden, Gothenburg;

Irma Wright, M.D., former municipal politician, Gothenburg, Sweden;

Laila Andersson-Palme, opera singer, appointed singer to the King, Stockholm, Sweden.

* * *

Dear President Bush,

. . . I also protest in advance against any attempts to bring disciplinary action against the 67-year old LaRouche for refusing to work while exhausted. I ask: Is this an attempt to kill LaRouche? With this letter I would like to inform you, the President of the United States, about the threat to Mr. LaRouche and act to protect Mr. LaRouche's life.

Sincerely yours,
Knut Ahnlund

University professor, member of the Swedish Academy of Sciences

* * *

I was deeply concerned by reports on the inhuman treatment and the heavy labor regime to which Mr. Lyndon H. LaRouche is being subjected in the Rochester, Minnesota Federal Prison. [He is] a man who, at the age of 67, needs humanitarian treatment. It is inconceivable that the country considered the "beacon of hope and the temple of liberty" subjugates one of its citizens as if it were the worst of tyrannies.

We expect that the United States demonstrate in practice the respect for dignity and for human rights consecrated in the very Constitution of your country.

Sincerely,
Aluizio Bezerra
Member of Brazilian Federal Senate

* * *

It has come to my attention that former candidate for President, Lyndon LaRouche, is being brutally mistreated in prison at Rochester, Minnesota.

The information I received is treatment in complete violation of the Human Rights of the individual of which you spoke on nationwide television this past week. LaRouche was purged prior to an operation on the colon and at the same time forced to work long nighttime hours from 4:00 a.m. to 12:00 noon and getting no rest during the day. I understand that he was operated on *Thursday* against his will because he felt he was not physically up to it. He was forced into a wheelchair, chained in, and taken to surgery. *Friday* he was awakened again and forced to work his regular shift. In his weakened condition he collapsed. I don't believe you or I would treat a dog in this manner.

According to your talk to the people of the nation this past week, you said Human Rights means we must reach out, serving others on a one to one basis. President Bush, I do not know if you had any knowledge of this treatment of Lyndon LaRouche or not but now that you have will you please investigate it? Let it be your mission to reach out and lift up Mr. LaRouche. You have it in your power and I believe it is your responsibility to intercede on his behalf. Not only that, you have the power to pardon this man who many people believe is a political prisoner and innocent of any wrongdoing—convicted because of an unfair trial. I am believing more and more in his political philosophy. His ideas are unquestionably for the good of all humanity. I believe Lyndon LaRouche's life is entirely in your hands.

Mrs. E.W.
Iowa

* * *

[Letter to U.S. Attorney General Richard Thornburgh]

I direct myself to Your Excellency to request of you, in the name of the joint effort of all nations to guarantee human

rights, that Mr. Lyndon LaRouche, 66 years old, should receive treatment as a prisoner in accordance with the humanitarian norms and care that his age requires.

A prisoner, after a trial of scarcely two months, in circumstances considered by numerous international jurists as on a par with the famous Dreyfus case, Mr. LaRouche has the right to be treated in the strict terms of the letter of the law that guarantee him the attention due one in his sixties.

Sincerely,
Vicente Bogo
Federal Deputy of the Republic of Brazil

Note: On Sept. 20, Deputy Bogo delivered a speech to the Brazilian Congress denouncing the persecution of Lyndon LaRouche. Clips from his speech were included in a government news feed that is obligatorily carried by every radio news program in Brazil, such that Bogo's speech was transmitted nationwide and heard multiple times on every single radio station in Brazil.

* * *

[Letter to General Colin Powell, head of the Joint Chiefs of Staff]

Friends who just returned from the United States reported to me how the economic scientist Lyndon LaRouche, who is personally known to me, is—speaking from soldier to soldier—being physically and psychologically crushed. This terrible information causes painful doubts on my part, whether the United States of America can also in the future be the protective power for the civilized part of Europe—a cooperative function which we members of the Steuben-Schurz Society support. The news about Mr. LaRouche in prison in Rochester equals what I used to receive from my comrades about the conditions in the Lubljanka in Moscow. Maybe you, Mr. General, could on the basis of your very special position and responsibility help to provide a humane treatment or even Mr. LaRouche's release from prison.

Sincerely yours,
Friedrich-Wilhelm Grunewald
Brigadier General, German Air Force (ret.)

* * *

A unanimous message of "friendship and moral support" was sent to Mr. LaRouche from a Schiller Institute-organized conference in defense of Lebanon, in Paris on Sept. 21, stating in part: "We salute the terrible risks run by all those fighting for liberation of oppressed peoples, for justice and against any violation of any nation's sovereignty. We are in a good position to understand the price exacted for challenging established powers, and especially that of the present Soviet-American condominium and its mastermind in the U.S., Henry Kissinger."

LaRouche associate Billington fights attempt to impose Soviet justice

In Roanoke, Virginia, the judge, prosecutor, and defense lawyer in the trial of the *Commonwealth of Virginia vs. Michael Billington* are currently carrying out the same practices as in the infamous Soviet courts—by treating the defendants as “insane.”

One of the “LaRouche Seven,” Michael Billington, already a victim of double jeopardy by being subjected to trial twice for the same acts of political fundraising for which he was wrongly convicted in federal court last year, was facing trial in state court for taking his political loans. The trial was scheduled to begin Sept. 19, in the Roanoke County District Court.

But on Sept. 18, his lawyer, Brian Gettings, filed a motion to withdraw from the case, claiming that “Mr. Billington’s free will is so impaired that he cannot intelligently assist counsel in making decisions as to how best to try the case.” At issue, as Gettings explained to the court, was that Billington insisted on a jury trial, rather than a bench trial. Trial by jury is a defendant’s right under the Constitution in any criminal trial.

Immediately, prosecutor John Russell demanded a psychiatric evaluation of Billington, which Judge Clifford Weckstein said that state statute mandated him to order. The judge also told Gettings he could not withdraw from the trial.

On Sept. 19, psychiatrist Dr. Conrad Daum addressed the court on his examination of Billington. On the basis of his experience for the county court system, and an hour’s examination, Dr. Daum concluded that Billington was sane, and not acting under undue influence of others. But under questioning by prosecutor John Russell, Dr. Daum said that he did not have experience in the area of “shared delusional beliefs,” or “cults,” which is what Russell asserted was of relevance to the Billington case.

At that point prosecutor Russell proposed the University of Virginia Center for Psychiatry and Law examine Billington, and urged that the trial continue to be postponed for a second psychiatric evaluation. Billington’s lawyer, and the judge, agreed with the oral agreement that Billington could

veto the recommended doctor, should he or she be involved in “cult deprogramming” activities, or the like.

Within 24 hours, the court had determined that Billington should go to the center Russell proposed, on Sept. 25. This center is not only under the influence of the state Attorney General’s office, but is a virtual adjunct of the FBI’s Behavioral Sciences Center. Below, we reprint the text of Billington’s motion to resist these outrageous measures.

The motion

Defendant Michael O. Billington, pro se, filed the following, “Petition for the Court to Dismiss Counsel and to Vacate the Order for a Second Psychiatric Examination,” to the Circuit Court of Roanoke County, Virginia, on Sept. 25, 1989.

I am filing this request for reconsideration of my counsel’s motion to withdraw and to vacate the order for a second psychiatric examination as I am effectively unrepresented in this case at this time and there is no reason for this examination. What follows is a brief description of what I believe are the relevant facts and arguments in support of this petition. I have had my handwritten notes typed by my wife, Gail Billington, who is a paralegal working on my case, so that this Court could read what I have to say.

I. Factual background

In August 1987, I made a motion by counsel to change venue from Loudoun County because I could not get an impartial jury. In February 1989, that motion was granted.

On Thursday, September 14, 1989, my counsel, Brian Gettings, told me that the Court advised him to ask me if I wanted to waive the jury, warning him that “in this part of Virginia judges don’t reduce jury sentences,” and suggesting that the technical issues may be better handled by a judge. Mr. Gettings advised me to consider it that night. But, he

advised me strongly to accept on Friday, September 15, arguing we would have a better chance of winning before the Court than before a jury. He claimed that he was not considering the danger of a ninety year sentence by a jury because I had so often told him that justice, and not the sentence, was my only criteria. Later, Mr. Gettings recanted admitting that the sentencing issue remained one of the principal motivations for his recommendation.

In response, I made absolutely clear to Mr. Gettings I would not give him a decision yet, despite his strong advice. He assured me repeatedly that this was one of three decisions that was mine to make, not counsel's.

According to Mr. Gettings, the Court also told him on Friday that the trial would be continued until the following Monday, September 25, if I waived a jury. Although I wanted time to think, Mr. Gettings tried to encourage me to decide immediately, so that, he said, he could stay in Washington a few days and try to arrange a "work-release" program for me during the trial. Although he pressed me, he was not overbearing until Sunday when I decided to go with a jury.

Upon Mr. Gettings' return from Arlington on Sunday night, September 17, Martha Quinde, one of the paralegals, told him I had decided to stick with the jury as originally planned. Mr. Gettings immediately came to the jail but was delayed by an unrelated disturbance at the jail. As a result, he did not get in to see me until midnight. From midnight until 2:00 AM he raged at me, saying he was offended personally, that he'd never been treated this way by a client, concluding this with attacks on my credibility and my sanity. I was stunned to say the least, but I tried to calm him down, assured him this is what I wanted to do, had always wanted to do, and thought I had a good chance to win the case before a jury if they got the whole picture.

He returned Monday morning with his Motion to Withdraw. He spent another two hours raging over my decision and refused to consider my request for a jury trial or my advice that the Motion was wildly false and should not be submitted. He told me that one of my associates had told him the same thing. He repeated his charge that I was not responsible for my own decision, and personally attacked three different members of the national executive of my organization.

In the final analysis, Mr. Gettings persisted in filing the motion. Thus, my predicament. He said in open court that I'd been "directed" in my thinking. It is a matter of public record I wanted a jury trial. I told the Court of my long history of commitment to a jury trial, and explained the clear course of developments in coming to a final decision. I repeat again that the very reason for the successful motion for a change of venue from Loudoun County was my search for a fair jury!

It was never clear to me whether Brian Gettings or the prosecutor, Assistant Commonwealth Attorney John Russell, first proposed the psychiatric exam. It is safe to say, however, my counsel agreed, over my objection, with the

prosecutor that such examination should proceed.

The events then unfolded as follows:

1) The exam, while including what seem to me some standard psychological test questions, was focused on questions about the case and my political organization, but also included an extended relentless series of questions on my recognition of the severe danger of jury sentencing. The psychiatrist, Conrad Daum, even asked me to make step-by-step calculations of how the sentence would probably result in a total sentence of ninety years and that it would be 12-14 years before I would be eligible for parole. He emphasized that in this part of Virginia, judges just don't reduce jury sentences.

He described cases of kids caught with a single joint serving 40 years. He told me how the Supreme Court has refused to overturn these sentences, and so on and so on. All this was supposedly part of the "exam" to test my sanity, and Dr. Daum even repeated regularly that he was working "for me," and was sympathetic with injustice in the system. Frankly, I interpreted this as a further effort to discourage me from exercising my constitutional right to a jury trial and object to it here and now.

2) The next morning, Tuesday, Sept. 19, in court, Brian Gettings and John Russell went into chambers, while Dr. Daum was in the audience. Mr. Russell came out alone and took Dr. Daum out the back door for about 15 minutes or so, then returned to chambers. When they came out of chambers, Mr. Gettings told me there would be a second evaluation.

3) Dr. Daum's testimony was accurate in all but two aspects. First, he made the statement that "he [Billington] expressed to me that he wants to conform his behavior so as not to alienate these other individuals"; that was not based on anything discussed in the examination. Indeed, he partially admitted this when he said moments later, "at least, this is the impression I obtained." Second, I believe strongly that the introduction of the issue of "cults" was not of his own making. Dr. Daum made clear that the issue "came up" (September 19 Transcript, p. 8). It did not, however, "come up" in the exam; it had not previously come up in court; so it could only have "come up" from Mr. Russell or Mr. Gettings, who had "pretrial discussions" with Dr. Daum (September 19 Transcript, p. 9).

4) On cross-examination, Mr. Gettings did not represent my interests. He did not probe in any way Dr. Daum's obscure references to "cults." Had he in fact been representing my interests, he should have cross-examined Dr. Daum on his unsolicited and baseless introduction of the cult issue. Instead, Mr. Gettings sought to undermine Daum's expert opinion that I am competent. He (Mr. Gettings) tried to establish that Dr. Daum lacked expertise in law, despite Dr. Daum's earlier acceptance by the Court as an expert. According to Dr. Daum's own testimony, he has "examined over 450 cases over the past decade for the courts of this area, regarding competency to stand trial and related issues (Sep-

tember 19, 1989 Transcript, pp. 4-5). Mr. Russell nevertheless added this “lack” of legal expertise to his “lack of cult expertise” to recommend the second examination. This Court certified Dr. Daum as an expert and underscored the fact there was no evidence in the record to support any “cult” analysis.

It must be considered that the “cult” issue, which played into the hands of our political adversaries, including the Anti-Defamation League (ADL), causing media slanders over the next three days (see *Roanoke Times & World-News*, September 18-20, 1989), had further unfortunate consequences. There was prejudicial publicity on these baseless charges compromising my right to a fair trial and there was an unjustified examination ordered which stimulated more prejudicial coverage.

All this served to obscure the threat in the proposed second exam that interested parties, even political enemies, although not necessarily “deprogrammers,” would be chosen. Indeed, this *did* take place. Mr. Gettings’ misrepresentation—i.e., his statement that I had no objection other than the right to object to a “deprogrammer”—aided this. After the Court’s rulings, I asked Brian Gettings to clear up the record by saying that I *did* object to the entire process, but would only *vigorously* object if a background investigation determined any connection between the examiners and past or present political enemies.

The choice of the Institute of Law, Psychiatry and Public Policy to conduct the second examination was clearly on Mr. Russell’s mind during the testimony of Dr. Daum, since his immediate response was “Perhaps I think maybe not only someone experienced in the area of cults, but maybe experienced more in the legal area also and his reference to the Institute of Law and Psychiatry at the University of Virginia perhaps offers us an opportunity . . .” (September 19, 1989 Transcript, p. 16). This is no surprise, since the Annual Report of the Institute for 1987 (see attached Exhibit A), reveals that the Institute is “supported in part . . . by the Office of the Virginia Attorney General” (see Exhibit A “Introduction”) and is in “partnership” with the Office of the Virginia Attorney General, a partnership which is described as “strong” (see p. 2). Representatives of the Office of the Attorney General teach courses and present symposia there. The collaboration between the Institute and the FBI is even more extensive. In short, the Institute is an interested party.

The Office of the Virginia Attorney General and the FBI are part of a joint federal-state task force which has prosecuted me in three different jurisdictions: the present case in Roanoke, the federal District of Massachusetts, and the federal Eastern District of Virginia. According to its own literature, the Institute enjoys a close working relationship with the very same agencies who are prosecuting me.

Furthermore, I wish to note that, throughout this period, my conditions of incarceration have been extraordinarily restricted and all this at a time when I have antagonistic counsel. I have been in 24-hour isolation, with no phone privileges

except to my lawyer, and no other visits of any sort permitted. On Sunday night, at the time of Mr. Gettings’ first rage state, the Sheriff removed paralegal Martha Quinde’s right to see me, on the grounds that she is a co-defendant, even though she has worked in this capacity long before the indictments and since, and even though she came to the jail with Brian Gettings. My wife and other paralegal, Gail Billington, had been denied access on Friday, September 15, on the grounds that she is my wife! For 48 hours, my only permitted contact with the outside world was through Brian Gettings, who was on another planet or worse—as far as I could determine.

On September 19, 1989, Mr. Gettings submitted a letter to the sheriff designating Sanford Roberts as his paralegal on the case and providing the sheriff with Mr. Roberts’ Social Security number to facilitate a background check. This was done to attempt to fill the void created by the barring of Martha Quinde and Gail Billington. Mr. Roberts visited me in jail on September 20, September 21, and the morning of September 22.

At 6:30 P.M. on the evening of September 22, Mr. Roberts was denied access to the jail on direct orders from the sheriff. Purportedly, the sheriff had not completed the background check on Mr. Roberts. Thus, I am once again denied any paralegal visits.

II. Argument

I won’t repeat what I’ve said above in this, my argument. I object to this entire proceeding in that I have been denied my Fifth and Sixth Amendment rights. Further, the ruling of Tuesday, Sept. 19 to order a second examination also lacked any foundation in the record. While Dr. Daum did ask for a second evaluation, his *grounds* for that call were carefully and repeatedly restricted to his lack of experience and lack of expertise in *cults*. He described the disorder he was looking for—shared delusional disorder—as disorder he *was* expert in, *in regard to individuals*, and stated emphatically several times that his opinion was that I did not suffer from such a disorder:

1) As for my having a “shared delusional disorder”: Dr. Daum said, “In my opinion, he is not [suffering from it]” (September 19 Transcript, p. 9);

2) He was asked specifically whether he agreed that he was *not* an expert in “shared delusional disorder,” but he would *not* concur, and said, “Okay, I don’t think he has one. We’ll go on the record that way.” (Tr., p. 10);

3) On the question of being “under the influence of leadership such that he is making bad decisions for himself,” Dr. Daum stated: “With my limited experience in cults, I cannot give you an opinion on that regard. In terms of evaluation individuals, with my experience I don’t think he is.” (Tr., p. 10);

Dr Daum’s solicitation of a second opinion was precisely addressed to the cult issue: “I am not an expert in cult activities. I certainly would welcome a second opinion from someone who had more experience *in that area* to confirm my own

opinion.” (Tr., p. 10).

The Court itself responded to my objection to the cult issue by stating, “I agree that there is nothing that has come before the Court to support any cult analysis” (Tr., p. 20). Thus, the only grounds that Dr. Daum had for recommending a second examination were ruled to be without foundation by this Court.

Mr. Russell clearly approved of this “cult” ruse: he said “I’m still troubled . . . in light of his admitted lack of expertise or experience in dealing with cults. . . . Perhaps, I think maybe . . . someone experienced in the area of cults should re-examine.” (Tr., p. 16) Mr. Russell’s other concern, the length of the interview and Dr. Daum’s “legal area” experience are absurd, since Russell himself established him as an expert to do this examination, and I afforded Dr. Daum as much time as he felt was necessary, even though I objected to the examination from the start.

I make one last point on this issue of the grounds for the second examination. Dr. Daum’s *definition* of “shared delusional disorder” is that “while he [the subject], himself, is psychologically intact, he is so under the influence of *someone who is not psychologically intact* that he picks up beliefs. . . .” (p. 9). While he says that in his opinion I do not have this disorder, it is clear that to *conclude* that I *do* have this disorder requires establishing that someone else who is “influencing me” is not “psychologically intact.” It is clear that that there is no reason to examine me to determine if someone else is not “psychologically intact.” The real target of the “examination,” proposed by Mr. Russell and not objected to by my “counsel,” Mr. Gettings, appear to be my political associates. This would not appear to be a proper purpose for a psychiatric examination under the First Amendment to the U.S. Constitution.

III. Conclusion

I am most grateful for the Court’s indulgence in receiving and reviewing this petition. I regret the circumstances requiring me to make this application, but the circumstances were not of my making. In conclusion, I once again ask this Court to allow me to discharge Mr. Gettings as my attorney. This case goes well beyond “irreconcilable differences”; Mr. Gettings has, by acts of commission and omission, taken on the role of an adversary since he filed his Motion to Withdraw. I also ask the Court to vacate its order directing the second psychiatric examination because such an examination violates my Fifth and Sixth Amendment rights as I am presently unrepresented by counsel. Further, there is no probable cause for this second examination, the Institute which was designated by the Court to conduct the examination is an interested party in the proceedings, and the prospective examination implicates my political beliefs and associations which are protected by the First Amendment.

Finally, I assure the Court there’s nothing in this matter that I consider a “game.” I am concerned with nothing less than my reputation, my liberty, and my right to obtain justice.

Defeat of Koch opens new era for New York

by Dennis Speed

New York City’s Mayor Edward Koch was defeated in his bid for an unprecedented fourth term in the Sept. 12 Democratic primary by David Dinkins, who will face the Republican nominee, former U.S. Attorney Rudolph Giuliani, in the November election. A new chapter in the “human comedy” of the premier city of the United States is, therefore, about to begin.

The city’s monumental economic, financial, and social problems were never made the subject of the campaign. They were judiciously avoided except when, either by accident, or for expediency’s sake, it became inevitable that the candidates would have to speak to these questions.

Let us inform the reader of a few of the staggering challenges that face New York. By official estimate the city harbors more than 100,000 homeless men, women, and children; many analysts, social workers, and community activists place the number at 250,000.

In the spring of 1985, the official estimate of the number of AIDS victims, offered by then-Health Commissioner, David J. Sencer, was 400,000. If one accepts even a 24-month doubling rate for the AIDS virus, the figure would now be 1.6 million (although the city’s official figure as of August 1989, indicated that only 150,000 New Yorkers were infected.)

In areas such as the South Bronx, AIDS rates in neighborhoods have been calculated at 20-25%—exactly identical to the rate of homosexual-dominated areas, such as Greenwich Village.

The situation in public education is even more nightmarish. At Seward Park High School, on the Lower East side of Manhattan, for example, 3,500 students attend a school whose total capacity is 2,600; 85% of the students come from households where English is not the dominant language; 60% come

from families eligible for some form of public assistance; 50% from single parent homes; and almost 5% from homes where there are no parents at all. Approximately 40% of the students who entered the school in 1984, did not graduate as seniors in 1988.

Yet none of this seemed to truly faze the candidates for what is often termed "the second toughest job in America." In fact, if not for a vicious racial murder, reality would have remained no more than a side-show for the manipulations so characteristically routine for the real estate and monied interests that routinely dictate how high a politician jumps in New York City.

The Bensonhurst attack

On Aug. 23, Yusef Hawkins, 16, was murdered in a case of mistaken identity and racial attack, in the Bensonhurst, Brooklyn section of the city. Five men of primarily Italian-American descent, were arrested for the crime over the following week.

This was only the most violent of several such incidents that had occurred over the summer.

Demonstrations protesting the murder only fanned the flames of bigotry; white "skinheads" lined the march route and shouted anti-black racial epithets.

While candidate Dinkins, who is black, refused to condemn the white people of Bensonhurst, saying, "We must never allow the despicable acts of a few individuals to be imputed to an entire community," and visited the parents of the slain boy, Ed Koch did not.

Writer Joe Klein of *New York Magazine* characterized Dinkins's statement as "a demonstration of responsible leadership of a sort almost never seen in the heat of a political campaign." However, neither Dinkins nor Koch, nor any of the other candidates, identified the true cause of New York's spiraling racial tensions.

The motor behind the growing unlivability of the city of New York is unquestionably the drug epidemic. In 1977, writers for *Executive Intelligence Review* spoke to New York Drug Enforcement Administration officials who estimated the annual "take" from drug traffic on New York City streets at \$15 billion.

This was before the state legislature passed the infamous marijuana decriminalization law. This was before the proliferation of "offshore" banking, "creative financial practices," insider stock trading, and the "cocaine-for-information" arrangements of young Wall Street corporate "raiders." This was before the crack epidemic of 1986, in which single individuals spent \$50,000 a year for the instantly addictive drug.

Probably, \$35-50 billion a year flows through the streets and banking coffers of New York City in drug money. Eighty percent of all violent crime in the city is drug related. According to eye witnesses, participants in the Hawkins murder had been drinking and using drugs for several hours before

the incident.

No one of the mayoral candidates has confronted the financial structure that supports the de facto legalized drug epidemic—and no one of them will.

Big Apple 'Bonapartism'

Faced with this crisis, the city's population could vote for Republican candidate and former U.S. Attorney, Rudolph Giuliani. However, two incidents have come to attention that have caused Giuliani to be questioned.

Giuliani's prosecutorial methods evoked waves of protest when it was revealed that his investigators forced Simon Berger, a survivor of the Auschwitz concentration camp, to stand in front of a blackboard marked "Arbeit Macht Frei"—"Work Makes You Free," the words over the gate at Auschwitz—after his arrest. "They came for me at 7:00 in the morning. It was like what happened to me in Germany," he said. Berger was later cleared of charges.

Secondly, Giuliani, in 1982, was dispatched to Haiti as an official of the Justice Department to investigate human rights violations by the Duvalier regime. Giuliani concluded that Haitians who fled the regime in hope of finding asylum in the United States, were victims of "only economic" and not "political repression" and were, therefore, ineligible.

One hypothesis offered by analysts is that only a "Bonapartist" city regime with Giuliani as mayor, and former Brooklyn District Attorney Elizabeth Holtzman, as Comptroller of the city's currency, can hope to keep order in New York. Giuliani and Holtzman could effectively "divert people's attention from the city's major problems by hanging and electrocuting a few drug dealers and AIDS-infected rapists, while the basic organized crime structure in the city went untouched," one commentator suggested. Holtzman, a Democrat who like Koch supported marijuana decriminalization when they were both U.S. congressmen in the 1970s, is a leading collaborator of the Justice Department's Office of Special Investigations, which has served as a conduit for use of Soviet-concocted "evidence" to illegally deport naturalized U.S. citizens, as alleged Nazi war criminals.

Koch's absence is likely to be felt as a "real loss," however, only by the media. "A life in which time is measured in news cycles rather than days, in which language is parsed in sound bytes rather than sentences. . . . He had little patience for the nuances of policy; his policies change or are created when the *news changes*," was how one reporter characterized him.

Whether Dinkins or Giuliani becomes mayor, non-stop buffoonery by either Ed Koch or the media can no longer characterize the 6:00 nightly news reports from City Hall. New York's new mayor will either decide to reverse the present policy direction, even if that means risking his political career, or merely play at governing a city that, as it enters the 1990s, is fast becoming a cross between Calcutta and Johannesburg.

'Golden handshake' with Gorbachov

Scott Thompson examines how Edgar Bronfman profits from his pro-Soviet policies and his curious links to the KGB's "Special Reserve."

Since Mikhail Gorbachov grabbed the reins of power in the U.S.S.R. in 1985, Edgar Bronfman, whose family fortune is based upon bootlegging and prostitution (see Part I), has given speeches, issued press releases, sponsored conferences, and written books to call for the Soviet Union to be given Most Favored Nation trading status and U.S. government-backed credits through the Export-Import Bank. Bronfman, who originally demanded that such favored treatment be linked to Soviet shipments of Jewish "refuseniks" directly to Israel (and nowhere else), now advocates the repeal of the Jackson-Vanik Amendment, which makes granting of such status contingent on palpable improvements in Moscow's abysmal human rights record, simply on the basis of a few months of "good behavior" by the Soviets in permitting more Jews to emigrate, rather than Soviet enactment of an emigration law. In this way, Bronfman is asking Congress to ignore the mounting list of Soviet violations of human rights, such as the SS-style gassing of demonstrators in Georgia, and clear Soviet assertions that they would never reverse the seizure of the Baltic states under secret codicils of the Hitler-Stalin Pact.

In his capacity as president of the World Jewish Congress, Bronfman wrote the following rosy recommendation in the *Washington Post* on July 14: "The Soviets have been saying they want to join the world economy—not destroy it. The President has heard them; he believes we should take them seriously. It's now possible that Soviet foreign economic policy need no longer be viewed as the handmaiden of political expansionism. The President wants to give this view a chance. He deserves our support. . . ."

"As president of the World Jewish Congress, I believe the time has come to do this. Furthermore, it is not too soon to consider the terms of the trade agreement with the U.S.S.R. that Congress will have to approve so the Soviets can actually get Most Favored Nation tariff status. . . . The Jackson-Vanik provisions, with their restrictions on Export-Import Bank credits and guarantees, now 'mask' the provisions of the Stevenson Amendment, which put a specific \$300 million ceiling on Ex-Im credits and guarantees to the Soviet Union. Waiver of Jackson-Vanik would, in effect, make Stevenson 'operative.' Such pointed legislative discrimination toward the U.S.S.R. is not consistent with the President's new ap-

proach. The President should seek its repeal."

Bronfman's essay is merely the economic dimension of a strategic call for what is otherwise known as a "global condominium" among the superpowers, which would overturn the sovereignty of lesser nations in regional conflicts around the world. When he wrote the introduction three years ago to the first book of his East-West Forum, *Gorbachov's Russia and American Foreign Policy*, Bronfman openly espoused this idea, saying: "It is not too difficult to forecast a world increasingly troubled and in need of a system of global management that can be secured only in a condition of cooperation between the superpowers."

The East-West Forum

Bronfman's East-West Forum, which is financed by the Samuel Bronfman Foundation, has already projected beyond the perhaps imminent waiver of the Jackson-Vanik and Stevenson amendments toward a special trade agreement with the U.S.S.R. In line with President Bush's May 12 "peace in our time" speech at the U.S. Naval Academy in Annapolis, Maryland, which was the first policy statement of the Bush administration on East-West relations, Bronfman has called upon Western businesses, investors, foundations, and financial institutions, working with their governments, to "show we are ready to welcome them [the Soviets] to the modern economy," including eventually full membership in the International Monetary Fund (IMF) and General Agreement on Trade and Tariffs (GATT).

James Montgomery, Bronfman's executive director at the Forum, stressed in a recent interview made available to *EIR*, that the basic purpose of the East-West Forum is "political economy," rather than simply steps toward expanding trade and credits to bail out Gorbachov's troubled *perestroika* policies. Expanded trade was the issue during the first round of détente initiated by Henry Kissinger in the 1970s. Now, the situation has moved beyond that phase toward one of seeking to implement President Bush's stated goal at his Annapolis speech, to move "beyond containment" toward "the integration of the Soviet Union into global economic structures." By "political economy," Montgomery said, he means to bring about the structural changes that would make

such integration into GATT, the IMF, etc. possible.

This Bronfman stand taken through the East-West Forum has gained significant adherence, not only because the chairman of the Forum is Serwyn Bialer, who is associated with the prestigious Averell Harriman Institute at Columbia University, but because its work has been praised by such leaders of the Eastern Liberal Establishment as McGeorge Bundy, Henry Kissinger, Zbigniew Brzezinski, William Hyland, and Joseph Nye.

How to profit from being parlor pink

There should be no mistaken thinking that Edgar Bronfman is among the myriad of principled fools who have been duped by Soviet propaganda about building trust and peace with the "liberal" Mikhail Gorbachov, and who might also desire to bailout their Soviet "pal" by financing *perestroika*. Joseph P. Seagrams Ltd. does a brisk business with the Soviet Union in alcohol sales and distribution, while E.I. du Pont de Nemours and Co., in which the Bronfmans are acquiring a majority interest, has been involved in trade with the U.S.S.R. since the time of the Bolshevik Revolution and of Lenin's 1920s New Economic Policy (NEP), whose latter claims of a "retreat from socialism" are similar to the siren song of Gorbachov's *glasnost* and *perestroika* policies today.

The du Pont family was represented on the board of the American International Corp. located at 120 Broadway in New York City. During the 1920s, AIC's officers, such as William Franklin Sands, negotiated secret treaties with the Bolsheviks on behalf of the U.S. State Department, and planned all the major industrial projects of the First Five Year Plan long before Josef Stalin had consolidated power. Today, now that the Bronfmans have taken over E.I. du Pont, the latter has engaged in numerous technology-licensing agreements in the domain of industrial chemical processes that would have a "dual use" for augmenting the Soviet Union's currently decisive strategic superiority.

Those leaning toward delusions of peace in the upcoming period, should recall that the Red Army, led by the faction of Marshal Nikolai Ogarkov, actually originated Gorbachov's *perestroika* policy, starting with the rise to power of Gorbachov's mentor, KGB chief Yuri Andropov. *Perestroika* was never a policy to mirror Western financial institutions, but is aimed at building a modernized Soviet economy with a "leaner and meaner" military wielding weapons systems based upon "new physical principles," such as radio frequency weapons and a variety of laser, particle beam, and other methods to be employed in the Soviet equivalent of the Strategic Defense Initiative.

Under Bronfman control, E.I. du Pont has been negotiating business deals that would assist Gorbachov in delivering the new cycle of weapons production he promised the Red Army. And whiskey baron Edgar Bronfman will make sure that he profits handsomely from turning over the fruits of Western technology to the Soviet Union.

Enter KGB General Pitovranov

Edgar Bronfman sits on the executive committee of the board of directors of the U.S.-U.S.S.R. Trade and Economic Council (USTEC), an institution which has been penetrated by the most important of the KGB's technological espionage operations. Through its membership in USTEC, the E.I. du Pont company has, for example, recently hosted Soviet agents exploring new chemical and petrochemical processes that would decidedly have a dual use to augment Soviet military capabilities, especially in the area of chemical warfare.

USTEC was a product of Henry Kissinger's détente policy of the 1970s, during the time when Kissinger had a hand in bringing the Soviet Union close to achieving first-strike superiority through the SALT Treaty. The process begun by Kissinger and friends resulted in U.S. foreclosure of its ballistic missile defense program under the ABM Treaty, when the Soviets were known to be involved in a crash drive to develop BMD based upon the "new physical principles" of President Ronald Reagan's later SDI program. According to Harvard author Joseph Finder's book *Red Carpet*, the idea for USTEC originated with then Soviet ruler Leonid Brezhnev and Donald Kendall of Pepsico, during Kendall's negotiations with the Soviets. Late in 1972, Kendall conferred about the USTEC idea with David Rockefeller, whose Chase Manhattan Bank had acted as a private Ex-Im Bank, financing trade with the U.S.S.R. ever since Lenin's New Economic Policy (NEP) days. Present at that meeting was Helmut Sonnenfeldt, whom Kissinger had employed as a special emissary in détente dealings at the National Security Council, and who was later blocked from a post at the Treasury Department because of allegations of espionage for the Soviet Union.

President Nixon seized on the idea as the substance of the 1973 summit, based upon a memorandum from Kendall, and chose the 25 American members of its founding board, while Brezhnev chose 25 Soviet members. On the initial board was Armand Hammer, a friend of Vladimir Lenin and Cheka secret police boss Felix Dzerzhinsky during the original NEP, who is described in U.S. State Department documents at the National Archives as having carried out "secret missions on behalf of the Soviet government." Hammer is today still on the executive committee of USTEC with Edgar Bronfman, with whom he has had multiple dealings (see "In the service of Moscow's interests," *EIR*, Sept. 15, 1989). Shortly after its founding, according to author Finder, the Soviets violated an agreement by making USTEC a front for Soviet espionage, and then Secretary of State George Shultz ordered U.S. counterintelligence to cease trying to stop this illegal Soviet activity.

So vast was the Soviet intelligence agencies' penetration of USTEC that until very recently, Bronfman not only shared membership on its board with Armand Hammer, but also with KGB Lt. Gen. Yevgeny Petrovich Pitovranov, a former personal favorite of Josef Stalin during the bloody purges,

who has used his positions with the U.S.-U.S.S.R. Trade and Economic Council and with the U.S.S.R. Chamber of Commerce and Industry to establish the KGB's ultra-secret "Special Reserve."

As Soviet intelligence expert John Barron wrote in "The KGB's Deepest Secret" appearing in *Reader's Digest* in November 1988: "In diverse disguises, Special Reserve officers are presently hidden in Eastern and Western Europe, North America and Asia, in Moscow's banks, trade offices, and government ministries. Yet, outside the KGB high command

E.I. du Pont has been negotiating business deals that would assist Gorbachov in delivering the new cycle of weapons production he promised the Red Army. And whiskey baron Edgar Bronfman will make sure that he profits handsomely from turning over the fruits of Western technology to the Soviet Union.

and a small coterie surrounding Soviet ruler Mikhail Gorbachov, the very existence of the Special Reserve is all but unknown. . . .

"Pitovranov's separate operations, conducted through the Soviet Chamber of Commerce and other trade fronts, have been the most successful of all. By 1977, the KGB had created a Department P (for Pitovranov) just to support him and process the wealth of intelligence he supplied. And to enlarge the scope of his operations, the KGB ultimately made him chairman of the Soviet Chamber of Commerce and Industry. . . . The Soviet chamber's most important foreign outpost remains USTEC in New York. This organization encourages American firms to deal with the Soviets and arranges visits for corporate executives to Moscow, steering them to appropriate Soviet officials; many of these are Pitovranov's spies."

When Pitovranov left USTEC's board following this exposé, the Trade Council was still not clear of the heavy hand of Soviet espionage, according to a paper jointly prepared by the Department of State and the Directorate of Intelligence of the Central Intelligence Agency, entitled "Intelligence Collection in the U.S.S.R. Chamber of Commerce and Industry," which fully corroborates Barron's story. The present Soviet co-chairman of USTEC, who is also a member of its executive committee with Edgar Bronfman, is Vladislav L. Malkevich, who is also the new chairman of the U.S.S.R.

Chamber of Commerce and Industry.

According to the same pamphlet: "Of the approximately 140 officials who have been identified, about a third are known or suspected intelligence officers, of whom a few are GRU (military intelligence) and the rest KGB. . . . KGB use of chamber cover appears to be quite broad. KGB staff officers fill about half of the senior management slots in the chamber's Moscow apparatus and thus are in a position to have considerable policymaking authority. . . . Some of these senior managers have had extensive experience in clandestine operations. KGB officers are found in almost every chamber component. . . . The chamber conducts intelligence operations both at home and overseas. . . .

"Firms whose products are of technological interest to the U.S.S.R. are contacted for information on manufacturing processes and technical specifications. Soviet foreign trade representatives may then follow up on these leads with offers to develop a market for the company's goods in the Soviet Union or simply with offers of cash." Among those areas that the chamber's KGB officer's are known to have tried to ferret out are: "robot technology"; "marine technology, including that dealing with submarines doing deep-sea research"; and, "industrial chemicals" such as those that Edgar Bronfman now has the E.I. du Pont company giving the Soviets under licensing arrangements.

USTEC's latest "Black Book" or "Operating Plan," prepared for Edgar Bronfman and other board members, reveals that in May 1989, "during the Council's Eleventh Annual Meeting, a session on scientific and industrial cooperation was held in the form of four roundtables on chemicals, energy, machine-tool building, and medicine. More than 50 proposals by Soviet organizations on establishing scientific/technological and economic cooperation with U.S. member companies of the Council were given to the American side."

Incredibly, despite the U.S. State Department's public acknowledgement that USTEC's chief Soviet corresponding body is riddled with KGB and GRU agents, its American co-chairman for seven years was C. William Verity, Jr., who became the last commerce secretary in the Reagan administration and who admitted to *EIR* that he had never once assisted U.S. intelligence in countering Soviet espionage through USTEC.

Also, according to USTEC's "Black Book," throughout 1988 "regular and continuous contact was maintained with the National Security Council, the State Department and the Department of Commerce. Commerce Secretary C. William Verity, Jr. participated in the Council's Eleventh Annual Meeting in Moscow, heading a large delegation of government officials that included Undersecretary of State Allen Wallis." In 1989, USTEC pledged, "close and regular liaison will continue to be maintained in the new Bush administration with appropriate cabinet officers and government agencies involved with U.S.-Soviet trade."

The "Black Book" further notes that: "Contact was main-

tained with staff members of the House Ways and Means Trade subcommittee, House Foreign Affairs Subcommittee on Trade, House Agricultural Committee, Senate Banking Committee, Senate Commerce Committee, Senate Finance Committee and Senate Foreign Relations Committee.” It would appear that Edgar Bronfman has been in good company, through the special connection to the KGB and GRU, which his USTEC position has afforded him.

Jewish slaves for Bronfman’s profit

There is one issue that is especially dear to the U.S. businessmen of USTEC and their Soviet counterparts like Malkevich of the KGB-controlled chamber, where Edgar Bronfman has taken the point: the earliest possible waiver of the Jackson-Vanik and Stevenson amendments.

The latest round of deals was exposed by Rowland Evans and Robert Novak in a Jan. 23 syndicated column entitled “Swap Soviet Jews for U.S. Trade.” They revealed that the booze baron had held a secret meeting at his New York City apartment to propose, once again, waiver of Jackson-Vanik provisions, if the Soviets would ship thousands of Jews to become the cannon fodder in the settlements on the occupied territory of the West Bank in Israel.

What made this particular meeting significant was the attendance of Dwayne Andreas, who is both chairman of USTEC and of Archer-Daniels-Midland (a firm that has recently helped fill Soviet grain bins with U.S. taxpayer-subsidized grain), together with James Giffen, the president of USTEC. Giffen, who has gone on record that that he would like to make the Soviet Union an “economic superpower,” subsequently left the trade council to form a small merchant bank, Mercator Corp., which has become the linchpin of the American Trade Consortium—a consortium involving Chevron Oil and other major firms—which has announced plans to invest over \$10 billion in joint ventures in the U.S.S.R. over the next decade. A Dec. 26, 1986 front-page article in the *Wall Street Journal* entitled “Gorbachov’s Pal: Dwayne Andreas Gains an Apparent Position as Kremlin Favorite,” wondered “whether Mr. Andreas is beginning to edge out Armand Hammer, the chairman of Occidental Petroleum Co., as Moscow’s favorite American businessman.”

Reported Evans and Novak: “On the table was this deal. Andreas, Gorbachov’s most intimate American business friend, would persuade the Soviet President to start direct air flights to Israel for Jews, most of whom would rather come here, while the pro-Israel lobby would use its considerable clout to get Congress to repeal or waive the Jackson-Vanik amendment. ‘An ugly deal,’ one former official told us. ‘Jackson-Vanik is a statute with specific provisions. They say nothing about Jews and nothing about Israel.’ ”

This “ugly deal” drew substantial support. Morris Abrams, departing as head of the Conference of Presidents of Major Jewish Organizations to take a post in the Bush administration, was quoted after the meeting in the Israeli newspaper

Yediot Aharonot, saying that the issue “is not an issue of human rights but the redemption of Jews as Jews. They should go to Israel.”

The one stumbling block to this scheme was that even in President Bush’s May 12 “peace in our time” speech, he insisted, as have spokesmen for his administration ever since, that waiver of the Jackson-Vanik provisions must await Soviet codification of a law that permits any or all of the residents in the Soviet “prison house of nations” to emigrate, if they choose, in accordance with the Helsinki Accords. But, when USTEC held its twelfth annual meeting in McLean, Virginia May 15-17, Dwayne Andreas, apparently supported by Edgar Bronfman, announced that the trade council’s position was for immediate waiver, based simply upon Soviet “good behavior” in increasing Jewish “refusenik” emigration over that year alone. While Andreas claimed that USTEC would not violate its tax-exempt status by lobbying for waiver, USTEC’s “Black Book” clearly belies this point through plans for expanded contacts on such issues with institutions in both the executive and congressional branches of government.

And then there is the question of whether Israel would accept such a superpower deal, made over its head. As early as 1985, Bronfman tried to rope Israel into his secret diplomacy with the U.S.S.R., but his actions as a “private foreign emissary” were denounced by then-Israeli Foreign Minister Yitzhak Shamir, who is today prime minister. In pursuit of an alternate route from Moscow, which would assure the refuseniks’ delivery to Israel, rather than the United States where most would prefer to live, Bronfman has visited the U.S.S.R., Israel, Poland, Romania, East Germany, and elsewhere to establish the equivalent of a “sealed transit” to Israel for them. And, it has been suggested that the real reason why his World Jewish Congress mounted its wildly distorted and inflammatory attacks upon Austrian President Kurt Waldheim was that Austria has continued to honor the human rights of Jewish refuseniks by permitting them transit via Austria to the new residence of their choice.

Throughout this process, under Bronfman’s leadership, the World Jewish Congress has upheld the lure, as has USTEC, of lifting the Jackson-Vanik provisions, if such singular transit is arranged, as the *Jerusalem Post* reported on March 26, 1987, after one meeting of Bronfman with Soviet Foreign Minister Eduard Shevardnadze.

This ploy to trade Jewish slaves for lavish business deals has been condemned by prominent Jewish refuseniks, as well as many others in the world Jewish community. After 1987 meetings between Morris Abrams, Edgar Bronfman, and Soviet officials, Russian dissident refusenik Vladimir Slepak said that both “are definitely *persona non grata* in our community.” Slepak told the *Jerusalem Post*: “Abrams’s behavior was awful, but he may have been tricked by the Soviets. But Bronfman wanted to be tricked. After all, he is a businessman, and does very good business with the Soviets.”

Bush hedged his bets on Gorbachov

The administration's on-again/off-again treatment of Soviet leaders reflects confusion over developments in Moscow.

The behavior of the Bush administration in the days leading up to the meeting of the Soviet Communist Party Central Committee in Moscow Sept. 18-20 was in marked contrast to what immediately followed.

It seems that Bush and company were hedging their bets on the chances of Soviet leader Mikhail Gorbachov to survive the Moscow meeting. When it became clear that he remained in control, at least temporarily, the Bush forces wasted no time warming up relations.

The shift could not have been expressed more clearly than by Secretary of State James Baker in two press conferences—one given while the outcome of the Moscow meeting was still in doubt, and the other two days later when it was over—on the eve of his Jackson Hole, Wyoming tête-à-tête with Soviet Foreign Minister Eduard Shevardnadze.

On Sept. 19, Baker held a press conference at the State Department where he drew a distinction between the Soviet *perestroika* reform program and Gorbachov himself. He even went so far as to say that "*perestroika* . . . includes the ability of the Soviets to decide on who their leadership shall be."

But then on Sept. 21, Baker held a press conference at the White House where he debunked the idea that "the success of *perestroika*" could be separated from the indispensable role of Gorbachov. "Therefore," Baker said, "as we hope for the success of *perestroika*, so do we hope for the success of Mr. Gorbachov, as well."

The decision by President Bush to

meet with maverick Soviet politician Boris Yeltsin, who at least publicly presents himself as a factional alternative to Gorbachov, was also an indication of the shifting winds in Washington.

During the few days when the President was having a hard time making up his mind whether or not to meet Yeltsin, observers here noted that Bush's decision would be an important signal about how Bush was reading Gorbachov's staying power.

Even if Yeltsin was, in a sense, a "stalking horse" for Gorbachov, by coming to the United States to sing for an economic bailout of his country, reactions to his U.S. tour were read carefully in the Kremlin for what they had to say about U.S. perceptions of the highly unstable internal Soviet situation.

Worried about how Bush's decision to embrace Yeltsin would be read, Gorbachov reacted swiftly, ordering Yeltsin home immediately and announcing that Foreign Minister Shevardnadze would be in Washington within a week to meet with Bush.

Even though the Shevardnadze-Baker meeting in remote Jackson Hole, Wyoming, had been set for a long time, Shevardnadze suddenly wanted to come to Washington to meet with Bush personally before going to Wyoming.

Seeing President Bush before meeting with Baker would upstage Baker and diminish the importance of the Wyoming meeting. But Shevardnadze was willing to risk such a diplomatic offense in order to undo the damage that Gorbachov's circles felt the Yeltsin-Bush meeting had done.

Shevardnadze wanted to be seen around the world, and in the Kremlin, on the White House grounds, and fast.

So, for those who suspected this motive in the sudden change in plans, it was no surprise when 1) the meeting with Bush went more than an hour over its scheduled time, in contrast to the 16 minutes the President granted to Boris Yeltsin; and 2) Shevardnadze gladly allowed himself to be filmed talking at length to reporters in the White House driveway right outside the Oval Office.

The latter was unprecedented. The few reporters who braved the abnormally brutal heat and humidity for over an hour beyond the scheduled end of the meeting that afternoon did so with little real expectation that Shevardnadze would talk to them. In the past, he'd always dive into his limo and pull away, saving his remarks for a carefully orchestrated press conference at the Soviet embassy.

This time, Shevardnadze did not hesitate. He couldn't wait to get in front of all the TV cameras and microphones awaiting him outside the West Wing entrance.

At his press briefing following Shevardnadze's *tour de force* with the media in the driveway, Baker was asked if the subject of Yeltsin had come up in the Bush-Shevardnadze meeting. Baker conceded it had, "in an indirect way."

"Who brought him up?" the reporter asked. "I think the other side did," Baker answered.

But when asked to report on what Shevardnadze said about Yeltsin, Baker decided that he'd already said too much. "I don't think I'm going to say anything more about that," he intoned.

After all, unlike even two days earlier, Gorbachov was clearly the man of the hour again.

Nunn: Accelerate arms agreements with Moscow

Elaborating on a proposal that he had presented recently to the International Institute of Strategic Studies (IISS) in London, Georgia Democratic Sen. Sam Nunn wrote in a commentary in the *Washington Post* Sept. 19, that a two-tier system of negotiations should be developed to accelerate the pace of arms control.

The first tier would deal with ongoing negotiations on nuclear and conventional weapons; in the second tier, issues of greater complexity could be worked on by a U.S.-Soviet "experts group," which would be asked to develop options that otherwise would be reserved for a distant future phase of arms control negotiations.

This second tier, according to Nunn, would explore "revolutionary leapfrog advances" in arms control. If the "experts group" would reach a consensus on a basic conceptual approach on a specific arms control issue, then the consensus would be reviewed at the highest levels of government, leading to the initiation of actual negotiations.

The second tier could begin to explore limitations on nuclear sea-launched cruise missiles or on short-range nuclear missiles, or restrictions on anti-satellite systems.

The "pro-defense" Sen. Nunn has floated an idea which would significantly accelerate the rush to arms control exhibited by the starry-eyed Gorbachov lovers among the political establishment. If it is perceived that ostensible progress is being made in the pre-negotiating phase in one field not yet on the table, the tendency would be to come to an agreement more rapidly—and prematurely—as a result of the expectations created by the exploratory talks.

At a time when negotiation fever is raging in an attempt by the administration to cut a deal with Gorbachov, Sam Nunn probably thought he might try to get them to step on the gas a bit.

Thornburgh said to block the Iran-Contra probe

At a news conference following a closed-door meeting with the House Permanent Select Committee on Intelligence on Sept. 19, Independent Counsel Lawrence Walsh voiced complaints about Attorney General Richard Thornburgh's attempts to put roadblocks in the way of his investigations.

This involved Thornburgh's use of "national security concerns" to prevent the use of certain material in the trial of former White House aide Lt. Col. Oliver North. "The disagreements," said Walsh, "are over matters that the court knows, the public knows, and that we know the public knows. Yet there is an effort to keep it classified."

In a 38-page report to the House committee, Walsh also indicated that the most important charges against North had to be dismissed last January, primarily because of the refusal of intelligence agencies to permit "disclosure" of publicly known facts. As a result of compromises made by the Justice Department and the intelligence agencies after the North trial began, that information was introduced into evidence anyway. At that point, however, the main charges of conspiracy and theft of government property had been dropped.

Under the Classified Information Procedures Act, Thornburgh is empowered to file an affidavit blocking disclosure of any government secrets

in the courtroom, even if they are common knowledge. "I don't think the Attorney General should get into the act unless he feels that strongly about it," said Walsh. "He's not there to tinker with it. He should not come in unless he wants to kill the case."

Administration wards off strict ozone curbs

The Bush administration succeeded on Sept. 19 in warding off a stringent ozone bill by a 12-10 vote in the House Energy and Commerce Subcommittee on Health and the Environment. The bill, put forward by subcommittee chairman Henry Waxman (D-Calif.), would have mandated tighter deadlines for cleaning up ozone, more stringent measures for cities failing to meet the 3% annual reduction in ozone, and would have required anti-pollution devices for industries emitting as little as 10 million tons of ozone-generating substances in the most polluted cities.

Committee chairman John Dingell (D-Mich.) called the Waxman measure "extremely harsh and punitive" toward the affected cities, adding that it would have an "adverse impact on innocent small business."

As a counter to the Waxman amendment, Dingell sponsored a bill supported by the administration which classifies urban areas according to the severity of their pollution and also prescribes increasingly stringent measures for reaching the ozone standard, decreasing ozone levels by 3% per year. The bill mandates no penalties for failure, and the cities would have to come into compliance with the levels within 5 to 20 years, depending on their level of pollution.

In order to waylay criticism from the environmentalists that the bill is too lax, the administration introduced at the last moment provisions that would increase the number of industries for which specific anti-ozone controls would be required and strengthen requirements for inspecting motor vehicles.

Barney Frank could be forced to resign

Rep. Barney Frank (D-Mass.), still trying to recover from the scandal caused by his aide, male prostitute Steve Gobie, whom Frank hired after having bought his sexual services, is under increasing pressure to resign.

In an editorial on Sept. 17, the *Boston Globe*, a long-time backer of Frank, demanded his resignation. The *Globe* said that Frank's "presence in Congress serves as a distraction and a hindrance" to the ideas he has promoted, adding that the issue was not Frank's homosexuality, but the issue of prostitution.

Others demanding Frank's resignation include the local *Catholic Times*, and liberal syndicated columnist Mark Shield, on Sept. 18.

Frank's friends in the House have advised him to stop talking so much about his personal life, advice which he has apparently taken to heart, refusing to give interviews. Although the official word from his Democratic colleagues is to still "hang tough," until the case is investigated by the House Committee on Ethics and Standards of Conduct, privately House Democratic leaders indicate that it might be best for all concerned if Frank did resign.

House Republicans, who were rather low-key on the Frank scandal initially, have now been taking up

cudgels against the congressman, with House Minority Leader Robert Michel calling the scandal "a stain on the House of Representatives." "If it were anybody other than Barney Frank, if I were to have a woman prostitute in my employ, for my self-gratification, I'd be run out of town," said Michel.

Senate votes to fund population control

In a narrow 52-48 vote, the Senate on Sept. 20 agreed to resume funding of a United Nations fund that promotes population control in the developing sector. The U.S. contributions to the fund were discontinued during the Reagan administration, after charges were raised that the People's Republic of China was enforcing its one-child-per-family policy through compulsory abortions and sterilizations.

The Senate measure, appended as an amendment to the \$14.4 billion foreign aid bill, authorized a \$15 million contribution to the fund. The policy reversal is generally seen as part of an attempt by the abortion lobby to reverse some of the measures instituted during the Reagan administration under the influence of the right-to-life movement.

In another amendment to the bill, the Senate agreed to increase aid to Poland to \$45 million—far above the \$10 million proposed by President Bush during his visit to that country in July.

Free marketeers change their tune on airlines

In light of the increasing number of airline accidents during recent years,

there is a move in Congress to reregulate the airline industry. Ironically enough, the demands are coming from both mainstream and conservative Republicans, who earlier had led the charge for deregulation, ostensibly for the sake of increasing competition and thereby bringing down airline prices.

Sen. John McCain (R-Ariz.) claims that he has shifted positions because the market forces that were to increase competition have, in fact, had the opposite effect, allowing the major airlines to block competition from newcomers, resulting in defacto reregulation—without regulators. This, McCain thinks, is "the worst of all possible worlds."

Democrats try to out-bid Bush on drug funds

Senate Democrats agreed on a national drug plan on Sept. 20 that would boost President Bush's \$7.9 billion package by \$1 billion—still woefully inadequate for a competent war on drugs. They had originally been calling for a \$2.2 billion increase, but agreed to compromise on the \$1 billion figure.

Sen. Robert Dole (R-Kan.) called the compromise a "hollow gesture."

The President had agreed to increase his plan by \$800 million, calling that figure his "final offer." Of the \$800 million increase, about \$200 million will go to local law enforcement programs and \$600 million for drug-abuse prevention, education, and treatment programs.

The Democratic program puts an even greater emphasis on drug treatment and prevention. It would be financed by across-the-board cuts in all discretionary domestic and military programs.

National News

Ecologists demand shift in space science

Top environmentalists are attempting to shift the philosophical and scientific outlook of the National Aeronautics and Space Administration and the National Oceanic and Atmospheric Administration from basic scientific research to giving support to a slew of anti-scientific hoaxes. The new direction was outlined for top NASA and NOAA scientists at a conference on "Climate Change" the week of Sept. 18 in Washington, D.C.

The keynote speech was given by Sen. Albert Gore (D-Tenn.), who said that the greatest threat to nature is population growth. Frank Press, head of the National Academy of Sciences and former science adviser to President Carter, agreed, and said, "The desire of the growing populations of the Third World to achieve the affluent standard of living of the advanced sector is really unsustainable."

Other speakers included Alan Bromley, President Bush's science adviser; John Knauss, the new head of NOAA; administration officials; and leaders of the World Resources Institute and other environmentalist groups.

The audience, mainly senior researchers at NASA and NOAA who believe that the much-ballyhooed "greenhouse effect" and "ozone depletion" are hoaxes, were brought to Washington to be told where their funding will be channeled.

One "dissident" at the conference was Gregg Easterbrook, contributing editor of *Newsweek* magazine, who told conferees, "The role of man is to safeguard life," and "nature can take care of itself." Easterbrook pointed out that climate change was not necessarily bad, since "we are here because of climate change." He warned that nature should not be worshiped, and that for 4 billion years the Earth had proven to be quite tough.

Easterbrook read a written question for Frank Press submitted by *21st Century Science and Technology* magazine. Since "volcanoes emit over 36 million tons of chlorine

every year into the atmosphere . . . 48 times more chlorine than all the chlorine contained in chlorofluorocarbons," the question read, "would it not be advisable to do the research and plug a few volcanoes, rather than ban CFCs?" The question sent the audience into gales of laughter.

Regan proposes scheme to stop drug money

Donald Regan, former Treasury Secretary and White House Chief of Staff during the Reagan administration, proposed a plan to attack drug-money laundering, in a commentary entitled, "The Color of Money Can Stop Drugs," in the Sept. 18 *New York Times*.

The nub of the problem is the laundering of dirty cash, Regan says. He therefore proposes that the United States should "quietly print new \$50 and \$100 bills—either of a different color, or size, than the current ones. Then with only a 10-day warning, we should make all \$50 and \$100 bills obsolete. . . . Everyone would have to exchange their large bills for new ones." Bingo! The money-launderers would be caught.

Regan also proposes that the top 200 U.S. banks cooperate with the Comptroller of the Currency by reporting suspected drug dealers and record all cash transactions over \$1,000. "If our government is going all out to fight a war on drugs, bankers should be the first to join in," he concluded.

That Regan would be claiming to join the war on drugs has raised eyebrows. Before coming to the White House, he headed Merrill Lynch, a firm which was not only barred by the London Stock Exchange from its management committee because of "disreputable practices," but was cited by a November 1984 report by the President's Commission on Organized Crime as one of the premier Wall Street financial institutions to open its doors to the dope mafia, both during and after Regan's tenure as chairman. An *EIR* exposé entitled "Donald Regan and the fine art of laundering dollars" (April 25, 1986), placed Merrill Lynch in the middle

of drug-money laundering.

Analysts have also pointed out that Regan's plan, if implemented, would swiftly collapse the dollar, as drug dollars fled into other currencies.

Kissinger says Soviets no first strike threat

Former Secretary of State Henry Kissinger proclaimed that "the Soviet Union is in no condition to launch an all-out surprise attack on the U.S.," during an interview with Cable Network News on Sept. 16.

Kissinger said that, as a result of this and other factors, "the military approach to East-West relations is coming to an end for the first time in the post-war period."

"The situation in the East bloc is now the most fluid in the post-war period," Kissinger said, adding that the key for the U.S. in the visit of Soviet Foreign Minister Eduard Shevardnadze "will be to determine how the Soviets view events that are unfolding in Eastern Europe."

When asked to comment on an article in the *Wall Street Journal* which charged that Kissinger's political comments on Communist China were colored by his business investments there (see article, page 61), Kissinger snorted back, "This is an outrage. It is intimidation by people who are trying to disgrace me in order to keep me from presenting my views."

CIA chief says allies are threat, not Soviets

Director of Central Intelligence William Webster indicated in a major policy address on Sept. 20 that the CIA was moving away from primary concentration on the Cold War and focus on the Soviet Union, and toward greater concentration on the alleged threat posed to the U.S. by "economic competition" from its allies. The London *Guardian* reported that his comments have "intrigued

Western European and Japanese diplomats in the United States by hinting that traditional allies who are also economic rivals are becoming intelligence targets."

Speaking to the World Affairs Council in Los Angeles, Webster stated: "Our political and military allies are also our economic competitors. The national security implications of a competitor's ability to create, capture or control markets of the future are very significant. . . . The intelligence community looks at these developments from a strategic perspective, examining what is occurring, the forces at play, and the ways that actions taken abroad can directly and indirectly affect our national security interests."

Noting that there is increased "Japanese and European surplus capital" being deployed to finance the U.S. trade and fiscal deficits and being used for productive investment, he warned that "this new financial environment is also creating some potential risks."

Police state justice suffers setbacks

Mail-fraud and racketeering convictions against former Washington State Senate Majority Leader Gordon Walgren were overturned on Sept. 13 by a three-judge panel of the Ninth U.S. Circuit Court of Appeals in San Francisco. The panel also ordered a federal judge in Seattle to rehear Walgren's request for a new trial on one remaining conviction—interstate wire fraud for a single phone call from Oregon to Washington.

Walgren has spent nine years fighting this frameup. The National Democratic Policy Committee, a political action committee representing the Lyndon LaRouche wing of the Democratic Party, had issued a pamphlet exposing the police state nature of the prosecution against Walgren.

The appeals court found that the conviction under the RICO (racketeering) statute cannot be based solely on a single act. The basis for overturning the mail fraud count was the precedent set in the case of former

Maryland Gov. Marvin Mandel in 1987, when the U.S. Supreme Court ruled that the 118-year-old federal mail fraud law had been applied too broadly.

The federal government's scapegoating of savings and loan institutions also suffered a setback, when its case against Empire S&L ended in a mistrial in Lubbock, Texas on Sept. 15. Co-defendants D.L. Faulkner, former Garland, Texas Mayor James L. Toler, and five others are accused of heading a conspiracy to steal \$135 million from Empire and four other S&Ls in 1982-83. Among the counts against them was one of racketeering, which would have allowed the government to confiscate their assets in advance of trial.

Toler's attorney, Mike Fawer, called the mistrial "an absolutely crushing defeat for the government," whose strategy was to win the two cases considered the most blatant, Empire and Vernon S&L, and use those victories to force plea bargains elsewhere.

Pentagon assessment deflates Soviet threat

The U.S. Department of Defense will officially change its assessment of the Soviet Union and the threat which it represents to the United States when it releases its 1989 edition of *Soviet Military Power*, the *Washington Times* reported on Sept. 18.

"It's official: The Soviet Union has become a 'challenge' rather than a 'threat,'" the *Times* said.

Soviet Military Power, published annually by the Pentagon, was first published in 1981 and was entitled *Soviet Military Power: An Assessment of the Threat*. This year's edition is entitled, *Soviet Military Power: Prospects for Change*. The first chapter is "Nature of the Soviet Challenge," instead of last year's title, "Nature of the Soviet Threat."

Scheduled to be released in the spring of each year, the book is already six months late in coming out, which some Washington observers view as a reassessment forced on the Pentagon by the Bush administration.

Briefly

● **MORDECHAI LEVY**, the FBI-controlled terrorist who heads the Jewish Defense Organization, was released on \$25,000 bail on Sept. 11. He was arrested in August for attempted murder in a Greenwich Village shootout, and was twice denied bail previously.

● **OPERATION RESCUE** head Randall Terry on Sept. 14 denounced the use of the racketeering (RICO) laws as unconstitutional, and said the legal prosecution of his anti-abortion group was financial warfare being used to destroy it.

● **GLEN MAULDIN**, the administrative aide to former Sen. Chic Hecht (R-Nev.), was indicted in Texas as a result of an investigation code-named "Operation Dundead" on Sept. 14, on charges that he used his congressional offices to obtain federal approval of several Texas savings and loan deals.

● **THE U.S. CIVIL RIGHTS** Commission asked the Department of Justice on Sept. 15 to investigate charges of police brutality against anti-abortion demonstrators in West Hartford, Connecticut, Los Angeles, Pittsburgh, and other cities.

● **GEORGE BUSH** has agreed to be the keynote speaker and serve as the honorary chairman of "Globe-scope Pacific," an environmentalist conference organized by the Global Tomorrow coalition on the theme of "Our Common Future," which opens on Oct. 31 in Los Angeles and which will feature a host of zero population growth advocates.

● **MICHAEL MILIKEN'S** lawyers asked a federal judge on Sept. 13 to order the government to halt "a constant stream" of leaks to the press which they contend threatens the indicted junk bond trader's right to a fair trial and have turned confidential grand jury proceedings into "a spectator sport."

Soviet justice

Just as Soviet Foreign Minister Eduard Shevardnadze was arriving on U.S. shores, the American people were given another taste of the rapidly evolving Soviet justice now taking over their courts. In this instance the victim was Mike Billington, a co-defendant in the railroad of Lyndon LaRouche and his associates.

It is now being demanded of Billington, who is on trial in the State of Virginia for the same alleged crimes for which he was convicted in federal court, that he receive psychiatric evaluations to determine whether he is competent to determine his own defense. His own lawyer and the prosecution have joined forces against him—amazingly—because Billington is demanding his constitutional right to be tried by a jury of his peers, rather than try his case solely before a judge.

If this is not Soviet justice, then what is? Not only is he being subjected to double jeopardy, and treated as insane because he is a political dissenter, but he has been sequestered in the county jail in which he is now being held, under conditions unique to himself, and far more stringent than those applied to other prisoners in the facility.

Since the first psychiatrist who tested Billington declared him to be sane, the court is now operating under a unique theory, that Billington may be sane but suffering a “shared political delusion.” In other words, they are resurfacing the vicious Anti-Defamation League slanders that the LaRouche movement is a cult whose members do not have a will of their own.

The use of psychiatry in the pre-trial period is a hallmark of political prosecutions in the Soviet police state, documented in the testimonies of victims who escaped. In the Soviet court system, trials never reach a jury, only a judge or a three-judge panel. The prosecutor and the defense lawyer are employed by the state.

An accused whose prosecutor and defender agree with the judge that he is “abnormal” often has no recourse. The Soviet legal system provides for an array of thought crimes.

In his 1977 autobiography, *To Build a Castle*, the Soviet dissident Vladimir Bukovsky described how he was dispatched to a mental hospital not long after his first arrest in the early 1960s, for activity in an unauthorized student club. Bukovsky, who now lives in the West, recounts how he was sent to the psychiatrist when the KGB had failed to trump up a case against him, to take before a judge.

Billington’s case is part and parcel of the outrageous treatment being meted out to LaRouche in his Minnesota prison. In both instances, minimally extra-legal measures are being taken to break the prisoners; in the instance of the brutal treatment of LaRouche there is also a question of whether the intent is not deadly.

If the justice system in the U.S. is allowed to become corrupted on the model of the Soviet system, then in no place else will democracy be safe. The persecution of LaRouche and his associates is precisely because they are the most vocal and committed opponents of the Russian regime and those in the West who would transform our civilization on that model.

It is by no means coincidental that the Virginia Institute of Law, Psychiatry, and Public Policy, before which Billington has been ordered to appear for follow-up psychiatric evaluation, has as its director a committed supporter of the legalization of marijuana. The director, Richard J. Bonnie, gave the keynote address before the National Organization for Reform of Marijuana Laws on May 8, 1987. LaRouche and his associates have been at the forefront of the war on drugs. One can suppose that this Institute will be inclined to view opposition to drugs as a mental aberration!

Similarly, FBI spokesman Kenneth Lanning is connected to the Institute. He is infamous for his remark that more people have been killed by Christians than Satanists, a remark made to argue that the fight against Satanism is a witchhunt.

Wherever you may be, oppose the application of Soviet justice to LaRouche and his associates.

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On March 28, **1986** Executive Intelligence Review had the following headline about the Feb. 28 assassination of Swedish Prime Minister Olof Palme: **"KGB killed Palme, attempts cover-up."**

On August 29, **1989** the Frankfurter Allgemeine Zeitung had the following headline: **"Was the Assassination of Palme Instigated by the Soviets? Did Moscow Know In Advance?"**

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