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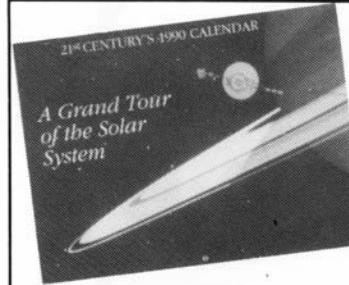
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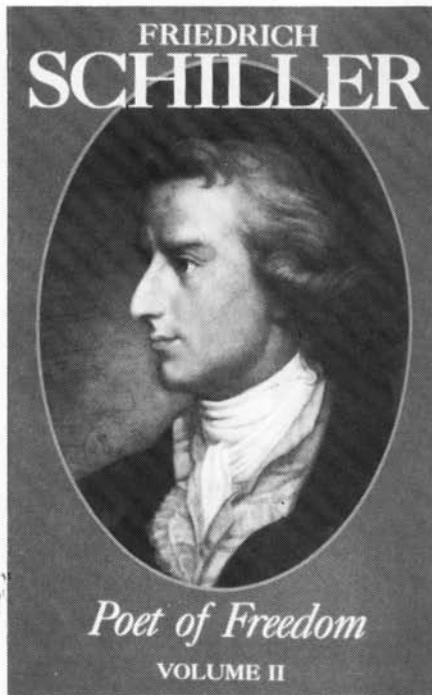
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As we go to press, two pieces of shocking news have arrived at our editorial offices near Washington, D.C. The first is the assassination on Nov. 30 of Alfred Herrhausen, the closest informal economic adviser to Chancellor Helmut Kohl of the Federal Republic of Germany, only two days after Kohl made his extraordinary speech mapping out a program for Eastern European recovery. Our preliminary coverage of this atrocity, which pushes the world toward the brink of war, appears on page 34.

The second news item has to do with the latest piece of gulag injustice against an American citizen who dared to organize politically for the ideas of Lyndon LaRouche, fundraiser Michael Billington. Mike was formally sentenced on Dec. 1 to 77 years in prison by a Roanoke, Virginia judge, for allegedly committing “securities fraud”—soliciting political loans which were defined after the fact by the state as “securities.” The incredible trial, in which Billington was not allowed a defense, has already been reported in *EIR*, and this latest judicial barbarity simply underlines the urgency of the mass mobilization to free LaRouche himself and all of his associates who are political prisoners today.

On the economic and strategic front, the rightness of LaRouche’s forecasts and analyses has never been clearer—nor the determination of his enemies to eliminate such ideas. Kohl’s 10-point economic plan must absolutely be implemented; LaRouche must be freed from prison by Christmas, ere his enemies in the Anglo-Soviet “Trust” network succeed in killing him, too.

The cover story this week presents one of the core ideas for rescuing Eastern Europe from the economic catastrophe bequeathed by Communist rule—the Modular High-Temperature Gas-cooled Reactor (MHTGR), a mouthful of an acronym which ought soon to become a household word. The *Feature* includes an exclusive interview with a Polish scientist who describes why his nation needs this technology now.

Other highlights of this issue include exclusive coverage of the exploding situations in Lebanon, El Salvador, and India; and on page 66, an exposé, also exclusive to *EIR*, of the Syrian regime’s pivotal role in Soviet-sponsored international narco-terrorism, and the efforts by Western intelligence services and news outlets to cover up the Assad regime’s role.

Nora Hamerman

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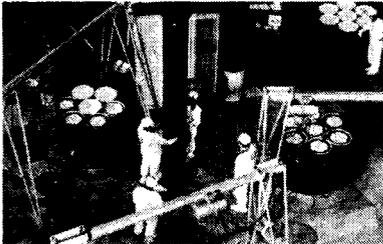
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We were right; they were wrong

by John Hoefle

The economics establishment never likes to admit it is wrong, and it hates even more to admit that *EIR* is right. But the record is clear. The LaRouche-Riemann econometric model, with its solid grounding in economic science, has consistently beat the establishment's tea leaves and other forms of superstitious prognostications. Once again, we were right and they were wrong.

In the *EIR Quarterly Economic Report* for the fourth quarter of 1985, *EIR* wrote: "Unless present policies are reversed, the underlying economic collapse of the United States, estimated at a rate of 2.5% per annum, will accelerate during 1986, to perhaps pass over the line into the deflationary part of the depression process. Vulnerabilities that have accumulated under the evil and misguided policies that produced the so-called 'Recovery of 1983-84' create the potential for a further 15-30% ratchet collapse in living standards, from the levels of the 1960s and early 1970s, and for a further estimated 9-15% reduction in the physical economy.

"There are, of course, measures available to *postpone* the approaching disaster. Such has been done before, by monetary and related authorities, at each turning point in the post-1967 destruction of the Bretton Woods monetary system. Each time, such postponement has made the next round of crisis that much worse."

EIR's warning was ignored by the policymakers, who continued to insist that the nation was enjoying steady, uninterrupted economic growth. The "recovery" was in full swing, the "experts" pontificated. President Reagan, and now President Bush, counted off the "straight months of economic recovery," one by one, amid much fanfare and hype.

Meanwhile, the economy continued to collapse.

The line abruptly shifted in late November of this year. The press, in a quick about-face, began to write about the troubles on Wall Street, and even about the possibility that a

"recession" was under way. Various economists and financial specialists were trotted out to announce that suddenly, somehow, the robust United States economy was in trouble.

None of this was news to the average American, who has seen his standard of living plummet during the so-called recovery, and has long since learned to ignore the incompetent pronouncements of the so-called experts. But the fact that the line changed so radically is significant, because it exposes the underlying desperation and panic of the financial community.

The most important of the new revelations came from the *New York Times*, in its Nov. 20 business section. In an article entitled "Data Are Signaling Bad Slump," the *Times* reveals, "With the release of each week's data, the message is growing clear: The United States is suffering from a severe downturn, perhaps the worst of the last seven years. This month brings the seventh anniversary of the economic expansion that began after the 1982 recession, an unusually long period of prosperity that nevertheless was nearly interrupted by two earlier downturns, in 1984 and 1986. The current one began to show itself in late summer."

"What was that?" the reader might ask. "Downturns in 1984 and 1986? Funny you never mentioned them before. All you talked about in 1984 and 1986 was the great recovery." In its typically understated and indirect way, the *Times* revealed a great truth: The emperor's recovery has no clothes.

The *Times* tries to downplay this stunning admission as if it were nothing new, claiming that the 1984 downturn "was confined mostly to the manufacturing sector . . . while the 1986 downturn resulted largely from plunging oil prices." In fact, the paper claims, the 1986 slowdown was so subtle that "no one knew the economy had contracted for a while in 1986; that was not discovered until July 1988, when the Commerce Department updated its earlier data." Neverthe-

less, the premier mouthpiece of the Eastern Establishment has indeed confessed. Pandora's box is open, and no amount of sophistry can close it.

The only thing the *Times* forgot to admit was, "*EIR* was right, and the *New York Times* was wrong." Or perhaps more accurately, "*EIR* told the truth, and the *New York Times* lied." Readers of *EIR* should not hold their breath waiting for the *Times* to make either of those admissions, however.

Why we were right

The proper approach to the science of economics begins with the understanding that the role of economics is to maximize the continuing process of the survival of society as a whole. Economics is not about money, as the so-called "experts" would have you think. It is about what mankind must do to ensure that current and future generations can survive, and thrive, overcoming the challenges that face them, creating an ever-increasing standard of living for all mankind.

In order for society to thrive, it must have in place mechanisms to ensure that a process of continued and interdependent generation, transmission, and efficient assimilation of scientific and technological progress is maintained, such that the transformation of land and the productive powers of labor are maximized. Such a process means that the amount of average land-area required to sustain an average person is constantly being reduced, while thermodynamic throughput and energy intensity are increased through capital goods investment. Thus, the realized standard of physical consumption of the average person is augmented. The result is an increase in the potential population-density of the society, which is the standard by which the productivity of economies are measured.

The process is self-expanding and nonlinear. A rise in technical progress creates the conditions for an increase in potential population-density, fostering the conditions under which such advances can be put into general use by the population. That potential increase, if realized, then leads to a further increase in potential population-density, and thus increases the likelihood that the speed of technological progress will increase.

Conversely, a break in the process causes the reverse effect, with a slowing of the rate of technological progress, and a resulting decrease in potential population-density, causing the standard of living to inexorably ratchet downward. This conceptual, moral framework is the basis for any competent economic work. It is from this standpoint that policies must be made, and evaluated.

Why they were wrong

The self-proclaimed experts of the economic establishment have rejected this viewpoint, insisting that such issues as morality and the welfare of mankind have no place in economics. They view economics in the narrowest possible

way, as a matter of money and markets, in which the behavior of the markets is paramount, and the needs of mankind are subservient. They ignore the real world, and immerse themselves in the artificial world of high finance, where such concepts as "right" and "wrong" give way to the more bestial "profit" and "loss."

Profit and loss have become the standards by which the economy is popularly measured, with all profit contributing to the artificial statistic known as the Gross National Product. When the GNP is rising, the experts proclaim, the economy is healthy. It makes no difference, the experts maintain, whether the profits come from heavy industry or houses of ill repute.

The various "schools" of economics differ somewhat in their specific approaches to the economy, but they all share the same basic flaws. Their grand, computerized models are of no more value than the gypsy's tea leaves, and no more accurate.

Where we go from here

The United States has entered into a deflationary spiral of economic collapse. The collapse of the junk bond "industry" set into motion an unraveling of the financial system which is threatening to ruin everything in its path. The huge bubble of debt built up over the years of the Reagan-Bush recovery is absolutely unpayable, and it is crushing the banks and investment houses. The major Wall Street investment banking houses are desperately laying off personnel and looking for financial saviors. The money center banks have suffered devastating drops in the values of their stocks since the Friday the 13th crash in October, some losing as much as one-third of their value. Real estate values around the country are collapsing, wiping out huge chunks of investment and threatening to blow out regional banks. The retail sector is verging on bankruptcy. Industrial firms are closing right and left, laying off employees. Pensions are in jeopardy, from both looming industrial bankruptcies and from failed investments.

The response of Wall Street's financial elite has been to inflate the debt bubble even more. Suggestions have been made that consumer debt be allowed to double, and that all homeowners take out second mortgages or home equity loans to pump more money into the system. The Federal Reserve has decided that banks should be allowed to double the amount of their assets and loans for the same amount of equity capital, overruling the capital standards proposed by the FDIC.

The call has gone out to postpone the inevitable collapse a bit longer by engaging in a flurry of hyperinflation, thereby looting the public one last time. Such policies are economically insane and morally bankrupt, and absolutely cannot work.

Unless these policies are changed dramatically, and the principles of economic science applied, we will once again be in the tragic position of telling the economics establishment: "We were right, and you were wrong." Next time, however, it may be too late.

Anti-bolshevik leaders meet in Germany to plot food strategy

by Michael Stalla

As one million people in Czechoslovakia were pouring into the streets for freedom and democracy, forcing the communist government into retreat, the Fourth European Agricultural Commission of the Schiller Institute convened in the West German town of Voehl am Edersee on Nov. 25-26, to consider whether and how the world population can be fed. The revolutionary wave sweeping through all Eastern Europe determined the discussion during the conference, whose theme was "Cutbacks in Production—A Threat to Peace and Freedom." That spirit shone through in the speeches and presentations, all shaped by the question of how the West can respond to the collapse of the agricultural sectors of the Eastern European economies, and in excited discussions during conference breaks, where the wider perspective of the freedom movements in Eastern Europe was discussed. It could also be seen in the fact that for the first time, observers were present from opposition groups in East Germany.

Every seat was occupied during the two-day conference. Some 350 participants listened as Anno Hellenbroich of the EIR Nachrichtenagentur in West Germany proudly announced that this was truly an international conference, with participants from 17 countries, including Schiller Institute members from Australia. Especially delightful was the participation of the Benjamin Franklin Brigade from the United States: At a Food for Peace conference held in Chicago three weeks before, 70 activists had spontaneously decided to go to Germany to attend this conference after they heard of the inspiring developments in Eastern Europe, and especially in Germany.

There was one additional, strong theme: Nearly all speakers emphatically demanded the immediate release of Lyndon LaRouche and his associates from federal prison in the United States, and their immediate and complete exoneration. Their unanimous opinion was that, precisely in these rapidly changing times, the world needs LaRouche's political and economic leadership. On the first day of the conference, participants were outraged when they heard LaRouche associates from the United States describe the political and judicial persecutions they are subjected to. Extended applause followed the courageous declaration from LaRouche campaign fundraiser Lynne Speed, who herself faces prison, that

these dirty tricks by the U.S. Establishment will not divert her from her political work. A resolution was passed urging President Bush to immediately release LaRouche.

For a Christian-humanist renaissance

The keynote address by Helga Zepp-LaRouche, chairman of the Patriots for Germany party and founder of the international Schiller Institutes, was introduced by a fitting musical tribute to these sentiments, consisting of a movement from Wolfgang Mozart's D minor String Quartet and the theme and variations from Joseph Haydn's "Emperor" Quartet, which contains the theme of the German national anthem, "Deutschland über alles." Mrs. Zepp-LaRouche declared that the present upheaval is a unique historic opportunity for humanity, despite the unmistakable dangers that loom because of the economic collapse and the undiminished strength of the Soviet Union's military forces. If this development is to become a great historical moment, and if the world is to be prevented from plunging into chaos, she said, what is necessary is not only a worldwide revolution, but also a new scientific and cultural renaissance. "I am convinced that this crisis can no longer be overcome in an individual country, but rather the solution lies in the achievement of a just new world economic order, such as what the Schiller Institute has been demanding for years."

Mrs. Zepp-LaRouche emphasized the necessity of the Schiller Institute's political leadership for the solution of the present crisis, and enumerated Lyndon LaRouche's numerous political proposals and initiatives from recent years, which now seem almost prophetic against the background of present events. As early as 1985, LaRouche called attention to the fact that supplies of food would become a decisive strategic question. In August 1988, he wrote about the threat to world peace resulting from reductions in the world food supply, and he demanded the preservation of family farms and parity prices for agricultural products. In August 1988, LaRouche called for the formation of a worldwide anti-Bolshevik and anti-fascist movement.

In his historic speech in Berlin on Oct. 12, 1988, LaRouche proposed that the West should offer Moscow agricultural support for the countries of Eastern Europe if politi-

cal reforms were granted in return. The agricultural buildup of Poland was to be an especially positive example of the possibilities of such a strategy. Now, one year later, the soundness of his approach is obvious, Mrs. Zepp-LaRouche said.

"The reunification of Germany is already accomplished, namely, in the hearts of man. And this can no longer be reversed," she said, to thunderous applause.

Beyond day-to-day policy, Mrs. Zepp-LaRouche demanded a new renaissance on the basis of the Christian-humanist tradition. She came back to this task again in her speech on the second day of the conference. The successful protest movement in East Germany is based, not on feelings of hate, but rather on feelings of joy and *agapē*, the love of mankind. From this arises the opportunity for a new renaissance. And it is with good reason that the Schiller Institute bases itself on Friedrich Schiller, the brains behind the German liberation movement at the turn of the 19th century who was himself inspired by the American Revolution. Germany, basing itself on this tradition, must become a force for good in the world. And likewise, it is the task of the other Western European countries, basing themselves on their best humanist traditions, to rebuild the world and transform it into a garden.

Hunger and ecological sabotage

In other presentations, farmers and others from Western nations described the deliberate reduction of agricultural production ordained by the European Commission of the European Community and by the U.S. Department of Agriculture. Representatives of the opposition movements from countries under communist rule described the even more advanced destruction of agriculture in their countries. They painted a shocking scene of how incompetent communist bureaucrats had destroyed once flourishing countries such as the Baltic states, Ukraine, and Romania. The result of decades of communist rule is soil that is leached or destroyed by erosion, dying forests, saline rivers, and even radioactive pollution.

John Kolasky, a native Ukrainian who now resides in Canada and writes on Ukraine's problems and history, said that approximately one-fourth of the arable land in Ukraine, the former breadbasket of Europe, has been destroyed through soil erosion. Paulis Klavins, member of a Christian human rights organization in Latvia, pointed out that tens of thousands of Russian villages have been completely deserted, and that what was formerly farmland is now overgrown with bushes.

Pham Cong Hoang, national president of the Concerns of Vietnamese Refugees, stressed that only international action against the Vietcong regime—which has destroyed the agricultural potential of the country—will succeed in overthrowing it. Zhang Yinne from the Laiyin Forum, of China, detailed the struggle of the Chinese people against 40 years

of misery and oppression, including outright famines which were covered up by the regime, and called on everyone at the conference to support their work.

Rosa Tennenbaum, head of the European Agricultural Commission of the Schiller Institute, called attention to the urgent plight of the so-called Third World, the hunger regions of Africa and Ibero-America. Her call was backed up by conference participants from China and Vietnam, where not even farmers can be sure of getting enough rice to feed themselves and their families. One-third of mankind goes hungry, and an additional third is undernourished, Rosa Tennenbaum said in summary.

Many gave examples showing that even in the Western world, our "daily bread" is anything but secure. Family farms have been driven into bankruptcy, arable land and cultivation reduced. For that reason, supplies are not available to deliver food to the needy countries; even in the West, food is becoming scarce and prices are rising. In the once rich United States, food distribution programs for the poor are receiving less and less from government agencies, because there is nothing to donate, one American participant said.

Proposals for further work

The mood of the conference at closing was expressed in a series of resolutions, ranging from a demand to the Agricultural Commission of the European Community to expand food production, to a specific demand that agricultural interests exploit the existing situation and act to rescind exaggerated environmental restrictions on agriculture. Additional resolutions called for a serious war on drugs, and backed the courageous struggle of Gen. Michel Aoun in Lebanon against the drug-running Syrian puppet regime.

Most of the concrete proposals brought up at the conference centered on the railroad infrastructure project proposed by LaRouche which, if implemented, would connect France to Poland via West and East Germany, and would guarantee a means of rapidly supplying Poland with urgently needed goods. Jolanta Szkuta, a Polish economics professor from Poznan University who lives in Germany, said that support of the non-Communist Polish government of Tadeusz Mazowiecki in the present situation is an especially important element for a successful transformation of Eastern Europe. At the same time, this would define a common project for reconciliation between East and West Germany, and would give an important stimulus to the East German economy. Participants welcomed the first steps in this direction by West German Chancellor Helmut Kohl and French President François Mitterrand, but generally thought that things had to move much more quickly than either of these leaders currently envision.

There were repeated demands that the European Community cease importing meat from Poland (amounting to almost one-fourth of Poland's meat production) so long as the Poles themselves do not have enough to eat.

Auto industry smashed in head-on collision with collapse in income

by Anthony K. Wikrent

Retail sales of new cars for the first 10 days of November collapsed 23.1%, despite rebates of as much as \$1,000 on some models, as the reality of physical economic collapse refuses to conform to the fantasies being spun by the PR myth masters of the Bush administration. The selling rate was a seasonally adjusted 5.6 million cars per year. Figures for the annual production rate have dropped every month since August, when it was 8.3 million, clearly indicating the economy's disastrous plunge. In the fourth quarter, the U.S. Big Three plan to build only 1,373,621 cars—the lowest since 1982—with top industry executives reportedly discussing even further cuts. General Motors is said to be planning to lop off fully 25% of its white-collar workforce.

Top U.S. executives are stressing the theme of “overcapacity,” as a way of preparing public opinion for massive plant shutdowns and worker layoffs. U.S. automakers have already cut 50,000 jobs this year, with 15,000 lost during October alone, according to U.S. Labor Department figures. “There is substantial excess capacity—at least 20% more cars and light trucks than the consumer will demand,” Harold Poling, the chairman-designate of Ford Motor Company, told the press after an awards ceremony in Washington, D.C. on Nov. 14.

Chrysler's Lee Iacocca was shown on national television Nov. 20, fretting that Chrysler may have to slash fixed costs by \$1.5 billion by the end of 1990—rather than the mere \$1 billion originally planned. Chrysler has already announced that it will shut down its Jefferson Avenue plant in Detroit, which produces Omni and Horizon, on Feb. 2, 1990, idling 4,000 workers, and will drop an entire work shift at its St. Louis No. 1 plant, which produces LeBaron and Daytona, eliminating another 1,900 jobs. A plant in Coleman, Wisconsin that produces wiring harnesses for engines will be shut down entirely by June, eliminating another 400 jobs. Chrysler says it will recall all the Jefferson Avenue workers when a new plant opens to produce “new, up-scale, four-wheel drive vehicles,” in a year or so, but United Auto Workers Union leaders were so angered by the announced shutdown, that Iacocca dared not appear at their annual meeting, as he has for the past few years.

The *Wall Street Journal* reported Nov. 22 that GM is planning to drop 25,000 of its 101,000 white collar workers, after already cutting 40,000 since 1986. And more cuts are expected in the blue collar force, after layoff notices have already been sent to 2,500 workers at the huge Lordstown, Ohio plant, which produces Chevy Cavalier and Pontiac Sunbird, as well as full-size vans. Some 3,000 workers at the van plant in Scarborough, Ontario, and 2,200 workers at the Lakewood, Georgia plant were also given notices. GM has already idled its “model” plant at Fairfax, Kansas near Kansas City, which produces Grand Prix, laying off 3,200 hourly workers. GM is now operating at between 70 and 80% of capacity, producing 1.5 million fewer cars than it did 10 years ago.

The myth of transplants

The story being put out for public consumption is that the U.S. automakers are being hurt by factories which have been set up in the United States by Japanese auto makers, called transplants. This is blatant falsehood, intended to obscure the hard truth that the past 20 years' shift to a “post-industrial society” has so decimated real earnings of the American labor force, that the standard of living is now half of what it was 20 years ago.

The deception can be seen through by looking at the announced production targets for the fourth quarter. With sales collapsing, the Big Three plan to produce 313,923 fewer cars, while the transplants plan to produce 92,390 more cars, than last year, leaving an unmet gap of 221,533. The Big Three plan to produce 839,971 light trucks, 115,518 fewer than last year, while Nissan, the only truck transplant, plans to produce only 6,759 more light trucks this quarter, leaving another gap of 115,518. These figures show that singling out the transplants as the culprits is a complete sham. The production increases of the Japanese transplants do not even come close to filling the gap being left by the decreases of the Big Three plants. How then, to account for the gap of 337,051 cars and light trucks?

The real problem is the collapse in discretionary income of the U.S. workforce. For example, one recent study by the

TABLE 1

Retail car sales have dropped far below levels needed to replace one-eighth of the cars in use

	Total cars in use (millions)	Domestic retail sales	Import retail sales	Total retail sales	Total retail sales as % of cars in use	12.5% of total cars in use
1987	119.8	7.081	3.197	10.278	8.58	14.975
1986	117.3	8.215	3.245	11.460	9.77	14.663
1985	114.7	8.205	2.838	11.242	9.63	14.338
1984	112.0	7.942	2.439	10.390	9.28	14.000
1983	109.0	6.795	2.387	9.182	8.42	13.625
1982	106.9	5.759	2.223	7.982	7.47	13.363
1980	104.6	6.581	2.398	8.979	8.58	13.075
1975	95.2	7.050	1.587	8.640	9.08	11.900
1970	80.4	7.116	1.285	8.405	10.45	10.050
1965	68.9	8.763	.569	9.332	13.54	8.613
1960	57.0	6.142	.499	6.641	11.65	7.125
1955	47.1	7.408	.058	7.466	15.85	5.888

Source: *Statistical Abstracts of the United States*, Motor Vehicle Manufacturers Association.

In 1965, retail sales still surpassed a replacement rate of 12.5% (one-eighth) of cars in use. The replacement rate in 1982 was less than half that of 1955, and even at the highest point of the 1980s did not reach 10%.

U.S. National Bureau of Economic Research shows that from 1979 to 1987, earnings of recent high school graduates in the United States *declined* 17%, after adjusting for inflation. By comparison, earnings of recent high school graduates in Japan increased 13% during the same period.

This collapse is easily seen by comparing the three columns on the right of **Table 1**. In the 1950s and 1960s, before the insane policies of "post-industrialism" began to bloom, the U.S. labor force could afford to replace around 12.5% of the total cars in use, meaning that all cars would be replaced at least every eight years. As the shift out of real wealth-creating production began to take hold, the general labor force underwent a lawful process of impoverishment, clearly seen as the percentage of total cars replaced each year slid under 12.5% in the 1970s, and under 10% in the 1980s.

The end result is clearly seen in **Table 2**: The average

age of cars in use has jumped from six years or less in the early 1970s, to 7.6 years by 1985, and the percentage of cars in use nine or more years old has more than doubled since 1970, from 15.7% to 35.6% in 1987.

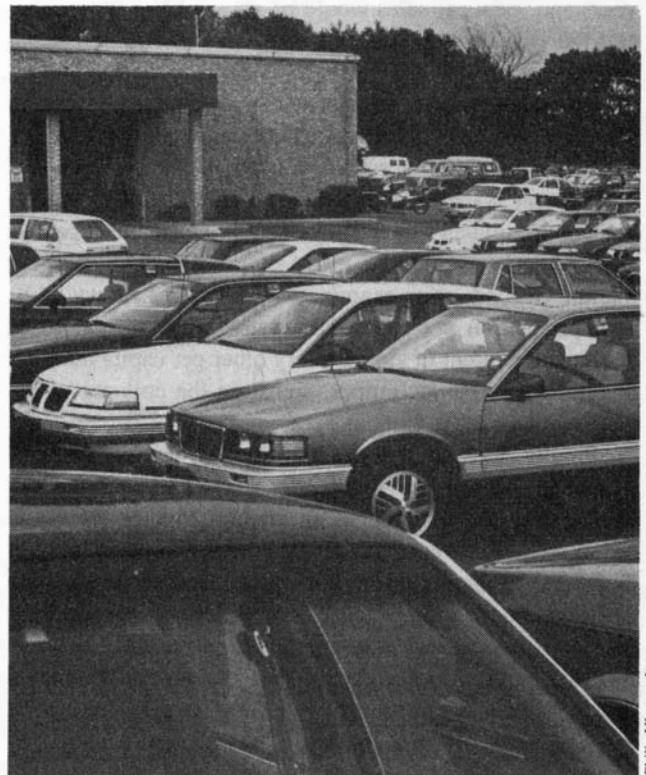
What this analysis of the aging of cars in use shows is

TABLE 2

Average age of cars in use has increased dramatically in past two decades

	Average age of cars in use	Percentage of total cars in use 9 years old or more
1987	7.6	35.6
1986	7.6	34.2
1985	7.6	33.3
1984	7.5	32.5
1983	7.4	32.9
1982	7.2	31.1
1980	6.6	25.9
1975	6.0	21.5
1970	5.6	15.7
1965	5.9	22.9

Source: *Statistical Abstracts of the United States*.



If U.S. automotive manufacturers want to know why people can't afford to buy even the dwindling numbers of vehicles they produce, they ought to start by looking in the mirror.

Currency Rates

TABLE 3

U.S. passenger car production per capita collapsed by two-thirds from mid-1960s levels

	U.S. passenger car production (millions)	Passenger car production per capita
1987	7.099	.0291
1986	7.829	.0324
1985	8.185	.0342
1984	7.773	.0328
1983	6.781	.0289
1982	5.073	.0218
1980	6.376	.0280
1975	6.717	.0311
1970	6.550	.0319
1965	9.335	.0481
1960	6.703	.0371
1955	7.950	.0479

Source: Motor Vehicle Manufacturers Association.

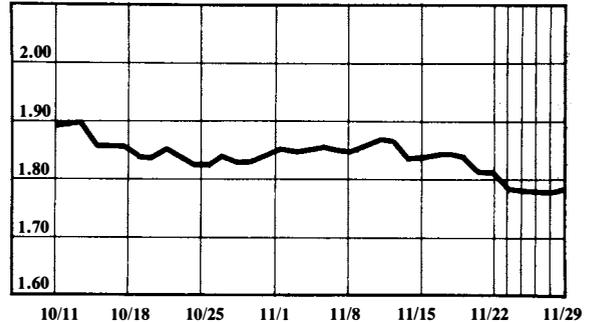
that there is no "overcapacity" in U.S. auto production, but rather a collapse in the ability of the American labor force to purchase new cars. This conclusion is strengthened by considering changes in new car loans: New car financing has increased from the three years of two decades ago, to five years today. If the U.S. car-buying public were replacing about 12.5% of the total cars in use each year, as it was 20 years ago, new car sales would be almost 15 million units, and the Big Three would probably have to double current production.

The argument that the increase in average age of cars in use reflects better built cars which last longer, does not suffice to explain this difference. On the contrary, the perception of most people is that U.S.-made cars aren't what they used to be, which explains why the more quality-conscious Japanese automakers have captured nearly a third of the U.S. new car market. Second, as an examination of **Table 3** shows, U.S. auto production per capita shows the same secular trend downward evident in almost every other per capita measure of physical economic output, signaling the collapse of the U.S. real economy.

Finally, look at what has happened to new car inventories since summer. In August, the Big Three were heavily discounting and rebating in an attempt to spur sales and reduce bloated inventories. Unsold car stocks were brought down to 59 days' sales, but at tremendous cost, with Chrysler, Ford, and GM each posting large losses on their core North American auto operations in the third quarter. And the rebates do not change the economic fundamental that the American work force is getting poorer. Inventories are now up again to a bloated 77 days' sale. Unless and until U.S. elites change their wrongheaded policies, auto retail sales will continue to reflect the reality of a breakdown crisis of the economy.

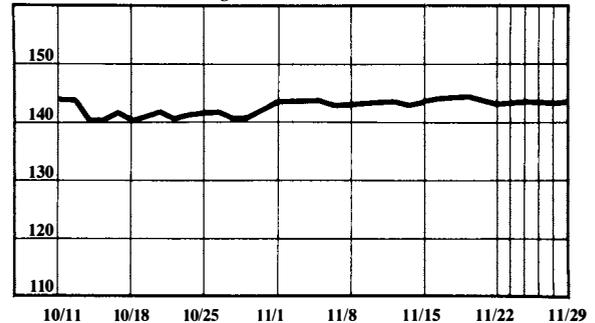
The dollar in deutschemarks

New York late afternoon fixing



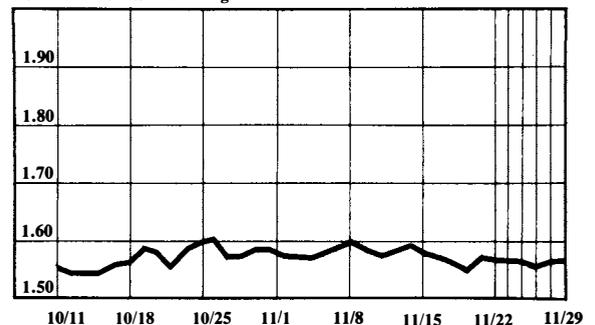
The dollar in yen

New York late afternoon fixing



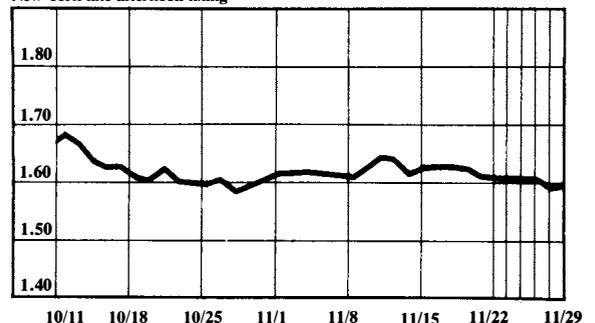
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Production drop: no 'soft landing'

Every sector of the productive economy is in decline—and issuing new flaky credit will just make things worse.

If you ignore the "adjusted statistics" of the U.S. government, and look at what is really happening to the productive base of the American economy, a frightening picture of devolution leaps out. Leading the rush into the abyss is the auto industry, with sales in the second ten days of November down 7.5% from last year at General Motors, 12.7% lower at Ford, and 4.5% down at Chrysler.

"When sales came in for October, and when inventory [figures] came in, I heard a feeling of panic in the voice of people from GM," one analyst said. Unsold inventories at GM are now 18% above normal; Chrysler inventories are 17% above normal.

Following auto into disaster is the machine tool industry. Orders are down 19%, compared to the same period last year, according to the Association for Manufacturing Technology. The AMT reports that October orders were \$205 million, down 22% from October 1988, and down 32% from the \$302.6 million of September 1989.

Japan has so far resisted the demands of the "post-industrial" yahoos who demand "free markets" and banking deregulation. September orders for metal-cutting machine tools in Japan were up 5.5% from August, and up an incredible 22.8% from September 1988, to 104.8 billion yen (\$732 million). September orders of numerically controlled machine tools in Japan were up 4.9% from August, and an enviable 27.9% from September 1988, to 87.7 billion yen.

U.S. shipments of home appliances are shifting downward, according to the latest monthly figures re-

leased by the Association of Home Appliance Manufacturers. Total industry shipments in October decreased 3.6% in October, to 4.0 million units, while 41.1 million units have been shipped in the first ten months of 1989, a 0.3% decrease from the same period last year.

The units showing the largest declines can be considered those more susceptible to changes in disposable income. Shipments of garbage compactors collapsed 25.4% from levels of October 1988; room air conditioners plunged 25.0%; and chest and upright freezers dropped 14.0%. Shipments of microwave ovens fell 14.7%, to 957,600 units, from 1,123,200 units in October 1988, and this was the item with the largest number of units shipped. The next largest, refrigerators, dropped 1.8%, to 613,700 units.

Shipments of industrial electrical equipment were down 0.76% in 1989, led by a 3.0% decline in manufactured graphite, according to the National Electrical Manufacturers Association.

U.S. cotton production collapsed 21.4% in 1989, according to revised Department of Agriculture estimates, the National Cotton Council of America reported. Total production was 12.102 million bales, compared to 15.412 million in 1988. Only 9.566 million acres of cotton were cultivated in 1989, 19.9% below the 11.943 million acres in 1988.

Construction contracting fell 6% in October. For the first ten months of the year, total contracts are now almost the same as levels for 1987 and 1988. Sales of existing homes in Oc-

tober were down over 4% from last year, according to the latest news release from the National Association of Realtors. The preliminary seasonally adjusted annual rate of existing single-family home sales was 3,520,000 units in October, compared to 3,680,000 units in October 1988. The revised September figure was also 3,520,000 units.

Since 1982, the reality of economic collapse has been hidden by issuing more shaky credit to fuel speculation. The disintegration of this game led to the shocks of October 1987 and October 1989. The collapsed productive base simply cannot support new layers of indebtedness. There were no buyers for the financially crippled B. Altman's department store chain in New York, which is now being liquidated. At one point, only \$12 million and a commitment to spend another \$100 million over two years to upgrade the stores and perform deferred maintenance, was needed to gain control, but with the chain losing \$800,000 to \$1 million every day, there were no takers.

GM sold off 2% of its 40.2% stake in Isuzu Motors Ltd., the Japanese automaker, for 19.7 billion yen, or about \$138 million. An Isuzu spokesman said that GM will use the cash to finance sales incentives to U.S. new car buyers.

Despite all the signs, the idiots running the United States are about to commit the final rite of *hara kari*. Cutting \$180 billion from the defense budget over the next few years, will crush the last sector of the economy that generates scientific and technological advances—aerospace and defense. "An awful lot of engineers and scientists will be driving taxis," one analyst said. If that happens, it will be nearly impossible for the United States to pull out of its nosedive to catastrophe.

West German machine tools' potential

In the discussion of Marshall Plan-scale economic help to select East European economies, no sector is more critical.

In a press statement in West Berlin Nov. 14, West German Economics Minister Helmut Haussmann suggested the possibility of some form of major economic assistance from West Germany to select East European nations analogous to the Marshall Plan aid the U.S. provided to help Western Europe's economic recovery in the postwar years. Assuming conditions do open up serious possibilities of Western industrial assistance to rebuild the collapsing economies of Eastern Europe, no other economy is better positioned to address the task than West Germany's. And no sector of West German industry is more vital to long-term industrial improvement than machine tools. Recent discussions I've had with representatives of this industry point up some interesting problems in the challenging job of rebuilding parts of Eastern Europe.

Unlike the U.S. or Japanese machine tool industry, Germany's is dominated by hundreds of small-to-medium size firms, known as *Mittelstand*. The industry was plunged into its deepest crisis of the postwar period in the early 1980s. The soaring world oil prices and the parallel Volcker high interest rate levels from 1979 to 1982 created a world depression in trade and production. Germany's machine tool industry plunged into deep decline, reaching bottom in 1983-84. Employment dropped 17% from just under 100,000 to 83,000. Unit production dropped 25%.

But beginning in the mid-1980s the industry began a typically "German" resolution of the crisis, part of the cultural heritage of the 19th-century national economist Friedrich

List—it began massive investment in quality upgrading. It dramatically stepped up production of high-precision numerically controlled machines. It rapidly made up for a slow start, and today is one of the world's most important producers of laser machine tools as well.

In terms of quality and diversity, no producer can compete with Germany. Japan, which recently surpassed Germany as the world's leading producer measured in dollar terms, restricts most of its production for auto industry applications. There is no other maker of machine tools in Western Europe on the scale of Germany. Italy, perhaps the second most important maker, and Switzerland, are one-third the size of Germany's industry.

According to Dr. Gutmann Habig, a spokesman for the German Machine Tool Association in Frankfurt, "our industry capacity utilization rate is presently averaging between 91-98% of capacity. Order backlog for the industry is over nine months, only slightly below all-time peaks."

With this situation, I asked, why doesn't the industry launch a major program to expand capacity? "People here are cautious about building big new capacity," Habig stressed. He noted the severe depression from which many firms are only beginning to recover. "In addition, if a mid-sized firm adds large numbers of new workers and later is hit by an unexpected economic downturn, German labor laws make it very expensive for him." Instead, they have concentrated investment in production rationalization and upgrade of the quality of tool produced.

Because of the sharp international swings of the past decade, however, the German industry has held back on expanding capacities. One German machine tool representative, Bernhard Kapp of Kapp & Co. in Coburg, pointed out, "We have reached the limits of our capacity. But firms' own investment is unfortunately not expanding that rapidly." Because the German industry lives or dies, far more than any other in the world, on export, it is most sensitive to sharp shifts such as the 40% swing of the U.S. dollar against the German mark since March 1985. West Germany in 1988 was the world's main exporter of machine tools, accounting for a full quarter of the total trade.

This brings us to a salient point which latter-day "Adam Smith" free trade purists would do well to grasp. According to informed industry assessments, needed expansion of capacity from Germany or the rest of Western Europe's vital machine tool sector to retool East European industry cannot occur, especially given the political uncertainties, unless governments, or the European Community in Brussels, provide some form of state backup to reduce the companies' risk of loss should international events change unexpectedly as they did in Poland in 1981. This need not even cost German or European taxpayers a single penny of net expense, if it is in the form of a state export guarantee or some form of insurance against specific loss. With this backup, the West German industry says it is ready and able to tackle one of the most challenging economic problems of the postwar period, beginning in Poland and East Germany. Given the virtual collapse since the late 1970s of the once-potent U.S. machine tool industry, such potentials as Germany's must be regarded as of world importance to rebuild our faltering economies.

Brazil and the 'German Question'

After nearly 15 years of sabotage, the fruitful collaboration embodied in the Nuclear Accord could be revived.

The extraordinary events of Berlin and the proposals afoot for German economic unification may reactivate economic relations between Brazil and Germany, which have deteriorated under the especially active Anglo-American pressures since the Nuclear Accord of 1975.

At least that is what may be inferred, however tentatively, from the editorial of *Jornal do Brasil* in its Nov. 20 issue. Under the title, "Interesting Relations," the Brazilian daily refers to the so-called German Question in the following terms:

"For this side of the world, the resurgence of a German nation means, very simply, a possibility of dialogue and interchange. It is not a reality which is beginning now. Brazil and Germany have a very old and fruitful relationship—suffice it to examine the presence of German colonization in our southern states. . . . São Paulo has the largest concentration of German industries outside Germany, 600 productive firms. . . . The Germans have been able to demonstrate an interest in Brazil which has not always been the case for the other European countries. There exists a complementarity between the productive profiles of the two countries. . . . No need to underline what German technology in its full development could offer to a country where science and technology are still not moving at the desired pace. . . . Germany, with respect to current events, is in the condition of acting internationally, with an interest and dynamism that other rich countries no longer show. This is the typical case of 'interesting relations,' "

concludes the *Jornal do Brasil* editorial.

In reality, German economic reunification around the task of rebuilding Poland, by improving the Paris-Bonn-Berlin-Warsaw railway link, as Lyndon LaRouche has proposed, and also the ideas of West German Chancellor Helmut Kohl and French President François Mitterrand to reactivate the European Monetary System, which were brought up during the Paris summit of European heads of government on Nov. 18, are the greatest opportunity which has presented itself to Brazil to break the economic and technical witch's circle to which it has been subjected by the U.S. State Department and the Anglo-American financial oligarchs.

The contribution of, and benefits to, Brazil in the proposed scheme for rebuilding the countries of Eastern Europe could be immediate. Brazil has abundant natural resources and a semi-finished goods industry, a certain grain surplus, and above all, abundant and fertile lands for rapidly producing food.

In exchange, Brazil needs capital goods and state-of-the-art technology to modernize and develop its economic infrastructure, mainly in the energy domain, goods which could come from France and Germany, in long-term accords.

Despite the obvious potential for such relations, the economic and technical alliance, especially with Germany, has been consistently sabotaged from inside and outside the two countries. Since 1946, when the U.S. Congress approved the McMahon Act,

and Bernard Baruch proposed to the U.N. Atomic Energy Commission the control of the spread of information considered strategic and the control of ownership of world reserves of uranium and thorium, Brazil's struggle to achieve its technological independence, to a great extent associated with relations with Germany, has been systematically sabotaged.

In 1953-54, the efforts led by the German patriot Alvaro Alberto to build centrifuges for enriching uranium were brutally attacked by the U.S. government, which seized the centrifuges built in Cottingen in the West German ports, alleging U.S. national security considerations.

Finally, in 1975, despite huge pressure, the Nuclear Accord was signed between Brazil and the Federal Republic of Germany, providing for the construction, in the first phase, of four "Biblis"-type nuclear plants and the associated technologies in Brazil. The accord, considered the "deal of the century," was immediately shot down by President Jimmy Carter, starting with his presidential campaign. Carter even threatened later to withdraw U.S. troops stationed in West Germany, if the accord went ahead.

The July 1977 terrorist assassination of German banker Jürgen Ponto, the architect of the accord, and the emergence of Green anti-nuclear political movements fostered by the Anglo-Dutch-American oligarchy, on top of financial pressures and the world economic crisis itself, shattered the Nuclear Accord to pieces, and it barely survives in a limited version of its original scope.

The wave of optimism that is sweeping over the two Germanys in recent weeks is without a doubt the golden opportunity for Brazil and Germany to get back to "thinking big" about their economic relations.

Latin American integration or death

Even Mexican officials realize Ibero-American unity must come before a North American Common Market.

One hundred Latin American bankers despaired over the shocking social and economic disintegration of the region during this past "lost decade." They were attending the annual convention of the Latin American Bankers' Federation (Felaban) in Mexico City, Nov. 22-25.

It was surprising to hear Felaban President Juan José de Olloqui employ patriotic jargon rarely used by pragmatic bankers. He proclaimed, "The Patria Grande conceived by the Liberator [Simón Bolívar] does not cease to beseech us; Let us grant it our enthusiasm." Olloqui normally echoes Henry Kissinger's geopolitics, which are antithetical to all patriotism.

Dutch Finance Minister H.O. Ruding argued that European integration "justifies Latin America's focus of attention gradually shifting from the United States to Europe." Ruding denied 1992 would bring a "Fortress Europe" which would erect trade barriers against the rest of the world. He said the benefits of a single European market "would spread to other parts of the world."

Europeans find it absurd that Latin American nations only conduct 12% of their total trade among themselves, Ruding said. Latin America should not think of any kind of trade integration without a substantial increase in intra-regional trade, the Dutch minister argued. He vigorously attacked the stupid policy of currency devaluations as a means of reducing trade deficits. He explained that the European Monetary System's success was due to exchange rate stability. Ruding emphasized that integration is impossible

without monetary stability. "This is of crucial importance to Latin America," he indicated.

Brazilian central bank official Maria de Gloria Rodrigues argued that the existing Latin American Integration Association (ALADI) was adequate to facilitate trade inside the region, but countries did not use it because each was struggling to sell its products where it would be paid in dollars with which to pay the foreign debt. The Brazilian representative urged that those priorities be scrapped immediately—not just to gain trade and economic integration—but to gain "political unity" which "lets us stand up to the economic blocs forming in the developed world."

Everyone was surprised that a chief architect of Mexican President Carlos Salinas de Gortari's economic program generally agreed. Antonio Ortíz Mena held that the region must integrate in response to Europe 1992, the U.S.-Canada Free Trade Agreement, and a similar bloc forming in the Pacific Basin. "Latin America must urgently consummate integration mechanisms under construction since the 1960s," Ortíz Mena stated. He ended by calling on the bankers to "make the dream of all the great men who came before us come true—the dream of a strong, united and developed Latin America."

To those who know Ortíz Mena's political trajectory, his words seemed pure demagoguery. He represented the Rockefeller family's interests as president of the Inter-American Development Bank (IADB) during the seventies and the first half of the 1980s. He resigned, however, in a fight with then

Treasury Secretary James Baker III, who wanted to keep the IADB as a supine tool of U.S. foreign policy toward Latin America.

The unusually virile posture of Mexican officials seemed to show their resistance to Washington's gross public and private pressures on Mexico to sign a free trade agreement with the United States. Such a deal would lead to a North American Common Market in which Mexico would provide the United States and Canada with its products under disadvantageous terms. The Salinas regime refuses to do that, for the moment.

U.S. Commerce Secretary Robert Mosbacher arrived in Mexico City Nov. 21. He made stupid and provocative statements that the United States government "is determined" to create such a free trade zone. Two days later, Mosbacher had to retract: "It is premature to speak of a broad comprehensive accord." Under his nose, Mexico signed several accords with the European Community. A business delegation from the Republic of Korea was warmly welcomed Nov. 24, while four Mexican cabinet members went to Japan seeking economic and industrial cooperation.

The immutable reality is that for the past seven years, Mexico has perverted its economy to fit every fantasy of the U.S. Treasury Department, the Federal Reserve, the International Monetary Fund, and the creditor banks. The results are devastating. Time, space, and social patience have run out.

The dangers are clear. Nicaraguan Interior Minister Tomás Borge issued an ominous message upon visiting Mexico Nov. 24. The architect of "revolutionary expansionism" proclaimed, "The Mexican people is asleep; but when it awakes, we will all avert our eyes in fright."

The great GATT gangup

Secretary of Agriculture Yeutter is selling U.S. farmers to the monopolies with his proposals to GATT.

On Nov. 28, U.S. Agriculture Secretary Clayton Yeutter gave the keynote address to the 1990 Agricultural Outlook Conference in Washington, D.C. After about 20 minutes of smiling political double talk that centered around the General Agreements on Trade and Tariffs (GATT) negotiations, Yeutter defensively replied to *EIR's* question about the U.S. proposals to eliminate all "trade-distorting" agricultural trade subsidies by saying, "I have said about 900 times that we are not trying to get rid of all farm subsidies."

However, circumstantial evidence connects Cargill grain company officials with the development and promotion of the current "decoupling" approach to U.S. farm policy, which is one of the main proposals in the 1990 Farm Bill discussions.

Presumably, the income losses farmers will incur if GATT negotiators agree to phase out agricultural trade subsidies over a 10-year period, could be compensated to U.S. producers by direct subsidies "decoupled" from the amount of bushels of crop a farmer produces.

According to a January 1989 report by the National Farmers Union, the president of Cargill and his vice president for public affairs have strongly endorsed the decoupling of farm programs and farm payments.

The effect of decoupling is that farmers will be paid, in effect, for doing nothing. The decoupling bill proposes to provide transitional or "equity payments," more accurately called "exit payments," that will be phased out over a five-year period. Decoupling is in effect a "whole-farmer buy-

out program," with a welfare pittance to quiet the transition of more producers out of farming, and is wholeheartedly backed by the big grain monopolies.

It is difficult to imagine how American consumers would benefit from decoupling, since they have gained nothing from the systematic reduction of farm price supports during recent years. According to the U.S. Department of Agriculture "1988 Fact Book of Agriculture," retail food prices have advanced 70.1% in the past decade even as farm prices in the marketplace have gone down.

Yeutter and the Bush administration have appeased the international grain cartel gang by orchestrating the focus of the GATT trade talks on "unfair" subsidies, while the impact of the GATT proposals on world per capita food production and agricultural income are swept under the carpet.

The Trilateral Commission-inspired U.S. farm policies have been designed to reduce food production and consolidate food production and processing into monopolistic control by a few multinational giants, and thus to impose food control. Today, the results of these policies are higher retail food prices and shorter supplies. The food monopolies are looting both the producer and the consumer at the same time while making historic profits. The subsidy decoupling proposal and international trade liberalization will be the final phase of world food control.

A USDA report released by the Economic Research Service in August 1989 entitled "Economic Implications of Agricultural Policy Reforms in In-

dustrial Market Economies," explains that the impact of U.S. free-trade proposals to the GATT would not have a beneficial effect on food producers or consumers.

The report states, "Multilateral elimination of support would reduce production of most agricultural commodities in industrial market economies." It explains, "The producers in the United States, EC [European Community], and Japan are likely to lose between \$15 and \$25 billion with multilateral trade liberalization unless they are compensated." Most of the losses would be absorbed by rice producers in Japan, beef producers in the EC, and grain producers in the United States. "World price increases would not be sufficient to offset the lost support," according to the report.

The results also indicate that the United States would improve its agricultural balance of trade, while the European Community and Japan would face considerably larger trade deficits.

The report does appear to unmask the main beneficiaries of the free-trade proposals of the United States to the GATT—the giant grain and food monopolies. It indicates that U.S. beef exports would increase with trade liberalization. This could be why the world's largest grain companies like Cargill, ConAgra, and IBP have moved with a vengeance into U.S. beef processing and production. Now 60% of U.S. beef packing is controlled by these three monopolies. The packers will get the benefits of increased beef trade, not the producers.

Today the United States is the world's largest importer of food. If Yeutter's free-trade GATT proposals reduce food production as reported in the above USDA study, even more U.S. food imports will come out of the mouths of the Third World population.

Business Briefs

Infrastructure

Thailand looks to Kra land bridge

The government of Thailand has taken its first official step to build a land bridge over the Isthmus of Kra instead of the economically vital sea-level canal.

Prime Minister Chatichai Choonhavan has approved, in his capacity as chairman of the Southern Seaboard Development Committee, the construction of a land bridge. The project features four deep-sea ports, and a highway, railway, and oil pipeline across the isthmus.

The Thai government will seek funding from the World Bank and other assistance, especially from Japan and the United States. The land-bridge project appears to have been pushed by Dr. Phisit Pakkasem, head of the National Economic Social Development Board. Phisit is a cohort of Henry Kissinger and a long-standing opponent of the proposed Kra Canal, which could vastly enhance the efficiency of shipping in the region.

Transportation

New high-speed rail link approved in Europe

The transportation ministers of West Germany, France, Holland, Belgium, and Great Britain approved the timetable for completion of a high-speed rail network for the most populous area of northern Europe during their meetings in Brussels the week of Nov. 20.

The ministers gave final government approval for the plan to link Cologne, Frankfurt, Paris, Brussels, Lille, and London over the next several years. Investment in this section is estimated to cost \$11.23 billion. It is conceived as the first part of a major European high-speed passenger rail grid based on the technology of the French TGV and West German ICE trains designed for transport at speeds of 300 km, or roughly 188 miles, per hour.

Full European-wide proposals which have been developed by the Community of European Railways, if approved, would spur an infrastructure investment boom across the conti-

nent over the next two decades of an estimated \$100 billion and another \$34 billion investment into construction of new rolling stock and special high-speed locomotives. The existing plan envisions a future high-speed link between Hanover and Berlin for passenger transit.

Food

Next year's harvest crucial for security

"Next year's cereal harvest will be crucial for world food security," the United Nations Food and Agriculture Organization insists in its latest report on world food issued in late November.

The FAO report emphasizes that over the last three years the world has "completely exhausted" the safety net of carryover stocks and now must increase global cereals production, defined as all grains plus rice, by minimally 4% next year merely in order to fill consumption needs. Production must be increased more than 4%, the FAO reports, in order to rebuild world reserve or carryover stocks which FAO now estimates at the "minimum necessary for world food security," or 17% of annual consumption, two months total. Wheat stocks are at the lowest level since 1982.

Credit

Consumers urged to prop up economy

A ballooning of consumer debt is being urged upon Americans in order to "avert a recession," the *New York Times* reported on Nov. 22, citing "two new studies which suggest that the consumer could, in theory, help prop up the economy."

"The relentless story you keep hearing is that the consumer is tapped out; he can't borrow more and is about to retrench," said James A. Wilcox, an economist at the University of

California at Berkeley, and the author of one of the studies. "But the debt service numbers tell a different story. They are remarkably stable, and they say the consumer is in good shape as a borrower." The *Times* adds that consumers have cut back on borrowing "not because they lacked the borrowing power to finance spending, but because of 'apprehension' about the economy's future."

Edward F. McKelvey, a senior economist at Goldman Sachs, said, "People are certainly not being pinched." While total household debt is roughly equal to 90.4% of people's annual disposable income, installment payments are only 16.7% of that income. "That is only half the repayment level that lenders say households could handle without getting in over their heads," the *Times* claims.

The *Times* cites Federal Reserve economist Thomas Durkin saying that 45% of the nation's \$750 billion in outstanding consumer credit is in the hands of the wealthiest 20% of the population, while only 19% of the debt is in the hands of the poorest 40%, to imply that the poor can borrow much more.

The *Times* also noted that only 5.5% of American homeowners have taken out home equity loans. Almost non-existent until the mid-1980s, these loans "have become a major tool for stretching out debt," it said.

R&D

Defense spending yields bulk of investment

A new private study issued by the Battelle Institute reports that the United States and Great Britain depend on defense spending for the bulk of their investment in research and development. The study reveals that the amount of overall research and development linked to defense spending is 50% for Britain's economy and 70% for the United States.

Informed London sources report that mutual funds have begun disinvestment in U.K. defense companies such as British Aerospace and GEC in favor of investment in West German capital goods companies like Mannesmann or Siemens, anticipating that sharp reductions in U.S. defense spending will adversely affect British defense joint ventures.

Briefly

● **INVESTMENT BANKERS**, terrified that Japan will pull the plug on U.S. finances, are now urging U.S. government officials to tone down their criticisms of Japan's "closed" markets, according to the Nov. 25 *New York Times*.

● **CHILDREN** raised near nuclear plants have no greater risk of leukemia, according to evidence summarized by the British *Nature* magazine Nov. 16. Mortality is also higher "near places being considered as future power station sites."

● **HONDURAS** has announced that it does not have the funds to pay the International Monetary Fund. "We reiterate government policy of not sacrificing oil and medicine imports to pay an international body," said Finance Minister Carlos Falck.

● **THE UNITED STATES** may lose one of its last manufacturers of micro-chip-making machinery, if Nikon Corp. of Japan buys the machine-making division of Perkin-Elmer Corp. IBM, which has been aiding Perkin-Elmer in developing the chip-making machines, says it has no interest in attempting to outbid Nikon.

● **SAFE SEX** is not without risks, the *New York Times* admitted Nov. 24. One fellow, using "safe sex methods," reportedly infected 11 women.

● **DISASTER MANAGEMENT** specialists began meeting in Toronto, Canada, according to Radio Moscow Nov. 23, and are discussing the creation of an "international agency to deal with disasters" like Chernobyl.

● **THE INSURANCE** business is lobbying Congress to force an estimated 90% of the nation's homeowners to pay earthquake insurance into a federally administered fund, the *Chicago Tribune* reported Nov. 26. Should the fund fail to cover damage, the insurance companies would pay 10% of the deficit, and the Treasury the rest.

Ecology

Italian farm weekly runs Schiller brief

Terra e vita, the most widely read and authoritative farm weekly in Italy, has published the full text of the Schiller Institute's legal petition asking for a criminal investigation of the ecologists' campaign to severely limit all pesticides in Italian agriculture. The petition, which was presented in a Rome court last summer, was published in English in *EIR* Aug. 11, 1989.

The brief presents the reasons why the state prosecutors should investigate, and possibly take criminal action against, certain prominent pro-Green publications and parties for the crime of "spreading false, exaggerated, and tendentious reports, tending to disturb the public order."

The Schiller Institute's brief has been assigned a docket number under Judge Nitto Palma, a magistrate specializing in probing armed terrorism, but it is still in a preliminary phase of processing.

Terra e vita accompanied the brief with a commentary by Judge Francesco Mario Agnoli, a member of the Higher Council of the Magistracy, which is the top judicial organ in Italy.

Other press covering the Schiller Institute brief include *Il Piccolo Agricoltore*, the weekly of the Catholic farm organization Coldiretti in Vercelli, the rice capital of Italy; the conservative weekly *Il Borghese*, which has about 100,000 circulation; and the Rome daily *Il Giornale d'Italia*.

Merchant Fleet

Ship-building shortfall in thousands

The world merchant fleet will need 7,000 to 11,000 new ships larger than 1,000 gross tons by the year 2000, according to the late November issue of *Shipyard Weekly*. If current construction rates hold, this will mean a shortfall of several thousand ships.

The replacement estimates are projections of the World Fleet Forecasting System,

developed by Lloyd's Maritime Information Services, and DRI/McGraw Hill.

An average of 1,500 to 1,900 new ships will be required each year, as compared to the average annual rate of 700 new ship deliveries between 1985 and 1988. By 1992, more than 40% of the fleet will be more than 20 years old, and an additional 25% will be 15 to 19 years old. Approximately 8,000 aged vessels will have to be scrapped between 1988 and 1995, and 5,000 more will have to be scrapped between 1996 and 2000.

AIDS

Africa's population will be decimated

Africa's population will be so decimated by the AIDS epidemic that the World Bank's demographic projections for Africa in its report issued the week of Nov. 20 must be revised downward, the London *Economist* asserts in a Nov. 27 editorial.

"The bolt from hell that threatens to blow [the World Bank strategy] apart, not perhaps throughout the continent but in parts of East and Central Africa, is the AIDS epidemic," the *Economist* says. "Some AIDS researchers predict [population] growth as low as 1%, or even, on the bleakest of guesses, an absolute decline by the year 2010. . . . The issue deserves more discussion than the single page it gets in the Bank's report, if only because population issues lie at the heart of its African strategy."

The *Economist* warns that AIDS "strikes disproportionately among adults. And in economic, though not human terms, high infant-mortality rates are quite different to high death rates among skilled men and women—doctors, engineers, teachers and administrators—in whose education the country has invested heavily. It is the selective, rather than the total, impact of AIDS on economic performance that is potentially devastating."

The *Economist* worries about the ability to cut public-sector deficits if AIDS victims "absorb a large and growing chunk of the continent's scarce resources," and calls for a "modest investment in AIDS prevention, especially education and condoms."

HPM weapons: fantasy, or frightening reality?

In the bygone days of cartoons, we followed Flash Gordon wielding imaginary beam weapons. Is there a frightening new reality that overshadows those fantasies? Manuel W. Wik reports.

The following presentation first appeared in the Militär Teknisk Tidskrift (Military Technology Magazine), the quarterly journal of the Swedish Military Technology Society (Militärtekniska Föreningen, No. 3-89) and is reprinted here with the permission of the author. This very concise presentation on high-power microwave (HPM) weapons was made in June 1989 before the conference MILINF 89 (Military Information 89) and reflects the growing interest in the subject on the part of Swedish military circles. The author, Manuel W. Wik, is Coordination Manager at the Defense Materiel Administration in Stockholm, Sweden.

The development of beam weapons

In the world of cartoons, we encountered space ships and computers before they existed. In the same way, we have been able to follow Flash Gordon and other figures' fights with beam weapons. So far, we have been spared from such weapons in reality. Are those days now over, and do we face a frightening new development?

There is every reason to observe that modern warfare is not only a question of the fight for and the supremacy over territories, seas, air and space. Of fundamental significance in all cases today, is the fight for and the supremacy over the electromagnetic spectrum, from gamma rays, x-rays, and optical frequencies to radio waves and even down to extremely low frequencies. The electromagnetic spectrum, which in former times was mostly used for observations and communications, has gained more importance for the area of arms applications. The electromagnetic radiation from nuclear explosions was contributing to this at the time. This radiation covers a broad spectrum from ionized radiation, x-rays, optical frequencies to radio waves and extremely low frequen-

cies, (nuclear electromagnetic pulse—NEMP).

'Star Wars' and electronic warfare

American reports on the SDI program (Strategic Defense Initiative) partly include the development of beam weapons. Those can be subdivided into laser, microwave, and particle beam weapons.

Laser systems so far have attracted most attention. Today tactical laser systems for target acquisition and target tracking, as support functions for weapon systems, in several cases are already so powerful, that there is strong reason to be concerned about their effects on the human eye and on optical or electro-optical systems.

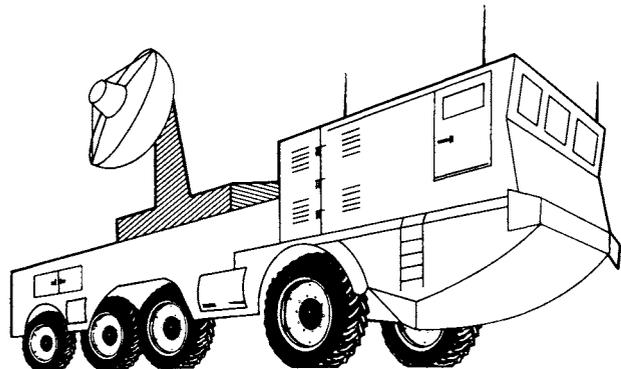
Microwave technology was rapidly developed for radar applications during World War II and at a slower pace thereafter. During the 1970s, however, the development received new impetus with a very powerful jump in generated output from about 1 megawatt to 100-1,000 megawatts. Contributing to this was the combination of microwave technology with plasma physics, particle beam technology, and fusion technology.

The feasibility of very high microwave power has been noted primarily for arms applications. It would, however, be wrong to believe that this is the only possible application. Apart from beam weapons, which are aimed at destroying electronics, one has to pay attention to electronic warfare weapons operating at very high power levels aimed at disturbing electronics from a large distance. Furthermore, short-pulse radars which radiate pulses for no longer than nanoseconds can avoid extinction phenomena upon reflection in targets. High-power communication is an application for "disturbance free" communication links. It should be possible to

FIGURE 1

High-power microwave mobile weapon

(Artist's conception)



make unauthorized tapping of the information difficult.

Isolated use of microwave guns for special purposes began several years ago. The new BTI program (Balanced Technology Initiative) of the U.S.A. includes high-power microwave weapons (HPM). This HPM development is believed to have been initiated many years earlier in the Soviet Union. Several observers believe that the Soviet Union is leading in this field and has developed new means of generating radio frequency (RF) energy. This now can lead to fundamentally new types of weapon systems. Such systems can disturb or damage electronic equipment or possibly be used against human beings. The Soviets' good basic technical knowledge concerning electromagnetic sources already makes prototypes of short-range tactical RF weapons feasible. This could be one of the ways for the East to counter the supremacy of the West concerning sophisticated electronics in military applications. The great dependency upon electronics gains ever more fundamental significance for successful military operations. This calls forth weapons which strike against the electronics as such, and which, therefore, in a way, can be called humane.

Today the efforts to produce tactical beam weapons or basic components are increasing, not only in the Soviet Union and the U.S.A., but also in France, Great Britain, Japan, and Israel. Strategic weapons require greater effort and are therefore more for the future, except for certain applications in space where their enormous range speeds up the development.

HPM types of arms

Energy sources for microwave weapons can be conventional electrical capacitor networks, explosively driven systems, and nuclear charges of the third generation. The arms can be stationary or mobile, ground-based or carried by ships, airplanes, or in space (see **Figure 1**). Even special HPM mis-

siles and gravitational bombs can be imagined. In combination with aiming systems, a very high firing accuracy can be obtained. Because of weight, volume, and self-generated disturbance problems, ground- and ship-based tactical applications will be the first to be realized. Aimed at sabotage, car- or hand-carried HPM weapons might be used already in peacetime, for example near, but outside, sensitive electronic installations which are physically difficult to access.

HPM weapons might become the next generation of electronic warfare weapons, more general, and with a wider range. This is true especially if the weapons prove to be effective without prior detailed information about the capacity of the adversary systems. Instead, the raw power of the beam weapon is being utilized. HPM weapons, however, must be seen as complementary to conventional weapons. They are not replacing them, as they only affect the electronics and as there is a large area of uncertainty between an assured effect on the target and assured survival.

Comparisons with NEMP

The HPM area has certain similarities with electromagnetic pulse (EMP) from nuclear weapons, but the differences are also significant. The political and military threshold for use of nuclear weapons is high. This threshold in recent years has been increased even more, as a consequence of knowledge about the global environmental effects of nuclear war. On the contrary, there is no real threshold for the use of HPM weapons based upon conventional electrical energy sources. One can imagine their use already in peacetime, covertly and without any later possibility to determine with certainty that HPM weapons were used. This might have consequences for security policy and lead to entirely new threats and scenarios.

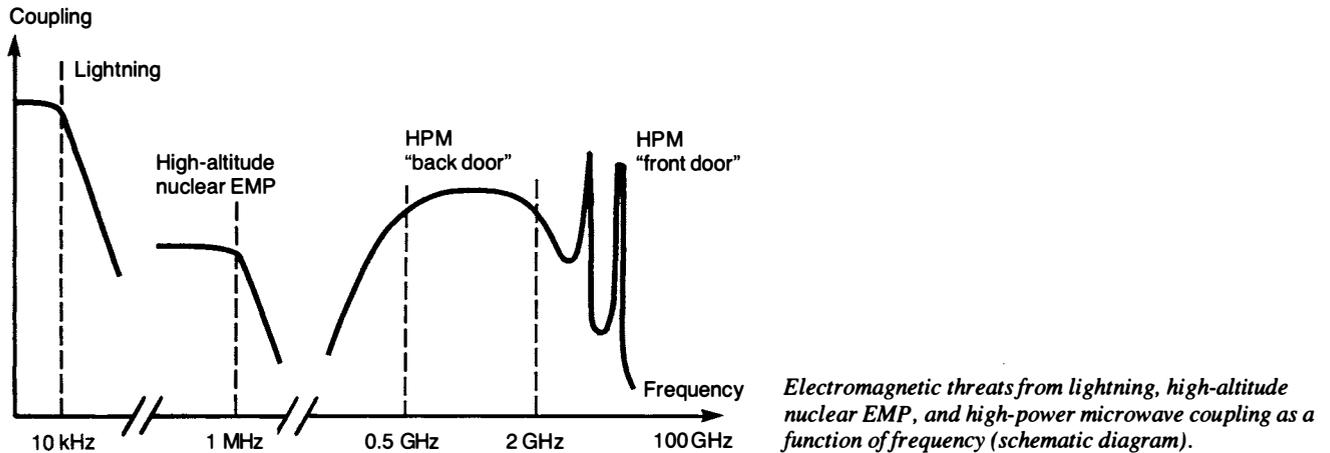
The HPM weapons might have greater tactical areas of application than nuclear arms and the effect is considerably more selective. The HPM weapons can illuminate a limited area with a very large number of pulses in the microwave region (1-100 gigahertz) and the pulse effect diminishes with the distance. NEMP from high-altitude explosions exposes entire countries at the same time with one single pulse per nuclear explosion. The NEMP exposure from the present nuclear weapons occurs mainly in the low frequency and radio frequency regions (10 kilohertz-100 megahertz) and with approximately the same field strength over the entire area (see **Figure 2**).

NEMP hardening can have a certain effect against microwave radiation, but can also lack effect depending upon the exposure. High-frequency microwave radiation penetrates much more easily through joints and holes in enclosures, and can result in new types of coupling and effects, among other things, through resonances and signal rectification. The costs of HPM hardening can become high and the uncertainty nonetheless can remain large.

The NEMP effect is attractive for use against electronic

FIGURE 2

Comparison of electromagnetic threats



Source: Manuel W. Wik.

and communication functions. It is known that nations with nuclear arms, therefore, already at an early stage, did study the possibility to enhance the EMP effect from, for example, a nuclear explosion at a high altitude (more than 30 kilometers). The propagation of radio waves in space occurs without any significant loss. The energy density required to disturb or damage electronics is lower than that required for other forms of radiation. In space, the strength of a microwave source is not limited by ionization, as in the air, at the Earth's surface. Thus it may be attractive to also study the possibility of utilizing energy from nuclear explosions in space for transformation into directed microwave energy.

Ranges

There is a physically determined upper limit to how much radiation terrestrial weapons can deliver, depending upon the breakdown of the atmosphere. For ground-based systems, it can be shown that small HPM weapons with antennas in the order of magnitude of 1 meter could disturb unprotected computers and other electronic systems at a distance of 10 kilometers (through the so-called "back-door" coupling). The most powerful systems existing today with 10 meter large antennas could disturb computers at a distance of 100 kilometers and cause permanent damage at a distance of up to 10 kilometers. Even stronger sources theoretically are believed to be able to permanently damage electronic systems at a distance of up to several tens of kilometers and disturb at a distance of hundreds of kilometers. One should not forget that a disturbance in an electronic system in turn can lead to catastrophic effects upon primary functions and, thus secondarily, lead to permanent lapse or damage. By comparison, one can mention that in recent years, several airplanes and

helicopters have crashed as a consequence of coming too close to existing radio and radar stations. Even weak HPM weapons can, with a good coupling to antennas (so-called "front-end" coupling), burn out microwave diodes in the receiver units at a distance of over 100 kilometers. Human beings can have auditory sensations at a distance of a few kilometers. Theoretically, one can imagine that HPM weapons would be able to disturb nervous systems at a distance of up to 30 kilometers. For space-based systems the ranges in space become enormous.

Advantages

In summary, what advantages and disadvantages can the future HPM weapons then have? To the advantage of the aggressor and the disadvantage of the defender, one could mention the following factors:

The weapon fires with the speed of light.

A large number of shots per unit time can be achieved with certain weapon types.

The threshold for using the weapon is low; it can be used during peacetime and also crises.

The shots can be fired covertly, they are invisible and inaudible, and, in certain cases, it can be very hard to detect that one has been fired at with microwaves.

The weapon strikes directly against the electronics of the adversary, and thereby can blind, silence, and deafen his functions, make them lose their memory, or act in an uncontrolled and wrong way.

The weapon might require less detailed knowledge about the systems of the adversary, and can thereby shorten the time for developing new weapons of electronic warfare.

The weapon might lead to a new generation of electronic

warfare weapons, striking with higher effect and at a longer distance.

The weapon might be more generally applicable than common electronic warfare weapons.

The weapon might be perceived as humane, but it might also affect human beings.

There could be a great development potential in the field of HPM, which could lead to many possible kinds of weapons.

The development can be influenced by progress in several areas of high technology and combinations of them (emerging technologies), for example, new energy sources, fusion and plasma technology, superconductivity, new nuclear arms.

The HPM weapons are less weather-dependent than laser weapons.

Possibilities exist for a very high-output power and an enormous range in space.

There are clearly interesting targets to fight in space.

Warfare in space and on the ground becomes, relatively, less destructive to the environment.

Space-based weapons might be used against targets on the ground.

It might be difficult and expensive to protect oneself with much certainty.

It might be difficult to maintain an intact shield.

It might be difficult to map out the threat.

The high-power microwave weapon can be used without forewarning. The element of surprise is part of its deployment tactics.

Disadvantages

To the disadvantage of the aggressor and the advantage of the defender one can mention the following factors:

Use of the weapon could mean taking a chance and running a risk. Uncertainty about the effect remains and the probability of succeeding in using the weapon can vary strongly.

The weapon cannot replace conventional weapons, but can only be a complement to them.

The weapon might require relatively big volumes and weights for its platform to carry, and thus competes with the space for conventional weapons.

Good focusing, targeting, and eventual use of phased array antennas might complicate the weapon system.

The costs of development might become high.

The effective ranges for terrestrial applications might become moderate. The range is limited by the absorption in the atmosphere and the maximal flux is limited by ionization of the air around the generator.

The efficiency is low in relation to chemical explosives.

The leakage of radiation around the weapon (microwave radiation, but also x-ray radiation, etc.) can cause problems on the platform, for both electronics and personnel.

The weapon might cause tactical problems, for example, if other electronic systems have to be protected or shut off when the weapon is being used.

The shots make possible homing in on and localization of the platform or the source.

It might be difficult to achieve both high repetition rates and variable or optimal microwave frequency.

In several cases, the defender in any case, for other reasons, has to have good, basic shielding against damaging effects of strong radio frequency emitters (for example, close to radar stations).

Taken all together, these factors add up to a number of uncertainties which might make it hard for the aggressor to fully judge the usefulness of the weapon type.

Closing remarks

In spite of all dangers which are lurking in the emerging field of beam weapons, it is important not to be seized by some sort of Flash Gordon hysteria. Swedish security and defense policy is best served by treating the matter in a sober and well-informed manner. This can be done through improved knowledge and observations and through awareness and foresight in designing new defense systems as well as reviewing older systems in the framework of balancing all relevant threats. For this, good knowledge, leadership, and collaboration are needed.

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MHTGR—nuclear engine for world development

by Marjorie Mazel Hecht

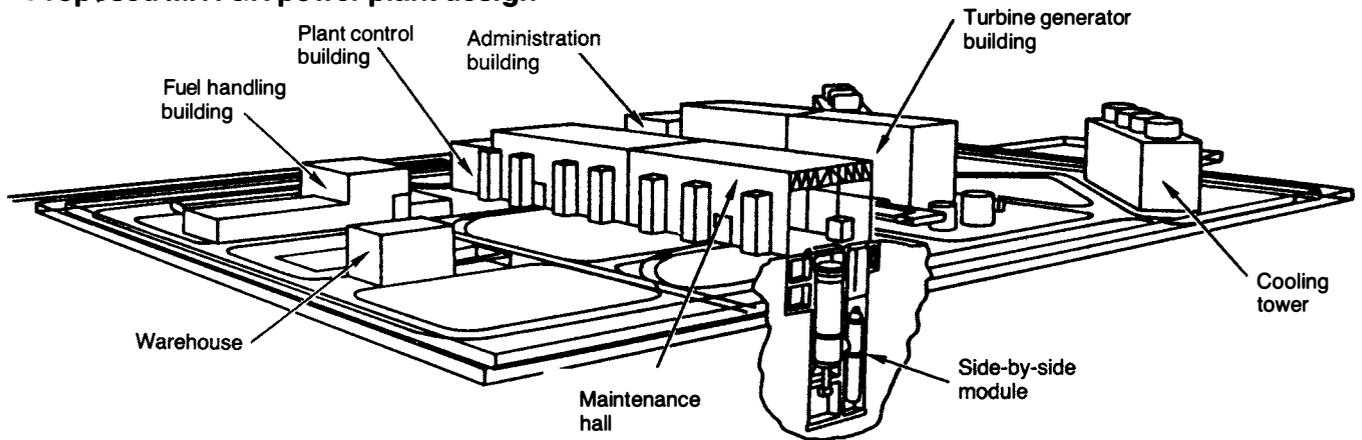
There is a simple and relatively inexpensive way to provide fast delivery of electricity and fresh water, the two major requirements for agro-industrial development: Mass produce the high-temperature gas-cooled nuclear reactor. Known by the acronym MHTGR, the modular high-temperature gas-cooled reactor is a state-of-the-art nuclear reactor that could be built now for placement anywhere in the world—from Eastern Europe to East Africa.

The most visible difference between conventional nuclear reactors and the MHTGR is its fuel and containment design. Instead of the familiar huge, domed containment buildings of conventional nuclear plants, designed to protect the surrounding area from any release of radiation, the containment for the MHTGR is minuscule—the size of a grain of sand. The nuclear fission reaction takes place in the center of this miniature sphere; little particles of enriched uranium are encased (“contained”) in a ceramic sphere made out of materials developed in collaboration with the U.S. space program. The fission power of the MHTGR thus comes from tens of thousands of these tiny fuel particles, each in its own “containment building.”

- The advantages of the MHTGR are many:
- small size units (135 megawatts-electric) that can be grouped at a site;
 - standardized, assembly-line design features;
 - competitive cost (estimated to be 10-20% cheaper than current coal plants or conventional fission plants);
 - higher temperature process heat or steam (1,000°F, compared to the 600°F limit of conventional water-cooled nuclear reactors), making possible a wide range of industrial applications from refining petroleum to making fertilizer and paper;
 - passive safety features (the fissile fuel is “contained” in tiny ceramic spheres and the reactor never gets hot enough to breach this containment; no meltdown is possible);
 - siting possible in arid areas because cooling water requirements are reduced

FIGURE 1

Proposed MHTGR power plant design



Source: General Atomics

This General Atomics power plant design has four MHTGR modules, each at 135 megawatts-electric, for a total power output of about 540 megawatts. The reactor module, called the nuclear island, is completely separate from the electric power generating system. It is housed in a below-ground concrete silo. Each of the four nuclear islands is an independent confinement structure, with its own exhaust system.

by 30% as a result of higher efficiency.

The MHTGR is especially attractive as the “engine” to power new cities—nuplexes, as they were called in the Atoms for Peace days—because it is simpler to operate and maintain than today’s conventional nuclear reactors. As the new cities grow, new MHTGR modules could be added in stages to meet the increasing demand for electrical power. Estimates are that a 100 megawatt-electric plant could meet the electricity needs of a city of 100,000 people.

Another attractive use for the MHTGR is as a source of co-generated process heat for large-scale desalination of seawater. (Desalination projects, of course, would have to be located near the sea.) Since the mid-1960s, the Metropolitan Water District of Southern California has been considering the merits of nuclear energy for desalination and they are now studying the MHTGR as the least expensive way of supplying fresh water to California’s growing population.

The most important factor for urgent world development needs is the speed with which the MHTGR could be built. General Atomic Technologies Corporation, one of several U.S. companies involved in research and development for the MHTGR, has estimated that once mass production were under way, it would take only 27 months to put a unit of a multi-unit MHTGR site into power production (assuming that licensing requirements would have already been met by the first prototype).

Because the reactor is modular and factory produced, the site construction proceeds while the reactor components are being produced in a factory off site. When completed, the nuclear reactor and the turbine systems can be transported from the factory by truck or rail and dropped into the underground silos that will house them. A crash program may even

make it possible to speed up this timetable.

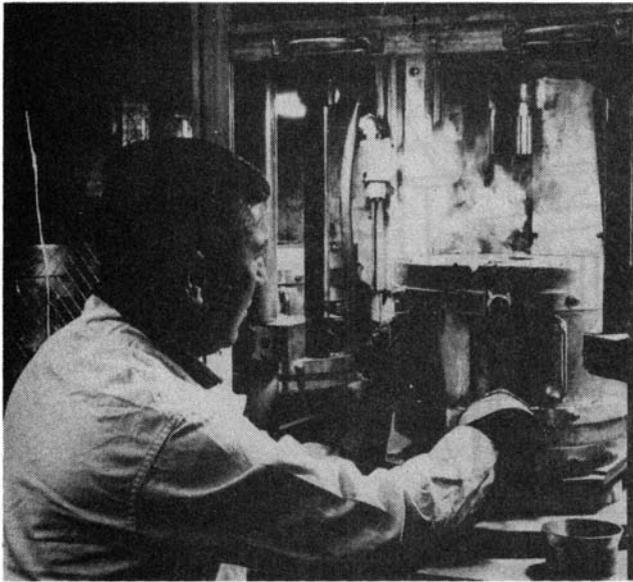
In addition to its civilian applications, the MHTGR has been chosen by the U.S. Department of Energy as one of two reactor technologies for the purpose of defense production (producing the tritium needed for nuclear weapons). The specific design for a MHTGR production reactor is now being negotiated with the Department of Energy and a consortium of private companies—General Atomics, Combustion Engineering, Stone and Webster Engineering, and Burns and Roe. The production reactor, scheduled to be built at the Idaho National Engineering Laboratory by the end of the 1990s, will also produce electricity.

Second-generation nuclear technology

The flexibility of the MHTGR makes it an ideal second-generation nuclear reactor, a necessary bridge between existing water-cooled reactors and the hybrid and fusion reactors of the future (which will have even higher temperatures).

The use of a gas coolant instead of water has the advantage of allowing the power plant to operate at much higher temperatures and hence greater efficiency. Efficiency is measured in terms of a ratio of the fraction of thermal energy that is converted to electrical energy. Conventional water-cooled nuclear plants have a conversion ratio of about 32%, while the high-temperature reactors are 40% or more. With a direct cycle gas turbine instead of steam, the conversion efficiency is 50% or better.

Helium gas is inert and does not react chemically with any part of the fuel or reactor components. Unlike water, which changes from liquid to steam, the helium coolant remains in the gaseous state and does not corrode the reactor parts.



General Atomics

The fuel pebbles for the MHTGR have been developed over the past 20 years in collaboration with NASA's nuclear-power rocket program. The MHTGR reactor never gets hot enough to break the ceramic coating that contains the fusion reaction. Here, fuel components are being tested.

Most significant, helium can be heated to higher temperatures than water (in fact, it is the helium coolant referred to as the *high temperature*, not the nuclear fuel.) This high-temperature steam or process heat can be used directly by a wide range of industries and for district heating (steam piped directly into the heating systems of buildings). In the United States, discussions and studies are in progress for desalination (see below) as well as for heavy oil recovery, both of which can be done with the current gas output temperature (under 1,400°F). In Japan, Kawasaki Steel is planning to use the HTGR for steel making, and a Japanese experimental HTGR will start up early in 1990.

As the outlet temperatures become higher (1,800-1,900°F), the MHTGR can be used for various synfuels production, coal gasification, and thermal cracking of water to produce hydrogen for use as a portable fuel.

Having a source of high-temperature process heat along with the MHTGR's electricity production is a tremendous economic advantage. More than 70% of the energy used in U.S. industry, for example, is non-electric, that is, heat or steam. This non-electric energy is now supplied by the burning of fossil fuels and natural gas, finite resources that could be saved for other purposes if MHTGRs supplied the high-temperature heat. To take the example of hydrogen, the current production process uses methane (natural gas) as a chemical feedstock as well as a source of heat in the steam reforming process. Adding an MHTGR to this process would produce the same amount of hydrogen and reduce the use of natural gas by 40%.

Twenty years ago, the United States had planned to have at least 10 high-temperature gas-cooled reactors in operation in the 1980s, but by the mid-1970s, the orders for these plants were canceled as the U.S. nuclear industry rushed into retreat from the aggressive programs of Atoms for Peace. In the intervening years, the industry has concentrated on research, not development, and much of this research has centered on safety, in particular, passive safety systems that do not depend on human intervention. (All the new designs for advanced fission reactors have this "walkaway" feature: In the worst possible accident scenario, cooling is accomplished by natural convection and other simple physical principles.)

One result of this safety effort is that if something goes wrong with the MHTGR—for example, the highly unlikely worst case where all the coolant and control systems fail—the MHTGR fuel pellets can withstand the maximum temperatures that could be generated (2,912°F). The "containment" wall of the tiny pellets would remain intact, and the reactor heat would dissipate "naturally," even with no human intervention.

The simplified safety system of the MHTGR makes it cost competitive with conventional fission plants, where safety systems account for approximately 25% of the total capital cost of the plant. This is one of the reasons that any crash program for industrialization should make the MHTGR its main power source.

Thirty years of research

Although most of the world's 400 operating nuclear plants are water-cooled, the use of a gas coolant is not a new idea. Gas-cooled reactors have been researched since the beginning of the atomic era, and many gas-cooled nuclear plants exist. The British originated the concept in the late 1940s as a method of producing plutonium for weapons, and soon after decided to use the same system for producing electric power. They built 34 gas-cooled power plants (called Magnox, after the magnesium alloy used to house the fuel elements), beginning in 1956 when the first of four plants came on line at Calder Hall. These plants used pressurized carbon dioxide as a coolant and natural uranium as fuel.

To date, the British gas-cooled plants have contributed 700 reactor years of operating experience. However, the Magnox reactor had an output gas of only 400°C because the metallic uranium fuel elements begin to break down at higher temperatures.

The next generation British reactor, the AGR (advanced gas-cooled reactor) improved the efficiency of the Magnox system by using enriched uranium oxide as fuel, encased in steel instead of magnesium alloy. Its output gas had a temperature of about 650°C, increasing the thermal efficiency to 40%.

The West Germans developed a prototype high-temperature reactor, the AVR, in 1959 at Jülich. The AVR was only 13 megawatts, but it heated helium to 850°C and demonstrat-

ed the the pebble bed fuel concept that West Germans have chosen. The pebble bed uses the same type of fuel particle as the U.S. design, but moves the fuel continuously through the reactor core, adding and removing fuel elements while the reactor is on line, thus eliminating the need for shutting down the plant to refuel. In 20 years of operation, the AVR has processed about 2 million fuel elements.

An industry-sponsored 295-megawatt plant, THTR (for thorium high-temperature reactor) was built at Schmehausen in the Ruhr and was connected to the power grid late in 1985. Now there are plans for follow-up reactors both large and small, and the director of the Institute for Reactor Development at Jülich, Dr. R. Schulten, has estimated that West Germany could, after a start-up period, produce 60 to 70 HTGRs per year!

In the United States, the test bed HTGR was the 40-megawatts-electric Peach Bottom 1 plant near Philadelphia, built under the U.S. Atomic Energy Commission's Power Reactor Demonstration Program and operated from 1967 through 1974. The Peach Bottom plant was supported by a consortium of 53 utilities—the High Temperature Reactor Development Associates. Its performance compared well to conventional fission reactors, with an 88% availability (time it's on line); fission reactors average 66%.

The next step was the Fort St. Vrain 330 megawatt-electric HTGR built near Denver by GA Technologies for the Public Service Company of Colorado. Fort St. Vrain went critical in early 1974, and has demonstrated much of the technology used in the design of the MHTGR.

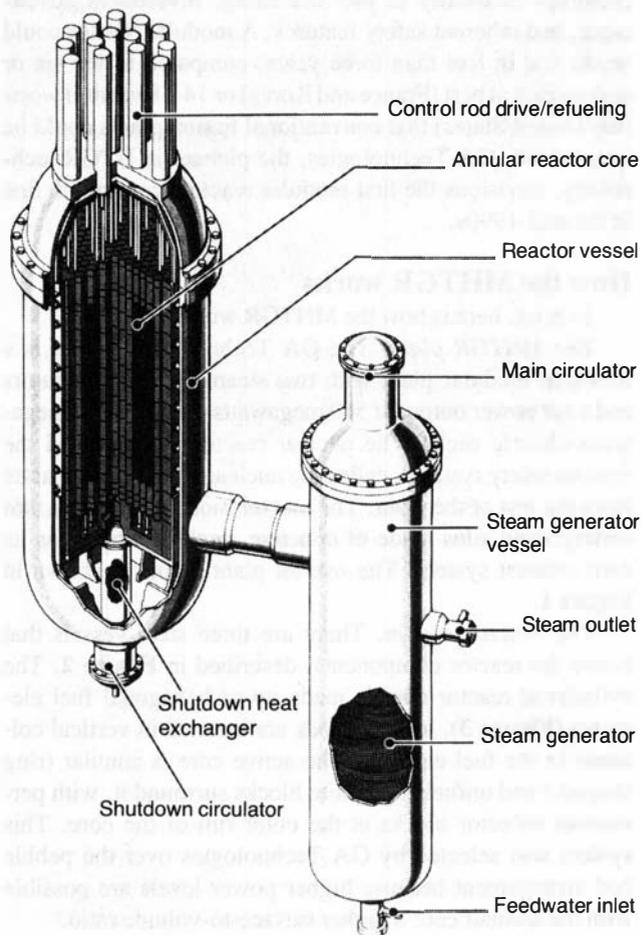
The plant's availability has been only 32%, much lower than the 80% (or better) predicted for the MHTGR, largely because of a design flaw (water lubricated circulator bearings instead of oil) that permits water to leak into the helium circulation system. The plant had to be shut down periodically to remove the water.

Despite this mechanical problem, the Fort St. Vrain reactor demonstrated proof of concept for the HTGR, proving the inherent safety of the design, the integrity of its fuel pellets, and its incapability of meltdown. There are almost no radioactive emissions from the plant—worker doses are 100 times lower than the already low doses from conventional fission reactors. At Fort St. Vrain, both workers and visitors can walk around the outside of the working reactor with no special protective clothing or equipment needed.

The Fort St. Vrain performance was so impressive in terms of safety and efficiency, that 30 utilities formed the Gas Cooled Reactor Associates in 1978. This industry group worked with the Department of Energy and its predecessors to outline a demonstration project for an 820-megawatt commercial HTGR and five potential regional sites, including a Gulf Coast regional site where an HGTR would provide both electricity and process heat for the Port Arthur, Texas oil refinery. This medium-scale reactor was envisioned for maximum use—day and night—producing a combination of pro-

FIGURE 2

A schematic view of the High-Temperature Gas-cooled Reactor



Source: General Atomics

This General Atomics design for an MHTGR has three steel vessels: a reactor vessel, a steam generator/circulator vessel, and a connecting vessel. The reactor vessel is 72 feet long and 22.5 feet in diameter, with the control rod drive mechanism (and the reserve boron pellets) on top and the shutdown systems (heat exchanger and cooling circulator) at the bottom of the vessel. Refueling and inspection of the inside of the reactor take place through the ports provided by the standpipes for the control rods. The steam generator vessel, which is 85 feet long and 14 feet in diameter, has the main helium circulator at its top. Feedwater enters the generator at the bottom, and the superheated steam exits through a nozzle at the side.

cess heat and electricity. The plan was to have the 820-megawatt plant on line by the mid-1990s, paid for by the utilities (75%) and the government (25%, largely for the R&D).

But this specific reactor plan was felled by the anti-nuclear and anti-industry virus that infected the United States in the 1970s and grew worse through the Carter and Reagan

administrations. The idea stayed alive, however, and by the mid-1980s, the focus became smaller, modular reactors that could be serially produced. Thus, the MHTGR was born. The concept quickly took hold because of the reactor's great promise—flexibility in use and siting, investment advantages, and inherent safety features. A modular reactor could be on line in less than three years, compared to the six or seven years at best (France and Korea) or 14-18 years at worst (the United States) that conventional fission plants could be constructed. GA Technologies, the pioneer in HTGR technology, envisions the first modular reactors coming on line in the mid-1990s.

How the MHTGR works

In brief, here is how the MHTGR works:

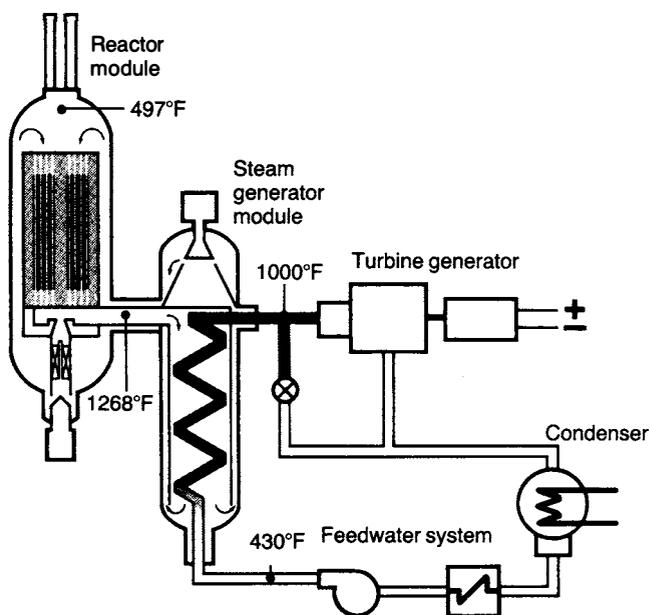
The MHTGR plant. The GA Technologies design is a four-unit modular plant with two steam turbine generators and a net power output of 540 megawatts-electric (135 megawatts-electric each). The nuclear reactor modules and the various safety systems, called the nuclear island, are separate from the rest of the plant. The reactor modules are sunk into underground silos made of concrete, each of which has its own exhaust system. The overall plant layout is shown in **Figure 1**.

The reactor system. There are three steel vessels that house the reactor components, described in **Figure 2**. The cylindrical reactor core is made up of hexagonal fuel elements (**Figure 3**), and fuel rods are inserted in vertical columns in the fuel element. The active core is annular (ring shaped,) and unfueled graphite blocks surround it, with permanent reflector blocks at the outer rim of the core. This system was selected by GA Technologies over the pebble bed arrangement because higher power levels are possible with the annular core's higher surface-to-volume ratio.

Fuel elements. The U.S. MHTGR reference design uses prismatic fuel elements, with tiny fuel particles fashioned into finger-sized rods and then stacked in a column and inserted into the fuel blocks. The fuel particles themselves are the same as those used in the West German pebble bed design. There is a central kernel of fissionable uranium oxycarbide (20% enriched U-235), about 350 microns in diameter, surrounded by three ceramic layers—pyrolytic carbon, silicon carbide, and pyrolytic carbon. These coatings, which bring the outer diameter of the fuel pebble to 800 microns (less than 1 millimeter), were developed collaboratively with the National Aeronautics and Space Administration, which used similar fuel particles in the nuclear rocket NERVA program in the early 1960s. More than trillions of fuel particles have been tested by GA Technologies over the past 20 years.

The fuel rods also include coated particles that have a kernel of thorium oxide (Th-232), a fertile, nonfissionable material. The thorium oxide absorbs the neutrons from the fissioning uranium oxide and is converted into fissionable uranium-233, thus enhancing the conversion ratio of the fuel.

FIGURE 3
How the MHTGR works: a schematic flow diagram



Source: General Atomics

The helium coolant moves downward through the reactor core, where it is heated by the nuclear reactions. The hot helium then flows through the connecting duct to the steam generator, where its heat is transferred to the water to make steam. Cooled helium then moves up the side of steam generator in the annulus between the generator bundle and the vessel; it is recompressed by the circulator and then driven into the annulus ring of the connecting duct. To complete the circuit, the cool gas entering the reactor vessel flows up between the core and the reactor to the top of the core.

Inside the core are graphite fuel blocks, hexagonal in cross section. The fuel elements are stacked in columns forming a ring that is 11.5 feet in diameter and 25 feet long. The active core region is surrounded by unfueled graphite blocks. Control rods travel up and down in vertical channels in the core.

At present, the MHTGR fuel cycle is planned as “once through”—no recycling—a requirement of the Carter administration, which prevented any reprocessing of spent nuclear fuel (instead creating mountains of nuclear “waste” that is actually 99% recoverable as new nuclear fuel and valuable isotopes). Refueling will take place when the reactor is shut down. In the three-year fuel cycle, half the core is refueled every 18 months.

The helium coolant and steam generation. The helium gas flows down through the coolant channels in the fuel elements, mixes in a space below the core, and then transports the reactor heat through the inner chamber of the connecting duct to the conventional steam generator. It flows down through the helically spaced coils of the generator and

then up the annular duct between the generator and the vessel. The compressed helium then goes back to the reactor vessel via the outside chamber of the connecting duct. In this continuous cycle, the helium coolant surrounds all three of the reactor vessels.

Feedwater flows into the bottom of the steam generator vessel and superheated steam exits at a nozzle on the side of the vessel.

Safety systems. Control rods at the top of the reactor vessel are used to regulate the fission reaction, and are lowered into vertical channels in the center and circumference of the core. Should the control rods fail, gravity-released spheres of boron are automatically dropped into the core to stop the fissioning.

There is a primary coolant system and a shutdown coolant system, but even if both these systems fail, the reactor is designed to cool down on its own. First, a passive back-up system is available, the reactor cavity cooling system (cooling panels on the inside of the reactor walls), which uses natural convection to remove core heat to an external sink. And even if this cooling system fails, the natural conduction of heat to the underground silo structure and surrounding ground will ensure that the core temperature does not go above 2,912°F (1,600°C). This limit is well below the temperature at which the fuel particles will break apart and release fission—3,632° (2,000°C). The graphite fuel blocks retain their strength up to temperatures of 4,500°F.

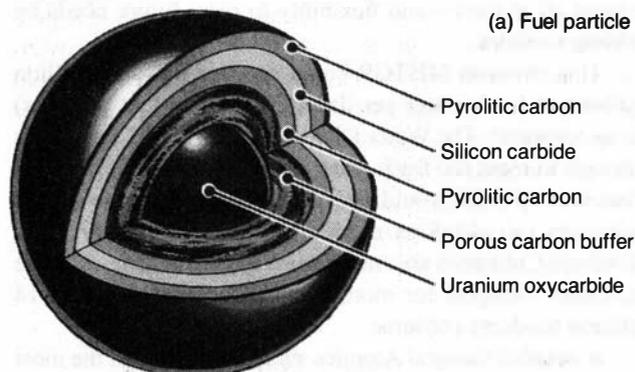
What all the detailed assessments of the MHTGR's geometry and power level have shown is that no release of radioactivity is possible even if there is a loss of all active cooling systems, a failure of the passive cooling system, and a massive failure of the vessel. To quote from an April 1988 evaluation of the MHTGR by General Atomics, "The examination of these events has shown that the residual risk to the public from events beyond the licensing basis is negligible. No events have been identified that can defeat the fuel particle retention."

Providing abundant fresh water

The design of the MHTGR—with its unique safety features and high temperature—makes it an ideal choice for electricity production and co-generation for desalination in a populous area. The Metropolitan Water District of Southern California has been exploring a nuclear-based co-generation plant since the 1960s. Initial plans were for an offshore island plant near Huntington Beach, but this was dropped for economic reasons. Now, since both the nuclear and the desalination technologies have improved in efficiency, the Water District is evaluating and encouraging the MHTGR as the most economical way to desalt water on the large scale it needs.

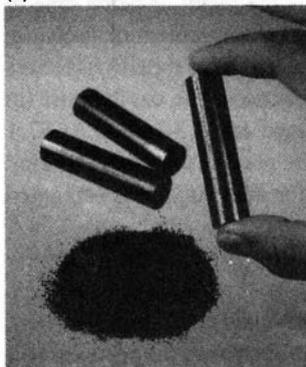
Envisioned are two 135-megawatts-electric MHTGR modules coupled to a steam power conversion system with a backpressure turbine that will make use of waste heat for

FIGURE 4
MHTGR's fuel components



The tiny fuel pellet is about 800 microns in diameter (0.03 inch). Each pellet consists of a kernel of fissile uranium oxycarbide (about 350 microns in diameter) that is coated with a graphite buffer and then encapsulated by three successive layers of pyrolytic carbon, silicon carbide, and pyrolytic carbon. This coating contains the fission reaction within the fuel kernel and graphite buffer. Slightly larger particles, similarly coated, contain a kernel of thorium oxide.

(b) Fuel rods



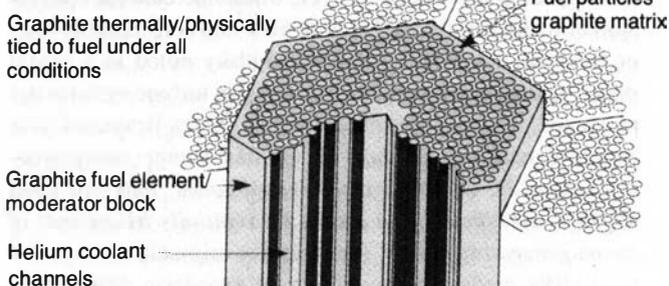
Both the thorium and uranium particles are mixed with a graphite material and formed into fuel rods that are 0.5 inch in diameter and 2 inches long.

(c) Fuel elements



The fuel rods are inserted into holes that are drilled into the hexagonal graphite fuel element blocks, which are 14 inches in diameter and 31 inches long.

(d) Fuel element configuration



This schematic shows the fuel rods and helium coolant channels in a graphite fuel element.

Source: General Atomics

desalinating. The Water District notes that the modular design gives them the capability to distribute the financial commitment over time—instead of requiring a big amount of capital all at once—and flexibility to meet future needs by adding modules.

This two-unit MHTGR could produce up to 75 million gallons of fresh water per day (85,000 acre-feet per year) from seawater. The Water District has calculated that this is enough to meet the fresh water needs of 350,000 people; a four-unit MHTGR would meet nearly half of the water supply additions calculated as needed by the 21st century. This Southern California area now uses a system of long-distance aqueduct transport for more than 60% of the water its 14 million residents consume.

A detailed General Atomics study has looked at the most appropriate desalination system and the costs involved, selecting a low-temperature horizontal-tube multi-effect distillation method. The equipment for this desalination system is commercially available (it was developed and is being used now in Israel) and would fit with minor modifications into the MHTGR configuration. The cost is lower by a factor of two to three, the study showed, if the desalination process uses low-temperature exhaust from the steam turbine—155° to 165°F. The cost differential is the result of being able to use less expensive tubing materials for desalination (because of the lower temperatures) and at the same time to have less of an impact on the power production. The capital cost (in January 1988 dollars) is estimated at \$1.8 billion to \$2.1 billion, depending on whether the plant is the first of its kind or a replica, and the total time for construction is estimated at four to six years.

The immediate future

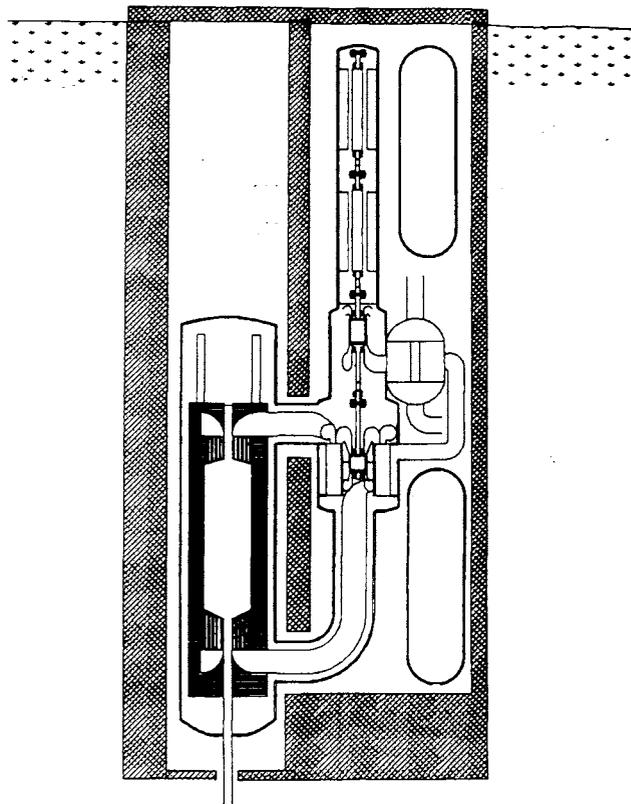
None of the technologies mentioned here is a pipe dream; all can be developed starting tomorrow—if the political will exists to do it.

Even more advanced technologies are ready and waiting. The current plans for the MHTGR call for a conventional steam turbine cycle, but a more advanced direct cycle gas turbine (Figure 5) has been thoroughly studied at the Massachusetts Institute of Technology, and its proponents argue that it is ready now. A direct cycle would increase the conversion efficiency of the MHTGR to 50% and considerably lower the cost. As MIT's Lawrence Lidsky noted in a recent paper, "Although it remains true that gas turbine systems are advanced, it is now possible to build a Direct-Brayton-Cycle power plant using a modular HTGR heat source, *using existing materials, within existing design codes, that will yield 45-50% net efficiency at a cost substantially below that of steam generating plants*" (emphasis in original).

Lidsky credits the possibility of near-term direct cycle plants to three developments: smaller, modular plant designs, high-effectiveness steam recuperators that depend on recent advances in compact heat exchanger technology, and reliable

FIGURE 5

An MHTGR with a direct-cycle gas turbine



Source: J.E. Staudt and L.M. Lidsky, "Design Study of an MGR Direct Brayton-Cycle Power Plant," Massachusetts Institute of Technology Report MITNPI-TR-018, May 1987.

The near-term development of a direct-cycle gas turbine with the MHTGR is now possible using existing materials, according to studies done at the Massachusetts Institute of Technology. This system has the advantage of producing a 45-50% net efficiency at much lower costs than those of steam-generating plants. The simplest Brayton cycle is used, which has good recuperator effectiveness. The reference design for the MIT work was the pebble bed MHTGR, not the prismatic core, but this is not a significant difference. Shown here is the machinery module containing the power plant machinery and heat exchangers.

high-efficiency solid-state power electronics. In addition, Lidsky notes, the latest fuel particle coatings prevent contamination of the machinery.

It is not too late to revive the dream of Atoms for Peace and to fulfill it with an even more advanced technology than that envisioned in the Eisenhower years. A crash program to make the MHTGR the engine for world development would shake U.S. industry out of its forced and premature retirement. Within months, assembly-line-produced MHTGRs could begin producing electrical power—and fresh water—across the globe.

Poland needs the MHTGR

Dr. Edward Obryk, a nuclear physicist with the Institute for Nuclear Physics in Krakow, Poland, was interviewed Nov. 29 by Marjorie Mazel Hecht, managing editor of 21st Century magazine. Dr. Obryk testified Oct. 12 before the House Committee on Science, Space, and Technology's subcommittee on International Scientific Cooperation on his support for a joint U.S.-Polish effort to develop the modular high-temperature gas-cooled reactor.

EIR: Please say a little about your background.

Obryk: I am a physicist. I used to work in several branches of physics including high-energy physics, and almost 15 years ago—in the middle 1970s—I decided to switch to energy problems. I studied the problem of energy in broad perspective, including so-called alternative energies, and I came to the conclusion that the main—I would say the driving—force of the world energy system in the coming decade is going to be nuclear fission and coal. I believe that proper use of both of them in a synergetic way is the best solution. . . .

And we have a really enormous pollution problem in Poland. Especially here in the south—the Krakow and Silesia region—are really on the verge of ecological catastrophe. . . . I believe that we have no other option but nuclear, and that the best is the MHTGR.

EIR: I am very glad to hear you say that. . . .

Obryk: This [use of both fission and coal] is not only for Poland, but for many other countries. Nuclear energy itself now doesn't offer many very important final energy carriers. I mean liquid fuels, for example, gas fuels. These are fuels that are very easy to store, very easy to transport, and very convenient for final energy users. If you make proper use of nuclear energy and coal, you can produce clean final energy carriers and at the conversion state you can eliminate almost completely any pollution. You can make the system environmentally benign.

EIR: So you would use nuclear to gasify coal.

Obryk: Yes, you would liquefy and gasify it. This is not for the immediate future. The technology is not completely developed. For example, in the Polish situation, we have a very—how to say it?—we have a very inefficient energy system. Our energy system is 80% dependent on coal. Eighty percent of primary energy use in Poland is coal, and a lot of this coal, almost 30%, is burned as a final energy carrier, and this creates enormous pollution problems. . . . In densely populated areas of Poland, in the big cities, the pollution problem in high degree is connected with district heating of houses, not just industry or power generation.

EIR: Is the district heating using steam produced by coal-burning plants?

Obryk: Not only. In Krakow, for example, we have still a quarter-million stoves that are burning coal with a very low efficiency and no cleaning, no emission control. You have not only sulfur, not only gases, but unburned hydrocarbons, which are considered carcinogenic. And on top of that, this way of burning is considered very inefficient. These are very old stoves, and very often they have an efficiency of 10 and at most 15%.

We need to develop district heating and use more gas for particular areas where central district heating is not very appropriate. So, we consider the MHTGR as the best nuclear technology for the near future for co-generation of electricity and [steam for] district heating. For co-generation, the plant must be located near the population centers. The technology must be safe, and from that point of view, the MHTGR is absolutely the best choice.

On top of that, the MHTGR produces high-temperature steam, so the efficiency of co-generation is very high. So, [in terms of safety] the MHTGR can be located near densely



A view of Krakow's Old Town. "We have a really enormous pollution problem in Krakow. . . . I believe that we have no other option but nuclear, and that the best is the MHTGR."

populated areas, and the problem of transport of its low grade steam heat is not important; therefore, the overall efficiency can be very high.

In the immediate future, we need a lot of this sort of power station, lots of units for co-generation. In the more distant future, we need them to produce—using our coal, liquid, and gas fuel—for coal gasification and liquefaction. It is a unique technology because for these purposes we need quite high temperatures, and no other technology can offer such levels of temperature for conversion of coal to gas and liquid fuels.

EIR: What temperature is required?

Obryk: It is still not quite clear, because if you want to gasify lignite, the temperature is about 850°C. But for hard coal, a higher temperature may be needed—or maybe not. People are working on catalytic coal gasification, and catalytic coal gasification can be done at a lower temperature level. Definitely a range of 900°C, even slightly higher, would be needed not only for coal but also as an energy source for the chemical industry. For example, for the production of fertilizer, or the production of hydrogen for industry.

This is a swell way to save a lot of natural gas, because you can supply nuclear heat for steam methane re-formers, without burning part of the methane. So I believe that MHTGR is a really very promising technology from many points of view—safety and versatility of applications.

EIR: Have you studied how many MHTGR units you would need, how much it would cost, and where you would site them? Have you developed a plan for this?

Obryk: We were discussing this topic last month in Washington. It would be very appropriate to have a joint U.S.-Polish feasibility study to get more reliable information on these questions, mainly economic questions. It is very difficult for us to make the proper assessment as far as the economics are concerned.

From the point of view of our needs, we are self-sufficient, we *know* what we will need in the near future. But from the point of view of our assessment of the ability of Polish industry to participate in such projects, some things are more or less obvious. For example, [the more obvious participation is] outside the nuclear island. The MHTGR is divided into the nuclear island, and the rest of it, the energy conversion part [steam turbine], is standard, classical. The energy conversion plant engineering in the MHTGR is exactly the same as in a fuel-burning power plant.

EIR: So, you are saying that Polish industry could build the conventional, steam-generating part of the reactor.

Obryk: Yes, definitely we can. Maybe we will be as well able to participate in some part as far as the nuclear island is concerned. It needs more careful analysis and expertise from American experts.

EIR: What was the response of Congress when you presented this?

Obryk: Frankly speaking, I don't know. The subcommittee on International Scientific Cooperation was favorable. After the hearing they proposed to include half a million dollars for a feasibility study, but I don't know what happened afterwards. . . .

Generally speaking, my philosophy about Western assistance to Poland is stark. There are some areas which are absolutely crucial for the main purpose. The main purpose for our economy is to attract Western capital and to attract, I would say, honest businessmen. Not people who come for a couple of months to make money on some trade and go away, but businessmen who will be interested in investment in the long term, who will have a long-term interest in the Polish economy.

We have to fulfill some requirements: Legislation is

'Support for East European Democracy Act of 1989'

These are excerpts from the statement for the record presented by Linden S. Blue, vice chairman of General Atomics, Oct. 12, 1989 before the Subcommittee on International Scientific Cooperation of the House Committee on Science, Space, and Technology.

. . . I am pleased to have the opportunity of appearing before you today to discuss how we, through international cooperation on emerging modular high-temperature gas-cooled reactor (MHTGR) technology, can assist Poland in their efforts to provide for economic growth while addressing their most difficult environmental issues.

During the past three years, I have participated in several discussions with my Polish colleagues concerning energy, economic growth, and the environment. The recurring theme of these discussions has been the need to increase energy production to support economic growth in Poland while reducing the environmental damage being done by the current coal-fired facilities. More specifically, my Polish colleagues tell me that they must find means to increase their electrical generating capacity and metallurgical process heat production and simultaneously reduce the SO₂, NO_x, and heavy metals being released to the atmosphere. Generally, countries which face such a task

obvious and the most easy one to do, but there are some technical requirements. I consider two to be most important. One is a telecommunications system, as you know.* If you would be here, you would even understand better.

Second, is energy. We have to have a *reliable* energy system. And we must do it by ourselves. We can't rely on foreign investment. We have to make a national effort, because it is a long-term investment. We hope to be able to get some credit, but we must—the government must—take care of it.

EIR: Do you have government support for this nuclear project?

Obryk: I think so. But you see, still there is no formal decision about nuclear energy development. I had written a letter to the government earlier this year, and a committee on the economy, a part of the government, has been consid-

ering this letter. They asked me to provide some tables on this topic. I should hope by the end of next month to supply more details.

EIR: Things are moving very quickly now in Eastern Europe. . . .

Obryk: History is rushing. It is very hard to say what will be the final outcome of it, but one thing is obvious about what is happening: Now, children will learn this in school in the future. . . . I was speaking in June at the 11th international conference on the HTGR, and I said that the 4th of June is a historical day. We have elections [in Poland] and there was the Chinese massacre. I said that I hope the world will never be like before, in our part of the world.

*It took the interviewer six hours to get a phone call through to Poland.

feel compelled to take the steps necessary to improve food supplies, industrial output, and standard of living, and view environmental concerns as a luxury which they currently cannot afford. Unless improved technology can offer other options, Poland has little alternative but to increase its domestic coal use, in spite of the environmental consequences.

U.S. assistance to Poland must recognize this dilemma and endeavor to provide future alternatives to the current energy and environmental practices. My assessment of the energy situation in Poland has led me to the conclusion that the MHTGR is a very attractive energy option for Poland. . . .

General Atomics suggests that a joint, one-year U.S./Poland study of an MHTGR application in Poland be included as a part of the Fiscal Year 1990 assistance program which is now under consideration. . . . The objectives of such a study would be: 1) Selection of a potential site. . . . 2) Completion of a site-specific conceptual design. . . . 3) Determination of Polish and U.S. scopes of supply. . . . Because of the conventional energy conversion area and the ability of Poland to fabricate large metal forging, I would anticipate that Poland might indigenously supply components and services which represent 50-70% of the total costs of the facility. U.S. vendors would probably supply the core, fuel, and other components in the nuclear steam supply system. . . . 4) Evaluation of resulting economics. . . . 5) Quantification of pollution reduction. . . .

The proposed . . . study can be completed employing only the information available in the open literature and will not require access to GA's commercially proprietary information or the Department of Energy's Applied Tech-

nology. All information transfer will be in accordance with the applicable international requirements. I would recommend that the International Atomic Energy Agency be invited to monitor the study for applicability in other countries which face similar choices between limited energy resources and mounting environmental problems.

I estimate that the proposed study will require approximately \$500,000, with approximately one-half being spent on the U.S. technical support. . . .

I believe this conceptual study will indicate that a very substantial economic and environmental benefit is available from successful MHTGR deployment in Poland. If my belief is borne out, we would hope that subsequent years will see a formalization of this international scientific cooperation in the form of a government-to-government technology exchange agreement and subsequent commercial agreements. Optimistically, Poland might eventually participate in the initial commercial MHTGR project which I expect to include Bechtel, as well as General Atomics. Such an international consortium would then be well positioned to proceed with follow-on MHTGR deployment in Poland after the turn of the century. This type of international consortium could also provide a vehicle for our Western allies to also assist Polish economic development. . . .

The proposed joint MHTGR study has advantages for both countries. By providing an energy option other than coal, the MHTGR could allow economic development without increased air pollution and CO₂ loading of the atmosphere. It could also provide the U.S. with a new technology export to replace the early power plant components which are now being produced by many other countries.

Germany is poised to change the map of Central Europe

by Rainer Apel

Moscow has never been more angered over a political speech by a Western government official, than it was over the address delivered to West Germany's parliament in Bonn on Nov. 28 by Chancellor Helmut Kohl, concerning prospects and plans for a reunification of his divided nation. Central aspects of his address, such as his 10-point program for the reunification of Germany, had been leaked to the press the day before; but his actual address caught everyone by surprise, since he made significant departures from the printed text.

For example, Kohl paid a highly emotional tribute to the peaceful revolution of the East Germans. Right at the opening of his speech, he said: "We feel pride about the Germans in the G.D.R. [German Democratic Republic] who through their peaceful struggle for freedom, human rights, and determination, have given the whole world an example of their courage and desire for freedom, which is, indeed, acknowledged throughout the world."

Kohl declared that "The peaceful uprising that we are witnessing today, is, most of all, thanks to those people in the streets who have demonstrated their desire for freedom so impressive." Kohl mentioned the diplomatic efforts of his own government, its *Ostpolitik* with Moscow, only in the second place.

Deep embarrassment at the Kremlin

The day following Kohl's speech, official statements from Moscow expressed unmitigated rage over Kohl's action, by reviving the old propaganda bogeyman of "German Revanchism." The official Soviet news agency TASS accused Kohl on Nov. 29 of "fueling, wittingly or unwittingly, the greed of those who openly campaign for the changing of existing borders in Europe. . . . This is raising deep concern."

TASS declared that "the existence of two separate German states is a reality on which the stability and security of the entire continent is built. It cannot be that all of a sudden, a plan is being worked out with the aim of changing these very realities, without seeking the consent or participation of the neighbors and partners."

Another attack came the same day from the deputy Soviet Foreign Ministry spokesman, Yuri Grimitskych, who charged Kohl with the "attempt to push the recently started process of renovation in the G.D.R. into nationalistic pathways," and with "unleashing a discussion that makes the people in all of Europe believe that reunification of Germany is already a topic on the agenda of world politics, of German policy."

Soviet leader Mikhail Gorbachov and his Foreign Minister Eduard Shevardnadze, arriving in Rome for talks with the Italian government in the afternoon of the same day, addressed the "danger of German revanchism" even more urgently.

In remarks before the international press on Nov. 29, Soviet Foreign Ministry spokesman Gennadi Gerasimov said that Gorbachov and Italian Prime Minister Giulio Andreotti had discussed, in their first meeting shortly before, the "threat of German revanchism to the existing borders in Europe." Revanchism, Gorbachov warned, wants to redraw Germany's borders with Poland, Hungary, and Czechoslovakia.

According to Gerasimov, Gorbachov expressed his desire for an addendum to Kohl's 10-point program on Germany, which would affirm that the borders in Eastern Europe, as they developed (under Soviet military occupation) after 1945, be left untouched. Only on this condition, would Moscow be willing to discuss the German question.

What Kohl actually said

In his Nov. 28 address, Kohl presented a very cautious outline for the reunification of Germany in a federated state, initiated through confederative structures that would help the two German states grow together smoothly. Kohl declared that "the special character of the relations between both German states require an increasingly tighter network of agreements in all sectors and at all levels.

"This cooperation will also increasingly require common institutions. Existing joint commissions can assume new tasks, further commissions can be created. I am thinking especially of the economy, transport, environmental protection, science and technology, health and culture. It is self-evident that Berlin will be fully included in this cooperation. . . .

"We could imagine the following institutions coming about soon after free elections [in East Germany]:

- a common governmental committee for permanent consultation and political harmonization;

- common technical committees;

- a common parliamentary committee.

"Previous policy toward East Germany," the chancellor went on to say, "essentially had to concentrate on small steps that strove to alleviate the results of our division and uphold and sharpen the consciousness for the unity of the nation. If in future a democratically legitimized, that is, a freely elected government, becomes our partner, totally new perspectives open up. New forms of institutional cooperation can emerge and develop in stages. Such a growing-together is part of the continuity of German history. Now we can again make use of these historical experiences.

"Nobody knows what a reunified Germany will look like," Kohl continued. "But I am sure that unity will come, if it is wanted by the German nation. The development of intra-German relations remains embedded in the pan-European process and in East-West relations. The future structure of Germany must fit into the whole architecture of Europe as a whole. The West has to provide peacemaking aid here with its concept for a permanent and just European order of peace."

These four points per se of Kohl's address could not have made the Kremlin upset, especially since point nine stated Bonn's hope for a successful Dec. 2-3 Malta summit between Gorbachov and Bush. But what may have enraged Gorbachov was point two of Kohl's address, which dealt with the issue of East-West transportation. Here, the chancellor significantly altered his original script and presented a design that must have rung an alarm bell in Moscow.

The trans-European rail grid

"There are," Kohl said, "currently negotiations taking place on the modernization of the rail route leading from Hanover to Berlin. I do hold the view, however, that this is not enough and that in the context of recent political developments we should discuss the transport and rail connections

between the G.D.R. and the Federal Republic in a more fundamental approach." (This passage was received with applause by the overwhelming majority of the deputies in the Parliament.)

"Forty years of being divided also mean that the transport routes have taken on, in part, a quite different structure. This is not only true for the border crossing points, but also for the traditional routing of transport connections in Central Europe, for the connections between East and West.

"Why, therefore, aren't we considering the classic route from Moscow via Warsaw and Berlin to Paris, which always ran through Cologne and had great importance at all times, to have a role in the era of high-speed trains, on the eve of the extension of the respective future trans-European transportation grid?"

These remarks strongly echo numerous proposals made over the last year by Lyndon LaRouche on the subject of linking the future economic development of Poland, Germany, and France together through the construction of a high-speed rail artery running from Paris to Warsaw. This, LaRouche has often repeated, would be the best way toward a reunification of the two Germans and the liberation of Eastern Europe from the economic-social mess 40 years of Stalinist planning have pushed them into.

If these had been mere statements, and if Kohl's Nov. 28 address had shared the fate of many parliamentary speeches that are given and then forgotten the day after, nobody would have cared or become enraged like the Soviets did. But Kohl's remarks are highly explosive, because they are in response to and reflect a process of transformation that has caught up not only the Germans in the East, but also those in the West.

Breaking away from Moscow's control

Ever since the crisis of the East German Communist regime, the protest actions of millions of East Germans for free elections, democracy and reforms have acted as a catalyst on West German politics. The perspective of German unity that appears on the horizon more than ever since thousands of protesting East Germans began chanting slogans calling for "Germany, united fatherland" and the like, has led to a profound transformation of the West Germans.

The opening of new cross-points at the German-German border since Nov. 9, the stream of millions of East Germans visitors into the West, has finally confronted the West Germans with the severe problems of the ruined economy "over there." People are forced now to design useful projects for intensified cooperation between the two Germans.

All of a sudden, people in West Germany are less interested in ecology issues, and are beginning to discuss how to build bridges, highways and roads, new power stations and high-voltage lines, and how to reopen waterways and rail routes, build new homes in the West (for the refugees), and restore entire cities in the East.

Teams of engineers, specialists in construction and re-

construction, industrial managers, craftsmen, and even politicians are swarming out to inspect the border regions between the two Germanys. Studies are being commissioned on highways, rail routes, and waterways that can be reopened after 44 years of German postwar partition and disruption of traditional commerce and transport routes.

This includes small projects like restoring a few kilometers of the old Route 722 between Hof (in the West) and Plauen (in the East), a key connection between Franconia and Saxony, two of the most important industrial regions in central Germany.

This also extends to the revival of projects designed more than 50 years ago, such as the construction of a modern waterway connection between the Middleland Canal and the Elbe-Havel Canal in Germany's north. The project, begun in 1938 but halted when the world war broke out one year later, consists of an elevated canal crossing the Elbe River over a distance of 13 kilometers. Built with an estimated 300 million deutschemarks, this canal will allow permanent transport without the usual reloading procedures during the passage of the 51-year-old Magdeburg sluice there.

A far bigger project is the construction of a trans-European rail connection between Paris and Warsaw, a venture costing in the range of billions of deutschemarks.

Over the past 15 years, virtually every big project, be it highway or railway construction, plans for power stations or bridges, had been rated in West Germany from a strictly ecologist viewpoint and has usually been discarded as "much too costly, too ambitious." The rise of the Green Party, over the same period, was endorsed and publicly applauded by Moscow, not least because the Greens were cut from the same cloth as the peacenik, anti-defense movement that could be used as a pawn against U.S. military presence on German territory. Moscow's loss of the "Green card" means it has lost crucial leverage on domestic politics in West Germany.

Dropping all undue respect of ecologism now, means that the West Germans will return to the traditional cultural matrix of their nation: interest in the sciences, especially the natural sciences and engineering, technology, and industrial development. It is this very identity that enabled the Germans in the West to realize the postwar "economic miracle," whereby in a matter of only 25 years, a country bombed into rubble emerged as the world's number-one exporting nation and third greatest industrial nation. Since the late 1960s, West Germany has maintained that position on the list of the world's industrial nations.

The inefficiency-worshipping Soviets feel that a return of the Germans to their traditional matrix of national identity will make them less susceptible and increasingly immune to Moscow's policy of carrots and sticks on the German question. One may paraphrase an old saying of Lenin's: He who loses control of the Germans, loses control of Germany and, therefore, of Europe.

Moscow and the Trust retaliate in Germany

by Gabriele Liebig

Alfred Herrhausen, chairman of West Germany's Deutsche Bank and one of the country's most powerful political figures, was assassinated on the morning of Nov. 29 by a powerful bomb, which detonated as his automobile was traveling through the Frankfurt suburb of Bad Homburg. The blast was so strong, that the car, an armored Mercedes-Benz limousine, was hurled into the air, ripping off the entire side where Herrhausen was sitting in the back seat, killing him instantly.

According to police information, the bomb was a shaped charge, detonated through a laser-beam trigger that activated a wire-controlled ignition mechanism placed at some 150 meters from the detonation site. Police found later that various pieces of evidence had been left around the site to point to the Red Army Fraction (RAF)—the so-called Baader-Meinhof terrorist group—as the perpetrators.

But regardless of whether the bombing was the work of the RAF itself, or of the Soviet Union's powerful *spetsnaz* capability in Western Europe, or both, the fact remains that this was a political murder of the first order, of greater historic significance than the 1922 assassination of Weimar Republic Prime Minister Walther Rathenau, and the 1977 assassinations of Jürgen Ponto, chairman of the Dresdner Bank, and of Hanns-Martin Schleyer, head of the German Employers' Association. For Herrhausen was second only to West German Chancellor Helmut Kohl in laying the basis for the permanent reunification of Germany, since the fall of the Berlin Wall on Nov. 9.

In a statement released immediately following the bombing, Lyndon LaRouche—who himself was on the RAF's hit-list during their 1977 killing-spree—said that "this situation has to be judged both in terms of the capability which the RAF typifies [i.e., a *speznaz* capability—ed.], and also in light of my earlier warning to look for a period of crisis within the Soviet Empire between about the middle of December through Epiphany [Jan. 16] of next year. That crisis which I saw coming has now erupted."

The bombing, he said, "cannot be but a reflection of the same process we are witnessing in El Salvador. Either Gorbachov himself is involved or not, but a major faction of the Soviet military-Chekist apparatus is on the move with a

campaign of international terrorism, as the Soviets shift into high gear on what we call irregular warfare as the form of response at present to the collapse or crumbling of the economy and political structure within the Soviet Empire.”

Herrhausen’s ‘Germany plan’

Herrhausen was a friend of Chancellor Kohl from the 1970s, and was his unofficial economic adviser. Herrhausen accompanied Kohl on his last trip to Moscow and Warsaw. He advocated a debt cancellation for Poland, and after Polish Solidarity leader Lech Walesa called for West German banks to become active in Eastern Europe, the Deutsche Bank was the first to be permitted to open offices in Warsaw and Budapest.

Herrhausen emphatically supported German reunification. The London *Financial Times* on Dec. 1 quoted from an interview with Herrhausen one day before his death, in which he said, “German reunification is desirable and unavoidable. History will not allow that a great nation—apart from the terrors of those 12 years—lives forever without national identity.” He also spoke of a “Germany plan,” that may have been related the financial underpinning for Kohl’s 10-point program (see article, p. 32).

Herrhausen discussed his plans for Eastern Europe in an interview with the *Wall Street Journal* on Nov. 17. When the development in the German Democratic Republic (G.D.R.) has gone far enough, he said there, and “when the G.D.R. again becomes a part of Germany during the reunification process, then we can use the eastern part of Germany, the present G.D.R., as a springboard to Eastern Europe. . . . I do not know how long the East bloc can survive, but I think that eastern countries of Poland, Hungary, Czechoslovakia—and even Bulgaria is beginning a new process—will play a large role in European development. . . . We know these countries. We speak the same language as the people in the G.D.R. The Hungarians were part of Austria-Hungary; they always belonged, so to speak, to the Western family.”

Was Herrhausen killed because of this conviction? A member of the Soviet Academy of Sciences, Stanislav Schatalin, holds this view. According to a report in the Italian daily *La Repubblica*, Schatalin said on Dec. 1 that Herrhausen supported the reintegration of the East and West German economies, and was probably killed for that reason.

As “a symbolic figure of the military-industrial complex” and “capitalist suppression,” Herrhausen had been the enemy image of the leftists in West and East, according to *Financial Times* writer David Marsh. Reflecting British ruling circles’ violent hostility to the transformations under way in Germany, Marsh wrote that “Mr. Herrhausen showed himself to be an explicit—perhaps too explicit—advocate of German reunification.”

Three weeks ago, West Berlin demonstrators greeted startled visitors from the G.D.R. with placards that read,

“The freedom that you see here is the freedom of the Deutsche Bank.” Old Communist Stefan Heym, who nevertheless enjoys a good reputation with parts of the opposition in East Germany, recently railed against against reunification because it would merely lead to a seizure of power of “Messerschmitt, Mercedes, and Herrhausen.”

Already back in April, West Germany’s Communist Party (DKP) delivered a signal to the terrorist underground in the form of a declaration that in the future there may be “political pressure in the direction of a change in positions on the question of violence× toward open support for the RAF.

But one must not be so simplistic as to blithely label the assassination as another “communist plot.” In his statement, Lyndon LaRouche stressed the need to investigate the role of the long standing Anglo-American-Soviet networks known as the Trust. “The Trust may ultimately be one of the targets of the hardening up in Moscow, at least in the same degree that Stalin’s actions against Bukharin in the late 1920s represented a distancing from former Soviet Trust allies. But nonetheless at the moment the Trust will act in support of the objectives represented by the Soviet-directed terrorist operations in El Salvador, and the assassination of Herrhausen in West Germany. The motive, of course, is the obvious: balance of power. . . . And whoever is going for stability of the balance of power, is either a part of the Trust or is acting under pressure or under influence by the Trust.”

Gorbachov may also be targeted

“That does not mean that the people behind this terrorist wave might not assassinate Gorbachov in Italy, or somewhere else outside the Soviet Empire itself,” LaRouche added. “We should look more closely at the figure of [Lev] Zaikov, who far from being demoted, has been moved into a key position where he is one of the candidates to replace Gorbachov, if Gorbachov for any reason should fall.” (See story, p. 38)

Security experts in West Germany, in neighboring European countries, and a few the United States, largely agree with LaRouche’s estimate that the terrorist attack on Herrhausen should be seen in strategic connection with a change of course for Moscow. “Resignation does not occur in the Marxist-Leninist vocabulary, but a tactical retreat to prepare for a counterattack does,” one Austrian security expert said in response to LaRouche’s estimate that the Soviet empire may be compelled to execute a bloody military crackdown in Eastern Europe in the very near future.

There is also agreement on LaRouche’s characterization of the guerrilla offensive in El Salvador as a parallel example of a Soviet-supported irregular warfare against the West. In El Salvador, the head of Christian Democratic government, President Alfredo Cristiani, and those directly around him are primary targets of terrorist attacks. Many of Cristiani’s friends and officials have already been assassinated.

Czechs defy CP rule, risk Russian bayonets

by Konstantin George

The two-hour political general strike by over 7 million Czech and Slovak workers on Nov. 27, embracing nearly the entire industrial, mining, transport, and white-collar workforce, following record demonstrations of 800,000 persons in Prague on Nov. 25 and 26 for free elections and an end to Communist rule, defines a turning point in world history. The general strike underscored that the workers of the Soviet empire have turned against bolshevism, and pose a logistical threat to the power of the Communist state. Bolshevism has lost the equivalent of what the Chinese call the "Mandate of Heaven." The Czechoslovak party is in shambles as its core—the party factory organizations—has broken with the leadership and joined in support of the general strike.

In the early postwar years the Communist Party in Czechoslovakia actually enjoyed popularity. By February 1948 when it seized power in a coup, it had become the country's single largest party with 38% of the vote. The 1968 "Prague Spring," led by "reform" Communists, did not break the "Mandate." After the 1968 Soviet invasion, the party's authority eroded, but still enjoyed a core of support in the gray neighborhoods and satellite towns supplying the workforce for the country's large industrial enterprises.

The November Revolution has ended this, as the upsurge has swept the country. One vignette illustrates this: the participation of the 10,000-strong workforce of the Gladno steel works outside of Prague, in the general strike. Gladno had been a *Communist Party* bastion.

The trip-wire danger

Czechoslovakia is undergoing a joyful revolution, but a happy end of that revolutionary liberation has by no means been reached. The shattering of the Czechoslovak party and the prospect of free elections within six months—the demand of the Civic Forum opposition, while the regime desperately tries to stall until late 1990—have deeply stung Moscow, which still maintains a garrison of 75,000 troops.

In the first phase of the Czechoslovak revolution, the Moscow-dictated policy of the Czech CP leadership was a "buying time" strategy of concessions to the democracy movement. In two emergency Central Committee plenums held within three days (Nov. 24 and 26), large components of the old, discredited Stalinist leadership, including nine Politburo members, were thrown to the wolves. Television and radio gave full coverage to the mass demonstrations and interviews with Vaclav Havel and other leaders of the

Citizens' Initiative. On Nov. 28, the regime began negotiations with the opposition to form a new, interim coalition government, pending free elections. On the same day, the parliament unanimously passed a resolution ending the role of the CP as "the leading force in society," and eliminated communist ideology in the realm of education, culture, and extracurricular youth programs.

Starting Nov. 29, however, the situation began to take a potentially ominous turn as a regime-opposition confrontation started to take shape. The opposition demanded free elections within six months, by June; the regime insisted that they be held in late 1990. This dispute, though dramatic, is not the crucial one.

In an apparent flight forward, the opposition demanded the resignation of the present defense and interior ministers, *and* that these posts *not* be held by Communists in the next government: a demand which even Solidarnosc in Poland, for very clear reasons, dared not make. Put in historical terms, the maximum concession that the regime and Moscow are willing to make at this time is a restoration of, roughly speaking, the 1945-48 model, where Communists occupied the defense and interior posts in a non-communist government led by President Eduard Benes and Prime Minister Jan Masaryk, son of Thomas Masaryk, who founded Czechoslovakia in 1918, and was the republic's first President.

Another opposition demand, that the Stalinist Czechoslovak President Gustav Husak step down by Dec. 10, has been unequivocally rebuffed. Husak's term expires in May 1990, and elections for a new President would have been a certainty.

The regime on Nov. 29 rejected the demands concerning the vital posts of Defense and Interior, and the ultimatum on the Husak question. The rejection was coupled with intense phone traffic between Prague and Moscow. That day, the world first learned through an announcement by Czech CP General Secretary Karel Urbanek that a "summit of Warsaw Pact member general secretaries" would be held in Moscow Dec. 4 immediately upon Gorbachov's return from the Malta summit. Urbanek added that he would first hold *bilateral* talks with Gorbachov and the Soviet leadership before the Warsaw Pact summit. That the first announcement came from Prague (Radio Moscow confirmed it only on Nov. 30) also told the world that the main agenda item at that emergency Pact summit, would be the Czech revolution.

While the Czechoslovak revolution has torn the perceived "Mandate of Heaven" from bolshevism, Soviet bayonets are still very much in existence. One recalls the 1848 revolutionary democracy wave which swept Europe, and put an end to the pre-1848 autocratic ideology of the "Holy Alliance," of Czarist Russia and Central European autocracies, which had ruled Europe since the infamous 1815 Congress of Vienna. One also recalls how the revolutionary democracy movements were drowned in blood, as in Hungary, by Czarist Cossack hordes.

Lebanese nation, betrayed by U.S., rises up in support of Aoun

by Thierry Lalevée

Any doubt as to the culprits responsible for the assassination on Nov. 22 of René Moawad, the puppet President installed on Nov. 4 to oversee Syria's occupation of all Lebanon, has been quickly lifted by events of the following days. Of course, so many parties had an interest in provoking a new outburst of fighting, that more than one group may have been ultimately involved in the planning and the perpetration of the spectacular bombing. However, the behavior of the Syrian occupation forces in the subsequent 48 hours made clear that as far as Syria is concerned, Moawad's death had no other goal than to create the local and potentially international conditions for launching a fresh military assault against the sole center of Lebanese national resistance, East Beirut.

Less than 48 hours after Moawad's death, and without even waiting for his funeral, Syria imposed the election of another one of their satraps: Elias Hrawi, a third-rate politician in the worst tradition of the Middle East, and—conveniently—a local parliamentarian for a village in the Syrian-controlled Bekaa Valley, who lacks all pretense of being independent of his Syrian master. Less than 48 hours after his appointment, Hrawi announced on Nov. 26 that he was giving a 48-hour ultimatum to Prime Minister Gen. Michel Aoun, to resign or face a military offensive aimed at retaking the Baabda Presidential Palace. "Even if there is only one room left in the Palace, I will use it," boasted Hrawi.

But the so-called "legitimate authority" of Lebanon has fewer military divisions than the Vatican, and it is Syria which has moved its forces in to do the dirty job. Between Nov. 26 and Nov. 30, Syria redeployed in the Beirut region close to 10,000 troops, including 8,000 of their so-called Special Forces, many of whom are members of the Arab Knights (sometimes known as Pink Panthers, because of the color of their uniforms) of Syrian Vice President Rifaat al-Assad. In a typical Warsaw Pact-type of military deployment, Syria's ground forces are protected by several lines of T-55 and T-62 tanks, along with 240 mm artillery pieces, the ones already used last summer to pound East Beirut to rubble.

Five days after Hrawi's "ultimatum," the Syrian military offensive had still not taken place. Frustrated, Syria is report-

ed to have reinforced its troops on Dec. 1, sending additional ground forces, but also units of T-72 tanks in Beirut suburbs as an ominous sign that an offensive may be imminent. While there was no public declaration, Syrian troop movements around Beirut indicated that Syria was committed to crushing Aoun. Its failure not only to do so, but to even launch an offensive, is already a major psychological defeat.

Aoun is far from alone

How was this possible? As of Nov. 26, most did not give Aoun and his followers more than 48 hours of political or even physical survival. On Nov. 28, Aoun was telling the French daily *Le Figaro* "It is going to be the final battle. If we win, we win for good. Otherwise. . . . Yet it is not only against the Syrians that we have to fight, but also against the Americans. They are accepting the end of Lebanon. They want to give Syria compensation for the Golan," referring to the Golan Heights which were taken by Israel in the 1967 war.

As Aoun was speaking, foreign correspondents and others woke up to the new reality which has emerged in Lebanon in the last two weeks. No sooner had Hrawi put out his ultimatum, than more than 50,000 Lebanese began to gather around Baabda as a human chain to protect Aoun's headquarters against a military onslaught. In the following days, the crowd grew to 200,000 and even more. And they were not simply residents of East Beirut. The inhabitants of entire villages from the region drove down to join in; Lebanese from Syrian-occupied West Beirut crossed the demarcation line to stage anti-Syrian demonstrations. On Nov. 30, even a leading West Beirut Muslim cleric, Imam Najjar, praised Aoun as "Allah's beloved." Ongoing events in East Germany were being reflected in Beirut, in stark contrast to the *Realpolitik* in Washington, where the U.S. State Department has repeatedly called for Aoun's resignation.

As opposed to Hrawi's hysterical self-description as the "legitimate authority" of Lebanon, the demonstrations have made it clear that the real Lebanon, Christian and Muslim alike, finds its leadership with Michel Aoun. It is predominantly a young Lebanon—which has never voted for the corrupt and paid-off parliamentarians who claim to represent

the country—a young Lebanon which has no wish to perpetuate the feudal system of the last decades, be it in the political or even religious realm. Christian Maronite Patriarch Sfeir, who had to accede to the Vatican's refusal to support Aoun in the nation's darkest hour, has himself been made a target of the demonstrators, who are demanding that "We need a fighting church as in Poland."

This reality has forced a change in the international balance of forces. At last, France decided to move again to support its longtime friend. On Nov. 29, some 40 French parliamentarians left for East Beirut to express their solidarity and support. The same day, another French warship was sent to Lebanon with naval forces and helicopters.

But the ill-fated process begun when a rump of paid-off parliamentarians met at Taif, Saudi Arabia in late October to choose the puppet Moawad, still retains its deadly dynamic. No nation has yet dared to defy both Washington and Moscow by taking a clear stand, demanding an immediate withdrawal of the Syrian troops. On Nov. 29, Paris issued a warning that it will oppose "any of the sides" which takes the initiative "of relaunching the fighting." The statement had the effect of temporarily catching Hrawi and the Syrians off balance, and momentarily decreasing the threat against East Beirut. The United States followed suit by sending urgent letters to Damascus and Moscow, warning against an offensive.

Yet, can anyone believe that this will resolve Lebanon's problems? A freeze of all military operations, without a political solution, will mean a de facto partition of the ravaged country. No Lebanese, and certainly not Aoun, want that. Unless Syria is ordered to get out, sooner or later the confrontation will be inevitable.

Another consideration which might force the great powers to become more active in protecting Lebanon, is the threat that a Syrian onslaught against Aoun might be immediately followed up with an Israeli thrust. On Nov. 23, 25, and 27, the Israeli Air Force conducted pinpoint bombings of several terrorist bases run by Ahmed Jibril of the Popular Front for the Liberation of Palestine-General Command in the Bekaa valley, just a few miles from Syrian positions. As of Nov. 30, the forces of General Lahad in South Lebanon started deploying their own tanks and artillery pieces to attack the Syrians in the rear. Israel is also reported to have warned that any deployment of T-72 tanks into Beirut would become a *casus belli*. On the same day, an Israeli spokesman warned Syria against any "military move" which would be a threat to "Israeli interests." Israel's Air Force is reported to be ready to intervene in case Syria deploys its own Air Force into Lebanon.

Hence, the countdown for a new Middle East war may have already started—thanks to the cowardice of the Western powers and their refusal to support in Lebanon, what they claim to be supporting in Eastern Europe, namely, freedom and independence.

Lev Zaikov assuming powerful Soviet role

by Argus

Argus is the pen name of a leading U.S. analyst of Soviet policy, especially in the military arena. He has been an observer of Soviet affairs for the last 40 years.

In the blank below, write the name of the Soviet official who:

- gave an interview to *Newsweek* three years ago in which he stated that he alternately chairs the Politburo, Secretariat, and the Defense Council in Moscow.

- wearing a Lenin-style black peaked cap, smiling and waving to the crowd, and engaged in a tête-à-tête with comrades on either side, was given flattering closeup shots atop the Lenin Mausoleum as he and his Politburo colleagues reviewed the "Bolshevik Revolution" anniversary parade in Red Square on Nov. 7, 1989.

- holds an unprecedented number of high positions for any single official now or at any time in the past.

- supervises a broad range of external/internal security affairs while overseeing administration of the Soviets' military-industrial complex (VPK).

- attends and/or officiates at some of the most important conferences, particularly politically sensitive ones, and other meetings and plenums held under the auspices of the Central Committee.

_____ (official's name)

If you wrote "Mikhail Gorbachov" or "Yegor Ligachov," you have been reading the *New York Times*, *Washington Post*, *Christian Science Monitor*, *Washington Times*, the great majority of European newspapers, etc., to the exclusion of mainline Soviet press organs, such as *Pravda* and *Izvestia*, and for that matter, excluding *EIR*.

If you wrote "Lev Zaikov," you are correct. You obviously know that this powerful figure is the real-life symbol of a behind-the-scenes shadow cabinet ruling Soviet Russia today. And even grade school students know that anything or anybody that casts a shadow must be illuminated in some way. Zaikov is definitely in the spotlight. Yet our media, Moscow correspondents, and would-be TV "newsmen" do not or choose not to perceive what is displayed before their very noses.

However, to unbiased, between-the-lines readers of the

Soviet press and tried-and-true Kremlin watchers, Zaikov is clearly a major figure. As suggested in the "bullet" paragraphs above, he is being bathed in limelight, at least for those few observers or government analysts who are not blinded by the reflected light of Gorbymania (and that includes many leading figures within the Bush administration).

Yes, Zaikov holds no fewer than *four* major posts, a record for any past Politburoite. He is: full member of the Politburo; senior secretary in the Secretariat; First Secretary of the Moscow Center party committee; he sits on the Kremlin version of the National Security Committee, the Defense Council (*Sovet Oborony*). In his interview with *Newsweek*, Zaikov revealed (and boasted) that he sometimes chairs the biweekly meetings of the Politburo, the triweekly meetings of the Secretariat, and meetings of the Defense Council (which are held sporadically). He may also sit in on meetings of the Defense Ministry "Kollegium."

What else do we know about Zaikov?

- He is a protégé of the late Marshal Dmitri Ustinov (who, like Zaikov, Zhdanov, Kosygin, et al., hails from Leningrad), who served as military-industrial "defense czar" for over a quarter of a century until his death in 1984. The rigid Ustinov may have first backed Leningrader Grigory Romanov, he of the drunken parties whom Gorbachov purged soon after becoming general secretary. But Ustinov had already obviously fingered Zaikov (e.g., Zaikov was virtually transferred from Leningrad to Moscow Center in 1984) and was strongly backed by Yuri Andropov and Konstantin Chernenko (both of whom detested Romanov) when they headed the party briefly from late 1982 until early 1985.

- Zaikov has burst into prominence like a supernova. Gorbachov and/or his handlers had Zaikov moved directly into the Politburo, without the formality of "election," in late 1985. A bit of Kremlinological signaling was revealing: The wording of the official Desk Calendar for 1986 stated under Zaikov's birthday entry that he was a member of the Politburo. Yet the Central Committee plenum that is supposed by the party statute to regularize such appointments was not held until early 1986! The calendar had gone to press in approximately mid-1985, that is, at the time when Zaikov was simply co-opted. He's a valuable member of the *Gorbachevskaya kommanda*, or "team."

- Zaikov, who is 66 (the favored "Class of 1923"), inherited the number-one job in the Moscow City Party Committee from Boris Yeltsin in late 1987. Months later the new Central Committee (CC) monthly, *Izvestia TsK*, published Zaikov's acerbic speech at the CC plenum in fall 1987 that had read the riot act to Yeltsin. Judging by the text, it was obvious that it was Zaikov who had elbowed Yeltsin out of his job just as he had apparently done an end run around Romanov. (The smearing of Yeltsin in *Pravda*, which Zaikov helps oversee, for staging alleged drunken bouts during

his visit to the United States in mid-1989 seems to have been the work of Zaikov the Zapper. *Pravda* later weakly "apologized" in a tiny item that did not really deny the narrative reported by an Italian newspaper, which had borrowed it from a New York tabloid.)

- Just after taking over Moscow, Zaikov announced what his policies would be. Among other things, he said, as he passed quickly over *glasnost*, *perestroika*, "democratization," and other largely meaningless slogans, would be to *upgrade the country's military institutions*—factories, research institutes, aerospace design bureaus, etc.—that are located in the Moscow area in far greater numbers than anywhere else in the Soviet Union. Moscow, he indicated, would be run with an iron hand (i.e., be de-Yeltsinized).

- It was Zaikov who purged the air defense forces in early 1986 following young Mathias Rust's rogue flight and bizarre landing in Red Square, on Yeltsin's watch.

- Zaikov is close to Marshal Nikolai Ogarkov, who did not see eye to eye with Romanov on most things, and whom Ustinov admired. There is considerable circumstantial evidence to show that Zaikov backed Ogarkov on high-technology modernization of the Soviet armed forces, to whose process Zaikov, in fact, was specifically assigned in 1985. (Ogarkov still is consulted just as Anatoly Dobrynin is, albeit both are "retired.")

According to TASS Nov. 21, Lev Zaikov has been promoted to deputy chairman of the Defense Council, the Soviet version of the National Security Council. In assuming this high post, Zaikov yielded his position as first secretary of the Moscow City Party Committee to one of his appointees, Second Secretary Yuri Prokofiev, a man in his fifties, who is on the record for having attacked Boris Yeltsin at the time Yeltsin was ousted as Moscow party secretary in October 1987.

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State of siege in El Salvador

by Peter Rush

Belying Salvadoran government assurances that the vaunted “final offensive” of the Farabundo Marti Liberation Front (FMLN) guerrillas was exhausted, FMLN rebels launched renewed fighting on Nov. 28 in many parts of El Salvador’s capital San Salvador. In contrast to the first phase of the offensive two weeks ago, this phase was especially directed against neighborhoods where El Salvador’s rich, as well as most foreign diplomatic personnel live. As of Nov. 30, despite more than 24 hours of government attempts to dislodge the guerrillas, the rebels were still holding many homes in the upper-class Escalon district, which they had turned into snipers’ nests. The U.S. announced it was evacuating at least 200 Americans residing there, mostly dependents of U.S. Embassy personnel, and the rebels ordered a six-hour cease-fire to permit a safe evacuation.

The renewed fighting in El Salvador coincides with a mobilization of the “hardline” current within the Communist and Communist-aligned world, signaling the end of *perestroika* and *glasnost*, moving toward the long-expected Tiananmen Square-type crackdowns in the Soviet Union and Eastern Europe. Cuba’s Fidel Castro, who is the immediate “outside” agency dictating the FMLN offensive in El Salvador, is doing what he can to destabilize both Central and South America on behalf of this hardline grouping, which also includes China, Romania, North Korea, Syria, and most importantly, military and other “Great Russian” factions inside the Soviet Union.

Two years in the making

In a special Thanksgiving Day statement, Lyndon LaRouche, economist and candidate for U.S. Congress from the 10th Congressional District in Virginia, discussed this bloc, and the role of Castro’s Cuba in it. LaRouche pointed out that the present offensive, a “simulated Tet offensive against the urban centers” of El Salvador, launched by forces associated with Fidel Castro, “has been in preparation for a period of approximately two years. We have known it was prepared, and we wondered when it was coming. It has come,” the candidate said.

The notion that Castro is acting alone is not true, LaRouche said. “Castro is part of a bloc which includes the government of Communist China, particularly the hardliners, North Korea’s Kim Il-Sung, Romania’s President

Ceausescu, Syria’s President Hafez al-Assad, and very important forces high up in various parts of the Soviet command.” The offensive in El Salvador, and the assassination of the just-elected puppet President of Lebanon, René Moawad, are the actions of this hard line grouping, intended to signal that “a change must be made” in Gorbachov’s *perestroika* policy—with or without Gorbachov remaining in power, LaRouche pointed out.

Bearing out that warning, the FMLN launched its “second phase” only days later, and has since been followed by other actions of the criminal allies of the FMLN, including the assassination on Nov. 30 in Germany of Deutsche Bank chairman Alfred Herrhausen.

The FMLN’s terror spree also includes assassinating various personages associated with the government and the ruling Arena party. They carried out attacks on the homes and families of senior army officers and political leaders. The most prominent victim, killed on Nov. 28, was José Francisco Guerrero, the personal secretary of President Alfredo Cristiani—the second personal secretary of his to be hit in six months. Guerrero was a former foreign minister, a former president of the Supreme Court, a judge, and a former presidential candidate of the Arena party in 1985. He was gunned down by two FMLN assassins while his car was waiting at a stop light in downtown San Salvador.

In contrast to the outrage expressed in all the U.S. media at the killing of the six Jesuits by unknown assailants in late November, the FMLN assassination of Guerrero has provoked no similar outrage against the terrorists, continuing the extraordinary bias of the press in implicit support of the insurgents. The propaganda line being pushed in most quarters is that the strength of the guerrilla onslaught proves that the Army cannot win, and that therefore El Salvador has no alternative but to sit down and negotiate a peace settlement with the FMLN killers. This, despite the fact that it was the FMLN, not the government, that began the present offensive, and is responsible for every single life lost in the process.

In response, the Salvadoran government declared a state of siege, suspended normal civil liberties, and passed laws designed to prevent the FMLN from rebuilding its urban support infrastructure. A law voted up Nov. 25 makes it a crime, among other things, to advocate support for the FMLN.

At the same time, neighboring Nicaragua, acting as Cuba’s junior partner, has been only too willing to tear up the “peace process,” whose only concrete achievement to date has been to undermine the Nicaraguan Contras. Nicaragua’s President Daniel Ortega, in the wake of the crash in El Salvador of a Nicaraguan military plane carrying sophisticated weapons to the FMLN—the “smoking plane” proof of continuing Nicaraguan aid for the guerrillas—has not only refused to deny Nicaraguan involvement, but has attacked the El Salvador government as murderers and welcomed El Salvador’s suspension of diplomatic relations with Nicaragua.

Communist hardliners reject 'Gorbymania'

by Herbert Quinde

Abraham Lincoln once said, "You may fool all of the people some of the time; you can even fool some of the people all of the time; but you can't fool all the people all of the time." The intensified diplomatic activity by an increasing number of international communist leaders in recent weeks indicates they have taken Lincoln's dictum to heart.

Fearful of the success of the reform movement sweeping Eastern Europe and its political ramifications, communist "hardliners" are making it known that they believe that Gorbachov's *perestroika* has started to backfire.

Ironically, as both the Bush administration and congressional leaders have reached the consensus that the United States must save Gorbachov at all costs, the Kremlin leader's "comrades" in Red China, Cuba, communist North Korea and Romania, among others, are giving him the "thumbs down."

Speaking Nov. 24 to the closing session of the Romanian Communist Party congress in Bucharest, the Stalinesque dictator Nicolae Ceausescu attacked the U.S.-Soviet condominium and expressed fears about the outcome of the Bush-Gorbachov Malta summit. "Mankind must be aware today of a possible new accord between the United States and the Soviet Union to the detriment of other peoples—and you know well that this is today of concern to many states," Ceausescu said. The Romanian leader's iron-fisted control of his 23 million subjects has given him the distinction of being the only East bloc ruler who has not had to face down hundreds of thousands of demonstrators demanding freedom.

Romania's "hard line" has been backed by Red China which has been on a "diplomatic offensive to build international solidarity among orthodox communists" since the regime's butchery of students on June 4, according to a former Red Chinese diplomat still representing his country as a think-tanker in Washington, D.C. "In the aftermath of Tiananmen Square," he reported, "China found itself isolated and negatively contrasted to the reform process in the U.S.S.R. Under the leadership of Deng Xiaoping, bonds of solidarity have been strengthened with Cuba, North Korea, and Romania, among other nations skeptical that Gorbachov could succeed."

The diplomatic offensive has included a visit by China's brutal security chief, Qiao Shi, to the Romanian party congress that just concluded. It is rare for a visit of Qiao Shi

abroad to be publicized. A member of the Chinese Communist Party's Politburo, Qiao Shi met with Ceausescu to discuss the Romanian dictator's proposal, first made in an interview with the Chinese paper *People's Daily*, for upgrading Romanian-Chinese cooperation. Ceausescu told the paper, "We see developing cooperation with the Chinese Communist Party and people as extremely important. . . . Now more than ever before, it is necessary to have cooperation between communist parties and between socialist countries."

Fidel Castro, who intelligence-linked sources say has played a crucial role in supporting the murderous insurgency in El Salvador, is scheduled to visit Beijing at the beginning of next year. The Cuban leader, who has publicly rejected *perestroika* as applicable to his island nation, will be visiting China for the first time since the early 1960s.

In early November, the barbaric leader of North Korea, Kim Il-Sung, was feted for a couple of days by the Chinese leadership. His trip overlapped that of Henry Kissinger who was on a diplomatic mission for President Bush in an attempt to keep channels open to the Beijing butchers. The Romanian Political Publishing House on Nov. 14 announced that 15,000 copies of a "collection of the immortal classical works of the great leader President Kim Il-Sung" will soon be available in Bucharest, Romania.

Lest one be left with the impression that Red China is attacking Gorbachov personally, the pro-Red Chinese former diplomat commented, "It is not that China opposes reform, it is that Gorbachov has not succeeded. It is similar to Zhao Ziyang [the purged Chinese reformer] and the students [in Tiananmen Square]; they were given their chance but did not succeed. It is not that there is an anti-Gorbachov faction in the Soviet leadership. The reforms associated with his personality were part of the plan. The plan no longer works so there will be a natural evolution to a more successful solution," he opined.

Should Gorbachov fall or be forced to adapt to the "hardliners," in the short to medium term, strategic analysts believe the change will be signaled by a crackdown within the Soviet empire. Left with egg on their face will be the "I love Gorby" cheerleaders such as British Prime Minister Margaret Thatcher.

"If Gorbachov goes, Bush could be in big political trouble," commented a military source with connections to the White House. "The real big danger in Gorbachov's demise is a more formal rapprochement between Red China and the U.S.S.R. hardliners. . . . [S]uch an intensified relationship would be political death for Bush. After the administration's bending over backwards, it would have the effect of destroying Bush politically. . . . The United States has pinned its hopes on one charismatic leader; one cannot base strategic policy on personalities. Bush is making the same mistake as Roosevelt, who thought he had such an overpowering personality that that was enough to handle Stalin. That is part of the reason we are in the present mess."

Great Britain's elites prepare new racist, Hitlerite order

by Mark Burdman

While international attention has been focused on British Prime Minister Margaret Thatcher's rapidly worsening domestic political problems, a dangerous process has been unfolding in the United Kingdom which has much greater historical significance. The British Establishment is preparing the way for establishing a fascist authoritarian regime in the United Kingdom. In a typical British fashion, this regime would take control after a post-Thatcher, Labour Party-led government has been brought into power for a period of time, and would be allowed to make a mess of things, fully discrediting the option of a nominally democratic alternative to Thatcher and the Tories in the process.

Two parallel trends indicate that a move toward fascism is in full swing. First, the British press has begun to more and more openly flaunt a Hitlerite racist and genocidal worldview. A landmark Nov. 26 *Sunday Telegraph* editorial by Peregrine Worsthorne projecting a "final solution" for the so-called "black sub-class" in the United States (see *Documentation*) is only the most blatant case of this. Complementary editorials have appeared in other publications, heaping contempt on a "new underclass" in Britain and lauding the superiority of "Anglo-Saxon values."

The second trend is the increasingly open endorsement of the paganist-satanist New Age movement by Queen Elizabeth II's appointed head of the Church of England, Archbishop of Canterbury Dr. Robert Runcie. Earlier in this century, New Age ideas not only paved the way for Hitler and the Nazis to take over Germany, but also were part of the core philosophy and ideology of the Nazis' leading circles. Then as now, as New Age values of "ecology," "small is beautiful," and hostility to scientific progress and development are implemented, the drive to eliminate those "excess populations" becomes inevitable.

The period of Mrs. Thatcher's woes coincides with hysterical articles in the British Establishment press warning darkly about a new "Fourth Reich" emerging in a future, reunited Germany. This is a classical example of the psychological phenomenon known as "projection," since it is the British themselves who are creating a new Hitlerism.

The fall of Thatcher

The process of dismantling Thatcher is going very quickly. The *Sunday Times* of London published an opinion poll by the MORI polling agency, showing the opposition Labour Party ahead by 14 points, the worst showing for Thatcher in almost a decade. A growing number of Britons polled want Thatcher to step down from power, either immediately or at least before the next planned general elections, which are projected for 1992. According to the Nov. 26 *Sunday Express*, a "fierce campaign is emanating from the House of Lords" against Mrs. Thatcher, being led by former Foreign Secretaries Lord Carrington and Lord Pym, former Attorney General Lord Rawlinson, and others.

For the first time in her 14-year-rule, Mrs. Thatcher is being challenged for leadership of the Conservative Party. Even if the challenging candidate, Sir Anthony Meyer, is such a non-entity that he is derided as "Sir Nobody" in the pro-Thatcher press, he is in fact acting as a stalking-horse for some more prominent figure, or figures, who could emerge at an early future date to challenge Thatcher. Smelling decay within Tory ranks, opposition leaders are going after her with unprecedented virulence. David Steel, ex-head of the since-disbanded Alliance party, denounced Thatcher Nov. 24 as a "rabid old lioness," while Labour Party spokesmen Denis Healey and Gerald Kaufmann have labeled her the "Ceausescu of the West," and "the Ceausescu of the NATO alliance," respectively.

City of London insiders see Thatcher collapsing faster than anyone can presently imagine, in a manner reminiscent of the dramatic devolutions in a Shakespeare tragedy. Various scandals could be uncorked at any moment. Also, the shrill "nanny"-like Mrs. Thatcher has a habit of being her own worst enemy. Some in London talk jokingly about establishing a "Ministry of Banana Skins," to prevent more Thatcher fiascos of the sort that occurred in and around the resignations of Chancellor of the Exchequer Nigel Lawson in 1989 and Defense Minister Michael Heseltine in 1986.

Meanwhile, the British economy is rapidly devolving from its status as "the sick man of the West," to that of the

“terminal AIDS patient of the West.” By the week ending Nov. 25, the pound sterling was plummeting to below 2.80 German deutschmarks, after having fallen over 7 pfennigs against the DM the week before. The British currency is collapsing both because of Mrs. Thatcher’s political difficulties, and because Britain is suffering from a unique combination of high inflation (over 7%), high interest rates (16%), and universal expectations of severe recession in 1990.

In the past weeks Britain has begun to suffer the worst food price rises in over five years, and this is only a harbinger of much higher food price rises to come.

One joke making the rounds in London is that Thatcher’s shrill proclamations of worship for Mikhail Gorbachov are not only to be explained by some peculiar psychosexual obsession out of the pages of *Lady Chatterley’s Lover*, but also by crasser practical considerations: “If Gorbachov falls from power, Thatcher falls.” Similar pragmatic considerations have led Thatcher’s 10 Downing Street to circulate virulent propaganda, through British press conduits, against a new German “Fourth Reich,” in order to divert attention from her own woes.

Anglo-Saxons and lovers of Hitler

If relevant British elites have to look for a “Fourth Reich,” they need only look in the mirror. On Nov. 26, the same day as Worsthorne’s *Sunday Telegraph* piece, the *Sunday Times* ran a lead editorial entitled, “The British Underclass,” which was directed inward, against Britain’s own “sub-class.”

It argued against those in Britain who say more must be done for the British poor, by claiming that a “new underclass” had grown in the United Kingdom, which has “cut adrift from society and has no intention of rejoining it, no matter how generous the welfare state or how much well-off people are penalized for being successful. It is characterized by drugs, casual violence, petty crime, illegitimate children, homelessness, work avoidance and contempt for conventional values. . . . It could become proportionally larger than it is in the United States, where it had a head start. . . . No amount of income redistribution or social engineering can solve their problem. Their sub-lifestyles are beyond welfare-benefit rises and job-creating schemes. They exist as active social outcasts, wedded to an anti-social system. . . . The problem will inevitably get worse.”

The paper demanded revival of the notion of “social stigma” against such people, as well as the strengthening of “social order” through “a new spirit of family and community.”

The other side of this coin, is a campaign of chauvinist articles extolling the superiority of “Anglo-Saxon” values. Writing in the City of London’s *Financial Times* Nov. 24, “Lombard” column writer Martin Wolf said that the dramatic developments in Central and Eastern Europe could not be attributed to “universal Western values,” but rather to “Anglo-Saxon values. Their triumph in this century is owed to

one Anglo-Saxon power, the United States of America. . . . It looks as though the half of the globe dominated by the Anglo-Americans has now won a second great victory.” In Wolf’s chauvinist revisionism, the first half of this century has been defined by continental Europe’s penchant for war and totalitarianism, while the second half has been characterized by the triumph of “global economic institutions” such as the International Monetary Fund, the World Bank, and the General Agreement on Trade and Tariffs. “Europeans should never forget the difference between the first and second halves of this century, between the world they made for themselves and the world they have made under American tutelage,” he wrote.

The U.K. is “the mother country of Anglo-Saxon values,” albeit one, Wolf concluded nervously, with increasingly intractable internal problems of its own.

Worsthorne, writing in the *Daily Telegraph* Nov. 29, said that “British nationalism” was thriving, while French nationalism was dying out, because, in contrast to the French, “the British have not lost faith in their political institutions, whose unbroken existence goes back for centuries rather than decades. Moreover, [the British] have a much-loved monarchy and a national Church.”

Is it any accident that the BBC ran an interview on Nov. 26 with Lady Mosley, widow of Sir Oswald Mosley, head of the 1930s British Union of Fascists? To the dismay of many British Jews and others, Lady Mosley talked of Adolf Hitler’s “mesmerizing” eyes and “fascinating and interesting” ideas, and her own doubts about the extent of the Nazi anti-Jewish Holocaust. Is it a mere coincidence, that Mrs. Thatcher has lauded Mikhail Gorbachov with the same word “fascinating”? Although neither the British prime minister nor Gorbachov may remain in power long enough to enjoy it, an “Anglo-Saxon” alliance with the Great Russians to eliminate “inferior races” seems very much on the agenda.

It is perfectly lawful that Britain is revising its *military* doctrine to accommodate such a worldview. On Nov. 28, Admiral of the Fleet Sir Julian Oswald, recently appointed Her Majesty’s First Sea Lord, told a *Daily Telegraph* interviewer that Britain had to maintain its naval strength, despite an ostensible lowering of the Soviet military threat, because of a whole series of new threats, including the destabilizing effects of rapid population growth and the movement from the countryside to the cities in much of the Third World.

The New Age Church of England

As for Worsthorne’s “much-loved monarchy and a national Church”: On Nov. 25, the *Times* of London’s religious correspondent Clifford Longley wrote an article under the title, “In Search of the New Age,” extolling Archbishop Runcie’s recent call for the Church of England to “engage” New Age values, and to take the New Age movement “seriously.”

What Longley was referring to was a speech made by Runcie in mid-November, before the Senior Evangelical-Anglican Commission (SEAC) in northern England, decrying those who were exaggerating the danger of New Age values and who were claiming that the New Age was part of some elaborate conspiracy. Runcie said New Age values were in fact rather more "benign," and that elements of such values, particularly those pertaining to "ecology and conservation," should be brought into the Church of England's teachings.

Wrote Longley: "So far, it seems, no member of the British Government has yet uttered the words 'New Age' in public. The Archbishop of Canterbury certainly now has; and so it will only be a matter of time before a Minister does too."

At the northern England SEAC event, Runcie had specified that the essence of the New Age is "the astrological progression, associated with the start of the third millennium,

from Pisces to Aquarius." Noting this, Longley wrote: "What interested Dr. Runcie about it was its religious aspect, and the nagging thought that New Age thinking corresponded better to the spiritual needs of the present than orthodox Christianity could hope to do. His advice to the church was to adopt the New Age agenda for itself." Longley added: "The New Age is undoubtedly green."

Various books have appeared in Britain, drawing the connection between New Age paganism and ecologism and Nazi ideology. One was Oxford writer Anna Bramwell's *Ecology in the Twentieth Century*, published earlier this year. In mid-September of this year, when Runcie had given a greeting to the Canterbury Festival of Faith and the Environment, he was attacked by Church of England traditionalists for supporting "Earth worship, pagan meditation, witches, and the like."

One last thing should be kept in mind, especially in light of the 1936 abdication of the pro-Hitler King Edward VIII.

Fascism as a Victorian value

U.S. economist and statesman Lyndon LaRouche issued the following comments on Nov. 27.

The morning dispatches from the British press, notably from the fellow who is quite literally a bastard, Peregrine Worsthorne, indicates that Britain is headed very rapidly toward a new fascism. While some people like Conor Cruise O'Brien were talking about a Fourth Reich in Germany, we find that in Germany the spirit of freedom is effective, while in Britain, it's a joke; the danger of fascism shows most quickly. My estimates are as follows:

First of all, what we have is Worsthorne's repeated reference to a black or predominantly black underclass in the United States which is going to be virtually exterminated by what Worsthorne refers to as Victorian values. His father of his own illegitimate birth is typical of the Victorian values he has in mind.

But otherwise we have the same in other aspects of the British press—the same kind of mood, the same ugly social Darwinism with emphasis upon AIDS and drugs as means by which the underclass or sub-class, as Worsthorne calls it, is about to be wiped out by its black, Victorian values.

What he is talking about is essentially what Worsthorne's illegitimate father, the Montagu Norman of the Bank of England who advised the architect of German fascism, would have admired and did admire in his time in the post-Versailles era which gave us fascism on the continent of Europe and gave us World War II! . . .

Now usually whenever the British economy is in deep, deep trouble or someone is sending it into deep trouble, they bring either Liberals, in the old days, or the Labour Party to power to replace the Conservatives, under whom the disaster developed. The Labour Party brings the economy into a virtual state of collapse or proximate collapse, the which establishes the authority again of the Conservative Party. So the Labour Party is stuck out with the harsh ring of disaster around its neck when the British people say, "Get thee gone for the time being," and the Conservatives come back in.

So, what we seem to have is a desire on the part of some to pass the mantle of government from Thatcher, who caused the disaster, to a Labour Party, presumably under Neil Kinnock, which would then act out the disaster which Mrs. Thatcher has created, and by bumbling social-democratic incompetence, bring Britain to the very worst; at which point, perhaps, this Britain brings back the Conservatives or something else and implements something that would make Maggie Thatcher's union busting seem a mild affair.

So Britain, as the *Telegraph* and *Observer* and so forth [have indicated] . . . on a conscious level is headed toward fascism. At least for the moment. Fascism is a Victorian value? How interesting!

The Church of England is constitutionally obliged, by arrangements of the late 17th and early 18th centuries converging on the 1701 Act of Settlement, to defend the values of Christianity. Since Her Majesty Queen Elizabeth II is the formal head of the Church of England, it is not inconceivable that Runcie's advocacy of the anti-Christian, Nazi New Age could provoke a constitutional crisis in Britain greater than that of 1936.

Documentation

It's springtime for Hitler in Albion

On Nov. 26 the editorial of the Sunday Telegraph of London asserted that there would be a "final solution" for what it called the "black sub-class" in the United States, because this "sub-class" lacks the "Puritan and Victorian" virtue of "self-control" to deal with the spread of drugs and AIDS. Author Peregrine Worsthorne, the paper's former chief editor and presently lead editorial writer, said that this "black sub-class . . . is proving itself, in the darwinian sense, unfit to survive."

The Sunday Telegraph editorial is an extended elaboration of an argument first put forward in shorter form in the London magazine Encounter. In its November 1989 issue, Encounter published a "New York Notes" column by editor Anthony Hartley, in which Hartley talked of the "sub-class" in New York that was, in his view, killing itself by its inability to deal with the AIDS-and-drugs cycle. Hartley asserted a new "darwinian survival of the fittest" doctrine premised on whether a group or class of people possessed or lacked "self-control."

Worsthorne's editorial reads in part:

Emphasis by a certain politician on the Victorian values of work, thrift, temperance and above all self-reliance and personal responsibility has received short shrift recently from bishops, progressive pundits and suchlike who have all preferred instead to promote the virtues of care and compassion. Developments in the great American cities are now giving a new and lethal twist to this debate. For what these developments are now demonstrating is that Victorian values have become quite literally matters of life and death. If you don't have them, you perish.

The sub-class in America, overwhelmingly black, doesn't have them and because it doesn't have them, those

two modern scourges, drugs and AIDS, are decimating it. . . . What basically the black sub-class lacks is self-control. The zenith of the civil rights movement coincided with the worst excesses of permissiveness. Thus the first generation of truly emancipated blacks came into their own at a time when the respect for Victorian values was minimal. Schools all taught self-expression, not self-control. . . .

No cultural background could have been more guaranteed to compound all the other difficulties of the black sub-class which has proved miserably incapable of adapting to the new social threats, AIDS and drugs. First came the drug addiction which weakened self-control to the point where no precautions were taken against AIDS. Once AIDS was contracted, recourse was had to even more conscience-dulling drugs, which destroy all inhibition or guilt about passing the AIDS virus on. Thus was set in motion a vicious circle: inner-city areas like the South Bronx are being depleted of their population—a new and horrible kind of final solution.

A few years ago, pessimists were predicting that drugs and AIDS would prove no less lethal for the middle class than for the sub-class. In the event, however, they have not. For the middle class is beginning to adapt. Faced with these new challenges, the middle class has been able to reactivate its Puritan heritage—or enough of it to survive—in the nick of time. But the sub-class, having no roots in Puritan culture, is proving itself, in the Darwinian sense, unfit to survive.

There is a lesson here which far transcends the particular problems of AIDS and drugs. Only a little self-control is needed to avoid these dangers and the likelihood is that the great bulk of most advanced societies will meet the challenge. . . .

What [Mrs. Thatcher] basically stands for is Puritanism. . . . Temporarily, she is quite undone. Even so, if it is Puritanism that the country needs, who can possibly doubt that even Mrs. Thatcher wounded is still the best bet?

I write as a Conservative. But I think I would reach the same conclusion were I not a Conservative. For the question is more moral than party political. The "survival of the fittest" is not a popular phrase these days. It is associated with eugenics, social Darwinism and other nasty things. But all that it implies is an ability to adapt to the changing environment, and the quality most in need of emphasizing in the mass consumer societies of today—more than brawn and even more than brain—is self-control. . . .

Market economics were never at the center of [Thatcher's] creed. At the center was, and increasingly is, the view that society and the state can do no greater service to people—particularly ordinary people—than to encourage them at every stage in the virtues of self-control; and no greater disservice than to promote the virtues of compassion and caring at the expense of the old Victorian values. This is a lesson too late for the doomed blacks in the Bronx to learn. But not too late for those other recently emancipated people in Eastern Europe whose need for it is even direr than our own.

No clear winner in Indian elections

by Ramtanu Maitra and Susan Maitra

Suffering a staggering electoral reversal in the northern and central parts of India, the ruling Congress-I party has lost its absolute majority in the Parliament. Prime Minister Rajiv Gandhi, who led the party to the hustings, and his cabinet ministers have resigned. In a brief nationwide broadcast Nov. 29 Gandhi, reelected as the party president, announced that the Congress-I, still by far the largest single party in the Lok Sabha, will not form the government but will provide “constructive cooperation” to the new government.

At this writing a tortuous process of forming a coalition government with parties of disparate if not conflicting ideologies is in process in New Delhi. This predicament is the result of the complex and unprecedented dynamics underlying the election. The vote was neither simply a rejection of the ruling Congress-I nor a positive endorsement of an alternative; it was a sweeping mandate against “business-as-usual” politics—whether from the Congress-I or the opposition. Thus, for now there are many ponderables: Will there be a stable government? How long will it last? What then? Will the Congress-I be reformed? Will a coherent opposition formation emerge?

One thing is certain: India is at a branching point. The crisis at hand may well be the prelude to a period of instability. But should political leaders, both known and yet to emerge, rise to the occasion with an adequate program for India’s future to rally the population’s trust, this crisis could prove a catalyst to qualitative steps in India’s nation-building effort.

Method in the madness

Several years ago, a keen observer of the Indian political scene pointed out that the Indian electorate, increasingly blinded by anger and frustration, had begun to act like a mad bull elephant, heaving itself this way and that, smashing things. The ninth Lok Sabha election on Nov. 22, 24, and 26 was violent, with a death toll of more than 100, including a number of prominent politicians. And if the Congress-I’s rout in the northern states was dramatic, the beating the opposition took in its southern bastions was no less so. Indeed, though this election is not comparable to any of the

previous ones, there is no doubt that the mad elephant was around again this time.

All across India, except for West Bengal and Maharashtra and some sparsely populated states, the electorate voted in unison to throw out the party in power. In the south, where regional parties led by the stars of the opposition ruled the states, the disillusionment of the electorate with the ruling parties is well nigh complete, and the Congress-I, considered by many poll pundits as a second-level force in the south, swept the polls, leaving less than a handful of crumbs for others to collect.

In the central plains, which include Orissa, Madhya Pradesh, Gujarat, and Rajasthan, where the Congress-I had won 87 out of possible 92 seats in 1984, the party received a crushing blow, winning only 14 seats. In the large northern belt, stretching from the hills of Kashmir to the Burma borders and through which flow the three mighty rivers—Indus, Ganga, and Brahmaputra—the Congress-I could muster only 39 seats, a paltry sum compared to the 202 seats that they had won in 1984.

The massive reversal in the central and northern areas, despite a total sweep in the south and a respectable showing in the west, has denied the Congress-I an absolute majority in the Lok Sabha. In all, the Congress-I ended up securing 191 seats, with less than a dozen results to be announced in the 525-member Lok Sabha. That is 72 short of an absolute majority, and represents a net loss of more than 200 of the seats the party had won in 1984.

Election surprises

The Congress-I’s losses have been the gains of disparate forces. The single largest gainer is the Hindu fundamentalist-dominated Bharatiya Janata Party (BJP), which has won 88 seats as opposed to the measly two it won in 1984. Riding the tiger unleashed by the Ram Janambhoomi-Babri Masjid dispute and violent communal riots that broke out in Bihar, Uttar Pradesh, Rajasthan, Madhya Pradesh, and Gujarat, the BJP cashed in with the one-item agenda in its manifesto: no special privileges to the Muslim minority because India is the land of the Hindus. Calling for establishment of a “Hindu Rashtra” (a state ruled according to the Hindu code of ethics) in order to dispense equality and justice to the people, the BJP came romping home in Rajasthan, Madhya Pradesh, Gujarat, Uttar Pradesh, and Bihar.

The other major beneficiary is the Janata Dal (JD)—a merger of the old Janata Party and Lok Dal. Contesting for 238 seats, the JD came out the second largest party with about 140 seats. It did particularly well in Uttar Pradesh, Bihar, Rajasthan, and Gujarat. The Communists, the fourth largest bloc, on the other hand, could not improve upon their earlier performance and again secured about 48 seats. Although the Communist Party of India (Marxist) did exceptionally well in West Bengal, the state it has ruled for more than 10 years, the party turned into a rump in its old hunting

ground in Kerala where they could wrest only 3 (out of 20) seats from the Congress-I.

This election has also thrown up other surprises. In Punjab, for example, the Akali faction led by Simranjit Singh Mann (who led his party from jail, where he has been held for the last five years for allegedly masterminding the assassination of Prime Minister Indira Gandhi) won six of 13 seats elected from strife-torn Punjab. Mann's success and the corollary failure of established Akali leaders such as Pradash Singh Badal, S.S. Barnala, G.S. Tohra, and J.S. Talwandi is considered significant for Punjab in the coming days.

Another key development is the emergence of the Bahujan Samaj Party (BSP), a party of the lowest castes and minorities. Led by Kanshi Ram, a retired scientist belonging to the Defense Research Division, the BSP won seats in both Punjab and Uttar Pradesh. It is evident that the BSP has dipped into the traditional Congress-I vote-bank and gained plenty. Besides these, there emerged a number of new trends which may affect future elections.

What went wrong with the Congress-I?

Janata Dal leaders, in particular, are spreading the misinformation that the Congress-I lost because of the "tarnished image" of Rajiv Gandhi. However, this fails to explain why the south, which had voted less favorably for the Congress-I in 1984 when Rajiv Gandhi's image was the brightest, this year voted en bloc to give a sweeping mandate to the Rajiv Gandhi government. What actually happened is a combination of factors in which the corruption scandals that have dogged Rajiv Gandhi in the past two years have added a further negative impact.

In the south, the mandate the Congress-I received is because of the failures, mismanagement of finance, and corruption at every level of the ruling parties. In Tamil Nadu, the regional ruling party, the DMK, had come to power only 10 months ago with a decisive victory over its nearest rival, but the people saw things go from bad to worse. In Andhra Pradesh, the corrupt and oppressive rule of the Telegu Desam party wiped the party off the Lok Sabha map, as well as out of the state assembly for which elections were simultaneously held. In Karnataka the "rising star" of the Janata Dal, Ramakrishna Hegde, had to face substantive corruption charges and a clear split within his party. The result was a disaster in both the Lok Sabha and state assembly elections. Similarly in Kerala, where the Communist Party of India (Marxist) has promised a clean and good administration for years, the ruling party's image is no better than its counterparts in the neighboring states.

The 'Hindi belt'

In the northern and central belts, however, there are additional factors at play. Firstly, the equations for choosing candidates which the Congress-I had assiduously applied this time failed to bring any result. All caste calculations were

upset by the torrent of negative votes. Secondly, the Congress-I leader, Rajiv Gandhi, because of the security situation and due to his inner coterie's lack of political acumen, became isolated from the population. This destroyed the positive impact from the electorate that every other member of Jawaharlal Nehru's family had enjoyed. Also, although a hard worker, Rajiv Gandhi is not a particularly inspiring campaigner. His lack of emotion and distant air helped the opposition smear Rajiv Gandhi with charges of corruption which are yet to be proven.

The Ram Janambhoomi-Babri Masjid issue has acted as a double-edged sword, cutting the Congress-I to pieces. The BJP succeeded in convincing many Hindus that it is the Congress-I which is preventing the building of the Ram Janambhoomi temple. At the same time, the JD campaign was to convince the Muslims that the Ram Janambhoomi issue was a product of Congress-I machinations to force the Muslims to stay in its fold. Hindus who might otherwise have voted Congress were pulled away, and the Congress-I was caught in the middle, unable to establish a clear position as the communal polarization ran its course. According to reports, Muslims deserted the Congress en masse.

But underlying these factors is the rising anger of the voters against an increasingly difficult economic situation that was further exacerbated by sharp price rises in September and October. The Rajiv Gandhi administration has pointed out that the economy has performed well during the last five years. Raw figures indicating a steady growth in industrial production, rise in the GNP growth rate, and India's significant success on the export front are there to prove the point. But the fact remains that where the voters have rejected the Congress-I, is in the main food-grain belt of the country, where 70% of the people are involved with farming. While poverty is a stark reality in this farm belt, a class of rich farmers has emerged who do not like the Congress-I's support for the poor and minorities, while the lid is kept on foodgrain prices. More importantly, though industrial development in these areas has increased employment, it is still a drop in the bucket compared to the numbers of rural poor attached to the land. Not greatly impressed with industrial development anyway, the farmers are also jealous of the higher wages paid to industrial workers. This massive vote-bank considered the Congress-I under Rajiv Gandhi a party that supports industrial development and draws money away from the rural sector. Despite moves by the previous administration to channel some money into rural areas, the impact of the various programs remained minimal.

A minority government with the support of a few other parties will be formed. As it stands now, the JD will be the party to form the government, possibly with support from the BJP and the Communists. The seat calculations indicate that such a coalition will have a majority of about 15-20 in the Lok Sabha. It is also evident that this government-forming will not be smooth sailing.

Swiss vote against abolishing Army

by Laurent Murawiec

In a nationwide referendum on Nov. 26, Swiss voters rejected a proposal “for a Switzerland without an Army and for [conducting] a global peace policy,” by a margin of 64.4% to 35.6%. But while no one had doubted that the referendum would be rejected, few had expected such a relatively high vote for the pacifist initiative. Initial reports indicate that a majority of the young electorate voted for it—a worrisome sign of opposition to Switzerland’s strong soldier-citizens’ militia army. The ultra-left and Socialist promoters of the initiative had not expected to win, but they used the campaign on the referendum as a means to transform the overall political climate, and destabilize the military.

A fair part of the anti-Army vote can be ascribed to a rag-tag grouping of malcontents, permanent protesters, etc. But the damage of Gorbymania in the largely left-oriented media has also taken its toll: Many voters could not reconcile the need for a strong Army with the fiction they are being fed of an “increasingly peaceful world” and the “end of the Cold War.”

One of the high-profile campaigners for abolishing the Army is old leftist film-maker Brodmann—who before World War II was a card-carrying member of the Nazi-sympathizing National Front. “We defended the Army instead of attacking its opponents,” complained Brigadier Friedrich Guenther (ret.), an outspoken opponent of the initiative.

The large anti-Army vote has consequences way beyond Switzerland: The initial idea of launching a Swiss referendum on the matter came from West German Green and left-wing Social Democratic circles, who will now use these results as a lever to assail West Germany’s own army, the Bundeswehr.

The Swiss Army—surprisingly, given the small size of the country and its small population (6.5 million)—is one of the most impressive and effective in Europe. Article 18 of the Swiss Constitution prescribes: “Every [male] Swiss [citizen] has to perform military service.” This service extends over a span of 30 years, with active duty every year, after the four months of basic training received at age 20. For years thereafter, each citizen serves for three weeks per year. As a result, within a few hours, Switzerland can mobilize no fewer than 620,000 trained combatants in fully operational gear. Each year, 400,000 Swiss citizens perform military service—probably a world record, and a unique instance of a people in arms.

The professional officer corps is very small, comprising 600 officers and 900 non-commissioned officers, the latter mostly instructors. But the high quality of the professional core and the constant updating of the troops’ military training make it a force anyone would have to reckon with. During World War II, in spite of its deficient equipment, its presence and determined spirit of resistance played an essential role to deter a planned Nazi onslaught. The German Reichswehr did not relish the prospect of conducting mountain warfare against such a tough army in the middle of Western Europe.

Trained in guerrilla warfare

The rules of engagement of the Army call for three Army Corps to defend the country’s central plain, and the one Mountain Army Corps to operate as an alpine redoubt. The Army is prepared to carry out guerrilla warfare if need be, while civil defense facilities allows 80% of the population to be protected in concrete bunkers and shelters. Special care has been given to making an aggressor’s life impossible, through the demolition of the indispensable road, bridge, and tunnel infrastructure (see interview with former Chief of General Staff Joerg Zumstein, *EIR*, Nov. 24, 1989). Switzerland is the pivot of Western Europe, especially for North-South connections. The loss of the ability to move through it would be disastrous.

Special care has also been given to training and organizing the troops against *spetsnaz*/airborne assault. “Combined defense”—the chief concept in the Army’s war-fighting doctrine—would weaken the invader by attrition, dislocate his echelons, and use the difficult terrain to counterattack with the main armored forces and the Air Force. Switzerland probably has highest density of fortifications, fortresses, and underground facilities of any nation in the world.

The material deficiencies under which the Army labored, especially at the beginning of World War II, have been more than made up for in the meantime. With 820 main battle tanks (including the formidable Leopard II), the Army possesses two-thirds of the armored force of the entire French Army. With about 1,330 pieces of artillery (TOWed, self-propelled howitzers, multi-barreled rocket-launchers, and 120 mm mortars), it boasts 85% of the artillery of the Bundeswehr in neighboring Germany. And its 272 combat aircraft compare quite favorably with France’s 598 and Germany’s 507.

Why the Soviet controllers of the West German Greens, and their Swiss cohorts, should want to weaken that Army is obvious. Already in 1987, they provoked the calling of another referendum to deprive the Parliament of the right to vote on procurement programs, and submit each and all to popular vote. The gradual subversion of a military institution which is still the pride of much of the population—shows that Swiss patriots are going to have to launch a reconquest of popular, and especially youth sentiment.

The 'Tiny' Rowland File

Part IV in an EIR investigative series. Rowland's rise to fame and riches began with his work for the British Secret Intelligence Service in World War II.

Probing the missing years in the career of Roland "Tiny" Rowland, the World War II years, stirs up the closest-kept secrets of the British Establishment, of Britain's intelligence agencies—of the men who were to sponsor Rowland's rise to worldwide influence as chief executive of the British multinational company Lonrho. Their protection of him, rooted in those years, explains Rowland's apparent political and legal invulnerability, despite a career studded with criminal activity that would have landed anyone else in jail ten times over.

Within a year of his January 1942 internment as a Nazi sympathizer, Rowland was released from the maximum security camp at Peel on the Isle of Man. His early release was extraordinary, given his record. He had been classified as a security risk in the first place, had parents who were interned as security risks and a brother in the Wehrmacht, had consorted with a notorious Nazi (Capt. Archibald Ramsay, MP), had been kicked out of the Royal Army Medical Corps (RAMC) for cheering when British ships were sunk, and had been interned in Britain's highest security camp. Rowland's parents remained interned till the war's very end. By any sort of logic, Rowland should have been judged a *worse* security risk than they were, since he had had a chance to prove his patriotism in RAMC service and had done precisely the opposite.

According to both his old schoolmaster and his cousins, Rowland tried to join the British Secret Intelligence Service (SIS) at the outset of the war. His biographer Dick Hall writes: "There was a rumor for a time that the affluent newcomer was a government agent, slipped into the camp as an informer." Since Rowland has been dogged throughout his career by the rumor he was a Nazi sympathizer, why does he not trumpet his evident SIS ties—the only thing which could explain his lenient treatment—to clear his name? Why, instead, is his wartime intelligence file still unreleased and still top secret?

The Double-Cross Committee

The key to Tiny Rowland, as people from within British intelligence have emphasized from time to time, lies in the activities of the ultra-secret XX (Double Cross) Committee run by British SIS during World War II, and its postwar offshoots. Two key figures in the Double-Cross Committee later became top Lonrho executives, intimately associated with Rowland himself. They were Joseph Ball, one of the

most important British intelligence figures in this century, chairman of Lonrho from 1946 to 1957, and the man who reportedly picked Rowland to run the company; and Nicholas Elliott, a former number-three man in MI-6, former MI-6 Africa head, and a close associate of Rowland at Lonrho before their falling-out in the boardroom split of 1973. Said one source who has investigated Rowland for years, "I couldn't tell you how he picked up Elliott, but it is quite extraordinary that he did. Elliott was well ensconced at Lonrho in the late 1960s, well dug in. He obviously must have known Tiny's antecedents and background, being one of the top men in MI-6. I just thought there was a lot of very deep water there, in which I couldn't get down as far as I would have liked to."

There was also some "very deep water" in the Rowland-Joseph Ball relationship, judging from Rowland's reported insistence that he never knew the Balls, either Joseph or his son Alan (who followed his father as Lonrho chairman), until circa 1961, when he came onto the board of Lonrho. Yet one person who knew the three of them in Rhodesia in the 1950s said, "What you are hinting at is that Rowland already knew Ball in the 1930s. This is very possible. Certainly he knew the Balls in the 1950s before it is generally said. I mean it was a very small world in Southern Rhodesia at the time. The white population was very small, so, of course, everyone in business knew each other. I was there at the time."

The team on which Ball and Elliott worked during World War II was shrouded in secrecy. Near the end of the war, former Oxford don J.C. Masterman was commissioned to write a report on the covert activities in which he, as a leading figure in Britain's intelligence agencies, had been engaged for the past four and a half years. The report was so sensitive that it was not released until 1972, at which point it became an international bestseller under the title, *The Double-Cross System*. Masterman described the functioning of the super-secret unit known as the XX Committee (although the XX stands for "Double Cross," it was known as the "Twenty Committee," so as not to give away the unit's purpose).

By means of the XX Committee, Masterman claimed, "We actively ran and controlled the German espionage system in this country." That is, every single German spy who landed in Britain was either shot or "turned" to work for British intelligence, sending back a massive amount of disinformation to their German controllers.

The Double-Cross Committee has become a legend of

the effectiveness of British intelligence. However, as John Costello wrote in his recent biography of Soviet spy Anthony Blunt, *Mask of Treachery*, “Unfortunately, only after the war was it realized—in both London and Washington—that some key German agents in the Double-Cross operation were really Soviet-run Triple-Cross agents.” A star XX agent was Soviet agent Lily Sergueiev, niece of Gen. Nikolai Skoblin, a kingpin of the infamous Soviet penetration and deception scheme, the “Trust.”

The triple cross problem was by no means confined to the *agents* of the XX Committee. Most of the leading figures in MI-5 and MI-6 who were charged with overseeing the operation, were either proven to have been Soviet agents, or are under very strong suspicion of it. These included Guy Liddell, the head of “B Division” of MI-5 which directed the “double” agents, and Liddell’s close friends Guy Burgess, Kim Philby, Anthony Blunt, and Lord Victor Rothschild, among others. Another key member of this group, a lifelong defender of Soviet spy Philby, and the man who was sent out to Beirut to “confront” Philby in 1963, but who in fact tipped him off and allowed him to flee to Moscow, was Nicholas Elliott. Elliott was a case officer of “Tricycle” (Dusko Popov), one of the most important agents of the XX. Elliott was also active in XX work in Hamburg near the end of the war. And, according to a British intelligence source with longtime personal knowledge of Tiny Rowland, Nicholas Elliott, under the codename “Rebecca,” was also the *control agent for Tiny Rowland*. Remarkd the source on Rowland’s role, “We needed someone who looked the [Nazi] part.”

Rowland and Ball

Deeply involved with Elliott in the Double-Cross system was the future chairman of Lonrho, Joseph Ball. He came well prepared for such work, and for his dealings with Tiny Rowland; Conservative Party chief J.C.C. Davidson, who had recruited Ball in the late 1920s to set up the Conservative Party’s intelligence unit, noted that “he had as much experience as anyone I know of in the seamy side of life and the handling of crooks.”

In May 1940, Ball was appointed deputy head of the newly established Security Executive. According to British intelligence historian Nigel West, “This secret group’s role was to oversee MI-5 and give political guidance to those departments coping with the many difficulties involved in the wholesale internment of aliens.” Before the war, Ball had already had contact with at least one person who would be active in Double-Cross work—a Soviet agent who brought several other Soviet agents into British intelligence—the notorious homosexual Guy Burgess. Ball, also a homosexual, deployed Guy Burgess as his agent in “infiltrating” groups with suspected Nazi ties.

Winston Churchill founded the Security Executive with the specific brief to “find out whether there is a fifth column in this country and if so to eliminate it.” The Security Executive

oversaw the internees on the Isle of Man and elsewhere. It also worked very closely with the Double-Cross Committee, which had its agents in those camps, specifically in the Isle of Man camps where Rowland had been sent. This forms the background to Ball’s postwar recommendation of Rowland to head Lonrho.

Given how hyper-sensitive an issue the XX Committee still is today, Rowland’s recruitment by British intelligence, and his reported deployment with the XX Committee, would make his war record a highly guarded secret. Naturally Rowland would be extremely secretive not only about all aspects of his wartime career, but about a relationship to Joseph Ball predating 1961.

A New York-based journalist asked Rowland about his wartime ties to Elliott and Ball, in a telephone conversation on Sept. 26, which went as follows:

Q: Nicholas Elliott was your case officer during the war.

Rowland: Very interesting. Go on.

Q: When did you first know Joseph Ball?

Rowland: That’s none of your business. Why should I want to talk to you?

Q: When word gets out about you working for the XX Committee, that will be quite explosive.

Rowland: Explosive? Why? In what way? . . . You feel I was working for Intelligence?

Q: I think it is a near certainty.

Rowland: From when on, do you think?

Q: From 1939 probably.

Rowland: I was working for British Intelligence? Well, that’s interesting. What else have you got to say about my work in the Fifties and the Forties, with Nicholas Elliott and Joseph Ball? . . . What was I doing with Captain Ramsay?

A creature of the Establishment

Tiny Rowland’s image, particularly in Britain, is that of a swashbuckling rogue, who by dint of natural talent and utter lack of scruples, built Lonrho up into the power it is today, despite opposition from Britain’s Establishment. The reality is that that element of the British Establishment, typified by Lord Victor Rothschild, which patronized the XX Committee and related Soviet intelligence operations in Britain and America in the postwar period, also sponsored the career of Tiny Rowland, and intervened to protect Rowland when his criminality got him in trouble. One of the most important of Rowland’s Establishment backers was Duncan Sandys, later Lord Duncan-Sandys, chairman of Lonrho from 1972-84.

Sandys married one of Churchill’s daughters and had been part of Churchill’s private intelligence network before World War II, while working in the Foreign Office. After a series of influential wartime posts, Sandys became defense minister when Churchill returned to power in 1951, from which position he abolished national military service, halved defense spending, and dramatically weakened Britain’s de-

fense capabilities. In 1960 he became Secretary of State for Commonwealth Relations, and in 1962, Secretary of State for the Colonies.

From these latter two posts, as his 1987 obituary in the *Guardian* said, “he probably had more to do with dismantling the British Empire than any other Cabinet Minister, Labour or Conservative. He presided over a series of constitutional conferences at Marlborough House at which a succession of delegates from British colonies *were persuaded to sign independence constitutions drafted for them.*” (emphasis added) Yet this man, who oversaw the ostensible emancipation of African countries, *was the same who built up Lonrho as the new British East India Company to tyrannize that continent.*

Here are merely a few examples of the backing Sandys and the Establishment have afforded Rowland and Lonrho.

- Rowland’s Africa career was launched by Rio Tinto Zinc, one of the pillars of British imperial mineral control. During World War II, RTZ financed Sir William (“Intrepid”) Stephenson’s intelligence operation in North America, the British Security Coordination. Rowland became an executive in a number of RTZ subsidiaries and was a highly paid consultant into the late 1960s, well after he took over Lonrho in 1961.

- Lonrho’s first merchant bank was S.G. Warburg’s, probably the most powerful in the City of London. When S.G. Warburg broke with Lonrho in 1971, Sir Sigmund Warburg told Rowland, “I have never felt happy about our association with Lonrho.” Then why had he backed Lonrho in the first place? “Maybe Mr. Warburg was told to do so by the Bank of England,” replied a City of London source. Rowland was recruited to run Lonrho by its chief stockholder, the City of London financier Harley Drayton, a money manager for the British Crown and the Church of England.

- In 1968, Lonrho acquired Ashanti Goldfields in Ghana, one of the world’s richest gold mines, in the single most important takeover in Lonrho’s history. Was it Rowland’s brilliant business acumen at work? Not on your life. Ashanti’s most powerful director was Duncan Sandys, who, together with fellow director Harley Drayton, forced Ashanti chairman Sir Edward Spears to turn over Ashanti to Rowland, over Spears’s fierce objections. Ashanti’s pre-tax profit at the time was £2.2 million, that of the Lonrho group as a whole only £3.6 million.

- In September 1971, Lonrho Finance Director Fred Butcher was arrested by the Fraud Squad in South Africa, and charged with fraud against minority shareholders in Lonrho subsidiaries. The arrest precipitated a major, and almost fatal, crisis for Lonrho. It was only settled when Duncan Sandys, by then a highly paid Lonrho consultant, visited South Africa and delivered the word that Lonrho was not to be touched. According to a police spokesman, “Charges were dropped in January 1973 on the orders of the Attorney General. This was not for lack of evidence—other factors were at

play.”

- In 1972, Duncan Sandys became Lonrho chairman, but only after consulting with Bank of England Governor Sir Leslie O’Brien. Fred Butcher testified on the need for someone of Sandys’s stature to step in, “The company was bleeding to death,” and “Without the chairman [Sandys] . . . that grinding process of destruction would have gone on.” Sandys himself stated, “There was a certain feeling of moral obligation to them. Before accepting, I did consult people of the very highest level in the City—the Governor of the Bank of England, the Chairman of Barclays and the Chairman of National and Grindlays. They all positively encouraged me to take the job. That was the reason why I took it on.”

- In 1973, Rowland was almost kicked out of Lonrho by an insurgency in the board of directors by those who were incensed at his high-handed, and usually shady, management. Though Rowland rallied the small stockholders to out-vote the board, the real key to his success was his backing throughout the crisis by Duncan Sandys and the Drayton group. The Establishment’s stamp of approval was delivered when Sir George Bolton, a 20-year director of the Bank of England, became Lonrho chairman.

- In 1976, the Department of Trade and Industry issued its 1,000-page report on Lonrho, a scathing indictment of criminality going all the way back to 1961. Despite the documentation, no prosecutions were undertaken, nor was Rowland touched when his associates (and, some charge, himself) looted \$100 million from the Israel British Bank in the early 1970s.

- The Establishment has also accepted Lonrho’s wildly improbable financial figures and annual reports. An audit by an independent firm of accountants showed that Lonrho overstated its profits over a number of years. For 1986, for example, if Lonrho had followed standard accounting practices, its accumulated profit and loss account balance would have shown a deficit of at least £100 million, rather than a credit balance of £40.3 million as claimed in the balance sheet.

The protection of Rowland and Lonrho continues to the present. In the spring of 1989, Rowland, Lonrho and several of Lonrho’s officers were brought before the House of Lords Legislative Committee (the “Law Lords”) on charges of contempt of the Law Lords for having sent them copies of a leaked report on the House of Fraser takeover of Harrods’ department store, in a blatant attempt to influence the Lords’ debate. The contempt charges were so serious that even Rowland’s lawyers had lawyers. An anxious Rowland showed up for hearings even when he did not have to. Yet on June 12, the Law Lords, led by Lord Bridge of Harwich, decided that “no contempt had been made out” against Rowland. Lord Bridge of Harwich has been chairman of the Permanent Security Commission, which oversees the intelligence services, since 1982.

Next: Lonrho loots Africa.

Argentine government descends into crisis

by Cynthia Rush

Popular support for Argentine President Carlos Menem is starting to unravel, sparking a crisis within his cabinet. One sign of this was the miserable showing at the Peronist gathering organized by Menem on Nov. 17 at the Plaza de Mayo, in an attempt to bolster his image as leader of his movement and unite squabbling factions.

Instead of the several hundred thousand one might expect for a Peronist head of state, whose political movement includes the majority of the workforce, only about 35,000 showed up. Throughout the event, people in the crowd shouted "Ubal dini, Ubal dini," the name of the militant leader of the General Confederation of Labor (CGT), who has attacked the government's economic policies. Angry, Menem warned that "difficult days" lie ahead, and accused those who questioned his austerity program of being "saboteurs." On Nov. 10, the International Monetary Fund (IMF) approved a \$1.4 billion standby credit to Argentina, praising government "firmness" in imposing strict austerity measures.

Since Nov. 17, things have been shaky on several fronts. The Argentine currency, the austral, has continued to plummet on the black market, dropping more than 2%—to 1,055 to the U.S. dollar on Nov. 30 alone—bringing its decline to 10% during the last week of November. The drop is attributed to continued labor strife, and uncertainty about the future. Despite the government's insistence that no wage increase is to exceed 15%, the powerful Union of Metallurgical Workers (UOM) won a 71% pay hike and other unions have received raises of between 20-40%. On Nov. 30, Reuters wire services reported new strikes over wage demands by mint workers, court officials, teachers, and aircraft mechanics.

Buenos Aires is rife with rumors of cabinet resignations and policy changes, despite Menem's assertions that his government is "united." On Nov. 23, economist Javier González Fraga resigned as Central Bank president, after disagreeing with Finance Minister Nestor Rapanelli on the issue of exchange rates. Jorge Born, president of the Bunge and Born multinational holding company which is the primary backer of Menem's government, rushed into conference with the President on Nov. 22, following a report that Born would be replacing Rapanelli at the Finance Ministry.

One barometer reading is that citizens are turning to political options outside the two major parties (Peronist and Radical), as seen in recent local elections. On Nov. 26, a candidate from the unknown Popular Socialist Party won the mayoralty in the important industrial city of Rosario, in Santa Fé province. For six years the Peronists have controlled Santa Fé's governorship, while Rosario has been in the hands of the Radical Party. Similarly, in Tucumán province, in the northwest, the "Republican Force" party formed by former military governor Gen. Antonio Bussi (ret.) won important victories in legislative elections earlier this month, and Bussi now has his eye on the provincial governorship.

Military ferment

Despite the pardon granted by Menem to military officers in early October, tensions within the Armed Forces are intensifying. Acting as if the pardon had never been granted, the Army high command, and Chief of Staff Gen. Isidro Cáceres, continue to make provocative decisions, seeking ways to punish nationalist officers who took part in actions against Menem's predecessor, the rabidly anti-military Raúl Alfonsín. After the forced retirement of nationalist leader Col. Mohamed Alí Seineldín, General Cáceres rejected the colonel's letter requesting that officers who benefited from the pardon not then be subject to administrative sanctions, as Cáceres proposed. Seineldín's letter was passed on to the Defense Minister for his consideration.

In a Nov. 26 interview with the daily *Clarín*, Cáceres threatened that if nationalists continued to "confront authority"—that is, question policies which have been damaging to the Armed Forces—they will "pay dearly . . . and be eliminated from the Army." In an unobvious reference to the popular Seineldín, who is respected throughout the Army because of his defense of that institution, Cáceres warned "what we cannot accept are threats of demonstrations or violence . . . threats of a parallel leadership."

In the same interview, Cáceres announced his opposition to the creation of a special anti-drug unit, to which Seineldín's name has been linked as possible commander. Using terminology often used by Henry Kissinger and his friends, who lie that Colonel Seineldín is a coup-monger, Cáceres expressed the fear that such a special unit might be "transformed into a force with a certain 'mystique,' which could then endanger the stability of the institutions or interfere in the political actions of the government."

It is known that the U.S. government opposes naming Seineldín to any post, and Menem has yet to announce any decision on the anti-drug unit. Probably reflecting U.S. pressure, however, on Nov. 18 he warned Seineldín and other officers to abstain from a public jogging and exercise session they had organized in Palermo park. Menem characterized the session as a "provocation," and warned that "if they do it again without heeding our warning, we will do something about it."

Drug kingpins are not untouchable

Colombia shows it, with a war on drugs that is sending the traffickers and their political apologists running for cover.

Medellín Cartel capos Pablo Escobar, members of the Ochoa Vásquez family, and probably Gonzalo Rodríguez Gacha barely escaped capture by Colombian police and Army forces on Nov. 22. Reportedly, the belligerent Pablo Escobar was injured and he eluded capture only by running off into the thicket in his underwear.

That should puncture the myth that Escobar and company are all-powerful and that Colombia's war on drugs is bound to fail. That myth is employed by those favoring drug legalization to argue, "Therefore, the government must negotiate with the capos."

The raid was based on intelligence from three separate sources that the capos would be meeting at Escobar's El Oro ranch, in the Magdalena Medio region 95 miles from Bogotá. This shows that Colombian intelligence agencies have penetrated the wall of silence and terror inside mafia ranks. Two of Escobar's bodyguards died in the raid. Fifty-five mafia collaborators were captured along with 39 radios, 15 weapons, 10 vehicles, 2 boats, and 2,500 rounds of ammunition.

The operation was made possible by three months of unrelenting warfare against the logistics apparatus of the drug traffickers. Government forces have seized some of Rodríguez Gacha's and Escobar's most trusted men and their key intelligence centers. Government security agencies have seized from the traffickers during the past three months 1,343 properties, 1,413 weapons, 276 airplanes. They have arrested 497 and extradited eight middle-level commanders of the drug cartel to the U.S. "We know this war

will be won by whichever side is able to persist, hold out, and prevail, and our men fully understand that," *EIR* was told by Col. Eduardo Arevalo, the Defense Ministry press secretary. He added, "It is true that Rodríguez and Escobar were not captured, but sooner or later that will happen."

The traffickers' response was to step up their indiscriminate assassinations. On Nov. 27 a mafia spokesman called a radio station to claim they had just blown up an Avianca jetliner because there were "five squealers" aboard. The explosion of the plane when it took off from Bogotá bound for Cali killed 107 people.

This wanton murder is backfiring on the drug lobby. The congressmen and political and business leaders who have piously demanded dialogue with the drug cartel are now exposed as collaborators in murder. Liberal businessman Joaquín Vallejo Arbeláez, who tried to force the government to negotiate, complained that hundreds of angry people had phoned him to call him "a disgusting drug runner."

Hours before the Avianca explosion, a constitutional amendment granting pardons to drug traffickers, was approved by a committee in the Chamber of Deputies. It was sponsored by Dep. César Pérez García, a follower of pro-drug Liberal Party presidential candidate Alberto Santofimio. The next day, the heroic daily *El Espectador* editorialized that the approval showed Colombia has "a congress which has laid down its arms and surrendered to the enemy." "This is a booby trap of the country and legal sanctification of the prevailing immorality, precisely when the great capos

of the business are being encircled for punishment."

After the Avianca bombing, it will be tough for drug legalizer Liberal presidential candidate Ernesto Samper Pizano and his political godfather, ex-President Alfonso López Michelsen, to maintain their public political positions of "neutrality" towards the drug barons. López will have to keep saying, "for the moment, there is no possibility of dialogue."

Documents found in Escobar's hideout during the raid included a letter signed by one "Carlos" who advises Escobar how to pursue his war. "Carlos" tells Escobar, "You must go back on the offensive because the government is trying to turn public opinion against us." "Carlos" also recommends sabotaging Colombia's exports, its mass media, and the presidential campaign of César Gaviria Trujillo, the successor to anti-drug martyr Luis Carlos Galán, since Gaviria's victory "would prolong the war."

Escobar's eminent "adviser" has apparently ordered that Gaviria—front-runner in the opinion polls—be stopped from becoming President. Samper, who would allow the narcotics traffickers to rule Colombia, is to be the next President. (Samper is portrayed as "anti-drug" on U.S. television.)

Despite the lies by all the fifth columnists in the Colombian and foreign media that Colombians are sick and tired of the war against the narcotics traffickers and want to negotiate with them, President Virgilio Barco is determined to fulfill his people's mandate: Defeat the cartels. Commenting on the operation to capture Escobar, Barco insisted that the country will continue its struggle: "Delinquents wanted by other countries' courts have been captured and extradited. We are dismantling their criminal business."

International Intelligence

Italian Communists to change label

Achille Occhetto, general secretary of the Italian Communist Party, has proposed that a new "constituent" congress be made to change statutes, perspectives, programs, and even the name of the party, since being called "communist" is no longer fashionable. The Central Committee on Nov. 24 approved Occhetto's proposal with a vote of 219-73, with 34 abstaining. Opposition comes from the "oldies" of the party, like former secretary Natta, "left" leader Ingrao, and "Soviet-oriented" Cossutta, Pajetta, Tortorella, and Chiarante. In Turin and Rome, groups have been formed by party members to defend the tradition and name of the party.

The constituent congress of the new party will be held before the next Italian local administrative elections, which are scheduled for next May.

'Come clean,' Agca tells Gorbachov

In an interview published Nov. 25, Mehmet Ali Agca, the Turk who is serving a life sentence for the attempted assassination on Pope John OB Paul II, said that the "Soviet KGB asked the Bulgarian secret services to find someone willing" to shoot the Pope.

Agca, 30, was interviewed in a maximum security jail in Ascoli Piceno northeast of Rome by the newspaper *Corriere Della Sera*. "Now Gorbachov is coming to Rome to see the Pope. He who is the champion of *glasnost*, can reveal if his predecessor [Yuri] Andropov made the decision to eliminate the Polish Pope because he had the ability to provoke upheavals in Eastern Europe," he said. "It's time to unmask the misdeeds of the past regime."

Gorbachov met the Pope at the Vatican on Dec. 1, the first encounter ever between a Pontiff and a Kremlin chief.

Agca made similar allegations in a Rome court in 1986, where he testified at the trial of three Turks and three Bulgarians

charged with conspiring with him to try to kill the Pope.

All six were acquitted on grounds of insufficient evidence.

The prosecution at that trial said Moscow hired the Bulgarians to kill the Pope because of his support for Solidarnosc in his native Poland.

Andropov, who later became Soviet Communist Party leader, was head of the KGB security service when Agca shot and wounded the Pope in St. Peter's Square on May 13, 1981.

Terror attack foiled in Pakistan

A major terror attack was aborted on Nov. 24 aboard an Islamabad-to-Riyadh passenger plane, when two sticks of dynamite were discovered at the Karachi stopover and two Pakistanis with detonators were arrested.

It is unclear whether this was a planned terror action, or merely blackmail. Leading to the discovery of the bomb was a letter warning that if \$1.5 million was not paid, the plane would be blown up. But the two Pakistanis with the dynamite were aboard the plane, and it is unlikely that they were suicide commandos.

The incident coincides with a renewed wave of Iran-sponsored terrorist attacks against the Saudi Arabians. Bombs have been detonated in Riyadh, including at the Interior Ministry building.

Andreotti moots huge food airlift

"In the east [of Europe] the winter will be hard, extremely hard. . . . Therefore, I propose an airlift, like the one that saved Berlin," declared Italian Premier Giulio Andreotti in an interview published in *Corriere della Sera* on Nov. 26.

The airlift is necessary, Andreotti said, "especially for consumer goods, since if people are freezing and have to eat, you cannot postpone the problem. . . . I thought, an airlift from the U.S.A. to Po-

land? But then emerged the difficulty that to receive this kind of help, you need a complex organization, so it could not be done. We Italians have prepared trains, but they cannot leave yet, due to the fact that the Polish are not ready to receive them. . . . I mention this problem . . . because in the East there is still someone who wants to create difficulties for the renovation process, and it is clear that if the living standards get worse relative to past times, these people would be able to strike back against *perestroika*, against Solidarnosc, and against all those movements that are sending into retirement all the leftovers of conservatism."

In the same interview, Andreotti stated that he sees only two dangers for the reform process ongoing in the East: "One could come from the military people, if they saw that the issues of security started to be dealt with outside the normal forum of the dialogue between NATO and the Warsaw Pact. The other risk could be the issue of borders" in Europe, which, Andreotti insisted, should not be changed.

Europeans back Cambodian regime

The European Parliament voted in November to recognize the Vietnam-backed Heng Semrin government in Cambodia, and to back efforts to remove the Khmer Rouge delegation which holds Cambodia's seat at the United Nations. Australia said it will withdraw support for any transitional government which includes the genocidal Khmer Rouge. On Nov. 27, former Cambodian leader Prince Sihanouk said for the first time, that he would agree to a U.N.-supervised transition government in Cambodia, and acknowledged that there was international disagreement with the four-member Cambodian coalition—whose most powerful member is the Khmer Rouge—taking over Cambodia. Sihanouk, who was speaking from his residence in Beijing, said he had not discussed the matter yet with China or the Khmer Rouge.

Meanwhile, U.S.-backed guerrillas were preparing to lay siege to a Cambodian provincial capital, with help from the

Briefly

Khmer Rouge, Reuter quoted diplomats and guerrillas as saying Nov. 27. Commanders of the non-communist Khmer People's Liberation Front, the KPNLF, have reportedly begun trying to cut roads east, west and north to Sisophon. The Khmer Rouge were to cut Route 5 and the parallel railway line. "We understand the KPNLF is counting on the Khmer Rouge to cut it," said a diplomat who closely follows resistance activities.

After two months of trying, the KPNLF claimed on Nov. 26 to have overrun Svay Chek, the last major government garrison north of Sisophon, capital of northwestern Banteay Meanchey province.

"This KPNLF victory on the Svay Chek battlefield is a great one and poses a serious threat to Sisophon, Siem Reap, and Battambang towns," non-communist guerrilla radio said.

Norman Bailey is Venezuelan agent

Former U.S. National Security Council (NSC) member Norman Bailey, who initiated the slander that Panama's Gen. Manuel Noriega is involved in illegal drug-trafficking, has just been hired by the Venezuelan Foreign Ministry, according to the Panamanian daily *Crítica* Nov. 28. Bailey's new company, Caribbean International, based in Washington, D.C., will advise the Venezuelan government on economic and political matters.

During a recent visit to Washington, Venezuelan Foreign Minister Reinaldo Figueredo attended a series of meetings set up by Bailey with Deputy Secretary of State Lawrence Eagleburger, National Security Adviser Brent Scowcroft (both former members of Kissinger Associates), and others.

Soviets deny visas to AFL-CIO

The Soviet Union "dashed the hopes" of the six-man AFL-CIO delegation that was to leave for Moscow on a trip from Dec. 1-5 at

the invitation of Nikolai Terekhin, who is a leader of the striking Vorkuta mineworkers and a leader of the Vargovskaya Strike Committee.

Those who were to have led the delegation were American Federation of Teachers president Albert Shanker, Bricklayers president John Joyce, and United Mine Workers secretary-treasurer John Bannovic. The invitation was transmitted by Terekhin via telegram to the Nov. 13 AFL-CIO Convention. A delegation led by Shanker subsequently met with the First Secretary of the Soviet Embassy in Washington, who gave tentative permission for the delegation to go.

A spokesman for the AFL-CIO today noted that the federation's guidelines have changed, and they will soon begin to extend the same support they gave Solidarnosc to the Hungarian trade unions. Next, he said, they are aiming for trade unions in the U.S.S.R. to encourage the growth of "free trade unionism."

Moscow lashes out at Lithuanians

Leaders of the Lithuanian Communist Party are sponsoring "illegal and anti-democratic" attempts to organize an independent party, and must stop their breakway effort immediately, according to an unpublished resolution approved unanimously by the Soviet Politburo.

The resolution was read by a Lithuanian party official in the capital city of Vilnius to local journalists. "The Politburo of the Communist Party of Lithuania and First Secretary A. Brazauskas," it reads, "allow hesitations and inconsistencies and deviations from the resolutions of the Communist Party of the Soviet Union." The resolution accuses the Lithuanian party of "nationalist tendencies." "In essence, the separation of Communists according to their ethnic identity is taking place. . . . The number of people leaving the party has grown sharply." The Lithuanian party must "fulfill without delay the party's policy against federalization of the party and for preserving the party as one united whole."

● **NAGORNO-KARABAKH**, the Armenian enclave, will be handed back to Azerbaijan, ending Moscow's emergency direct rule there, according to a Supreme Soviet decision taken on the eve of the Gorbachov-Bush summit meeting.

● **JAPAN** refused to open talks with the Soviet Union on an overall long-term economic cooperation between the two countries. "You are encountering difficulties in *perestroika*, which is at a threshold," deputy Foreign Minister Koji Watanabe told senior Soviet economic officials on Nov. 29.

● **POLAND** has become the second Eastern European country admitted with observer status to the European Transport Ministers Council, which held its biennial meeting in Paris on Nov. 23. Hungary was the first to be admitted.

● **SERBIAN ACTIVISTS** in Yugoslavia called off a mass protest rally scheduled to take place on Dec. 1 in Slovenia, after it became clear that it would have led to bloody clashes between Serbs and Slovenes.

● **MILK, EGGS**, butter, and cooking oil are being rationed in Romania, while flour and corn meal are in very short supply, according to reports in the British press.

● **KURDISH** guerrillas killed 21 Turkish villagers, most of them women and children, in a raid close to the Iraqi border in southeastern Turkey, according to officials and news reports on Nov. 26.

● **THE VIETNAMESE** "boat people" are to be forcibly sent back from Hong Kong to Vietnam in "substantial numbers" before the end of the year, the London *Sunday Telegraph* reported Nov. 26. A Foreign Office minister said the process will be "distasteful."

Velázquez, Hals bring great European art to America

by Nora Hamerman

Two peerless masters of Western painting, the Dutchman Frans Hals (1583-1666) and the Spaniard Diego de Silva y Velázquez (1599-1660), are being brought before the American public in major exhibitions that opened this autumn at Washington, D.C.'s National Gallery of Art and New York's Metropolitan Museum, respectively. The two shows reflect the generosity from our allies in Western Europe, who in some cases lent some of their most precious pictures (and tourist attractions) in what one might be tempted to suspect is a conscious effort to remind Americans of the roots of our notions of freedom and the dignity of the human individual, a theme to which political events of 1989 have given special immediacy.

The biggest lenders have been the Halsmuseum in Haarlem, The Netherlands, and the Prado in Madrid, Spain, but paintings have also come from museums behind the Iron Curtain in Prague, Leningrad, Schwerin, even Odessa, as well as private collections, to which only a very few people would otherwise have access.

Those who are determined or lucky enough to view one or both of the two exhibitions (Hals will be in Washington until Dec. 31, then the show travels to London and Haarlem; while Velázquez remains on display in New York, its only venue, until Jan. 8) should also plan the time to consult the third and youngest member of the great triad of 17th century portraitists, the incomparable Rembrandt. Between them, the permanent collections of the National Gallery and the Metropolitan boast 20 or so of Rembrandt's masterpieces.

A tumultuous era

Nearly contemporaries—although Hals could be considered a generation Velázquez's senior—the two artists are also joined by the fact that both are geniuses of the “painterly”

approach to the creation of form that ultimately stems from the work of Leonardo da Vinci; both are masters of optical effects in an era of breakthroughs scientific optics and astronomy (e.g., Kepler); and both devoted themselves largely to portraiture, with relatively few pictures of explicit religious subject matter. Both, too, had the dubious fortune of being greatly admired by the 19th century Realists and Impressionists of France, who were attracted to the two artists' dazzling technique and “modern” subject matter, and who failed to recognize the presence in their works of the legacy of the Italian Renaissance which was their source, less obviously but just as surely for Hals as for Velázquez: that profound belief in the “divine spark” of creative potential in every human being.

Both, too, are “grandsons” of the Spanish Hapsburg Empire formed by the Emperor Charles V, in that tumultuous era when the northern Netherlands revolted and formed the first Dutch Republic, and Spain faced a shrinking empire and dwindling power. It is the period rather stuffily referred to by historians as Early Modern Europe, the birth pangs of the nation-state, and with it of a concept of the individual in which we recognize our own visage more directly than perhaps in any prior epoch. This was the epoch that drew the passionate attention of Friedrich Schiller, as historian and dramatist, in such plays as *Don Carlos*, *Fiesko*, *Maria Stuart*, and his historical essay on *The Revolt of The Netherlands*. We witness the Spanish influence on the Netherlands in the black costumes of Hals's early sitters especially, and in Velázquez, although the picture is not in this show, the presence of the Hapsburgs' erstwhile Dutch subjects is vividly portrayed in the *Surrender of Breda*, which records a moment in the Thirty Years War when things were going Spain's way.



Courtesy Metropolitan Museum of Art

Velázquez: *The Infanta Margarita*, oil on canvas, 128x100 cm., Kunsthistorisches Museum, Vienna.

Typical of the era, which saw vast flows of population in the upheaval that led to the eruption of the Thirty Years War in 1618, both artists are immigrants. Frans Hals was born in 1583 in Spanish-ruled Antwerp, and emigrated as a lad with his family to Haarlem in the independent Netherlands—a Haarlem which the influx of refugees from the Catholic South was rapidly changing from being a town of breweries into a much more important and diversified trading and manufacturing center. Diego Velázquez, of Portuguese (perhaps Jewish Portuguese) descent on his mother's side, was born in the bustling manufacturing and commercial center of Seville in 1599, and then as a young man, under the patronage of the royal favorite, the Count-Duke of Olivares (see page 60), he entered the court of Madrid and soon became the Painter to the King. Around 1630 and also in the 1650s, he made lengthy, crucial visits to Italy, which was still the capital of European painting, and under the much-underestimated Barberini Pope Urban VIII, a potent shaper of political events and culture in the era of emerging nations.

Of course, the differences between the two painters are also very great, just as one would expect: We are beholding two different distillations, in two different languages, of a common heritage of the Italian Renaissance far from its peninsular birthplace. Velázquez—believed by many, including this writer, to be perhaps the greatest painter yet—is practically an Italian who happened to live in Madrid, so deeply



Courtesy National Gallery of Art

Frans Hals: *Catharina Hooft and Her Nurse*, oil on canvas, 86x65 cm., Staatliche Museen Preussischer Kulturbesitz, West Berlin.

did he drink of the fountain of Italian art and its Greco-Roman antecedents. Frans Hals never traveled to Italy, but the discovery of his rare religious works, the two Evangelists now in the museum of Odessa (U.S.S.R.) which is one of the surprises of the Washington show, proves how he drew the lessons of Italian art through the Dutch "Caravaggists," specifically a school of painters from Utrecht who spent years in Rome just after 1600 and brought back with them the combination of a revival of Renaissance forms and the emotional directness required by Counter-Reformation norms.

Some comparisons

Let us imagine for a moment that we are able to put the two artists side-by-side, something which will never occur in the real world and did not occur in the 17th century. Yet I believe the idea of such a juxtaposition might have appealed to the poetic imagination of Schiller, who confronted the destinies of Spain and the Low Countries in his great drama *Don Carlos*.

Portraits of children. One of Hals's best early paintings, now in Berlin, depicts the two-year-old Catharina Hooft with her nurse. Catharina belonged to a prominent Amsterdam bourgeois family and eventually married a man who became the burgomaster of Amsterdam and adviser to Holland's leading statesman. Although this politically important future could not be known at the time of the portrait, the beautiful

child radiates confidence and happiness. She forms an interesting contrast to Velázquez's painting of about 30 years later, the 1653 portrait of the two-year-old Spanish Infanta Margarita, who likewise has a charming innocence but is surrounded by the conventions of majesty, befitting the myth of the divine right of the Hapsburgs to rule.

Genre paintings. A striking novelty of the early 17th century is the emergence of "genre" paintings which directly depict, without an obvious allegorical content, people and events of everyday life. Velázquez and Hals share this subject matter, although their approach to it could hardly be more different. Hals's "Rommel-Pot Player" of c. 1615 (whose quality was unexpectedly revealed in the cleaning of the picture for this exhibit) shows a street person of the era, who played on a toy instrument that delighted children by squealing like a pig. What strikes us is the vitality of the figures, especially the children. Velázquez's "The Waterseller of Seville," painted before 1623 when he left for Madrid, shows even in a youthful work his superior command of composition, and he endows the humble street figures with such gravity that we almost suspect a hidden religious meaning in the work.

Saints. The two shows happen to include a kind of work that was rare indeed in both painters—religious paintings. Hals's "St. Matthew" with an angel (Odessa Museum) shows his debt to the so-called Caravaggist movement of the early 17th century, named for the Italian maverick painter Caravaggio but far broader in its real dimensions, in which the saint is shown as a humble peasant struggling to grasp and set down the divine gospel. Likewise, Velázquez's "Epiphany" presents a St. Joseph lifted directly from his portrayals of peasants around Seville, and can well be imagined to come out of the pages of Cervantes' *Don Quixote*, published during the artist's youth. The movement from which both Hals and Velázquez drew their inspiration here was grounded on a sharp rejection of Mannerism, the anti-Renaissance artistic style imposed by the resurgent oligarchy after the Sack of Rome in 1527, and a return to Renaissance values from a new standpoint that was later to inspire Rembrandt.

The Powerful. The contrast between two societies, as well as the follies of both, leaps out in the comparison between the Count-Duke of Olivares on Horseback (1635-40) by Velázquez, one of the prizes from the Prado at the New York show, and the lifesize portrait, completed in 1637, of an Amsterdam militia company, dubbed "The Meager Company," in the Hals show. While the Count-Duke is a flawed figure of world-historical importance, the militiamen of the Dutch Republic took no less pride in their membership in the "civic guards," societies that originated in the independence struggle and continued into the 17th century with a more social than military value. The present exhibition marks the first time that one of these grand-scale militia group portraits has been exhibited in the United States.

The Powerless. Hals's celebrated "Malle Babbe," the

Witch of Haarlem, was an actual individual who is recorded as having been committed to the local asylum on various occasions. It is a measure of the artist's genius that he portrays her with a depth of relief, deriving from his handling of light, that implies the existence of a soul, of a mind that has been lost. Likewise, Velázquez painted many dwarfs and "fools," who were adopted for entertainment at the Spanish court. Some clearly possess only physical deformities, while for others, like the magnificently painted "Buffon Called Don Juan of Austria," their demented fantasies seem to take on a dimension of historic irony, as the fool's delusions of grandeur are echoed in the sea battle painted in the background.

Dialogue

Through such "pictures within the picture," Velázquez, in a way that surpasses Hals and indeed almost every artist, is able to create a dialogue within the painting itself, a kind of soliloquy equal to those of Shakespeare and paralleled later by the figures of Rembrandt.

The subject of all great art is dialogue, because without it, one cannot convey the notion of lawful change, of the process of succession to a higher level of ordering of thought and of dominion over the physical universe, which is identical with the process of scientific discovery, and which requires an internal self-development in the mind.

Hals creates the dialogue mainly between the sitter and you the viewer, or between two sitters, as in his inventive pairs of portraits of wedded couples. This capacity reaches a high point in a group portrait like the "Governors of St. Elizabeth's Hospital," a painting that anticipates the genius of Rembrandt's "Syndics of the Cloth Guild" by a full three decades.

The portrayal of the *inner* dialogue, between contrasting inner "voices"—the voice of greed and passion; the voice of practical reason; finally, the voice of the higher, creative reason which is identical with love—this is the theme of the greatest art. We find it rather rarely in Hals; but perhaps because he was a player on the stage of one of history's great tragedies, the lost potential of Spain, we continually encounter it in the masterpieces of Velázquez.

The two artists seem to come most closely together when they portray their fellow artists. Velázquez painted his mestizo slave, whom he freed and who became a considerable painter in his own right, Juan de Pareja, in Rome in 1661; the painting, now part of the Met's permanent collection, holds a proud place in the current exhibit. From the same era come Hals's painting of the artist Vincent Laurensz van de Vinne (Toronto) which was long mistaken for a Velázquez, and his portrait of Frans Post, the first European-trained artist to paint landscapes of the new world (of Brazil, in 1637-44). When we compare them, while the directness is very similar, we see that Velázquez has endowed Juan de Pareja with a special illumination one can haltingly describe as "divine."

This voice of universal necessity is the further required



Velázquez: *The Count-Duke of Olivares on Horseback*, oil on canvas, 313x239 cm., Prado Museum, Madrid (above).

Courtesy Metropolitan Museum of Art



Frans Hals: *Captain Reynier Reael*, detail, *The Amsterdam Crossbow Civic Guard*, oil on canvas, 207x428 cm., City of Amsterdam, on loan to Rijksmuseum (right).

Courtesy National Gallery of Art

member of the dialogue—particularly the inner one—and while both Hals and Velázquez struggled to convey it largely outside the framework of official religion, Velázquez succeeded better than his Dutch counterpart, better than anyone ever did in painting, except, of course, Rembrandt.

These three artists did not know each other. Even though Haarlem is but 12 miles from Amsterdam, it is dubious that Rembrandt or Hals ever visited each others' studios. Their affinities do not stem from acquaintance, much less from a *Zeitgeist*, but rather from a common commitment to an ideal of individual freedom in an era of profound political and social upheaval, a commitment firmly rooted in the visual

culture of the Italian Renaissance.

The Metropolitan Museum at 82nd Street and Fifth Avenue in New York is open 9:30 to 5:15 Sunday, Tuesday, Wednesday, and Thursday; 9:30-8:45 p.m. Friday and Saturday; an admission fee is required. It will be closed Mondays, and Christmas and New Year's. The National Gallery of Art at Constitution Avenue and 6th Street in Washington, is open free of charge Monday-Saturday 10-5, Sundays 12-9, and will be closed on Christmas. Both exhibitions are accompanied by scholarly catalogues which, apart from being beautifully illustrated, go beyond the scope of the shows and are well worth their price.

Olivares's failure to restore Spain

by D. Stephen Pepper

The Count-Duke of Olivares, The Statesman in an Age of Decline

by J.H. Elliott

Yale University Press, New Haven, 1986

733 pages, paperbound, \$19.95.

Don Gaspar de Guzman, Count-Duke of Olivares is usually presented in historical writings, when he appears at all, as an arrogant buffoon, or as a foil to Cardinal Richelieu. It is to the great credit of Prof. J. H. Elliott's biography of the Count-Duke that he appears as an intelligent, aggressive statesman whose policies were by no means foolish, nor whose defeat in the end was due to his stupidity. This is all the more remarkable because this is the first time that this enigmatic and powerful statesman will have been presented to English-speaking readers. Compared to his great rival, Cardinal Richelieu, Olivares is all but unknown, and yet to men of the 17th century he was the more powerful figure, and his rise and fall was considered the exemplary tale of the fate of such a statesman and favorite. For those readers who wish to learn the lessons of history, this book has content enough for more than one session.

Olivares was the key player in the struggle of national ambitions that occupied all of Europe during the first half of the 17th century. There is no question that at the outset of the century Spain was the dominant power, and by the majority of Louis XIV in 1659, France had replaced it. This consideration has condemned Olivares to play the role of loser. Elliott, however, presents Olivares not in his habitual role, but as one who was more undone by the deficiencies of his situation than by his personal shortcomings.

It is extremely rare for the English-speaking world to be graced with such a careful study of a Spanish subject, for the history of that country is largely ignored in the Anglo-Saxon world. It suffers from the dictum that Henry Kissinger once applied to Ibero-America, that history was never made in the Southern Hemisphere. Elliott's work, therefore, is all the more valuable, for being free of prejudice of this sort. It puts before us in a clear and useful fashion the question, "Why did Spain and Olivares lose the contest to France and Richelieu?" since the answer lies not in Olivares's stupidity, nor in some

historical inevitability.

Olivares came to power upon the accession of the young King, Philip IV, in 1621. It was the widespread perception of the Spanish political class that the Empire and kingdom were in decline, and Olivares adopted the attitude of the reformers to attack the problems of the monarchy. The two great goals of his reform were to create a central bank that could control the credit of the monarchy and so lessen its dependence on Genoese bankers, and to create a central strategic policy for the monarchy in which the diverse political entities owing allegiance to the Spanish King would contribute on a parity basis to its finances, to its defense, and would share equally in its governance. This project Olivares called the "Union of Arms."

In neither of these goals was he successful. His projected banking system was defeated by the powerful commercial interests of the cities, particularly those of Castile. The crown was never sufficiently free of debt to be able to overcome the urban interests centered in the Cortes (parliament), because it desperately needed the grant known as the "milliones" which depended on an annual agreement with the Cortes. Thus the mere threat to withhold these funds was sufficient to drive out all thoughts of reform.

Equally, the parliaments of the different nations were able to defeat the projected Union of Arms. The local elites took the position that their allegiance to the monarch was a social compact in which the King agreed to respect their traditional constitutions. Olivares's attempt to overcome this particularist policy earned him the reputation of tyrant, and led to disastrous insurrections in Portugal, Aragon, and elsewhere.

However, Olivares also contributed to his own defeat through blunders he made in foreign policy. These arose from his commitment to the glory of the Hapsburg dynasty which led him to overreach the limits of Spanish capabilities strategically. In 1627 he attempted to seize strategic positions in the north of Italy upon the death of the last of the Gonzaga line of the Dukes of Mantua. His policy suffered from fatal defects similar to Anthony Eden's disastrous invasion of Suez in 1956. Morally flawed to begin with, only rapid and complete success could have saved face, and this is precisely what eluded both men. In Olivares's case he failed to capture the fortress of Casale in Piedmont, and Richelieu, acting with decisiveness, successfully forced the Spanish governor of

Milan to raise the siege.

The after-effects of the failure were to haunt Olivares to the end of his career. He alienated the Italian states, and drove the Pope toward the French. Although the War of the Mantuan Succession was concluded by the Peace of Cherasco in 1631, arranged by the young Mazarin, it was inevitable that the conflict between France and Spain would continue. Eventually the Spanish were unable to keep open the road from Italy to the Netherlands by which they supplied their forces fighting the Dutch. During the 1630s Olivares failed to grasp several opportunities that would have allowed him to conclude the Dutch War, if not victoriously, at least not disastrously, as it eventually turned out.

Olivares was finally driven from power in 1643, and he died on July 22, 1645, at the age of 58. His contemporaries considered his life and career as a cautionary tale of the use and misuse of great power. Richelieu, who served approximately equally long, and died in 1643, was equally hated during his lifetime, but came to be regarded as the founder of the modern French state. No such benign reconsideration was to favor Olivares.

But if anything, Olivares's policies, especially in regard to the central bank, were more prescient than Richelieu's, who was notoriously weak when it came to state finance and economy. What defeated Olivares was precisely what appeared to be his initial advantage: the vastness of the Spanish empire, and its enormous wealth. Richelieu inherited a divided kingdom, but one which was geographically homogeneous. He successfully created a national monarchy that even came to command the loyalty of French Huguenots. Olivares never succeeded in turning the Spanish monarch into a national institution. It remained Castilian, while diverse regions accepted fealty to the person of the king.

Tragic commitment to the Hapsburgs

This was mainly due to the peculiar character of the Spanish monarchy. It was the creation of that most feudal of political arrangements, the marriage alliance, so that Charles V Hapsburg, the great-grandfather of Philip IV, came to inherit such diverse realms as the Magyar lands of Hungary, the kingdoms of Castile and Aragon in Spain, and the Netherlands.

But Olivares himself reflected this feudalist mentality. He accepted the obligation to serve the Hapsburg cause and the Spanish monarchy. It certainly never occurred to him that these purposes were not identical, let alone incompatible. On the one hand Olivares wished to advance a centralized policy in the interests of Spain as a nation, and on the other he adapted his outlook to the desires of the Hapsburgs, so that he came to be perceived as some colonial comprador by the various sovereignties that then made up Spain, including Castile. The situation is comparable to Gorbachov's today, except that Olivares appears in retrospect to be a much more committed reformer. Olivares assumed, for example, that

the Emperor Ferdinand II Hapsburg shared the same dynastic loyalty, and so poured a fortune into the Imperial treasury at Vienna with very little to show for it in return. It was this outlook that led him into the Italian quagmire and to pursue the war in the Netherlands long after it was lost, for he could not abide the idea of presiding over loss of prestige for his sovereign and for his dynastic pretensions.

One might ask what choice did he have when Richelieu had declared war on the Hapsburg dynasty, but in fact Elliott reports that one experienced Spanish diplomat urged a policy of withdrawing from Italy and the Netherlands, as both were drains on the Spanish patrimony. This enlightened suggestion was never seriously considered, because it so thoroughly contradicted the assumptions of dynastic imperative.

The very cost of maintaining wars on several fronts doomed his attempt to reform the monarchy's fiscal policies, reorganize its debt, and establish long-term investment in productive facilities inside Spain. Elliott shows his constant interest in innovation and his tireless pursuit of policies to revive Spain and Castile. But always the exigencies of war led him to abandon these goals. Thus Olivares appears to be a man, who, despite his great energy and ingenuity, runs into walls at every turn. He himself perceived himself as the most unlucky of men, a Jonah, who could only confront the blows of fate with an unflinching stoicism. For him, Catholicism came to mean solace.

Herein lay the deeper ideological problem embedded in Olivares's outlook. His philosophical underpinning, like so many of his contemporaries, was that of stoicism. They were brought up on Seneca and Tacitus. To Olivares the world was ultimately a fixed place, where change intruded as perverse fate. While he struggled to institute reforms, he wanted to recreate the world of Philip II, and the blinkers of his rigid stoicism prevented him from perceiving the contradictions of this outlook.

Elliott has grasped the irony of Olivares's fate, and he has subtitled his book, "The Statesman in an Age of Decline." But his book, too, suffers from ideological limits. As an objective historian, he refuses to believe that history bears lessons for those who know how to read them. He believes that it just happened, and that through the proper use of sources one can report the facts. This becomes most evident in his conclusion, where he cannot bring himself to take the material of history he has so carefully assembled and compose of it something meaningful.

In fact, the story of Spain and Olivares does have meaning. Schiller would have drawn it for us in the life of a man who threw himself with pride and vigor into the challenge of restoring a great nation, but whose failure was ultimately due to his own mind-set, that man is simply an instrument of fate. Ultimately, change became unthinkable, so an empire twice as powerful in its day than the United States today, crumbled into ruin in the course of his own lifetime. This is truly a lesson of history, told but not stated in this book.

Bush gives green light for Soviet bloodbath

by William Jones

As President Bush was leaving for Malta for what were billed as informal talks with Soviet leader Mikhail Gorbachov, signals from the administration indicated that the mini-summit could become the biggest U.S. capitulation since the 1945 Yalta summit between Soviet party boss Joseph Stalin and Franklin D. Roosevelt. The Bush administration and their intelligence advisers seemed to be intent in rushing headlong into wide-ranging concessions to the Soviet leadership, including giving Gorbachov a carte blanche for a bloody crackdown in the Soviet Union.

The hastily convened "floating summit" between Mikhail Gorbachov and President Bush off the coast of Malta was originally portrayed as a "get-acquainted" session, a portrayal which was met with a great deal of scepticism by official Washington, knowing the Soviet general secretary's penchant for "grand flourishes" on such occasions, and with a great deal of anxiety by the European allies, who bitterly recall the near-sellout by President Reagan at the Reykjavik summit in 1988.

These fears were further fueled when Defense Secretary Richard Cheney on Sunday, Nov. 26, after discussions with President Bush, told reporters at a NATO defense ministers' meeting in Brussels that the rapid "erosion" of the Soviet military threat in Europe made it possible to consider even deeper cuts in conventional arms than those now being negotiated with the Soviets in Vienna. A few days later, the *Washington Post* in a front-page article reported a U.S. intelligence community reassessment of the military balance in Europe, which claims that the NATO forces would have some 33-44 days of warning time before any Soviet attack and that a Soviet "standing-start" or blitzkrieg attack was no longer a credible scenario.

A furor broke out. West European defense ministers

made it clear to Cheney that they did not want the Bush administration reaching any understandings about U.S. and Soviet troop cuts at the Malta meeting. President Bush, running his own "spin control," tried to assuage the allies by railing against the "hyped speculation" and insisting that there would be "no surprises" at Malta.

In a press briefing on Nov. 27, White House press spokesman Marlin Fitzwater admitted for the first time that arms control and conventional force structure would be on the agenda at the Malta session, but complaining that there was "too much focusing" on the possibility of new proposals to reduce troops in Europe beyond the cuts Bush proposed in May to the NATO allies. The Cheney announcement was clearly a signal to the Soviets that the United States was prepared to go much further in arms reductions. In his first-ever interview to the Soviet paper *Izvestia* on Nov. 23, President Bush himself had indicated as much, saying that at Malta "we will attempt to show him [Gorbachov] that arms reduction will not cause damage to their security inasmuch as we have no intention of committing an aggression against the Soviet Union."

Will U.S. wink at crackdown?

But the real danger presented by the Malta mini-summit is the acquiescence of the United States to a bloody crackdown by the Moscow leadership on the revolt within the Soviet empire. The growing unrest in the Soviet Union, with increasing civil war-like conditions in certain areas of the country, forecast over a year ago (and hysterically ignored by the administration) by now-congressional candidate Lyndon H. LaRouche, was now becoming apparent to even the most naive. The rapid deterioration of economic conditions in the Soviet Union and the veritable revolution against the

Communist power structure within the satellite states in Eastern Europe, prompted Gorbachov to seek this mini-summit, in a request forwarded to Bush by Soviet Foreign Minister Eduard Shevardnadze when he met with Secretary of State James Baker III in Wyoming this fall.

A desperate Gorbachov, with dwindling support within his own country, was seeking assistance from the U.S. President in order to maintain his hold on power a little while longer. In a private message to the administration in October, Gorbachov said "that he may be obliged to take steps that seem inconsistent with his goal of democratizing Soviet society." Preparing to drop the *glasnost* mask in a brutal repression against the subject peoples of the empire, Gorbachov was now seeking an agreement from President Bush to "turn a blind eye" to a potential bloodbath.

Baker, Webster give the green light

Already on Nov. 29 through comments made by Secretary James Baker III and CIA Director William Webster, the administration indicated publicly that it was prepared to do just that. At a White House press conference, Baker said that the U.S. would condone a repressive crackdown inside the Soviet Union "under certain circumstances." Splitting semantic hairs between "forcibly suppressing peaceful dissent" and "maintaining order" in the face of inter-ethnic rivalries and civil war, Baker said that the administration would raise no objections to limited repressive measures if packaged in the right way.

On the same day, CIA Director William Webster, at a press briefing at the National Press Club said that chances of a crackdown in the Transcaucasus were great. "They (the Soviets) will not tolerate unrest inside the Soviet Union," said Webster, adding that "shipping troops to Armenia helped stop the unrest." He did not think, however, that there would be such "brutal repression" as in Georgia earlier (where the military used poison gas against demonstrators), although he did not rule out Soviet reprisals even there. He felt the Soviets, for political reasons, could not afford to crack down in Ukraine, and that the situation of the Baltic states, which wanted Finlandization, "could be important for Malta," thus giving an outline of what will undoubtedly be Bush guidelines to Gorbachov for the permissible geography of repression within the Empire.

The Bush administration's willingness to turn a blind eye to massive repression by the Soviets was signaled by two foreign policy actions of great importance the week before the summit. First, in the Middle East, as Soviet-backed Syrian forces began to prepare for a major offensive aimed at eliminating the Christian forces of Lebanese Prime Minister Gen. Michel Aoun, the United States backed the Syrian President Hafez al-Assad—the Butcher of Damascus—against Aoun. Then on Nov. 30, President Bush vetoed a bill which would have allowed Chinese students studying in the U.S. to remain in the U.S. instead of returning home for two years

before applying for a new visa; the bill had been passed by the whole Congress because of the dangers of reprisals—including possible execution—against the students returning to China.

Earlier, the threat of a presidential veto had forced a congressional committee to eliminate from a foreign aid bill a widely supported amendment which would have imposed sanctions on the Chinese government in retaliation for the Tiananmen Square massacre. Thus Bush gave his support to the Butchers of Beijing as well.

The limits of diplomacy

The administration's apparent belief that superpower diplomacy can put geographical or ethnic limitations on a Soviet crackdown when it does come, is foolish, in the kindest interpretation. The prevailing thinking around Washington is that the Soviet empire is running a "two-tier" policy, with leniency in the outer belt of Eastern European satellites, but harsher actions in store for those within the U.S.S.R. proper. Yet even now, the very tenuous situation in Eastern Europe is by no means out of the line of fire of possible Soviet reprisals. The vitriolic Soviet reactions to West German Chancellor Helmut Kohl's program for reunification indicate Soviet concern about where the reform movement in East Germany is heading. In Prague on Nov. 30, the Czech defense minister warned that there were limits to what the Czech military could accept. "Anarchy is spreading," he said.

In the Czech city of Ostrava, the Communist Party was organizing a strike in support of the Communist government. Czech reform economist Valtr Komarek commented that "the Communist Party has collapsed, but there is still a danger of its revival." Prague is presently filled with rumors of a coup d'état. In spite of massive pressure for him to resign, hard-line Czech President Gustav Husak has not followed the lead of East German party boss Erich Honecker and retains his position. In Poland on Nov. 29, for the first time since the installation of the Solidarity-backed Mazowiecki government, the police used tear gas and a water cannon to force back demonstrators in the city of Nowa Huta outside of Cracow who attacked the Lenin monument. The demonstrators were also demanding the removal of the estimated 40,000 troops in Poland.

More dangerously, in his desperate rush to save *perestroika*, President Bush seems prepared to make significant military concessions with regard to U.S. military forces in Western Europe in order to prepare the ground for a speedy agreement on conventional forces reduction. Assured by British Prime Minister Margaret Thatcher, who visited President Bush in Washington a week prior to his departure for Malta, that Gorbachov was "firmly in the saddle," the White House indicated that it was prepared to use the Malta meeting to speed up the process of arms control, perhaps with President Bush even making some "grand offer" to up the ante for Gorbachov.

Analyst echoes LaRouche caution about Russia

by William Jones

The first clear public warnings about the possible fall of Soviet leader Mikhail Gorbachov and the burgeoning civil war in the Soviet Union, outside of forecasts earlier by U.S. statesman and political economist Lyndon H. LaRouche, were sounded by Peter Reddaway, a professor of political science and international affairs at George Washington University in Washington, D.C., at a seminar at the National Press Club on Nov. 28., and in the Outlook section of the *Washington Post* on Nov. 26, in an article entitled "Life After Gorbachov: The Soviets' Grim Future."

Reddaway, who has many personal contacts in the Soviet Union, notes how, during Gorbachov's *perestroika*, "massive social confusion, disorder and economic decline have set in." He depicts the Soviet Union today as "a country drifting toward anarchy." Noting that although Gorbachov is at the center of power "at least for the next few months or even years," his "real as opposed to formal authority is sinking." "The immediate prospects are grim," writes Reddaway, "and the long-term prospects are even grimmer." He calls the coming months the "winter of popular discontent," a phrase that echoes LaRouche's September 1988 nationwide presidential campaign broadcast on the Soviet bloc food crisis, entitled "The Winter of Our Discontent."

Reddaway observed that already in October, Gorbachov was privately warning the United States "that he may be obliged to take steps that seem inconsistent with his goal of democratizing Soviet society." One of the probable goals for Gorbachov at the Malta summit, Reddaway notes, is "gaining a nod of toleration from Bush." He advises Bush that he "would be very foolish if he accepted that offer," noting the danger of Bush identifying himself with Gorbachov's falling star. Other signs of a coming crackdown which Reddaway points to are Gorbachov's attempt to gain extraordinary powers, and his "hectoring the liberal editors and intellectuals for two hours on Oct. 13."

Gorbachov "might remove a few liberal editors, or close down a publication or two or break a strike or an important demonstration with violence and arrests. . . . He might seek special powers from the Supreme Soviet and declare a state of emergency in more areas than the presently affected Armenia, Azerbaijan, Uzbekistan and Moldavia." As an "extreme

step," said Reddaway, "he could postpone some or all of the approaching local and republican elections."

At the National Press Club, Reddaway focused on these elections. He said that there has been a "draining of authority" away from the central and local governments to the popularly elected councils and to the workers' committees, and that the elections during the next three or four months might see the emergence of a variety of populists, like Boris Yeltsin. "If radical populist leaders like Yeltsin were to achieve a national following, a conservative counterrevolution could, given the political divisions in the military, lead to civil war."

Reddaway discounted a near-term conservative backlash, as he sees no alternative leader and no coherent conservative program yet in sight, but nevertheless admits that "a continuing degradation of the Soviet situation could well help both arise." Such a program, he believes, would "meld socialism and Russian nationalism and call for restoring order through tough measures, saving the territorial integrity of as much of the Soviet Union as possible, giving the land to the peasants, restoring the pre-1988 system in industry and sharply tightening political and social controls."

Assuming a development where the Russians ended up with a somewhat reduced empire, Reddaway points out the danger of a "nationalist reaction due to the loss of empire, national humiliation and continuing relative poverty," comparing it to the rise of fascism in Germany under similar conditions during the 1930s.

Wishful thinking

But Reddaway's analysis also rests on some wishful thinking with regard to the nature of a crackdown. At the Nov. 28 seminar he insisted that there was "no consensus" for a crackdown in Eastern Europe, and that the Soviet military had declared that, after the Georgia crackdown, they would not allow themselves to be used to crush rebellion. He also said he believed the Soviets would be too "obsessed with internal problems" to be concerned with Eastern Europe.

It is a rather daring hypothesis to believe that a conservative leadership would be concerned with revolt in Tashkent, but not in Prague, considering the sacrifices made by the Red Army to win these areas to the Empire. The Soviet troops in those areas—and there is no indication they will be removed—would not encounter major logistical problems in restoring order. To assume that Moscow would accept partial dismemberment of one part of the Empire while clamping down in another, grossly underestimates the political volatility of the situation in the entire East bloc as the floodgates of reaction are opened. Reddaway's claim that a more xenophobic, albeit weakened, Soviet Union would represent no major danger to the United States, and his hope that a post-Gorbachov conservative regime would "evolve towards more democratic rule later in the decade," gives Professor Reddaway's otherwise sharp-sighted analysis a "utopian" tinge, bordering on folly.

Fernandez case puts Bush 'justice' on spot

by Joseph Brewda

George Bush must have been greatly relieved after charges against former Costa Rican CIA station chief Joseph Fernandez were dropped in November. The pretext for dropping the case was that the Justice Department had refused to release documents which it insisted revealed national security secrets. Any serious investigation of the case would have uncovered evidence that the Iran-Contra gun- and drug-running operations were run out of the office of then Vice President Bush.

By contrast, the President has still not released thousands of pages of documents of his government's "Get LaRouche taskforce," which the government has kept secret under a phony "national security" cover. LaRouche was railroaded into prison last January, in part because of his opposition to the Reagan-Bush administration's support for the Contras. Last month, LaRouche spokesmen again demanded that Bush release the White House files proving that LaRouche had been framed up.

The FBI alone had confessed before LaRouche's trial that it had 4,700 pages of documents relating to LaRouche, yet refused to release more than 95% of these documents citing "national security" concerns. Yet, while the case against Fernandez was dropped because of such "national security" arguments, LaRouche remains incarcerated in federal prison with a 15 year term.

Thornburgh invokes 'state secrets'

On Nov. 22, Attorney General Thornburgh invoked the Classified Information Procedures Act (CIPA), to block access to certain information on CIA operations in Central America which Fernandez had requested for his defense. This is the first time that an attorney general has invoked the act in a criminal case, in the nine years that it has been law. Fernandez had been charged with four counts of perjury and obstruction of justice, in connection with his testimony before the Tower Commission. It is known that Fernandez had set up a Contra clandestine supply network while stationed in Costa Rica.

U.S. District Court Judge Claude Hilton dismissed the criminal case against Fernandez in Alexandria, Virginia two days after Thornburgh's action, on the grounds that the attorney general had undermined the CIA official's defense. It seems that when it comes to covering up for Bush and the CIA, a fair trial becomes very important—in contrast to the

vindictive treatment given LaRouche.

Independent Counsel Lawrence Walsh denounced Thornburgh's action, stating that no secret information would have actually been disclosed by the Fernandez request. "We deplore the fact that the attorney general for the first time has filed an affidavit to protect fictional secrets, which could prevent the trial of a former high-ranking CIA official," Walsh caustically stated in a press conference following the hearing. On Dec. 2, Walsh charged in a newspaper interview that the DoJ is "not willing to expose anything to serve the end of law-enforcement. What can occur is the development of an enclave of important national security officers who are beyond prosecution because the intelligence agencies will not release the information necessary to their trial."

In a letter to Thornburgh demanding an explanation, Sens. David L. Boren (D-Ok.), and William S. Cohen (R-Me.), of the Senate Intelligence Committee stated: "Specifically the committee would like to know the intelligence information of concern, the probability it would have been disclosed and the possible consequences of its disclosures."

Thornburgh denied his action was politically motivated to protect Bush, and insisted that he was only seeking to carry out his responsibilities under the law to shield classified information. "Disclosure of this evidence would cause serious damage to the national security of the United States," Thornburgh claimed in a statement read at a court hearing. Yet sources familiar with the case say that Thornburgh's motivations lay elsewhere.

Fernandez's lawyers had intended to use the suppressed documents to prove that his CIA superiors, such as covert action chief Claire George and Bush intimate Donald Gregg, knew exactly what he was doing during the two-year ban on military aid to the rebels, and that he had been acting under orders. The CIA and its senior officials have consistently lied that they knew nothing of the Contra supply operation. Not the least of Thornburgh's concerns was that the trial would have highlighted the fact that George Bush was in the center of Iran-Contra operations. Under National Security Decision Directive 3, the then vice president had been formally charged with running all U.S. covert operations. Bush has continued to claim that he was ignorant of these covert operations, despite overwhelming proof to the contrary.

Meanwhile, on Nov. 21, Iranian arms smuggler Albert Hakim pleaded guilty to a trivial misdemeanor, in a bizarre plea bargain arrangement with the Justice department which even the judge condemned as a "charade." Hakim admitted supplementing Lt. Col. Oliver North's salary by some \$14,000; in exchange, the government dropped five felony charges. Hakim, one of the principal field operatives involved in smuggling arms to Iran, had been closely associated with many of Bush's intelligence community cronies, including such alleged Iran-Contra principals as former Bush speechwriter Theodore Shackley. Many of these individuals have been involved in the conspiracy against LaRouche.

Al-Kassar, the Lockerbie coverup, and puzzling U.S. policy on Lebanon

by Jeffrey Steinberg

On Sunday, Nov. 26, Tiny Rowland's London *Observer* published a front-page diatribe against Pan American World Airways for its accusations that the CIA covered up the Lockerbie tragedy of last Dec. 21, in which 270 people perished when PanAm Flight 103 was blown up by a terrorist bomb over Scotland. The *Observer* attack, penned by Simon de Bruxelles and John Merritt, focused particular attention on discrediting PanAm's allegations that the bomb attack, widely known to have been orchestrated by PFLP-General Command chief Ahmed Jibril, was somehow linked to a Syrian drug running network operating out of Frankfurt Airport under the direction of Monzer Al-Kassar.

While the jury is still out on whether or not the PanAm investigative report (published in *EIR*, Nov. 24, 1989) is accurate as to the precise chronology of events leading up to the PanAm massacre, there is no doubt whatsoever about some crucial features of the PanAm report and the coverup emanating from U.S. government officials and private individuals like Tiny Rowland who were caught up in the recent years' Iran-Contra fiasco.

The most essential features of the undisputed aspects of the Lockerbie dossier are:

- PFLP-GC head Ahmed Jibril is an operative of Syrian intelligence and President Hafez al-Assad. According to "Frontline," a recently aired PBS documentary, Jibril, a former captain in the Syrian Army, meets several times a week with senior officials of Syrian intelligence, and receives military equipment and use of secure bases in Syria from the Assad regime. More than anyone else, President Assad bears responsibility for the 270 innocent lives lost in Flight 103.

- Syria's Assad is one of the world's biggest narco-terrorists. The U.S. Drug Enforcement Administration officially estimates that Syria earns over \$1 billion a year in profits from its opium production in the Bekaa Valley alone. Syria's drug operations are fully integrated with the so-called Bulgarian Connection, through which heroin, hashish, and, more recently, cocaine find their way into the European markets from fields and laboratories inside the Bekaa Valley, and the profits are passed through a worldwide money-laundering apparatus where they are commingled with profits from the Colombian cocaine cartels.

- Since the tenure of Secretary of State Henry A. Kissinger, every American administration has covered up the Soviet-backed Assad regime's narco-terrorist activities. This

holds true for the Bush administration, despite the President's much-heralded commitment to fight a war on drugs. Deputy Secretary of State Lawrence Eagleburger, the former president of Kissinger Associates, has described Syria's Assad as a "force for peace" in the Middle East.

Who is Monzer Al-Kassar?

Sources close to the official investigations into the Lockerbie massacre have told *EIR* that Monzer Al-Kassar was indeed a figure in the PanAm bomb plot, via drug-trafficking operations through the Frankfurt area. While no evidence has yet surfaced publicly corroborating this claim, the alleged involvement of the Syrian multi-millionaire in the massacre provides a key to understanding why Tiny Rowland and CIA director William Webster, among others, are so anxious to bury the Lockerbie scandal.

According to a wide range of published sources reviewed by *EIR* in the preparation of this investigative report, Monzer Al-Kassar is one of the Syrian regime's preeminent arms and drug traffickers; an intimate of President Assad's brother Rifaat, a business partner of Rifaat's son Siraas Assad, and a relative by marriage of Syria's intelligence chief, Gen. Ali Assi Duba. When Al-Kassar was denied entry to Britain in 1986 because of a prior drug conviction and a pending prosecution for shipping bomb components to terrorists (he was later sentenced *in absentia* to eight years in jail), he was traveling on a Syrian diplomatic passport.

Despite admissions by U.S. government officials that Al-Kassar has been investigated by the FBI, the CIA, the Drug Enforcement Administration, the Bureau of Alcohol, Tobacco and Firearms, and the U.S. Customs Service for crimes including drug trafficking and suspected involvement in the *Achille Lauro* hijacking in which one American citizen was killed, the Reagan National Security Council apparatus behind the Iran-Contra affair nevertheless used Al-Kassar as a conduit of Soviet bloc arms to the Contras in Nicaragua.

Documents from the files of the Secord-Hakim Lake Resources front company detailed several arms purchases from Al-Kassar's firm Alkastronics Trading Company, including a \$1.5 million shipment of Polish-made AK-47 Russian assault rifles which wound up being seized en route. British press accounts detail tens of millions of dollars in Contra arms shipments by Al-Kassar from Yugoslavia through Britain in 1985-86.

Among Al-Kassar's partners in the Contra supply effort, according to press accounts, were: Britain's KMS security consulting firm headed by retired SAS Col. David Walker; Britain's prestigious Hall and Watts Defense Sales; the Lisbon-based Defex Corp. headed by Marcellino DeBrito and run behind the scenes by ex-CIA official Thomas Clines, an intimate of another former top CIA man Theodore G. Shackley; Italian arms magnate and Irangate figure Borletti; and London-based shady arms dealer Ben Banerjee, a principal in the recent trial of British arms merchant and Irangate figure Michael Aspin.

Through his Vienna offices, Al-Kassar also apparently became involved with the Austrian Socialist Party and with suspected Soviet agent and technology spy Udo Proksch. According to a recently published, book-length account of the Proksch spy case, the Austrian Communist Proksch, and the former Vienna mayor and Austrian foreign minister Leopold Graz, were guests of Al-Kassar's at his Marbella, Spain mansion, where a variety of East bloc arms transactions were discussed. Al-Kassar reportedly played a pivotal role in Austria's own Irangate scandal, in which large amounts of arms and ammunition from the Austrian firm Noricum were shipped illegally to the Khomeini regime in 1985 through Libyan and Syrian cutouts.

Al-Kassar's name also surfaced prominently in a 1985 terrorist attack in Paris by members of the Abul Abbas Palestinian Liberation Front. Details of that role surfaced following the arrest in Paris of a West German neo-Nazi terrorist Odfried Hepp in April 1985. Hepp and Al-Kassar frontman Mohammed Ghadban were accused by French authorities of plotting a terrorist wave targeting Amsterdam, Vienna, Madrid, and Paris.

Despite these elaborate ties to major arms-trafficking circles on both sides of the East-West divide (Al-Kassar's own arms company maintains offices in Warsaw and Damascus, as well as Vienna, Marbella, and Beirut), Al-Kassar is perhaps even better known as a major figure in international drug trafficking. The U.S. DEA says that his family is "reputed to be the largest drug and arms dealing family in Syria."

The Syrian drug connection

Al-Kassar has been linked to a series of major drug deals, dating back to a mid-1970s conviction on marijuana-smuggling charges in Britain for which he served over a year in detention. In both France and Britain, he has also been linked to heroin shipments totaling over 100 kilos.

The most damning profile of Al-Kassar as a major fixture in the Assad regime's global drug-trafficking operations is contained in a recently published West German book, *Godfather of Terror*. The author, writing under the pseudonym Manfred Morstein, is reportedly a former West German undercover police investigator who based the book on his own investigations and on the massive police file maintained on the three Al-Kassar brothers.

According to Morstein's account, from no later than October 1969, Monzer and Ghassan Al-Kassar were involved in an international car theft operation that stretched from Greece to Denmark. The cars were also apparently used to transport Lebanese hashish to markets all over continental Europe and the British Isles. By 1974, both brothers had been arrested for their auto and drug-running operations in Britain, Denmark, and Italy.

In 1975, as the civil war was breaking out in Lebanon, the Al-Kassar brothers, according to Morstein, branched out into heroin trafficking, joining forces with Sicilian mafia chieftan Gaetano Badalamenti. On Jan. 23, 1978, Ghassan Al-Kassar was arrested in Paris, along with a Badalamenti lieutenant in possession of four pounds of heroin. Ghassan was sentenced to eight years in jail in France.

By 1978, Monzer Al-Kassar, according to Morstein, was running a kidnaping and ransom ring in war-torn Lebanon in partnership with Abul Abbas, targeting wealthy Saudi businessmen.

By 1984, Al-Kassar's name surfaced in a Syrian arms deal with another Syrian, Ali Racep who is based in Sofia, Bulgaria. Ali Racep is identified by Italian Magistrate Palermo as an agent of the Bulgarian secret police KDS, assigned to broker drug and arms deals. He reportedly works closely with Ghassan Al-Kassar, who operates a Sofia-based company Endanov. Ghassan's wife, the daughter of Syrian intelligence chief Ali Duba, is identified by the Italians as a courier for the PFLP of George Habash. Her brother, Nabil Wehbe, is the First Secretary at the Lebanese embassy in Sofia and helps facilitate arms and drug shipments through Bulgaria for the Al-Kassar ring.

According to Morstein, by late 1985, Al-Kassar has expanded his auto theft and drug trafficking operations into Poland, Canada and South America in partnership with a Canadian suspected cocaine dealer named Kenneth-Sidney Young. Young is believed to be the link between Al-Kassar's European/Middle East drug and weapons operations and the Medellín and Cali cartels of Colombia. By some accounts, the ties between Young and Al-Kassar were also integral to Contra arms shipments, bolstering allegations that the Iran-Contra scandal is above all a drugs-for-weapons case.

The connections between Al-Kassar and the Medellín Cartel were firmly established in August 1987, when Belgian police seized a Paraguayan airliner carrying 115 kilograms of cocaine. The West German national arrested while attempting to pick up the shipment, Erich Bunte, confessed that he was working for Al-Kassar and that he was present in early July at a meeting in Marbella between Al-Kassar, Pablo Escobar Gaviria and Gonzalo Rodríguez Gacha. Spanish police apparently got onto the drug business transpiring at the Al-Kassar Marbella estate, because on July 23, 1987, border guards prevented Al-Kassar from entering the country. He was traveling aboard his private jet with Salmon Izz-Eden, the brother of the Syrian military commander in the

Bekaa Valley. At that exact moment, Rifaat Assad was reportedly at Al-Kassar's Marbella mansion waiting to meet with the duo.

Throughout the period of the arms and drug transactions of the mid-1980s, Al-Kassar maintained a controlling interest in the Banco de Bilbao, where he maintained large personal bank accounts along with Hafez al-Assad, Rifaat al-Assad, Kenneth-Sidney Young, and Ali Issa Duba.

Court order

On Monday, Nov. 27, Federal District Court Chief Judge Thomas C. Platt in Brooklyn, N.Y. rejected a government effort to quash subpoenas filed by Pan American World Airways. Among the items demanded by PanAm in its Sept. 27 filings were all records maintained by the CIA, FBI, DEA, National Security Council, National Security Agency, and State Department concerning Monzer Al-Kassar.

The results of that document production brawl may go a long way toward exposing the Bush and prior administrations' coverup of Syria's narco-terrorist activities. Whether the Al-Kassar connection provides the key to fully solving the Lockerbie case or not, the surfacing of those documents will most certainly unlock the truth behind the U.S. government's abysmal track record in combatting narco-terrorism, especially Soviet-sponsored international narco-terrorism.

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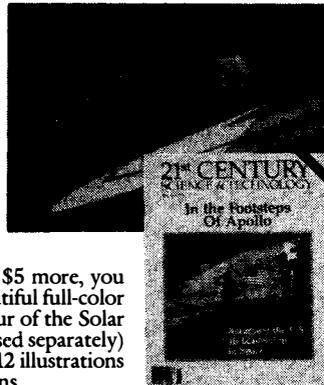
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Everyone had jitters about Malta

Washington analysts displayed unprecedented alarm over chances of a summit fiasco.

In all the superpower summits that have occurred since Soviet leader Mikhail Gorbachov came to power in 1985, never was so much nervousness openly expressed from so many quarters of the Washington establishment in the period preceding them as occurred before the Dec. 2-3 Malta summit between President Bush and Gorbachov.

From the moment the summit was first announced in early October, expressions of caution and alarm rang out. Almost no one but the President and his closest minions looked upon the meeting as an opportunity to improve relations, the way so many commentators characterized each of the Reagan-Gorbachov encounters.

This time, the redundant theme was that the summit has very little good to offer the United States, and a great deal of potential harm. Even ardent supporters of ending the so-called Cold War were worried that this meeting would become a repeat of the near-disaster at Reykjavik in October 1986, when Gorbachov induced Reagan, in a similar setting of an informal, personal meeting, to make sweeping weapons cuts over the heads of America's NATO allies.

The sources of concern lay in Bush's personal ineptness, and the uncertainty of Gorbachov's future and Soviet policy in a time of crisis.

Characteristic of this mood was a seminar entitled, "Gorbachov's Strategy for Malta" given Nov. 27 at the American Enterprise Institute. "Malta could be a disaster for the West, and Bush's main objective should be to avoid trouble," warned Patrick Glynn. Other speakers were Vladimir Brovkin of the Kennan Institute, Leon

Aron of the Heritage Foundation, and Nicholas Eberstadt of AEI.

I asked the panelists to comment on Gorbachov's lengthy essay asserting the necessity of one-party rule published in *Pravda* a few days before, which was a warning against carrying reform too far, and a precursor to the crackdown that many felt Gorbachov would be asking both Bush and the Pope to condone.

Brovkin responded, "Gorbachov never means what he says. He says it for the moment, to preserve stability. It is so unstable within his own party now that if he didn't say it, the party would fall apart even faster than it already is. By the CP [Communist Party] Congress next year, the party could split, if not sooner. Gorbachov was buying time with his pronouncement. Remember, last January he said the opposite, that a multi-party system might be healthy. Even so, now he is not saying this about Eastern Europe, only the Soviet Union, itself, and he could change his line in the future."

I also asked whether the recent escalation of regional conflicts, assassinations, and other expressions of "irregular warfare" represented a breakaway from Gorbachov by factions opposed to his policies. Glynn said the Soviets are pursuing a "two-track policy," wherein the government promotes normalization, while the party pursues covert operations. With indications that armaments are still flowing out of the East bloc to regional hot spots, he said, "Bush must make it clear to Gorbachov that he can not have it both ways."

On whether or not this is a breakaway phenomenon, he said, "It is pos-

sible, but it doesn't matter, because none of these countries can survive without Soviet support, and there is no indication the Soviets have broken with these countries."

Brovkin said Gorbachov would accommodate to German reunification by trying to "harness it with a bold proposal," i.e., reunification under conditions of German neutrality. This attempt to destabilize NATO and tilt Germany to the East would cohere with all earlier Russian economic revitalizations, which all depended heavily on Germany—under Peter the Great in the early 1700s, the efforts of Count Witte at the end of the 19th century, Lenin's "New Economic Policy" in the early 1920s, and now.

Eberstadt said, "The chances of war are higher now in Europe than ever before, although not direct East-West conflict: rather among elements within the bounds of the old Austro-Hungarian empire, such as Hungary versus Romania."

Glynn cautioned that Malta could be a disaster for NATO in three ways: 1) It could lead to a rift with the allies, 2) it could lead to a condominium over the heads of the allies, which would be disastrous, and 3) it could lead to cooptation by Gorbachov of Bush. He said the summit would be "full of minefields," and that Bush should walk very carefully. Nothing good, he said, but a lot bad could come from it, and his advice to Bush was to "do nothing," but "concentrate heavily on avoiding trouble."

Brovkin added that any agreements reached at the summit would be irrelevant because, "There are forces now unleashed that neither Bush nor Gorbachov can control."

The singular point missing from all these assessments, no matter how pessimistic, was that Gorbachov might try to regain control with the use of sheer force.

National News

Weinberger attacks proposed defense cuts

Former Reagan Secretary of Defense Caspar Weinberger warned that "cutting the heart out of our defenses for the next several years, is roughly like canceling all your fire insurance because you did not have a fire last year," in a Nov. 28 *New York Times* commentary entitled, "Too Soon to Slash Defense."

Weinberger, known for submitting defense budgets based on world realities, said, "These cuts will hurt all the military services, cast doubt on the future success of the all-volunteer program, reduce our readiness and cast aside many of the elements of our regained strength. And all of this because of some pleasing rhetoric and some clear demonstrations that people who have been forced to live under Communism hate it as much as always."

"There is no evidence yet that Mr. Gorbachov, if he is sincere, can last. And there is no question whatever that if Mr. Gorbachov or his successor wants to use force and repression, the Soviet Union, with its military might not yet meaningfully reduced, will continue to be the biggest threat to peace and freedom."

"Less than six months ago, China, under Deng Xiaoping, was 'irreversibly' launched on the road to free market economics and more democracy, or so most people believed and hoped. One afternoon in Tiananmen Square reversed all that. . . . But it is certainly clear that the Soviets did not reduce their military forces on the China border on the ground that there was less of a threat because of apparently 'irreversible' changes in China."

World AIDS conference focuses on depopulation

A "World Conference on HIV-AIDS and Global Depopulation" was held in Philadelphia, Pennsylvania on Nov. 27-29, despite heavy counterorganizing against the confer-

ence by the U.S. Information Agency.

Conference chairman Samuel Evans told the Nov. 22 *New Observer*, the largest black weekly newspaper in the Philadelphia area, "The conference seeks clarification of disturbing rumors and grave allegations which have achieved widespread international circulation . . . that HIV-virus causing AIDS was cultivated artificially, in laboratories as an instrument of biological warfare; . . . that plans for depopulation, targeting certain racial and ethnic groups are being implemented through ethnic weapons."

Among the presentations to the conference were: "AIDS: Helping Viruses Across the Species Barriers," by Dr. John Seale, M.D., member Royal Society of Medicine, London, England; "Intercontinental History of AIDS," by Dr. Georges Mathé, M.D., Director of Cancer Science, Hôpital Paul-Brousse, Paris, France; "The Eruption of Global Pandemics," by Warren Hamerman, *EIR* Biological Holocaust Task Force; and Dr. Ricardo Veronesi, founder of the Brazilian Society on Infectious Diseases. Physical economist Lyndon LaRouche also wrote a paper which was delivered at the conference.

The *New Observer* reported that the Organization of African Unity, representing 50 governments on the continent of Africa, expressed support of the conference.

Eastern pilots end eight-month strike

Eastern Airline pilots threw in the towel Nov. 21, voting unconditionally to end their bitter eight-month strike in support of striking machinists. The pilots' vote came after President Bush vetoed legislation that would have created a special commission to investigate the machinists' dispute, on the grounds that Eastern's future was being determined in bankruptcy court.

Eastern is now operating at about 75% of its pre-strike schedule and has hired 1000 pilots plus about 870 Eastern pilots who had crossed the picket lines. The returning pilots will be put at the bottom of a preferential recall list. The pilots' capitulation is expected to anger the machinists, who are still on

strike.

The Air Line Pilots Association complained that with the veto of the legislation, "George Bush did not pursue a hands-off policy in this strike. He kicked the workers off the end of the gangplank. We did everything in our power to win a just war against a greedy and insensitive management."

Skip Copeland, chairman of the executive council of the Eastern pilots, conceded that the "long bitter strike" cannot be called a victory for Eastern workers, but added that Texas Air's "scorched earth policy" will be felt by Eastern Air creditors, employees, and customers for years.

U.S. stabs Lebanon, backs terrorist Syrians

The U.S. State Department, in a policy statement delivered by spokesman Margaret Tutwiler on Nov. 30, said that Lebanese Prime Minister Gen. Michel Aoun should "step aside for [the] legitimate government," and complained that Aoun "continues to reject the legitimacy of the Hrawi government."

The "legitimate government" is that of the Syrian-backed puppet government of Elias Hrawi.

These latest U.S. statements are the clearest indication yet that the Bush administration does *not* support a free and independent Lebanon, but is backing the Syrian dictator Hafez al-Assad, who controls terrorism and drug running throughout the region.

Soviets have lasers in space, defector says

"Space laser weapons deployed by Soviets, scientist-defector says," is the headline of a front-page article in the Nov. 20 *Washington Times*.

The *Times* reports that "Bush administration intelligence sources" have leaked to them that an unnamed high-ranking Soviet scientist who defected to the West earlier

this year, has confirmed that the Soviets deployed an anti-missile laser system called Project Astrophysica in 1983.

Both the CIA and the Defense Intelligence Agency reported the existence of the space-based laser system in separate reports that were circulated to the administration and congressional officials in recent weeks. One official told the *Times* that the existence of the laser system is being discussed by an interagency group as a possible violation of the 1972 ABM treaty.

DoJ embarrassed again by bankruptcy decision

The Department of Justice was criticized for having "acted willfully and fraudulently" to take and keep the software of a computer firm, Inslaw, and that it improperly harassed that firm, by U.S. District Court Judge William B. Bryant of Washington, D.C., who rejected virtually every argument of the DoJ in upholding a 1987 bankruptcy court decision.

"Bryant also ruled that the department had violated bankruptcy law by continuing to harass Inslaw after the company filed for bankruptcy protection, and that it had improperly attempted to force the company to switch its bankruptcy filing from a Chapter 11 reorganization to a Chapter 7 liquidation. 'Instead of following the orderly procedures established by the bankruptcy code for resolving its dispute with Inslaw . . . [Justice] pursued a course of self-help,' Bryant wrote," the Nov. 23 *Washington Post* reported.

Inslaw has been fighting the DoJ for four years. The bankruptcy court had ruled in 1987 that the DoJ "took, converted, stole" Inslaw's software "by trickery, fraud and deceit," and that several DoJ employees—which included at least one former employee of Inslaw—showed bias against the company. In 1985, Inslaw had filed for protection under Chapter 11 after the DoJ stopped paying the company for contracted computer services, and after it had seized its software, saying the company no longer owned it.

"Two months ago, the staff of a Senate

investigative subcommittee issued a report concluding that Justice Department officials 'exercised poor judgment' and showed personal bias in dealing with Inslaw. At least one other congressional investigation into the Justice Department's dealings with Inslaw is under way," the *Post* said.

Environmentalists are threat to liberties

Civil liberties will be eliminated if environmentalists gain power, warns syndicated columnist Alston Chase, a strong environmentalist, on Nov. 27.

"Environmental reform requires coercion," he warns, adding that leading environmental groups, from the German Green Party to the Natural Resources Defense Council and the Worldwatch Institute, are now supporting totalitarian governments and dictatorships as the only form of government that will enforce environmental laws.

Noting that the German Green Party just gave the Sandinistas \$400,000, Chase points out, "Many ecological fools, enchanted with the idea of a central planning, are rushing in where all but resolute Marxists fear to tread.

"Although [the greens] preach 'grass-roots democracy,' they would regulate every nook and cranny of citizens' lives. As one German Green representative explained to me: 'Grass-roots democracy sounded wonderful before we were elected to Parliament. But now we are in power, centralized solutions seem far more effective.'

". . . [E]nvironmental protection and civil liberties are on a collision course. As problems worsen, the temptation to solve them by coercion grows. Governments are already tightening . . . a host of environmental regulations. Major bureaucracies have been created to enforce them. There are calls for an international environmental regulatory agency. The trend is to more control, not less. And while much of this is good and seemingly necessitated by events, it may go too far. . . . We don't want to create an eco-police empowered to search houses for D-Con or aerosol sprays and to arrest citizens for burning wood in the fireplace."

Briefly

● **GENERAL DYNAMICS** filed suit against the U.S. government seeking to recover the costs of its legal defense in the Divads air defense gun case in which James Beggs was forced to resign as administrator of NASA.

● **HOUSTONIANS** overwhelmed organizers of free Thanksgiving dinners for the hungry and homeless. About 25,000 dinners were served in 1988, and organizers had food for 35,000 people, which fell far short of the 60,000 turnout.

● **DAIRY COWS** increased milk production by 5.5% when listening to classical music such as Beethoven's Fifth and Haydn's Seventh symphonies, in a study presented to the Indiana Academy of Sciences earlier in November.

● **NEIL HARTIGAN**, Illinois Attorney General and candidate for governor, backed out of a fight to ensure health and safety regulations for abortion clinics which would have come before the U.S. Supreme Court in *Ragsdale v. Turnock*.

● **NO NEW APPLICATIONS** from Polish and Hungarian refugees will be processed, the State Department said Nov. 22, citing the "democratic evolution" in the two states. It will reject some 19,000 of the 20,000 applications already on file.

● **CRACK DEALERS'** work long, dangerous hours for sub-minimum wages in conditions which compare unfavorably with slavery, and where the wealth is concentrated among only the top dealers, according to facts presented by the *New York Times* Nov. 26.

● **VIRGINIA** sterilized about 8,300 people under its state eugenics law between 1924 and 1972, the *International Herald Tribune* reported Nov. 22 in an article on eugenics in Communist China.

Editorial

Where is Bush's morality?

On Nov. 30, the White House announced that President Bush would veto the Pelosi-Armstrong bill which would allow Chinese foreign students to remain in the United States for up to four years after graduation, if they feared persecution upon their return to the mainland. Under current immigration law, these students would have to return to China immediately after finishing their studies. If Bush's veto is allowed to stand, 40,000 Chinese students face imprisonment, torture, and death.

The moral necessity for enacting the bill could not be clearer. The majority of these students have been active in U.S. demonstrations and other public activities in the days leading to, and following, the Tiananmen Square massacre. These foreign students know that all of their demonstrations were systematically filmed by agents of the Chinese Department of Public Security. They know that if they now returned to China they would share the Tiananmen martyrs' fate.

The Chinese government has hardly concealed what these students' fates will be. Many of the Chinese student organizations in the United States have already been branded "counterrevolutionary." Anyone should understand what that means.

As one spokesman for the Independent Federation of Chinese Students in the U.S. put it: "The Chinese students who actively organized and participated in the student-led pro-democracy movement in the U.S. during last spring and subsequent months counted on the U.S. government to provide them with protection against likely political retribution from the Chinese government. Now they are deeply disappointed that nothing has been done so far that will make such protection dependable and reassuring. Some of them are even fearful that if no such protection is forthcoming, they may have to abandon their pro-democracy cause overseas and fall in line with the Chinese government's headline policies."

In a rare display of morality, the Senate and House voted 95-0 and 403-0, respectively, on behalf of the Pelosi-Armstrong bill. No congressman, at least, voted for murder.

In attempting to explain the President's action, White House spokesmen have fretted that the Beijing regime threatened to cancel the Fulbright Scholarship program, which allows American students to study in China, in retaliation. Arguing that the measure was unneeded, Bush has even claimed "I believe that China, as its leaders state, will return to the policy of reform pursued before." A cynical Bush merely wanted to show Beijing that he is still committed to former Secretary of State Henry Kissinger's "China card."

One aide to a U.S. senator expressed the point well: "In the 1930s, Roosevelt refused to accept Jews fleeing the Nazis, who were then sent back to the gas-chambers. Later, President Truman sent back thousands of Ukrainians and Russians in the U.S.-Occupied Zone of Germany to their deaths in the gulags. How is Bush any different? Bush knows that blood will flow."

Unfortunately, this is not the first time that the President has expressed revolting inhumanity toward the Chinese people. Although U.S. intelligence agencies had informed Bush that a spring massacre was in preparation, the White House did nothing. A public statement, even a privately conveyed threat that the U.S. would break off diplomatic relations, could have blocked the killings. The P.R.C. is too economically and militarily dependent on the U.S. not to have responded. In the days after the massacre, Bush denied any strong sanctions against the Beijing regime, claiming such actions would be counterproductive.

Moreover, Bush's longtime crony—and apparent controller—Henry Kissinger, praised the Beijing regime for its bloody action, claiming that it was necessary. Meanwhile, Kissinger's firm, Kissinger Associates, has made a bundle in its business with China. Deputy Secretary of State Lawrence Eagleburger and National Security Adviser Brent Scowcroft are former Kissinger Associates partners. In October, Kissinger was in Beijing, meeting with the bloody dictator Deng Xiaoping, on behalf of the President; a reliable source says he promised the Bush veto.

It was a signal not just to Deng, but also to Gorbachov: Kill as many as you want.

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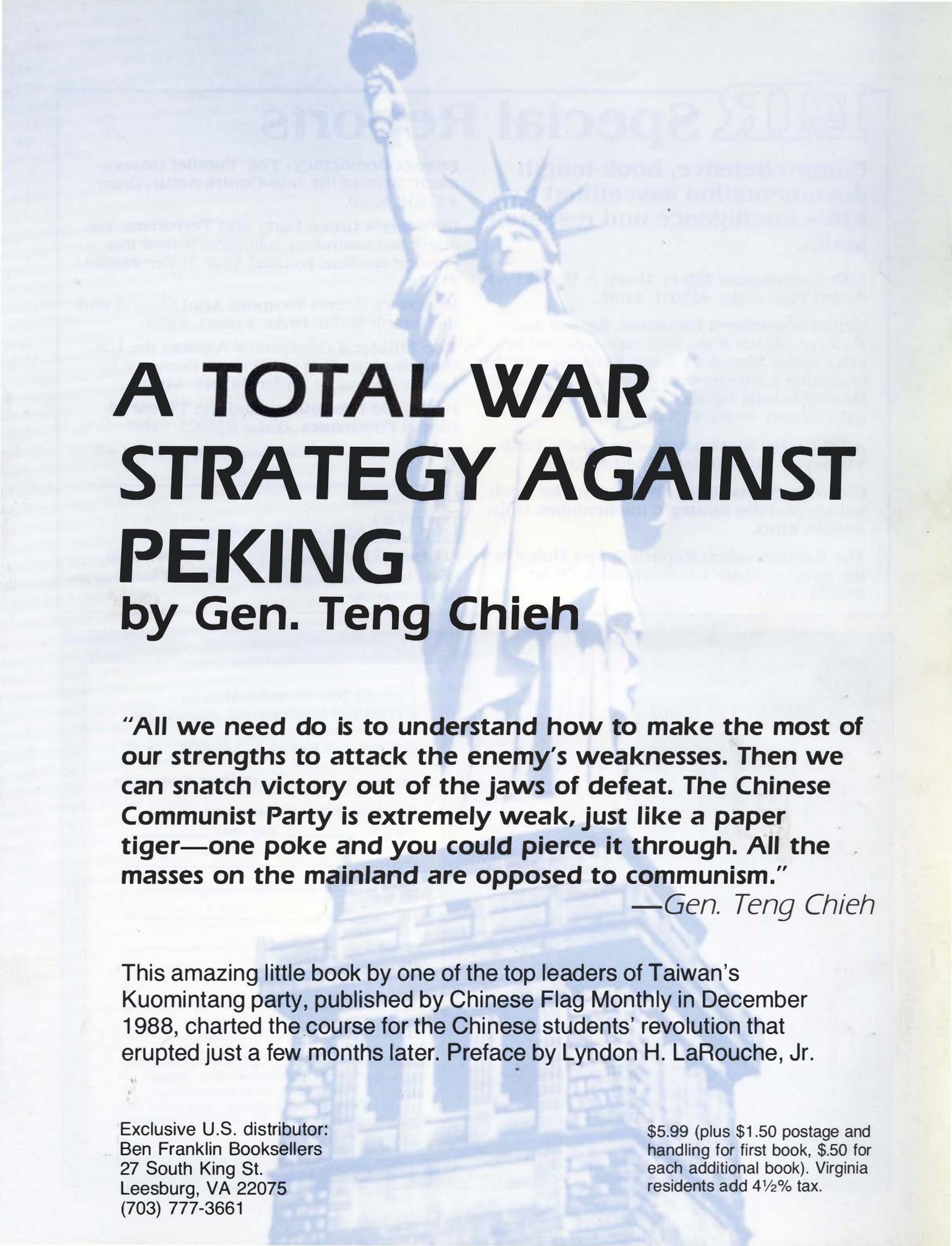
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